



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Social, Economic, Revenue and General Sectors
for the year ended March 2020**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF SIKKIM
Report No. 2 of 2022

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Comptroller and Auditor General of India
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Government of Sikkim
Report No. 2 of 2022

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2020 has been prepared for submission to the Governor of Sikkim under Article 151 of the Constitution of India.

This Report contains significant results of Performance Audit and Compliance Audit (including Subject Specific Compliance Audit) of the departments of the Government of Sikkim under Social, Economic, Revenue & General Sectors and Public Sector Undertakings.

The cases mentioned in the Report are those which came to notice in test audit during the year 2019-20, as well as those which came to notice in earlier years, but could not be dealt with in the previous reports. Matters relating to the period subsequent to 2019-20 have also been included appropriately in the Report.

The audits have been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Audit Report consists of seven chapters. Chapters II to VI deal with Social, Economic (non-PSU), Economic (Public Sector Undertakings), Revenue and General Sectors and Chapter I and Chapter VII deal with Introduction and Follow up of Audit observations respectively.

This Report contains one Performance Audit, one Subject Specific Compliance Audit on processing of refund claims under GST in Sikkim and nine Compliance Audit Paragraphs besides the introductory chapters. The Reports of Performance Audit, Subject Specific Compliance Audit and Compliance Audit Paragraphs were sent to the Secretaries of the Departments concerned by the Principal Accountant General (Audit) with request to furnish replies within six weeks. Replies received have been suitably incorporated in the Report.

SOCIAL SECTOR

The Chapter on Social Sector consists of one Compliance Audit Paragraph.

COMPLIANCE AUDIT

- Due to indifferent approach of Education Department for construction of residential buildings and other facilities for Government College, the infrastructure created at a cost of ₹ 4.05 crore remains un-utilised.

Recommendation: *Department may fix the responsibility for non-utilisation of the assets created and may take necessary action to utilise the same in a time bound manner.*

(Paragraph 2.3; Page 7)

ECONOMIC SECTOR

The Chapter on Economic Sector consists of four Compliance Audit Paragraphs.

COMPLIANCE AUDIT

- Department of Animal Husbandry and Veterinary Services purchased piglets costing ₹ 158.48 lakh without inviting tenders from three SHGs based outside Sikkim. Two of these SHGs were not functioning and the purchase from the third SHG was 10 times more than its available stock. The entire payments were made in cash and ₹ 1.90 lakh paid for transportation of piglets was at uniform rate irrespective of load and distance covered. No entry fee was collected for entry of the piglets into Sikkim.

Recommendation: *State Government should investigate the irregularities and procurement process and fix responsibility of the erring officials within a specified time frame.*

(Paragraph 3.3; Page 13)

- Awarding CMRHM Phase-I project costing ₹ 379.20 crore to a contractor on single tender that too with unreasonably high tender premium of 43.60 per cent above the estimated cost and allotting CMRHM Phase-II project costing ₹ 443.49 crore to the same contractor without calling tenders in gross violation of financial rules, led to undue benefit ₹ 63.31 crore to the contractor. In addition, excess payment of ₹ 120.47 crore was also made to the contractor with 35 per cent of the work of Phase-II still to be completed.

Recommendation: State Government may follow the prescribed procedure given in Sikkim Public Works Manual while executing any scheme/works to ensure transparency and financial propriety.

(Paragraph 3.4; Page 16)

- Due to the lack of proper co-ordination among the departments concerned, whereabouts of standing properties (Trees & bamboos) valuing ₹ 5.07 crore could not be ascertained in Audit resulting in loss of government revenue to that extent.

Recommendation: The F&ED should be immediately informed for felling and disposal of standing properties whenever land is acquired by Government Departments, etc. for construction works.

(Paragraph 3.5; Page 18)

- Urban Development Department failed to hand over of Restaurant and Public Plaza to a firm to whom the allotment order to run these facilities on rent basis had been duly issued, resulting in loss of government revenue amounting to ₹ 47.06 lakh..

Recommendation: The Department may fix responsibility of the authorities concerned in a time bound manner for loss of revenue to the State Exchequer.

(Paragraph 3.6; Page 20)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

As on 31 March 2020, the State of Sikkim had 16 working PSUs (12 working Government Companies and four working Statutory Corporations) under the audit purview of the Comptroller and Auditor General of India (CAG). During 2019-20, the investment of the State Government (capital and long-term loans) in 16 PSUs amounted to ₹ 49.93 crore consisting of 95.93 per cent (₹ 47.90 crore) towards capital and 4.07 per cent (₹ 2.03 crore) towards long term loans.

(Paragraphs 4.1.1 and 4.1.2.1; Page 23)

The State's budgetary support to PSUs decreased from ₹ 11.60 crore (2017-18) to ₹ 9.00 crore (2019-20) during the period from 2017-18 to 2019-20. As per the information furnished by the PSUs, during 2019-20, the State Government infused equity amounting to ₹ 2.50 crore in one PSUs namely Sikkim Power Development Corporation Limited (SPDCL).

(Paragraph 4.1.4; Page 26)

As on 30 September 2020, 27 accounts of 14 PSUs had not been finalised.

(Paragraph 4.1.6; Page 28)

As per the latest finalised accounts of PSUs as on 30 September 2020, the aggregate paid-up capital and accumulated losses of 16 working PSUs were ₹ 3,713.39 crore and (-) ₹ 2,266.61 crore respectively, which included accumulated losses (₹ 3.23 crore) of four PSUs, which did not have capital.

(Paragraphs 4.1.8.1 and 4.1.8.2; Pages 30 and 31)

The Chapter on Economic Sector (Public Sector Undertakings) consists of one Compliance Audit Paragraph.

COMPLIANCE AUDIT

- State Trading Corporation of Sikkim (STCS) extended undue benefit to the tune of ₹ 2.09 crore to a supplier by accepting revision of prices after the scheduled date of supply and granting ineligible advance

***Recommendation:** The State Government should initiate steps for time bound manner for fixing of responsibility for extending of the undue favour to the supplier and recover the amount from the supplier.*

(Paragraph 4.2; Page 37)

REVENUE SECTOR

The Chapter on Revenue Sector contains one Subject Specific Compliance Audit Paragraph and two Compliance Audit Paragraphs. This Chapter also gives an overview of revenue receipts which shows during the year 2019-20, the revenue raised by the State Government (₹ 1,663.81 crore) was 34 *per cent* of the total revenue receipts. The balance 66 *per cent* of the receipts during 2019-20 was from Government of India.

(Paragraph 5.1; Page 41)

- In Sikkim, the actual revenue collected was more than the projected revenue, hence compensation under GST Act was not payable to Sikkim during 2017-18 to 2019-20.

(Paragraph 5.2.1.2; Page 44)

- The analysis of arrears of revenue as on 31 March 2020 showed that ₹ 376.33 crore was outstanding, of which, ₹ 107.33 crore was outstanding for more than five years.

(Paragraph 5.3; Page 46)

SUBJECT SPECIFIC COMPLIANCE AUDIT

Subject Specific Compliance Audit on processing of refund claims under GST in Sikkim was conducted to assess the adequacy of Act, Rules, notifications, circulars

etc., its compliance and existence of effective internal control mechanism in disposing the refund applications.

- Audit observed that in 28 refund cases out of 43 cases, there was delay in sanction of refunds ranging from 3 to 296 days.

(Paragraph 5.11.6; Page 54)

- While verifying the records of transmission of refund sanction orders, it was observed that 15 refund orders involving ₹ 0.59 crore were forwarded to the Central tax authority with delays ranging from 10 to 16 days against the stipulation of 7 working days.

(Paragraph 5.11.7; Page 55)

- In 43 cases, examined none of the cases were sent for post audit of refund claims.

(Paragraph 5.11.8; Page 55)

- Out of 19 refund cases audited pertaining to Inverted duty structure, deviations were found in two refund cases where the Division granted the refunds although no such statements were furnished.

(Paragraph 5.11.9.1; Page 56)

- Scrutiny of 11 selected cases and cross verification with GSTR 3B data revealed that in 10 cases, refunds were sanctioned although the concerned applicants had not furnished the GSTR 3B returns.

(Paragraph 5.11.9.2; Page 56)

- While comparing the payment order in Form RFD 05 of the GSTN with that of the State's system's data, Audit noticed that in 3 out of 11 cases, the date of RFD 05 (as shown in GSTN) is different from the order date of RFD 05 (as captured in the State System).

(Paragraph 5.11.10.2; Page 58)

Recommendations

In order to address the non-compliance to relevant provisions of the Acts and Rules and to improve the effectiveness of the internal control system, the following recommendations are made:

- *Compliance to relevant provisions of the Act and Rules should be monitored and ensured by CTD, Sikkim at each stage of refund process right from issue of acknowledgement up-to the credit of refund amount into the taxpayers account within the prescribed time limit.*
- *The CTD may address issues relating to auto calculation of interest in the system in case of delay in sanction of refund.*

- The CTD may consider put in place a system of post-audit of refund cases by issuing detailed instructions/ guidelines.
- The CTD should take necessary systemic steps to ensure that the data captured by the state's system is fully consistent with that in the common GST portal.

COMPLIANCE AUDIT

- The Directorate of Sikkim State Lotteries (DSSL) by violating the provisions of agreement, allowed the Marketing Agent (MA) to continue the lottery draws even though the MA had failed to deposit Minimum Assured Revenue and other dues. This led to non-recovery of dues of ₹ 3.60 crore from the MA.

Recommendations: The Department may ensure adherence to the provisions of agreements with marketing agents to prevent undue benefit to them and to avoid loss to State Exchequer, and closely monitor the insolvency proceedings so as to recover the dues to the extent possible.

(Paragraph 5.12; Page 59)

- The DSSL failed to follow the prescribed instructions for printing works of Government w.r.t. printing works of lotteries tickets and not deducted mandatory three per cent commission from bills of the private printing presses, resulting in loss of revenue of ₹ 5.09 crore.

Recommendation: The Department may fix responsibility for loss of revenue and also initiate process for recovering the three per cent commission from the private presses.

(Paragraph 5.13; Page 61)

GENERAL SECTOR

The Chapter on General Sector consists of one Performance Audit on ‘**Direct Benefit Transfer (covering cash transfer only)**’ and one Compliance Audit Paragraph.

PERFORMANCE AUDIT

6.3 Performance Audit on “Direct Benefit Transfer”

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Governments to the people. A Performance Audit on DBT w.r.t (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), Unmarried Women Pension Schemes (UWPS) and (v) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), revealed the following significant findings:

Audit Observation

- *Porting of legacy data and digitization of database of beneficiaries was one of the pre-requisites and condition of DBT to ensure direct processing and credit of payments to the legitimate beneficiary in right account and in right time. However, the SJWD neither utilized Central Ministry's DBT Scheme Management Software i.e. NSAP-PPS nor it developed its own Information and Communication Technology for DBT. The database relating to payments to the beneficiaries under these schemes were maintained in MS Excel and were processed manually. Due to non-adoption of DBT Scheme Management Software i.e. NSAP-PPS or non-development of its own IT Software for DBT by the Department, the payment of pensions under these schemes suffered on account of delays, non-payment of due benefits, giving rise to existence of intermediaries like sponsoring banks that caused delays on one hand and on the other the SJWD deprived itself of an effective Management Information System (MIS) to monitor the actual payments to the beneficiaries.*

(Paragraph 6.3.8.3(A)(i); Page 80)

- *Direct Benefit Transfer (DBT) enables the departments and institutions to deliver cash benefits on-line directly to beneficiaries account in a timely and effective manner by eliminating the intermediaries and obstacle layer. However due to involvement of multiple intermediaries, the payments of pension took conservable time in NSAP and SIS.*

(Paragraph 6.3.8.3(A)(iii); Page 82)

- *As per DBT guideline issued by the GoI, the Department was required to collect the Aadhaar details of beneficiaries and seed them in the beneficiary database, the seeding of Aadhaar would enhance efficiency in the sanction, payment and disbursement process. However, the Department has not seeded Aadhaar number in entirety of total beneficiaries/workers both in NSAP, SIS and MGNREGA that led to inclusion of ineligible beneficiaries, duplication of beneficiaries, etc. that consequently resulted in irregular payments.*

(Paragraph 6.3.8.3(A)(ii) & 6.3.8.3(B)(i); Pages 81 and 89)

- *NSAP targets the destitute with the objective of providing a basic level of financial support. Analysis of beneficiaries' data viz. name, account number and drawal of IGNOAP with State Government Pension drawal data revealed that there were ineligible beneficiaries who were drawing regular retired pension from State Government as well as drawing the IGNOAP, besides there were cases wherein more than one beneficiary of same household was drawing pension under IGNOAPS, IGNOAPS and UWPS.*

(Paragraph 6.3.8.1(a) and (c); Pages 76 and 77)

- *The guidelines on NSAP stipulate that payment of pension be done on monthly basis. However, it was noticed that pensions were disbursed on quarterly basis*

upto March 2020, even the quarterly payments were delayed due to existence of various intermediaries. The delay in crediting the pension to beneficiaries' accounts ranged from two to 174 days. Similarly, as per MGNREGA guideline, final FTO have to be uploaded within 15 days and thereafter two days provided for payment of wages through Ne-FMS system. However, it was noticed that against the total 11,31,905 transactions involving ₹ 236.12 crore made during 2017-18 to 2020-21, 1,86,280 transactions involving ₹ 37.35 crore were delayed i.e. the payments were made after 15 days that constituted 16 per cent of total transactions.

(Paragraph 6.3.8.3(A)(iv) & 6.3.8.3(B)(iii); Pages 83 and 91)

- As per DBT guideline issued by the GoI, in case of failed transactions, the Department after carrying out the required modification/rectification was required to send the rectified files for payment again. However, an amount of ₹ 2.17 crore pertaining to the period 2017-18 to 2019-20 did not reach 3,929 beneficiaries of these four selected schemes as the Department had failed to re-initiate these failed transactions. Further, SBS being sponsoring bank in 2020-21, there was failed transaction of 752 transactions involving ₹ 19.90 lakh. Similarly in MGNREGA, it was noticed that out of total 15,364 failed transactions involving ₹ 3.10 crore, 14,237 transactions amounting to ₹ 2.86 crore were re-initiated successfully, leaving a balance of 1,127 transactions amounting to ₹ 24.29 lakh which were yet to be rectified and remained pending payment as of February 2021.

(Paragraph 6.3.8.3(A)(v) and 6.3.8.3(B)(iv); Pages 86 and 92)

- As per DBT guideline, each State should have a State DBT (SDBT) Cell to identify DBT schemes or DBT components of schemes and classify them in i) Cash Transfer ii) Transfer In-kind iii) Other Transfers/Processes. The SDBT Cell was required to study the existing process flow and fund flow under each scheme and reengineer the same wherever necessary. The SDBT cell would develop an IT based System Utility/MIS for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries and enable report generation, dynamic update of data and daily tracking of progress. The SDBT Cell was also required to constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner. However, it was noticed that State DBT Cell, State Advisory Board and DBT Committee were not constituted and also no dedicated body to deal with complaints and grievances of beneficiaries/workers formed. This led to delays in payment/ non-payment of wages/ benefits to the workers/ beneficiaries in respect of MGNREGA and NSAP.

(Paragraph 6.3.8.4(A), 6.3.8.4(B) and 6.3.8.4(C); Pages 95, 96 and 97)

Recommendations

- *The Department may create a proper database of the eligible beneficiaries and the information furnished by the beneficiaries may be verified by the verification team periodically with special emphasis cases related to old age pension.*
- *A system of obtaining NOC from the Pension, Group Insurance and Provident Fund (PGIPF) Division of Finance Department GoS should be made mandatory for availing benefit under NSAP.*
- *The Department may fix responsibility of the authorities concerned in a time bound manner and should stop such payments of pension to ineligible beneficiaries.*
- *The Department should take necessary action to recover the payments made to the ineligible beneficiaries as per the terms of 'undertaking' included in application form submitted by the beneficiaries.*
- *The SJWD should ensure its application software is compatible/in sync with porting of information / data onto NSAP-PPS through a bridge-software so that benefits of the schemes are delivered to the beneficiaries on time.*
- *The Government/ Department may take necessary steps so as to Aadhaar seeding of beneficiaries may be completed without any further delay.*
- *Aadhaar seeding of beneficiaries above the age of 80 years, disabled beneficiaries, sick beneficiaries may be conducted at their doorstep.*
- *The SJWD should set up system to obtain the data/ information of failed transactions from the respective agencies at predetermined intervals and take immediate steps to re-initiate the payments so that the beneficiaries are not deprived of their legitimate dues.*
- *The Government may specify time frame for rectification/ ratification for the cases relates to failed transactions.*
- *The RDD should re-initiate all pending transactions on urgent basis so that the pending wages are paid to the concerned workers without further delay. Secondly, the RDD should review the pending wages periodically and disbursement made within prescribed timeframe.*
- *Accounts of all the workers under MGNREGA may be seeded with Aadhaar on priority and accounts may also be validated before initiation of transaction.*
- *DESME being declared as State DBT Cell may perform all function of SDBT as laid down in GoI DBT guidelines, so that the benefits of the schemes concerned are ensured as per guidelines of DBT. DESME should also ensure that the DBT framework is adopted by all the implementing Department.*

- *State DBT Cell (DESME) should be strengthened with required manpower to operationalise its organisational structure with the assigned responsibilities to enable the DBT Cell to act as one-stop point or nodal point for smooth on-boarding of schemes on to DBT platform and to effectively monitor the progress made by each Implementing Department by setting targets and milestones for implementation of DBT in a time bound manner.*

COMPLIANCE AUDIT

- Finance Department invested Guarantee Redemption Fund at lower rate of interest which led to loss of Government revenue of ₹ 31.50 lakh on account of interest.

(Paragraph 6.4; Page 99)

FOLLOW UP OF AUDIT OBSERVATIONS

- Public Accounts Committee had discussed Audit Reports for the year up to 2013-14 and given recommendations on the Audit Reports for the year up to 2012-13.

(Paragraph 7.2; Page 103)

- As of March 2020, 1,318 Inspection Reports (IRs) (4,091 paragraphs) issued from 1990-91 onwards were pending for settlement. The large pendency of IRs indicates absence of adequate action to rectify defects, omission and irregularities by the Heads of Offices and Heads of Departments as pointed out by audit through IRs.

(Paragraph 7.4; Page 104)

- During 2019-20, we conducted three Audit Committee Meetings with Urban Development Department, Agriculture Department and Excise Department where 36 IRs and 134 paragraphs were discussed, out of which 12 IRs and 61 paragraphs were settled.

(Paragraph 7.5; Page 105)

CHAPTER I
INTRODUCTION

CHAPTER I

INTRODUCTION

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the performance audits and test audit of transactions of various departments of the Government of Sikkim pertaining to Social, Economic (non-PSU), Economic (PSU), Revenue and General Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance.

This Chapter in addition to explaining the planning and coverage of audit, provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by competent authorities.

1.2 Historical Background and Authority for Audit

Sikkim is the 22nd State of the Indian Union, having merged with the Indian Union on 26 April 1975. Initially Sikkim Cell was created under the charge of Joint Director, in the Office of the Director of Audit, Central, Kolkata, to discharge the accounting and auditing functions for the State of Sikkim. A full-fledged office as an independent unit started functioning in Gangtok *w.e.f* 10 December 1981. Consequent to restructuring of cadres in the Indian Audit and Accounts Department on 01 March 1984, this Office was bifurcated into two offices, viz. Accounts & Entitlement Office (A&E) and Audit Office. The office is headed by Principal Accountant General.

Under the directions of C&AG, the Office of the Principal Accountant General (Audit), Sikkim conducts audit of Government departments, Public Sector Undertakings, Autonomous Bodies and other Institutions¹ under Social, Economic, Revenue and General Sectors, which are spread all over the State. The Principal Accountant General (Audit) is assisted by a Deputy Accountant General.

The authority of audit is derived from Article 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C & AG's (DPC) Act). Under Section 13 of the C & AG's (DPC) Act the Office of the Principal Accountant General (Audit) has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Sikkim. This office conducts audit of revenue receipts of Government of Sikkim under Section 16 of the C & AG's (DPC) Act. The office of Principal Accountant

¹ *Audit of World Bank assisted projects, Asian Development Bank assisted projects etc.*

General (Audit) conducts supplementary audit of the accounts of four State Government companies under Section 143 (6) (a) of the Companies Act, 2013, as these companies are registered under the Companies Act, 2013. The Companies Act 1956 as well as Companies Act 2013 have not been extended to the State of Sikkim. Therefore, other companies of the State Government, (except the four companies) are registered under State's own "Registration of Companies Act Sikkim 1961". Audits of these companies are entrusted to CAG of India by the State Government from time to time.

This office is responsible for audit of accounts of autonomous bodies and authorities falling under Section 14, 15, 19 (2), 19 (3) and 20 (1) of C & AG's (DPC) Act. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts, 2007.

1.3 Planning and conduct of Audit

Audit process commences with the assessment of risk of the departments based on the expenditure incurred, criticality/complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, previous audit findings, *etc.* Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of each audit, Inspection Report (IR) containing audit findings is issued to the Head of the unit with a request to furnish replies within one month of receipt of the IR. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at the highest level in the Government, are processed for inclusion in the Audit Reports which are submitted to the Governor of Sikkim under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

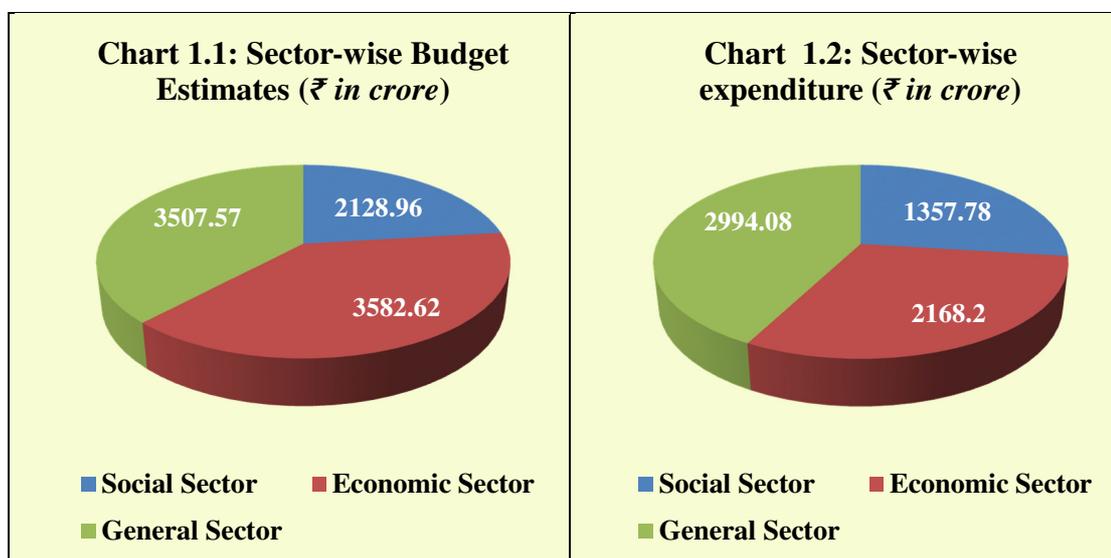
Audit Plan is prepared in such a way that it fits into the long term and short-term goals of audit in consonance with the overall "Vision and Mission" of the Indian Audit & Accounts Department. It is prepared after carrying out risk assessment and keeping in view the available manpower. Elements of the Audit Quality Management Framework (AQMF) *viz.* materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various *e*-governance initiatives taken by government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* are taken into account to the extent possible while framing out the plan. A sector wise analysis of government spending, investment policy of the government in infrastructure development, industrialisation and socio-economic activities along with due consideration of possible audit impact is taken into account in prioritising auditee units for preparing the audit plan.

Considering the availability of resources, focus has been given in areas of high financial risk than to thinly spreading out the resources throughout the Government activities. This would have better socio-economic impact and add value to governance.

Out of 661 auditee units², we planned 247 units³ for audit during 2019-20 after carrying out risk assessment and keeping in view the available manpower, of which 178⁴ units were actually audited during 2019-20.

1.4 Significant Audit Observations

During the year 2019-20, the State Government had incurred an expenditure of ₹ 7,072.33 crore against the budget provision of ₹ 9,219.15 crore under Social, Economic and General Sectors. Sector wise budget estimates and expenditure during year 2019-20 is depicted in the Chart Nos. 1.1 and 1.2 respectively.



Source: Appropriation Accounts 2019-20

This Report *inter alia* contains one Performance Audit titled “**Direct Benefit Transfer**” alongwith one Subject Specific Compliance Audit paragraph on *processing of refund under GST in Sikkim* and nine Audit paragraphs. These are discussed in the respective succeeding chapters.

² Including 55 Commercial Units

³ Including 18 Commercial Units

⁴ Including 8 Commercial Units

CHAPTER II
SOCIAL SECTOR

CHAPTER II SOCIAL SECTOR

2.1 Introduction

This Chapter of the Audit Report deals with audit findings on functioning of the Government departments falling under Social Sector.

The names of the Government departments, total budget allocation and expenditure of the Government under Social Sector during the year 2019-20 are given in the table below:

Table 2.1: Departments, budget allocation and expenditure under Social Sector during 2019-20
(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1	Culture Department	25.55	24.46
2	Ecclesiastical Affairs	24.10	23.56
3	Food, Civil Supplies and Consumer Affairs	40.03	22.69
4	Health Department	479.95	432.60
5	Education Department	1,277.03	1,198.54
6	Labour Department	5.63	5.82
7	Social Justice, Empowerment and Welfare	276.67	202.38
TOTAL		2,128.96	1,910.05

Besides the above, the Central Government had been transferring funds directly to the implementing agencies under the Social Sector. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 2.2: Major transfers for implementation of flagship programmes of the Central Government
(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	Social Justice, Empowerment and Welfare	Grants-in-aid to Voluntary Organisations working for the Welfare of Scheduled Tribes.	Muyal Liang Trust (MLT)	21.79
2	Cultural Department	Kala Sanskriti Vikas Yojana	Human Development Foundation of Sikkim, GRBA Road Chongey Tar, Gangtok, East Sikkim	8.68
3			Khachoe Pema Woeling Trust	5.26
4	Health Care, Human Services and Family Welfare	Scheme for Prevention of Alcoholism and Substance (Drugs) Abuse Establishment Expenditure – AYUSH National AIDS and STD Control Programme	Himalayan Heritage Research and Development Society	3.38
5			Association for Social Health in India	18.55
			SMPB Sikkim	281.89
6	Education Department	Atal Innovation Mission	Sikkim State AIDS Control Society	554.19
			Greendale Senior Secondary School	12.00
		Beti Bachao Beti Padhao	Sadam Senior Secondary School	12.00
			District Collector, BBBP, North Sikkim	47.50

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
		Establishment	Ash Bahadur Subba	0.19
		Expenditure Higher Education	Mrs. Jyotshna Mayee Patra	0.40
		National Service Scheme	Sikkim State NSS Cell	166.35
TOTAL				1,132.18

Source: Finance Accounts

2.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments of Government. The assessment is based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test check basis, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the audited entities for compliance. Some of the important audit observations arising out of the IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature.

Test audits were conducted involving expenditure of ₹ 485.99 crore (including expenditure of ₹ 13.63 crore of previous years) of the State Government under Social Sector. The details of year-wise break-up is given in *Appendix 2.1*.

This Chapter contains one Compliance Audit Paragraph.

COMPLIANCE AUDIT PARAGRAPH

EDUCATION DEPARTMENT

2.3 Unfruitful expenditure due to non-utilisation of asset

Due to indifferent approach of the Department for construction of residential buildings and other facilities for Government College, the infrastructure created at a cost of ₹ 4.05 crore remains un-utilised.

To mitigate the problem of residential accommodation faced by the Principal, other faculty members, staff and students of the Government Degree College, Kamrang, South Sikkim, and provide other infrastructure, the Education Department (Department) submitted (May 2006) to the Government a proposal for “ Construction of Residential Buildings, Hostels and Approach Roads and Compound Fencing for the College⁵”. The proposal was approved (June 2006) by the Cabinet for ₹ 485.62 lakh which was later revised to ₹ 504.45 lakh in March 2007. The work was sanctioned under Accelerated Development of Less Developed Areas (Plan) under Rashtriya Sam Vikas Yojna (RSVY).

The Civil Work was awarded (June 2006) to the lowest bidder at a cost of ₹ 392.33 lakh (30 per cent above estimated value) with stipulated completion period of eighteen months *i.e.* by January 2008. The work was revised (March 2007) to ₹ 504.45 lakh.

Scrutiny of records (February 2021) revealed the following observations in audit.

- The work was completed in August 2013 at a cost of ₹ 404.84 lakh with a delay of more than four years and the completed buildings were handed over to the College authority on October 2013 after full inventory check as per approved plans and specifications.
- Despite completion of the work on August 2013 and its satisfactory hand over to the College authorities in October 2013, the financial closure of the work was not done due to fund constraint. Further, due to absence of copy of revised work order, record of the issuance of the same in the file, the revised work order was approved/ issued (January 2018) *ex-post facto* with total work value of ₹ 406.08 lakh after a delay of more than four years of completion.
- The College authority, however, have not yet utilised the assets despite lapse of more than eight years. This was despite the fact that the handing/taking over note had clearly mentioned that works were completed as per the approved plan and specification and that inventory and sanitary items were thoroughly examined. The buildings were in dilapidated condition and were unfit for occupation as seen in the following photographs:

⁵ One Unit Principal’s quarter, 12 Units Lecturers’ quarter and 12 Units Class III & IV quarters.



- The reasons attributed by the College Authorities for non-occupation of these residential buildings over the period were:
- Water connection was not proper, rust had developed in GI pipes, there was no connection of waste pipe for wash basin and Sintex tanks required replacement.
 - Electrical wiring was done in haphazard manner, most of the switches were non-functional, there were breakage of electrical wire.
 - Civil works were of sub-standard quality and within very short span of constructions; the cracks had appeared in the building as can be seen from photograph above.
 - Due to leakages during the monsoon and dampness, the paints had withered out.

The reasons put forward by the College authorities do not seem logical as the buildings were taken over after full inventory check and the certification that the construction was as per approved plan and specification. In view of the above, these points of defect appear to be an afterthought.

The authorities have carried out (September 2016) repair and renovation of Girls and Boys Hostel by incurring an expenditure of ₹ 11.99 lakh. Now, the College Authorities (April 2022) requested the Department for further repair and renovation works at an estimated cost of ₹ 20 lakh, to make the facility habitable.

Thus, the overall expenditure of ₹ 4.17 crore incurred for construction and repairs of these facilities was rendered wasteful as the students were deprived of hostel facilities and the faculties and staff of the college were denied government residential facilities. Simultaneously, the Government has been paying substantial amount as House Rent Allowances since the last eight years despite availability of Government accommodation.

The matter was reported to Department; their replies is awaited (April 2022).

Recommendation: Department may fix the responsibility for non-utilisation of the assets created and may take necessary action to utilise the same in a time bound manner.

CHAPTER III
ECONOMIC SECTOR

CHAPTER III ECONOMIC SECTOR

3.1 Introduction

This chapter of the Audit Report deals with audit observations on the functioning of the Government departments under Economic Sector.

The names of the departments and the total budget allocation and expenditure of the Government under Economic Sector during the year 2019-20 are given in the table below:

Table 3.1: Details of budget allocation and expenditure

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1	Animal Husbandry & Veterinary Services Department	85.61	74.23
2	Buildings and Housing Department	85.77	76.46
3	Commerce and Industries Department	62.55	61.97
4	Co-operation Department	17.88	16.98
5	Power Department	328.63	306.29
6	Agriculture Department	225.11	139.72
7	Forest & Environment Department	271.03	156.19
8	Horticulture Department	171.11	86.46
9	Water Resources Department	54.11	41.76
10	Mines & Geology Department	7.04	6.52
11	Roads and Bridges	601.98	380.64
12	Rural Development Department	861.05	351.32
13	Tourism and Civil Aviation	74.49	61.99
14	Transport Department	89.79	79.14
15	Urban Development Department	409.70	203.84
16	Public Health Engineering Department	196.74	102.00
17	Food & Civil Supplies Department	40.03	22.69
TOTAL		3,582.62	2,168.20

(₹ in crore)

Source: Appropriation Accounts 2019-20.

Besides, the Government of India had been transferring funds directly to the implementing agencies under the Economic Sector. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 3.2: Details of funds directly transferred to the implementing agencies

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	Tourism and Civil Aviation	Domestic Promotion and Publicity including Market Development Assistance	Sikkim Tourism Development Corporation Ltd.	50.00
2	Forest and Environment	Environmental Education, Awareness and Training	State Environment Agency	71.19
		Environmental Information Systems	-do-	70.54
		Pollution Abatement	State Pollution Control Board Sikkim	7.00

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
3	Tourism and Civil Aviation	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	Sikkim Tourism Development Corporation Ltd.	302.93
4	Animal Husbandry & Veterinary Services	Rastriya Gokul Mission	Sikkim Livestock Development Board	677.98
5	Power Department	Small Hydro Power – Grid Interactive	Sikkim Power Development Corporation Ltd.	5.00
6	Transport/ Urban Development	Transport Planning and Capacity Building in Urban Transport	Sikkim Urban Development Agency	46.44
7	Commerce and Industries Department	Ambedkar Kasthshilp Vikas	Sikkim Handloom & Handicrafts Dev. Corporation Ltd. (SHHDC)	9.80
		Human Resource Development - Handicrafts		32.28
		Marketing Support Services		6.81
		National Handloom Development Programme		26.16
		NER Textiles Promotion Scheme		20.90
		Promotional Services Institution and Programmes I	Sikkim Industrial Development and Investment Corporation Ltd. (SIDICO)	2.45
Total				1329.48

Source: Finance Accounts 2019-20

3.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test check basis, Inspection Reports (IRs) containing audit findings are issued to the heads of the departments. The departments are required to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the audited entities for compliance. Some of the important audit observations arising out of these IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature for taking further appropriate action.

Test audits were conducted involving expenditure of ₹ 1294.26 crore (including expenditure of ₹ 202.50 crore of previous years) of the State Government under Economic Sector. The details of year-wise break-up are given in **Appendix 3.1**.

This Chapter contains four Compliance Audit Paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY SERVICES

3.3 Doubtful procurement of piglets under Piggery Distribution Programme

Department of Animal Husbandry and Veterinary Services purchased piglets costing ₹ 158.48 lakh without inviting tenders from three SHGs based outside Sikkim. Two of these SHGs were not functioning and the purchase from the third SHG was 10 times more than its available stock. The entire payments were made in cash and ₹ 1.90 lakh paid for transportation of piglets was at uniform rate per irrespective of load and distance covered. No entry fee was collected for entry of the piglets into Sikkim.

The State Government implemented Piggery Distribution Programme during 2018-19 with the objectives: (i) to support the weaker section of rural farmers with an effort to uplift their per-capita income; (ii) to inculcate entrepreneurship among the rural based farmers to bring upto professional level and sustainable livelihood; (iii) sourcing piglets and pork to meet the increasing demand; and (iv) to step up to fulfil the National Mission of doubling the rural economy by 2022-23.

The Department of Animal Husbandry and Veterinary Services, Government of Sikkim sought approval of the State Cabinet on three occasions (in August and November 2018 and January 2019) to procure 4022 piglets for distribution to the beneficiaries in the State under Piggery Distribution Programme during 2018-19. In the proposals submitted to the Cabinet, the Department proposed for procurement of piglets aged two months and above. In the Cabinet Memorandum dated 1 August 2018, it was stated that the piglets would be sourced from hill tracts of West Bengal, Assam Border, Border areas of Nepal and purchase of piglets by the Department itself was to be done to ensure the quality of piglets; whereas as per remaining two memoranda the piglets were to be sourced from Sikkim and West Bengal.

The proposal-wise details of piglets to be procured, breed and sex of piglets, ratio of distribution and beneficiaries is give as under:

Table 3.3: Details of proposal submitted to the Cabinet

Date of Cabinet approval	Breed of piglets	Sex ratio of piglets to be distributed to each beneficiary and their rate	Total number of beneficiaries	Total piglets to be procured			Total cost (₹ in lakh)
				Male	Female	Total	
1 Aug. 2018	Hampshire, Saddleback, Yorkshire, Largeback	Ratio-One male: one female Rate-Male @ ₹ 4500, Female @ ₹ 3500	580	580	580	1180	47.20
				(plus 20 for mortality)			
28 Nov. 2018	-do-	Ratio-One male: two females Rate-@ ₹ 4000 (Rates not mentioned separately)	150	150	300	460	18.40
				(plus 10 for mortality)			

Date of Cabinet approval	Breed of piglets	Sex ratio of piglets to be distributed to each beneficiary and their rate	Total number of beneficiaries	Total piglets to be procured			Total cost (₹ in lakh)
				Male	Female	Total	
30 Jan. 2019	-do-	Ratio-One male: one female Rate: @ ₹ 4000 (Rates not mentioned separately)	1176	1176	1176	2382 (One extra not explained)	95.28
	Total		1906			4022	160.88

Accordingly, the Department withdrew an amount of ₹ 145.50 lakh through three Abstract Contingent Bills.

Audit observed serious irregularities in procurement and transportation of these piglets as mentioned in following paragraphs:

a. Scrutiny of records (January 2020) revealed that the Department had purchased 3962 piglets from three Self Help Groups (SHGs) based in Darjeeling District of West Bengal without inviting tenders. This was gross violation of Rule 127 of Sikkim Finance Rule (SFR) 1979 which states that the purchase costing more than ₹ 10 lakh, should be made after inviting open tenders by giving wide publicity.

b. The Department had not issued any Supply Orders for procurement of piglets and made the payments based on six bills submitted by the suppliers as shown in table below. It was seen that none of the bills, against which 3962 piglets were shown procured, specified the breed and age of piglets, and four bills, against which 2,782 piglets were shown procured, did not mention sex of piglets. The 2,782 piglets, whose sex was not mentioned, were purchased at uniform rate of ₹ 4,000 per piglet. The following table shows the details of suppliers, number of piglets and rates as given in the bills.

Table 3.4: Details of pigs procured

Sl. No.	Name SHG	Date of Bill	Details of piglets						Total amount (₹ in lakh)
			Male	Rate	Female	Rate	Sex not mentioned	Rate	
1.	Janakalyan SHG, Pul Bazar, Darjeeling	29 Sep. 2018	300	4500	300	3500	Nil	--	24.00
2	Janakalyan SFG, Pul Bazar, Darjeeling	9 Feb 2019	--	--	--	--	672	4000	26.88
3	Janjagaran, SHG, Pul Bazar, Darjeeling	20 Sep 2018	290	4500	290	3500	Nil	--	23.20
4	Janjagaran, SHG, Pul Bazar, Darjeeling	23 Feb 2019	--	--	--	--	870	4000	34.80
5	Shree Junga SHG, Pul Bazar, Darjeeling	25 Feb. 2019	--	--	--	--	400	4000	16.00
6	Shree Juga SHG, Pul Bazar, Darjeeling	31 Feb 2019	--	--	--	--	840	4000	33.60
	Total		590		590		2782		158.48

c. As per cross verification by Audit, two SHGs viz. Janakalyan SGH and Janjagran SHG from whom 1,272 piglets and 1,450 piglets respectively were purchased by the Department in September 2018 and February 2019, were not functioning during 2018-19. Meanwhile, the total availability of piglets with the third

SHG viz. Shree Junga SHG, from whom 1,240 piglets were purchased, was only 20 piglets during 2018-19.

d. The Department had paid the amounts as shown in Table 3.4 in cash to the respective SHGs which was a gross violation of financial rules.

e. It was seen that trip-wise delivery challans for transporting the piglets were not available in the records, and the Department had paid transportation charges on the basis of hand receipts. Though the piglets were to be distributed all over the State, yet transportation charges were paid at uniform rate of ₹ 5000 per trip irrespective of the distance. The details of vehicles/ number trips and payment made is shown below:

Table 3.5: Details of vehicles hired for transporting piglets

Date of hand receipt	Registration No. of Vehicle	Registering authority			Make and model of vehicle	No. of trips (number of piglets)	Total amount paid (in ₹)
		<i>(Information extracted from VAHAN)</i>					
25 Feb 2019	WB 73E6 867	Siliguri	ARTO	West Bengal	Bolero Pickup	4(460)	20,000
	SK 04 D 1075	Jorthang	Sikkim		Bolero Pickup		
23 Feb 2019	WB 73 D 0732	Siliguri	ARTO	West Bengal	Mahindra Pickup	23(2382)	115,000
	WB 73 E 0002	Siliguri	ARTO	West Bengal	Mahindra Pickup		
Not mentioned	WB 73 E 0661	Siliguri	ARTO	West Bengal	Mahindra Pickup	11(not mentioned)	55,000
Total							1,90,000

f. As per the Notification No.103/AH&VS (Adm) dated 19 June 2018, entry fee of ₹ 25 per piglet was fixed by the State Government. The Check Points of the Department at Rangpo and Melli allow entry of livestock into the State only after realising of entry fee. There was no evidence in records of the Department to show the payment of entry fee (₹ 0.99 lakh) for these piglets.

Thus, the Department incurred a total expenditure of ₹ 166.83 lakh towards purchase of piglets (₹ 158.48 lakh), transportation (₹ 1.90 lakh), cash incentives (₹ 6.00 lakh) and pig fodder (₹ 0.45lakh) for the above three programmes. Thus, irregularities, inconsistencies, discrepancies as pointed out in the preceding paragraphs raise serious doubts about the genuineness of purchase of the piglets and expenditure on the other components thereof.

Matter was brought to the notice of Department (February 2020), to which the Department replied (March 2021) that it implemented that programme successfully and also provided the details of vehicles, monitoring and evaluation reports, and photographs.

Cross verification from the Police and Transport Departments (April 2021) by Audit showed that none of the vehicles had entered the State with livestock, hence raising the doubt on transportation of piglets from West Bengal.

Recommendation: State Government should investigate the irregularities and procurement process and fix responsibility of the erring officials within a specified time frame.

RURAL DEVELOPMENT DEPARTMENT

3.4 Irregular allotment of works and undue benefit to contractor

Awarding CMRHM Phase-I project costing ₹ 379.20 crore to a contractor on single tender that too with unreasonably high tender premium of 43.60 per cent above the estimated cost and allotting CMRHM Phase-II project costing ₹ 443.49 crore to the same contractor without calling tenders in gross violation of financial rules, led to undue benefit ₹ 63.31 crore to the contractor. In addition, excess payment of ₹ 120.47 crore was also made to the contractor with 35 per cent of the work of Phase-II still to be completed.

Section 9.6 (vi) of The Sikkim Public Works (SPW) Manual 2009 stipulates participation of at least three tenders to make the tender process more competitive and for proper evaluation of the rates offered by the contractors. Tenders received in less than three valid tenders shall be summarily rejected and fresh tender shall be invited. Further Section 9.6 (i) of SPW Manual states that all works proposed for execution by contract will be notified in a form of invitation to tender.

Scrutiny of records (June 2021) of Rural Development Department (RMD) revealed that the Cabinet had approved and sanctioned (May 2016) construction of 3000 RCC houses under 'Chief Minister's Rural Housing Mission Phase-I' at an estimated cost of ₹ 264.00 crore, with the objective of converting the Sikkim "Kutch House free State" by 2018-19.

Accordingly, the RMD invited Expression of Interest (EoI) from reputed entrepreneurs by publishing in leading local and national newspapers⁶ during 12 June 2016 to 17 June 2016. In response, three firms⁷ submitted EoIs and the Department evaluated all three firms pre-qualified for participation in tender comprising of both technical and financial bids. The RDD published Notice Inviting Tender (NIT) in December 2016 from these three pre-qualified firms, however, only one firm participated in the bidding process. The rate quoted by the firm was ₹ 395.39 crore i.e., 49.75 per cent above the estimated cost (₹ 264.00 crore).

The Department instead of rejecting the same and inviting a fresh tender as per provision of the SPW Manual, accepted the tender. While justifying the acceptance of single tender, the Department stated in the Cabinet Memo that the scheme is a time bound policy decision of the Government to make State Kutch House Free and House for all and also considering the intended purpose and larger interest, the Government has accorded approval in principle to accept the single tender duly

⁶ Indian Express and Economics Times

⁷ Engineering Projects (India) Limited; MV Omni Projects (India) Limited; & Mungipa Trade Links (P) Limited and Sunil Kumar Agrawal (Joint Venture)

relaxing the Clause 9(6)(vi) of the General Directions and Conditions of the Contract. However, the Department restricted the cost of work to estimated Wholesale Price Index (WPI) of December 2017 *i.e.*, 43.60 *per cent* above the SoR of 2012 and submitted the proposal to the Cabinet for acceptance of single tender at total cost of ₹ 379.20 crore @ ₹ 12.64 lakh per unit. The Department further justified the premium of 43.60 *per cent* citing scattered location of houses, difficult terrain and technical workability analysis. In view of the justifications provided by the Department, the Cabinet approved (February 2017) the proposal.

The work was awarded (March 2017) to the contractor at a total cost of ₹ 379.20 crore on *turnkey basis* with the stipulated date of completion by March 2019. All the 3000 houses have been completed by August 2020 and an amount of ₹ 481.45 crore has been paid to the contractor as of October 2020, an excess payment of ₹ 102.25 crore over the approved cost. Further scrutiny revealed that even after providing premium of 43.60 *per cent* over the estimated cost, the Department provided cost escalation to the contractor without the approval (February 2017) of the Cabinet, leading to irregular payment to the contractor.

Further, the contention of the Department for time bound completion of the project is not justified as only 1,340 houses (45 *per cent*) of houses were completed by the targeted date of completion *i.e.*, March 2019.

Acceptance of single tender contrary to the provision of the SPW Manual and that too with tender premium of 43.60 *per cent* above the estimated cost on the pretext of time bound construction of houses, led to extension of undue benefit ₹ 49.10 crore⁸ to the contractor as another work⁹ was awarded (June 2017) at 25 *per cent* above the estimated cost during the same period. Besides, irregular payment of ₹ 102.25 crore towards cost escalation which was over and above cabinet approval (February 2017) was also made.

(b) Subsequently, RDD proposed (December 2018) to construct another 3000 houses under CMRHM Phase-II. The RDD, in gross violation of SFR, did not call any tender for this work instead proposed to treat it as extension of CMRHM Phase-I and execute this work through the same firm at same rate *i.e.*, 43.60 *per cent* above the estimated cost with the same design, plan specification as per terms and conditions of CMRHM Phase I. However, the unit cost had been increased from ₹ 12.64 lakh to ₹ 14.78 lakh without any justification.

RDD submitted (December 2018) this proposal to the Cabinet, without any justification for the increase in the unit cost from ₹ 12.64 lakh to ₹ 14.78 lakh, which was approved in January 2019. The work order was issued the same firm in January 2019 at a cost of ₹ 443.49 crore @ ₹ 14.78 lakh per house within 24 months (January 2021). As on February 2022, only 1,949 houses (65 *per cent*) have been completed and an amount of ₹ 461.71 crore (104 *per cent* of the total estimated cost) has already

⁸ ₹ 379.00 crore x 18.60%(43.60%-25%)=₹ 49.10 crore

⁹ Construction of Block Administrative Centre at Chongrang, West Sikkim

been paid to the contractor. Thus, excess and irregular payment of ₹ 18.22 crore was made to the contractor without approval of the Cabinet. The quantum of this excess payment is bound to increase as 35 per cent of the houses are still to be completed and even with a conservative estimate, the total irregular payment would be ₹ 173.56 crore¹⁰.

Awarding the CMRHM Phase-II works without calling tenders was against provisions of SPW Manual and compromised the principles of transparency and fair competition. It was seen that RDD had six works to various contractors with tender premium ranging between 37.50 per cent to 39.00 per cent during November 2020 to January 2021, which were 6.10 per cent to 4.60 per cent lower as compared to tender premium allowed for CMRHM Phase II projects. This led to undue benefit of ₹ 14.21 crore¹¹ to the contractor in respect of CMRHM Phase-II project. Thus, in all, undue benefit of ₹ 63.31 crore (₹ 49.10 crore+₹ 14.21 crore) was extended to the contractor and excess payment of ₹ 18.22 crore has been made with 65 per cent of Phase-II completed.

The fact that the contractor had agreed to execute the CMRHM Phase-II, at the rates of Phase –I, (43.60 per cent above the estimated cost) even after gap of two years confirms the Audit contention that the rate of Phase-I was unreasonably high. Further, the justifications put forth by the Department to accept the single tender for the CMRHM Phase-I, i.e. it was a time bound programme and retendering would make it difficult to achieve the target of the Kutcha House Free State by 2018-19 were not justified as the target dates of completion of Phase-I were not met and CMRHM Phase-II project under which additional 3000 houses were to be constructed was awarded only in January 2019.

The matter was reported to the Department (August 2020 and June 2021); reply was awaited (April 2022).

Recommendation: State Government may follow the prescribed procedure given in Sikkim Public Works Manual while executing any scheme/works to ensure transparency and financial propriety.

RURAL DEVELOPMENT DEPARTMENT AND LAND REVENUE AND DISASTER MANAGEMENT DEPARTMENT

3.5 Loss of revenue

Due to the lack of proper co-ordination among the departments, whereabouts of standing properties (Trees & bamboos) valuing ₹ 5.07 crore could not be ascertained in Audit resulting in loss of government revenue to that extent.

Land required by the Government departments and other organisations/ bodies. etc., for various purposes is acquired by concerned District Collectors functioning under the administrative control of the Land Revenue and Disaster Management Department

¹⁰ 1051 houses X ₹ 14.78 lakh+₹ 18.22 crore=₹ 173.56 crore

¹¹ ₹ 308.84 crore (Estimated cost without premium of 43.60%) x 4.60%(43.60%-39%)

(LRDMD) after assessing value of the land on the basis of prevailing market rate of the land surrounding the area of the land to be acquired. In addition to values of the land, the compensation for standing properties is assessed and paid to the owners of the land based on the rate of standing properties (Trees & Bamboos) time to time fixed by the Forest Department.

The Rural Development Department (RDD) acquires land through concerned District Collectors for construction of roads under Pradhan Mantri Gram Sadak Yojana (PMGSY) scheme by following due procedure. Accordingly, the compensation for the land as well as for the standing properties (trees, bamboos, broom grass bush, fodder, other structures like cow sheds etc.) on the land so acquired is paid to the land owners. On payment of compensation, the land along with the standing properties becomes properties of the Government.

Scrutiny of the land acquisition records for construction of five roads for PMGSY scheme by the RDD during March 2017 to March 2020 revealed that in addition to land compensation, ₹ 6.94 crore was paid to the land owners towards the cost of standing properties including properties like broom grass bush (amliso), fodder, cowshed etc. having meagre or no sale value. A further compensation of ₹ 5.07 crore paid for other substantially valued properties such as trees, and bamboo poles as detailed in *Appendix 3.2*.

During the course of Audit, physical verification (March 2021) of four works¹² out of these five works was conducted in the presence of departmental officers to verify the status of works and existence of standing properties in work sites and it was found that all the four road construction works were already completed and there were no records of safe custody and subsequent sale of standing properties valued at ₹ 5.07 crore.

In this connection, reply was sought from land acquiring Department (RDD) and value of land and standing properties assessing Department (LRDMD) for the above works. RDD in its reply stated that the Forest & Environment Department (F&ED) is fully responsible for felling and disposing off the standing properties (Trees & bamboos). It was, further, stated that if the standing properties were not taken away by the concerned authority, then the usual practice is that the land owners take the standing properties themselves. The LRDMD also stated that the F&ED is responsible for removal, sales and realisation of sales proceeds from standing properties (trees and bamboos) on the land acquired by various State Government Departments.

The F&ED in its reply stated that the land acquiring department (RDD) as of January 2022 had not made any correspondence with F&ED for removal, sales and realisation of revenue from standing properties (Trees and Bamboos) involved in any PMGSY road construction works.

¹² (i) Mangalbarey to Arubotey, (ii) Chakung-Khaniserbong SPWD road to Lower Khaniserbong, (iii) Upper Gelling to Middle Gelling and (iv) Chakung-Khaniserbong SPWD Road to Mendogaon

Further, a similar audit observation (Paragraph no. 2.4) pertaining to Roads and Bridges Department had featured in Audit Report 2013-14 on which the Public Accounts Committee had recommended vide its 126th Report (presented to the house on 02 April 2022), that the Department should work out a mechanism in consultation with Finance Department and Forest & Environment Department for proper realisation of Government revenue.

Thus, due to the lack of proper co-ordination among the departments, revenue from sale of these Trees & bamboos valued at ₹ 5.07 crore was lost.

Recommendation: *The F&ED should be immediately informed for felling and disposal of standing properties whenever land is acquired by Government Departments, etc. for construction works.*

URBAN DEVELOPMENT DEPARTMENT

3.6 Loss of revenue

Due to non-handing over of Restaurant and Public Plaza to a firm to whom the allotment order to run these facilities on rent basis had been duly issued, resulted in loss of government revenue amounting to ₹ 47.06 lakh.

With a view to bring about coherent improvement in city life of Gangtok, which is major eco-tourism destination, the Urban Development Department (UDD), Government of Sikkim constructed 'Construction of Walkways, Viewpoint including Allied works at Namnang, Gangtok' at a cost of ₹ 17.54 crore which was subsequently revised (February 2014) to ₹ 22.59 crore. As a part of project, a Restaurant and Public Plaza were also constructed in order to service the users of the Walkway. The project was completed during March 2017. The UDD conducted the valuation for these facilities during July 2017 for renting out to entrepreneurs. Accordingly, the offset price for letting out these facilities on rent was assessed at ₹ 1,24,039 per month (Restaurant and Public Plaza at ₹ 88,157 and ₹ 35,882 per month respectively).

As per records available in the UDD, six entrepreneurs had submitted (May 2017) applications requesting the UDD to allot these facilities. Thereafter the UDD invited quotations from these five entrepreneurs in October 2017. However, against five entrepreneurs, the quotation from only three entrepreneurs¹³ were received and the quotations were opened in November 2017. The rate quoted by M/s Cacao Bakery (Firm) was found to be highest at ₹ 1.81 lakh per month. Thereafter the proposal for allotment of the facilities at monthly rent of ₹ 1.81 lakh along with Security Deposit of ₹ 4.47 lakh to the firm for period of 10 years was approved on 01 December 2017.

Audit scrutiny revealed (January 2020) that the order for allotment of the facilities on rental basis for 10 years (from the date of signing of agreement) in favour of the firm was issued in January 2018, and the firm was asked to deposit ₹ 4.47 lakh as Security

¹³ M/s Cacao Bakery, Mr Jigme Dorjee Bhutia and Mr Karma Wangdi Bhutia

Deposit. The firm accepted the allotment order in January 2018 and paid the Security Deposit in February 2018. However, for two years, the UDD did not hand over the facilities to the firm.

After two years, the Department cancelled the allotment in March 2020 and initiated the process for re-allotment of the facilities through Notice Inviting Tender (05.11.2020). Initially there was no taker for the offer of NIT. The Department retendered (07.12.2020) the two separate properties Restaurant and Open Cafeteria and based on tendering, Restaurant was allotted (June 2021) to the highest three bidders at a monthly rental of ₹ 47,000. Further, the Open Cafeteria was handed over to a Self-Help Group i.e. DAY /NULUM, UDD was the Nodal Department of DAY NULUM for period of ten years commencing from 31 January 2022. Hence, the monthly estimated rentals were reduced by ₹ 1.34 lakh.

The Department, however, stated (August 2021) that the firm failed to execute the agreement and cancelled the allotment in March 2020. The Department added that the agreement could not be executed due to enforcement of Model Code of Conduct for Assembly Election in the beginning of the 2019, and the lockdown in the State due to Covid-19 in 2020.

The reply of the Department is self-contradictory and reasons advanced by the Department for non-execution of agreement were not factually correct as both the events¹⁴i.e., Model Code of Conduct for Assembly Election (during 2019) and the Covid-19 (during 2020) had occurred more than one year after issue of allotment letter to the selected firm.

Thus, due to non-allotment of the facilities, even though the allotment order for renting the Restaurant and Public Plaza had been issued, resulted in loss of revenue amounting to ₹ 47.06 lakh (₹ 1.81 lakh per month x 26 month from February 2018 to March 2020) upto March 2020 and a recurring loss of ₹ 16.08 lakh per annum¹⁵ for the next eight years.

Recommendation: *The Department may fix responsibility of the authorities concerned in a time bound manner for loss of revenue to the State Exchequer.*

¹⁴ Model code of conduct for Assembly Elections and lock down for Covid 19 were enforced from March 2019 and March 2020 respectively.

¹⁵ ₹ 16.08 lakh for 8 years = 1.81 lakh – 0.47 lakh = 1.34 lakh loss per year for 12 years

CHAPTER IV
ECONOMIC SECTOR
(Public Sector Undertakings)

CHAPTER IV ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

4.1 Functioning of State Public Sector Undertakings (PSUs)

4.1.1 Introduction

The Public Sector Undertakings (PSUs) consist of the State Government Companies and Statutory Corporations. The PSUs are established to carry out economic and commercial activities for the overall development of the State and its people. As on 31 March 2020, there were 16 PSUs (12 working Government Companies and four working Statutory Corporations) under the audit purview of the Comptroller and Auditor General of India (CAG). Besides, there were six non-working PSUs for which audit entrustment had not been extended to CAG by the State Government as detailed in **Paragraph 4.1.10** the details of the PSUs in Sikkim as on 31 March 2020 are given in **Table 4.1**.

Table 4.1: Total number of PSUs as on 31 March 2020

Type of PSUs	Working PSUs
Government Companies registered under Sikkim ¹⁶ Registration of Companies Act, 1961	08
Government Companies registered under Companies Act ¹⁷ , 2013	04
Statutory Corporations	04
Total	16

None of the 12 working Government companies were listed on the stock exchange. During the year 2019-20, no new PSU was incorporated and no existing PSU was closed down.

4.1.2 Investment in PSUs

4.1.2.1 State Governments investment in PSUs

The State's investment in its PSUs was by way of share capital and long term loans. As on 31 March 2020¹⁸, the investment of the State Government (capital and long term loans) in 16 PSUs amounted to ₹ 49.93 crore¹⁹ as detailed in **Table 4.2** below:

¹⁶ Audited by CAG on entrustment basis under section 20(1) of CAG (DPC)'s Act 1971

¹⁷ The Companies Act 2013/1956 had not been extended to the state of Sikkim. Hence, these four companies have their registered offices in New Delhi and Darjeeling (West Bengal).

¹⁸ Except of Sikkim Poultry Development Corporation Limited (2017-18), Sikkim Hatcheries Limited (2017-18), Sikkim Livestock Processing and Development Corporation Limited (2013-14)

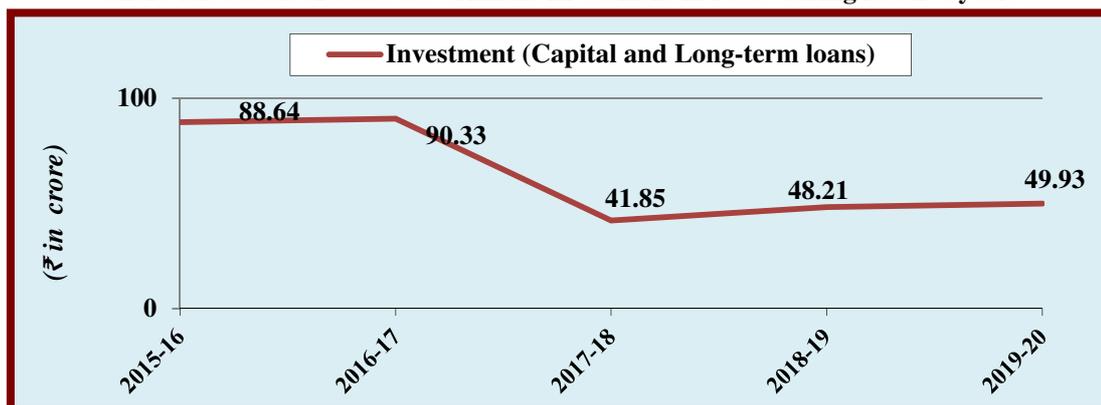
¹⁹ Investment figures are provisional and as provided by the PSUs except two PSUs (Sl. No. A8 and A9 of Appendix 4.1.1) for which investment figures have been adopted from their finalised accounts for 2018-19.

Table 4.2: Details of total investment in 16 PSUs

Year			(₹ in crore)
	Equity Capital	Long Term Loans	Total Investment
2015-16	86.61	2.03	88.64
2019-20 ²⁰	47.90	2.03	49.93

The total investment consisted of 95.93 per cent in capital and 4.07 per cent in long term loans. The investment had decreased by 43.67 per cent from ₹ 88.64 crore (2015-16) to ₹ 49.93 crore (2019-20) as shown in **Chart 4.1**.

Chart 4.1: Status of State Government Investment in PSUs during last five years



This reduction in State's investment was mainly due to liquidation of six PSUs²¹ involving aggregate investment of ₹ 51.20 crore.

4.1.2.2 Sector-wise investment in PSUs

The details of combined investment by the State Government and other stakeholders (Central Government, holding companies, Banks, Financial institutions, etc.) in PSUs under various important sectors at the end of 31 March 2016 and 31 March 2020 are given in Table 4.3:

Table 4.3: Sector-wise investment in PSUs

Name of Sector	Government Companies		Statutory Corporation		Total Investment	
	2015-16	2019-20	2015-16	2019-20	2015-16	2019-20
	Power	11112.87	17569.60	0	0	11112.87
Finance	46.95	113.34	55.52	137.27	102.47	250.61
Service	6.59	6.46	1.61	301.20	8.20	307.66
Infrastructure	153.67	333.41	0	0	153.67	333.41
Manufacturing	43.13	0	13.04	0	56.17	0
Agriculture & Allied	1.16	1.16	0	0	1.16	1.16
Total	11364.37	18023.97	70.17	438.47	11434.54	18462.44

It may be seen from Table 4.3 that during 2019-20, the thrust of PSU-investment was mainly in power sector companies²², which constituted more than 95 per cent of the

²⁰ The decrease was due to liquidation of six PSUs

²¹ Sikkim Floor Mills Limited (₹ 2.44 crore), Chandmari Workshop and Automobiles Limited (₹ 0.3 crore), Sikkim Jewels Limited (₹ 14.47 crore), Sikkim Times Corporation (₹ 23.49 crore), Sikkim Precision Industries Limited (₹ 4.39 crore), Sikkim Mining Corporation (₹ 6.11 crore).

²² Serial No. A-8,9,10 and 11 of Appendix 4.1.1

investment (₹ 18462.44 crore) in the PSUs. During the period of five years (2015-16 to 2019-20) investment in power sector PSUs has increased by ₹ 6,456.73 crore from ₹ 11112.87 crore (2015-16) to ₹ 17,569.60 crore (2019-20). The investment in power sector PSUs had mainly increased due to addition of ₹ 13,384.41 crore against 'equity capital' and 'long term loans' of two new power sector PSUs²³, which were covered under the definition of a State Government Company in August 2015.

4.1.3 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case, the figures do not agree, the Finance Department and the PSUs concerned should carry out reconciliation of differences in figures. The position in this regard as of 31 March 2020 is given in **Table 4.4**.

Table 4.4: Variation between Finance Accounts and records of PSUs

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	43.70	47.90	4.20
Loans	37.03	2.03	35.00
Guarantees	3394.34	511.72	2882.62

(₹ in crore)

As on 31 March 2020, there were unreconciled differences in the figures of equity (₹ 4.20 crore), loan (₹ 35 crore) and guarantee (₹ 2882.62 crore) as per two sets of records. The differences in equity occurred in respect of seven PSUs²⁴. Further, the difference in guarantee figures related to four PSUs namely SC, ST & OBC Development Corporation Limited, Sikkim Industrial Development and Investment Corporation Limited, Sikkim Power Investment Corporation Limited and State Trading Corporation of Sikkim.

As regards Loan figures, Audit noticed that the Finance Department disbursed the loans to various Departments of the State Government for different sectoral activities and booked the amount sector-wise in the Finance Accounts. In turn, the Departments disburse these loans to respective PSUs functioning under their administrative control. Hence, PSU-wise figures of State Government loans provided to various PSUs were not available in the State Finance Accounts. The State Government loan (₹ 37.03 crore) booked in the Finance Accounts pertained to the PSUs²⁵ under Infrastructure (₹ 2.03 crore) and power sector (₹ 35.00 crore).

Though the process of reconciliation of these differences have been initiated (September 2018) by the Office of the Sr. Deputy Accountant General (A&E), Sikkim in consultation with the Finance Department, Government of Sikkim and PSUs concerned, no significant progress has been achieved in this regard.

²³ Teesta Urja Limited (equity: ₹ 3,205.39 crore; long term loans: ₹ 8,830.06 crore) and Teesta Valley Power Transmission Limited (equity: ₹ 388.45 crore; long term loans: ₹ 960.51 crore).

²⁴ PSUs at Sl. Nos. A.4, A5, A7, A10, A11, A12 and B14 of Appendix 4.1.1

²⁵ A5 to A7 (Infrastructure sector) and A8 to A11 (Power sector) of Appendix 4.1.1

The State Government and the PSUs concerned may take concrete steps to reconcile the differences in a time-bound manner. The Government should correct the system of financing the PSUs and the Finance Accounts be updated.

4.1.4 Special support and guarantees to PSUs during the year

The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The details of budgetary outgo towards equity, loans, grants/ subsidies, loans written-off and interest waived along with the position of guarantee in respect of PSUs are given in **Table 4.5** for three years ending 2019-20.

Table 4.5: Details regarding budgetary support to PSUs

Sl. No.	Particulars	2017-18		2018-19		2019-20 ²⁶	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	0	0	2	6.02	1	2.50
2.	Loans given from budget	0	0	0	0	0	0
3.	Grants/Subsidy from budget	2	11.6	2	10.79	1	6.50
	Total	2	11.6	2	16.81	2	9.00
4	Waiver of loans and interest	1	0.06	1	0.14	1	1.63
5	Guarantees issued	2	133.04	3	342.33	1	106.50
6	Guarantee Commitment	2	71.74	2	117.33	0	92.78

It may be seen from **Table 4.5** above that budgetary outgo to PSUs has decreased from ₹ 11.60 crore (2017-18) to ₹ 9.00 crore (2019-20) during the period from 2017-18 to 2019-20. During 2019-20 the State Government infused equity amounting to ₹ 2.50 crore in one PSU namely Sikkim Power Development Corporation Limited (SPDC). The State Government did not provide any loans to PSUs during the three year period.

In 2018-19, the State Government provided grants amounting to ₹ 10.79 crore to two PSUs (namely Temi Tea Estate ₹ 8.79 crore and Namchi Smart City Limited ₹ 2 crore). During 2019-20, the recipient of Government grants (₹ 6.50 crore) included Temi Tea Estate (₹ 6.50 crore). It can be noticed from Table 4.5 above that during 2019-20, the Guarantee commitment decreased by ₹ 24.55 crore from ₹ 117.33 crore (2018-19) to 92.78 crore (2019-20).

4.1.5 Accountability framework

The Companies Act, 2013 and the erstwhile Companies Act, 1956 had not been extended to the State of Sikkim. Out of 12 Government Companies existing in the State of Sikkim, four companies were registered under the Companies Act, 1956/2013 while remaining eight were registered under the 'Registration of Companies Act, Sikkim, 1961'. The four companies registered and governed by the Companies Act, 2013/1956 included Teesta Urja Limited (TUL), Teestavalley Power Transmission

²⁶ As on 31.03.2020 except of Sikkim Poultry Development Corporation Limited (2017-18), Sikkim Hatcheries Limited (2017-18), Sikkim Livestock Processing and Development Corporation Limited (2013-14)

Limited (TPTL), Namchi Smart City Limited (NSCL) and Gangtok Smart City Development Limited (GSCDL).

During the year 2015-16, one State Government Company²⁷ acquired 51 per cent of equity share capital of Teesta Urja Limited (TUL), which is the Holding company of Teestavalley Power Transmission Limited (TPTL). The other two companies, i.e., Namchi Smart City Limited (NSCL) and Gangtok Smart City Development Limited (GSCDL) were incorporated during 2016-17 and 2017-18 by the State Government under the Companies Act, 2013 with headquarters in Darjeeling, West Bengal. Thus, all these four companies are covered under the definition of State Government company owned and controlled (directly or indirectly) by the State Government.

4.1.5.1 Statutory Audit/Supplementary Audit

The accounts of eight State Government Companies registered under the 'Registration of Companies Act, Sikkim, 1961' are audited by Statutory Auditors (Chartered Accountants) directly appointed by the Board of Directors (BoDs) of the respective Companies. In addition to the statutory audit conducted by the Statutory Auditors, supplementary audit of these Companies were being conducted by the Comptroller and Auditor General of India (CAG) on the request of the Governor of the State under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The accounts of four Companies registered under Companies Act, 2013/1956 are audited by Statutory Auditors (Chartered Accountants) who are appointed by the CAG. In addition to the statutory audit conducted by the Statutory Auditors, supplementary audit of these Companies is conducted by the CAG under Section 143(6)(a) of the Companies Act, 2013²⁸.

Besides, there are four Statutory Corporations in the State, namely, State Bank of Sikkim, State Trading Corporation of Sikkim, Government Fruit Preservation Factory and Temi Tea Estate established under the proclamation of the erstwhile Chogyal (King) of Sikkim. The accounts of these Corporations are audited by the Chartered Accountants directly appointed by the Board of Directors (BoDs) of the respective Corporations. Supplementary Audit of these Corporations was taken up by CAG under Section 20(1)²⁹ of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

4.1.5.2 Role of Government and Legislature

The State Government exercises control over the affairs of these PSUs through its administrative departments. The Government appoints the Chief Executives and Directors on the Board of these PSUs.

²⁷ Sikkim Power Investment Corporation Limited

²⁸ The audit of accounts of the Government Companies from the financial year 2014-15 onwards is governed by the Companies Act, 2013.

²⁹ Based on the entrustment/request for the audit of the accounts of these corporations from the Governor of the State from time to time.

The State Legislature also monitors the accounting and utilisation of Government investments in the PSUs. For this purpose, the Annual Accounts of the State Government Companies together with the Statutory Auditors report and Separate Audit Reports of CAG are required to be placed before the Legislature under Section 20 (1) of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971. The Annual Reports of four Government Companies incorporated under the Companies Act, 2013/1956 together with the Statutory Auditors Reports and comments of CAG thereon are to be placed before the legislature under Section 396 of the Companies Act, 2013. Similarly, the Annual Reports of the Statutory Corporations along with the Separate Audit Reports of CAG are required to be placed before the Legislature as per the stipulations made under Section 20(1) of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971.

4.1.6 Arrears in Finalisation of accounts

In respect of four companies registered under the Companies Act, 2013/1956, the financial statements of the companies are required to be finalised within six months of the end of the financial year i.e. by September end in accordance with the provisions of Section 96(1) of the Companies Act, 2013. Failure to do so may attract penal provisions under Section 99 of Companies Act, 2013.

As regards eight companies registered under the Registration of Companies Act, Sikkim, 1961 and four Statutory Corporations, there is no stipulated timeframe for finalisation of financial statements in their respective governing Acts.

Table 4.6 provides the details of progress made by PSUs in finalisation of their accounts as of 30 September 2020.

Table 4.6: Position relating to finalisation of accounts of PSUs

Sl. No.	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
1.	Number of Working PSUs	12	12	16	16	16
2.	Number of accounts finalised during the year	8	14	7	39	10
3.	Number of accounts in arrears	31	29	46 ³⁰	22	27
4.	Number of Working PSUs with arrears in accounts	8	9	13	12	14
5.	Extent of arrears (numbers in years)	1 to 7	1 to 8	1 to 9	1 to 6	1 to 6

As can be seen from **Table 4.6**, the arrear of accounts of PSUs had increased due to non- finalisation of accounts by four PSUs during the year. As on 30 September 2020, the accounts of only two (Sikkim Power Investment Corporation Limited and Teestavalley Power Transmission Limited) out of 16 working SPSEs were up-to-date and remaining 27 accounts of 14SPSEs were pending for finalisation. Non-preparation or delayed preparation of accounts is fraught with the risk of misappropriation of assets, intentional or unintentional errors or omission in receipts and payments.

³⁰ Includes 2016-17 accounts of Namchi Smart City. However, the company combined the 2016-17 and 2017-18 accounts with permission from registrar as it was incorporated only in March 2017.

The delays in finalisation of accounts were mainly due to delay in compilation/ adoption of accounts by the Board of Directors of the respective PSUs. The administrative departments of the PSUs concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of these PSUs are finalised and adopted within the stipulated period. The departments concerned were informed regularly (on quarterly basis) about the arrears in finalisation of accounts by these PSUs. As a result, there was significant reduction in arrears of accounts during 2019-20 as compared to previous year except for 2018-19.

Recommendations

- *The State Government may fix time frame of submission of annual account for the companies registered under the Registration of Companies Act, Sikkim, 1961 and may also set up a special cell to oversee the clearance of arrears and set the targets for individual PSUs, which may be monitored by the cell;*
- *The Administrative Departments overseeing the SPSEs (registered under the Companies Act, 2013/1956) having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*

4.1.7 Placement of Separate Audit Reports

Table 4.7 shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2020) on the accounts of Statutory Corporations in the State Legislature.

Table 4.7: Status of placement of SARs in Legislature

Sl. No.	Name of Statutory Corporations	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature		Reasons for delay
			Year of SAR	Date of issue to the Management/ Government for printing	
1	State Bank of Sikkim	2016-17	2017-18	23.12.2019	Nil
2	State Trading Corporation of Sikkim	2018-19	-	-	-
3	Government Fruit Preservation Factory	2011-12 to 2017-18	-	-	-

Timely placement of SARs in the State Legislature is important to ensure timely reporting on the functioning of the Corporation to the stakeholders and fix accountability of the Management for its performance.

However, it can be noticed from the **Table** above that one SAR relating to one Corporation (SBS) was pending for placement for more than nine months, since it was issued to the State Government and no reasons for this delay were intimated.

Recommendations:

- *The State Government may ensure that existing vacancies in the accounts department of PSUs are timely filled up with persons having domain expertise and experience;*
- *The PSUs may get the figures of equity and loans reconciled with the State Government Departments and arrear of accounts are cleared.*

4.1.8 Performance of PSUs as per their latest finalised accounts

The financial position and working results of working Government companies and Statutory Corporations are detailed in **Appendix 4.1**. A ratio of PSUs turnover to State Gross Domestic Product (GSDP) shows the extent of PSUs activities in the State economy. **Table 4.8** provides the details of working PSUs turnover and GSDP for a period of five years ending 2019-20.

Table 4.8: Details of PSUs turnover vis-à-vis State GDP

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover ³¹	178.81	185.64	290.83	2,119.51	2518.51
GSDP ³²	18,034	20,687	25971	28723	32496
Percentage of PSUs Turnover to GSDP	0.99	0.90	1.12	7.38	7.75

Source: GSDP- MoSPI, (GSDP for years 2018-19 and 2019-20) are Provisional figures and Quick estimates respectively

As can be noticed from Table 4.1.8, the PSU-turnover as well as GSDP have shown increasing trend during the period of five years from 2015-16 to 2019-20. During 2019-20, a growth (₹ 399 crore) in PSU-turnover was recorded mainly due to increase of ₹ 394.93 crore in the turnover of two power sector companies and one Statutory Corporation in finance sector PSU³³ during the year. This had correspondingly increased PSU-turnover to GSDP from 7.38 per cent (2018-19) to 7.75 per cent (2019-20).

4.1.8.1 Key parameters

Some other key parameters of PSUs performance as per their latest finalised accounts as on 30 September of the respective years are given in Table 4.9 below.

Table 4.9: Debt Turnover Ratio relating to the PSUs of the State

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Debt	8,936.15	12,225.77	14,080.24	13,284.89	13468.47
Turnover ³⁴	178.81	185.64	290.83	2,119.51	2518.51
Debt-turnover Ratio	49.98:1	65.86:1	48.41:1	6.27:1	5.35:1
Interest Payments	176.90	338.11	474.89	1,533.90	1725.66
Accumulated losses	328.73	798.14	756.05	2,089.94	2266.61

Debt-Turnover Ratio

A low debt-to-turnover ratio (DTR) demonstrates a good balance between debt and income. Conversely, a high DTR can signal having too much of debt against the income of PSUs from core activities. Thus, the PSUs having lower DTR are more likely to comfortably manage their debt servicing and repayments. The DTR had

³¹ Turnover of working PSUs as per the latest finalised accounts as of 30 September of respective year.

³² Source: Department of Economic, Statistics, Monitoring and Evaluation, Government of Sikkim.

³³ The two power sector PSUs i.e. Teestavalley Power Transmission Limited and Sikkim Power Investment Corporation Limited had registered the turnover of ₹ 300.43 (2019-20) and ₹ 223.81 (2019-20) crore finalised as on 30 September 2020 as compared to the turnover of ₹ 81.53 crore (2018-19) and ₹ 78.40 crore (2017-18) finalised as on 30 September 2019. Further, one Corporation in finance sector i.e. State Bank of Sikkim had registered the turnover of ₹ 188.86 (2018-19) as compared to the turnover of ₹ 157.54 crore (2017-18)

³⁴ Turnover of working PSUs as per their latest finalised accounts as on 30 September of respective year.

decreased from 49.98:1 in 2015-16 to 5.35:1 in 2019-20. The decrease in DTR was due to increase in turnover since 2018-19.

PSU Debt

During the period of five years, the PSUs debt had registered an overall increase of ₹ 4532.32 crore (150.72 per cent) from ₹ 8936.15 crore (2015-16) to ₹ 13,468.47 crore (2019-20). Major portion of PSU debts during 2019-20 (95.38 per cent) pertained to power sector PSUs.³⁵

Further, during 2019-20, the PSU Turnover had shown growth of ₹ 2,339.71 crore (1,308.48 per cent) from ₹ 178.81 crore (2015-16) to ₹ 2,518.51 crore (2019-20) mainly due to significant appreciation in PSU-turnover after commencement of operations of Teesta Urja Limited and Teestavalley Power Transmission Limited which registered aggregate turnover of ₹ 1,913.95 crore³⁶ (2019-20) as compared to ₹ 75.47 crore (2017-18).

During the last five years (2015-16 to 2019-20), the accumulated losses of PSUs had registered an overall increase of ₹ 1,937.88 crore from ₹ 328.73 crore (2015-16) to ₹ 2,266.61 crore (2019-20). Major portion (₹ 2266.85 crore) of these accumulated losses was contributed by three power sector PSUs.³⁷

4.1.8.2 Erosion of capital due to losses

The aggregate paid-up capital and accumulated losses of 16 working PSUs as per their latest finalised accounts as on 30 September 2020 were ₹ 3,713.39 crore and (-) ₹ 2,266.61 crore respectively (Appendix 4.1.1), which included accumulated losses (₹ 3.23 crore) of four³⁸ PSUs which did not have any capital. Return on Equity (RoE) of five³⁹ out of 12 PSUs was 11.07 per cent while three PSUs was negative. The accumulated losses (₹ 1119.52 crore) of remaining four⁴⁰ PSUs had completely eroded their paid up capital (₹ 73.50 crore) and hence, RoE of these PSUs was not workable.

The primary erosion of paid up capital was in respect of four PSUs as detailed in the **Table 4.10:**

Table 4.10: PSUs with primary erosion of paid up capital

Name of PSU	Latest finalised accounts	(₹ in crore)	
		Paid up capital	Accumulated losses
Sikkim Hatcheries Limited	2017-18	0.46	(-) 2.71
Sikkim Livestock Processing and Development Corporation Limited	2013-14	0.69	(-) 1.04
Sikkim Power Investment Corporation Limited	2019-20	0.01	(-) 1000.30
Sikkim Power Development Corporation Limited	2018-19	72.34	115.47

³⁵ A8 to A11 of Appendix 4.1.1

³⁶ Turnover of two power sector PSUs as per their latest finalised accounts as on 30 September 2020.

³⁷ A8, A10 and A11 of Appendix 4.1.1

³⁸ A1, A6, B15 and B16 of Appendix 4.1.1

³⁹ A5, A9, A12, B13 and B14 of Appendix 4.1.1

⁴⁰ A2, A3, A10 and A11 of Appendix 4.1.1

Accumulation of huge losses by these PSUs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these PSUs to either improve their profitability or close their operations.

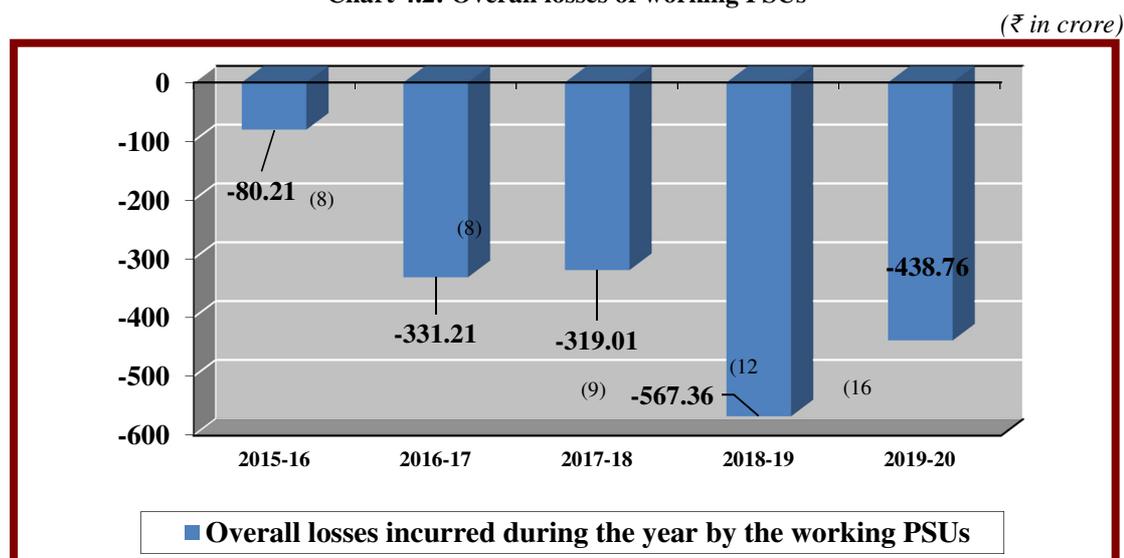
During the year 2019-20, out of 16 working PSUs, seven⁴¹ PSUs earned an aggregate profit of ₹ 59.28 crore, while nine PSUs incurred loss of ₹ 498.04 crore. Thus, there was aggregate net loss of ₹ 438.76 crore. The details of major contributors to overall profits and losses of working PSUs are given in Table 4.11:

Table 4.11: Major contributors to profits and losses of working PSUs

(₹ in crore)		
Name of PSU	Latest finalised accounts	Profit (+)/ loss (-)
Teestavalley Power Transmission Limited	2019-20	(+) 34.19
State Bank of Sikkim	2018-19	(+) 23.24
Teesta Urja Limited	2018-19	(-) 313.06
Sikkim Power Investment Corporation Limited	2019-20	(-) 184.31

The overall position of net losses incurred by the working PSUs from 2015-16 to 2019-20 as per their latest finalised accounts as of 30 September of the respective years has been depicted below in **Chart 4.2**.

Chart 4.2: Overall losses of working PSUs



(Figures in brackets show the number of working PSUs in respective years)

From the **Chart** above, it can be seen that the working PSUs overall had incurred net losses during all the five years under reference. These losses of working PSUs during five years were mainly attributable to heavy losses incurred by the power sector PSUs during these years, which ranged between ₹ 84.11 crore (2015-16) and ₹ 463.21 crore (2019-20).

4.1.8.3 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed. ROCE is

⁴¹ A4, A5, A8,,A9, A10, A11, A12,,B13,B14 and B15 of Appendix 4.1.1

an important decision metric for long term lenders. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁴².

During 2019-20, the overall Capital Employed in 16 working PSUs as per their latest accounts was ₹ 15,054.90 crore while the ROCE of the PSUs ranged from (-) 200 *per cent* (Sikkim Hatcheries Limited) to (+) 68.89 *per cent* (Government Fruits Preservation Factory). Further, out of 16 working PSUs, only ten PSUs⁴³ had positive ROCE (**Appendix- 4.1**).

4.1.9 Return on Investment on the basis of Present Value of Investment

The Rate of Real Return (RoRR) measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. To determine the RoRR on Government investments in the State PSUs, the investment of State Government in the form of equity, interest free loans and grants / subsidies given by the State Government for operational and management expenses less the disinvestments has been considered and indexed to their present value (PV) and summated. The RoRR is then calculated by dividing the Profit After Tax (PAT) of the PSUs by the sum of the PV of the Government investments.

During 2019-20, as per their latest finalised accounts, out of 10⁴⁴ working PSUs where State Government had made direct investment, five PSUs incurred loss, four PSUs earned profit and one PSU had negligible loss. On the basis of return on historical value, the State Government investment had eroded by 218.05 *per cent* as of 2019-20. As per the RoRR where the PV of investment is considered, the State Government investment eroded by 82.80 *per cent* as shown in **Appendix 4.2**.

This difference in percentage of investment erosion was on account of the adjustment made in the investment amount for time value of money.

4.1.10 Winding up of non-working PSUs

There were six non-working PSUs (five Companies⁴⁵ and one Statutory Corporation⁴⁶) for which audit entrustment to CAG had expired between 2003-04 and 2016-17. Since the audit of these six non-working PSUs has not been entrusted to CAG during 2019-20, the present report has not covered their functioning.

The Government Companies in Sikkim are registered under the Registration of Companies Act Sikkim, 1961 while Statutory Corporations are governed by the proclamation of the erstwhile Chogyal (King) of Sikkim. There was, however, no

⁴² Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure.

⁴³ Serial No.A4, A5, A8, A9, A10, A12, B13 and B14

⁴⁴ Excluding six PSUs at Sl. NoA1, A2, A8, A9, B15 and B16 of Appendix 4.1 which had not direct investment of the State Government.

⁴⁵ Sikkim Flour Mills Limited and Chandmari Workshop and Automobiles Limited (2002-03), Sikkim Jewels Limited and Sikkim Times Corporation (2010-2011) and Sikkim Precision Industries Limited (2012-13).

⁴⁶ Sikkim Mining Corporation Limited (2016-17)

prescribed procedure for liquidation of Government Companies/ Statutory Corporations under their respective governing Act/ Statute.

As per the latest available information, the assets of the three out of six non-working PSUs (all companies) had been disposed off and the proceeds remitted (December 2012) to the Government of Sikkim. The liquidation of one non-working PSU (Sikkim Mining Corporation) was approved (October 2016) by the Department of Mines, Minerals and Geology, Government of Sikkim and its liabilities (₹ 6.85 crore) were also waived (October 2016).

4.1.11 Impact of Audit Comments on Annual Accounts of PSUs

Seven PSUs⁴⁷ forwarded their 09 audited accounts to Principal Accountant General (Audit), Sikkim (PAG) during the year 2019-20 (October 2019 to September 2020) out of which 09 Accounts of seven PSUs were taken up for supplementary audit. The audit certificate under Companies Act 2013 for two PSUs and SARs in respect of five PSUs (Company/ Corporations⁴⁸) were issued.

The details of aggregate money value of comments of statutory auditors and CAG for last three years (2017-18 to 2019-20) are given in **Table 4.12**.

Table 4.12: Impact of audit comments on working Companies

Sl. No.	Particulars	2017-18		2018-19		2019-20	
		No. of accounts	Amount	No. of accounts	Amount	No. of accounts	Amount
1.	Decrease in profit	2	2.84	3	1.69	3 ⁴⁹	1.03
2.	Increase in loss	0	0	1	0.50	4	89.65
3.	Non-disclosure of material facts	0	0	2	34.97	3	328.48
4.	Errors of classification	1	2.05	0	0	0	0

4.1.11.1 Gist of some important comments of the statutory auditors and CAG in respect of accounts of the PSUs are as under:

(i) Sikkim Power Investment Corporation Limited (2019-20)

- SPICL erroneously accounted ₹ 49.52 crore as revenue instead of equity capital infused by Government of Sikkim. This resulted in understatement of “Share Capital (Share application money pending allotment)” and Accumulated losses” by ₹ 49.52 crore each.
- SPICL failed to provide for diminution in value of investment leading to overstatement of “Investments” and understatement of “Provision for losses” by ₹ 50 crore each.

(ii) State Trading Corporation of Sikkim (2018-19)

STCS did not account the appreciation in the value of Land from ₹ 0.03 crore to ₹ 2.56 crore in violation of the provisions of paragraph 13.7 of Accounting Standard

⁴⁷ SBS, TPPL, STCS, SPDC, SABCCO, - One Accounts each, GSCDL and SPICL- Two Accounts each,

⁴⁸ STCS, SBS (Corporations), SPICL (2 Accounts), SPDC and SABCCO,

⁴⁹ SBS (2018-19), STCS (2018-19), SABCCO (2014-15)

10. This has resulted in understatement of “Land” and ‘Reserves and Surplus-Revaluation Reserves’ by ₹ 2.56 crore each.

(iii) State Bank of Sikkim (2018-19)

The Cash Balances of the Government of Sikkim of ₹ 38.78 crore with the bank was depicted as ₹ 70.20 crore in the Finance Account. The difference of ₹ 31.42 crore has neither been reconciled nor the fact disclosed under the ‘notes to accounts’ of the Financial Statements of the Bank.

4.1.12 Follow up action on Audit Reports

4.1.12.1 Submission of Explanatory notes

The Report of the CAG represents the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive authorities. According to instructions issued by the Finance Department, all the administrative departments concerned were required to furnish ‘explanatory notes’ on the paragraphs/ performance audits included in the Audit Reports of the CAG within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the Public Accounts Committee (PAC). The status of receipts of explanatory notes to paragraphs/performance audits from the State Government/Administrative Departments concerned are as follows:

Table 4.13: Explanatory notes not received (as on 30 September 2020)

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs appeared in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		Pas	Paragraphs	PAs	Paragraphs
2013-14	17 March 2015	1	4	0	1
2014-15	28 March 2016	0	2	0	0
2015-16	18 March 2017	1	1	1	1
2016-17	12 July 2018	1	0	1	NA
2017-18	2 August 2019	0	4	NA	4
2018-19	8 December 2021	0	2	NA	2
TOTAL	-	3	11	2	8

From the **Table 4.13**, it may be seen that the ‘explanatory notes’ to eight paragraphs and two performance audits (PA), which pertained to eight Companies/Corporations/Co-operative⁵⁰, had not been received (October 2020).

4.1.12.2 Discussion of Audit Reports by Public Accounts Committee

In the state of Sikkim, there is no separate Committee on Public Sector Undertakings to discuss the audit findings on State PSUs. As such, the Public Accounts Committee (PAC) also discusses the findings relating to PSUs. The status of discussion of

⁵⁰ Serial No. A-1, A-4, A-5, A-7, A-10 and B-13 of Appendix 4.1

Performance Audit and Compliance Audit Paragraphs (relating to PSUs) featured in Audit Reports by the PAC as on 30 September 2020 has been detailed in **Table 4.14**.

Table 4.14: Performance Audits/ Paras relating to PSUs featured in Audit Reports *vis-à-vis* discussed as on 30 September 2020

Year of Audit Report	Number of PAs/paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2011-12	1	4	1	1
2012-13	0	2	Nil	Nil
2013-14	1	4	Nil	Nil
2014-15	0	2	Nil	Nil
2015-16	1	1	Nil	Nil
2016-17	1	0	Nil	Nil
2017-18	0	4	Nil	Nil
2018-19	0	02	Nil	Nil
Total	4	19	Nil	Nil

It can be seen from the **Table 4.13**, that eight Audit Reports containing four performance audits and 19 paragraphs relating to the PSUs were placed in the State Legislature. As on 30 September 2020, one performance audit relating Audit Report 2011-12 placed in the State Legislature was discussed by the PAC during 2019-20.

4.1.12.3 Compliance to Reports of Public Accounts Committee

As of October 2020, PAC had issued total two PAC Reports containing two recommendations relating to Audit Reports for the years 2010-11 (one recommendation) and 2011-12 (one recommendation), which were presented in the State Legislature. Action Taken Notes (ATNs) against one recommendation relating to Audit Report for the year 2011-12 has not been received from the concerned PSU.

It is recommended that the Government may ensure:

- (a) furnishing of replies/explanatory notes to Paragraphs/ Performance Audits and ATNs on the recommendations of PAC as per the prescribed time schedule;*
- (b) recovery of loss/ outstanding advances/ overpayments within the prescribed period;*
- (c) revamping of the system of responding to audit observations.*

4.1.13 Coverage of this Report

This Chapter on PSU contains one compliance audit paragraph pertaining to State Trading Corporation of Sikkim (STCS) which is under the administrative control of the Industries Department.

COMPLIANCE AUDIT PARAGRAPH

State Trading Corporation of Sikkim

4.2 Extension of undue benefit to supplier

The State Trading Corporation of Sikkim (STCS) extended undue benefit to the tune of ₹ 2.09 crore to a supplier by accepting revision of prices after the scheduled date of supply and granting ineligible advance.

State Trading Corporation of Sikkim (STCS) was established (1972) under the proclamation of the erstwhile Chogyal of Sikkim with the main objective of promoting external and internal trade in Sikkim. STCS functions as a canalising agency for procurements of the various departments of the Government of Sikkim besides rendering agency services to Indian Oil Corporation Limited for retail distribution of Liquefied Petroleum Gas. STCS procures goods for the Government Departments and charges commission for the same.

Rural Development Department (RDD) of Sikkim Government placed (7 September 2018) a supply order on STCS for 8,22,549 meters of GI Pipes of different sizes including fittings valuing ₹ 20.06 crore⁵¹ for implementation of the Rural Water Supply Schemes (RWSS) under National Rural Drinking Water Program (NRDWP) for the period 2018-19. The supply order stipulated that the supplies should be completed within 90 days (by 06 December 2018). The RDD also released (7 September 2018) an advance of ₹ 10.65 crore to STCS.

The STCS placed a supply order on same day (7 September 2018) with M/s. Indus Tubes Ltd, New Delhi for supply of 7,75,949 meters of GI Pipes⁵² including fittings valuing ₹ 20.64 crore. The price for the order was based on the rate fixed by STCS in February 2018. The supply order was placed with a condition that the supplies should be effected within 60 days *i.e.* 5 November 2018. The supplier accepted (8 September 2018) the order and demanded an advance of 40 *per cent* of ₹ 8.03 crore (total cost ₹ 20.04 crore) which was paid by the STCS on 10 September 2018.

The supplier informed STCS (06 November 2018), that the price of steel had increased and consequently sought revision in the price of GI Pipes. Accordingly, STCS revised (15 November 2018) the price and the supplier commenced supplies from 16 November 2018 at revised higher prices. The supply was completed by 03 January 2020 after a delay of 423 days.

In this connection, audit observed the following:

- a. After receiving supply order from the RDD, the STCS forwarded the supply order to M/s Indus Tubes, Delhi without calling tender as there existed a rate contract for supply between STCS and the M/s Indus Tubes on the rate fixed by STCS on February 2018.

⁵¹ GI Pipes (different sizes): ₹ 18.53 crore and GI Pipe Fittings: ₹ 1.53 crore

⁵² 7,75,949 metre of GI pipes cost ₹ 18.53 crore

- b. As per Clause 3 of terms and conditions of supply order, the supply was to commence immediately and completed within 60 days (by 5 November 2018) from date of supply order. The supplier while (08 September 2018) acknowledging the supply order requested for advance of ₹ 8.03 crore, conveyed that they would try their best to supply the GI Pipes within scheduled date and added that though the steel prices were increasing but they were not demanding any increase in price. The STCS agreed to grant advance on basis of assurance of the supplier. However, the supplier subsequently intimated STCS on 06 November 2018 (i.e. after scheduled date of completion of supply) that the price of steel had increased and consequently sought revision in the price. The STCS failed to take cognizance of the assurance given by the supplier and agreed to enhance the price on 15 November 2018. Thus, undue benefit was extended to the supplier. The supplier commenced supplies only from 16 November 2018. The STCS failed to monitor timelines in delivery of goods by the supplier and also did not counter the claim for price increase by the supplier made after the scheduled date of supply was already over. This resulted in loss amounting to ₹ 51.34 lakh to state exchequer as detailed in **Appendix-4.3**.
- c. As per Clause 8 of terms and conditions of supply order, 40 *percent* payment shall be released against proof of delivery to the handling contractor of STCS at Siliguri and the balance 60 *percent* after receipt of confirmation from RDD. Instead, STCS released 40 *per cent* of the payment on 10 September 2018 as advance. However, the supplier commenced deliveries belatedly from 16 November 2018 and completed the supplies only on 03 January 2020. Hence, STCS extended undue benefit to the supplier by extending ineligible advance of ₹ 8.03 crore for a period of 479 days⁵³. The STCS also did not levy any interest on the advance, in violation of the directions issued by the Central Vigilance Commission, thereby giving an additional undue advantage of ₹ 1.05 crore to the supplier, calculated @10 *per cent* per annum.
- d. Further, STCS deviated from the standard practise in the instant case by not including any penalty clause to ensure timely delivery, as was done in other supply orders issued by STCS. As such, though the supplier delayed the supplies, despite receiving advance of ₹ 8.03 crore, STCS could not levy any penalty on the supplier.

Thus, STCS failed to monitor the supply of materials within stipulated deadline as per order and accepted the rate revision without analysing the conditions of the contract. It also failed to include the enabling clause in the supply order under which STCS could take penal actions in case of breach of the contract agreement.

⁵³ 11 September 2018 to 02 January 2020

These collectively resulted in extending undue benefit to the supplier of ₹ 2.09 crore⁵⁴, including interest on the advance and penalty for delayed supply, to the supplier.

STCS in its reply (June 2021) stated that there was a clerical error in the supply order because of which delivery period has been mentioned as 60 days instead of 90 days. Further, STCS does not have a handling agent in Siliguri and the supply order did not contain penalty clause for delay as usually supplier's bills are settled after considerable delay without penalty payment. It is further stated that as per statutory Clause 4 of the supply order, the rates shall remain firm except for the statutory variation in cost of Steel and zinc on production of evidence from SAIL due to which rate revision requested by the supplier was accepted.

The reply is not justified as STCS did not rectify the clerical error though it had the opportunity to correct the same while issuing revised supply order in January 2019. Also as per records, STCS had a handling agent in Siliguri. In the instant case, STCS provided 40 *per cent* interest free advance to the supplier before commencement of supply. However, revision in rates was done beyond the supply window of 60 days and the supply was delayed by 423 days.

Recommendation: *The State Government should initiate steps for time bound fixing of responsibility for extending of the undue favour to the supplier and recover the amount from the supplier.*

⁵⁴ ₹ 51.34 lakh (Cost escalation) + ₹ 1.05 crore (Interest on Advance) + ₹ 52.69 lakh (Penalty @ 5 per cent as per PWD (R&B) notification dated 01 August 2012)

CHAPTER V
REVENUE SECTOR

CHAPTER V REVENUE SECTOR

5.1 Trend of revenue receipts

5.1.1 The Revenue Receipts of the State Government comprise,

- Tax and non-tax revenues raised by the Government of Sikkim,
- State's Share of Net Proceeds of divisible Union taxes and duties assigned to the State, and
- Grants-in-aid received from the Government of India.

The details along with the corresponding figures for the preceding four years have been depicted in **Table 5.1:**

Table 5.1: Trend of Revenue Receipts

Sl. No.		2015-16	2016-17	2017-18	2018-19	2019-20
I	Revenue raised by the State Government					
	• Tax revenue	566.82	652.56	688.33	892.92	970.41
	• Non-tax revenue	412.99	451.64	654.38	657.78	693.40
	Total	979.81	1,104.20	1,342.71	1,550.70	1,663.81
II	Receipts from Government of India					
	• State's share of net proceeds of divisible Union taxes	1,870.28	2,069.19	2,634.66	2,794.67	2,295.56
	• Grants-in-aid	934.20	1,436.91	1,235.42	1,574.99	881.90
	Total	2,804.48	3,506.10	3,870.08	4,369.66	3,177.46
III	Total receipts of State Government (I + II)	3,784.29	4,610.30	5,212.79	5,920.36	4,841.27
IV	Percentage of I to III	26	24	26	26	34

(Source: Finance Accounts, Government of Sikkim)

Revenue Receipts of the State increased by 27.93 per cent from ₹ 3784.29 crore in 2015-16 to ₹ 4841.27 crore in 2019-20 at an annual average rate of 5.59 per cent. During 2019-20, Revenue Receipts decreased by ₹ 1079.09 crore (-18.23 per cent) as compared to the previous year, mainly on account of decrease in Grants-in-aid. About 34.36 per cent of Revenue Receipts during 2019-20 came from State's Own Resources while Central Tax Transfers and Grants-in-aid together contributed 65.63 per cent.

Tax Revenue raised by the State constituted 20.04 per cent of Revenue Receipts and increased by ₹ 77.49 crore during 2019-20, recording a growth of 8.68 per cent over the previous year. Non-Tax Revenue of the State in 2019-20 constituting 14.32 per cent of the total Revenue Receipts, has increased by ₹ 35.62 crore with growth rate of 5.42 per cent over the previous year.

5.1.2 The details of the tax revenue raised during the period from 2015-16 to 2019-20 are given in **Table 5.2.**

Table 5.2: Details of Tax Revenue realised

(₹ in crore)

Sl. No.	Head of revenue	2015-16		2016-17		2017-18		2018-19		2019-20		% of increase (+) or decrease (-) in 2019-20 over 2018-19	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1	State Goods and Services Tax (SGST)	Not Applicable				0.00	171.39	253.07	405.72	415.00	454.89	64	12
2	Goods and Service Tax (Compensation)	Not Applicable				-	00	110.58	00	235.00	00	113	0
3	Sales Tax/Value Added Tax (VAT)	300.00	325.72	361.00	364.82	388.26	249.66	154.00	188.20	200.00	197.63	30	5
4	Taxes on Income and Expenditure other than Corporation Tax	8.51	7.92	9.00	7.82	10.00	8.04	10.00	10.57	15.00	15.17	50	44
5	State Excise	135.00	142.08	144.45	156.24	155.00	150.47	158.54	183.09	237.00	207.15	49	13
6	Stamps and Registration Fees	7.64	8.51	7.64	12.57	7.82	13.57	13.34	14.95	16.14	13.30	21	-11
7	Taxes on Vehicles	21.07	22.36	24.00	24.90	28.50	29.37	31.05	33.10	49.15	41.08	58	24
8	Other Taxes and Duties on Commodities and Services	81.26	58.38	93.07	79.82	72.84	58.39	32.63	48.21	44.32	36.79	36	-24
9	Land Revenue	6.89	1.85	6.89	6.39	7.09	7.44	7.10	9.08	8.60	4.40	21	-51
Total		560.37	566.82	646.05	652.56	669.51	688.33	770.31	892.92	1220.21	970.41	58	8.68

* BE: Budget Estimates, Source: Estimate of Receipts, Finance Department, GoS and Finance Accounts 2019-20

It can be seen from the above table that during 2019-20, the actual realisation was 20.47 per cent lower than the Budget Estimates (BE). In respect of GST (Compensation), against the BE of ₹ 235.00 crore, there was no receipt during 2019-20. Out of remaining eight heads of revenue, in six heads, the actual realisations were less than BEs. The percentage of realisation under different heads ranged between (-) 100 per cent to 9.61 per cent of the BE which indicated that the budget was not prepared based on realistic estimates.

Tax Revenue increased by ₹ 77.49 crore (8.68 per cent) in 2019-20 as compared to previous year, the increase was mainly contributed by 'State Goods and Services Tax' (SGST) by ₹ 49.17 crore (12.12 per cent), State Excise by ₹ 24.06 crore (13.14 per cent) and Other Taxes on Income and Expenditure by ₹ 4.6 crore (43.52 per cent).

The respective departments reported the following reasons for variations:

State Excise: Increase was mainly due to increase in production and sale of alcoholic products as well as extensive inspection by Excise officials.

State Goods and Services Tax: Increase was mainly due to enhancement in business turnover of existing tax payers and proper monitoring on taxable transactions

In respect of the other revenue heads, the departments concerned did not furnish reasons for variations.

5.1.3 The details of the non-tax revenue raised during the period 2015-16 to 2019-20 are given in **Table 5.3:**

Table 5.3: Details of Non-Tax Revenue realised

(₹ in crore)

Sl. No.	Head of revenue	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
1	Power	125.1	147.68	140.10	170.04	160.10	310.26	190.10	269.44	320.10	256.37	68.4	-4.9
2	Interest receipts	31.21	72.52	37.21	78.38	50.41	114.76	50.41	125.33	86.25	143.82	71.1	14.8
3	Police	55.35	61.68	52.42	41.43	52.74	45.39	57.11	46.64	88.12	86.77	54.3	86.0
4	Road Transport	39.35	41.55	47.00	48.71	55.00	52.08	59.00	53.96	65.00	57.10	10.2	5.8
5	Forestry and Wild Life	12.06	12.79	12.06	16.02	13.50	14.21	13.50	17.53	17.50	15.78	29.6	-10.0
6	Other Administrative Services	10.40	7.30	2.38	9.32	4.83	5.30	7.79	5.04	23.23	12.65	198.2	151.0
7	Public Works	6.83	4.25	4.22	8.65	4.37	15.38	4.59	28.01	14.65	23.13	219.2	-17.4
8	Plantations	5.18	3.86	5.18	5.21	5.18	2.19	7.00	2.41	2.50	2.00	-64.3	-17.0
9	Water Supply and Sanitation	3.99	3.80	4.26	4.04	5.00	4.88	10.00	4.29	8.00	4.92	-20.0	14.7
10	Tourism	3.14	3.96	3.80	5.42	4.50	5.14	4.64	6.16	5.33	11.67	14.9	89.4
11	Medical and Public Health	2.50	2.15	2.50	2.59	2.50	2.11	2.50	2.37	5.75	2.48	130.0	4.6
12	Other Rural Development Programmes	1.50	0.94	1.50	0.51	1.50	0.91	1.50	0.98	1.65	0.31	10.0	-68.4
13	Stationery and Printing	2.03	1.83	1.81	2.16	1.85	3.08	1.95	1.52	3.10	2.60	59.0	71.1
14	Crop Husbandry	0.91	0.70	0.91	0.57	0.91	0.34	0.63	0.37	0.69	0.68	9.5	83.8
15	Education, Sports, Art and Culture	1.17	1.16	1.12	2.05	1.15	2.31	1.17	2.32	1.32	3.55	12.8	53.0
16	State Lotteries (SL)	Gross	--*	--*									
		Net	37.40	20.02	33.55	45.00	50.00	55.03	55.00	57.82	40.00	40.10	-27.3
17	Others	12.24	26.80	12.24	11.54	12.92	21.01	15.03	33.59	27.85	29.47	85.3	-12.3
Total (with net figures of SL)		350.36	412.99	362.26	451.64	426.46	654.38	481.92	657.78	711.04	693.4	47.5	5.4

Source: Finance Accounts 2019-20 and Estimate of Receipts, Finance Department, GoS.

* Gross figures of State Lotteries have not been furnished by the Department for 2015-20. Since gross figures of State Lotteries have not been reflected for the year 2015-20, percentage increase/decrease has not been calculated.

It appears from the above table that the actual realisation was 2.48 per cent less than the BEs. The percentage of realisation under different heads ranged between (-) 81.21 per cent to 169.94 per cent of the BE which indicated that the budget was not prepared based on realistic estimates.

Non-tax revenue increased by ₹ 35.62 crore (5.42 per cent) in 2019-20 over the previous year. The increase was attributed to receipts under Police by ₹ 40.13 crore (86 per cent), Interest Receipts by 18.49 crore (14.75 per cent) and Tourism by ₹ 5.51 crore (89 per cent). The increase was offset by decrease mainly under State Lotteries by ₹ 17.72 crore (31 per cent).

The respective departments reported the following reasons for variations:

Water supply and sanitation: Increase in revenue was mainly due to addition of new connections, recovery of old dues and other receipts from sewerage, water testing, sewerage cleaning etc.

Power: Decrease in revenue was due to closure of tourism related activities with the onset of Covid-19.

Other Rural Development Programmes: Decrease was due to non-sanctioning of new works as the first quarter of the FY 2019-20 was engaged in General Election and Vote on Account was effective wherein only payments related to Salaries and GIAs were done. Therefore, the major source of revenue like Storage Charge and Tender Fee could not be realised.

Education: Increase was due to collection of registration and renewal fees from Private Schools and also sale of tender forms, teachers' recruitment exam application fees, five per cent storage charge deducted from work bills paid from the fund parked outside the Government.

State Lotteries: Decrease was due to decline of online lottery business.

In respect of other revenue heads, the departments concerned did not furnish reasons for variations.

5.2 Revenue and return filing trends

5.2.1.1 GST Revenue of Government of Sikkim: Comparison between budget estimates and actual receipts

The comparison of budget estimates and the corresponding actual collection of Goods and Service Tax (GST) during the period from 2017-18 to 2019-20 are shown in **Table 5.4**.

Table 5.4: Revenue from GST during 2017-18, 2018-19 and 2019-20

(₹ in crore)

Year ⁵⁵	Budget Estimates (BE)	Revised Estimates (RE)	Actuals
	State GST	State GST	State GST
2017-18	-	221.99	171.39
2018-19	253.07	253.07	405.72
2019-20	415.00	415.00	454.89

Source: Budget estimates

It could be seen from above table that, the actual collection of revenue from SGST in 2017-18 was short of the target and during 2018-19 and 2019-20 the revenue collection under SGST exceeded the estimate.

5.2.1.2 Compensation under GST

As per the GST Act, any shortfall in revenue by the State is required to be compensated by the Central Government. Compensation under GST (Compensation to the States) Act 2017 is payable when the actual revenue collected by the State under GST and pre-GST arrears is less than the projected revenue. In Sikkim the actual revenue collected was more than the projected revenue, hence compensation was not payable to Sikkim during 2017-18 to 2019-20. Details are shown in **Table 5.5**.

⁵⁵ GST data on Budget Estimates for the Financial year 2017-18 is not applicable as GST was implemented from July 2017

Table 5.5: Projected Revenue figure for compensation and actual collection of SGST*(₹ in crore)*

Sl. No.	Year	Projected Revenue	SGST collection along with pre-GST arrears
1	2017-18	239.24	264.76
2	2018-19	363.65	428.00
3	2019-20	414.56	454.89

Source: State Finance Audit Report for the year ended March 2020

5.2.1.3 Trends of Integrated GST apportionment to the State and its cross utilisation

The Integrated GST (IGST) collected will be apportioned between the Centre and the State where the goods or services are consumed. The revenue will be apportioned to the Centre at the CGST rate, and the remaining amount will be apportioned to the consuming State.

The trends of IGST apportionment to the State and its cross utilisation are given in **Table 5.6**.

Table 5.6: Integrated Goods and Services Tax*(₹ in crore)*

IGST component	2017-18	2018-19	2019-20
IGST ⁵⁶ apportioned to the State as per Section 17 of IGST Act, 2017	11.00	39.87	8.28
IGST provisionally/ad-hoc apportioned to the State	23.16	45.84	63.58
IGST cross utilised between			
SGST ⁵⁷ as IGST	(+)24.05	(+)52.93	(+)49.39
IGST as SGST	(-)77.41	(-)194.18	(-)262.98

Source: Sanction letters (for settlement of IGST) of Ministry of Finance

5.2.1.4 Registration under GST

The category-wise registrations under GST as on 31 March 2020 have been given in **Table 5.7** below:

Table 5.7: Details of GST registrations upto 31 March 2020

Category of Registrant	No. of Registrants	Percentage of total
Normal taxpayers	7,507	86.21
Composition taxpayers	830	9.53
Tax Deductors at Source	314	3.61
Tax Collectors at Source	52	0.60
Input Service Distributors	4	0.05
Others (Casual, NRTP, OIDAR)	1	0.01
Total Registrants	8,708	100

Source: GSTN Daily summary reports as on 31 March 2020

The total registrations under GST were 8,708, of which normal taxpayers accounted for 86.21 per cent and composition taxpayers were around 9.53 per cent. Of the total registrations, 2,473 were migrated from pre-GST regime, accounting for around 28.40 per cent, while balance were new registrations.

⁵⁶ IGST: It is a tax collected by the Central Government for an inter-State sale

⁵⁷ SGST: It is a tax collected by the State Government for an intra-State sale

5.2.1.5 GST Return filing pattern of GSTR-1 and GSTR-3B

The trends of filing of GSTR-1 and GSTR-3B as on 30 June 2020 for the period from April 2019 to March 2020, as compiled from the summary reports shared by GSTN, have been depicted in Table 5.8.

The filing of GSTR-3B for April 2019 was 81 per cent while for March 2020 was only 53 per cent. It was noticed that GSTR-3B returns were being filed within the due date on an average by 47 per cent taxpayers and 29 per cent filed the returns after due date. GSTR-3B returns filed within due date remained at a low ranging between 7.10 per cent and 58 per cent during April 2019 to March 2020. Thus, while it was expected that compliance would improve as the system would stabilise with passage of time, it was seen that there was no improvement in filing of GSTR-3B by due date.

Table 5.8: Details of return filing (GSTR-1 and GSTR-3B) during 2019-20

Return Type	GSTR-1			GSTR-3B				
	Months	Due for filing	Returns filed	Return filing (%)	Due for filing	Returns filed as on June 2020	Return filing (%)	Returns filed by due date
Apr'19	4,600	2451	53.28	6,884	5,609	81.48	6,884	3,469
May'19	4,548	2442	53.69	6,969	5,587	80.17	6,969	3,620
Jun'19	7,029	5129	72.97	7,029	5,589	79.51	7,029	4,114
July'19	4,252	2430	57.15	7,130	5,648	79.21	7,130	3,674
Aug'19	4,075	2452	60.17	7,135	5,692	79.78	7,135	3,808
Sep'19	7,195	5198	72.24	7,195	5,725	79.57	7,195	3,362
Oct'19	4,095	2489	60.78	7,314	5,756	78.70	7,314	3,756
Nov'19	4,062	2490	61.30	7,403	5,779	78.06	7,403	4,147
Dec'19	7,450	5064	67.97	7,450	5,804	77.91	7,450	3,717
Jan'20	3,908	2293	58.67	7,448	5,671	76.14	7,448	3,731
Feb'20	3,729	2134	57.23	7,399	5,268	71.20	7,399	2,704
Mar'20	7,508	3273	43.59	7,508	3,994	53.20	7,508	579

Source: GSTN daily summary reports

5.3 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2020 in respect of some Heads of Revenue as reported by the departments amounted to ₹ 376.33 crore, of which, ₹ 107.33 crore was outstanding for more than five years (as detailed in Table 5.9).

Table 5.9: Arrears of Revenue

(₹ in crore)

Sl. No.	Head of revenue	Total amount outstanding		Replies of Department
		As on 31 March 2020	For more than five years	
1	Power	368.64	104.09	Non-payment of Electricity Bills by consumers
2	Animal Husbandry	0.15	-	Entry tax of ₹ 34.98 lakh, due from a firm M/S Uttara Foods & Feed Pvt. Ltd., was only partially paid by the firm leaving a balance of ₹ 14.58 lakh.
3	Roads and Bridges	3.37	1.94	The road machineries of the department were mostly deployed for the departmental works. Payment was not made despite serving several reminders for clearing the dues.

4	Water Supply and Sanitation	4.17	1.3	The house owners do not pay the bills as the bills are in the name of tenants who usually shift to other places. Old records are not available for the outstanding bills and the defaulters are untraceable.
Total		376.33	107.33	

Source: Information received from departments

5.4 Response of the departments/ Government towards Audit

The Principal Accountant General (PAG), Sikkim conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of the important accounts and other records as prescribed in the Rules and procedures. Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot are issued to the heads of the offices inspected with copies to the next higher authorities for prompt corrective action. The heads of the offices/ departments are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the Department and the Government.

It was seen that 264 paragraphs involving ₹ 718.07 crore relating to 93 IRs remained outstanding at the end of June 2020. The details along with the corresponding figures for the preceding two years are mentioned in the following table:

Table 5.10: Details of pending Inspection Reports

Particulars	June 2018	June 2019	June 2020
Number of outstanding IRs	89	96	93
Number of outstanding audit observations	242	256	264
Amount involved (₹ in crore)	567.01	674.32	718.07

5.4.1 The department-wise details of the IRs, the audit observations outstanding as on 30 June 2020 and the amounts involved are mentioned in the following table:

Table 5.11: Department-wise details of IRs

Sl. No.	Name of Department	Nature of Receipts	No. of outstanding IRs	No. of outstanding Audit observations	Money value involved (₹ in crore)
1	Finance (Commercial Taxes Division)	VAT/Taxes on Sales, Trade, etc.	15	63	375.74
2	Excise (Abkari)	State Excise	8	23	17.31
3	Land Revenue and Disaster Management	Land Revenue	19	25	0.89
4	Transport (Motor Vehicles Division)	Taxes on Motor Vehicles	7	20	14.38
5	Mines, Minerals and Geology	Non-ferrous Mining and Metallurgical Industries	3	3	3.31
6	Forest, Environment and Wildlife Management	Forestry and Wildlife	13	28	53.85
7	Finance (Directorate of State Lotteries)	State Lotteries	3	8	19.25
8	Urban Development and Housing	Urban Development	16	46	21.02
9	Energy and Power	Power	9	48	212.32
Total			93	264	718.07

Audit did not receive even the first replies from the heads of offices within one month from the date of issue of six numbers of IRs (issued during 2019-20) till June 2020. Pendency of IRs due to non-receipt of the replies was indicative of heads of offices and heads of the departments not initiating adequate action to rectify the defects, omissions and irregularities pointed out by the PAG through IRs.

The Government may consider having an effective system for prompt and appropriate response to audit observations.

5.4.3 Departmental Audit Committee Meetings

The Government set up audit committees to monitor and expedite the progress of the settlement of the IRs and paragraphs in the IRs. During 2019-20, one Audit Committee Meeting was held with Excise Department wherein 18 paragraphs involving ₹ 5.34 crore relating to six IRs were settled.

The overall progress on settlement of paragraphs needs to be improved in view of the huge pendency of IRs and paragraphs.

5.5 Response of the departments to the draft audit paragraphs

The PAG forward the draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India to the Principal Secretaries/ Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within four weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Three draft paragraph proposed for inclusion in the Audit Report of the Comptroller and Auditor General of India for the year ended March 2020 were forwarded to the heads of Departments through demi-official letter for which reply was received in respect of two draft paragraphs only.

5.6 Follow up on Audit Reports - summarised position

The Rules of Procedures of the Committee on Public Accounts of the Sikkim Legislative Assembly (internal working) lays down that after the presentation of the Report of the Comptroller and Auditor General of India in the Legislative Assembly, the departments shall initiate action on the audit paragraphs and the Government should submit the action taken explanatory notes within three months of tabling the Report for consideration of the Committee. In spite of these provisions, the explanatory notes on the audit paragraphs of the Reports were being delayed inordinately.

Reports of the Comptroller and Auditor General of India of the Government of Sikkim for the years ended 31 March 2015, 2016, 2017, 2018 and 2019 containing 15 paragraphs under Revenue Sector were placed before the State Legislative Assembly between March 2016 and December 2021. Action taken explanatory notes in respect of nine paragraphs (excluding three from AR 2013-14) from five departments

{Excise; Finance⁵⁸; Transport (Motor Vehicles Division); Urban Development ; and Power} had not been received for Audit Reports for the years ending 31 March 2015, 2016, 2017 and 2018.

During 2019-20, the PAC discussed one review⁵⁹ from Audit Report 2011-12.

5.7 Analysis of the mechanism for dealing with issues raised by Audit

To analyse the system of addressing the issues highlighted in the IRs/ Audit Reports by the departments/ Government, action taken on the paragraphs and Performance Audits (PAs) included in the Audit Reports pertaining to the last 10 years in respect of Excise Department was evaluated and included in this Report.

The succeeding paragraphs 5.7.1 to 5.7.3 discuss the performance of the Excise Department in dealing with the cases detected in course of local audit conducted during the last ten years and also the cases included in the Audit Reports pertaining to the last 10 years.

5.7.1 Position of IRs

The summarised position of IRs issued during the last ten years, paragraphs included in these Reports and their status as on 30 June 2020 are given in the following table:

Table 5.12: Position of Inspection Reports

(₹ in crore)

Year	Opening balance			Addition during the year			Clearance during the year			Closing balance		
	IRs	Para-graphs	Money value	IRs	Para-graphs	Money Value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value
2010-11	6	16	3.77	1	4	15.85	-	1	0.21	7	19	19.41
2011-12	7	19	19.41	1	6	4.05	-	1	0.005	8	24	23.46
2012-13	8	24	23.46	-	-	-	-	-	-	8	24	23.46
2013-14	8	24	23.46	1	5	4.21	-	4	7.35	9	25	20.32
2014-15	9	25	20.32	1	4	11.63	-	2	2.33	10	27	29.62
2015-16	10	27	29.62	1	5	2.31	-	7	17.37	11	25	14.56
2016-17	11	25	14.56	1	3	1.31	-	1	0.2	12	27	15.67
2017-18	12	27	15.67	1	9	3.48	-	-	-	13	36	19.15
2018-19	13	36	19.15	-	-	-	-	-	-	13	36	19.15
2019-20	13	36	19.15	1	5	3.5	-	-	-	14	41	22.65

The Department arranged one Departmental Audit Committee meeting wherein 18 paragraphs involving ₹ 5.34 crore relating to six IRs were settled.

5.7.2 Recovery in accepted cases

The position of paragraphs included in the Audit Reports pertaining to the last 10 years accepted by the Department and recovery effected there-against is mentioned in the following table:

⁵⁸ Commercial Taxes Division and Directorate of Sikkim State Lotteries

⁵⁹ Performance Audit of Power Transmission activities of Energy and Power Department, Government of Sikkim

Table 5.13: Details of accepted paragraphs and recovery thereof

Year of the Audit Report	Number of paragraphs included	Money value of the paragraphs (₹ in crore)	Number of paragraphs accepted	Money value of accepted paragraphs (₹ in crore)	Amount recovered during the year (₹ in crore)	Cumulative position of recovery of accepted cases (₹ in crore)
2009-10	No paragraphs featured in the Audit Report					
2010-11	02	7.71	01	0.21	Nil	Nil
2011-12	No paragraphs featured in the Audit Report					
2012-13	No paragraphs featured in the Audit Report					
2013-14	01	0.68	Nil	Nil	Nil	Nil
2014-15	02	5.77	02	5.77	Nil	Nil
2015-16	04	5.14	02	0.29	Nil	Nil
2016-17	No paragraphs featured in the Audit Report					
2017-18	No paragraphs featured in the Audit Report					
2018-19	No paragraphs featured in the Audit Report					

It is evident from the above table that the progress of recovery even in accepted cases was very slow during the last ten years. The recovery in accepted cases was to be pursued as arrears recoverable from the parties concerned. The Department/ Government had not put in place any mechanism for pursuance of the accepted cases. In the absence of a suitable mechanism, the Department could not monitor the recovery in accepted cases.

The Department may take immediate action to pursue and monitor prompt recovery of the dues involved in accepted cases.

5.7.3 Action taken on the recommendations accepted by the departments/ Government

The draft reports on Performance Audits (PAs)/ Thematic Audits (TAs) conducted by the PAG are forwarded to the Government/ Department concerned for their information with a request to furnish their replies. These PAs/ TAs are also discussed in the exit conference and the Department's/ Government's views are included while finalising the PAs/ TAs for the Audit Reports.

The following TA on 'Collection of Revenue from State Excise' had featured in the Audit Report 2015-16. The details of recommendations and their status are given in the following table:

Table 5.14: Details of recommendations and their status

Year of AR	Name of the PA	Details of the Recommendations	Status
2015-16	Thematic Audit on Collection of Revenue from State Excise	The Department needs to improve regulation of duties by proper compliance to applicable Acts/ Rules to prevent losses from bottling fees, production of IMFL/ beer from ENA/ wort. The Department also needs to enforce proper accounting of holograms by the distilleries/breweries.	i) The relevant bottling notification has been issued. ii) The matter pertaining to wort was placed before the PAC and subsequently dropped after discussion. iii) The Department is maintaining proper records of Holograms and the e-akbari online system will be introduced shortly, which will take care of the issue.
		The Department may check and analyse running of distilleries/ breweries with respect to its production capacity and actual production with introduction of penalty provision. The Department may also ensure	i) The Department has directed the distilleries/ breweries to make a market strategy in such a way that maximum production capacity is utilised. Since it depends upon the

Year of AR	Name of the PA	Details of the Recommendations	Status
		realisation of proportionate arrear of license fees in case of revision of license fees during the financial year.	demand of the brand in the market, provision of penalty is not reasonable. ii) The first phase of e-akbari online system is implemented which covers the renewal of license fee and issue of new license.
		The Department needs to ensure receipts of EVCs in time and to ensure sending of EVCs by post to the Excise Authorities of importing States instead of handing over to the distilleries/breweries to ensure genuineness of their verification.	This has been noted and the process is being followed.
		The departmental authorities may ensure receipt of samples of each and every batch of IMFL/ beer and their testing in the Laboratory.	All the manufacturing units have their own competent laboratory for testing. The Department does not have fully equipped hi-tech machines. However, it is still counter checking the products regularly.

NB: Status as in the table is based on departmental replies received.

5.8 Audit Planning

The unit offices under various departments were categorised into high, medium and low risk units according to their revenue position, past trends of the audit observations and other parameters. The annual audit plan was prepared on the basis of risk analysis which *inter alia* included critical issues in Government revenues and tax administration, *i.e.* Budget Speech, White Paper on State Finances, Reports of the Finance Commission (State and Central), recommendations of the Taxation Reforms Committee, statistical analysis of the revenue earnings during the past five years, factors of the tax administration, audit coverage and its impact during the past five years *etc.*

During 2019-20, there were 10⁶⁰ auditable units, of which five units (50 per cent) were planned and audited.

5.9 Results of audit

Test check of the records of five units under Revenue departments {Commercial Taxes Division, Motor Vehicles Division, Forest and Environment Department (Territorial circle, West), Urban Development Department and Energy and Power Department} was carried out during the year 2019-20. It revealed irregularities involving revenue aggregating to ₹ 1209.47 crore in 22 cases. During the course of the year, the departments concerned accepted all the 22 observations.

5.10 Coverage of this Report

This Chapter contains one ‘*Subject Specific Compliance Audit on processing of refund claims under GST in Sikkim*’ and two Compliance Audit Paragraphs involving financial effect of ₹ 138.87 crore.

⁶⁰ (i) Commercial Taxes Division (ii) Directorate of State Lotteries (iii) Motor Vehicles Division (iv) Excise Department (v) Land Revenue Department (vi) Forest and Environment Department (Territorial Circle) (vii) Forest and Environment Department (Utilisation Circle) (viii) Mines and Geology Department (ix) Urban Development Department (x) Energy and Power Department

COMPLIANCE AUDIT PARAGRAPHS

5.11 Subject Specific Compliance Audit on processing of refund claims under GST in Sikkim

5.11.1 Introduction

5.11.1.1 Timely refund mechanism constitutes a crucial component of tax administration, as it facilitates trade through release of blocked funds for working capital, expansion and modernisation of existing business. The provisions pertaining to refund contained in the GST laws aim to streamline and standardise the refund procedures under GST regime. It was decided that the claim and sanctioning procedure would be completely online. Due to non-availability of electronic refund module on the common portal, a temporary mechanism was devised and implemented. Circular Nos. 17/17/2017-GST dated 15 November 2017 and Circular no. 24/24/2017-GST dated 21 December 2017 was issued, prescribing the detailed procedures. In this electronic-cum-manual procedure, the applicants were required to file the refund applications in Form GST RFD-01A on the common portal, take a print out of the same and submit it physically to the jurisdictional tax office along with all supporting documents.

5.11.1.2 The process was further simplified by allowing online submission of refund applications in Form GST RFD-01A, along with all supporting documents vide Circular dated 31.12.2018. However, various post submission stages of processing of the refund applications continued to be done by manual process.

5.11.1.3 The refund procedure was made fully electronic, wherein all the steps from submission applications to processing thereof could be undertaken electronically, with effect from 26 September 2019 (also called Automation of Refund Process). Accordingly, the Circulars issued earlier laying down the guidelines for manual submission and processing of refund claims have either been superseded or modified. In order to ensure uniformity in implementation of the provisions of law across field formations, several earlier Circulars⁶¹ have been superseded vide the Circular dated 18.11.2019. However, the provisions of the said Circulars shall continue to apply for all refund applications filed on the common portal before 26.09.2019 and the said applications shall continue to be processed manually as were done prior to deployment of the new system.

5.11.2 Audit Objectives

Audit of Refund cases under GST regime was conducted to assess:

- (i) *the adequacy of Act, Rules, notifications, circulars etc. issued in relation to grant of refunds,*
- (ii) *the compliance of extant provisions by the tax authorities and the efficacy of the systems in place to ensure compliance by taxpayers, and*

⁶¹ Circular dated 15.11.2017, dated 21.12.2017, dated 15.03.2018, dated 30.05.2018 (including corrigendum dated 18.07.2019), dated 04.09.2018, dated 26.10.2018, dated 31.12.2018 and dated 28.03.2019.

- (iii) whether effective internal control mechanism exists to check the performance of the Departmental officials in disposing the refund applications.

5.11.3 Audit Scope and methodology

Pan-India refund data was obtained from GSTN, and out of the total of 151 refund cases processed involving an amount of ₹ 27.58 crore, 43⁶² refund cases involving an amount of ₹ 3.26 crore from 19-9-2018 to 18-3-2020 were selected for detailed examination by audit.

Prior to the commencement of audit, an entry conference was held on 7 December 2020, during which the objectives, scope and criteria of the audit were discussed with the Department. After the conclusion of audit, an exit conference was held on 22 April 2021 where audit findings were discussed and the views of the Department have been duly incorporated in the draft report

5.11.4 Audit Findings

In Sikkim, all refund cases were processed in the Commercial Taxes Division (CTD), Finance Department, Government of Sikkim, for which a refund committee was constituted (11.04.2018) comprising of one Joint Commissioner, three Deputy Commissioner and one Assistant Commissioner. Before 11.04.2018, refund cases were being verified by the Joint Commissioner and submitted to the Commissioner for approval.

The table below brings out the extent of deficiencies noticed during the audit of refund cases, selected for detailed audit.

Table 5.15: Deficiencies in refund cases

Nature of Audit Findings	Audit Sample		Number of deficiencies noticed	Deficiencies as percentage of Sample
	Number	Amount (₹)	Number	
Delay in issue of acknowledgment	43	--	33	76.74
Delay in issue of Refund orders and non-payment of interest	43	3.26 crore	28	65.12
Delay in communicating refund orders to counterpart tax authority	19	2.24 crore	15	78.95
Delay/non-conducting of post audit of refund claims	43	--	43	100
Sanctioning of refunds without proper checks	33	--	15	45.45
Discrepancies in GSTN data with the data captured in State GST System	11	--	09	81.82

Audit findings are included in the subsequent paragraphs.

5.11.5 Acknowledgment not issued within time

Rule 90 (1) of SGST Rules, 2017 stipulates that where the application relates to claim for refund from the Electronic Cash Ledger (ECL), an acknowledgement in Form GST RFD-02 shall be made available to the applicant through the common portal

⁶² 32 cases pertain to pre-automation period and 11 cases pertain to post-automation period.

electronically and Rule 90 (2) of SGST Rules, 2017 stipulates that for the application related to refund other than ECL, the application shall be forward to the proper officer within a period of 15 days of filing of the said application, who will scrutinise the application for its completeness. An acknowledgment in Form GST RFD-02 shall be made available to the applicant within 15 days through the common portal.

Out of 43 cases⁶³ examined involving refund of ₹ 231.14 lakh, it was noticed that in all the pre-automation cases (32) involving ₹ 3.51 lakh, rejection orders and refund orders were issued without issue of acknowledgement and for the post automation cases (11) there was delay in one case of 132 days involving refund ₹ 2,074. Thus, the department failed to adhere to the timelines for issuing acknowledgement as prescribed in the rules *ibid*.

The matter was reported to the Department (March 2021 and June 2021). The Department, while admitting the observation for post automation cases, intimated (April 2021) that the reason for such delay was failure of dealer's account validation through PMS. With reference to the pre-automation cases, the department informed (September 2021) that during pre-automation period there was no option available in the system for issuing acknowledgement.

The reply of the department for the pre-automation cases is not acceptable since, as per circular No.17/17/2017-GST/Sikkim, dated 15/11/2017, all communication with reference to acknowledgement, deficiency memo, provisional refund order etc. shall be done manually.

5.11.6 Refund orders not sanctioned in time

Section 54 (7) of the SGST Act, 2017 stipulates that the proper officer shall issue the order under sub-section (5) within sixty days from the date of receipt of application complete in all respects. Further, Section 56 of Act also *ibid* provides that, if any tax ordered to be refunded under sub-section (5) of section 54 to any applicant is not refunded within sixty days from the date of receipt of application under subsection (1) of that section, interest at such rate not exceeding six per cent as may be specified in the notification issued by the Government on the recommendations of the Council, shall be payable in respect of such refund from the date immediately after the expiry of sixty days from the date of receipt of application under the said sub-section till the date of refund of such tax.

Audit observed that in 28⁶⁴ refund cases (out of 43⁶⁵ cases) involving refund of ₹ 2.30 lakh, there was delay in sanction of refunds ranging from 1 to 296 days. Of these, 14 cases were delayed by 1 to 3 months, 11 cases were delayed by 3 to 6 months, and 3 cases were delayed by more than 6 months. Further, the Department did not pay interest amounting to ₹ 4.82 lakh (₹ 0.07 lakh pertained to post automation period and ₹ 4.75 lakh pertained to pre automation period) as detailed in Appendix 5.2A and 5.2B.

⁶³ 32 pertained to pre-automation period and 11 pertained to post-automation period.

⁶⁴ 19 cases pertain to pre-automation period and 9 cases pertain to post automation period

⁶⁵ Out of 43 refund cases, 30 claims were approved.

The matter was reported to the Department (March 2021 and April 2021). The Department accepted the audit observation and stated that the sanction order could not be issued on time as various documents to be submitted by taxpayers were not submitted online. Regarding non-payment of interest, the Department stated that the same was not claimed by the taxpayers.

The reply of the Department is not acceptable as there was no documentary evidence in the records/data provided to Audit to establish that any notice was issued to the taxpayers for submission of required documents.

5.11.7 Abnormal delay in communicating refund orders to counterpart tax authority

As per Circular No. 24/24/2017 GST dated 21/12/2017 of the Department, refund order issued either by the central tax authority or the state tax/UT tax authority shall be communicated to the concerned counterpart tax authority within 7 working days for the purpose of payment of relevant sanctioned amount of tax or cess as the case may be. It was also reiterated therein to ensure adherence to the time lines specified under section 54 (7) and rule 91(2) of SGST Act and Rules respectively for sanction of refund orders.

While verifying the records of transmission of refund sanction orders, it was observed that 15 refund orders involving ₹ 0.59 crore were forwarded to the Central tax authority with delays ranging from 10 to 16 days as detailed in Appendix 5.3.

The matter was reported to the Department (June 2021). The Department stated (July 2021) that during the pre-automation period as the system was manual, so documentary compliance was to be followed and delivery time for sending the documents to disbursing authority took a longer time.

The justification furnished by the Department is not tenable as the Department was aware that the processing of refunds was manual and the Department had itself issued the notification in that regard.

5.11.8 Delay/non-conducting of post audit of refund claims

The CTD, Government of Sikkim circular No 17/17/2017-GST dated 15/11/2017 elaborately laid down the procedure for manual processing of refunds of zero rated supplies. The circular inter alia, stipulated that, the pre-audit of manually processed refund applications is not required till separate detailed guidelines are issued, irrespective of the amount involved. However, it was clarified that the post audit of refund order shall be continued as per the extant guidelines.

43 cases involving refund of ₹ 231.14 lakh were examined and it was noticed that none of the cases were sent for post audit of refund claims. As a result, an important check in the refund processing system has not been exercised.

The matter was reported to the Department (March 2021). The Department accepted the audit observation (July 2021) and stated that audit team has not been constituted yet; once the team is constituted the audit of refunds shall be taken up.

5.11.9 Sanctioning of Refunds without proper checks

5.11.9.1 Irregular allowance of refund of inverted duty structure

As per Circular no. 24/24/2017-GST dated 21 December 2017 of the CTD, the refund on account of Inverted duty structure was to be supported by statements I and IA which contained (i) calculation of maximum refund amount claimed and (ii) details of invoices of inward and outward supplies.

Out of 5 refund cases audited pertaining to Inverted duty structure, deviations were found in two refund cases involving refund of ₹ 18.96 lakh where the Division granted the refunds although no such statements were furnished as detailed in Appendix 5.4.

The Department accepted the audit observation (July 2021) and stated that statement 1A was not released in the GST portal during the said period and tax authority made the refunds based on documents submitted by taxpayer.

The reply of the Department is not acceptable as the question of whether statements were released in the GST portal does not arise. Both the refund cases pertained to pre-automation period where refunds were processed manually.

5.11.9.2 Refund (post automation) sanctioned without filing of 3B returns

Section 54 (1) of SGST Act, 2017 stipulates that when a registered person is claiming refund of any balance in the electronic cash ledger, it shall be done in accordance with the provisions of sub-section (6) of section 49, which stipulates that the balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of Section 54. Rule 61 of Sikkim GST Rules, 2017 stipulates filing of monthly/quarterly GSTR-3B return by normal taxpayers for every tax period electronically through the common portal, either directly or through a facilitation centre under Section 39 of Sikkim GSST Act, 2017. GSTR-3B is a simplified summary return and the purpose of the return is for taxpayers to declare their summary GST liabilities for a particular tax period and discharge these liabilities.

Scrutiny of 11 selected cases and cross verification with GSTR 3B data revealed that in 10 cases involving refund of ₹ 7.37 lakh, refunds were sanctioned although the concerned applicants had not furnished all GSTR 3B returns as detailed in Appendix 5.5.

The matter was reported to the Department (April 2021). The Department did not accept the audit observation (April 2021) and stated that the refund claims are filed in the GST common portal and the checking of filing GSTR 3B has to be ensured in the common portal itself. The Department further intimated (21 July 2021) that the refunds were released as there was excess balance in the cash ledger and that filing of GSTR 3B was ignored as the taxpayers have to self-assess as provided under Section 58 of SGST Act, 2017.

The reply of the Department is not acceptable as the refunds approving authority i.e. the State Tax authorities should have ensured proper compliance to the relevant provision of the Act.

5.11.9.3 Non-submission of statement in case of refunds (pre automation) of excess payment of tax

Rule 89 (2) (k) of the SGST Rules, 2017 stipulated that the application under sub-rule (1) shall be accompanied by a statement showing the details of the amount of claim on account of excess payment of tax.

Out of the 3 cases audited, no such statement was submitted in any of the cases. However, two cases involving refund of ₹ 8.78 lakh were approved and one involving refund claim of ₹ 36 lakh was rejected on the ground that no document was received for excess payment⁶⁶ as detailed in Appendix 5.6.

The matter was reported to the Department (April 2021). The Department stated (July 2021) that the excess payment under GSTR 3B was verified and the taxpayer had submitted the amended GSTR 1 which led to refund.

The reply of the Department is not acceptable as the processing of cases during pre-automation was manual and that two excess payment refunds were sanctioned even though they were not accompanied by the statement showing details of amount claimed, thereby resulting in non-adherence to Rule 89 (2) (k) of SGST Rules, 2017.

5.11.10 Discrepancies in GSTN data with the data captured in State GST system

For post automation cases, Application Reference Number (ARN) is generated after filing of application in form GST RFD 01 and uploading the supporting documents. The application shall be deemed to have been filed under Rule 90 (2) of SGST Rules, 2017 on the date of generation of the said ARN and the time limit of 15 days to issue an acknowledgement would be counted from the said date. The above process of the common portal gets transferred to the State back-end system through an Application Programme Interface (API). In the State's back-end system the refund applications will be assigned to the proper officer who will continue to process these applications up to the stage of issuance of final sanction order in Form GST RFD-06 and related payment order in Form GST RFD-05 and after completion of the process in the state system, the data would be again transferred to the common portal through API.

Scrutiny of the data of the state's back-end system revealed the following:

5.11.10.1 Discrepancy in ARN date (of GSTN) and Application date (of State GST system)

Audit noticed that in 7 cases out of 11 refund cases (post automation), the date of ARN (as shown in GSTN) is different from the date of application (as captured in the State's back-end system) as detailed in Appendix 5.7.

⁶⁶ AA1104190067488 and AA110218006323Y (Sanctioned)
AA110119007671Q (Rejected)

The matter was reported to the Department (March 2021). The Department while admitting the observation replied (April 2021) that Sikkim being Model I state has a separate system to process the application at GST common portal. Date was different from the GST common portal because the State's back-end system updates the date on which the data is received and also due to frequent network outage and failure of CRON⁶⁷. The Department further intimated (July 2021) that the data is times tamped on the receipt of data on the State's system or Central system irrespective of the ARN date.

The reply of the Department is not acceptable as the State's system failed to represent actual application date i.e. ARN date resulting in non-observance of the provision.

5.11.10.2 Discrepancy in RFD 05 date (payment order date) issued

While comparing the payment order in Form RFD 05 of the GSTN with that of the State's system's data, Audit noticed that in 3 out of 11 cases, the date of RFD 05 (as shown in GSTN) is different from the order date of RFD 05 (as captured in the State System) as detailed in Appendix 5.8.

The matter was reported to the Department (March 2021). The Department while admitting the observation replied (April 2021) that GST common portal date was different from the State's system date due to delay in data transfer through API because of network outage and failure of CRON.

The reply of the Department is not acceptable as the State's system failed to represent the actual date of issue of RFD 05 resulting in non-observance of the provision.

5.11.11 Maintenance of refund register

Para 2.6 of the Circular No. 17/17/2017 – GST, dated 15 November, 2017 of the CTD stipulated that once a refund application in FORM GST RFD-01A is received in the office of the jurisdictional proper officer, an entry shall be made in a refund register to be maintained for this purpose with the details such as applicant's name, GSTIN, date of receipt of application, period to which the claim pertains, nature of refund, amount of refund claimed, date of issue of acknowledgement and date of receipt of complete application.

Audit noticed that no such refund register was maintained and all the refunds prior to automation were processed in the relevant file.

The matter was reported to the Department (June 2021). The Department replied that the divisions were instructed to dispose of refund cases with expedition, therefore; all the records were maintained in the file itself.

The reply of the department is not acceptable as non-maintenance of refund register affects proper monitoring and as in contravention of the government's instructions.

⁶⁷ *The software utility CRON is acronym of Command Run On, is a time-based job scheduler in Unix-like computer operating systems.*

5.11.12 Conclusion

Audit noticed certain cases where the Department did not adhere to the prescribed timelines leading to instances of delay in issuing of acknowledgement, sanction of refund orders and communicating refund orders to counterpart tax authority. Further, lack of proper scrutiny of refund claims by the jurisdictional officers led to irregular allowance of refunds in certain cases.

In addition, certain systematic issues such as discrepancies in GSTN data with the data captured in State's GST back-end system were noticed.

5.11.13 Recommendations

In order to address the non-compliance to relevant provisions of the Acts and Rules and to improve the effectiveness of the internal control system, the following recommendations are made:

- *Compliance to relevant provisions of the Act and Rules should be monitored and ensured by CTD, Sikkim at each stage of refund process right from issue of acknowledgement up-to the credit of refund amount into the taxpayers account within the prescribed time limit.*
- *The CTD may address issues relating to auto calculation of interest in the system in case of delay in sanction of refund.*
- *The CTD may consider put in place a system of post-audit of refund cases by issuing detailed instructions/ guidelines.*
- *The CTD should take necessary systemic steps to ensure that the data captured by the state's system is fully consistent with that in the common GST portal.*

Finance Department (Directorate of Sikkim State Lotteries)

5.12 Loss of Government revenue

The DSSL by violating the provisions of agreement, allowed the Marketing Agent (MA) to continue the lottery draws even though the MA had failed to deposit Minimum Assured Revenue and other dues. This led to non-recovery of dues of ₹ 3.60 crore from the MA.

The Directorate of Sikkim State Lotteries (DSSL) invited (29 October 2018) tender for selection and appointment of Marketing Agent (MA) for marketing and sale of 16 weekly online lotteries in three Parts i.e. Part-A (consisting of five draws), Part- B (consisting of six draws) and Part- C (consisting of five draws). Based on tender bids, M/s Pan India Network Ltd (PINL) was selected as MA for Part-A (five draws) and Part- B (six draws). Similarly, M/s Summit Online (P) Ltd (SONTSPL) was selected (March 2019) as MA for Part- C (five draws).

As per agreement, the MA was required to furnish Security Deposit (SD) in the form of Bank Guarantee (BG) of amount equivalent to Minimum Assured Revenue (MAR), before commencement of the first draw. The SD could be adjusted by the Government in case the MA failed to deposit sale proceeds or such other dues to the Government. The MA was required to pay MAR monthly on pro-rata monthly basis, without any deductions, by 10th of every succeeding month. In addition, draw expenses @ ₹ 3,000 per draw was required to be paid to the Government. In case, MA wanted to discontinue the operation of lotteries, 90 days' notice was required to be given to the Government or else was required to compensate the revenue loss to the State Government.

Audit observed (March 2021) that M/s SONTSPL commenced (08 April 2019) selling and marketing of five draws (Part-C) of Sikkim Online Lotteries but could not continue and served (15 April 2019) 90 days' notice to discontinue citing unfavourable condition of online lottery schemes. The request of M/s SONTSPL for termination of Agreement was accepted (1 August 2019) by the State Government.

Audit noticed that M/s PINL deposited BG of ₹ 10 crore (March 2019) and ₹ 67.90 lakh (May 2019) in respect to five Online Weekly lottery (Part-A) and sought (May 2019) time extension of one month to deposit the BG of ₹ 14.11 crore in respect to 06 Online Weekly lottery (Part- B). The request was accepted (May 2019) by the DSSL. M/s PINL could not deposit the BG of ₹ 14.11 crore and requested (8 May 2019) the State Government to allow to run Six Online Weekly Lottery for 90 days as per the terms of agreement. The State Government allowed (26 July 2019) M/s PINL to continue to operate Six Online Weekly Lottery draws for 90 days. M/s PINL, however, informed (12 August 2019) their inability to continue to operate Six Online Lottery and accordingly Six Online Weekly Lottery was suspended with effect from 15 May 2019 (*Post Facto*).

It was observed that the M/s PINL did not pay MAR and other dues to the State Government from June 2019 with respect to five Online Weekly Lottery. As a consequence, the State Government suspended (01 October 2019) five Online Weekly Lottery draws from 03 October 2019 also as the MA had failed to clear the pending liabilities of ₹ 14.91 crore. The State Government, however could recoup only ₹ 10.67 crore by encashing the SD, against the total receivable amount of ₹ 14.27 crore⁶⁸, leaving ₹ 3.60 crore as unrecovered as of May 2021. Besides this penal interest (₹ 2.74 crore)⁶⁹ was also recoverable as per clause 10 the agreement.

Further, as per Agreement, the State Government was responsible for payment of prize money to winning tickets. Thus the State Government disbursed ₹ 11.67 crore towards prize money by revoking SD (₹ 10.68 crore) and ₹ 0.99 crore from its own funds, under the approval of Government on 09 December 2020. Later, post facto approval (18 January 2021) of the State Cabinet was obtained.

⁶⁸ ₹ 14.27 crore towards (MAR- ₹ 2.46 crore; Draw Expenses- ₹ 0.14 crore; Prize Winners payment- ₹ 11.67 crore)

⁶⁹ @12% from July 2019 to Feb. 2021

The possibility to recover the dues of ₹ 3.60 crore along with interest of ₹ 2.74 crore appears remote as M/s PINL has been declared insolvent and the Corporate Insolvency Resolution Process has been initiated (October 2019) under provision of Insolvency Bankruptcy Code 2016 against the company. Insolvency proceeding was still on as of December 2021.

The DSSL failed to protect the interest of Government revenue by allowing the MA to continue the five Online Weekly Lottery draws despite non-payment of MAR and other dues since June 2019 which was against the stipulations of the agreement. This resulted in undue favour to the MA and loss of revenue of ₹ 3.60 crore to the State exchequer apart from interest of ₹ 2.74 crore.

In its reply (September 2021), DSSL stated that M/s PINL did not turn up to deposit the dues and admitted that this has resulted in loss of revenue of ₹ 3.60 crore.

***Recommendations:** The Department may ensure adherence to the provisions of agreements with marketing agents to prevent undue benefit to them and to avoid loss to State Exchequer, and closely monitor the insolvency proceedings so as to recover the dues to the extent possible.*

5.13 Loss of revenue due to non-deduction of commission on printing works of lotteries tickets

The DSSL failed to follow the prescribed instructions for printing works of Government w.r.t printing works of lotteries tickets and not deducted mandatory three per cent commission from bills of the private printing presses, resulting in loss of revenue of ₹ 5.09 crore.

In accordance to Sub-rule 5 of Rule 3 of the Lotteries (Regulation) Rules 2010, paper lottery tickets and the stationery on which the online lottery tickets are issued shall be printed by the Organising State at a Government Press or any other high security press included in the panel of the Reserve Bank of India.

With a view to streamline the system of printing work by the State Government Press, Sikkim, the State Government vide Circular No. 90 dated 19 September 1999, in supersession of all previous instructions issued elaborate guidelines, which *inter-alia* included that: all indenting Departments to approach Printing & Stationery Department (PSD) for printing related work by Sikkim Government Press; in case, Government press is unable to do the work, they will arrange to get the printing done by Private Press, listed with the PSD, for printing works valuing up to ₹ 2.00 lakh; for all individual printing works of value exceeding ₹ 2.00 lakh, which are not possible to be done by PSD due to any constraints, open tenders will be invited in each case and the bills for the printing works done by Private Press has to be submitted to PSD for certification of correctness of the rate and amount before making payment to the Private Press.

In slight modifications of the previous Circular, the State Government vide Circular (3 November 2004) stipulated that all the printing work will be executed by the PSD

itself. The indenting Departments were accordingly requested to obtain Performa Invoice (PI) first from PSD and remit 90 *per cent* advance along with the indent for printing work. In case, Government Press is not in a position to undertake job due to pre-occupation or not having facilities, alternative arrangement to get the work done by Private Press will be made as per Circular No. 90 of 19 September 1999. In such cases, three *per cent* commission from the bill of the Private Press would be deducted and credited to Government revenue as service charge.

The State Government vide Circular No. Admn 110/Ptg & Sty/45 dated 30 April 2018 stressed for getting all printing jobs done from the Government Press, in view of upgradation of the Press to undertake multi-colour printing works. The circular reprimanded the Departments for allotting printing jobs to the Private Presses directly on lowest quotation basis, in violation of the standing norms issued by the Government. The Government Departments were asked to place their indent and obtain Performa Invoice in the first instance. In the event of non-compliance to above procedure, request of verification of rates of Private Press would not be entertained by the Government Press. The Circular reiterated that in exceptional cases, involving special quality of printing jobs, for which infrastructural facilities were not available in the Government Press or due to any other unavoidable circumstances, clearance for carrying out printing jobs from other Printing Presses established in the State, could be given by PSD. In such cases, three *per cent* administrative charges will be deducted at source and credited to Government Revenue.

During 2015-21, the DSSL had given printing job orders to four Private Presses for carrying out printing works involving ₹ 169.64 crore. Neither the necessary clearances from PSD nor the mandatory deduction of administrative charges of three *per cent* was affected from the bills of Private presses as detailed below:

Table 5.16: Non-deduction of administrative charges

Sl. No.	Year	Total printing cost	3 <i>per cent</i> Commission
1.	2015-16	121246000	3637380
2.	2016-17	234742750	7042282
3.	2017-18	369092662	11072780
4.	2018-19	152455400	4573662
5.	2019-20	466441600	13993248
6.	2020-21	352389600	10571688
	Total	169,63,68,012	5,08,91,040

Following irregularities were noticed in Audit:

- In violation of the Government circulars, DSSL had never approached the PSD for getting printing works of Lottery Directorate done by the Sikkim Government Press.
- DSSL also did not invite open tenders as required under Circular dated 19 September 1999, though the value of printing works were far beyond the thresh

hold limit of ₹ 2.00 lakh, in case it was not possible for the State Government Press to undertake the printing works of DSSL due to any constraints.

- The bills for the printing works of DSSL done by Private Presses were not routed through PSD for certification of correctness of the rate and amount before making payment to the Private Presses. This is in violation of Circular dated 19 September 1999.
- The DSSL had not placed their indent and obtained Performa Invoice in the first instance from PSD as required vide State Government Circular (April 2018).
- The DSSL had also not obtained clearance from PSD for carrying out printing jobs from other printing presses, in case the printing works of Lottery involved special quality of printing jobs, for which infrastructural facilities are not available in the Government Press or due to any other unavoidable circumstances.
- The deduction of mandatory three *per cent* administrative charges to be deducted at source from the bills of the Printing Presses was also not done.

As a result of failure of DSSL to follow the prescribed instructions for printing works of Government, there was no assurance that the rates paid to the Private Presses were competitive, since no tenders were called and the rates were not verified from the PSD. Apart from this, there was loss of revenue of ₹ 5.09 crore of the three percent deduction to be made from the bills.

The DSSL in its reply (September 2021) confirmed that it had not collected three *per cent* commission and added that it inadvertently missed out seeking clearance from Printing and Stationery Department. The DSSL further stated that it had taken up the matter with Government (June 2021) for post-facto approval to regularise the issue and assured to collect commission in all their future paper lottery printing works. However, till March 2022 neither the post-facto approval was granted by the State Government nor was the three *per cent* commission collected from private presses.

Recommendation: *The Department may fix responsibility for loss of revenue and also initiate process for recovering the three per cent commission from the private presses.*

CHAPTER VI
GENERAL SECTOR

CHAPTER VI GENERAL SECTOR

6.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2020 deals with the observations on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2019-20 are given in the table below:

Table 6.1: Details of budget allocation and expenditure

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	Department of Personnel	19.79	22.58
2.	Election Department	25.82	24.33
3.	Finance Department	2302.22	1949.38
4.	Governor	10.93	10.26
5.	Home Department	81.15	77.42
6.	Information and Public Relation Department	12.12	11.78
7.	Information Technology Department	4.97	4.23
8.	Judiciary	55.99	44.95
9.	Land Revenue and Disaster Management Department	260.08	180.63
10.	Law Department	2.89	2.85
11.	Parliamentary Affairs Department	14.04	13.40
12.	Planning & Development Department	60.78	37.41
13.	Printing and Stationery Department	15.13	14.60
14.	Science and Technology Department	5.88	5.26
15.	Sikkim Legislature Assembly	26.21	26.08
16.	Sikkim Police	527.24	474.56
17.	Sikkim Public Service Commission	6.19	5.87
18.	Skill Development Department	40.45	13.25
19.	State Excise(Abkari) Department	13.18	11.80
20.	Vigilance Department	9.63	9.60
Total		3507.57	2994.08

Source: Appropriation Accounts 2019-20

Besides the above, the Central Government had transferred a sizeable amount of funds directly to the State's implementing agencies under the General Sector. The State's implementing agencies received total fund of ₹ 15.51 crore during 2019-20 for implementation of flagship programmes of the Central Government, the major transfers are detailed below:

Table 6.2: Details of funds directly transferred to the implementing agencies

				(₹ in lakh)
Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	High Court of Sikkim	e-Court Phase - II	Registrar General, High Court of Sikkim	161.17
2	Land Revenue and Disaster Management Department	MPs Local Area Development Schemes (MPLADS)	District Collector, East	750
3	Science and Technology Department	Bio Technology Research and Development	Sikkim Manipal Institute of Medical Sciences – (SMIMS)	54.74
			Sikkim University	93.00
			State TB Cell Kazi Road	78.70
		Science and Technology Institutional and Human Capacity Building	Sikkim Manipal Institute of Technology	5.00
			Sikkim State Council of Science and Technology	120.46
			Sikkim University	288.34
Total				1551.41

Source: Finance Accounts 2019-20

6.2 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test-check basis, Inspection Reports (IRs) containing audit observations are issued to the heads of the departments. The departments are required to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled based on reply/action taken or the audited entities requires to take further action for compliance. Some of the important audit observations arising out of these IRs are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India. These Audit Reports are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature for taking further appropriate action.

Test audits were conducted involving expenditure of ₹ 909.91 crore (including expenditure of ₹ 391.27 crore of previous years) of the State Government under General Sector. The details of year-wise break-up is given in Appendix 6.1.

This Chapter contains one Performance Audit on “Direct Benefit Transfer” and one Compliance Audit Paragraph as follows:

PERFORMANCE AUDIT

Directorate of Economics, Statistics, Monitoring & Evaluation, Rural Development Department and Social Justice & Welfare Department

6.3 Direct Benefit Transfer (covering cash transfer only)

Implementation of Direct Benefit Transfer

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Governments to the people. A Performance Audit on DBT w.r.t (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), Unmarried Women Pension Schemes (UWPS) and (v) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), revealed the following significant findings:

Highlights

- *Porting of legacy data and digitization of database of beneficiaries was one of the pre-requisites and condition of DBT to ensure direct processing and credit of payments to the legitimate beneficiary in right account and in right time. However, the SJWD neither utilized Central Ministry's DBT Scheme Management Software i.e. NSAP-PPS nor it developed its own Information and Communication Technology for DBT. The database relating to payments to the beneficiaries under these schemes were maintained in MS Excel and were processed manually. Due to non-adoption of DBT Scheme Management Software i.e. NSAP-PPS or non-development of its own IT Software for DBT by the Department, the payment of pensions under these schemes suffered on account of delays, non-payment of due benefits, giving rise to existence of intermediaries like sponsoring banks that caused delays on one hand and on the other the SJWD deprived itself of an effective Management Information System (MIS) to monitor the actual payments to the beneficiaries.*

(Paragraph 6.3.8.3(A)(i))

- *Direct Benefit Transfer (DBT) enables the departments and institutions to deliver cash benefits on-line directly to beneficiaries account in a timely and effective manner by eliminating the intermediaries and obstacle layer. However due to involvement of multiple intermediaries, the payments of pension took conservable time in NSAP and SIS.*

(Paragraph 6.3.8.3(A)(iii))

- *As per DBT guideline issued by the GoI, the Department was required to collect the Aadhaar details of beneficiaries and seed them in the beneficiary database, the seeding of Aadhaar would enhance efficiency in the sanction, payment and disbursement process. However, the Department has not seeded Aadhaar number in entirety of total beneficiaries/workers both in NSAP, SIS and MGNREGA that*

led to inclusion of ineligible beneficiaries, duplication of beneficiaries, etc. that consequently resulted in irregular payments.

(Paragraph 6.3.8.3(A)(ii) & 6.3.8.3(B)(i))

- *NSAP targets the destitute with the objective of providing a basic level of financial support. Analysis of beneficiaries' data viz name, account number and drawal of IGNOAP with State Government Pension drawal data revealed that there were ineligible beneficiaries who were drawing regular retired pension from State Government as well as drawing the IGNOAP, besides there were cases wherein more than one beneficiary of same household was drawing pension under IGNOAPS, IGNWPS and UWPS.*

(Paragraph 6.3.8.1(C)(ii))

- *The guidelines on NSAP stipulate that payment of pension be done on monthly basis. However, it was noticed that pensions were disbursed on quarterly basis upto March 2020, even the quarterly payments were delayed due to existence of various intermediaries. The delay in crediting the pension to beneficiaries' accounts ranged from two to 174 days. Similarly, as per MGNREGA guideline, final FTO have to be uploaded within 15 days and thereafter two days provided for payment of wages through Ne-FMS system. However, it was noticed that against the total 11,31,905 transactions involving ₹ 236.12 crore made during 2017-18 to 2020-21, 1,86,280 transactions involving ₹ 37.35 crore were delayed i.e. the payments were made after 15 days that constituted 16 per cent of total transactions.*

(Paragraph 6.3.8.3(A)(iv) & 6.3.8.3(B)(iii))

- *As per DBT guideline issued by the GoI, in case of failed transactions, the Department after carrying out the required modification/rectification was required to send the rectified files for payment again. However, an amount of ₹ 2.17 crore pertaining to the period 2017-18 to 2019-20 did not reach 3,929 beneficiaries of these four selected schemes as the Department had failed to re-initiate these failed transactions. Further, SBS being sponsoring bank in 2020-21, there was failed transaction of 752 transactions involving ₹ 19.90 lakh. Similarly in MGNREGA, it was noticed that out of total 15,364 failed transactions involving ₹ 3.10 crore, 14,237 transactions amounting to ₹ 2.86 crore were re-initiated successfully, leaving a balance of 1,127 transactions amounting to ₹ 24.29 lakh which were yet to be rectified and remained pending payment as of February 2021.*

(Paragraph 6.3.8.3(A)(v) & 6.3.8.3(B)(iv))

- *As per DBT guideline, each State should have a State DBT (SDBT) Cell to identify DBT schemes or DBT components of schemes and classify them in i) Cash Transfer ii) Transfer In-kind iii) Other Transfers/Processes. The SDBT Cell was required to study the existing process flow and fund flow under each scheme and reengineer the same wherever necessary. The SDBT cell would develop an IT*

based System Utility/MIS for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries and enable report generation, dynamic update of data and daily tracking of progress. The SDBT Cell was also required to constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner. However, it was noticed that State DBT Cell, State Advisory Board and DBT Committee were not constituted and also no dedicated body to deal with complaints and grievances of beneficiaries/workers formed. This led to delays in payment/ non-payment of wages/ benefits to the workers/ beneficiaries in respect of MGNREGA and NSAP.

(Paragraph 6.3.8.4(A), 6.3.8.4(B) and 6.3.8.4(C))

6.3.1 Introduction

Direct Benefit Transfer (DBT) is a major reform initiative of the Government of India (GoI) to ensure better and timely delivery of benefits from the Governments to the people. This marks a paradigm-shift in the process of delivering benefits like wage payments, pensions, fuel subsidies, food grain subsidies, etc. directly into the bank accounts of the beneficiaries, removing leakages and enhancing financial inclusion.

According to DBT, GoI website⁷⁰ Sikkim recorded (December 2019) score of 50.5 *per cent* (Rank 24) for implementation of DBT while Haryana recorded the highest score of 88.80 *per cent* (Rank 1) and West Bengal recorded the lowest score of 13.20 *per cent* (Rank 36). In the State of Sikkim, 59 Schemes/Programmes were being implemented by ten Departments wherein payments were being made through DBT mode. The State Government Departments are using combination of multiple platforms for DBT transfer viz five Schemes/Programmes were transferred through PFMS platform, while 54 Schemes/Programmes through sponsoring banks/post office respectively (shown at **Appendix 6.2**).

In order to implement DBT, States have been asked to set up a State DBT Cell to act as a one-stop point to coordinate all efforts for bringing the implementation of schemes on to DBT. The State DBT Cell is to consolidate guidelines received from Central Ministries and disseminate them to the respective departments. It has to act as a unity of command and provide technical support in implementation and coordination.

The Chief Secretary to the GoS, vide Notification No. 18 Home 2013 dated 7 February 2013 notified Directorate of Economics, Statistics & Monitoring & Evaluation (DESME) as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State. It was seen that no State DBT Cell had constituted in the Sikkim State, the Ministries concerned of GoI directly liaised with the concerned departments of State Government. The DESME being the Nodal Department stated (January 2021) that they forward the directives received from GoI to the respective Departments.

⁷⁰ <https://dbtbharat.gov.in/state/state-ranking>

The Departments implementing DBT schemes, directly received funds from Ministries and implemented the schemes as per instructions received from their Ministries. There was no intermediation by the State DBT Cell in the process of implementation of DBT schemes in Sikkim. Therefore, the State DBT Cell could not function as the nodal point for DBT operations and one-stop point for implementation of DBT in the State. Further, the Advisory Board as required under DBT guideline was yet to be constituted in the State and DBT Committee was also yet to be constituted within each Department to ensure that DBT framework is adopted in implementation of schemes.

6.3.2 Process Flow and Fund Flow under DBT

6.3.2.1 Process Flow and Fund Flow under DBT as per SOP

As per the Standard Operating Procedure (SOP) for DBT, DBT Framework has a multi-stakeholder architecture which capitalises on the competencies of various departments and institutions to deliver benefits to beneficiaries in a timely and effective manner. The diagram below explains how different stakeholders work together to facilitate a holistic environment for successful implementation of DBT system.

Chart 6.3.1: DBT Process (SOP)



The status in respect of the sampled schemes were as below:

(i) National Social Assistance Programme and State Innovative Scheme

The GoI introduced (August 1995) the National Social Assistance Programme (NSAP) as a fully funded Centrally Sponsored Scheme. The programme aimed to provide a basic level of financial support to persons having little or no regular means of subsistence from his/ her own source of income or through financial support from family members or other sources. Ministry of Rural Development (MoRD), GoI is the Nodal Ministry for implementation of NSAP. From 2002-03, NSAP was transferred to the State Plan and funds were released as Additional Central Assistance (ACA) to the State. The components of NSAP were (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), (iv) National Family Benefit Scheme (NFBS) and (v) Annapurna Scheme.

In addition, the Sikkim Government introduced its own State Innovative Scheme (SIS) covering two pension schemes viz Unmarried Women Pension Schemes (UWPS) and Subsistence Allowance for Disabled Persons from its own resources to render assistance to left out beneficiaries falling under Below Poverty Line (BPL) but not fulfilling eligibility criteria for NSAP of GoI.

The eligibility criteria for availing benefits under IGNOAPS, IGNWPS, IGNDPS and UWPS is given below.

- **IGNOAPS:** Persons above the age of 60 and belonging to a BPL category with no regular source of income.
- **IGNWPS:** Differently abled persons in the age group of 18 to 64 years, belonging to a BPL category with severe or multiple disability.
- **IGNDPS:** Widow in the age group of 40 to 64 years belonging to a BPL category.
- **UWPS:** Any poor and needy woman who is unmarried and who has attained the age of 45 and can produce unmarried certificate

The monthly rate of pension under various schemes of NSAP and monthly rate of pension under UWPS per beneficiary during the period covered by audit is given below:

Table-6.3.1: Rate of Monthly Benefits

(Amount in ₹)

SI No	Name of Scheme	Age	Rate upto 30.06.2017			Rate from 1.07.2017			Rate from 1.04.2020		
			GoI	State	Total	GoI	State	Total	GoI	State	Total
1	IGNOAPS	60-69	200	400	600	200	800	1000	200	1300	1500
		70-79	200	800	1000	200	1300	1500	200	1800	2000
		80+	500	500	1000	500	1500	2000	500	2000	2500
2	IGNDPS	18+	300	400	700	300	1200	1500	300	1700	2000
3	IGNWPS	40+	300	400	700	300	1200	1500	300	1700	2000
4	UWPS	45+	NA	500	500	NA	2000	2000	NA	2000	2000

(Source: Departmental notifications)

The share of State Government in monthly benefits in all three NSAP schemes was substantially more than the share of GoI, which ranged between 5.67 times (₹ 1700 GoS and ₹ 300 GoI) to nine times (₹ 1800 GoS and ₹ 200 GoI) of share of GoI. The State Government had also raised its shares twice during the period covered by audit.

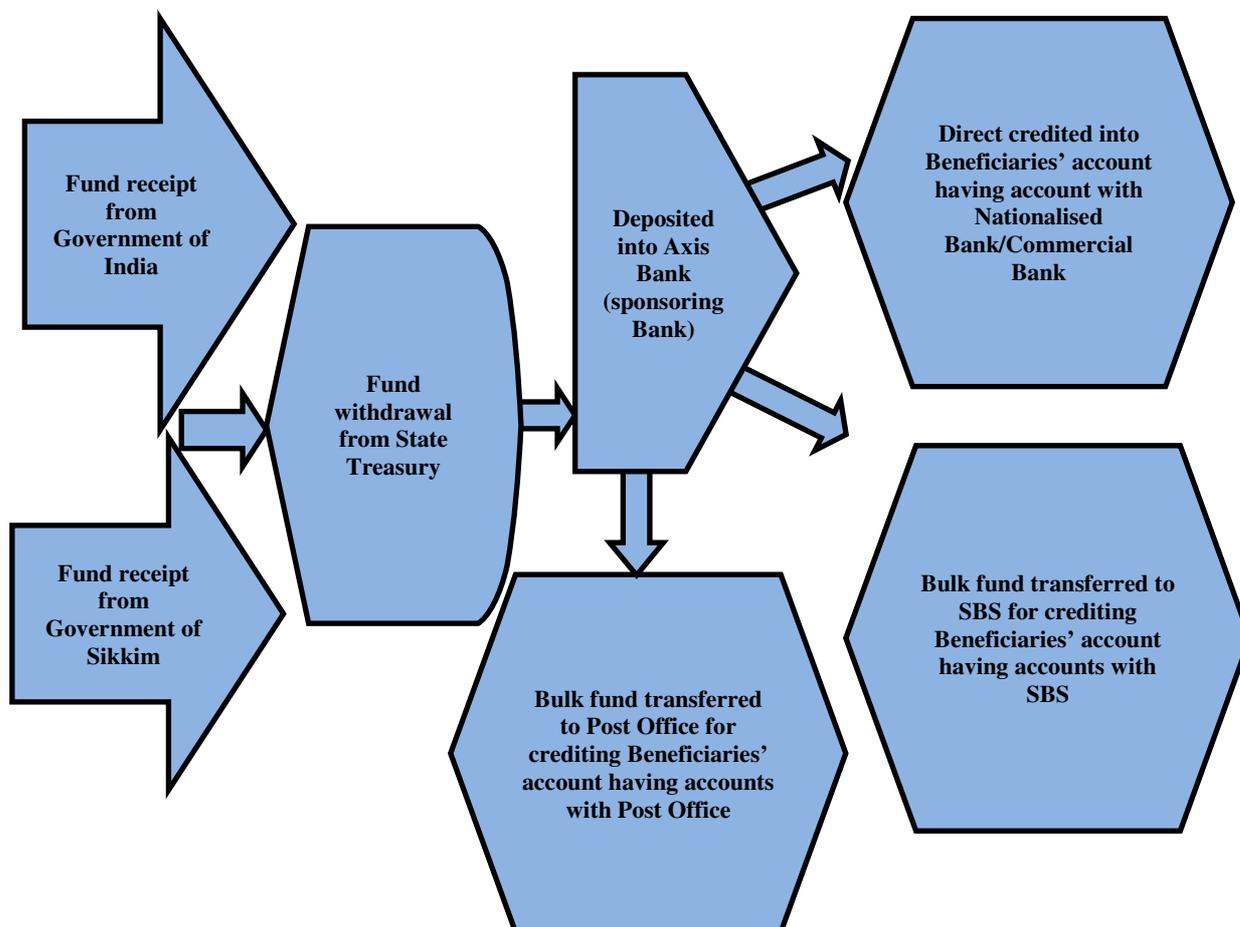
(ii) Mahatma Gandhi National Rural Employment Guarantee Scheme

In Sikkim, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) had been implemented in 32 blocks. DBT of wages under MGNREGA was implemented with one block in 2014-15 and by 2018-19 all the 32 blocks were covered under DBT. MGNREGS' server viz., NREGASoft of the Ministry of Rural Development was used for implementation of DBT and PFMS was used for processing of the payments. NREGASoft, used for implementing MGNREGS was on boarded to PFMS and linked with National Payments Corporation of India (NPCI).

6.3.2.2 Procedure followed in Sikkim for Selected DBT Schemes

(i) NSAP and SIS

The process of transfer of pension(s) under NSAP and SIS through DBT to the beneficiaries under the four⁷¹ Schemes is shown in the flow charts below:



Thus, NSAP and SIS was not implemented through a full-fledged DBT mechanism as the scheme was not yet on boarded onto the PFMS platform as detailed at **Paragraph No.6.3.8.3(A)(i)**.

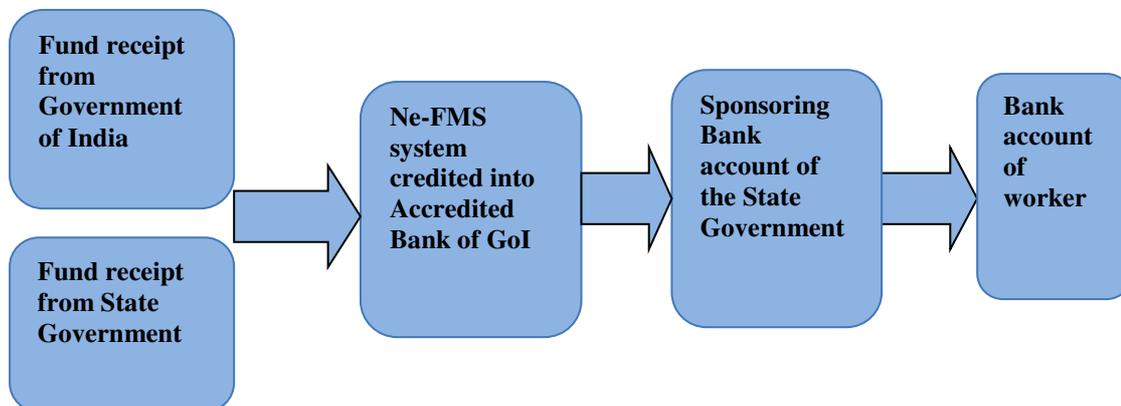
(ii) MGNREGA

Under MGNREGA, as per the National e-FMS (Ne-FMS) for direct release of wages, an electronic Fund Management System (e-FMS) has been introduced in MGNREGA. Under this system, funds are held in one account at the State level (e-FMS Debit account) which is electronically linked to all implementing levels. The implementing agency (Gram Panchayat/ Block), after due verification of the work and the muster rolls, generated electronic Fund Transfer Orders (FTOs) to transfer the

⁷¹ (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS) and (iv) Unmarried Women Pension Scheme (UWPS) under State Innovative Scheme (SIS)

wages to the beneficiary accounts duly debiting the State level account through the PFMS platform.

The process of transfer of wages under DBT to the workers under MGNREGA is shown in the flow charts below:



6.3.3 Organisational structure

NSAP and SIS

The Social Welfare Division under Social Justice & Welfare Department (SJWD) is responsible for implementation of NSAP and SIS in the State of Sikkim. The SJWD is headed by the Secretary who is assisted by Director (Social Welfare Division), Deputy Director and Assistant Director (IT) at Secretariat and Welfare Officer and Welfare Inspector at district level.

MGNREGA

In Sikkim, the Principal Secretary, Rural Development Department (RDD) who is assisted by Project Director, is responsible for implementation of MGNREGA, through MGNREGA Cell. At field level, the Additional District Collector/Block Development Officer at District/Block level respectively implement MGNREGA.

6.3.4 Scope of Audit

In Sikkim, DBT mode for transferring benefits was being used in 59 Schemes/Programmes being implemented by ten departments of the State Government. For the PA on DBT, five schemes⁷² namely, (i) IGNOAPS, (ii) IGNWPS, (iii) IGNDPS (NSAP), UWPS (SIS) and (v) MGNREGA, being implemented by two⁷³ Departments in the State for the period April 2017 to July 2020 were selected based on the volume of expenditure and the frequency of payments (shown at *Appendix 6.3*).

For implementation of NSAP and SIS, the Department had neither used NSAP-PPS nor developed its own ICT software application, the process and sanction of pension

⁷² MGNREGA, three schemes under NSAP and one from State Innovative Scheme (SIS).

⁷³ Rural Development Department: MGNREGA and Social Justice & Welfare Department: IGNOAPS, IGNWPS, IGNDPS and UWPS.

was done offline (through files) and the payment done manually (MS Excel) through sponsoring bank. For MGNREGA, the Department was using centralised NREGASoft developed by NIC wherein the payment is in PFMS platform controlled by MoRD, GoI. All the updation and maintenance was done by NIC in consultation with the MoRD and the State has no role in updation and maintenance of NREGASoft.

NSAP and SIS

The GoI introduced (August 1995) the National Social Assistance Programme (NSAP) as a fully funded Centrally Sponsored Scheme. The programme aimed to provide a basic level of financial support to persons having little or no regular means of subsistence from his/ her own source of income or through financial support from family members or other sources. Ministry of Rural Development (MoRD), GoI is the Nodal Ministry for implementation of NSAP. From 2002-03, NSAP was transferred to the State Plan and funds were released as Additional Central Assistance (ACA) to the State. The components of NSAP were (i) Indira Gandhi National Old Age Pension Scheme (IGNOAPS), (ii) Indira Gandhi National Widow Pension Scheme (IGNWPS), (iii) Indira Gandhi National Disability Pension Scheme (IGNDPS), (iv) National Family Benefit Scheme (NFBS) and (v) Annapurna Scheme.

In addition, the Sikkim Government introduced its own State Innovative Scheme (SIS) covering two pension schemes *viz* Unmarried Women Pension Schemes (UWPS) and Subsistence Allowance for Disabled Persons from its own resources to render assistance to left out beneficiaries falling under Below Poverty Line (BPL) but not fulfilling eligibility criteria for NSAP of GoI.

Mahatma Gandhi National Rural Employment Guarantee Scheme

The MGNREGS Act notified on September 7, 2005, the mandates the provision of at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

This Performance Audit involved scrutiny of records of SJWD, RDD, DESME, SBS, Post Office and Axis Bank.

6.3.5 Audit objective

The Performance Audit (PA) of Direct Benefit Transfer covering the period from 2017-18 to 2020-21 (upto July 2020) was undertaken to ascertain whether:

- Necessary process reengineering was done for implementation of DBT so as to minimize (i) intermediary level (ii) delay in payments to intended beneficiaries and (iii) pilferage and duplication; and
- The infrastructure, organization and management of DBT was adequate and effective.

6.3.6 Audit criteria

The audit criteria were derived mainly from the following documents:

- GoI's DBT Standard Operating Procedure, DBT Flyer, DBT in States Protocol Document, Guidelines for State DBT Cell and General Financial Rules;
- Scheme guidelines on NSAP, SIS & MGNREGA; and
- Circulars, orders, notification issued by DBT Mission, various Ministries of Government of India and State Government.

6.3.7 Audit methodology

The PA on DBT of the five schemes namely IGNOAPS, (ii) IGNWPS, (iii) IGNDPS, (iv) UWPS and (v) MGNREGA, being implemented by two⁷⁴ Departments covering the period from 2017-18 to 2020-21 (upto July 2020) commenced with an Entry Conference on 22 December 2020 with the Rural Development Department and Social Justice & Welfare Department (Implementing Departments), wherein audit objectives, audit criteria, scope of audit and audit methodology were explained and discussed. The PA of the DBT was conducted during December 2020 to July 2021 through test check of records in Implementing Departments (IDs), Directorate of Economics, Statistics, Monitoring and Evaluation (DESME), State Finance Department, Axis Bank, State Bank of Sikkim and Post Office.

Audit checked the adequacy of systems put in place for DBT by the IDs to ensure the correctness of database of beneficiaries, seeding of Aadhaar, de-duplication, removal of ineligible beneficiaries, re-initiation of failed payments, removal of intermediaries and timely disbursement of benefits as per GoI's DBT Standard Operating Procedure and guidelines of respective schemes. In addition, Audit also examined the formation of State DBT Cell, DBT Committee, etc. as per guidelines for DBT in States Protocol Document. The audit findings were discussed in an exit conference on 14 September 2021 with the Heads of the IDs and DESME and the replies of the IDs and DESME have been incorporated in the report.

Acknowledgement

The office of the Principal Accountant General appreciates and acknowledges the support and co-operation of the Principal Secretary, Rural Development Department, Government of Sikkim, Secretary, Social Justice & Welfare Department, Government of Sikkim, Director General, DESME, Government of Sikkim, State Finance Department, State Bank of Sikkim (Hqr) Gangtok, Axis Bank Gangtok and Head Post Office Gangtok in providing necessary records and information for the PA.

⁷⁴ Rural Development Department and Social Justice & Welfare Department.

6.3.8 Audit findings

6.3.8.1 Planning

DBT Schemes

DBT Schemes had been identified by the respective Ministries of the Government of India (GoI). In Sikkim, the DBT schemes identified by the Ministries and for which funds had been transferred were implemented by the State Departments. 59 schemes had been implemented by ten departments in the state of Sikkim.

Identification of beneficiaries

NSAP and SIS: The NSAP guidelines⁷⁵ stipulate Gram Panchayats/ Municipalities to be the beneficiary identifying institutions. On identification of the beneficiaries, their applications are certified by the Gram Panchayats/ Municipalities, Area MLA and Block Development Officer. The States are required to designate a Verification Officer or Verification Team to verify the applications. The States are also required to constitute Special Verification Teams for the purpose of annual verification for confirmation or deletion.

The number of beneficiaries under NSAP & SIS covered during the period 2017-18 to 2019-20 are as shown in the following table.

Table-6.3.2: Beneficiaries

Name of the Scheme	Number of beneficiaries, as on		
	March 2019	March 2020	February 2021
IGNOAPS	22825	23496	23216
IGNWPS	2143	2398	2461
IGNDPS	795	845	859
UWPS	620	706	711

(Source: Departmental information/record)

It was noticed that the Department had neither constituted Verification Team to verify the applications nor the Special Verification Teams to verify for confirmation or deletion. Applications were accepted based on the recommendation of Panchayats/ Municipalities, Area MLA and BDO without being verified by the Verification Team. In absence of Verification Team and Special Verification Teams, the selection/ verification of beneficiaries was not done in tune with the Scheme guidelines that resulted in payments of benefits to ineligible beneficiaries as discussed below.

a) The National Social Assistance Programme (NSAP) targets the destitute. Destitute are defined as any person who has little or no regular means of subsistence from his / her own source of income or through financial support from family members or other sources.

Thus, the retired Government servants were ineligible to draw pension under IGNOAP. There were 23,216 IGNOAP beneficiaries in the State as of February 2021. Audit compared data of beneficiaries (viz. name, bank account number) of IGNOAP

⁷⁵ Paragraph No. 3.1.4 of NSAP Guidelines.

with Government Pension payment data and found that 12 government pensioners were also drawing the benefits of the IGNOAP. Out of these, 11 pensioners belonged to State Government and one was Central Government pensioner. The ineligible beneficiaries had drawn benefits amounting to ₹ 6.32 lakh during the period covered by audit from April 2017 to July 2020. The details are shown at **Appendix 6.4**.

Audit would like to mention that the above findings are exclusively based on analysis of bank accounts of beneficiaries. The actual number of ineligible beneficiaries could be higher as the pension database of State Government and data base of pension admissible under the scheme did not have common unique field, therefore, the actual number could not be assessed.

The SJWD admitted (October 2021) the fact on existence of ineligible beneficiaries on being pointed out by Audit and stated that the issue was raised in the high level meeting chaired by the Chief Minister and subsequently as many as 422 cases were detected who were drawing normal State Government pension as well as the NSAP benefits and the Department had immediately stopped releasing the payments of NSAP to these beneficiaries. The SJWD further added that it would periodically carry out the clearing process of ineligible beneficiaries.

The SJWD should also initiate action to recover the payments made to the ineligible beneficiaries under the terms of ‘undertaking’ (included in application form furnished by the beneficiary) which stated that in case of suppression of facts, the beneficiary will refund the pension of NSAP immediately.

b) According to Rule 6 of Sikkim Social Assistance Pension Scheme 2014 regulating the NSAP, in case both the husband and wife are old-aged persons and are eligible for IGNOAP Scheme, only one member of the family shall be awarded the pension.

Analysis of IGNOAP beneficiaries’ data viz name, husband’s/father’s name, bank account number etc. revealed that pensions of more than one beneficiary were being credited into 48 bank accounts. It was seen that in 41 bank accounts, two members from each household viz the husband and wife, in three bank accounts, father and son were drawing pension and in four accounts, double pension was being credited. The details are given in **Appendix 6.5**.

The SJWD while accepting the fact stated (October 2021) that it had initiated action to examine the cases and once final verification report is received, it would take appropriate action.

c) Similarly, analysis of IGWPS and UWPS beneficiaries’ data viz. name, account number and drawal also revealed that pensions of two individuals from two families each were being credited into same account number as detailed at **Appendix 6.6**.

As per guideline of the scheme, Special Verification Team was to be in place for yearly verification of beneficiaries for confirmation and deletion. No such team had been formed by the department to verify and confirm the genuineness of beneficiaries

resulting in ineligible beneficiaries drawing the benefits and irregular drawals of benefits of the scheme.

Above irregularities indicate that the SJWD had not verified the information of the beneficiaries. It could have easily verified such cases from Excel data base, as was done by the Audit.

The SJWD while accepting the fact stated (October 2021) that it had immediately stopped the payment and added that the verification of detailed payment released to these beneficiaries is under process. The Department assured to take necessary steps to recover the excess amount drawn by them if reported. The SJWD also stated that it would certainly devise a system to review the database of NSAP pensioners to detect ineligible beneficiaries.

Recommendations:

- ***The Department may create a proper database of the eligible beneficiaries and the information furnished by the beneficiaries may be verified by the verification team periodically with special emphasis on cases related to old age pension.***
- ***A system of obtaining NOC from the Pension, Group Insurance and Provident Fund (PGIPF) Division of Finance Department GoS should be made mandatory for availing benefit under NSAP.***
- ***The Department may fix responsibility of the authorities concerned in a time bound manner and should stop such payments of pension to ineligible beneficiaries.***
- ***The Departments should take necessary action to recover the payments made to the ineligible beneficiaries as per the terms of ‘undertaking’ included in application form submitted by the beneficiaries.***

MGNREGA

As per the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), 2005, every adult member of a household in areas shall be entitled to not less than hundred days of work.

The MoRD (MGNREGA Division) GoI directed (November 2015) all the States and UTs to implement DBT by December 2016. The State Government was using the NREGASoFT, software developed by the NIC for management of MGNREGS, and the payment of wages to the workers was being done in DBT mode facilitated by this software.

As on February 2021, against the total number of 1,39,705 registered workers, the account of 1,13,902 number of registered workers were Aadhar seeded and against the total number of 97,396 of active workers, the account of 92,633 number of active workers were Aadhaar seeded.

It was noticed that as against the total 1,39,705 registered workers, 25,803 registered workers’ (18.47 per cent) accounts were without Aadhaar seeding. Similarly, out of

97,396 active workers, 4763 active workers (5 per cent) accounts were without Aadhaar seeding.

The detail analysis and shortcomings on Aadhaar seeding are detailed at Paragraph No. 6.3.8.3(B)(i).

6.3.8.2 Financial Management

6.3.8.2(A) NSAP and SIS

The total number of beneficiaries, fund receipt and disbursement on IGNOAPS, IGNWPS, IGNDPS and UWPS during 2017-18 to 2019-20 are given below:

Table-6.3.3: Budget allocation and utilization under NSAP and UWPS

(₹ in crore)

Scheme	Budget allocation and utilization	2017-18		2018-19		2019-20	
		GoI	GoS	GoI	GoS	GoI	GoS
IGNOAPS	Allotment	4.19	25.83	4.48	31.20	6.50	27.00
	Expenditure	4.19	25.83	4.82	31.20	6.35	27.00
	Saving (-) Excess (+)	0.00	0.00	+ 0.34	0.00	-0.15	0.00
IGNWPS	Allotment	0.41	2.06	0.36	2.75	0.40	2.50
	Expenditure	0.41	2.06	0.36	2.75	0.38	2.50
	Saving (-) Excess (+)	0.00	0.00	0.00	0.00	-0.02	0.00
IGNDPS	Allotment	0.25	0.87	0.25	1.08	0.25	1.00
	Expenditure	0.25	0.87	0.25	1.08	0.15	1.00
	Saving (-) Excess (+)	0.00	0.00	0.00	0.00	0.10	0.00
UWPS	Allotment	NA	0.58	NA	1.12	NA	0.50
	Expenditure	NA	0.58	NA	1.12	NA	0.50
	Saving (-) Excess (+)	NA	0.00	NA	0.00	NA	0.00

(ON: Expenditure is inclusive of other allied expenditure to the scheme like printing of forms, advertisement, hiring charge of vehicles etc.)

(Source: Detailed Appropriation Account and Departmental information/record)

Further, audit analysis revealed that the increase in expenditure during 2018-19 was due to payment of arrears of 2017-18. Further, decrease in expenditure during 2019-20 was due to short release of pension in 2019-20. The arrears pertaining to the year 2019-20 including the pension for first quarter were released in April 2020.

6.3.8.2(B) MGNREGA

Fund receipt and expenditure under MGNREGA during 2017-18 to 2020-21 are given below:

Table-6.3.4: Receipt and expenditure

(₹ in crore)

Year	OB	Receipt		Interest from bank	Total receipt	Expenditure	CB
		GoI	State				
2017-18	2.48	105.71	10.00	0.85	119.04	115.49	3.55
2018-19	3.55	95.80	9.00	0.42	108.77	102.39	6.38
2019-20	6.38	84.13	6.21	0.13	96.85	90.80	6.05
2020-21	6.05	111.48	6.00	0.13	123.66	113.26	10.40

(Source: Annual Accounts)

6.3.8.3 Implementation of DBT Schemes

6.3.8.3(A) NSAP and SIS

Audit findings related to the operation of DBT mechanism under various pension schemes are discussed in the following paragraphs.

6.3.8.3(A)(i) Non-adoption/ development of IT system for DBT

The NSAP guideline (Para 5.1.1) highlights the requirement for efficient service delivery which would entail time bound sanction, release and disbursement of pensions within a specified and published time frame. The Ministry developed a portal (NSAP-PPS) through NIC, which is transaction/ work-flow based system. The portal acts as a single platform for MoRD, other Administrative authorities involved in implementation of NSAP in the selection of beneficiaries, disbursement of benefits to the eligible beneficiaries through Public Sector Banks, Post Offices etc., monitoring of the implementation status at various stages in different States across the Country.

The SJWD neither utilised the MoRD's portal i.e. NSAP-PPS nor developed its own Information and Communication Technology tool for disbursement of benefits of the schemes through DBT mode.

It was noticed that the approval of beneficiaries as well as the sanctions of payment were obtained offline. After approval and sanction, the government cheques were deposited with Axis bank (sponsoring bank) for credit into Departmental scheme account. Thereafter the Axis bank released payment direct into beneficiaries account (beneficiaries holding account with nationalized/commercial banks), in respect of beneficiaries holding account with State Bank of Sikkim (SBS) and Post Office, the Axis bank transferred the fund to SBS and Post Office for further payment to these beneficiaries. The database relating to details of beneficiaries, payments under these schemes were maintained in MS Excel and were processed manually. Thus, the processing, storing and sharing of data in MS Excel was prone to various vulnerabilities viz unauthorized editing, viewing etc. In addition, manual transfer of funds through multiple intermediaries caused considerable delay in payment reaching the beneficiaries. The SJWD did not have any system to weed out the duplicate and ineligible beneficiaries. Had the Department adopted NSAP-PPS, all these system and controls could have been with the Department on real time basis.

Due to non-adoption of NSAP-PPS and non-development of its own IT software for DBT by the Department, the SJWD deprived itself of an effective Management Information System (MIS) to monitor the actual payments to the beneficiaries. This led to existence of intermediaries (**Paragraph No 6.3.8.3(A)(iii)**), ineligible beneficiaries (**Paragraph No 6.3.8.1 (C)**), delays in payment of pensions (**Paragraph No 6.3.8.3(A)(iv)**) and non-re-initiation of failed transactions (**Paragraph No 6.3.8.3 (A)(v)**).

The SJWD stated (October 2021) that the observation of Audit on adoption of NSAP-PPS of the GoI or other system for smooth implementation of the DBT schemes had been noted and accordingly it had initiated its action plans for developing a software

application from its own resources with the help of the Information Technology Department, GoS. The preliminary phase in terms of design had been completed. As per the mandate and guidelines of GoI the software application will have an end to end digitization and hosted through the State portal. The department had also informed the Lead bank to take necessary action for the same.

Recommendation: *The Department should ensure its application software is compatible/ in sync with porting of information / data onto NSAP-PPS through a bridge-software.*

6.3.8.3(A)(ii) Aadhaar number not seeded to beneficiary accounts

Direct Benefit Transfer (DBT) enables the departments and institutions to deliver cash benefits on-line to beneficiaries' account in a timely and effective manner. As per DBT guideline issued by the GoI, the SJWD was required to collect the Aadhaar details of beneficiaries and seed them in the beneficiary database. Integrity of data captured and veracity of bank accounts/ IFSC codes, Aadhaar etc. were required to be ensured by the Department. Further, the guideline on NSAP (Para 5.2.12) also emphasised on Aadhaar based platform for pension disbursement which would enhance efficiency in the sanction, payment and disbursement process.

The total number of beneficiaries and the beneficiaries whose accounts were not seeded with Aadhaar as on February 2021 are shown in the following table:

Table-6.3.5: Seeding of Aadhaar number in Beneficiaries accounts

Name of the District	Name of the Scheme							
	IGNOAPS ⁷⁶		IGNWPS ⁷⁷		IGNDPS ⁷⁸		UWPS ⁷⁹	
	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar	Total beneficiaries	Accounts not seeded with Aadhaar
East	8,625	515	1,048	147	281	51	303	23
North	1,494	158	181	29	53	9	50	3
South	6,131	153	515	9	269	19	156	3
West	6,966	187	717	14	256	26	202	2
Total	23,216	1,013	2,461	199	859	105	711	31

(Source: Departmental information)

It was noticed that the total number of beneficiaries under IGNOAPS, IGNWPS, IGNDPS and UWPS was 27,247 against which accounts of 1,348 beneficiaries constituting five *per cent* of total beneficiaries were not Aadhaar seeded. Analysis revealed that maximum number of beneficiaries' accounts (1,013) under IGNOAPS were not Aadhaar seeded. Analysis also revealed that the East District, despite being the capital district, lagged in Aadhaar seeding in comparison to other districts.

Non-seeding of Aadhaar was not only against standing guidelines but also led to inclusion of ineligible and duplicate beneficiaries.

⁷⁶ Indira Gandhi National Old Age Pension Scheme

⁷⁷ Indira Gandhi National Widow Pension Scheme

⁷⁸ Indira Gandhi National Disability Pension

⁷⁹ Unmarried Women Pension Scheme

The Secretary/SJWD during Exit Conference (14 September 2021) stated that one of the major reasons for not achieving the Aadhaar seeding in full, was also due to the beneficiaries being above the age of 80 years, disabled beneficiaries, sick beneficiaries not being able to attend Aadhar Centre. He added that a meeting was conducted with Finance Department wherein it was decided to form a team that would enable Aadhaar seeding at doorsteps of such beneficiaries.

Recommendations:

- ***The Government/ Department may take necessary steps so as to Aadhaar seeding of beneficiaries may be completed without any further delay.***
- ***Aadhaar seeding of beneficiaries above the age of 80 years, disabled beneficiaries, sick beneficiaries may be conducted at their doorstep.***

6.3.8.3(A)(iii) Existence of intermediaries

The NSAP guideline (Para 5.1.1) specifies the requirement for efficient service delivery which would entail time bound sanction, release and disbursement of pensions within a specified and published time frame. In order to enhance efficiency in implementing NSAP both for sanction and disbursement of pensions and to eliminate multilayered fund flow management that leads to delays, parking of unutilized funds and prevents timely accounting and recovery of unutilized funds, use of IT has been encouraged.

Audit observed that the pension bills for all the four schemes (IGNOAPS, IGNWPS, IGNDPS and UWPS) on being sanctioned by the department and being passed by the treasury, the Government cheques were forwarded to Axis Bank (sponsoring bank) upto March 2020. The sponsoring bank then sent this Government cheque for collection and subsequently, credited in relevant scheme accounts maintained by the sponsoring bank. Thereafter, in respect of beneficiaries having accounts with nationalized/ private banks, the Axis Bank directly credited the pension into the beneficiaries' bank accounts through NEFT mode. However, for beneficiaries having account with State Bank of Sikkim (SBS) and Post Office, the Axis Bank transferred the bulk amount to SBS, Head Office, Gangtok and Head Post Office, Gangtok. The SBS, Head Office, Gangtok transferred the funds to their respective branches for payment of pension till 27 June 2018 and after this date SBS, Head Office, Gangtok directly credited the amount to beneficiary accounts. The Head Post Office, Gangtok first credited the pension of all above schemes into one single Government account (Finacle) from where the pensions pertaining to all the above schemes were credited into beneficiary accounts by the branch post offices (CBS branches), but for non-CBS branches, the pension fund were transferred by Head Post Office, Gangtok. The pension bills/ Government cheques were drawn and paid quarterly till March 2020.

From April 2020 onwards, the SJWD designated SBS as sponsoring bank, in place of Axis Bank and the Government cheques drawn for pension were credited into account of SBS, Head Office, Gangtok and Head Post Office, Gangtok. The SBS Head Office,

Gangtok credited the pension through NEFT into beneficiaries' account. However, Post Office, Gangtok continued the same process for payment of pension.

The payments of pension were delayed through these multiple intermediaries (Axis Bank, SBS and Post Office) as detailed in **Paragraph No 6.3.8.3 (A)(iv)**.

The Secretary/SJWD while accepting the audit observations in the Exit Conference (September 2021) stated that consequent on SBS being made sponsoring bank (April 2020), the level of intermediaries had reduced to certain extent but however added that the practice of fund transfer still remained in case of post office.

6.3.8.3(A)(iv) Delayed payment of pension

Timely payment of pension was one of the essential aspects of all the four schemes that provide financial support to the destitute who have little or no regular means of subsistence from their own source of income. The guidelines on NSAP stipulate that payment of pension be done on monthly basis and should not be delayed by more than seven days.

Despite standing instructions to disburse the pension on monthly basis, it was noticed that pensions were disbursed on quarterly basis upto March 2020. Further, the quarterly payments were delayed due to existence of various intermediaries and manual processing of fund transfer, as detailed below:

➤ **Pensions paid to beneficiaries by Axis Bank**

Since the SJWD did not have a proper IT system for pension disbursement, consequently it led to delays as shown at table below.

Table No-6.3.6: Delay in credit of pension into beneficiaries account

SI. No.	Name of Scheme	Delay in credit of fund by Department to sponsoring bank	Delay in credit of fund by sponsoring bank into beneficiaries account
a	IGNOAPS	2 to 37	2 to 164
b	IGNWPS	2 to 37	2 to 164
c	IGNDPS	2 to 25	2 to 162
d	UWPS	3 to 22	2 to 179

Source: Bank statement of Axis Bank and Contingent Audit Register

The details of disbursement of pension amounting to ₹108.16 crore on all the above four schemes from the year 2017-18 to 2019-20 is shown below (**Appendix 6.7**).

➤ **Pensions paid to beneficiaries by SBS, Post Office and others**

Apart from the pension disbursed through Axis Bank, funds were also transferred by Axis Bank to SBS, Post Office and others for disbursement to the beneficiaries. The details of fund transferred during 2017-18 to 2019-20 is shown below:

Table -6.3.7: Funds transferred by Axis Bank to SBS, Post Office and Others

(Amount in ₹)

Name of the Scheme	Year	State Bank of Sikkim	Post Office	State Bank of India	Sachiva, South and West District
IGNOAPS	2017-18	66,49,400	41,61,800	22,69,200	0
	2018-19	1,63,72,600	1,18,96,000	0	0
	2019-20	1,68,09,500	57,17,500	0	0
IGNWPS	2017-18	3,95,400	99,000	0	0
	2018-19	10,80,000	5,56,500	0	0
	2019-20	10,21,500	2,83,500	3,33,000	0
IGNDPS	2017-18	2,60,600	1,45,200	0	0
	2018-19	7,30,500	5,23,500	0	0
	2019-20	7,47,000	3,52,500	0	0
UWPS	2017-18	1,41,500	35,500	0	5,02,293
	2018-19	5,52,000	2,51,800	0	0
	2019-20	2,52,000	22,000	0	0
Total		4,50,12,000	2,40,44,800	26,02,200	5,02,293

(Source: Bank statement)

Above table shows that a fund of ₹ 4.50 crore was transferred to SBS, ₹ 2.40 crore to Post Office, ₹ 26.02 lakh to SBI, and ₹ 5.02 lakh to Sachiva⁸⁰, Zilla Panchayat South and West District, in respect all these schemes during 2017-18 to 2019-20.

a) Disbursements made by SBS – Fund pertaining to all the above schemes were first credited into one current account of SBS:112010200003278 operated with Axis Bank, thereafter the fund were transferred to branches and beneficiaries by contra credit and debit through various SBS General Ledger Account⁸¹ pulling the fund from current account of SBS⁸².

It was noticed that the SBS had not maintained the scheme-wise account, instead funds of all the schemes were held in the single SBS current account, therefore, it was not possible to analyse the scheme-wise inflow and outflows. The SBS had transferred the bulk amount to its branches for disbursement of pensions till 27 June 2018 and thereafter SBS, Head Office, Gangtok directly credited the amount to beneficiary account.

Audit test checked the payments of pensions made by five⁸³ branches of SBS revealed that the SBS Hqr took two to eight days to transfer funds to its branches and branches also took one day to 14 days to credit the pension into the beneficiaries' account. Thus, the beneficiaries received the pension after three to 18 days from the date it was released from sponsoring bank (Axis Bank) as shown at **Appendix 6.8**.

Analysis also revealed that amongst these five branches, beneficiaries from Ranipool branch persistently received pension belatedly ranging from 13 to 17 days as

⁸⁰ for disbursement of UWPS in cash

⁸¹ Account Number: 2811100172400000, 2811100133600000, 2811100141700000, 2811100410000000 (Govt Suspense Account) and 2811100130200000 (Suspense Account)

⁸² Account Number: 112010200003278.

⁸³ Ranipool, Rangpo, Pakyong, Sang and Deorali branch

compared to other branches. The beneficiaries from Pakyong branch belatedly received pension of April and May 2018 with delay of 18 days.

b) Disbursements made by the Post Office—The Head Post Office, Gangtok credited the pension of all above schemes into one single Government account (Finacle) thus the scheme-wise inflow, out flow and balance lying in this account could not be ascertained. The pensions pertaining to all the above schemes were credited into beneficiary account in case of CBS branches, but for non-CBS branches, the pensions were transferred by Head Post Office, Gangtok to its branch Post Offices.

Analysis of pension payments released to its branches during 2019-20 and 2020-21 (upto July 2020) revealed that Head Post Office, Gangtok took six to 79 days from receipt of cheque to encashment of cheque as shown below:

Table-6.3.8: Release of funds by Head Post Office to its branches

Period of pension	Pension amount (₹ in lakh)	Dates of:			Delay (in days)
		Receipt cheque	of Encashment cheque	of Disbursement to branches	
4/2019 to 9/2019	14.37	1.10.2019	10.10.2019	21.10.2019	20
10/2019 to 2/2020	59.90	23.3.2020	31.3.2020	11.5.2020	50
4/2020 to 5/2020	52.11	4.6.2020	10.6.2020	23.9.2020	111
6/2020	17.11	16.7.2020	26.8.2020	17.10.2020	93
7/2020	17.12	17.8.2020	4.11.2020	2.12.2020	107

(Source: Post Office statement)

Further, audit analysis of disbursement of IGNOAP and IGNWP pension in three Post Offices⁸⁴ during 2019-20 and 2020-21 revealed the following.

- Gangtok Post Office – The Gangtok Post Office had disbursed the pension of 25 beneficiaries (IGNOAP) and four beneficiaries (IGNWP) only once in four months period during 2019-20 to the beneficiaries.
- Tadong Post Office: - Tadong Post Office had disbursed the pension of 18 beneficiaries (total IGNOAP) only once in four months period during 2019-20 and 2020-21 to the beneficiaries.

No records on disbursement through its branches for the period 2017-18 to 2018-19 were maintained or produced to Audit by Head Post Offices, Gangtok and Sang. Further, the records of disbursement made through from Sachiva, Zilla Panchayat South and West District were not furnished to Audit as well. Thus, the possibility that there were further delays in disbursement of pensions by the branches to the beneficiaries, cannot be ruled out based on the audit observations above.

c) Quarterly Disbursement—The scheme guidelines envisage payment of pension on monthly basis. However, it was noticed that pensions were disbursed on quarterly basis upto March 2020. Moreover, there were further delays in payment of benefits due to involvement of multiple intermediaries. Secondly, the SJWD had not

⁸⁴ Gangtok, Tadong and Sang.

established any mechanism for monitoring the disbursement of pensions to the beneficiaries by various agencies. Delay in pension payment defeated the objective of providing timely pension to the destitute beneficiaries for their daily sustenance.

The Secretary, SJWD in exit conference accepted (September 2021) the delay in payment of pension and stated that from April 2020 onwards, the pension was paid monthly and the Department was in touch with SBS for timely disbursement of pension. He also added that the proposal has been moved to Government for releasing the resource of NSAP and SIS on monthly basis like that of salary to ensure timely disbursement of benefits.

Recommendation: The Department should set up a monitoring system to ensure the timely payment of pensions to the bona-fide beneficiaries.

6.3.8.3(A)(v) Failed transactions not reinitiated for payment

As per DBT guideline issued by the GoI, in case of failed transactions, the Department after carrying out the required modification/rectification was required to send the rectified files for payment again.

a) Failed transaction of Axis Bank (sponsoring bank):

It was noticed that despite standing instruction as per DBT guideline to re-initiate the failed transactions promptly, an amount of ₹ 1.86 crore pertaining to the period 2017-18 to 2019-20 did not reach 3,524 beneficiaries of these four selected schemes as the department had failed to re initiate these failed transactions.

As on February 2021, against the total disbursement of ₹ 107.74 crore during 2017-18 to 2019-20, 3,929⁸⁵ transactions involving ₹ 2.17⁸⁶ crore (2 per cent) failed as shown below.

Table-6.3.9: Failed Transactions

(Amount in ₹)

Name of the Scheme	Year	Total cases/number of failed transaction	Amount involved in failed transaction	Total pension disbursed
IGNOAPS	2017-18	692	24,33,400	25,23,52,300
	2018-19	870	34,74,800	35,63,92,000
	2019-20	1456	1,02,68,900	31,54,19,000
	TOTAL	3,018	161,77,100	92,41,63,300
IGNWPS	2017-18	39	88,200	1,90,67,700
	2018-19	76	2,88,000	3,18,13,600
	2019-20	153	7,96,500	3,75,24,000
	TOTAL	268	11,72,700	8,84,05,300
IGNDPS	2017-18	7	18,800	88,92,200
	2018-19	20	2,18,300	1,43,55,700
	2019-20	52	3,39,000	1,61,48,400
	TOTAL	79	5,76,100	3,93,96,300
UWPS	2017-18	17	75500	5823300
	2018-19	83	321000	12812500
	2019-20	59	334000	6799000
	TOTAL	159	7,30,500	2,54,34,800
	Grand Total	3524	1,86,56,400	107,73,99,700

(Source: Bank statement of Axis Bank)

⁸⁵ 3524 + 405 (failed transaction of 2019-20 reverted back in 2020-21) = 3929 transactions

⁸⁶ ₹ 1,86,56,400 + ₹ 30,47,500 (failed transaction of 2019-20 reverted back in 2020-21) = ₹ 2,17,03,900

Analysis revealed that the trend of failed payment persistently increased each year barring UWPS in 2019-20. The Department had not maintained data/information on rectifications carried out and re-payment made, reconciliation done with the bank. The persistent increase in the closing balance⁸⁷ of IGNOAPS year after year was also indicative of the fact that failed transactions had not been re-initiated. Thus, non-reinitiation of 3,929 failed transactions involving ₹ 2.17 crore indicated that this amount was not paid to the destitute beneficiaries and they were deprived of their legitimate pensions.

b) Failed transactions of SBS

Analysis of five⁸⁸ branches of SBS on payment of pensions revealed that there were no failed transaction. With regard to DBT to beneficiaries done by SBS, Head Office, Gangtok from 27 June 2018 to March 2020, no scheme-wise account was maintained. Thus, Audit could not analyse the failed transactions. Further, no records of reconciliation done between the branches and Head Office were produced to Audit.

c) Failed transactions during 2020-21

Further from the year 2020-21, the SJWD made SBS the Sponsoring Bank in place of Axis Bank and opened a new separate saving account (2811100148000005) on 27 April 2020 (SBS account) from where funds were transferred to dedicated scheme accounts maintained by the SBS and directly credited to beneficiaries accounts.

Scrutiny of records of SBS from 2020-21 (July 2020) in respect of four schemes revealed there was 636⁸⁹ number of failed transactions in IGNOAPS, 62⁹⁰ number in IGNWPS, 21⁹¹ number in IGNDPS and 33⁹² number in UWPS, totaling to ₹ 19.90 lakh.

d) Failed transaction from Post Office

As stated earlier, the Head Post Office, Gangtok had not maintained the records of disbursement of pension through its branches for the period 2017-18 to 2018-19. However, Audit analysed details of disbursement of IGNOAP and IGNWP made by three Post Offices⁹³. It revealed that eight number of IGNOAP and one IGNWP beneficiary transactions failed in Gangtok Post Office, similarly, for eight beneficiaries of IGNOAP the transactions failed in Tadong Post Office and for one beneficiary of IGNOAP, the transaction failed in Sang Post Office. The reason for these failed transactions was attributed to beneficiary holding old account number which was not in system. Neither the Post Office nor the SJWD had rectified the error and reinitiated the payment.

⁸⁷ IGNOAPS –C/B as on 31 March 2018: ₹ 7.25 crore, as on 31 March 2020: ₹ 13.09 crore as per Axis Bank account.

⁸⁸ Ranipool, Rangpo, Pakyong, Sang and Deorali branch

⁸⁹ ₹ 1139500

⁹⁰ ₹ 333000

⁹¹ ₹ 71000

⁹² ₹ 446000

⁹³ Gangtok, Tadong and Sang

Although the SBS (sponsoring bank) had intimated the SJWD through mail time to time on the failed transactions, but the SJWD had not initiated action to rectify errors. Further examination of the bank statement disclosed that the failed transaction had not been re-initiated as no debits were made for re-payments. The SJWD could not produce the records relating to status/data on disbursement (successful transaction, failed transaction, etc.) sought from the disbursing agencies nor there was any standing order which directed the disbursing agencies to report status of disbursement to the department.

The SJWD did not have a system for monitoring the payment of pensions to the beneficiaries as a result it failed to ensure that the beneficiaries were getting their due benefits. The Department had not reconciled the status of payments to beneficiaries and the fund position lying with the Post Office.

Non-payment of pension was against objective of NSAP which envisaged basic level of financial support to the destitute.

The Secretary/SJWD stated(14 September 2021) in Exit Conference that the main reason for failed transaction was due to amalgamation of various banks and the change of IFSC code and even account numbers in some cases were not known to beneficiaries. Further, he added that lot of beneficiaries have No Frill Account which stipulates maximum credit of ₹ 50,000 thereby at times credit of pension is denied on crossing the limit.

The Secretary/SJWD later on stated (October 2021) that the department has appointed guardian officer for each GPU to ascertain the status of failed transactions and added that the department would reinitiate all the failed transactions once the details are framed.

Recommendation:

- ***The Department should set up system to obtain the data/ information of failed transactions from the respective agencies at predetermined intervals and take immediate steps to re-initiate the payments so that the beneficiaries are not deprived of their legitimate dues.***
- ***The Government may specify time frame for rectification/ ratification for the cases relates to failed transactions.***

6.3.8.3(A)(vi) Balances lying with Axis Bank

An amount of ₹ 13.38crore pertaining to the four schemes was lying with the Axis Bank (erstwhile sponsoring bank)as on 31 March 2020when the SBS was made Sponsoring Bank in place of Axis Bank. The SJWD had withdrawn an amount of ₹ 9.66 crore (upto July 2020) out of ₹ 13.38crore. The balance lying with Axis Bank including interest and NEFT reversals, was ₹ 4.07 crore⁹⁴ as on 31 July 2020 as shown below.

⁹⁴ It includes failed transactions involving ₹ 2.17 crore as mentioned in Paragraph No. 6.3.8.3(A)(v).

Table-6.3.10: Balance with Axis Bank as on 30 July 2020

(₹ in lakh)

SI No	Scheme	O/B as on 1 April 2020	Interest added	NEFT Reversal	Withdrawn	C/B as on 31 July 2020
1	IGNOAPS	1309.27	3.45	31.02	966.10	377.64
2	IGNWPS	7.04	0.10	0	0	7.14
3	IGNDPS	15.10	0.12	0	0	15.22
4	UWPS	6.73	0.05	0	0	6.78
Total		1338.14	3.72	31.02	966.1	406.78

(Source: Bank statement)

This balance of ₹ 4.07 crore which was primarily meant for the pension disbursements to destitutes, indicated that the beneficiaries of these schemes were denied their legitimate dues. The reasons for not withdrawing as well as non-disbursement of this amount were not intimated to audit.

The SJWD stated (October 2021) that the department would be disbursing this balance fund lying with Axis bank towards all the old failed transactions on receipt of details from the guardian officer from each GPU.

Recommendation: The Department should withdraw the balance amount lying with Axis Bank and disburse the pending failed transaction amount.

6.3.8.3(B) Mahatma Gandhi National Rural Employment Guarantee Act

The MGNREGS Act notified on September 7, 2005, mandates the provision of at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Thus, MGNREGA is a powerful instrument for ensuring inclusive growth in rural India through its impact on social protection, livelihood security and democratic empowerment.

6.3.8.3(B)(i) Non-seeding of Aadhaar

The guidelines on the DBT envisage that the scheme implementing departments should ensure that all the accounts are Aadhaar seeded. The RDD was required to collect the Aadhaar details of beneficiaries and seed them in the database. The data of registered and active workers vis-à-vis such workers whose accounts were seeded with Aadhaar as on February 2021 is shown in the following table:

Table-6.3.11: Number of workers as on February 2021:

No of workers		Aadhaar seeded workers	
Registered	Active	Out of registered	Out of active
1,39,705	97,396	1,13,902	92,633

(Source :NREGASoFT)

It was noticed that 25,803 registered workers' accounts, 18 per cent of the total, were without Aadhaar seeding. This was high and similarly as against the 97,396 active registered workers, 4,763 active registered workers' accounts i.e. five per cent, were not Aadhaar seeded. Aadhaar seeding of accounts of these workers in the beneficiary database needs to be done to eliminate duplication and curb leakages.

The district-wise status of registered workers and workers whose accounts were seeded with Aadhaar (February 2021) is shown in the following table:

Table-6.3.12: Status of seeding of Aadhaar

Districts	Registered Workers			Active Workers		
	Total Number	Accounts with Aadhaar	Accounts with Aadhaar (Per cent)	Total Number	Accounts with Aadhaar	Accounts with Aadhaar (Per cent)
East	34395	28022	81.47	23317	22349	95.85
North	12263	9679	78.93	8432	7897	93.66
South	43639	30499	69.89	26724	24409	91.34
West	49408	45702	92.5	38923	37978	97.57
Total	139705	113902	81.53	97396	92633	95.11

(Source :NREGASoFT)

It could be seen from above table that West District had highest number of workers and at the same time was leader in seeding of Aadhaar. The South District was lagging in seeding the accounts with Aadhaar of both registered and active workers.

The RDD (MGNREGA) stated (September 2021) that the Department was striving to complete the seeding of remaining accounts by 30 November 2021 for which the field functionaries were on job to collect the Aadhaar numbers of the remaining workers and would be uploaded in the MIS.

Recommendation: Accounts of all the workers under MGNREGA may be seeded with Aadhaar on priority and accounts may also be validated before initiation of transaction.

6.3.8.3(B)(ii) Delay in processing of Fund Transfer Order (FTO) by Signatory I and alsodelay in approval by Signatory II

Timely payment of wages has emerged as one of the main challenges of MGNREGA over the last few years. Primary condition to ensure payment of wages within 14 days after start of work was one of the essences of MGNREGA. The disbursement of wages to beneficiaries through DBT aimed to reduce the delays in payments. Scrutiny of data for the year 2017-18 to 2020-21 (upto January 2021) on processing and approval of Fund Transfer Orders (FTO) for the payment of wages revealed that there were delays in processing of FTOs as well as approval of FTOs for payment as below:

Table-6.3.13: Delay in processing of FTOs

(Amount in ₹)

Year	Districts	FTOs delayed by Signatory I		FTOs Not signed by Signatory II & Delayed by			
		More than 21 Days		15-21 Days		More than 21 Days	
		FTO	Amount	FTO	Amount	FTO	Amount
2019-20	EAST	1	201433	0	0	0	0
	NORTH	1	8640	0	0	0	0
	SOUTH	2	6000	0	0	11	72000
	WEST	0	0	0	0	2	209281
2020-21	EAST	0	0	2	383848	8	1420729
	NORTH	0	0	1	2780	38	1098152
	SOUTH	11	62100	0	0	21	9556008
	WEST	1	476105	2	246053	5	783638
Total		16	754278	5	632681	85	13139808

(Source :NREGASoFT)

The RDD (MGNREGA) stated (September 2021) that the delay in signing the FTOs was primarily because after transfer of signing authority (BDO) it took time for procurement of DSC dongle for new officer from Kolkatta. However, the Department added that from 2020-21 dongles are being procured from a local vendor. The Department further added that the head office is monitoring the status of signing the FTOs on a weekly basis and alerts were being issued to the program officer whenever there was delay in signing.

6.3.8.3(B)(iii) Delayed payment of wages

As per MGNREGA guideline, final FTOs have to be uploaded within 15 days and thereafter two days provided for payment of wages through Ne-FMS system. The account relating to wage component is handled by the MoRD, GoI and operated through Ne-FMS system which sends release order of wage payment to Accredited Bank of GoI. The Accredited Bank in turn credits the amount to Sponsoring Bank of the State Government. Thereafter, Sponsoring Bank credits the wages into bank accounts of workers through NPCI and NPCI sends response files to PFMS. PFMS shares response files with NREGASoft.

However, it was noticed that the MoRD, GoI had not ensured the above stipulation as it took considerable time to release the payment of wages as shown under:

Table-6.3.14: Delayed payment of wages

(₹ in lakh)

Time taken for payments		2017-18	2018-19	2019-20	2020-21	Total
Payments between 0-15 days	TT	221382	232214	235682	256347	945625
	Amount	4507.70	4608.77	4911.44	5849.37	19877.28
Payment between 16-30 days	TT	35566	35790	24003	2445	97804
	Amount	732.54	690.55	504.96	53.15	1981.20
Payment between 31-60 days	TT	25744	19395	6971	546	52656
	Amount	510.50	369.58	149.67	15.82	1045.57
Payment between 61-90 days	TT	9028	8517	2484	16	20045
	Amount	190.01	172.35	54.48	0.39	417.23
Delayed Payment more than 90 Days	TT	9839	5002	916	18	15775
	Amount	188.55	83.77	18.20	0.38	290.90
Total delayed payment	TT	80177	68704	34374	3025	186280
	Amount	1621.62	1316.25	727.30	69.74	3734.91
Total payment for Financial Year	TT	301559	300918	270056	259372	1131905
	Amount	6129.32	5925.02	5638.74	5919.11	23612.19

(Source :NREGASoFT)

TT: Total Transactions

Analysis revealed that though there was downward trend in the delay of payment from ₹ 16.22 crore in 2017-18 to ₹ 0.70 crore in 2020-21, however it was noticed that the major portion of delay was occurring in East District, even in 2020-21, against the total delayed wages amounting of ₹ 69.74 lakh, the East District's share alone stood at ₹ 41.88 lakh forming 60 per cent of total delay wages of 2020-21 as shown in the following Table:

Table-6.3.15: Delayed payment of wages

(₹ in lakh)

Year	Payments made beyond 15 days									
	EAST		NORTH		SOUTH		WEST		Total Delayed Payment	
	TT	Amt	TT	Amt	TT	Amt	TT	Amt	TT	Amt
2017-18	18887	402.38	16711	389.05	10960	216.09	33619	614.10	80177	1621.62
2018-19	21301	421.83	9460	203.91	17700	314.03	20243	376.48	68704	1316.25
2019-20	15096	325.89	7714	171.46	4876	94.36	6688	135.59	34374	727.30
2020-21	1748	41.88	746	16.04	259	5.98	272	5.84	3025	69.74
Total	57032	1191.98	34631	780.46	33795	630.46	60822	1132.01	186280	3734.91

(Source: NREGASoFT)

Though there was decreasing trend in delays in making payment of wages but the reasons for major portion of delayed payment occurring from East district could not be stated to audit.

The RDD (MGNREGA) stated (September 2021) that the department was continuously coordinating with MoRD, GoI to resolve these issues on time.

Keeping in view, the large number of transactions not processed within due time the Department may address and resolve this issue timely.

6.3.8.3(B)(iv) Failed transactions not re-initiated for payment on entirety

It was the responsibility of the implementing department to ensure that the payments of wages are made in timely manner. In case of failed transactions, the department after carrying out the required modifications/rectifications was required to send the rectified files to PFMS again. Several rounds of data pushing may be required till data is 100per cent correct.

It was seen that during 2017-18 to 2020-21 there were in all 15,364 failed transactions involving ₹ 3.10 crore as shown below:

Table-6.3.16: Failed Transactions

(₹ Amount in)

Year	Total rejected transactions	Amount of rejected transactions	Rejected transactions reinitiated successfully	Amount of successful re-initiated transactions	Total no. of pending transactions	Amount of pending transactions
2017-18	8538	164,58,349	8152	156,79,156	386	779,193
2018-19	3322	66,96,894	3111	62,69,439	211	427,455
2019-20	2192	48,02,541	2032	44,36,205	160	366,336
2020-21	1312	30,83,593	942	22,27,708	370	855,885
Total	15364	310,41,377	14237	286,12,508	1127	24,28,869

(Source: NREGAsoft)

The reasons for failed transactions were attributed to invalid Aadhaar (non-matching of Aadhaar), dormant account, error in data entry of account number. The RDD claimed that the failed transactions were reconciled and payment re-initiated within three days, but it was noticed that out of total 15,364 failed transactions involving ₹ 3.10 crore, 14,237 transactions amounting to ₹ 2.86 crore had been re-initiated successfully, leaving a balance of 1,127 transactions from 2017-18 onwards involving

an amount of ₹ 24.29 lakh were yet to be rectified and hence remained pending for payment as of February 2021.

The Joint Secretary (MGNREGA), RDD stated (September 2021) that the process for regeneration of rejected transaction had already been initiated and as of 10 September 2021, total number of pending cases had come down to 35, with ₹ 0.78 lakh. The department also stated that the delay in regeneration of FTOs were due to death of beneficiaries, dormant account, bank merger and non-CBS account etc. The department further added that timelines had been framed to complete all the generation of pending rejected transactions by 31 October 2021 for which the head office was monitoring progress along with analysis report to watch the regeneration.

Recommendation: The RDD should re-initiate all pending transactions on urgent basis so that the pending wages are paid to the concerned workers without further delay. Secondly, the RDD should review the pending wages periodically and disbursement made within prescribed timeframe.

6.3.8.3(B)(v) Non conduct of Social Audit of Schemes under NSAP and MGNREGA

As per Scheme guidelines, Social Audit is essential in implementation and monitoring of the schemes under NSAP/MGNREGA. Social Audit not only leads to the refinement of the schemes but also enhances transparency and accountability and helps redress grievances in the public. Social Audit can be conducted by the Gram Sabha/ Ward Committee/NGOs. Social Audit under NSAP should be held at least once in every six months. The State nodal department should obtain reports of Social Audit conducted and report the same to the Ministry of Rural Development, GoI.

Similarly, an innovative feature of the MGNREGA is that it has institutionalized 'Social Audit' as a means of continuous public vigilance (Mahatma Gandhi NREGA, Section 17). Social Audit has the following dimensions: i) As a continuous and ongoing process, involving public vigilance and verification of quantity and quality of works at different stages of implementation; and ii) A process is to be conducted in every Gram Panchayat (GP) at least once in six months, involving a mandatory review of all aspects.

No records of Social Audit conducted in respect of NSAP and SIS schemes during the period covered by audit i.e. 2017-18 to 2020-21 (upto July 2020) could be produced to Audit. However, Social Audit in respect of MGNREGA was conducted annually and follow up action also taken up.

The Secretary/SJWD stated (14 September 2021) in Exit Conference that funding was an issue, if proper funds were provided to cover the expense of Social Audit, then Social Audit would be initiated.

The Pr. Secretary/RDD subscribed to the views of Secretary/SJWD and stated that Social Audit of MGNREGA is conducted once a year which costs one *per cent* of Office Expenses, whereas the guidelines stipulate Social Audit twice a year at the cost

of 0.5 per cent of Office Expenses. Thus, it was not possible to conduct twice a year and opined that some appropriate funding is a must for conduct of Social Audit as per guidelines.

6.3.8.3(C) Impact Analysis (Beneficiary Survey)

Beneficiary survey in terms of timelines, ease of access to the banks/post office and door stop delivery rendered to the beneficiaries.

Personal interaction with the beneficiaries and structured questionnaire was designed for the beneficiaries from six sampled block offices to elicit information on the timelines, ease of access to the banks/post office and door stop delivery rendered to the beneficiaries. Sample selection was done as under:

Table-6.3.17: Sample of Beneficiary Survey

Total districts	District selected (50 per cent)	Total Blocks	Blocks sampled (33 per cent)
Four	Two (East & South)	East: 10, South: 08	East: 03 South: 03

Table-6.3.18: Number of Beneficiary surveyed

District	Block sampled	Number beneficiaries in Block	Number of Beneficiaries surveyed
East	Ranka	754	54
	Martam	687	59
	Khamdong	783	55
South	Namthang	1105	131
	Nandu Gaon	501	54
	Namchi	1144	53

The structured questionnaire was used to gather evidence. Out of total 406 beneficiaries surveyed, only seven⁹⁵ beneficiaries had accounts with Post Office while remaining had accounts with the Banks. The responses were analysed to determine the extent of satisfaction of beneficiaries.

Beneficiary survey revealed the following:

a. The beneficiaries whose pensions were directly being credited into their bank accounts, stated that the present system of disbursing the pension directly into their bank account was better as compared to previous one (cash basis) as they were getting the pension without delay wherein involvement of Block office and Panchayat were eliminated. They also stated that they were able to save the expense of vehicle fare for visiting the Block/ Panchayat offices and also a sense of saving habit was developed and also added that checking of credit of their pension in their account was possible.

b. On ease of access to the bank/post office, the beneficiaries responded that the Bank/ Post Office were within their reach or in their own locality and as such there was no problem in accessing the bank/post office.

⁹⁵ Nandugaon, South District

- c. As regards communication with the bank, the beneficiaries stated that they had ATM cards and routinely receive SMS.
- d. With regard to Post Office account holders, they stated that the Post Office delivers pension at the doorstep for sick, old and disabled beneficiaries.

6.3.8.4 Monitoring and internal control mechanism

6.3.8.4(A) State DBT Cell

As per DBT guideline issued by the GoI, each State should have a State DBT (SDBT) Cell headed by an officer not below the rank of Joint Secretary and comprise of officials handling the identified schemes, officials from Finance Department and IT experts (NIC). The SDBT Cell would identify DBT schemes or DBT components of schemes and classify them in the following categories: i) Cash transfer from Government to Individual Beneficiary ii) Transfer In-kind from Government to Individual Beneficiary iii) Other Transfers/Processes. The SDBT Cell was required to study the existing process flow and fund flow under each scheme and reengineer the same wherever necessary. The SDBT cell would develop an IT based System Utility/MIS for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries and enable report generation, dynamic update of data and daily tracking of progress. The SDBT Cell was required to train all stakeholders including officials of States on usage of MIS and prepare a user manual/guide and organise workshops/seminars.

The SDBT Cell was also required to constitute a dedicated body to deal with complaints and grievances of beneficiaries in a fair and timely manner.

The Chief Secretary to the GoS, vide Notification No 18 Home 2013 dated 7 February 2013 notified Directorate of Economics, Statistics & Monitoring & Evaluation (DESME) as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State. It was seen that no State DBT Cell had been constituted in Sikkim, and the Ministries concerned of GoI directly liaised with the concerned departments of State Government.

The perusal of web portal of State DBT Portal revealed that the portal had the list of the schemes and implementing departments. It did not contain any further information, so the facility of aggregation and assessing of information in entirety from State DBT Portal as a one stop point for State was not there and integration of State DBT Portal with DBT Bharat Portal was also out of question.

The DESME being the Nodal Department stated (January 2021) that they forward the directives received from GoI to the respective Departments.

The integrated system/MIS for SDBT was yet to be developed, classification of DBT into cash, kind and others was also not done. No technical support/ IT support and training was rendered by DESME to stake holder Departments.

It was noticed that the NREGAssoft on MGNREGA data automatically integrated and ported with DBT Bharat Portal on real time, but data on NSAP did not integrate and

port with DBT Bharat Portal as the software for NSAP was neither developed nor NSAP-PPS was adopted.

No dedicated body to deal with complaints and grievances of beneficiaries had been formed and also no grievance redressal system was put in place to record complaints received, action taken and outcome thereof. This led to delays in payment/non-payment of wages/benefits to the workers/beneficiaries in respect of MGNREGA and NSAP.

DESME was notified as Nodal Department to facilitate the implementation of DBT of various welfare schemes in the State of Sikkim. However, no such initiative as Nodal Department towards SDBT was undertaken by DESME.

DESME stated (October 2021) that DESME has been declared as State DBT Cell.

Recommendation:

- *DESME being declared as State DBT Cell may perform all function of SDBT as laid down in GoI DBT guidelines, so that the benefits of the schemes concerned are ensured as per guidelines of DBT. DESME should also ensure that the DBT framework is adopted by all the implementing Department.*
- *State DBT Cell (DESME) should be strengthened with required manpower to operationalise its organisational structure with the assigned responsibilities to enable the DBT Cell to act as one-stop point or nodal point for smooth on-boarding of schemes on to DBT platform and to effectively monitor the progress made by each Implementing Department by setting targets and milestones for implementation of DBT in a time bound manner.*

6.3.8.4(B) State Advisory Board

As per DBT guideline issued by the GoI, State Advisory Board as a parallel body to the State-level DBT Cell was required to be constituted comprising of representatives from various enablers and stakeholders of DBT like all the government departments who run schemes which fall under the purview of DBT, UIDAI, State Level Bankers' Committee (SLBC), IT Team, NIC, NPCI, Telecom Service Providers (TSPs), etc. The chief role of this body would be to provide the Cell's executive body, holistic, well-rounded advisory and consulting inputs. This body may meet once in a quarter or in any other regular interval, as deemed fit.

However, State Advisory Board had not been constituted in Sikkim. Thus holistic, well-rounded advisory and consulting inputs as expected from Board was not provided to DBT implementing Departments. This led to non-adherence of DBT guidelines in implementation of NSAP as no specific integrated system/MIS was developed for DBT.

On being pointed out by Audit, the State Government brought out the Notification No 589/P&DD dated 28.09.2021 wherein the State DBT Advisory Board was formed and also terms of reference of State DBT Advisory Board was laid down.

The DESME stated (October 2021) that the State DBT Advisory Board has been formed and also terms of reference of State DBT Advisory Board were laid down vide Notification No. 589/P&DD dated 28 September 2021.

Recommendation: The State DBT Advisory Board may provide advisory and consulting inputs to DBT implementing Departments.

6.3.8.4(C) DBT Committee

The DBT Committee was to be constituted within each Department to ensure that DBT framework is adopted in implementation of schemes. It was noticed that DBT committee was not constituted in RDD as well as in SJWD which were implementing departments for MGNREGA and NSAP respectively. These implementing Departments were even not aware of the fact the DBT committee was to be constituted in Stake holder Department. However, it was seen that DBT framework was adopted in implementation of MGNREGA but for NSAP, no such DBT framework was adopted in implementation of scheme. As mentioned in Paragraph no 2.2.8.3(A)(i), the DBT for the components of schemes of NSAP was not adopted in true spirit of DBT, as a result there were instances of existence of intermediaries, ineligible beneficiaries, delay in payments to the beneficiaries, non-payment of benefits due to non re-initiation of failed transactions. The SJWD had neither adopted the NSAP-PS nor developed any software for DBT in line with scheme guidelines. Due to non-formation of DBT Committee in the department, these issues remained unaddressed, consequently the beneficiaries of the scheme suffered unnecessarily.

DESME stated (October 2021) that the DBT Committees were being formed in all the Departments.

Recommendation: DESME should ensure that the DBT framework is adopted by all the implementing Departments.

6.3.9 Conclusion

Digitization of database of beneficiaries in respect of National Social Assistance Programme (NSAP) and State Innovative Scheme (SIS) was not done, Government of India Portal NSAP-PPS was not used and State's own ICT system also not developed. Aadhaar number in respect of NSAP and SIS upto five per cent was not seeded to bank account and similarly in respect of MGNREGA, 18 per cent of registered workers bank account were not seeded with Aadhaar. The Department had neither constituted Verification Team to verify the applications nor the Special Verification Teams to verify for confirmation or deletion. Applications were accepted based on the recommendation of Panchayats/ Municipalities, Area MLA and BDO without being verified by the Verification Team. There were cases of ineligible and duplicate beneficiaries availing pension in NSAP and SIS. There were also cases of delay in crediting amount in the bank account of beneficiaries/workers both in case of NSAP & SIS and MGNREGA. Failed transaction were not reinitiated for payments on entirety both in case of NSAP & SIS and MGNREGA. There was existence of

intermediary in case of NSAP & SIS and Social Audit was not conducted in NSAP. Further,

Since the benefits are being processed through various intermediaries, applications are being finalised without being verified by the Verification Team and Social Audit is not being conducted, these are against the tenet of DBT and the chances of diversion of fund and eligible beneficiaries getting left out cannot be ruled out.

There was no separate State DBT Cell to study the existing process flow and fund flow under each scheme and reengineer the same and no IT based System Utility/MIS developed for its schemes that would provide a coherent centralised workflow engine for field functionaries, officials and beneficiaries. Further, no measure was taken to identify DBT components of schemes and classify them in Cash, In-kind and Other Transfers. There was no DBT Committee to ensure adoption of DBT framework in implementation of schemes. There was also no dedicated body to deal with complaints and grievances of beneficiaries to redress delays in receiving amount in the bank account, non-re-initiation of failed payments etc. Thus, the above shortcomings were detrimental in achieving the objective of DBT in ensuring timely payments to eligible beneficiaries and workers in a fair, transparent, efficient and reliable manner.

6.3.10 Recommendations

- *The Department may create a proper database of the eligible beneficiaries and the information furnished by the beneficiaries may be verified by the verification team periodically with special emphasis cases related to old age pension.*
- *A system of obtaining NOC from the Pension, Group Insurance and Provident Fund (PGIPF) Division of Finance Department GoS should be made mandatory for availing benefit under NSAP.*
- *The Department may fix responsibility of the authorities concerned in a time bound manner and should stop such payments of pension to ineligible beneficiaries.*
- *The Department should take necessary action to recover the payments made to the ineligible beneficiaries as per the terms of 'undertaking' included in application form submitted by the beneficiaries.*
- *The SJWD should ensure its application software is compatible/in sync with porting of information / data onto NSAP-PPS through a bridge-software so that benefits of the schemes are delivered to the beneficiaries on time.*
- *The Government/ Department may take necessary steps so as to Aadhaar seeding of beneficiaries may be completed without any further delay.*
- *Aadhaar seeding of beneficiaries above the age of 80 years, disabled beneficiaries, sick beneficiaries may be conducted at their doorstep.*
- *The SJWD should set up system to obtain the data/ information of failed transactions from the respective agencies at predetermined intervals and take immediate steps to re-initiate the payments so that the beneficiaries are not deprived of their legitimate dues.*

- *The Government may specify time frame for rectification/ ratification for the cases relates to failed transactions.*
- *The RDD should re-initiate all pending transactions on urgent basis so that the pending wages are paid to the concerned workers without further delay. Secondly, the RDD should review the pending wages periodically and disbursement made within prescribed timeframe.*
- *Accounts of all the workers under MGNREGA may be seeded with Aadhaar on priority and accounts may also be validated before initiation of transaction.*
- *DESME being declared as State DBT Cell may perform all function of SDBT as laid down in GoI DBT guidelines, so that the benefits of the schemes concerned are ensured as per guidelines of DBT. DESME should also ensure that the DBT framework is adopted by all the implementing Department.*
- *State DBT Cell (DESME) should be strengthened with required manpower to operationalise its organisational structure with the assigned responsibilities to enable the DBT Cell to act as one-stop point or nodal point for smooth on-boarding of schemes on to DBT platform and to effectively monitor the progress made by each Implementing Department by setting targets and milestones for implementation of DBT in a time bound manner.*

COMPLIANCE AUDIT PARAGRAPH

Finance Department

6.4 Loss of Government revenue

Finance Department invested Guarantee Redemption Fund at lower rate of interest which led to loss of Government revenue of ₹ 31.50 lakh on account of interest

The Government of Sikkim constituted Guarantee Redemption Fund (GRF) in April 2005, for payment of obligations arising out of the guarantees issued by the Government in respect of the bonds issued and other borrowings by the Government undertakings and other bodies, in case the same are revoked. The corpus of the Fund is invested in fixed deposits based on decision of the State Government.

It was seen that the investment of corpus of GRF for the year 2018-19 made in term deposits had matured in March 2019. In order to reinvest the corpus of GRF for year 2019-20, the FD called quotations and three banks (IndusInd Bank, SISCO Bank and State Bank of Sikkim) offered their rates. The FD held negotiations with the banks (22 March 2019) and found that the interest rate of 8.55 *per cent* offered by IndusInd Bank though highest, but had a cap of minimum investment of ₹ 300 crore, second

highest rate (8.10 *per cent*) was offered by SISCO Bank⁹⁶ (Sikkim State Cooperative Bank Limited) and the lowest rate (7.50 *per cent*) was offered by the SBS. Despite the fact that SISCO Bank had offered interest rate of 8.10 *per cent* without any cap, the FD approved (26 March 2019) investment of entire amount of ₹ 52.35 crore in the SBS at its offered rate of 7.50 *per cent* per annum. Accordingly, entire amount of ₹ 52.35 crore was invested in different term deposits with the SBS for a period of one year at the rate of 7.50 *per cent* per annum with total maturity value of ₹ 56.29 crore with deposits maturing between 24th March and 28th March 2020.

No reasons were on record to justify as to why the amount was invested at lower rate of interest in SBS despite offer of higher rate by the SISCO Bank (Sikkim State Cooperative Bank Limited)

The loss of additional interest due to the injudicious invested at 7.50 *percent* instead of the higher 8.10 *percent* works out to ₹ 31.50 lakh as detailed below:

Table No. 6.4: Loss of additional interest due to the injudicious invested

Particulars	Amount in ₹
Amount invested	52,34,93,499
Matured amount with interest	56,28,63,081
Amount of interest earned at the rate of 7.50 <i>per cent</i>	3,93,69,581
Amount of interest at the rate of 8.10 <i>per cent</i> per annum ₹ 3,93,69,581 x 8.10/7.50	4,25,19,149
Difference in amount of interest	31,49,567

Source: Departmental Figure

Injudicious investment of the fund at lower rate of interest had resulted in loss of Government revenue in terms of interest of ₹ 31.50 lakh.

The FD in its reply (August 2020) stated that SBS was the only Treasury Bank of the State as all the receipts and payment were made from the SBS only. As the SBS was a non-profit organisation of the State Government, to promote the SBS, it was decided to invest the fund in the SBS. Further, normally, Sinking Fund and GRF were established for the purpose to repay the debt/borrowing in case of economic breakdown in the State and it was easy to make transaction within the SBS and in case of pre-mature withdrawal or immediate requirement of fund against the fund invested in other nationalized bank, it may take time to transfer the fund to the SBS in the designated bank account and credit in the Government Account.

⁹⁶ *SISCO Bank established in 1996 and came into operation from 1999 and is regulated by RBI and NABARD. It is a federated body and established to raise deposit and share capital for extending loans to member cooperative societies. It has paid up capital of ₹ 926.60 lakh during 2017-18 and net profit of ₹ 483.15 lakh--GoI portal*

Reply of the FD was not tenable as the SBS was not a non-profit organisation and that its justification to make investment only with SBS appears to be afterthought, as the Finance Department has been investing its funds in other nationalized and private banks in the past. Moreover, with NEFT and FTGS being in operation, the issue of delay in transfer of funds does not arise.

CHAPTER VII
FOLLOW UP OF AUDIT
OBSERVATIONS

CHAPTER VII FOLLOW UP OF AUDIT OBSERVATIONS

7.1 Follow up action on earlier Audit Reports

Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited departments and to the higher authorities through Inspection Reports (IRs).

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (Audit Reports) and presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Sikkim, all the concerned administrative departments were required to furnish explanatory notes on the paragraphs/Performance Audits included in the Audit Reports within one month from the date of issue of the Audit Reports.

It was, however, noticed that as of November 2020, in 64 *per cent* cases (inclusive of PSU and Revenue Sectors), the concerned administrative departments had not submitted the explanatory notes on the paragraphs/Performance Audits included in the Audit Report pertaining to the year 2013-14. In respect of Audit Reports for the years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19, explanatory notes had not been submitted by concerned departments in 42, 75, 94, 100 and 100 *per cent* cases respectively. The position of *suo motu* explanatory notes not received as on 30 November 2020 is shown in the table below:

Table 7.1: Explanatory notes not received (as on 30 November 2020)

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	17.03.2015	04	10	04	05
2014-15	28.03.2016	04	15	01	07
2015-16	18.03.2017	04	12	04	08
2016-17	12.07.2018	06	12	06	11
2017-18	02.08.2019	02	14	02	14
2018-19	08.12.2021	01	07	01	07

7.2 Response of the departments to recommendations of the PAC

Finance, Revenue and Expenditure Department (FRED) issued instructions to all departments to submit Action Taken Notes (ATNs) on suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their consideration within 15 days of presentation of the PAC's Reports to the Legislature. PAC's Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

PAC had discussed Audit Reports for the year up to 2013-14 and given recommendations on the Audit Reports for the year up to 2012-13. As of November 2020, ATNs had been received in respect of 614 out of 618⁹⁷ recommendations of the PAC, made for the Audit Reports for the years between 1990-91 and 2011-12.

⁹⁷ 4 (618-614) ATNs relate to Audit Report 2011-12

7.3 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

Departmental Audit and Accounts Committee: Departmental Audit and Accounts Committee (DAAC) had been formed (November 2010) by all departments of the Government under the Chairmanship of the departmental Secretary/Head of Department to monitor the follow up action on Audit related matters. DAAC's function was to monitor the response and corrective action on findings reported in the IRs issued by the Principal Accountant General (PAG). It was to hold meetings once in three months and to send quarterly action taken report on the issues to the State Audit and Accounts Committee. During 2019-20, no DAAC meeting was held.

State Audit and Accounts Committee: State Audit and Accounts Committee (SAAC) had been formed (June 2010) at the State level under the Chairmanship of the Chief Secretary. This was to monitor the response and corrective action on the findings reported by Audit to review and oversee the working of DAAC and also to hold meetings once in three months. The information in this regard was not furnished, though called for.

After formation of DAAC and SAAC by the State Government, not a single Department approached to settle outstanding paragraphs and IRs during the period 2016-20.

7.4 Outstanding Inspection Reports

The PAG conducts periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up by issuing IRs on irregularities detected during the inspection and not settled on the spot, to the Heads of the Offices inspected, with copies to the higher authorities for taking prompt corrective action. The Heads of the Offices are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the PAG within one month from the date of the issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works, Forest and Autonomous Bodies), Revenue (Audit of Revenue departments) and Commercial (Audit of State Public Sector Undertakings) audit as of March 2020 is shown below:

Table 7.2: Position of outstanding Inspection Reports and Paragraphs

Year	Civil (including works, Forest and Autonomous Bodies)		Revenue		Commercial	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2014-15	629	1499	56	134	50	120
2015-16	109	395	09	34	13	86
2016-17	75	273	10	27	07	36
2017-18	96	371	07	18	04	15
2018-19	128	535	06	35	07	32
2019-20	90	394	17	56	05	31
Total	1127	3467	105	304	86	320

As of March 2020, 1318 Inspection Reports (IRs) and 4,091 paragraphs issued from 1990-91 onwards were pending for settlement. This large pendency of IRs was indicative of inadequate actions by the Heads of offices and departments in respect of remedial measures that should have been taken on the irregularities pointed out by Audit through the IRs.

7.5 Departmental Audit Committee Meetings

The position of Audit Committee Meetings for the year 2019-20 are detailed below:

Table 7.3: Position of Audit Committee meetings held and IRs/Paragraphs discussed/settled

Sector	No. of meetings	Discussed		Settled	
		IRs	Paragraphs	IR	Paragraphs
Civil (including Works, Forest and Autonomous Bodies)	02	23	98	06	43
Revenue	01	13	36	06	18
Commercial	-	-	-	-	-
Total	03	36	134	12	61

During 2019-20, three Audit Committee Meetings were held with Urban Development Department, Agriculture Department and Excise Department where 36 IRs and 134 paragraphs were discussed, out of which 12 IRs and 61 paragraphs were settled.



(K. S. GOPINATH NARAYAN)
Principal Accountant General (Audit), Sikkim

Gangtok
The: 10 November 2022

Countersigned



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

New Delhi
The: 06 December 2022

APPENDICES

Appendix 2.1
Audit conducted during 2019-20 under Social Sector
(Reference : Paragraph 2.2)

Sl. No.	Name of the Unit	Expenditure of the Unit (i.e. of the Unit for the financial year for which audit conducted)				
		2015-16	2016-17	2017-18	2018-19	2019-20
1	Chairman, Juvenile Welfare Board	54.01	51.53	57.46	30.39	--
2	Secretary, Culture	--	--	--	892.63	--
3	Member Secretary, SSIAFA	--	--	--	240.15	--
4	Trauma Centre, Health and Family Welfare	--	--	--	56.00	--
5	Principal Secretary, ESIC, Labour Dept	--	--	--	609.63	--
6	Principal, SIHS	202.05	198.50	213.61	251.15	--
7	Secretary, Social Welfare Division, SJED	--	--	--	2825.03	--
8	Secretary, Welfare Division, SJED	--	--	--	6254.82	--
9	Secretary, Women & Child Dev. Division	--	--	--	3043.74	--
10	Secretary, Food & Civil Supplies	--	--	--	814.88	--
11	DCSO/North, Food & Civil Supplies	31.60	34.29	33.14	51.27	--
12	DCSO/South, Food & Civil Supplies	--	--	155.64	192.55	--
13	DCSO/West, Food & Civil Supplies	--	--	128.97	169.98	--
14	Secretary, Ecclesiastical Affairs	--	--	--	2876.93	--
15	Addl. Chief Secretary, Education	--	--	--	28651.00	--
16	Director, Namgyal Institute of Tibetology	--	--	202.00	276.00	--
	TOTAL	287.66	284.32	790.82	47236.15	

Appendix 3.1
Audit conducted during 2019-20 under Economic Sector
(Reference : Paragraph 3.2)

(₹ in lakh)

Sl. No.	Name of the Unit	Expenditure of the Unit (i.e. of the Unit for the financial year for which audit conducted)				
		2015-16	2016-17	2017-18	2018-19	2019-20
1	CCF/Wildlife, Forest & Environment	--	76.39	83.97	88.75	--
2	Joint Registrar/East, Cooperation	--	--	232.14	316.63	--
3	Director/Utilisation, Forest & Environment	148.87	133.94	129.37	166.09	--
4	Secretary, Cooperation	--	--	--	811.53	--
5	DFO(T)/North, Forest & Environment	--	--	287.13	389.44	--
6	DFO(T)/West, Forest & Environment	--	--	463.16	592.91	--
7	Jt. Director/West, SWC, Agriculture	45.68	50.90	26.60	29.71	--
8	DIC/East, Commerce & Industries	120.83	118.30	97.95	119.39	--
9	DIC(S/W), Jorethang, Commerce & Industries	99.21	95.01	108.73	146.92	--
10	Director, Handicraft & Handloom	--	--	--	1263.97	--
11	DFO/West, Wildlife, Forest & Environment	--	116.35	122.82	234.82	--
12	DFO/South, Wildlife, Forest & Environment	--	129.19	149.45	234.16	--
13	ADC(Development), Ravangla, RDD	48.35	48.50	54.50	84.74	--
14	ADC(Development), Soreng, RDD	45.71	54.50	67.75	82.06	--
15	BDO, Duga	--	--	94.62	136.26	--
16	BDO, Rakdong-Tintek	--	527.46	224.48	127.20	--
17	BDO, Nandok	--	104.98	121.68	170.90	--
18	BDO, Pakyong	--	--	123.32	162.63	--
19	CEO, SSOCA, Horticulture	--	--	57.08	69.39	--
20	BDO, Ranka	--	232.70	173.35	171.54	--
21	Project Director, JICA	--	--	1547.63	3224.44	--
22	Project Director, NERCDP, UDD	--	--	--	1039.00	--
23	M. Secretary, Sikkim Biodiversity Board	--	8.31	8.31	9.12	--
24	PMKSY under WRD	--	--	--	1189.00	--
25	CEO, Sikkim Organic Mission	--	--	--	1000.54	--
26	CEO, Sikkim Medicinal Plant Board	196.21	190.04	149.54	51.76	--
27	CEO, MOVCD-NER	--	17.89	20.89	13.46	--
28	SE, National Hydrology Project, WRD	--	--	--	73.15	--
29	BDO, Rhenock	--	--	95.44	128.95	--
30	Director, Himalayan Zoological Park	--	129.07	122.76	146.27	--
31	Project Director, SUDA	--	--	--	27.71	--
32	DFO, Kanchendzonga National Park	193.40	179.47	195.84	254.99	--
33	Project Director, SRDA	--	--	2.45	2.56	--
34	Secretary, Agriculture	--	--	--	7841.37	--
35	Joint Director/East, SWC, Agriculture	--	--	--	119.92	--
36	BDO, Sikip	--	55.50	64.88	101.94	--
37	District Project Manager/West, NERLP	--	--	--	1268.02	--
38	Secretary, Sikkim Nationalised Transport	--	--	--	6582.00	--
39	RTO, North	--	--	--	49.23	--
40	District Project Manager/South, NERLP	--	--	--	1192.30	--
41	Secretary, Motor Vehicles	--	--	--	928.34	--
42	PD, NESRIP, Roads and Bridges	--	--	--	1850.75	--
43	Joint Director/North, Agriculture	--	151.43	142.05	276.48	--
44	Joint Director/North, SWC, Agriculture	38.08	27.58	140.92	130.00	--
45	Joint Director/West, Agriculture	289.86	200.03	337.73	436.19	--
46	BDO, Daramdin	--	--	114.16	114.56	--
47	BDO, Dentam	--	--	2274.52	1351.05	--

Sl. No.	Name of the Unit	Expenditure of the Unit (i.e. of the Unit for the financial year for which audit conducted)				
		2015-16	2016-17	2017-18	2018-19	2019-20
48	Secretary, AHVS	--	--	--	5906.52	--
49	Additional Director/North, AHVS	312.61	310.34	310.76	213.03	--
50	Secretary, Horticulture	--	--	--	10574.91	--
51	Director, Fisheries	--	--	--	154.35	--
52	Assistant Director/North, Fisheries,	--	--	63.19	71.13	--
53	DE/West, Water Resources	--	--	--	195.75	--
54	DE/North, Building and Housing	--	--	71.33	339.03	--
55	Mission Director, SFAC, Horticulture	--	--	2600.00	2650.00	--
56	Joint Director/South, Horticulture	--	--	308.15	415.96	--
57	Joint Director/West, Horticulture	--	--	389.41	420.78	--
58	Secretary, Urban Development	--	--	--	24875.00	--
59	PCE-cum-Secretary, Water Resource	--	--	--	7286.25	--
60	PCE-cum-Secretary, Roads & Bridges	--	--	--	7207.00	--
61	Dy. Director/West, Fisheries	--	--	79.10	86.21	--
62	Dy. Director/Karfectar AHVS	141.79	148.26	147.39	186.64	--
63	ADC/East, Gangtok, RDD	--	--	422.49	565.24	--
64	Secretary, Forest and Environment	--	--	--	1800.37	--
65	DFO/South, Social Forestry	54.82	60.72	60.82	71.14	--
66	DFO/West, Social Forestry	65.25	73.28	80.63	82.42	--
67	Empowered Officer, NRDWP	--	--	--	2700.00	--
68	BDO, Chungthang	--	--	2087.01	92.61	--
69	DFO(T), Gangtok	--	--	753.78	870.49	--
70	PCE-cum-Secretary, Building & Housing	--	--	--	5997.00	--
71	Secretary, Tourism and Civil Aviation	--	--	--	1612.04	--
	TOTAL	1800.67	3240.14	15209.28	109176.01	

Appendix 3.2
Details of standing properties and their monetary value
(Reference : Paragraph 3.5)

Sl. No.	Name of work	Date of commencement	Date of completion	Date of land acquired	Area involved Under acquisition (hectare)	Value of land (₹)	Value of standing properties (₹)	Name of Species/ Tree	Total CFT	Rate per CFT (₹)	Monetary value of species (₹)	Remarks
1	Constof Rural Connectivity Road Mangalbarey to Arubotey(Phase-vii)	18.02.2009	10.10.2020	June 2018	8.04	1986683.08	21982700.50	Dhupi	1152.6	325	374595	Total CFT taken into Account after deduction of 15 percent (Timber able items).The price of round timber in log form is 15 percent less than the price of sawn timber.
								Saur	657.05	455	298957.75	-do-
								Chilauney	6697.15	325	2176573.75	-do-
								Panisaj	10025.75	780	7820085.00	-do-
								Lampatey	3627.80	520	1886456.00	-do-
								Utis	1564.85	325	508576.00	-do-
								Simal	632.40	325	205530.00	-do-
								Katus	2606.10	585	1524569.00	-do-
								Lapsi	1232.50	325	400563.00	-do-
								Siris	3236.80	325	1051960.00	-do-
								Mawa	367.20	325	119340.00	-do-
								Tooni	382.50	585	223762.50	-do-
								Kaula	1330.25	455	605264.00	-do-
								Khamari	59.5	975	58013.00	-do-
								Pakhasaj	271.15	455	123373.00	-do-
								Gokul	142.8	325	46410.00	-do-
								Phusre Chap	403.75	325	131220.00	-do-
								Rani Chap	119	975	116025.00	-do-
								Okhar	1048.90	975	1022678.00	-do-
								Kimbu	374	975	364650.00	-do-
Malata	527.00	325	171275.00	-do-								
Bamboo	21465.00	32	686880.00	-do-								
Total (A)										19916756.00		

Sl. No.	Name of work	Date of commencement	Date of completion	Date of land acquired	Area involved Under acquisition (hectare)	Value of land (₹)	Value of standing properties (₹)	Name of Species/ Tree	Total CFT	Rate per CFT (₹)	Monetary value of species (₹)	Remarks
2	Const. of PMGSY road from Chakung – Khaniserbong SPWD road to Lower Khaniserbong, West Sikkim	12.02.2009	30.11.2017	July 2017	4.256	1051658.00	12741671	Siris	3276	276.25	904995.00	15 percent deduction was made by the department from the rates of trees/species. The price of round timber in log form is 15 percent less than the price of sawn timber.
								Panisaj	5550	663	3679650.00	-do-
								Chilauney	4169	276.25	1151686.00	-do-
								Lampatey	2410	442	1065220.00	-do-
								Teak	32.00	994.50	31824.00	-do-
								Simal	336	276.25	92820.00	-do-
								Gokul	1061	276.25	293101.00	-do-
								Lapsi	504	276.25	139230.00	-do-
								Chekrasi	552	386.75	213486.00	-do-
								Phaleydo	369	276.25	101936.00	-do-
								Okhar	264	828.75	218790.00	-do-
								Katus	16	497.25	7956.00	-do-
								Dhupi	48	276.25	13260.00	-do-
								Utis	128	276.25	35360.00	-do-
Bamboo	14770	32	472640.00	-do-								
Total(B)			8421954.00									
3	Const. of PMGSY Road from Chakung – Khaniserbong SPWD road to Mendogaon, West Sikkim	29.19.2014	20.04.2016	August 2017	4.8330	1194234.00	10636157.00	Kimbu	1437	828.75	1190914.00	15 percent deduction was made by the department from the rates of trees/species. The price of round timber in log form is 15 percent less than the price of sawn timber.
								Chilauney	640	276.25	176800.00	-do-
								Okhar	917	828.75	759964.00	-do-

Sl. No.	Name of work	Date of commencement	Date of completion	Date of land acquired	Area involved Under acquisition (hectare)	Value of land (₹)	Value of standing properties (₹)	Name of Species/ Tree	Total CFT	Rate per CFT (₹)	Monetary value of species (₹)	Remarks
								Katus	1804	497.25	897040.00	-do-
								Utis	1852	276.25	511616.00	-do-
								Saur	406	386.75	157021.00	-do-
								Mawa	800	276.25	221000.00	-do-
								Malata	1984	276.25	548080.00	-do-
								Lapsi	618	276.25	170723.00	-do-
								Panisaj	1162	663	770406.00	-do-
								Siris	1734	276.25	479018.00	-do-
								Kaula	160	386.75	61880.00	-do-
								Dhupi	680	276.25	187850.00	-do-
								Payou	432	276.25	119340.00	-do-
								Rani Chap	32	828.75	26520.00	-do-
								Bamboo	7350	32	235200.00	-do-
								Total(C)			6513372.00	
4	Const. of PMGSY road from Upper Gelling to Middle Gelling, West Sikkim	03.02.2009	29.02.2016	September 2017	7.5150	1856961	10607252	Chilauney	3624	276.25	1001130.00	15 percent deduction was made by the department from the rates of trees/species. The price of round timber in log form is 15 percent less than the price of sawn timber.
								Lampatey	4461	442	1971762.00	-do-
								Panisaj	4812	663	3190356.00	-do-
								Pakhasaj/Po kraj	80	386.75	30940.00	-do-
								Khamari	256	828.75	212160.00	-do-
								Mawa	1028	276.25	283986.00	-do-
								kaula	398	386.75	153927.00	-do-
								Simal	360	276.25	99450.00	-do-
								Phaledo	144	276.25	39780.00	-do-
								Siris	1838	276.25	507748.00	-do-
								Chekrasi	378	386.75	146192.00	-do-

Sl. No.	Name of work	Date of commencement	Date of completion	Date of land acquired	Area involved Under acquisition (hectare)	Value of land (₹)	Value of standing properties (₹)	Name of Species/ Tree	Total CFT	Rate per CFT (₹)	Monetary value of species (₹)	Remarks
								Kimbu	272	828.75	225420.00	-do-
								Sal	16	828.75	13260.00	-do-
								Teak	128	994.50	127296.00	-do-
								Malata	888	276.25	245310.00	-do-
								Bamboo	30580	32	978560.00	-do-
								Total(D)			9227277.00	
5	Const.of PMGSY road from Liching,Gitang to Karmatarblock,West Sikkim	04.02.2008	20.06.2016	February 2017	10.6400	2629144	13466581	Okhar	5888	637.50	3753600.00	Old rate prior to April 2016 taken into account by the department and 15 percent deduction was made from the rates of trees/species
								Utis	4176	212.50	887400.00	-do-
								Rani chap	2096	637.50	1336200.00	-do-
								Bamboo	19900	32	636800.00	-do-
								Total(E)			6614000.00	
								Grand total (A to E)			50693359.00	

Volume table for standing trees (all species) according to Forest Department

Girth at breast height volume in Cubic feet

3 feet to below 4 feet	15
4 feet to below 5 feet	24
5 feet to below 6 feet	35
6 feet to below 7 feet	46
7 feet to below 8 feet	64
8 feet to below 9 feet	84
9 feet to below 10 feet	106

Appendix 4.1

Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised accounts as on 30.09.2020

(Reference : Paragraph 4.1.4 & 4.1.8)

Sl. No.	Sector/ Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Accounts comments	Capital Employed*	Earning before interest and taxes**	Return on Capital Employed	Manpower
											12=5+6+7+8		14=13/12*100	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A. Working Government Companies														
Agriculture and Allied														
1	Sikkim Poultry Development Corporation Limited (SPDCL)	2017-18	2018-19	0.00	0.00	-1.72	2.80	0.00	-0.15	0.00	1.08	-0.15	-13.89	NA
2	Sikkim Hatcheries Limited (SHL)	2017-18	2018-19	0.46	0.00	-2.71	2.32	0.06	-0.14	0.00	0.07	-0.14	-200.00	NA
3	Sikkim Livestock Processing and Development Corporation (SLPDC)	2013-14	2014-15	0.69	0.01	-1.04	1.40	0.06	-0.02	0.00	1.06	-0.02	-1.89	NA
Sector wise total		-	-	1.15	0.01	-5.47	6.52	0.12	-0.31	0.00	2.21	-0.31	-14.03	

Sl. No.	Sector/ Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Accounts comments	Capital Employed*	Earning before interest and taxes**	Return on Capital Employed	Manpower
											12=5+6+7+8		14=13/12*100	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Finance														
4	Schedule Caste, Schedule Tribe and Other Backward Classes Development Corporation Limited (SABCCO)	2015-16	2018-19	18.31	20.10	-15.40	0.00	1.87	-0.24	0.02	23.01	0.49	2.13	27.00
Sector wise total				18.31	20.10	-15.40	0.00	1.87	-0.24	0.02	23.01	0.49	2.13	27.00
Infrastructure														
5	Sikkim Industrial Development and Investment Corporation Limited (SIDICO)	2018-19	2019-20	17.14	340.32	14.17	2.78	3.61	0.84		374.41	1.25	0.33	32.00
6	Gangtok Smart City Development Limited (GSDL)*	2018-19	2019-20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NA

Sl. No.	Sector/ Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Accounts comments	Capital Employed*	Earning before interest and taxes**	Return on Capital Employed	Manpower		
											12=5+6+7+8		14=13/12*100			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
7	Namchi Smart City Limited (NSCL)*	2018-19	2019-20	2.00	0.00	-0.20	0.00	0.00	-0.09	0.00	1.80	-0.09	-5.00	59.00		
Sector wise total				19.14	340.32	13.97	2.78	3.61	0.75	0.00	376.21	1.16	0.31	91.00		
Power																
8	TeestaUrja Limited (TUL)	2018-19	2019-20	3205.39	8830.06	-1169.47	1.22	1613.52	-313.06	0.00	10867.20	1081.47	9.95	NA		
9	Teestavalley Power Transmission Limited (TPTL)	2019-20	2020-21	388.45	960.51	18.39	0.00	300.43	34.19	0.00	1367.35	192.89	14.11	56.00		
10	Sikkim Power Investment Corporation Limited (SPICL)	2019-20	2020-21	0.01	3006.74	-1000.30	0.00	223.81	-184.31	0.00	2006.45	221.65	11.05	4.00		
11	Sikkim Power Development Corporation Limited (SPDC)	2018-19	2019-20	72.34	48.79	-115.47	58.64	13.52	-0.03	0.00	64.30	3.81	5.93	70.00		
Sector wise total				-	-	3666.19	12846.10	-2266.85	59.86	2151.28	-463.21	0.00	14305.30	1499.82	10.48	130.00

Sl. No.	Sector/ Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Accounts comments	Capital Employed*	Earning before interest and taxes**	Return on Capital Employed	Manpower
											12=5+6+7+8		14=13/12*100	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Service														
12	Sikkim Tourism Development Corporation (STDC)	2016-17	2018-19	6.46	0.00	-1.69	0.00	2.53	0.06	0.00	4.77	0.08	1.68	65.00
Sector wise total		-	-	6.46	0.00	-1.69	0.00	2.53	0.06	0.00	4.77	0.08	1.68	65.00
Total A (All sector wise working Government companies)		-	-	3711.25	13206.53	-2275.44	69.16	2159.41	-462.95	0.02	14711.50	1501.24	10.20	313.00
B Statutory Corporations														
Finance														
13	State Bank of Sikkim (SBS)	2018-19	2019-20	0.53	67.61	6.85	70.40	188.16	23.24	0.49	145.39	31.96	21.98	NA
Sector wise total		-	-	0.53	67.61	6.85	70.40	188.16	23.24	0.49	145.39	31.96	21.98	
Service														
14	State Trading Corporation of Sikkim (STCS)	2018-19	2019-20	1.61	194.33	2.68	0.00	158.57	0.08	1.12	198.62	0.31	0.16	NA
Sector wise total				1.61	194.33	2.68	0.00	158.57	0.08	1.12	198.62	0.31	0.16	

Sl. No.	Sector/ Name of the company	Period of accounts	Year in which accounts finalised	Paid up capital	Loan outstanding at the end of the year	Accumulated Profit (+)/ loss(-)	Free Reserves & Surplus	Turnover	Net profit (+)/ loss (-)	Net impact of Accounts comments	Capital Employed*	Earning before interest and taxes**	Return on Capital Employed	Manpower
											12=5+6+7+8		14=13/12*100	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Agriculture & Allied														
15	Government fruit Preservation factory (GFPF)	2018-19	2019-20	0.00	0.00	0.81	0.09	5.19	0.62		0.90	0.62	68.89	NA
16	Temi Tea	2017-18	2019-20	0.00	0.00	-1.51	0.00	7.18	0.25	0.00	-1.51	0.25	-16.56	NA
Sector wise total				0.00	0.00	-0.70	0.09	12.37	0.87	0.00	-0.61	0.87	-142.62	
Total B (All sector wise working Statutory corporations)		-	-	2.14	261.94	8.83	70.49	359.10	24.19	1.61	343.40	33.14	9.65	NA
Grand Total (A+B)		-	-	3713.39	13468.47	-2266.61	139.65	2518.51	-438.76	1.63	15054.90	1534.38	10.19	313.00
* Capital Employed= Paid up Capital+Free reserves & Surplus+ Long term loans+Accumulated Profit/Loss														
** EBIT represents Total Income-Expenses (Excluding Interest and tax expenses from P & L Accounts of respective PSUs)														
*** Return on Capital Employed= Percentage of EBIT in Capital Employed														

Appendix 4.2
Statement showing Rate of Real Return on Government Investment
(Reference : Paragraph 4.1.9)

Financial year	PV of cumulative Government investment at the beginning of the year	Funds infused by the Government during the year in the form of				Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	PV of cumulative Government investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings (Profit after tax) for the year
		Equity (<i>less</i> disinvestment)	Revenue Grants / Subsidy	Loan	Total					
a	b	c	d	e	f = c + d+e	g = b + f	h	i = g*(1+h/100)	j = g*h/100	k
Prior to 2002	0	17.29	0	2.03	19.32	19.32	0	20.1	0	0
2002-03	20.10	3.85	0	0	3.85	23.95	11.47	26.70	2.75	-3.26
2003-04	26.70	5.84	0	0	5.84	32.54	10.33	35.90	3.36	-22.49
2004-05	35.90	1.17	0	0	1.17	37.07	9.78	40.69	3.63	-3.05
2005-06	40.69	4.82	0	0	4.82	45.51	9.45	49.81	4.30	-3.05
2006-07	49.81	0.30	0	0	0.3	50.11	9.25	54.75	4.64	-4.05
2007-08	54.75	0.00	0	0	0	54.75	8.92	59.63	4.88	-3.41
2008-09	59.63	3.05	1.21	0	4.26	63.89	8.6	69.39	5.49	-2.69
2009-10	69.39	2.10	2.25	0	4.35	73.74	8.28	79.84	6.11	-2.17
2010-11	79.84	0.96	1.79	0	2.75	82.59	7.92	89.14	6.54	-11.59
2011-12	89.14	0.00	0	0	0	89.14	7.74	96.03	6.90	-7.03
2012-13	96.03	0.00	0	0	0	96.03	7.4	103.14	7.11	-15
2013-14	103.14	0.00	0.18	0	0.18	103.32	7.74	111.32	8.00	-17.1
2014-15	111.32	0.00	0.16	0	0.16	111.48	7.95	120.34	8.86	-27.76
2015-16	120.34	0.00	0.18	0	0.18	120.52	8.1	130.28	9.76	-80.12

Financial year	PV of cumulative Government investment at the beginning of the year	Funds infused by the Government during the year in the form of				Total investment at the end of the year	Average rate of interest on Government borrowings (in per cent)	PV of cumulative Government investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings (Profit after tax) for the year
		Equity (<i>less</i> disinvestment)	Revenue Grants / Subsidy	Loan	Total					
a	b	c	d	e	f = c + d+e	g = b + f	h	i = g*(1+h/100)	j = g*h/100	k
2016-17	130.28	0.00	0.11	0	0.11	130.39	8.22	141.11	10.72	-335.17
2017-18	141.11	0.00	11.6	0	11.6	152.71	8.22	165.26	12.55	-319.01
2018-19	165.26	6.02	10.79	0	16.81	182.07	8.28	197.15	15.08	-254.35
2019-20	197.15	2.50	6.5	0	9	206.15	8.2	223.05	16.90	-184.69
Total	1393.44	47.90	34.77	2.03	84.7					

Appendix 4.3
Details of loss to State Exchequer
(Reference : Paragraph 4.2)

Size of GI Pipe (in MM Dia)	Length of GI Pipe (in meters)	Rate of GI Pipe from 07 September 2018 to 31 October 2018 (in ₹ per metre)	Revised rate w.e.f 15.11.2018 (in ₹ per meter)	Excess expenditure (in ₹ Per Mtr.)	Total excess expenditure in lakh
(A)	(B)	(C)	(D)	(E) = (D) – (C)	(F) = (B) X (E)
15	250985	107.23	110.13	2.9	7.28
20	124836	138.03	141.76	3.73	4.66
25	134109	211.94	217.73	5.79	7.76
32	147169	264.12	271.58	7.46	10.98
40	69040	303.04	311.6	8.56	5.91
50	28350	429.88	442.02	12.14	3.44
65	18360	555.45	571	15.55	2.85
80	3100	726.27	746.61	20.34	0.63
Total					43.51
Add-18 % GST					7.83
Total Extra Expenditure					51.34

Appendix 5.1

Delay in issue of acknowledgement

(Reference : Paragraph 5.11.5)

NAME OF APPLICANT	ARN	ARN DT	Amount of Refund (in ₹)	Acknowledgement Date	Delay
MANOJ KUMAR SHAH	AA1109190004969	27-09-2019	2074	21-02-2020	132

Appendix 5.2A
Delay in refund & Interest due (19 Pre-Automation cases)
(Reference : Paragraph 5.11.6)

Sl. No.	GSTIN	NAME	ARN	ARN DT	Ack date = (ARN dt. + 15)	AMOUNT OF REFUND	SANCTIONED DATE (RFD 06 Date)	Days To Process	Delay (in days)	Interest Due (in ₹)
1	11ACYPA1603K1ZW	MAA JAGDAMBA TRADING	AA1107190001004	04-07-2019	19-07-2019	2577735	08-11-2019	127	52	22,034.34
2	11BYOPS7568E1ZZ	DEEPAK SHRESTHA	AA110319000406U	13-03-2019	28-03-2019	289192	08-11-2019	240	165	7,843.84
3	11CGTPS3549D1Z7	VIKASH AGENCIES	AA110619000323U	21-06-2019	06-07-2019	270422	08-11-2019	140	65	2,889.44
4	11AADCC8088Q1Z5	CHENNAI NETWORK INFRASTRUCTURE LIMITED	AA110319000937F	31-03-2019	15-04-2019	198788	08-11-2019	222	147	4,803.59
5	11ACCFS6767L1ZS	SHRISTIKA ENTERPRISE	AA110319000296P	09-03-2019	24-03-2019	77464	08-11-2019	244	169	2,152.01
6	11HAXPS4871R1ZE	PREM Shanker	AA110419000097P	04-04-2019	19-04-2019	19573	08-11-2019	218	143	460.10
7	11APPPL3876H1ZN	VAJRA MEDICINE MART	AA1104190002800	17-04-2019	02-05-2019	17146	08-11-2019	205	130	366.41
8	11AFXPA3117L1ZK	PLANET ONE	AA110519000393P	18-05-2019	02-06-2019	8449	08-11-2019	174	99	137.50
9	11CRLPS6706B1ZZ	BALAJI BHOG	AA110419000296N	17-04-2019	02-05-2019	3200	08-11-2019	205	130	68.38
10	11AAOFA1208J1ZW	AISHWARYA HEALTHCARE	AA110618000404U	05-02-2019	20-02-2019	1544545	11-02-2020	371	296	75,153.75
11	11AAOFA1208J1ZW	AISHWARYA HEALTHCARE	AA110919000209G	14-09-2019	29-09-2019	351242	11-02-2020	150	75	4,330.38
12	11BGYPR0059R1ZK	HEMANT RAI	AA1112180003150	21-12-2018	05-01-2019	309967	11-11-2019	325	250	12,738.37
13	11AUKPA5756B1Z6	SANJAY AGARWAL	AA110819000111Z	07-08-2019	22-08-2019	190000	11-11-2019	96	21	655.89
14	11AOHPA3717R2ZY	DIPCHANDSRIKRISHAN	AA110218006323Y	05-04-2019	20-04-2019	2806	11-11-2019	220	145	66.88
15	11AAMCS4609N1Z3	STATE TRADING CORPORATION OF SIKKIM	AA110319000780S	27-03-2019	11-04-2019	10268243	25-10-2019	212	137	2,31,246.46
16	11AAMCS4609N1Z3	STATE TRADING CORPORATION OF SIKKIM	AA110419000438L	24-04-2019	09-05-2019	5143817	25-10-2019	184	109	92,165.93
17	11AOHPA3717R1ZZ	GAJANAND AGARWAL	AA1104190067488	06-06-2019	21-06-2019	875068	25-10-2019	141	66	9,493.89
18	11AQXPG3512G1Z3	C.B. GURUNG	AA1112180001162	07-12-2018	22-12-2018	178470	25-10-2019	322	247	7,246.37
19	11BJYPP9971R1ZS	DRISTANTA DEEP PRADHAN	AA1104190000416	02-04-2019	17-04-2019	37280	08-11-2019	205	130	796.67
Total interest due										4,74,650.20

Appendix 5.2B
Delay in refund & Interest due (9 Post-Automation cases)
(Reference : Paragraph 5.11.6)

Sl. No.	GSTIN	Name	ARN	ARN Dt	Ack RFD02 Dt	Amount	Payment order date	Days To Process	Delay (in days)	Interest Due (in ₹)
1.	11BEYPS4573M1ZM	SRI SADAFAL TOURS AND TRAVELS	AA110220000345D	20-02-2020	20-02-2020	17000	13-05-2020	83	23	64.27
2.	11CRGPP0925G2Z3	PRADHANS & PRADHANS	AA110220000352I	21-02-2020	21-02-2020	10000	13-05-2020	83	23	37.81
3.	11AYLPC0580G2ZW	BAJRA SECURITY SERVICE AGENCY	AA1102200004378	25-02-2020	25-02-2020	13799	13-05-2020	78	18	40.81
4.	11ATJPD1696H2ZU	DARPAN ENTERPRISE	AA1103200002479	13-03-2020	13-03-2020	7000	13-05-2020	63	3	3.45
5.	11ALSPG2623E1ZK	TARA GURUNG	AA1110190001461	15-10-2019	15-10-2019	193434	24-03-2020	161	101	3211.53
6.	11BEJPR6378N1ZT	M/S CHANDRA SHEKHAR RAI	AA1111190003209	22-11-2019	22-11-2019	30388	24-03-2020	123	63	314.70
7.	11ARDPD9621J1Z3	THE CHUMBI MOUNTAIN RETREAT	AA111119000415Y	26-11-2019	26-11-2019	335807	24-03-2020	119	59	3256.87
8.	11BCGPP1457H2ZS	THE NEWA HOLIDAYS	AA111219000088R	04-12-2019	04-12-2019	25852	24-03-2020	111	51	216.73
9.	11AILPL3951A1ZR	ROYAL ELECTRICALS & HARDWARE STORE	AA111219000329P	19-12-2019	19-12-2019	20000	24-03-2020	96	36	118.36
Total interest due										7264.56

Appendix 5.3
Delay in sending copies of refund orders to the counterpart tax authorities
(Reference : Paragraph 5.11.7)

Sl. No.	NAME	GSTIN	ARN	ARN Date	Refund type	Date of sanction	Refund amount	IGST	CGST	Cess	SGST	Date of forwarding refund order to nodal officer of counterpart tax authority	Delay in sending sanction to the counterpart tax authority (in days) above 7 days
1.	Dipchandsrikrishan	11AOHPA3717R2ZY	AA110218006323Y	05-04-2019	XSPAY	11-11-2019	2806	2806	0	0	0	28-11-2019	10
2.	BalajiBhog	11CRLPS6706B1ZZ	AA110419000296N	17-04-2019	EXBCL	08-11-2019	3200	0	1600	0	1600	28-11-2019	13
3.	Planet One	11AFXPA3117L1ZK	AA110519000393P	18-05-2019	EXBCL	08-11-2019	8449	0	0	8449	0	28-11-2019	13
4.	Vajra Medicine Mart	11APPPL3876H1ZN	AA1104190002800	17-04-2019	EXBCL	08-11-2019	17146	0	17146	0	0	28-11-2019	13
5.	Premshanker	11HAXPS4871R1ZE	AA110419000097P	04-04-2019	EXBCL	08-11-2019	19573	0	19573	0	0	28-11-2019	13
6.	Dristanta Deep Pradhan	11BJYPP9971R1ZS	AA1104190000416	02-04-2019	EXBCL	08-11-2019	37280	0	18640	0	18640	28-11-2019	13
7.	Shristika Enterprise	11ACCFS6767L1ZS	AA110319000296P	09-03-2019	EXBCL	08-11-2019	77464	0	0	77464	0	28-11-2019	13
8.	Sanjay Agarwal	11AUKPA5756B1Z6	AA110819000111Z	07-08-2019	EXBCL	11-11-2019	190000	0	90000	0	100000	28-11-2019	10
9.	Chennai Network Infrastructure Limited	11AADCC8088Q1Z5	AA110319000937F	31-03-2019	EXBCL	08-11-2019	198788	0	132493	0	66295	28-11-2019	13
10.	Hemant Rai	11BGYP0059R1ZK	AA1112180003150	21-12-2018	EXBCL	11-11-2019	309967	309967	0	0	0	28-11-2019	10
11.	Vikash Agencies	11CGTPS3549D1Z7	AA110619000323U	21-06-2019	EXBCL	08-11-2019	270422	0	269922	0	500	28-11-2019	13
12.	Deepak Shrestha	11BYOPS7568E1ZZ	AA110319000406U	13-03-2019	EXBCL	08-11-2019	289192	289192	0	0	0	28-11-2019	13
13.	Aishwarya Healthcare	11AAOFA1208J1ZW	AA110919000209G	14-09-2019	INVITC	11-02-2020	351242	294764	28239	0	28239	05-03-2020	16

Sl. No.	NAME	GSTIN	ARN	ARN Date	Refund type	Date of sanction	Refund amount	IGST	CGST	Cess	SGST	Date of forwarding refund order to nodal officer of counterpart tax authority	Delay in sending sanction to the counterpart tax authority (in days) above 7 days
14.	Aishwarya Healthcare	11AAOFA1208J1ZW	AA110618000404U	05-02-2019	INVITC	11-02-2020	1544545	1490905	26820	0	26820	05-03-2020	16
15.	MaaJagdamba Trading	11ACYPA1603K1ZW	AA1107190001004	04-07-2019	EXBCL	08-11-2019	2577735	2359479	109128	0	109128	28-11-2019	13

Appendix 5.4
Deviation in refund cases pertaining to inverted duty structure
(Reference : Paragraph 5.11.9.1)

ARN	NAME	GSTIN	ARN DT	AMOUNT OF REFUND CLAIM	DATE OF SANCTION
AA110618000404U	AISHWARYA	11AAOFA1208J1ZW	2019-02-05	₹ 15,44,545	11/2/2020
AA110919000209G	HEALTHCARE		2019-09-14	₹ 3,51,242	11/2/2020

Appendix 5.5

Refund (Post-Automation) sanctioned without filing of GSTR 3B return

(Reference : Paragraph 5.11.9.2)

REFUND MODULE DATA				GSTR 3B DATA	
ARN	GSTIN	NAME	SANCTIONED DATE	GSTR 3B Return period	Filing date
AA110220000345D	11BEYPS4573M1ZM	SRI SADAFAL TOURS AND TRAVELS	13-05-2020	June 2019 to May 2020	07-07-2020
AA110220000352I	11CRGPP0925G2Z3	PRADHANS & PRADHANS	13-05-2020	February & March 2020	13-12-2020
				April & May 2020	19-12-2020
AA1103200002479	11ATJPD1696H2ZU	DARPAN ENTERPRISE	13-05-2020	March to May 2020	09-07-2020
AA110320000322J	11EGIPS8259D1Z7	GSSHARMA	13-05-2020	April 2020.	11-06-2020
				May 2020.	11-08-2020
AA1109190004969	11BUVPS2043F1ZM	MANOJ KUMAR SHAH	24-03-2020	March 2020.	29-06-2020
AA1110190001461	11ALSPG2623E1ZK	TARA GURUNG	24-03-2020	September 2019 to March 2020	15-09-2020
AA1111190003209	11BEJPR6378N1ZT	M/S CHANDRA SHEKHAR RAI	24-03-2020	March 2020.	02-09-2020
AA111119000415Y	11ARDPD9621J1Z3	THE CHUMBI MOUNTAIN RETREAT	24-03-2020	March 2020.	30-06-2020
AA111219000088R	11BCGPP1457H2ZS	THE NEWA HOLIDAYS	24-03-2020	January and February 2020	18-11-2020
				March 2020.	23-11-2020
AA111219000329P	11AILPL3951A1ZR	ROYAL ELECTRICALS & HARDWARE STORE	24-03-2020	February 2020.	11-05-2020
				March 2020.	01-06-2020

Appendix 5.6

Non-submission of statement in case of refunds (Pre-Automation) of excess payment of tax

(Reference : Paragraph 5.11.9.3)

ARN	NAME	GSTIN	ARN DT	AMOUNT (in ₹)	Remarks
AA1104190067488	Gajanand Agarwal	11AOHPA3717R1ZZ	2019-06-06	8,75,068	Sanctioned
AA110218006323Y	Dipchand Srikrishan	11AOHPA3717R2ZY	2019-04-05	2,806	Sanctioned
AA110119007671Q	Huhtamaki Limited	ppl 11AAACT0086E1ZY	2019-04-25	36,00,000	Not sanctioned

Appendix 5.7

Discrepancies in ARN Date and Application Date

(Reference : Paragraph 5.11.10.1)

GSTIN	ARN	ARN Date as in GSTN	APPLICATION DATE as per State System
11ALSPG2623E1ZK	AA1110190001461	2019-10-15	2019-10-24
11BCGPP1457H2ZS	AA111219000088R	2019-12-04	2020-01-23
11AILPL3951A1ZR	AA111219000329P	2019-12-19	2020-01-23
11BEYPS4573M1ZM	AA110220000345D	2020-02-20	2020-02-26
11AYLPC0580G2ZW	AA1102200004378	2020-02-25	2020-03-03
11ATJPD1696H2ZU	AA1103200002479	2020-03-13	2020-03-19
11BUVPS2043F1ZM	AA1109190004969	2019-09-27	2019-10-24

Appendix 5.8**Discrepancies in RFD05 Date (payment order date) issued***(Reference : Paragraph 5.11.10.2)*

GSTIN	ARN	DT RFD05 (as per GSTN)	Order date of RFD05 (as per State System)
11CRGPP0925G2Z3	AA110220000352I	2020-05-14	2020-05-13
11ATJPD1696H2ZU	AA1103200002479	2020-05-15	2020-05-13
11EGIPS8259D1Z7	AA110320000322J	2020-05-14	2020-05-13

Appendix 6.1
Audit conducted during 2019-20 under General Sector
(Reference : Paragraph 6.2)

Sl. No.	Name of the Unit	Expenditure of the Unit (i.e. of the Unit for the financial year for which audit conducted)				
		2015-16	2016-17	2017-18	2018-19	2019-20
1	RC, Sikkim House, New Delhi	--	--	900.00	1315.89	--
2	Secretary, SPCS	--	356.44	448.13	540.64	--
3	Secretary, Sikkim Information Commission	128.76	170.47	175.73	242.26	--
4	Secretary, Skill Development	--	--	--	242.39	--
5	SDM, Kabi-Tingda	42.86	65.60	71.78	98.01	--
6	Principal Director, DESME, PDD	--	--	542.37	783.85	--
7	SDM, Rongli	--	94.80	108.30	116.96	--
8	Secretary, Planning and Development	--	--	--	4298.43	--
9	Secretary, Sports and Youth Affairs	--	--	--	2203.02	--
10	ADGP/Check Post	--	--	--	1322.13	--
11	Jt. Director, National Service Scheme	--	--	--	34.66	--
12	Secretary, Sikkim Legislative Assembly	--	--	1717.67	2080.63	--
13	District & Session Judge/East	--	471.11	498.78	647.23	--
14	District & Sessions Judge/South	--	334.17	387.12	489.30	--
15	Commandant, Sikkim Armed Police	--	4931.74	5160.35	6296.74	--
16	Commandant, Home Guards	--	--	--	284.42	--
17	SP, Crime Branch	--	559.15	541.21	764.18	--
18	IGP, Training	284.45	320.47	328.51	365.53	--
19	DGP, Police	--	--	--	1657.00	--
20	Addl. Chief Secretary, Finance	--	--	--	862.68	--
21	Director/Internal Audit, Finance	76.43	116.51	119.72	156.84	--
22	IGP, Special Branch	939.68	1037.19	1092.07	1604.66	--
23	SP, Reserve Lines	--	2146.10	2365.09	2655.56	--
24	Secretary, Home	--	--	--	5013.74	--
25	Director, Sikkim Fire Service	774.97	870.93	986.77	1071.26	--
26	Commandant 3 rd IRB	--	--	--	3218.32	--
27	SDGP, Computer and Communication	--	731.33	694.59	859.09	--
28	Secretary, Science & Technology	--	--	280.31	326.00	--
29	District Collector/East	--	582.14	599.23	734.88	--
30	Registrar General, High Court	--	--	1485.70	1685.98	--
31	SP/South Police	1566.06	1688.39	1857.51	2542.08	--
32	Commandant 1 st IRB	--	--	--	3783.80	--
33	Commandant 2 nd IRB	--	--	--	3016.08	--
34	DC/North	--	236.00	239.88	324.46	--
35	Secretary, Information Technology	--	--	--	226.21	--
	TOTAL	3813.21	14712.54	20600.82	51864.91	

Appendix 6.2
Total number of Schemes implemented through DBT in Sikkim
(Reference : Para No. 6.3.1)

SI No	Scheme Name	Implementing Department	Benefit Type	PFMS platform / Sponsoring banks/post office
1	MGNREGA	1. Rural Development Department	Cash	PFMS
2	National Rural Livelihood Programme		Cash	PFMS
3	Pradhan Mantri Awas Yojna Grameen		Cash	PFMS
4	Award for Prerna and Merit Scholarship Class V passed and Class VIII passed	2. Education Department	Cash	Sponsoring banks
5	CSS for providing quality education in Madrasa SPQEM		Cash and in kind	Sponsoring banks
6	Flexipool under vocation education of RMSA		Cash and in kind	Sponsoring banks
7	Inclusive education for disabled at secondary education		Cash and in kind	Sponsoring banks
8	Kind benefit under IDESS Inclusive education for disabled at secondary education under RMSA		Cash and in kind	Sponsoring banks
9	Mid day meal scheme		Cash and in kind	Sponsoring banks
10	National scheme of incentive to girl for secondary education		Cash	Sponsoring banks
11	Post matric scholarship scheme		Cash	Sponsoring banks
12	Saaksharbhara		Cash and in kind	Sponsoring banks
13	Sarvashikshaabhiyan		Cash and in kind	Sponsoring banks
14	Indira Gandhi national disability pension scheme	3. Social Justice and Welfare Department	Cash	Sponsoring banks/Post Office
15	Indira Gandhi old age pension scheme		Cash	Sponsoring banks/Post Office
16	Indira Gandhi national widow pension scheme		Cash	Sponsoring banks/Post Office
17	Sikkim payment of grants to the transgender		Cash	Sponsoring banks/Post Office
18	Unmarried women pension scheme		Cash	Sponsoring banks/Post Office
19	Anganwadi services – training programmes		Cash and in kind	Sponsoring banks
20	Anganwadi services – Honorarium to AWW and AWH		Cash	Sponsoring banks
21	Anganwadi services – Supplementary nutrition programme		Cash and in kind	Sponsoring banks
22	Dr BR Ambedkar post matric scholarship to OBC students		Cash	Sponsoring banks

SI No	Scheme Name	Implementing Department	Benefit Type	PFMS platform / Sponsoring banks/post office
23	National crèche scheme – honorarium to workers		Cash	Sponsoring banks
24	National crèche scheme – nutrition		Cash	Sponsoring banks
25	Post matric scholarship for OBC students		Cash	Sponsoring banks
26	Post matric scholarship for SC students		Cash	Sponsoring banks
27	Post matric scholarship to ST students		Cash	Sponsoring banks
28	Pre matric scholarship for OBC students		Cash	Sponsoring banks
29	Pre matric scholarship for SC students studying in class IX and X		Cash	Sponsoring banks
30	Pre matric scholarship for ST students		Cash	Sponsoring banks
31	Scheme for adolescent girls		Cash	Sponsoring banks
32	Upgradation of merit of SC students		Cash	Sponsoring banks
33	Upgradation of merit of ST students		Cash	Sponsoring banks
34	Pradhan mantra matruvandhanyojana		Cash	PFMS
35	Pradhan mantra matruvandhanyojana IGMSY Conditional maternity benefit scheme		Cash	PFMS
36	ASHA incentives	4. Health and Family Welfare Department	Cash	Sponsoring banks
37	Family planning compensation scheme		Cash	Sponsoring banks
38	Janani shishusurakshakaryakram		Cash	Sponsoring banks
39	Janani surakshayojana		Cash	Sponsoring banks
40	Mukhya mantra jivanrakshakoshyojana		Cash	Sponsoring banks
41	Mukhya mantra shishusurakshayojanaavomsutkerishayogyojana		Cash	Sponsoring banks
42	Mukhya mantra shravanshaktisamridhiyojana		Cash	Sponsoring banks
43	National ayush mission – medicines under ayush services		Cash	Sponsoring banks
44	NIKSHAY- dot provider honorarium		Cash	Sponsoring banks
45	NIKSHAY- TB notification incentives for private sector		Kind	Sponsoring banks
46	NIKSHAY- TB tribal patients		Cash	Sponsoring banks
47	Payments to contractual staff		Cash	Sponsoring banks

SI No	Scheme Name	Implementing Department	Benefit Type	PFMS platform / Sponsoring banks/post office
48	Agriculture Technology Management Agency ATMA – extension functionaries	5. Agriculture Department	Kind	Sponsoring banks
49	Agriculture Technology Management Agency ATMA – farmers		Cash	Sponsoring banks
50	National mission on sustainable agriculture		Cash and in kind	Sponsoring banks
51	Pradhan mantra krishisichayojana		Cash and in kind	Sponsoring banks
52	Sub mission on agriculture mechanization - CSS		Cash and in kind	Sponsoring banks
53	National food security mission		Cash and in kind	Sponsoring banks
54	Mission for integrated development of horticulture	6. Horticulture Department	Cash and in kind	Sponsoring banks
55	Swachh Bharat Mission - urban	7. Urban Development and Housing Department	Cash and in kind	Sponsoring banks
56	Development of inland fisheries and aqua culture	8. Forest and Environment Department	Cash and in kind	Sponsoring banks
57	Rashtriyakrishivikasyojana	9. Animal Husbandry and Veterinary Services Department	Cash and in kind	Sponsoring banks
58	Livestock health and disease control		Cash and in kind	Sponsoring banks
59	Pradhan mantra kausalvikasyojana – component II	10. Skill Development Department	Cash and in kind	Sponsoring banks

Source: Information furnished by the Directorate of Economics, Statistics, Monitoring and Evaluation (DESME), Government of Sikkim, Tadong.

Appendix 6.3
Sample selection
(Reference : Para No. 6.3.4)

(₹ in crore)

Name of the Deptt.	Name of the Scheme/ Programme	Year			Total	Remarks	Sample selection
		2017-18	2018-19	2019-20			
		Fund transferred	Fund transferred	Fund transferred			
Rural Development Deptt.	MGNREGA	101.49	97.99	86.41	285.89	Cash	1
Social Justice and Welfare Deptt	IGNOAP	30.02	7.60	33.35	70.97	Cash	2
Social Justice and Welfare Deptt	IGNWPS	2.47	6.36	0.41	9.24	Cash	3
Health and Family Welfare Deptt.	Payments to contractual staff	0.5693	1.7541	6.6655	8.98	Cash	Being salary component and seasonal. Thus, not selected on materiality
Social Justice and Welfare Deptt	IGNDPS	1.12	3.56	1.07	5.75	Cash	4
Social Justice and Welfare Deptt	Pradhan Mantri Matru Vandana Yojana	2.70	1.39	1.51	5.60	Cash	Being one time payment and seasonal. Thus, not selected on materiality
Social Justice and Welfare Deptt	Unmarried Woman Pension Scheme	0.58	1.12	0.50	2.20	Cash	5
Health and Family Welfare Deptt.	Janani suraksha yojana	0.0051	0	0.13	0.18	Cash	
	ASHA incentives	0.0165	0.0022	0.15	0.17	Cash	
	NIKSHAY- dot provider honorarium	0	0.0015	0	0.0015	Cash	

Source: Figure furnished by the Department and available in DBT Portal

Appendix 6.4
Ineligible beneficiaries
{Reference : Para No. 6.3.8.1 (a)}

(in ₹)

SI No	Name	Bank	Date of sanction	Age	Amount involved during the scope of audit (April 2017 to July 2020)
1	MAN BDR. BARDEWA	CBI, RHENOCK	1.1.2018	69	@1000X27+@1500X4 = 33000
2	JAY JAY BHUTIA	SBI TADONG	1.4.2008	79	@1000X3+@1500X33+@2000X4 = 60500
3	SANTA BDR. RAI	SBI, GANGTOK	1.4.2000	67	@600X3+@1000X33+@1500X4 = 39600
4	RAN BDR. PRADHAN	SBI PHENGLA	1.4.2008	81	@1000X3+@1500X33+@2000X4 = 60500
5	NIMA WANGDI BHUTIA	SBI MAKHA	6.2.2004	87	@1000X3+@2000X33+@2500X4 = 79000
6	DHAZANG BHUTIA	SBI LACHUNG	1.8.2016	69	@1000X27+@1500X4 = 33000
7	HARKA BDR. RAI	SBI PHODONG	24.3.2004	82	@1000X3+@1500X33+@2000X4 = 60500
8	DORJEE LAMA BHUTIA	SBI RUMTEK	17.3.200	86	@1000X3+@2000X33+@2500X4 = 79000
9	PALDEN BHUTIA	SBI, TADONG	1.9.2020	69	@1000X27+@1500X4 = 33000
10	ADOW LAMA	SBS, SANG	1.4.2000	82	@1000X3+@1500X33+@2000X4 = 60500
11	DAWA DOMA LEPCHA	SBS, GANGTOK	1.8.2019	67	@1000X27+@1500X4 = 33000
12	NARBADA GURUNG ¹	PO, GANGTOK	1.4.1997	77	@1000X3+@1500X33+@2000X4 = 60500
Total					632100

(Source: State Government Pension Data, beneficiaries list, their bank account, and PO account and Departmental information)

¹ Central Government pensioner

Appendix 6.5
Double pension credited under IGNOAP
{Reference : Para No. 6.3.8.1 (b)}

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
1	45	JUMTHI BHUTIA	W/O NAKPHANG BHUTIA	TUMIN	RAKDONG TINTEK	1236138751	CBI GANGTOK
2	44	NAKPHYANG BHUTIA	LT.PASSANG BHUTIA	TUMIN	RAKDONG TINTEK	1236138751	CBI GANGTOK
3	172	BHAKTA PD. LUITAL	S/O LT JAI NARAYAN LUITAL	TARPIN GPU	RHENOCK	2185097483	CBI RHENOCK
4	171	BISHNU MAYA LUITEL	W/O BHAKTI PD. LUITEL	RHENOCK GPU	RHENOCK	2185097483	CBI RHENOCK
5	890	NAR MAYA GURUNG	W/O PADAM BDR. GURUNG	CHUJACHEN	RONGLI	2361702539	CBI, RONGLI
6	294	PADAM BDR.GURUNG	LT. JIT BDR.GURUNG	CHUJACHEN	RONGLI	2361702539	CBI, RONGLI
7	902	SOVA KUMARI PANTHA	W/O MON BAHADUR PANTHA	DENTAM	UPPER KHANDU	2380293394	CBI,DENTAM
8	189	MON BDR CHETTRI	LT PADAM LALL CHETTRI	DENTAM	LICHING	2956215868	CBI,DENTAM
9	737	NARBADA RAI	DEO NARAYAN RAI	DALAPCHAND	RONGLI	2955579825	CBI, RONGLI
10	449	DEO NARAYAN RAI	LT. HARKA BDR. RAI	DALAPCHAND	RONGLI	2955579825	CBI, RONGLI
11	404	DEVI SHARMA	RUDRA MANI SHARMA	JORETHANG	NANDUGAON	11221198894	SBI JORETHANG
12	327	RUDRA MANI SHARMA	LT:KEDARNATH SHARMA	SALGHARI	NANDUGAON	11221198894	SBI JORETHANG
13	145	KANCHI BHUTIA	W/O SUNGRAP BHUTIA	MARTAM NAZITAM	MARTAM	11724936310	SBI RUMTEK
14	144	SUNGRAPH BHUTIA	LT. PEMBA BHUTIA	MARTAM NAZITAM	MARTAM	11724936310	SBI RUMTEK

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
15	573	NORDEN BHUTIA	KINZANG BHUTIA	RALONG NAMLUNG	RAVANGLA	11769967449	SBI RAVANGLA
16	568	NIM ZIM BHUTIA	NORDEN BHUTIA	RALONG NAMLUNG	RAVANGLA	11769967449	SBI RAVANGLA
17	201	MAN BDR. PRADHAN	S/O LT ABHI KESHOR PRADHAN	PATUK SINGBEL GPU	KHAMDONG	11796086355	SBI MAKHA
18	200	NAR MAYA PRADHAN	MAN BDR. PRADHAN	PATUK SINGBEL GPU	KHAMDONG	11796086355	SBI MAKHA
19	492	LILA MAYA DHUNGEL	LAXMI PSD. DHUNGEL	NAGI KAREK	NAMTHANG	11894384928	SBI NAMTHANG
20	482	LAXMI PSD.DHUNGEL	LT.BADRINATH DHUNGEL	NAGI KAREK	NAMTHANG	11894384928	SBI NAMTHANG
21	532	NAMGAY BHUTIA	LT. KADA BHUTIA	RONGONG TUMLONG	KABI TINGDA	11897421685	SBI PHODONG
22	507	CHHODEN BHUTIA	NAMGAY BHUTIA	RONGONG TUMLONG	KABI TINGDA	11897421685	SBI PHODONG
23	531	LHANZEY BHUTIA	W/O GOLAY BHUTIA	RONGONG TUMLONG	KABI TINGDA	11897428091	SBI PHODONG
24	520	GOLEY BHUTIA	LT.KHEDUP BHUTIA	RONGONG TUMLONG	KABI TINGDA	11897428091	SBI PHODONG
25	553	RINCHEN LAMA	LT.LEDUP BHUTIA	RONGONG TUMLONG	KABI TINGDA	30609974196	SBI PHODONG
26	523	JIGDEN BHUTIA	S/O RINCHEN BHUTIA	RONGONG TUMLONG	KABI TINGDA	30609974196	SBI PHODONG
27	237	BUDHI LALL SUBBA	LT.LALL BDR.SUBBA	PATUK SINGBEL GPU	KHAMDONG	30692966471	SBI MAKHA
28	236	MAHARANI SUBBA	W/O BUDDHI LALL SUBBA	PATUK SINGBEL GPU	KHAMDONG	30692966471	SBI MAKHA
29	341	TIK MAYA GURUNG	W/O INDRA BDR. GURUNG	PATUK SINGBEL GPU	KHAMDONG	30753312487	SBI MAKHA
30	245	INDRA BDR. GURUNG	LT. DAMBER BDR. GURUNG	PATUK SINGBEL GPU	KHAMDONG	30753312487	SBI MAKHA

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
31	340	KRISHNA PSD. SHARMA	LT. KHARA NANDA SHARMA	PATUK SINGBEL GPU	KHAMDONG	30807455971	SBI MAKHA
32	62	SUBHADRA DEVI BAHUN	W/O KRISHNA PD. BAHUN	SIMIK LINGZEY	RAKDONG TINTEK	30807455971	SBI MAKHA
33	527	KARSONG BHUTIA	ACHING BHUTIA	RONGONG TUMLONG	KABI TINGDA	30815646036	SBI PHODONG
34	497	ACHING BHUTIA	LT.CHOLEY BHUTIA	RONGONG TUMLONG	KABI TINGDA	30815646036	SBI PHODONG
35	290	DILLI RAM RAI	PADAM LALL RAI	LEGSHP HINGDEM	RAVANGLA	30858867962	SBI HINGDAM
36	150	BIR LASHI RAI	W/O LT. PADAM LALL RAI	RABONG SANGMO	RAVANGLA	30858867962	SBI HINGDAM
37	537	NAR BDR. RAI	LT.BIRKHA BDR.RAI	KEWZING BAKHIM	RAVANGLA	30891259772	SBI KEWZING
38	369	JAS MAYA RAI	NAR BDR.RAI	KEWZING BAKHIM	RAVANGLA	30891259772	SBI KEWZING
39	216	PURNA BDR LIMBOO	AITA RAJ LIMBOO	LAMATING TINGMO	SIKIP	31108241173	SBI KEWZING
40	73	DIL MAYA LIMBOO	PURNA BDR.LIMBOO	LAMATING TINGMO	SIKIP	31108241173	SBI KEWZING
41	217	NAR BDR GURUNG	LT.BIRKHA BDR GURUNG	RAKDONG TINTEK	RAKDONG TINTEK	31532064991	SBI, DIKCHU
42	105	MON MAYA GURUNG	W/O/ NAR BDR.GURUNG	RAKDONG TINTEK	RAKDONG TINTEK	31532064991	SBI, DIKCHU
43	790	TULASA DEVI SUNNAR	W/O GUMAN SINGH KAMI	BARFUNG ZARUNG	RAVANGLA	31892401483	SBI RAVANGLA
44	327	GUMAN SINGH SUNAR	LT KRISHNA BIR SUNAR	BARFUNG ZARUNG	RAVANGLA	31892401483	SBI RAVANGLA
45	314	CHANDRA MAYA CHETTRI	W/O PURNA BDR. CHETTRI	MARTAM NAZITAM	MARTAM	32898746822	SBI RUMTEK
46	265	PURNA BDR. KHARKA	LT. HASTA BDR. KHARKA	MARTAM NAZITAM	MARTAM	32898746822	SBI RUMTEK
47	354	PHIGUM BHUTIA	LT. CHEZOR BHUTIA	TINGCHIM CHANDEY	MANGAN	32920232858	SBI MANGAN

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
48	364	THEGAN BHUTIA	LT CHUJOR BHUTIA	TINGCHIM CHANDEY	MANGAN	32920232858	SBI MANGAN
49	617	PEM LHAMU SHERPA	LHA TSHERING SHERPA	RAVANGLA	RABONG SANGMO	32924664228	SBI RAVANGLA
50	440	LAK TSHERING SHERPA	CHAK TSHERING SHERPA	RAVANGLA	RABONG SANGMO	32924664228	SBI RAVANGLA
51	132	LACHUMAN GURUNG	PURNA BDR.GURUNG	SIKIP	LAMATING TINGMO	32943442214	SBI KEWZING
52	93	GOMA GURUNG	LAXUMAN GURUNG	SIKIP	LAMATING TINGMO	32943442214	SBI KEWZING
53	330	LALL BDR. CHETTRI	LT. JIT BDR. CHETTRI	MARTAM NAZITAM	MARTAM	32960054332	SBI SINGTAM
54	329	CHANDRA MAYA CHETTRI	LALL BDR. CHETTRI	MARTAM NAZITAM	MARTAM	32960054332	SBI SINGTAM
55	960	THAL NATH ADHIKARI	TIL CHAND ADHIKARI	LINGI SOKPEY	YANGANG	33035953164	SBI MAKHA
56	375	GITA DEVI BHAUN	GITA PSD. BAHUN	LINGMO PAIYONG	YANGANG	33035953164	SBI MAKHA
57	519	DHARMA NANDA LUITEL	LT. CHABI LALL LUITEL	TUMIN	RAKDONG TINTEK	33291506462	SBI, RAKDONG TINTEK
58	518	JANUKA DEVI LUITEL	W/O DARMA NANDA LUITEL	TUMIN	RAKDONG TINTEK	33291506462	SBI, RAKDONG TINTEK
59	87	BHIM BDR. SUBBA	LT.MON BDR.SUBBA	DARAMDIN	05-SAPREY NAGI	33361090524	SBI SOMBARIA
60	51	ASH HANGMA SUBBA	BHIM BDR SUBBA	DARAMDIN	LOWER SIKTAM	33361090524	SBI SOMBARIA
61	268	DEO MAYA RAI	W/O ASHA DHAN RAI	LINGMO PAIYONG	YANGANG	33445101601	SBI MAKHA
62	71	ASH DHAN RAI	LT. PADAM DHOJ RAI	LINGMO PAIYONG	YANGANG	33445101601	SBI MAKHA
63	441	INDRA BDR.RAI	LT.SIBI RAI	LINGMO PAIYONG	YANGANG	33445308866	SBI MAKHA

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
64	168	BUDDHI MAYA RAI	INDRA BDR. RAI	LINGMO PAIYONG	YANGANG	33445308866	SBI MAKHA
65	189	SHIVA SHARMA BHATTARAI	SHREE NARAYAN BHATTARAI	SAMDONG KAMBAL	RAKDONG TINTEK	33762013509	SBI, DIKCHU
66	188	LAXMI DEVI BHATTARAI	W/O SHIVA SHANKER BHATTARAI	SAMDONG KAMBAL	RAKDONG TINTEK	33762013509	SBI, DIKCHU
67	367	TSHERING CHODEN BHUTIA	W/O CHODEN BHUTIA	TINGCHIM CHANDEY	MANGAN	33876146563	SBI MANGAN
68	326	CHEDEN BHUTIA	NIMCHUNG BHUTIA	TINGCHIM CHANDEY	MANGAN	33876146563	SBI MANGAN
69	903	WANG DOLMA TAMANG	JIT BDR TAMANG	KATENG PAMPHOK	NAMTHANG	33977168425	SBI NAMTHANG
70	360	JIT BDR.TAMANG	LT.SHER BDR.TAMANG	NAGI KAREK	NAMTHANG	33977168425	SBI NAMTHANG
71	125	KHINA MAYA CHETTRI	W/O BHAGAR SINGH CHETTRI	LAMATING TINGMO	SIKIP	34571327069	SBI KEWZING
72	126	KHINA MAYA CHETTRI	BHAGAR SINGH CHETTRI	LAMATING TINGMO	SIKIP	34571327069	SBI KEWZING
73	1463	BHAKTA BDR.RAI	S/O CHANDRA BDR. RAI	ASSAMLINGZEY	NANDOK	14980100002167	UCO, RANIPOOL
74	1462	KANTA MAYA RAI	W/O BHAKTA BDR. RAI	ASSAMLINGZEY	NANDOK	14980100002167	UCO, RANIPOOL
75	1255	TSHERING DOMA LEPCHA	W/O KARMA NIDUP LEPCHA	RONGAY TATHANGCHEN	NANDOK	100134001002111	SISCO GANGTOK
76	1254	KARMA NIDUP LEPCHA	S/O KUNZANG LEPCHA	GANGTOK MUNICIPAL CORPORATION	NANDOK	100134001002111	SISCO GANGTOK
77	155	JAG MAYA RAI	LT RAN DHOJ RAI	SALGHARI	NANDUGAO N	100134001003655	SISCO JORETHANG SALGHARI

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
78	1321	JAG MAYA RAI	LT. RANDHOJ RAI	GANGTOK MUNICIPAL CORPORATION	NANDOK	100134001003655	SISCO GANGTOK
79	887	SHUBI MAYA LIMBOO	NAR DHOJ LIMBOO	MICKHOLA BOOMTAR	NAMCHI	100234001002435	SISCO NAMCHI
80	645	NAR DHOJ LIMBOO	LT. DAL BDR. LIMBOO	MICKHOLA BOOMTAR	NAMCHI	100234001002435	SISCO NAMCHI
81	803	HISSEY LEPCHA	S/O CHEWANG LEPCHA	SIMIK LINGZEY	RAKDONG TINTEK	100534001003730	SISCO SINGTAM
82	802	NIM LHAMU LEPCHA	W/O HISHEY LEPCHA	SIMIK LINGZEY	RAKDONG TINTEK	100534001003730	SISCO SINGTAM
83	1002	KHARA NANDA DANGAL	LT. BANU BHAKA DANGAL	AMBA	PAKYONG	100834001000510	SISCO PAKYONG
84	1001	SAVITRA DEVI DANGAL	KHARA NANDA DANGAL	AMBA	PAKYONG	100834001000510	SISCO PAKYONG
85	148	KHARGA BDR.DARJEE	LT.HASTA BDR.DARJEE	NOMOK SWAYEM	MANGAN	100434001100374	SISCO MANGAN
86	376	DIL MAYA DARJEE	KHARKA BDR.DARJEE	TINGCHIM MANGSHILA	MANGAN	100434001100374	SISCO MANGAN
87	147	MAITA MAYA JOGI	KHARKA BDR.JOGI	KALUK	UPPER SANGADORJI	100634001000379	SISCO JORETHANG
88	4	KHARGA BDR.JOGI	CHANDRA BDR.JOGI	KALUK	UPPER HATIDUNGA	100634001000379	SISCO, JORETHANG
89	367	SANJUK SHERPA	LT.NIMA SHERPA	SORENG	UPPER BURIKHOP	2812201540205587	SBS, SORENG
90	366	NIMA SHERPA	LT.KESANG SHERPA	SORENG	UPPER BURIKHOP	2812201540205587	SBS, SORENG
91	532	GANGA BDR. BHUJEL	S/O LT. NAREY BHUJEL	SORENG	DODAK	2812201540206668	SBS SORENG

SI No	Raw data Sl_no	NAME OF BENEFICIARY	FATHER'S NAME/HUSBAND'S NAME	GPU	BDO	BANK/POST_OFFICE ACCOUNT NO.	BANK/POST OFFICE BRANCH
92	75	NAR MAYA BHUJEL	LT. NAREY BHUJEL	SORENG	W/NO. 1	2812201540206668	SBS, SORENG
93	378	TIKA RAM SIGTEL	LT.BALARAM SIGTEL	RIWA MACHONG	PARAKHA	33340896752	SBI PAKYONG
94	377	LAXIMA DEVI SIGTEL	W/O TIKA RAM SIGTEL	RIWA MACHONG	PARAKHA	33340896752	SBI PAKYONG
95	632	MADHU MAYA BASNETT	LT.TEK BDR. BASNETT	SORENG	SAMTHANG	2812201540206799	SBS, SORENG
96	633	TARA KUMAR BASNET	DILLI SINGH BASNET	SORENG	MALBASEY	2812201540206799	SBS, SORENG
97	11	DILLI SINGH BASNET	LT.TEK BDR.BASNET	SORENG	MALBASEY	2812201540206799	SBS SORENG

Appendix 6.6
Double pensions credited under IGNWPS and UPWS
{Reference : Para No. 6.3.8.1 (c)}

Sl. No.	Scheme	RAW DATA SL. NO.	NAME OF BENEFICIARY	BAC	BANK ACCOUNT NO.	BANK BRANCH
1	IGNWPS	83	CHANDRA KALA PRADHAN	NANDOK	XXXX1484	CBI, GANGTOK
2	IGNWPS	1289	CHANDRA KALA BHUTIA	DARAMDIN	XXXX1484	CBI GANGTOK
3	UWPS	497	HARI MAYA SHARMA	SORENG	XXXX5555	CBI SORENG
4	UWPS	476	GANGA MAYA SHARMA	SORENG	XXXX5555	CBI SORENG

(Source: Beneficiaries list and their bank account)

Appendix 6.7
Delayed payment of pension through Axis Bank
{Reference : Para No. 6.3.8.3 (A)(iv)}

Name of the Scheme	Year	Source of funding	Amount	Period of pension	Withdrawn from Cash Book	Credited into Bank A/c	Delay in crediting into Bank A/c (Col.6 minus Col.7) (in day)	Actual disbursement of pension from Bank A/c	Delay in disbursement of pension from Bank A/c (Col. 7 minus Col. 9) (in day)	
1	2	3	4	5	6	7	8	9	10	
IGNOAP	2017-18	GoS	48652200	4/17 to 6/17	28.6.17	30.6.17	2	20.7.17 to 24.7.17	20 to 24	
			34966120	7/17 to 8/17	24.8.17	31.8.17	7	13.9.17 to 20.9.17	13 to 20	
			5633200	9/17 to 10/17	15.11.17	23.11.17	8	4.12.17 to 14.12.17	12 to 22	
			56351600	11/17 to 12/17	15.12.17	21.1.18	37	1.2.18 to 19.2.18	12 to 31	
			61939000	1/18 to 3/18	14.3.18	20.3.18	6	4.4.18 to 6.4.18	16 to 18	
			GoI	21712480	7/17 to 8/17	24.8.17	31.8.17	7	13.9.17 to 20.9.17	14 to 21
	19748000			1/18 to 3/18	30.3.18	7.4.18	8	7.4.18	0	
	58492900			4/18 to 5/18	26.5.18	12.6.18	17	22.6.18 to 5.7.18	11 to 24	
		2018-19	GoS	75577800	6/18 to 8/18	31.8.18	13.9.18	13	21.9.18 to 12.10.18	9 to 20
	2149500			9/18	6.10.18	12.10.18	6	15.10.18 to 16.11.18	3 to 36	
	94312000			9/18 to 12/18	4.1.19	11.1.19	7	15.1.19 to 16.1.19	5 to 6	
	17257500			9/18 to 12/18	4.1.19	30.1.19	26	8.2.19 to 14.2.19	9 to 15	
	13225500			9/18 to 12/18	28.1.19	7.2.19	10	8.2.19 to 14.2.19	2 to 8	
	30717000			1/19	12.2.19	28.2.19	16	1.3.19 to 4.3.19	2 to 4	
	995500			Arrear	12.2.19	28.2.19	16	1.3.19 to 4.3.19	2 to 4	
	11820000			2/19	5.3.19	30.3.19	25	27.6.19 to 14.7.19	90 to 107	
	6665100			3/19	20.3.19	12.4.19	23	27.6.19 to 14.7.19	77 to 94	
	25192600			9/18	6.10.18	12.10.18	6	15.10.18 to 16.11.18	16 to 34	
			GoI	19368000	2/19	15.3.19	30.3.19	15	27.6.19 to 14.7.19	90 to 107
	2755185			3/19	31.3.19	12.4.19	12	27.6.19 to 14.7.19	77 to 94	
110384800	4/19 to 7/19			13.9.19	3.10.19	20	4.10.19 to 5.10.19	2 to 3		
28500	9/19			30.9.19	3.10.19	3	16.3.20	164		

Name of the Scheme	Year	Source of funding	Amount	Period of pension	Withdrawn from Cash Book	Credited into Bank A/c	Delay in crediting into Bank A/c (Col.6 minus Col.7) (in day)	Actual disbursement of pension from Bank A/c	Delay in disbursement of pension from Bank A/c (Col. 7 minus Col. 9) (in day)
			63217000	8/19 to 9/19	1.10.19	3.10.19	2	4.10.19 to 5.10.19	2 to 3
			36635400	10/19 to 3/20	6.3.20	19.3.20	13	25.3.20 to 31.3.20	7 to 13
			59734300	2019-20	18.3.20	19.3.20	1	25.3.20 to 31.3.20	7 to 13
		GoI	1106000	8/19	30.9.19	3.10.19	3	4.10.19 to 5.10.19	2 to 3
			14189200	4/19 to 7/19	30.9.19	3.10.19	3	4.10.19 to 5.10.19	2 to 3
			48095000	10/19 to 3/20	12.3.20	19.3.20	7	25.3.20 to 31.3.20	7 to 13
IGNWPS	2017-18	GoS	3175000	4/17 to 6/17	20.6.17	30.6.17	10	20.7.17 to 26.7.17	21 to 27
			2839640	7/17 to 8/17	25.8.17	31.8.17	6	14.9.17 to 20.9.17	15 to 21
			4660300	9/17 to 10/17	15.11.17	23.11.17	8	4.12.17 to 14.12.17	12 to 22
			4611000	11/17 to 12/17	6.1.18	21.1.18	15	1.2.18 to 12.3.18	12 to 23
			5350000	1/18 to 3/18	14.3.18	20.3.18	6	4.4.18 to 6.4.18	16 to 18
		GoI	1753760	7/17 to 8/17	25.8.17	31.8.17	6	14.9.17 to 20.9.17	15 to 21
			2380000	1/18 to 3/18	6.3.18	7.4.18	32	7.4.18	33
	2018-19	GoS	5195700	4/18 to 5/18	26.5.18	12.6.18	17	22.6.18 to 26.7.18	11 to 15
			6820200	6/18 to 8/18	31.8.18	13.9.18	13	6.10.18 to 12.10.18	24 to 30
			652500	9/18	6.10.18	12.10.18	6	15.10.18 to 10.1.19	4 to 90
			2273900	9/18	21.9.18	12.10.18	21	15.10.18 to 10.1.19	4 to 90
			9639000	10/18 to 12/18	2.1.19	11.1.19	9	14.1.19 to 15.1.19	4 to 5
			3214500	1/19 to 3/19	12.2.19	28.2.19	16	1.3.19 to 4.3.19	3 to 6
			96600	1/19 to 3/19	7.2.19	14.2.19	7	1.3.19 to 4.3.19	13 to 15
			1880000	2/19	5.3.19	30.3.19	25	6.6.19 to 3.10.19	69 to 188
		GoI	1340500	2/19	5.3.19	30.3.19	25	6.6.19 to 3.10.19	69 to 188
	2019-20	GoS	11940000	4/19 to 7/19	30.9.19	3.10.19	3	4.10.19 to 16.3.20	2 to 164
			6769500	8/19 to 9/19	1.10.19	3.10.19	2	4.10.19 to 16.3.20	2 to 164
			6290500	10/19 to 3/20	12.3.20	19.3.20	7	25.3.20 to 30.3.20	7 to 12
		GoI	307500	8/19	30.9.19	3.10.19	3	3.10.19	0
			984000	4/19 to 7/19	30.9.19	3.10.19	3	3.10.19	0
			2477000	10/19 to 3/20	12.3.20	19.3.20	7	19.3.20 to 31.3.20	0 to 13

Name of the Scheme	Year	Source of funding	Amount	Period of pension	Withdrawn from Cash Book	Credited into Bank A/c	Delay in crediting into Bank A/c (Col.6 minus Col.7) (in day)	Actual disbursement of pension from Bank A/c	Delay in disbursement of pension from Bank A/c (Col. 7 minus Col. 9) (in day)		
IGNDPS	2017-18	GoS	1475000	4/17 to 6/17	28.6.17	30.6.17	2	20.7.17 to 25.7.17	21 to 26		
			943870	7/17 to 8/17	24.8.17	31.8.17	7	13.9.17 to 20.9.17	14 to 22		
			2139000	9/17 to 10/17	15.11.17	23.11.17	8	4.12.17 to 14.12.17	12 to 22		
			2156000	11/17 to 12/17	6.1.18	20.1.18	14	1.2.18 to 13.2.18	13 to 26		
			206000	1/18 to 3/18	14.3.18	20.3.18	6	7.4.18	19		
			GoI	1192130	7/17 to 8/17	24.8.18	31.8.18	7	13.9.17 to 20.9.17	14 to 22	
	1342000			1/18 to 3/18	30.3.18	7.4.18	8	7.4.18	0		
		2018-19	GoS	2311100	4/18 to 5/18	26.5.18	12.6.18	17	22.6.18 to 6.7.18	11 to 25	
	2782800			6/18 to 8/18	31.8.18	13.9.18	13	6.10.18 to 14.10.18	24 to 33		
	69000			9/18	29.9.18	12.10.18	13	15.10.18 to 10.1.19	3 to 60		
	3586500			10/18 to 12/18	2.1.19	11.1.19	9	14.1.19 to 15.1.19	3 to 5		
	1192500			1/19	12.2.19	28.2.19	16	1.3.19 to 4.3.19	2 to 5		
	30000			2/19	7.2.19	14.2.19	7	14.2.19	0		
	854600			3/19	20.3.19	12.4.19	23	6.6.19 to 3.9.19	26 to 145		
				GoI	927600	9/18	6.10.18	12.10.18	6	15.10.18 to 10.1.19	4 to 90
	1192500				2/19	5.3.19	30.3.19	25	6.6.19 to 3.9.19	69 to 158	
	337900				3/19	20.3.19	12.4.19	23	6.6.19 to 3.9.19	26 to 145	
		2019-20	GoS	4135200	4/19 to 7/19	30.9.19	3.10.19	3	4.10.19 to 13.3.20	2 to 162	
	2421000			8/19 to 9/19	1.10.19	3.10.19	2	4.10.19 to 13.3.20	2 to 162		
	3443800			10/19 to 3/20	12.3.20	19.3.20	7	25.3.20 to 27.3.20	7 to 9		
	GoI			60000	8/19	30.9.19	3.10.19	3	4.10.19 to 13.3.20	2 to 162	
586800				4/19 to 7/19	1.10.19	3.10.19	2	4.10.19 to 13.3.20	2 to 162		
			810580	10/19 to 3/20	12.3.20	19.3.20	7	25.3.20 to 27.3.20	7 to 9		

Name of the Scheme	Year	Source of funding	Amount	Period of pension	Withdrawn from Cash Book	Credited into Bank A/c	Delay in crediting into Bank A/c (Col.6 minus Col.7) (in day)	Actual disbursement of pension from Bank A/c	Delay in disbursement of pension from Bank A/c (Col. 7 minus Col. 9) (in day)
Unmarried Women Pension	2017-18	GoS	1476500	9/17 to 10/17	15.11.17	23.11.17		1.12.17 to 4.12.17	9 to 12
			1523000	11/17 to 12/17	6.1.18	20.1.18	14	1.2.18 to 12.3.18	13 to 52
			2778000	1/18 to 3/18	14.3.18	20.3.18	6	4.4.18 to 7.4.18	16 to 19
	2018-19	GoS	1986000	4/18 to 5/18	26.5.18	12.6.18	17	22.6.18 to 6.7.18	11 to 25
			2796000	6/18 to 8/18	31.8.18	13.9.18	13	21.9.18 to 6.10.18	9 to 24
			312000	9/18	6.10.18	12.10.18	6	23.10.18 to 10.1.19	12 to 90
			932000	9/18	6.10.18	12.10.18	6	23.10.18 to 10.1.19	12 to 90
			3720000	10/18 to 12/18	20.12.18	11.1.19	22	14.1.19 to 14.2.19	4 to 35
			1240000	1/19	12.2.19	28.2.19	16	1.3.19 to 4.3.19	3 to 6
			67000	2/19 to 3/19	12.2.19	28.2.19	16	1.3.19 to 4.3.19	3 to 6
			14700	2/19 to 3/19	20.3.19	12.4.19	16	6.6.19 to 3.10.19	26 to 175
	2019-20	GoS	156000	8/19	30.9.19	3.10.19	3	4.10.219 to 31.3.20	2 to 179
			4844000	3/19 to 7/19	30.9.19	3.10.19	3	4.10.219 to 31.3.20	2 to 179
	Total			108,16,13,569					

(Source: CAR and Bank Statement of Axis Bank)

Appendix 6.8
Trail of disbursement to beneficiaries in respect of five branches
{Reference : Paragraph No. 6.3.8.3 (A)(iv)(a)}

2017-18

Branch name	Total no of beneficiaries	Amount	Date of transfer from Axis Bank to SBS HQr	Date of transfer from SBS HQr to its branches	Date of credit to beneficiaries	Delay in day (3 & 5)
1	2	3	4	5	6	7
Ranipool	80	140400	5.5.17	9.5.2017	19.5.17	14
Rangpo	35	56200			15.5.2017	10
Pakyong	28	52000			15.5.2017	10
Sang	54	98300			12.5.2017	7

Branch name	Total no of beneficiaries	Amount	Date of transfer from Axis Bank to SBS HQr	Date of transfer from SBS HQr to its branches	Date of credit to beneficiaries	Delay in day (3 & 5)
1	2	3	4	5	6	7
Ranipool	80	233000	20.9.17	22.9.2017	6.10.2017	16
Rangpo	35	95000			6.10.2017	16
Pakyong	28	95000			26.9.2017	9
Sang	54	194000			23.9.2017	3
Deorali	30	87000			5.10.2017	15

2018-19

Branch name	Total no of beneficiaries	Amount	Date of transfer from Axis Bank to SBS HQr	Date of transfer from SBS HQr to its branches	Date of credit to beneficiaries	Delay in day (3 & 5)
1	2	3	4	5	6	7
Ranipool	80	370500	4.4.18	12.4.2018	21.4.2018	17

Branch name	Total no of beneficiaries	Amount	Date of transfer from Axis Bank to SBS HQr	Date of transfer from SBS HQr to its branches	Date of credit to beneficiaries	Delay in day (3 & 5)
1	2	3	4	5	6	7
Ranipool	80	284900	22.6.18	27.6.2018	5.7.2018	13
Rangpo	35	100000			5.7.2018	13
Pakyong	28	141200			10.7.2018	18
Sang	54	213000			4.7.2018	12
Deorali	30	82000			5.7.2018	13

(Source: Bank statement and branch statement)

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