

## CHAPTER – VI

### Economic Services

#### *Rural Management and Development*

##### *6.1 Infrastructure*

Good infrastructure will go a long way in enhancing the growth potential of the district and bridging the gap between the urban and rural areas. It will also bring the remote and backward areas closer to the district headquarters and bring about equity and inclusive growth of the economy. Infrastructure includes provision of good all weather roads, adequate electricity for households, industrial and irrigation needs, railway connectivity, air services and reliable communication facilities.

Audit analysis revealed that there was no airport and railway connectivity in the district. The nearest airport at Bagdogra (West Bengal) is 108 kms away from the district headquarter. The nearest railway station is Siliguri/New Jalpaiguri (West Bengal) which is 100 kms from district headquarters.

Findings of review of development of roads and other infrastructure in the district are discussed below.

##### *6.1.1 Road Connectivity*

Road connectivity is the basic infrastructural prerequisite for economic development through easy transportation of goods, services and latest technological machines and instruments for all out development in every field. In a State like Sikkim where National Highway 31A is the only lifeline to provide vital road link with the rest of the country, intra-road connectivity among the rural habitations of any district is critical. Good road connectivity could ensure habitations to be connected with the mainstream and could enhance better success for poverty alleviation and other social and economic welfare programmes of the Government (both the Centre and the State).

##### *6.1.1.1 Pradhan Mantri Gram Sadak Yojana (PMGSY)*

###### *➤ Introduction*

Rural Road Connectivity is a key component of rural development by promoting access to economic and social services and thereby generating increased agricultural incomes and productive employment opportunities in India. With a view to redressing the situation, GOI launched the Pradhan Mantri Gram Sadak Yojana (PMGSY) on 25 December 2000 to provide all-weather access to unconnected habitations. The PMGSY is a 100 *per cent* Centrally Sponsored Scheme.

➤ **Programme Objectives**

The primary objective of the PMGSY is to provide connectivity, by way of an all-weather road (with necessary culverts and cross-drainage structures, which is operable throughout the year), to the eligible unconnected habitations in the rural areas, in such a way that all unconnected habitations with a population of 1000 persons and above are covered by 2003 and all unconnected habitations with a population of 500 persons and above by the end of the Tenth Plan Period (2007). In respect of the Hill States including Sikkim, the objective would be to connect habitations with a population of 250 persons and above. Subsequently, Bharat Nirman Programme was announced in February 2005 and construction of rural road under PMGSY for habitations having 500 or more was made one of the six components of Bharat Nirman.

➤ **Status of Work**

As per the PMGSY guidelines, the projects would be executed by the Project Implementation Unit (PIU) and completed within a period of 9 months from the date of issue of the work order. A work programme shall be obtained from the contractor for each work and approved by the PIU. In case the period for execution is likely to be adversely affected by monsoon or other seasonal factors, the time period for execution may be suitably determined while approving the work programme, but shall not exceed 12 calendar months in any case.

The State Government neither distributed its allocation of PMGSY among the districts despite being so provided in the guidelines nor did it keep the district-wise accounts of the coverage of habitations separately. However, the PMGSY projects were sanctioned for the State in different phases viz. Phase II, III, IV, V and VI. The roads taken up in the South district since 2006-07 onwards were included in various Phases VI and VII. The number of works taken up in these phases for the South district during the period of audit with related financial and other particulars are furnished in the table below:

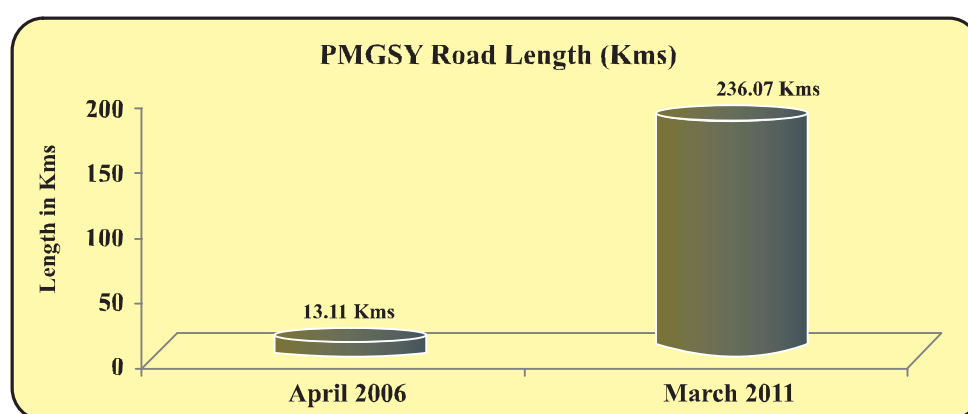
**Table-6.1**

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	Total
No of works sanctioned	31	-	21	-	--	52
No of works taken up	31	-	21	-	--	52
No of works completed	13		9		--	22
Work in Progress	18		12			30
Work held up due to land dispute	--	--	--	--		-
Total amount sanctioned(₹ in lakh)	6086.15		3984.97		--	10071.12
Length in Kms to be covered	249.84	209.35	279.22	252.25	169.58	330.71
Length in Kms completed	40.49	11.00	26.97	82.67	61.83	222.96
Length in Kms not completed	209.35	198.35	252.25	169.58		107.75
Habitations to be covered	31	-	29	-		60
Habitations covered during 2006-07 to 2010-11	13		14			27
Habitations not covered during 2006-07 to 2010-11	18		15			33
Expenditure incurred (₹ in lakh)	<b>3704.93</b>	-	<b>2471.13</b>			<b>6176.06</b>

Source: Departmental figures and data downloaded from the website of the Ministry

From the table above it could be seen that out of 52 roads sanctioned under rural connectivity for the South district during 2006-07 to 2010-11, only 22 works (42 *per cent*) had been completed and 30 works were in progress. During the year 2007-08, 2009-10 and 2010-11 no road works were sanctioned due to non-completion of the earlier sanctioned works/ projects. It was found that the reason for slow progress of works was non-availability of land, delay in forest clearance, delay in awarding the work, etc. 27 habitations (45 *per cent*) were connected through roads out of 60 habitations required to be covered during that period. Similarly, out of required road coverage of 330.71 Km, under the PMGSY only 222.96 Km (81 *per cent*) of road length were covered during the last five years after spending ₹ 61.76 crore against the sanctioned cost of ₹ 100.71 crore which is shown in the graph below:

Chart-6.1



### ➤ Coverage of Habitations

The progress made by the State Government in coverage of habitations for the South district during the period from 2006-07 to 2010-11 is shown in table below:

Table-6.2

Category of Habitations	Total No. of habitations	No. of Habitations not connected as of 01-04-2005	Habitations connected during 2005-11	Habitations not yet connected	Percentage of shortfall
With 1000 & more people	12	3	3	0	Nil
With 500 & more people	102	40	37	3	8
With 250 & more people	89	39	21	18	46
With below 250 people	41	23	9	14	61
<b>Total</b>	<b>244</b>	<b>105</b>	<b>70</b>	<b>35</b>	<b>33</b>

Source: Departmental figures and data downloaded from the website of the Ministry

From the above table it is seen that provision of new connectivity under this scheme varied from 39 to 100 *per cent* for the four categories and was 67 *per cent* only on overall basis. In other words, three habitations in the South district, having 500 population or more stood uncovered even after more than four years from the targeted time schedule (by 2007). Similarly, 18 habitations having 250 population or more stood uncovered till date.

➤ **Payment to the Contractor Without Completion of Work**

The RMDD is the nodal Department implementing the PMGSY schemes under the rural connectivity. Scrutiny of progress reports of the Department revealed that the road Yangang to Satam under BDO, Yangang was sanctioned under phase V in 2006-07 at an estimated cost of ₹ 1.05 crore covering a length of three kilometres, with schedule date of completion by March 2008. However, the work was shown as completed by the Department during March 2011 after incurring an expenditure of ₹ 1.05 crore.

While physically verifying the road in November 2011, it was found that the road was not completed and after executing upto 2.7 kms of length it was stopped by the contractor. But the Department cleared the bill and paid the full amount of ₹ 1.05 crore. Thus, payment of full amount without completion of work led to irregular payment to the contractor without completion of work apart from the non-connectivity of village for which this was executed and depriving 95 households with a population of 476 in Satam village of the benefits. This fact could be seen from the photographs taken during the site visits.

Image – 6.1



Image – 6.2



Entry Point of Yangang-Satam road from Yangang

Image – 6.3



Image – 6.4



Incomplete End Point at 2.7 kms of the Yangang-Satam road

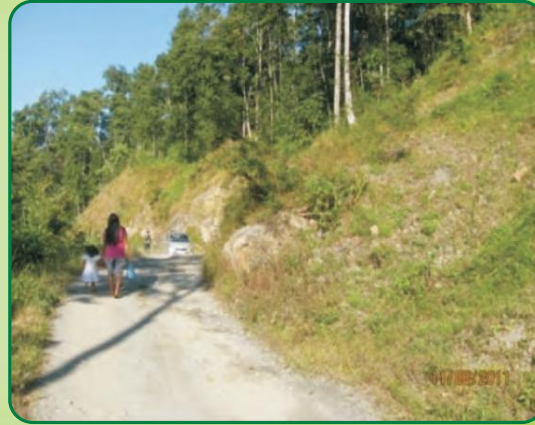
➤ ***Non-maintenance of Roads***

Under the PMGSY guidelines, repairs and maintenance of PMGSY roads was the responsibility of the State Government. However, the State Government did not make any provision for repairs and maintenance of PMGSY roads during the entire period under review. This resulted in blocking and narrowing of the roads due to landslides at various places as can be seen from the photographs taken during field visits by audit.

**Image – 6.5**



**Image – 6.6**

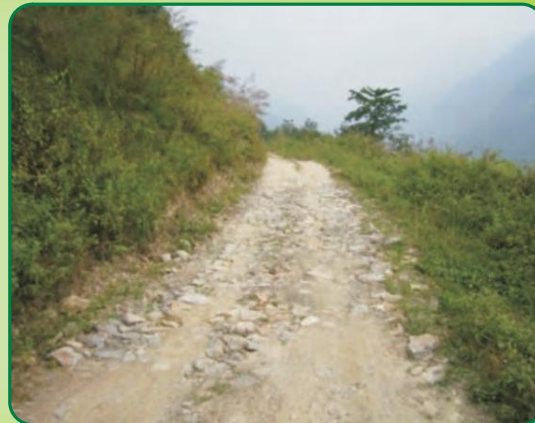


*Narrowing of road due to landslide (8-mile PWD road to Salghari JHS under Salghari GPU)*

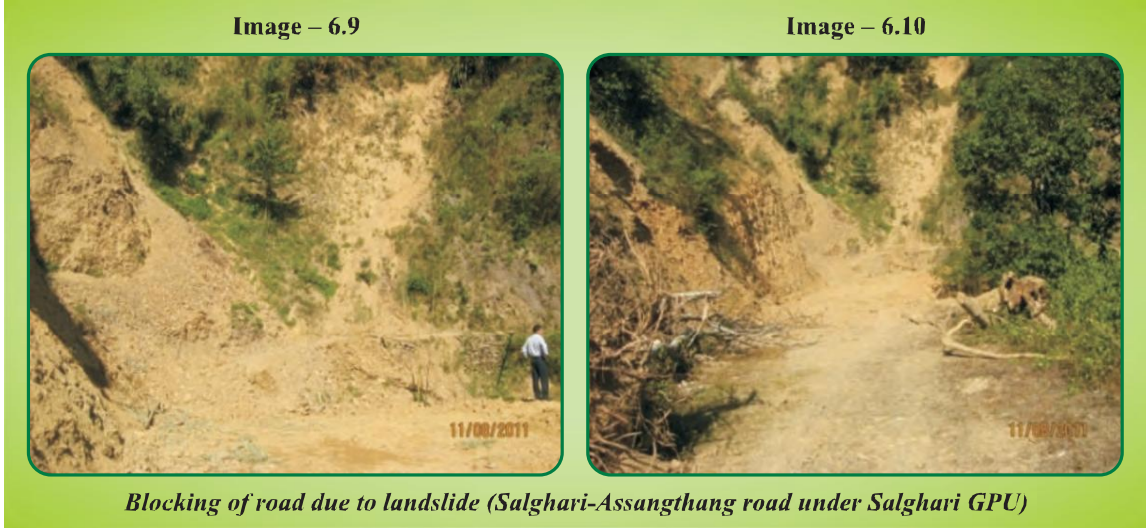
**Image – 6.7**



**Image – 6.8**



*Narrowing of road due to landslide (Namphing Turning to Tshalamthang JHS under Namphing GPU)*



➤ **Delay in Completion of Works**

During 2006-07 to 2010-11, funds of ₹ 100.71 crore were approved by the GOI under the PMGSY for construction of rural roads in the district. Of this, expenditure incurred was ₹ 61.76 crore. The details of road works taken up in the district during the period of Performance Audit and progress of their execution are tabulated below:

**Table-6.3**

(₹ in lakh)

Year	No. of works taken up under PMGSY	Approved cost	Works completed		Works not completed	
			(In nos )	Cost	(In nos )	Cost
2006-07	31	6086.15	13	1368.99	18	2335.94
2007-08	--	--	--	--	--	--
2008-09	21	3984.37	9	1210.73	12	1260.40
2009-10	--	--	--	--	--	--
2010-11	--	--	--	--	--	--
<b>Total</b>	<b>52</b>	<b>10071.12</b>	<b>22</b>	<b>2579.72</b>	<b>30</b>	<b>3596.34</b>

Source: Data compiled by audit from information supplied by the Department

Audit analysis revealed that out of 52 works taken up during 2006-11 under PMGSY, only 22 rural road works (42 per cent) were found to be completed as on the date of audit (September 2011) and 30 number of works were still incomplete. The delay in completion of 52 works ranged between 19 and 31 months.

➤ **Conclusion**

Out of habitations not connected with road as on March 2005, only 67 per cent habitations could be connected. 58 per cent of road works taken up during 2006-11 could not be completed.

➤ **Recommendation**

- *The present hindrance in coverage of habitations should be identified and overcome expeditiously, so as to facilitate road connectivity to the rural masses.*
- *To ensure timely completion of road connectivity projects, mechanism should be evolved to ensure that contractors are completing works in time*
- *A coordinated approach needs to be adopted by the State/district administration with the executing agencies to ensure that the works are planned and completed in time to ensure that benefits percolate down to the people.*

### 6.1.2 Schemes for Other Developmental Activities

Other developmental activities like construction/ renovation/repairs of Government Schools, play grounds, allotment of land to land less persons, etc. were taken up in the district under Members of Parliament Local Area Development Scheme (MPLADS) and Land Bank Scheme.

#### 6.1.2.1 Member of Parliament Local Area Development Scheme (MPLADS)

The MPLADS is a Plan Scheme fully funded by GOI and being implemented in the country since December 1993. The annual MPLADS funds entitlement per Member of Parliament (MP) constituency, is ₹ 2 crore. Lok Sabha Members can recommend works for their respective constituencies. Elected Members of Rajya Sabha can recommend works for implementation in one or more districts as they may choose in the State of their election.

South district is a part of Sikkim Parliamentary constituency which includes East, West and North districts also. Sikkim Parliamentary constituency is having one MP from Lok Sabha and one MP from Rajya Sabha. DC East is the Nodal Officer for release of funds to the South district.

During 2006-11, ₹ 20 crore (₹ 10 crore each for MP Lok Sabha and MP Rajya Sabha) was received by the DC, East for approval and sanction of works relating to the development of the constituency under MPLADS. Taking into account unspent balance as of March and other miscellaneous receipts during the period, an amount of ₹ 21.41 crore was available with the DC, East. Out of this, 54 works costing ₹ 5.08 crore (46.95 per cent of total funds) under MP Lok Sabha and 26 works costing ₹ 2.90 crore (27.38 per cent of total funds) under MP Rajya Sabha were recommended by the MPs and sanctioned by the DC, East for South district during the period 2006-11. The above sanctioned works of ₹ 5.08 crore for 54 works under MP, Lok Sabha and ₹ 2.84 crore for 26 works under MP, Rajya Sabha was transferred to South district. Of the total available fund of ₹ 7.92 crore for 80 works with the DC, South, ₹ 6.34 crore was utilised and 48 works were completed till October 2011 leaving an unutilised amount of ₹ 1.58 crore for 32 incomplete works of which, 22 works costing ₹ 0.74 crore had not yet been started. Reasons for non-completion of works and not starting other works till date were not stated (November 2011) by the DC, South.

While accepting the facts, the DC, South stated (February 2012) that delay in completion of works were mainly due to lengthy process in completion of formalities before the start of the works.

### 6.1.2.2 Land Bank Scheme

Under the Land Bank Scheme<sup>1</sup>, identified land would be purchased at the maximum rate of ₹ 2.50 lakh per acre (till 2007-08 @ ₹ 50000 per half an acre) and shall be transferred and registered in favour of the State Government at the cost of the State Government. After registration and mutation of land, the Land Revenue Department shall execute a deed of settlement in the form of a lease deed for a period of 99 years between the State Government and the beneficiaries at the cost of the beneficiaries.

Scrutiny (November 2011) of records of the DC, South revealed that during the years 2006-11 an amount of ₹ 158.55 lakh was received for 184 beneficiaries (including opening balance of ₹ 2.10 lakh of four beneficiaries) against which ₹ 146.96 lakh only for 166 beneficiaries could be utilised under the scheme as per following details:

Table-6.4

(Amount in ₹)

Year	Opening balance of funds	No. of beneficiaries for whom funds remained unutilised	Funds received during the year including registration charges	No. of beneficiaries for whom funds received	Funds utilised during the year	No. of beneficiaries for whom funds utilised	Amount remaining unutilised	No. of beneficiaries for whom funds remained unutilised
2006-07	210000	4	1522500	29 @ ₹ 50000 per beneficiary	1312500	25	420000	8
2007-08	420000	8	1732500	33 @ ₹ 50000 per beneficiary	1417500	27	735000	14
2008-09	735000	14	8925000	85 @ ₹ 100000 per beneficiary	8500500	81	1159500	18
2009-10	1159500	18	3465000	33 @ ₹ 100000 per beneficiary	2625000	25	1999500	26
2010-11	1999500	26	Nil	Nil	840000	8	1159500	18
<b>Total</b>			<b>15645000</b>	<b>180</b>	<b>14695500</b>	<b>166</b>		

Source: Departmental figures

From the above, it could be seen that an amount of ₹ 11.60 lakh (excluding the interest earning of ₹ 4.10 lakh) for 18 beneficiaries (4 nos. upto 2005-06, 4 nos. of 2006-07, 6 nos. of 2007-08, 2 nos. of 2008-09 and 2 nos. of 2009-10) could not be utilised and objective of providing of land to landless Sukumbasis to raise the income of such Sukumbasis was not fully achieved. For the reasons for non-allotment of land to the beneficiaries it was stated (November 2011) that beneficiaries could not approach the collectorate as they could not find a land of their choice. Further, it was also seen that land was directly transferred and registered in the name of the beneficiaries instead of making registration in the name of the State Government and thereafter making lease deed with the beneficiaries for 99 years.

<sup>1</sup>Under Notification dated 13 August 1997 the State Government formulated a 'Land Bank Scheme' for providing facilities to landless Sukumbasis in rural areas by allotting minimum of half an acre of land for cultivation, for construction of houses for purely residential purpose with a view to raise the income of such Sukumbasis.



While accepting the facts, the DC stated (February 2012) that the acquisition of land could not be done at old rate due to enhancement of acquisition rate of the land. However, action was being taken to initiate acquisition process duly applying for additional amount at revised rates. Further regarding making registration in the name of State Government, it was stated that the matter was already at discussion level with headquarters office at Gangtok.

### **6.1.2.3 Conclusion**

Under MPLADS 46.95 *per cent* of the total funds for the State under MP, Lok Sabha and 27.38 *per cent* of the total funds for the State under MP, Rajya Sabha was allocated exclusively for South district. Of the total available amount of ₹ 7.92 crore for 80 works with the DC, South, ₹ 6.34 crore was utilised and 48 works were completed till October 2011 leaving an unutilised amount of ₹ 1.58 crore for 32 incomplete works. Under Land Bank Scheme, an amount of ₹ 11.60 lakh (excluding the interest of ₹ 4.10 lakh), for 18 beneficiaries, could not be utilised and objective of providing of land to landless Sukumbasis, to raise the income of such Sukumbasis, was not fully achieved.

### **6.1.2.4 Recommendations**

- *A coordinated and equitable approach needs to be adopted by the MPs/DC, East while recommending and sanctioning the works.*
- *A coordinated approach needs to be adopted by the State/District Administration with the executing agencies to ensure that the works are planned and completed in time to ensure that benefits percolate down to the people.*
- *A tangible approach needs to be taken to allot the land to landless Sukumbasis and for older cases, approach may be made for getting additional amount at revised rates.*

## **6.2 Employment Generation**

The GOI and the State Government have initiated numerous measures to tackle problems of poverty, unemployment and the slow pace of progress in rural economy. In addition, provision of food security, especially to the poor and vulnerable sections of the society, has been envisioned as one of the important components of an inclusive growth of the economy. The two most important schemes sponsored by the GOI for providing employment in the rural areas as a means of poverty alleviation are Sampoorna Gramin Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGRY was subsequently subsumed in National Rural Employment Guarantee Programme (NREGP) in February 2006.

### **6.2.1 SGRY**

The objectives of the SGRY were to provide additional wage employment to the rural poor who were in need and willing to do manual and unskilled work in and around their village and to create durable community, social and economic assets and infrastructure in rural areas.

Towards this end, the GPUs were to submit work proposals through the BDOs to the DDO, based on a comprehensive shelf of works to be approved at the beginning of the year. As mentioned earlier, schemes were sanctioned by the DC in an adhoc manner, since the GPUs and the Blocks had not prepared any Perspective Plan or Annual Action Plans. Consequently, works were proposed on a perceived need basis, rather than in a planned and coordinated manner, resulting in underutilisation of available funds. Also, there was no database at the district level, detailing the developmental works undertaken in various Blocks and GPUs.

The SGRY was funded on 75:25 basis by the GOI and the State Government. The year-wise position relating to the funds received by DDO, South district and utilisation there against is given below:

Table-6.5

(₹ in lakh)

Year	Opening balance	Funds received			Total	Funds utilised	Unspent balance
		Centre	State	Other misc. receipts			
2005-06	0.64	247.96	-	0.47	249.07	240.26	8.81
2006-07	8.81	154.80	-	0.24	163.85	139.51	24.34
2007-08	24.34	134.38	-	0.66	159.38	129.55	29.83
2008-09	29.83	-	-	0.54	30.37	20.33	10.04
2009-10	10.04	-	-	0.13	10.17	7.55	2.62
<b>Total</b>		<b>537.14</b>		<b>2.04</b>		<b>537.20</b>	

Source: Departmental figures

After merger of SGRY under NREGA since February 2006, remaining unspent balance was supposed to be transferred to NREGA account but it could be seen from the above that the DDO continued to utilise the funds unauthorisedly under SGRY till March 2010. Finally the unutilised amount of ₹ 2.62 lakh was transferred to NREGA account during 2010-11 only.

➤ **Employment Generation under SGRY**

The details of employment generated under this scheme during 2006-11 as reported by DDO to SRDA were as under:

Table-6.6

(Mandays in number)

Year	Mandays for SC/ST	Mandays for women	Mandays for others	Total mandays generated
2005-06	46351	65596	152354	198705
2006-07	29987	9344	53800	83787
2007-08	24929	27760	54183	79072
2008-09	3032	6352	11358	14390
2009-10	525	-	4067	4592
2010-11	Scheme closed and not implemented			
<b>Total</b>	<b>104824</b>	<b>120412</b>	<b>275722</b>	<b>380546</b>

Source: Departmental figures

There were no annual targets relating to employment generation although the DDO planned to execute small works like construction of footpath, waiting sheds, etc. for generating

employment. Therefore, the extent of employment generated vis-à-vis targets could not be ascertained.

The DDO had not maintained employment registers indicating the category wise details of people provided employment and the number of mandays generated for each work. In the absence of these details, the figures of employment generated were compiled from the muster rolls directly. In the absence of complete details in the employment registers, the employment reported to have been generated, especially in respect of women and SC/ST categories could not be verified in audit.

### 6.2.2 National Rural Employment Guarantee Act-2005

The National Rural Employment Guarantee Act 2005 (NREGA) is being implemented in the district since 2007-08. The basic objective of the Act is to enhance security of livelihood in rural areas by providing at least 100 days of guaranteed wage employment.

Under NREGA, the wages of skilled and semi-skilled workers and cost of material is shared in the ratio of 75:25 by GOI and State Government. In addition, the State Government bears the unemployment allowance and the administrative expenses. The year-wise position of funds received by the DDO, South district and utilisation there against during 2007-08 to 2010-11 is given below:

Table-6.7

(₹ in lakh)

Year	Opening balance	Funds received		Other misc. receipts	Total	Funds utilised	Unspent balance	Percentage of unspent balance
		Centre	State					
2007-08	Nil	350.76	7.00	20.52	378.28	214.75	163.53	43
2008-09	163.53	1392.04	89.61	10.67	1655.85	1156.22	499.63	30
2009-10	499.63	2448.98	85.22	16.15	3049.98	1753.44	1296.54	43
2010-11	1296.54	1175.90	Nil	22.63	2495.07	2246.07	249.00	10

Source: Departmental figures

From the above, it could be seen that percentage of unspent balances ranged between 10 and 43 per cent. Reasons for unspent balances were not stated by the Department.

#### ➤ Employment Generation Under NREGA

The details of employment generated under this scheme during 2007-08 to 2010-11 as reported by DDO were as follows:

**Table-6.8**

Year	Total job card holders who demanded job	Mandays for SC / ST	Mandays for others	Total mandays generated	Mandays for women	Total required mandays of minimum 100 days/ card holder	Shortfall in providing 100 days employment
2007-08	7199	67623	168511	236134	86069	719900	483766
2008-09	14690	268949	576680	845629	324357	1469000	623371
2009-10	14200	482326	639366	1121692	415000	1420000	298308
2010-11	15113	387871	821180	1209051	563120	1511300	302249

Source: Departmental figures

During the first two years 2005-06 and 2006-07, the project was not implemented in the district due to non-receipt of funds and also no employment was generated by the implementation agencies during these years. From the above table it could be seen that during 2007-08 to 2010-11 the total mandays generated was not sufficient to provide 100 days employment to all the job card holders who demanded job. The shortfall in providing 100 days employment ranged between 2.98 lakh and 6.23 lakh mandays.

The details of job card holders registered those who demanded employment and those who were provided employment in the district during 2007-11 were as under:

**Table-6.9**

Year	Total no. of job card holders registered	Job card holders who demanded employment	Job card holders who were provided employment	Job card holders provided 100 days employment	Percentage of job card holders who were provided 100 days employment
2007-08	10931	7199	6885	243	3.38
2008-09	20780	14690	14690	713	4.85
2009-10	20802	14200	14200	3772	26.56
2010-11	20924	15113	15113	5192	34.35

Source: Figures supplied by the Department

The percentage of job card holders who were provided 100 days employment increased from 3.38 per cent in 2007-08 to 34.35 per cent in 2010-11. It was also noticed that no unemployment allowance was granted to any job card holder. More efforts need to be made by the implementing agencies for ensuring effective implementation of the scheme.

The DDO stated (February 2012) that scheme being demand driven, the employment could be provided only to those job card holders and for only that period of time for which employment had been demanded. It was also stated that in some cases job card holders demanded employment for 100 days but came to work for lesser days mainly due to their domestic work during agriculture season and also due to the fact that they got employment at other places which provide them better wage than that of this scheme.

### 6.2.3 Conclusion

Under SGRY, the Department continued to incur expenditure till March 2010 instead of depositing the unused amount under NREGA as of March 2006. Under NREGA, there were shortfalls in providing 100 days guaranteed employment to the job card holders thereby defeating the objective of security of livelihood to the needy and the vulnerable sections.

### 6.2.4 Recommendation

- *Under NREGA, district authorities should plan and execute the works ensuring 100 days guaranteed employment.*

## 6.3 Housing

Providing shelter to economically weaker section is the main element of socio-economic development programme. The State Government accordingly laid emphasis for providing housing to houseless through implementation of Indira Awaas Yozana (IAY) and Rural Housing Scheme (RHS). The list of houseless people was not maintained either by the District Collector or the DDO to facilitate selection of genuine beneficiaries.

The DDO stated (February 2012) that though the list of houseless people was not maintained, benefit had been provided to only those beneficiaries who were recommended by area MLAs who also recommended the names in consultation with the concerned Panchayats which ensured genuineness of the beneficiaries. Reply is not acceptable as following defects were noticed in implementation of housing schemes:

### 6.3.1 Indira Awaas Yojana

The year-wise allocation, utilisation of funds and number of houses constructed during 2006-07 to 2010-11 under IAY was as below:

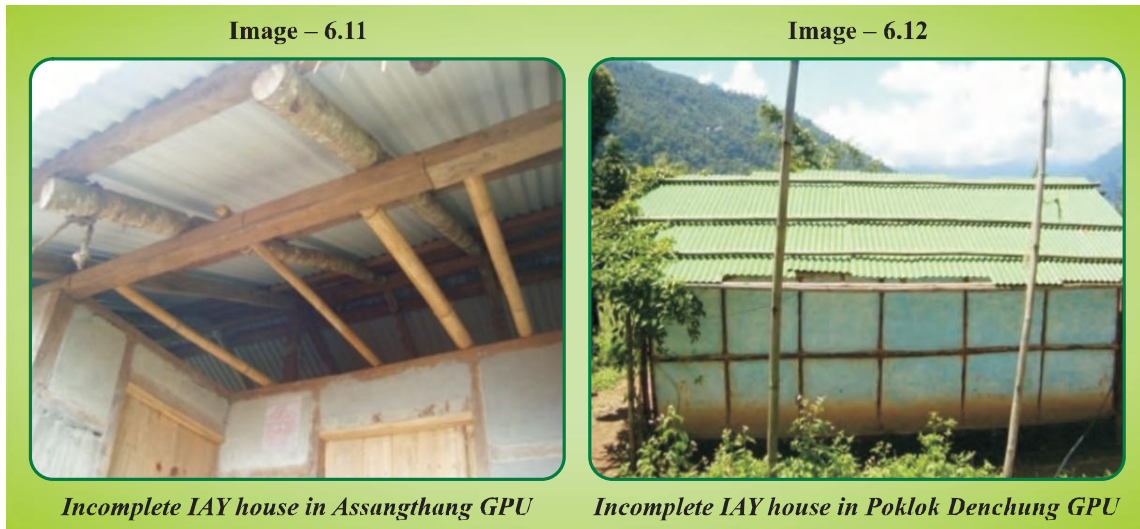
Table–6.10

(₹ in lakh)

Years	Particulars	Number of beneficiaries	Funds allocation			Utilisation			Savings	Number of houses constructed	No. of houses incomplete
			Cash	Materials	Total	Cash	Materials	Total			
2006-07	New construction	298	35.05	46.90	81.95	34.67	46.90	81.57	0.38	290	8 (3%)
	Upgradation	70	8.75	-	8.75	8.75	--	8.75	--	70	--
2007-08	New construction	384	42.34	63.26	105.60	41.61	63.26	104.87	0.73	366	18 (5%)
	Upgradation	101	12.62	-	12.62	12.62	--	12.62	--	101	--
2008-09	New construction	520	102.01	98.19	200.20	99.89	98.19	198.08	2.12	498	22 (4%)
	Upgradation	16	2.40	-	2.40	2.40	--	2.40	--	16	--
2009-10	New construction	317	70.44	51.60	122.04	61.52	51.60	113.12	8.92	244	73 (23%)
	Upgradation	54	8.10	-	8.10	8.10	--	8.10	--	54	--
2010-11	New construction	218	61.59	44.14	105.73	49.95	44.14	94.09	11.64	77	141 (65%)
	Upgradation	24	3.60	--	3.60	3.60	--	3.60	--	24	--
Total	New construction	1737	311.43	304.09	615.52	287.64	304.09	591.73	23.79	1475	262 (15%)
	Upgradation	265	35.47	--	35.47	35.47	--	35.47	--	265	--

Source: Departmental figures

From the table above it could be seen that out of a total number of 1737 houses sanctioned and release of first instalment along with the materials valued ₹ 6.16 crore, only 1475 number of houses were completed till the date of audit (November 2011). 262 numbers of beneficiaries (15 per cent) had not completed the houses despite availing the first instalment thereby blocking ₹ 88.33 lakh. Apart from the houses remaining incomplete, the possibility that the assistance was not utilised for the intended purpose could not be ruled out. Neither the IAY cell nor the district administration initiated any investigation or follow up of any of these cases indicating that administration and monitoring of the scheme was lax. This was corroborated by the fact that while visiting GPUs, some houses were lying incomplete as could be seen from the photographs below:



The DDO stated (February 2012) that some of the beneficiaries delayed the construction of houses and the matter was always taken up with the concerned Panchayats to persuade those beneficiaries to complete the construction of houses and till 14 February 2012 incomplete houses was reduced to 237.

Further, as per IAY guidelines, the benefit was to be given to BPL categories beneficiaries only. However, scrutiny of records relating to selection of beneficiaries revealed that the benefits were granted to ineligible persons without adhering to the above criteria. Out of 1113 cases test checked in audit, it was found that only 139 beneficiaries were under BPL categories and rest 974 were APL persons who were extended benefit of the scheme based on either recommendation of Panchayat or Members of Legislative Assembly (MLAs). Thus, granting of benefits to the beneficiaries who actually did not fulfil the criteria under IAY led to irregular and unauthorised expenditure of ₹ 3.60 crore.

The DDO stated (February 2012) that though the beneficiaries did not possess BPL cards, the selection was done on the recommendation of the Panchayats and concerned area MLAs and in some cases, Panchayats had reported that beneficiaries had been issued APL cards erroneously whereas beneficiaries actually belonged to BPL category. Reply is not tenable as

issue of APL and BPL cards were done by the State Government after exhaustive household survey.

### 6.3.2 Rural Housing Schemes (RHS)

To supplement the IAY, the State Government implemented RHS through State funding with the objective to provide shelter to the homeless rural poor who were living below the poverty line in the State. Under this programme, the intended BPL families were to get financial assistance of ₹ 20000, in two equal instalments of ₹ 10000 each and 30 GCI sheets. While the first instalment of the cash assistance was provided to the selected beneficiaries at the time of allotment, the second or the subsequent instalments was to be released only after completion of at least 50 per cent works. In case of default, assistance (both cash and kind) granted would be recovered. The Department had also been providing the assistance for house upgradation in which ₹ 15000 per household to the rural poor to take up immediate repair of their houses constructed earlier which were in dilapidated condition and need immediate repair was sanctioned.

Audit noticed that the Department incurred expenditure to the tune of ₹ 15.57 crore (₹ 8.89 crore in cash and ₹ 6.68 crore in GCI sheets) in the South district during 2006-07 to 2010-11 towards payment of 1<sup>st</sup> instalment of ₹ 10000 and cost of 30 pieces of GCI sheets each to 3121 beneficiaries for new construction and at the rate of ₹ 15000 per beneficiary to 3,846 beneficiaries for upgradation as per following details:

Table-6.11

(₹ in lakh)

Year	No. of beneficiaries to whom released	Purpose	Amount paid	Cost of 30 pieces of GCI sheets provided to each beneficiary	Remarks
2006-07	1496	New construction	149.60	319.99	₹ 10000 each as 1 <sup>st</sup> instalment only
2007-08	1625	Do	162.50	347.59	Do
2008-09	1861	Upgradation	279.15	Nil	₹ 15000 each as final payment
2009-10	1985	Do	297.75	Nil	Do
2010-11			Not implemented		
<b>Total</b>	<b>6967</b>		<b>889.00</b>	<b>667.58</b>	

From the above it could be seen that, for new construction during the years 2006-07 and 2007-08, 3121 beneficiaries after taking payment of 1<sup>st</sup> instalment of ₹ 312.10 lakh and GCI sheets costing ₹ 667.58 lakh did not turn up for their 2<sup>nd</sup> instalments and the Department also did not ensure completion of these houses and subsequent payment of 2<sup>nd</sup> instalments. There were no records found maintained detailing the completion of the houses. Neither the DC nor the DDO had the statistics of homeless people in the district to whom the benefits should have been provided and in the absence of this statistics, the allocation of funds made by the Department did not seem to be based on any norm or with reference to any targeted population. Due to this, genuineness of benefits provided to the homeless rural poor living below poverty line could

not be verified due to absence of records maintained in the district. Since ₹ 20000 and 30 GCI sheets were required for completion of one rural house as per guidelines prepared by the Department, non-release of second instalments to the same beneficiary was fraught with the risk of non-completion of houses defeating the very objective of providing houses to the rural poor. Further, it could also be seen from the above table that ₹ 576.90 lakh was paid to 3846 beneficiaries at the rate of ₹ 15000 each for upgradation of houses. However, the Department was not having any record as to whether the beneficiaries have actually utilised the amount towards upgradation of their houses and completed the work. This was corroborated by the fact that while visiting GPUs, some houses were lying incomplete and in some cases it was misutilised as could be seen from the photographs below:

Image – 6.13



*Incomplete RHS at Poklok Denchung GPU*

Image – 6.14



*A shed constructed under RHS at Assangthang GPU*

Image – 6.15



*GCI sheets distributed under RHS being misutilised by the beneficiaries at Poklok-Denchung GPU*

Image – 6.16



The DDO stated (February 2012) that 2<sup>nd</sup> instalments had already been released to the beneficiaries in front of Chief Minister, area MLAs and Panchayats during Janata Mela organised by the Department. Reply is not acceptable as the Department could not furnish any



document in support of their reply and also the Department kept mum about mis-utilisation of funds as stated above with photographic evidences.

### 6.3.3 Conclusion

The district had not maintained list of houseless people to facilitate allocation of appropriate funds, selection of genuine beneficiaries, etc. Non-completion of houses under IAY by 15 *per cent* beneficiaries (262 nos.) despite availing the first instalment not only blocked ₹ 0.88 crore but also did not contribute towards providing housing facilities to houseless. Even in case of Rural Housing Scheme, completion of houses by the beneficiaries was not ensured by the Department and instead second instalment was released to new beneficiaries instead of earlier beneficiaries indicating that the scheme implementation process was fundamentally defective.

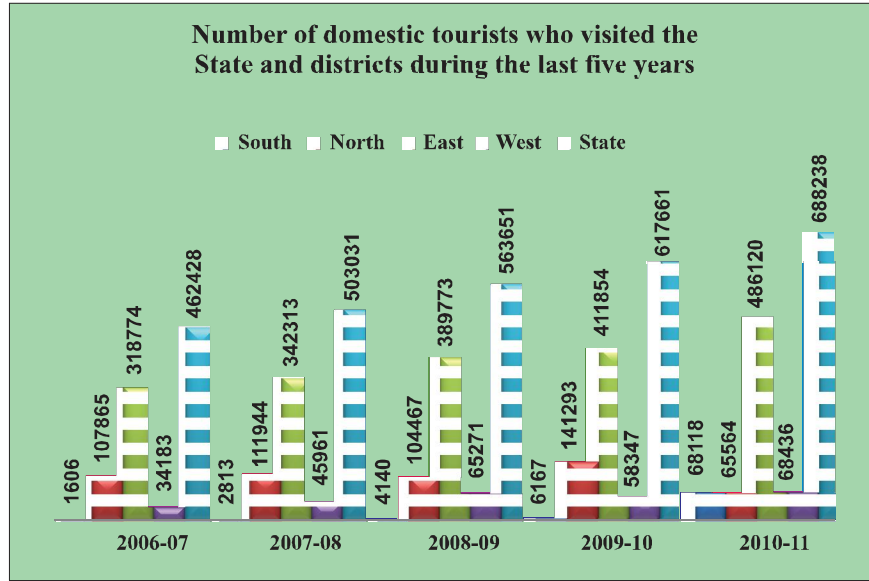
### 6.3.4 Recommendations

- *Profile of houseless people in the district may be maintained to facilitate selection of genuine and deserving beneficiaries.*
- *Proper monitoring of construction of houses by the beneficiaries may be taken up to ensure completion of houses in a time bound manner by the beneficiaries to check misuse of public money.*
- *Allocation of funds should be based on requirement to ensure equitable distribution of funds.*

## 6.4 Tourism

Tourism is one of the fastest growing sectors in the State and holds tremendous potential for future economic growth with equity and employment generation. Realising the potential of tourism sector, the State Government has accorded topmost priority to this sector. Both domestic as well as international tourist arrival in the State stood at 6.88 lakh and 25,585 respectively during 2010-11. There has been a notable increase in the number of tourists visiting the State, both domestic and foreign ranging from 9.58 to 12.05 *per cent* (except (-) 7.38 *per cent* in 2006-07 and (-) 8.78 *per cent* in 2007-08) and from 14.83 to 27.72 *per cent* respectively as compared to previous years during 2006-07 to 2010-11. The status of inflow of tourist in the State as well as in the South district is shown in the chart below:-

Chart-6.2



It can be seen from the chart above that the district attracted only 0.35 to 9.90 *per cent* of domestic tourists that visited the State during the last five years. However, there was an impressive increase in flow of domestic tourists in the South district in 2010-11 compared to the previous years.

In respect of the foreign tourists, the growth percentage of tourists flow in State was from 14.83 to 27.72 *per cent*. The figure of tourists who visited the South district was very dismal ranging between 1.63 and 14.69 *per cent* of the foreign tourists who visited the State as can be seen from the table below:

Table-6.12

Years	Number of tourists who visited Sikkim		% growth of tourists flow in State against the previous years		Number of tourists who visited South district		% of tourists who visited the South district compared to tourists who visited the State	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
2005-06	499261	10534	-	-	2419	172	0.48	1.63
2006-07	462428	12096	(-) 7.38	14.83	1606	228	0.35	1.88
2007-08	503031	13904	8.78	14.95	2813	976	0.56	7.02
2008-09	563651	16505	12.05	18.71	4140	513	0.73	3.11
2009-10	617661	21081	9.58	27.72	6167	616	1.00	2.92
2010-11	688238	25585	11.43	21.37	68118	3759	9.90	14.69

Source: Departmental figures

Even though the State had shown a tremendous growth in the field of tourism and was able to attract the tourists with a growth of 48.83 *per cent* comparing the figure of 2006-07 with the figure of 2010-11, the district was not attracting tourists to that extent. More efforts should be made to attract tourists by creating proper infrastructure.

#### 6.4.1 Recommendations

- *The Department is required to give more emphasis to South district in the field of attracting more tourists.*

#### 6.5 Energy and Power

The Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) was launched by the GOI in March 2005 to provide electricity to all the rural households within a period of five years. The Rural Electrification Corporation (REC) is the nodal agency for implementation of this scheme which has the following objectives:

- Provide 11/11KV Control Room , Installation of 25 KVA and 10 KVA Sub Station;
- Drawing of 11KV Heavy Duty Trans. Line, 11KV 3-Phase Trans. Line and 11KV 2-Phase Trans. Line;
- Create Village Electrification Infrastructure (VEI) for:
  - Electrification of un-electrified villages
  - Electrification of un-electrified habitations with a population of above 100 persons
- Provision of distribution transformers of appropriate capacity in electrified villages/habitations;
- Decentralised generation, distribution and supply.

The rural electrification is aimed at facilitating overall rural development, employment generation and poverty alleviation. The scheme is to be implemented with 90 *per cent* funding from the GOI. Electrification of BPL households is to be financed 100 *per cent* by the Central Government.

The Energy and Power Department prepared a Detailed Project Report (DPR) in August 2007 for:

- Electrification of 8110 un-electrified households among all the 145 villages;
- Electrification of 3062 BPL households;
- Provision of new sub stations/transmission lines and distribution transformers; and
- Electrification of all the nine un-electrified habitations.

The Ministry of Power, GOI through REC provided the assistance to Energy and Power Department, Government of Sikkim for rural electrification work for the State under RGGVY. The DPR was prepared in August 2007. To execute the work the Department invited Expression of Interest from various agencies. The work was divided into two Packages with an estimated cost of ₹ 12.64 crore (viz. Package I- ₹ 9.00 crore and Package II - ₹ 3.64 crore).

The work was awarded (February 2009) to the two contractors with a stipulated date of

completion in August 2010. During audit it was found that the progress of work was very slow and the benefits could not reach the villagers in time. Though the scheduled date for completion was already over the work was yet to be completed even after the lapse of more than a year as can be seen from the table below:

**Table-6.13**

Package I											
Target						Achievement					
Estab of 11/11Kv control room	Instt of 25 KVA S/S	Instt of 10 KVA S/S	Drawing of 11 Kv HD Trans line	Drawing of 11 Kv 3 Ph Trans line	Drawing of 11 Kv 2 Ph Trans line	Estab of 11/11Kv control room	Instt of 25 KVA S/S	Instt of 10 KVA S/S	Drawing of 11 Kv HD Trans line	Drawing of 11 Kv 3 Ph Trans line	Drawing of 11 Kv 2 Ph Trans line
3 nos	7 nos	67 nos	39 kms	4.20 kms	29.20 kms	Nil	6 nos	54 nos	Nil	3.7 Kms	25.86 Kms
Package II											
Target					Achievement						
LT 3 Phase line		LT 1 Phase line		Number of Households to be covered	LT 3 Phase line		LT 1 Phase line		Number of Households covered		
Number of villages	Length in Kms	Number of villages	Length in Kms		Number of villages	Length in Kms	Number of villages	Length in Kms			
15	11	130	120.90	8110	9	3.9	113	107.20	4676		

Thus, from the table above it can be seen that in respect of Package I, there was shortfall in achieving the target for completion of work in time. Out of three 11 KV control rooms, not even a single one had been completed, the work for drawing of 11 KV HD Transmission line was also not completed and there were shortfall in completion of other works such as drawing of 2 Phase and 3 Phase transmission lines. Likewise, there was huge shortfall in Package II also. Out of coverage of 15 villages and 11 kms of LT 3 Phase line, only nine villages and 3.9 kms were covered. Similarly, out of 130 villages and 120.90 kms of LT 1 Phase line, only 113 villages and 107.20 kms of length were covered till September 2011.

As per the objectives of the scheme, electricity was to be provided to all the rural households within a period of five years (by August 2010) whereas it was found that only 4676 households out of the total un-electrified households of 8110 in the district had been electrified as of October 2011. Further, out of total 3062 numbers of BPL households to be covered by August 2010 only 1533 BPL households were covered till September 2011.

Thus, non-completion of the work in time and delay in awarding the work (more than one year) resulted in failure of the objectives of the scheme and deprivation of intended benefits to the rural people including people of BPL category.

While accepting the facts the Department stated (February 2012) that the implementation of scheme was delayed due to long tendering process, obtaining of forest clearance and non-provision of funds for land compensation for execution of work in private holdings.

**6.5.1 Recommendations**

- *The residual works should be completed immediately to provide intended benefits to the rural people including people of BPL category.*

## 6.6 Irrigation and Flood Control

Sikkim is a hilly and mountainous State with a total geographical area of 709600 hectares, of which the cultivable area is about 109000 hectares. About 64 per cent of the working population is dependent on agriculture and horticulture which contributes about 30 per cent of the Gross State Domestic Product. The total rainfall in the State ranges from 100 to 145 inches. The rainfall is very high and of very high intensity during May to September and tapers to almost zero during December to February. Against the backdrop of a predominantly agricultural State, irrigation plays an important role in the economic upliftment of the people of Sikkim. For irrigation, Irrigation and Flood Control Department had been implementing various minor irrigation schemes under various programmes in the South district.

### 6.6.1 Impact on Agricultural Productivity

A comparative scrutiny of productivity of the area under cultivation indicated that there was neither any increase nor consistency in area under cultivation, in production and productivity in any of the agricultural crops. Even after spending an aggregated amount of ₹ 6.87 crore (₹ 3.67 crore under AIBP, ₹ 2.04 crore under NABARD, ₹ 0.46 crore under Flood Control and River Training and ₹ 0.70 crore under Minor Works) during 2006-11, the Department neither could ensure increase in yield per hectare nor increase the overall area brought under cultivation. The details are given below:

Table-6.14

Crop	Area in (000' hectare)					Production in 000' tons					Yield in kg/hectare				
	06-07	07-08	08-09	09-10	10-11	06-07	07-08	08-09	09-10	10-11	06-07	07-08	08-09	09-10	10-11
Cereal	23.15	17.90	15.89	20.79	17.82	35.23	35.54	20.61	30.49	27.78	1522	1985	1297	1467	1220
Pulse	1.43	2.35	1.56	4.24	2.51	1.18	1.89	1.36	2.01	2.38	825	804	872	474	940
Oilseeds	2.45	2.88	2.30	2.95	3.48	2.16	2.07	0.42	2.42	2.60	882	719	183	820	753
Fruits	1.78	1.79	1.77	1.59	1.71	2.78	3.38	2.77	2.74	3.08	1562	1887	1562	1719	1237
Vegetable	3.18	4.20	3.23	3.23	3.38	14.70	19.43	14.92	14.94	15.74	4626	4629	4625	4624	4663
Roots and Tuber	2.10	2.121	2.10	2.20	2.06	9.73	9.88	9.74	9.68	9.58	4633	4659	4638	4400	4650
Spices	6.501	5.22	5.22	5.22	5.23	14.74	14.88	14.75	16.00	14.86	2267	2853	2828	3067	3072

Source: Data compiled from the progress reports of the Department

Though the Department did not furnish any reason for non-increase of productivity, audit analysis revealed that there was absence of co-ordination between Irrigation and Flood Control Department, Horticulture and Cash Crop Department, Food Security and Agriculture Development Department and Panchayats. The above statistical data was further corroborated by interviews of beneficiaries of 14 GPUs which confirmed that there was no increase in production after construction of the Minor Irrigation Schemes.

### 6.6.2 Recommendations

- *The Department is required to give more emphasis on increasing production and productivity of various crops by increasing co-ordination between all concerned departments and panchayats.*

## 6.7 Food Security and Agriculture Development (FSAD)

### 6.7.1 Unfruitful Expenditure on the Implementation of Vermin Composting Units under Macro Management for ₹ 2.17 crore

Under the Macro Management Programme, the GOI introduced Vermin Composting Programme in the farmers' field using earthworm eco technology from 2005-06 with the basic objective to maintain the fertility of soil; to do successful high yielding integrated sustainable farming or organic farming and to reduce the use of chemical fertilizers and pesticides.

During 2006-07 to 2010-11 the FSAD Department constructed 6192 numbers of vermin compost pits in South district at an expenditure of ₹ 2.17 crore. As per the programme, the yield/ production of the compost for each pit should be one ton in first lot which takes 4-6 months to be produced and in one year at least two lots of the produce is required to be achieved, i.e. two tons every year.

Scrutiny of records revealed that the Department was not having any record of output/ production of the vermin compost and had never assessed the impact of implementation of the scheme. Thus, after incurring such a huge expenditure of ₹ 2.17 crore during last five years, the impact of the scheme by way of production of compost was not known to anyone.

During Physical verification of 14 GPUs and on interaction with some of the farmers/beneficiaries in the district it was seen that even the first lots of the vermin compost were not produced from most of the farmers' pits till date and pits were lying defunct and the result was not satisfactory. However, some of the farmers have shown interest in producing vermin compost and using it as manure in their farming. But the overall picture of the scheme was not as good as envisaged, evident from the photographs below which were taken during field visit.

Image – 6.17



Image – 6.18



*Defunct vermin compost pits in Assangthang GPU*

Image – 6.19

*Defunct vermin compost pit in Rameng-Nizrameng GPU*

Image – 6.20



Image – 6.21

*Defunct vermin compost pit under Namphing GPU*

Image – 6.22

*Defunct vermin compost pit under Poklok Denchung GPU*

In reply, the Department stated (February 2012) that record of the manure produce could not be maintained as the majority of farmers were not literate. Further, some of the defunct vermin post pits were partly due to bad weather conditions and destruction by their inherent natural enemies like ants, rats, termites, pigs, birds, etc. However, complete awareness and instructions were given to the farmers before the implementation of the programme. The reply of the Department is not convincing as it was supposed to monitor and supervise the scheme properly at every level for the success of the scheme considering the fact that substantial amount of funds were involved in the scheme.

### 6.7.2 Recommendation

- *The Department is required to monitor and supervise the scheme of Vermin Composting Programme in the farmers' field properly at every level for the success of the scheme considering the fact that substantial amount of funds is involved in the scheme.*

### 6.8 Animal Husbandry, Livestock, Fisheries and Veterinary Services (AHLFVS)

The AHLFVS Department took up the scheme “Assistance to State Poultry Farms” in association with Indian Council of Agricultural Research, a targeted programme for up-gradation of low-input technology birds through their All India Coordinated Research Project on Poultry. The pattern envisaged to cater to intermediate rungs of poultry farmers who will rear the chicks in so called mother units and also help in providing the backyard poultry rearers with 4-8 weeks old reared chicks so as to minimise the otherwise high chick mortality. Under this Scheme, one time assistance is provided to State Poultry Farms to suitably strengthen them in terms of hatching, breeding and rearing of the birds with provision for feed mill, their quality monitoring and in-house disease diagnostic facilities. The main objective was to make it a financially self- sufficient unit. The State Government was expected to ensure health coverage, marketing, extension and training of beneficiaries.

Test check of records (October 2011) revealed that the Department spent a sum of ₹ 14.87 lakh during the year 2010-11 under Backyard Poultry Mission on distribution of 7020 chicks to 351 beneficiaries at the rate of 20 numbers of chicks (two males and 18 females) to each beneficiary in the three Constituencies (selected blocks of Temi, Namchi and Jorethang) during July to September 2010 in the South district.

During Physical verification of selected GPUs in November 2011, it was found that the scheme could not be successful as in almost all the cases, it was seen that all the chicks died within one or two months time after they were distributed. The reasons for mortality of these chicks also could not be established. However, on interactions with the beneficiaries it was found that the reasons for failure of the scheme was due to uneven distribution of chicks (i.e. the male chicks were supplied in excess of female chicks instead of 2:18), mortality of chicks due to extreme weather condition, absence of technical knowledge for rearing the chicks and medical facilities, etc. The failure of the scheme is evident from the photographs taken during the field visit in the selected GPUs where it was seen that poultry sheds were lying empty as portrayed below:

Image – 6.23



Empty poultry shed at Sorok Shampani GPU

Image – 6.24



Empty poultry shed at Poklok-Denchung GPU



Image – 6.25



Image – 6.26

*Empty poultry sheds at Namphing GPU*

Thus, failure in implementation of the scheme led to unfruitful expenditure of ₹ 14.87 lakh towards implementation of the scheme. However, it was seen that poultry mission, in which 200 chicks were distributed by the Department as broiler chicks was quite successful and doing well and improving the financial position of the beneficiaries as well.

In reply, the Department stated (February 2012) that there were only 20 to 30 *per cent* mortality due to poor feeding and management at farmers level. Reply is not acceptable as all the beneficiaries of the physically verified GPUs had stated in writing that chicks could not survive due to distribution of uneven ratio of male and female chicks and due to unsuitable weather condition.

#### **6.8.1 Recommendation**

- ***The Department is required to give awareness and training to the farmers and also to verify feasibility of the scheme prior to its implementation.***

### **6.9 Food and Civil Supplies and Consumer Affairs**

#### **6.9.1 Issue of Rice at BPL Rate to Non-BPL Families**

As per the Government policy, the people living Below Poverty Line (BPL) are allowed BPL rice at the rate of 35 kg per family at the rate of ₹ 4/kg every month. Accordingly, the Food and Civil Supplies Department identified 10203 BPL families under the South district which was intimated to the GOI for which the allocation was made by the GOI for issue of rice at subsidised BPL rates of ₹ 4/kg per month. The allocation was made accordingly and same quantity of rice was issued to eight godowns in the South district.

Test check of records of the District Civil Supply Officer, South (DCSO) revealed that the Department had increased the number of BPL families to 16789 for which no intimation was forwarded to the GOI. The State Government instead issued rice from the Above Poverty

Lines (APL) quota to these additional families at BPL rates. The reason for increasing the number of BPL families was neither found on records nor was any justification given for that. Further, these additional beneficiaries were not even having the BPL cards. The issue of APL rice to these beneficiaries at the BPL rate was made as per the list prepared by the MLAs/Panchayats and was handed over to the Fair Price Shops through the DCSO and on the basis of this, rice was issued to the listed beneficiaries at BPL rates.

Thus, issue of rice at the BPL rates to the non-BPL families resulted in excess financial burden to the State exchequer to the tune of ₹ 6.92 crore during the period of Performance Audit.

While accepting the fact, the Department stated (February 2012) that the issue of rice at BPL rate to the non-BPL families was done as per the list prepared by the MLAs and was part of the policy decision of the State Government. Reply is not acceptable as all such beneficiaries were having APL cards only and were neither BPL consumers nor having BPL cards and no rice at BPL rate was allocated for them by the GOI.

**6.9.2 Recommendation**

- *The Department is required to identify actual BPL families and include them in the GOI BPL list.*

**6.10 Other Irregularities**

**6.10.1 Delay in Execution of Various Developmental Works**

Scrutiny of records revealed that 405 works like Minor Irrigation Channels (MICs), electrification, tourist infrastructure, roads, etc. were taken up during the period 2006-07 to 2010-11 in the district. Out of these, 75 works (estimated cost : ₹ 217.11 crore) were not completed within the scheduled time despite incurring an expenditure of ₹ 112.71 crore on these works. The delay in completion ranged from two to 61 months till November 2011 and the physical progress ranged between 20 and 98 per cent as per the following details:

Table-6.15

Department	Total nos. of works taken up during 2006-07 to 2010-11	No. of incomplete works as on September 2011	Estimated cost of incomplete works (₹ in lakh)	Expenditure incurred on incomplete works (₹ in lakh)	Period of delay as of September 2011	Physical progress ranged between
IFCD	194	10	488.26	46.73	4 to 18	20% and 95%
EPD	130	20	3685.25	1826.30	10 to 61	20% and 95%
Tourism	36	22	9384.07	4775.10	5 to 45	37% and 97%
RBD	45	23	8153.10	4623.30	2 to 30	35% and 98%
<b>Total</b>	<b>405</b>	<b>75</b>	<b>21710.68</b>	<b>11271.43</b>	<b>2 to 61</b>	<b>20% and 98%</b>

In reply, the Roads & Bridges Department stated (February 2012) that the delays in completion of works in most cases were due to shortage of explosives and other materials and in some cases were due to land disputes. The Irrigation and Flood Control Department stated (February 2012) that the delays in completion of works were due to forest clearance and rainy season. The Energy and Power Department stated (February 2012) that the delays in completion of works were due to forest clearance, long tendering process and non-provision of funds for land compensation. However, fact remained that due to delay in completion of works intended benefit from the above projects could not be provided to the public.

### **6.10.2 Irregular Payment of Mobilisation Advances- ₹ 43.32 crore**

The Sikkim Financial Rules and Sikkim PWD Code and Manual do not provide for grant of mobilisation advances (MAs) to the contractors for any reason whatsoever. The matter relating to irregular grant of MAs was mentioned in Comptroller and Auditor General's Audit Reports for the years 1997-98 and 2001-02. The Public Accounts Committee (PAC) also recommended (February 2005) that the grant of MAs should be discouraged completely in future.

Audit analysis revealed that five departments<sup>2</sup> paid MAs to various contractors relating to 89 number of works amounting to ₹ 43.32 crore during the period of Audit. It was, however, noticed that in almost all the cases the progress of works was behind schedule suggesting that the resource mobilisation in terms of man and material by the contractor in the interest of early completion of work was not ensured despite availing MAs. Out of total 89 works, only 32 numbers of works were completed that too with delay ranging between 32 and 64 months and rest 57 works were yet to be completed as of November 2011 (Delay ranged between eight and 68 months). The physical progress of works ranged from 10 to 90 *per cent*. Delayed progress of works also postponed the recovery of MAs ranging between eight and 68 months amounting to ₹ 43.32 crore. Thus, the action of the departments to grant MAs to the contractors were against the PAC recommendations which failed to protect the interest of the Government and only served the interest of the contractors leading to undue favour to the tune of ₹ 43.32 crore as an advance which did not serve the purpose.

Audit analysis further revealed that in one project of Tourism Department interest free MA was given to the contractor that too before commencement of the work immediately after the issue of work orders. The execution was later commenced after a delay of more than 32 months (November 2006). The work was yet to be completed and the physical progress was 70 *per cent* only as of November 2011. Thus, allowing the contractors MAs to the tune of ₹ 43.32 crore not only led to defying the PAC recommendation but also resulted in undue favour to the contractors.

In reply, the departments (R&B and B&H) stated (February 2012) that the MAs were paid as

<sup>2</sup>Roads and Bridges, Rural Management and Development, Energy and Power, Building & Housing and Tourism Departments.

per Para 24.6 of amended (2009) provision of SPWD manual. The reply of the departments is not acceptable as the MAs were meant for speedy completion of the works but none of the works were completed in time and further most of the MAs were paid prior to the amendment of the manual in 2009.

### 6.10.3 Irregular Expenditure Towards Land Compensation

Guidelines forbade utilisation of NLCPR funds towards meeting the cost of land acquisition. Audit noticed that two departments incurred ₹ 2.13 crore from the project funds towards meeting the cost of land acquisition pertaining to two projects. The heads of the departments and Development Commissioner who countersigned the utilisation certificates (UCs) had mentioned in the UCs that necessary checks have been exercised before submission of utilisation certificate to the Ministry which was misleading in view of payment for land acquisition cases out of project funds. Details are as under:

Table-6.16

Name of Department	Name of work	Date	Particulars of payment	Expenditure incurred (₹ in lakh)
Tourism	Construction of Ropeway at Namchi, South Sikkim	20.3.08	Pr. Chief Conservator of Forest –cum-Secretary, Forest Department	42.68
RMDD	Multistage water pumping from river Rangeet.	--	Secretary LRD on a/c of land compensation	170.00
			<b>Total</b>	<b>212.68</b>

This had resulted in diversion of NLCPR funds of ₹ 212.68 lakh for other purposes beside intended benefit of the scheme could not be given to the public to the extent of above diversion.

### 6.10.4 Recommendations

- *Departments are required to give more emphasis on completion of works in time to ensure flow of intended benefit to the public at the earliest.*
- *In respect of payment of mobilisation advances, the Departments are required to ensure completion of works in time otherwise, objective of giving mobilisation advance would be defeated.*
- *In respect of diversion of NLCPR funds, the Departments are required to supplement funds from State side under the said schemes/ project so that full intended benefit flows to the public.*