



सत्यमेव जयते

**Annual Technical Inspection Report on  
Panchayati Raj Institutions  
and  
Urban Local Bodies  
for the year ended 31 March 2021**

**Government of Sikkim  
Office of the Principal Accountant General (Audit),  
Sikkim**



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## PREFACE

*This Combined Report for the year ended 31 March 2021 has been prepared for submission to the Government of Sikkim in terms of Technical Guidance and Supervision to audit of PRIs and ULBs under Section 20(1) of CAG's (DPC) Act 1971.*

*The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.*

*The issues noticed in the course of test audit for the period 2017-18 to 2020-21 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports, have also been included, wherever necessary.*

*The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.*



# OVERVIEW





# OVERVIEW

## 1. An overview of Panchayati Raj Institutions

The State Government transferred only 20 functions to the PRIs as against 29 functions as of March 2021.

*(Paragraph - 1.3.2)*

Against the recovery of ₹ 451.09 lakh pointed out in Social Audit during 2013-21, actual recovery was only ₹ 155.55 lakh leading to outstanding recovery of ₹ 295.54 lakh as of March 2021.

*(Paragraph - 1.5)*

## 2. Compliance Audit Paragraphs of PRIs

Three CRCs were not utilized for the purposes for which constructed and thus intended benefits were not achieved. While one CRC (Pabong) was lying idle for more than three years; two CRCs (Ben Nampruk and Bermoik Tokel) was used for running Panchayat office and SHGs office, respectively.

*(Paragraph - 2.1)*

The ZP incurred avoidable and irregular expenditure of ₹ 8.48 lakh in execution of 'Augmentation of Rural Water Supply Scheme from Rinkhim river source to Ben Sanku village' towards head load of additional 800 meter (₹ 5.31 lakh), construction of distribution tank (₹ 2.13 lakh) and sedimentation tank (₹ 1.04 lakh).

*(Paragraph - 2.2)*

The Rural Development Department (RDD) irregularly incurred ₹ 72.28 lakh towards defraying salary of 21 officials who were appointed as State Panchayat Co-ordinators (11) and Office Assistants (10) prior to launching of Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA).

*(Paragraph - 2.3)*

The laptops provided to ZP members by ZPs (North and South) at a cost ₹ 14.70 lakh were retained by the ZP members after completion of their tenure.

*(Paragraph - 2.4)*

## 3. An overview of the Urban Local Bodies

Out of 18 functions listed in the XII<sup>th</sup> Schedule of the Constitution of India, the State Government transferred only six functions to the Gangtok Municipal Corporation, five

functions to the Rangpo Nagar Panchayat and four functions to the five ULBs (Namchi Municipal Council, Naya Bazar – Jorethang Nagar Panchayat, Geyzing Nagar Panchayat, Singtam Nagar Panchayat and Mangan Nagar Panchayat).

*(Paragraph - 3.3)*

The State Government had not set up Property Tax Board for realisation of property tax.

*(Paragraph - 3.6)*

The revenue collection recorded decrease during 2020-21 over previous year (2019-20) in case of all the ULBs. Reasons for decrease in revenue have not been intimated by ULBs. In case of GMC, the own revenue collection decreased from ₹ 918.66 lakh to ₹ 901.82 lakh, NMC from ₹ 109.03 lakh to ₹ 98.57 lakh etc. The decrease was mainly due to decrease in collection from solid waste management, parking lots, renewal of trade licence, hoarding and banner charge etc.

*(Paragraph - 3.10.1)*

**PART – A**  
**PANCHAYATI RAJ INSTITUTIONS**



# **CHAPTER-I**

**AN OVERVIEW OF THE FUNCTIONING,  
ACCOUNTABILITY MECHANISM AND  
FINANCIAL REPORTING ISSUES OF  
PANCHAYATI RAJ INSTITUTIONS**



## CHAPTER-I

### AN OVERVIEW OF THE FUNCTIONING, ACCOUNTIBILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYATI RAJ INSTITUTIONS (PRIs)

#### Functioning of the Panchayati Raj Institutions (PRIs) in the State

##### 1.1 Introduction

The 73<sup>rd</sup> Constitutional Amendment Act, 1992 gave a constitutional status to *Panchayati Raj* Institutions (PRIs) and provided for a uniform structure, holding regular elections, regular flow of funds through Finance Commissions etc. As a follow up, the States were required to entrust the PRIs with specified powers, functions and responsibilities to enable them to function as institutions of self-governance. The PRIs are required to prepare plans and implement schemes for economic and social development.

Consequently, Government of Sikkim (GoS) enacted Sikkim *Panchayat* Act (SPA), 1993. A two-tier system of PRIs viz., *Gram Panchayat* (GP) at village level and *Zilla Panchayat* (ZP) at district level was established under this Act. As on March 2021, there were four ZPs<sup>1</sup> consisting of 110 Territorial Constituencies<sup>2</sup> (TCs) and 185 GPs comprising of 1,040 wards in the State. Out of 185 GPs, there are two traditional institutions of self-governance at *Lachung* and *Lachen* in North Sikkim, also known as the *Dzumsas*. The head of the *Dzumsa* known as *Pippon* is selected by the public. The *Dzumsas* were deemed to be *Gram Panchayat* Units (GPU) for the purpose of Sikkim *Panchayat* Act, 1993 and exercised their traditional powers besides carrying out the functions of *Gram Panchayats*. The Government of Sikkim (GoS) promulgated Sikkim *Zilla Panchayat* (Financial) Rules, 2001; Sikkim *Zilla Panchayat* (Financial) Amendment Rules, 2004; Sikkim *Gram Panchayat* (Financial) Rules, 2003; Sikkim *Gram Panchayat* (Financial) Amendment Rules, 2004.

The important statistics relating to rural population, sex ratio, literacy rate, etc. are given in **Appendix 1.1**.

##### 1.1.1 Evolution of Local Self-governance in Sikkim

Though the GoS enacted *Panchayati Raj* Act in 1993 in compliance to the 73<sup>rd</sup> Constitutional Amendment Act, the roots of *Panchayati Raj* in the State date back to the time when Sikkim was a kingdom under the *Namgyal* Dynasty. During that period, landlords or *Zamindars* were known as *Kazis*. Under the *Kazis* there were *Mandals* and *Karbaris* to assess the crop cultivation and collect taxes in form of *Dhuri Khazana*.

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<sup>1</sup>East, West, North and South

<sup>2</sup>East (32 TCs), West (28 TCs), North (22 TCs), South (28 TCs).

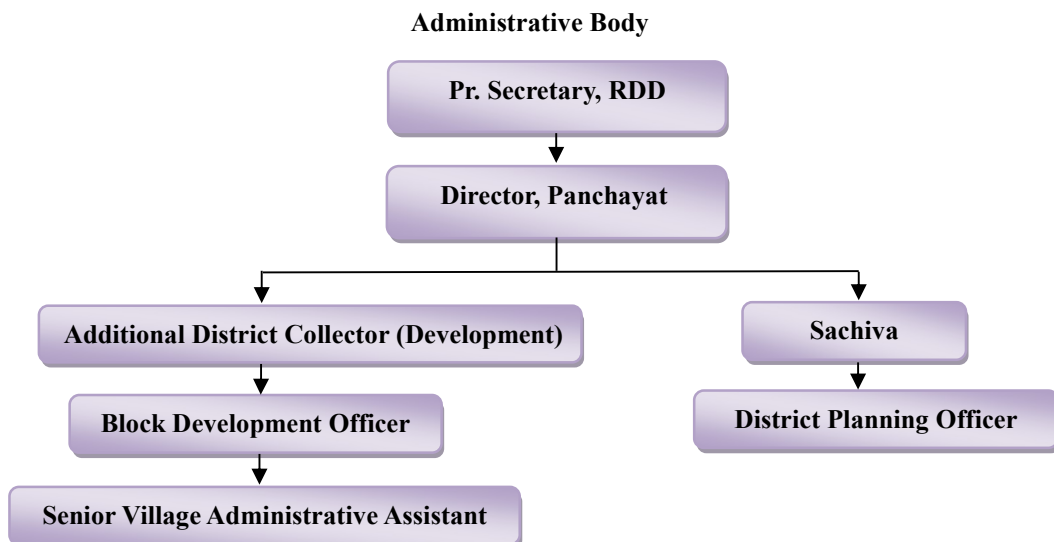
*Panchayats* were created after the abolition of *Zamindari* in 1948. The *Panchayats* consisted of the landlord or his representative and four other members from the block, selected by the people in a meeting convened for the purpose. These *Panchayats* filled the gap created by the abolition of *Zamindari* and were essentially quasi-judicial in nature or *Nyaya Panchayats*.

Formally, the SPA, 1965 which came into effect from December 1965, was enacted to consolidate and amend laws relating to *Panchayats* in Sikkim. The objective of establishing the *Panchayats* was to facilitate rural development and to enable participation of all communities at the village level. The term of these *Panchayats* was three years and the *Panchayats* were assigned 16 duties and functions. To fulfil these duties, the *Panchayats* had resources comprising of house tax, a proportion (10 per cent) of the land revenue of the block, matching grants by the *Darbar* for original work (for which public contribution was collected), sanitation cess and water cess. The Act also provided reservations for minorities. This arrangement continued till enactment of the SPA, 1993.

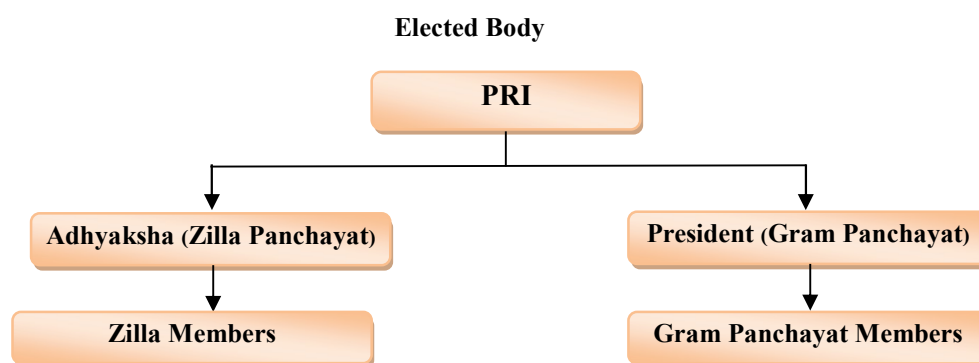
## 1.2 Organisational structure of PRIs

The Principal Secretary, Rural Development Department (RDD), is the administrative head of PRIs. He is assisted by Director (*Panchayat*) in exercising overall control and supervision of PRIs in the State. The ZPs and the GPs are headed by *Adhyaksha* and President, respectively. The following chart depicts the organisational structure of the Department and the PRIs.

Chart 1.1: Organisational Chart of PRIs







### 1.3 Legal framework and functions of PRIs

As per the SPA 1993 and rules made thereunder, the State Government exercises its powers, as detailed in *Appendix 1.2*. The SPA, 1993 also entrusts the State Government with the following powers to exercise control over functioning of the PRIs:

- call for any record, register, plan, estimate, information, *etc.* from the PRIs;
- inspect any office or any record or any document of the PRIs;
- inspect works and development schemes implemented by PRIs;
- remove *Adhyaksha* and *Upadhyaksha* of ZP after following appropriate procedure; and
- take action on faults of a *Panchayat* President, Secretary and District Planning Officer.

Despite the State Government being empowered as above for the enhancement of quality of public service and governance, a number of deficiencies in the implementation of schemes, matters relating to finance, *etc.* were noticed which are discussed in this chapter.

#### 1.3.1 Devolution of Functions

In order to operationalise decentralisation of funds, functions and functionaries among PRIs, the Ministry of Rural Development, Government of India (GoI) constituted (July 2001) the Central Task Force (CTF) for suggesting the manner of transfer of functions to each tier of PRIs so that devolution of all the 29 functions listed in the XI<sup>th</sup> Schedule of the Constitution could be completed by March 2002. Article 243(G) of the Constitution contains a provision for transfer of these functions to different tiers of PRIs. The list of 29 functions to be transferred to the PRIs by the State Government is detailed in *Appendix 1.3*. For the effective functioning of State Government and PRIs, it is necessary to delineate the roles and responsibilities of the State Government and each tier of PRIs for every transferred function. This exercise was done through activity mapping<sup>3</sup> in April 2008.

<sup>3</sup>Activity Mapping is an exercise to devolve various functions to be discharged by the GPs and ZPs.

### 1.3.2 Functions not transferred as per 73<sup>rd</sup> Constitutional Amendment

The State Government through Notification No. 3/RMDD/P dated 29 April 2008 has transferred only 20 functions to the PRIs. The remaining nine functions were still with the State Government (detailed in *Appendix 1.4*). These functions were being discharged by the respective departments.

Thus, while entire functions were yet to be transferred, even in the cases where they were transferred, adequate funds were not released by the departments concerned to the PRIs. Thus, the PRIs could not initiate a number of activities such as soil conservation, forest related activities for forest conservation, self-employment through small scale industries, *etc.* mandated in the 73<sup>rd</sup> Constitutional Amendment.

## 1.4 Audit arrangement

### 1.4.1 Primary Auditor

The Director, Local Fund Audit (DLFA) is the primary auditor to conduct the audit of PRIs and ULBs in the State of Sikkim. ‘The Sikkim Local Fund Audit Act, 2012’ provided for establishment of DLFA (June 2012) to regulate the audit of Local Funds. DLFA is headed by a Principal Director and assisted by one Joint Director, one Sr. Accounts Officer and other supporting staff. GoS had not delineated specific sanctioned strength for DLFA even after more than 10 years since its formation in June 2012.

The State Government had also not specified the terms of tenure for DLFA. The Head of Department (HoD) was transferred frequently as shown in *Appendix 1.5*. The tenure of HoD ranged between five months and 22 months. Similarly, for Joint Director, the tenure varied from one to four years. Further, training to officer and staff were not imparted during 2016-21 despite the fact that majority of officers and staff were posted from Finance Department with no exposure to audit related works in Local Bodies.

Audit coverage by DLFA ranged between 15 and 36 *per cent* of planned units during 2016-17 to 2020-21 as shown in Table 1.1. Audit observed that, there was no norms/basis for unit planning by DLFA. In absence of that number of units planned and number of units audited, could not be effectively evaluated.

**Table 1.1: Units planned for audit and actually audited**

Year	No. of units planned for audit	No. of units audited	No. of audit reports issued
2016-17	178	64(36)	64
2017-18	178	47(26)	47
2018-19	182	64 (35)	64
2019-20	191	39 (20)	39
2020-21	189	28(15)	28

*Source: Information furnished by DLFA, Government of Sikkim*  
*Figures in bracket indicate percentage.*

Thus, the audit planning by DLFA was not in commensurate with available manpower.

### 1.4.2 Audit by the Comptroller and Auditor General of India

As per recommendations of the Thirteenth Finance Commission (13<sup>th</sup> FC) and guidelines issued by the Ministry of Finance, GoI, the State Government entrusted (June 2011) the audit of accounts of PRIs to CAG under Section 20(1) of CAG's (DPC) Act 1971, under standard terms and conditions of the Technical Guidance and Supervision. Subsequently, as per Sikkim *Panchayat* (Amendment) Act, 2017, the CAG shall provide Technical Guidance and Supervision over the audit of GPs and submit its Annual Technical Inspection Report for placing it before State Legislature. Accordingly, test audit of GPs and ZPs is being conducted by the Office of the Principal Accountant General (Audit), Sikkim. During 2020-21, accounts of 20 PRIs (four ZPs and 16 GPs) were audited by the Office of the Principal Accountant General (Audit), Sikkim.

The year-wise position of units planned to be audited and actually audited during the period 2016-17 to 2020-21 is given in table 1.2:

**Table 1.2: Units planned for audit and actually audited**

Year	No. of units planned for audit	No. of units audited	No. of reports issued
2016-17	92	92	92
2017-18	92	92	92
2018-19	92	92	92
2019-20	92	82*	82
2020-21	29	20*	20

\* Due to Lock down, 19 units could not be audited. (10 in 2019-20 & 9 in 2020-21)

Source: Master Programme Register of office of the Pr. Accountant General (Audit), Sikkim

As would be seen, all units planned were audited during 2016-17 to 2020-21 except 19 units in 2019-20 and 2020-21 due to lockdown and other measures announced (March 2021) by the Government to curb the spread of corona pandemic.

### 1.4.3 Response to Audit Observations

After completion of audit, Inspection Reports (IRs) are issued by the office of the Principal Accountant General (Audit), Sikkim to PRI authorities with a copy to the State Government. PRI authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions and report their compliance within four weeks from the date of issue of IRs. Important audit findings are processed for inclusion in the Annual Technical Inspection Report (ATIR).

During 2020-21, 20 IRs were issued, of which replies of two IRs were received while one GP submitted replies to the IRs within four weeks, another GP submitted replies after expiry of four weeks. Eighteen (18) ZPs/GPs did not submit replies as of March 2021 as shown below:

**Table 1.3: Nos of IRs issued, and departments reply received**

Sl. No.	Units	IRs issued	Replies furnished within 4 weeks	Reply furnished after 4 weeks	Replies not received
1.	ZP	2	-	-	2
2.	GP	18	1	1	16
	<b>Total</b>	<b>20</b>	<b>1</b>	<b>1</b>	<b>18</b>

Position of outstanding IRs and paragraphs in respect of PRIs as on 31 March 2021 is shown in table-1.4.

**Table 1.4: Outstanding Inspection Reports and Paragraphs**

(₹ in lakh)

Year	No. of Inspection Reports	No. of outstanding paragraphs	Money value of observations
Upto 2016-17	79	298	3.50
2017-18	62	308	233.75
2018-19	61	259	11.59
2019-20	83	258	16.86
2020-21	29	98	7.24
<b>Total</b>	<b>314</b>	<b>1,221</b>	<b>272.94</b>

Source: Outstanding Paras Register maintained in office of the Pr. Accountant General (Audit), Sikkim

Increased accumulation of old outstanding 298 paragraphs (79 IRs) in April 2017 to 1221 paragraphs (314 IRs) in March 2021 indicated that the PRIs had not taken adequate measures to initiate corrective actions pointed out through the IRs. This also indicates weak internal control mechanism for addressing the issues mentioned in the IRs.

#### **1.4.4 Placement of Annual Technical Inspection Report (ATIR)**

The ATIRs for years 2007-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 were placed in the State Legislature. As of January 2022, no ATIR has been discussed in the Public Accounts Committee (PAC). However, the PAC have been requested (September 2017) by the Speaker, Sikkim Legislative Assembly to discuss and examine the ATIRs on Local Bodies in addition to their prescribed function till further order.

#### **1.4.5 Technical Guidance and Supervision (TGS)**

The Regulations on Audit and Accounts, 2007 (Regulation 152) read with State Government letter No. 13(34) FCD/Fin/1000 dated 16 June 2011 stipulates that the CAG may provide suitable TGS to primary auditor of PRI viz., the DLFA for the purpose of strengthening Public Finance Management and Accountability in Rural Local Bodies. The parameters of such TGS as given in Regulation 152 are as follows:

- The Local Fund Auditor shall prepare an annual audit plan (AAP) for the next financial year by the end of March every year;
- The audit methodology and procedure for the audit of PRIs by the DLFA shall be as per various Acts and Statutes enacted by the State Government and guidelines prescribed by the CAG of India;
- Copies of Inspection Reports (IRs) shall also be forwarded by DLFA to the Pr.AG (Audit) for advice on system improvement;
- DLFA shall furnish returns in such format as may be prescribed by the CAG for advice and monitoring;
- The Pr.AG (Audit) would conduct test check of some units in order to provide technical guidance and report of the test check would be sent to the DLFA for pursuance of action;

- Irrespective of the money value, any serious irregularities shall be intimated to the Pr.AG (Audit);
- DLFA shall develop a system of internal control (IC) in its organisation in consultation with the Pr.AG (Audit); and
- The Pr.AG (Audit) shall also undertake training and capacity building of the Local Fund Staff.

Audit noticed that the DLFA had neither adopted the system of preparation of AAP nor developed IC in its organisation. Copies of IRs, list of serious irregularities, were also not furnished to the Pr.AG (Audit) by DLFA.

The DLFA stated (September 2021) that there was no advanced routine planning process for Local Bodies due to limited manpower, and basic registers were not maintained.

### ***Accountability Mechanism and Financial Reporting issues***

#### ***Accountability Mechanism***

To promote accountability mechanism in the Local Bodies (PRI and ULB), the State Government was required to appoint Ombudsman and *Lokayukta* for the investigation of administrative action taken by or on behalf of the Government or certain local and public authorities in certain cases and for matter connected therewith and matters involving acts of injustice, corruption or favouritism and initiate Social Audit. Though the *Lokayukta* was appointed in February 2014 by the State Government, Ombudsman has not been appointed. No case was registered with *Lokayukta* during 2020-21.

Position in respect of other parameters effecting accountability mechanism in the PRIs are given below:

#### **1.5 Social Audit**

Government of Sikkim initiated Social Audit in 2007-08 as envisaged (Section 17) in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005. Thereafter in compliance to MGNREGA Audit of Scheme Rules, 2011, the State Government appointed one Non-Governmental Organisation (NGO) to function as Social Audit Unit (SAU). An independent Social Audit Director heads the SAU. Four District Resource Institutes (DRI) have also been set-up in four districts. During 2020-21, 96 GPs were covered under Social Audit with involvement of State Resource Persons<sup>4</sup>, District Resource Persons<sup>5</sup> and beneficiaries.

<sup>4</sup>Members of the Social Audit Unit. They take the lead in planning, training of DRIs, preparation of training material, finalising the formats of reports and review of the Social Audit Reports prepared by the DRIs.

<sup>5</sup>Facilitators of Social Audit in Gram Panchayat and members of the District Resource Institution. They prepare the Social Audit Report following prescribed process and format in co-ordination with the SAU.

During the course of Social Audit of this period, 13,528 issues were raised and ‘Recovery’ of ₹ 451.09 lakh was pointed out during 2013-21 as detailed below:

**Table 1.5: Statement showing issues raised and settled**

Year	GPs covered	Issues			Recovery (₹ in lakh)		
		Raised	Settled	Unsettled	Pointed out	Recovered	Yet to be recovered
2013-14 to 2016-17	176	7,184	3,800(53)	3,384(47)	230.48	42.14(18)	188.34 (82)
2017-18	176	2,052	981(48)	1,071(52)	45.76	12.19(27)	33.57(73)
2018-19	185	1,790	692(39)	1,098(61)	13.00	0.32(2)	12.68(98)
2019-20	185	1,833	787(43)	1,046(57)	55.85	3.80(7)	52.05(93)
2020-21	96	669	136((20)	533(80)	106.00	97.10(92)	8.90(8)
<b>Total</b>		<b>13,528</b>	<b>6,396(47)</b>	<b>7,132(53)</b>	<b>451.09</b>	<b>155.55(34)</b>	<b>295.54(66)</b>

Source: Annual Reports of Social Audit Unit, Sikkim

Figure in brackets indicate percentage.

As would be seen, till March 2021, out of 13,528 issues raised during 2013-14 to 2020-21 in Social Audit, 7,132 (53 per cent) issues remained unsettled of which 3,384 pertained to the period 2013-14 to 2016-17 and 3,748 pertained to the period 2017-18 to 2020-21. The percentage of amount actually recovered against total recovery pointed out ranged between 2 to 92 per cent for the period 2017-18 to 2020-21. As against the recovery of ₹ 451.09 lakh pointed out, recovery was only ₹ 155.55 lakh leading to outstanding recovery of ₹ 295.54 lakh (66 per cent) as of March 2021.

## **1.6 Internal Audit and Internal Control System of PRIs**

Internal control mechanism is an integral function of an organisation which helps to govern its activities effectively and achieve the objectives of the organisation. Existence of effective internal control measures would minimise the risk of errors and irregularities. Internal Audit is an important instrument to examine and evaluate the level of compliance of rules and procedures as envisaged in the relevant Acts as well as Financial/Accounting Rules. It provides reasonable assurance that the general objectives of organisations are achieved duly fulfilling accountability obligations, compliance of applicable rules and regulations and implementation of programmes in an orderly, economical, efficient and effective manner.

### **1.6.1 Internal Audit**

The RDD appointed Chartered Accountant firms to audit the accounts of PRIs and submit reports within six months. The accounts for 2019-20 had been audited by the CAs. However, audit of accounts for the year 2020-21 had not been conducted till March 2022.

### **1.6.2 Internal control system in PRIs**

The internal control system for PRI were designed by GoS through the Sikkim Panchayat Act, 1993, Sikkim Zilla Panchayat (Financial) Rules, 2001 and Sikkim Gram Panchayat (Financial) Rules, 2003; besides application of State Government’s own rules and policies relating to finance, budget and personnel administration.

Significant provision of internal control mechanism *vis-à-vis* position of test checked PRIs is given in the following table:

**Table 1.6: Statement showing Internal Control System at the level of PRIs**

Provision	Authority	Gist of the provision	Actual position
Budget	Sec. 46 of the SP Act, 1993; Sec. 83 of the SP Act, 1993	Every GP/ ZP shall prepare each year a budget of its estimated receipts and expenditure for the next financial year and submit it to the Government for approval.	Test check of 16 GPs revealed that the budget was prepared by GPs/ ZPs. However, budget did not include provisions for important schemes like MGNREGA.
Accounts	Sec. 48(1) of the SP Act, 1993; Sec. 85 of the SP Act, 1993	Accounts of receipts and expenditure of every GP/ ZP shall be maintained in such forms and in such manner as may be prescribed.	Receipts and expenditure accounts as recommended in Model Accounting Structure were not maintained by any of the 16GPs/ ZPs test checked in Audit.
Internal Audit	Sec. 48(2) of the SP Act, 1993; Sec. 86 of the SP Act, 1993	The accounts of the fund of a GP/ZP shall be examined and audited by an auditor appointed by State Government.	The Chartered Accountants firms were assigned responsibility to audit accounts of GPs and ZPs. However, as of March 2022, the accounts of 2020-21 had not been prepared.
Supervision	Sec. 68 (1) (2) of the SP Act, 1993	The <i>Sachiva</i> of a <i>Zilla Panchayat</i> appointed by the State Government shall have authority to supervise all records of every GPs falling under the jurisdiction of a <i>Zilla Panchayat</i> of a concerned district.	Records relating to supervision of records by <i>Sachiva</i> was not available in any of the 16GPs test checked in Audit.
Reporting of loss, wastage of money/ property	Sec. 90(2) (c) of the SP Act, 1993	To be reported by an auditor authorised to audit the documents of GPs/ZPs.	No such report was available in test checked GPs/ZPs.
Inspection	Sec. 109(1) of the SP Act, 1993	Government or any officer empowered by the Government may inspect any work being carried out by GP/ZP.	The inspection was carried out from time to time by various departments of State Government.
Reporting of the work	Sec. 122 of the SP Act, 1993	The GP/ZP concerned shall prepare and submit annual report on work done during previous year and the work proposed to be done in the following year.	No such report was available in any of the 16 GPs test checked in Audit.
Asset Register	Rule 7(2)(d) of Sikkim ZP (Financial) Rules, 2001; Rule 7(2)(f) of the Sikkim GP (Financial) Rules, 2003	Asset Register is required to be maintained in the format prescribed under the Rule.	None of the ZPs/GPs test checked had maintained Asset Register as prescribed.

Source: Information compiled from Audit Inspection Reports of GPs/ZPs.

The deficiencies as summarised in the preceding table indicated weak internal control mechanism in PRIs.



### **1.6.3 Role of Block Development Officer and its utility**

The Block Development Officers (BDO) have been appointed as Charge Officers to monitor the entire Participatory Rural Appraisal (PRA) exercise, coordinate the functioning of the *Gram* Planning Forum (GPF) and smooth conduct of *Gram Sabha* in all the *Gram Panchayats* falling under his jurisdiction. He shall report the progress of the exercise to the District Level Task Force on a weekly basis.

In the internal control system of PRIs, Block Administrative Centres (BAC) plays an important role as BACs have been established to assist and support the *Panchayat* administration in *Gram Panchayat* Units (GPUs). It also serves as a link between villagers and all the Government departments to make the delivery mechanism more effective to realise the objective of devolution of powers, functions and finances to the *Panchayat* for further strengthening of PRI. The BDO is directly in-charge of the GPUs falling under the jurisdiction, where the BAC is set up. His responsibilities inter-alia include inspecting office as well as works of the GPs, supervision and providing necessary guidance to GPs and functionaries of the Block; formulation of plans and programmes of various programmes/schemes for consideration of the Government and the *Zilla Panchayat*; resource mapping of all the villages falling within their jurisdiction; overseeing Information, Education and Communication activity and functioning of the decentralisation of powers of the *Panchayats*; submit reports, returns and estimate of various works and programmes of GPUs falling under the jurisdiction of BAC; Strength, Weakness, Opportunity and Threats (SWOT) analysis of the villages so as to make the plan in the right perspective etc.

It was, however, noticed that:

- The BACs had not initiated adequate action towards formulation of plans under various developmental schemes and had not adequately discharged the function of overseeing of IEC activity and functioning of the decentralisation of powers of the *Panchayats*. Although the BACs claimed that offices as well as works of GPs had been inspected, reports of inspection were not documented to support their claim. Follow-up, if any, taken by GPs was also not on record to substantiate the contention that inspection was carried out by BAC and improvements brought about in the functioning of GPs.
- Similarly, SWOT analysis and Resource mapping exercise were carried out during the course of preparation of *Gram Panchayat* Development Plan (GPDP), the inputs had not been put to appropriate use, especially in implementation of developmental schemes such as National Rural Drinking Water Programme, MGNREGS, etc.
- No correspondence with GPUs related to planning under GPDP and shortcoming in planning and other issues were done by BDO.
- Line department officials posted in BACs were functioning under the administrative control of their respective departments and were not liable to report to BDO. As a result, supervision and technical expertise expected from line department functionaries were not readily available with the BACs for effective



planning and implementation of developmental projects in the GPs with close coordination with BACs.

Thus, strengthening of Internal Control System of PRIs by BAC to make the delivery mechanism more effective to realise the objectives of devolution of powers, functions and functionaries were not achieved as envisaged.

## 1.7 Financial Reporting Issues

Financial reporting in the PRIs is a key element of accountability. The provisions relating to drawl of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts by the ZPs and GPs are governed by the provisions of the Sikkim *Panchayat* (SP) Act, 1993; Sikkim *Zilla Panchayat* (Financial) Rules, 2001; Sikkim *Gram Panchayat* (Financial) Rules, 2003; Sikkim Financial Rules; Sikkim Public Works Accounts Code; Sikkim Public Works Manual; and Standing Orders and Instructions.

The PRIs are solely funded through Grants-in-aid from the Central and the State Government for general administration as well as developmental activities. Funds are initially reflected in the State Budget and released to PRIs. The ZPs and GPs, in turn, deposit their funds in the savings account maintained with nationalised banks.

The budget provision kept in the State Budget, expenditure there against and Excess/Savings during the period from 2016-17 to 2020-21 is given in the following table:

**Table 1.7: Budget of PRIs vis-à-vis expenditure**

(₹ in crore)

Year	Budget		Total allocation	Expenditure	Excess (-)/ Saving(+)
	Central	State			
2016-17	157.74	37.32	195.06	181.72	(+) 13.34 (7%)
2017-18	134.66	42.99	177.65	168.13	(+) 9.52 (5%)
2018-19	29.67	58.29	87.96	87.95	(+) 0.01 (0)
2019-20	40.09	68.99	109.08	108.99	(-) 0.09 (0)
2020-21	42.00	58.80	100.80	100.80	0.00(0)

Source: Detailed Appropriation Accounts of Government of Sikkim for the year 2020-21

Analysis revealed that during 2020-21, the funds received from the State Government was utilised towards establishment cost, payment of honorarium, discretionary grants and repair and maintenance of assets. The funds received from the Central Government (14<sup>th</sup> Finance Commission Grants) was utilised towards creation of assets for providing basic services.

### 1.7.1 Source of Funds

The main sources of funds of PRIs include grants from the Central and the State Government. The details of grants released by the Central and the State Government are given in the following table:

**Table 1.8: Grants released by Central and State Government**

(₹ in crore)

Year	Central Grant		State Grants						Grand Total		Expenditure	
			4 <sup>th</sup> & 5 <sup>th</sup> SFC (Primary & Improvement Grant)		4 <sup>th</sup> SFC & 5 <sup>th</sup> (Share of net proceeds)		Direction & Administration					
	ZP	GP	ZP	GP	ZP	GP	ZP	GP	ZP	GP	ZP	GP
2016-17	0	157.74	0	0	0	0	12.65	24.67	12.65	182.41	12.93	168.79
2017-18	0	134.66	3.38	6.74	3.53	8.23	6.57	14.54	13.48	164.17	9.51	158.62
2018-19	0	29.67	3.46	7.11	3.67	8.58	10.89	24.58	18.02	69.94	18.01	69.94
2019-20	0	40.09	3.51	6.79	5.97	13.93	13.44	25.35	22.92	86.16	22.83	86.16
2020-21	6.30	35.70	0.00	0.00	7.36	13.67	11.83	25.94	25.49	75.31	34.41	66.39
<b>Total</b>	<b>6.30</b>	<b>397.86</b>	<b>10.35</b>	<b>20.64</b>	<b>20.53</b>	<b>44.41</b>	<b>55.38</b>	<b>115.08</b>	<b>92.56</b>	<b>577.99</b>	<b>97.69</b>	<b>549.90</b>

Source: Detailed Appropriation Accounts 2020-21 of Government of Sikkim

Analysis revealed the following:

- **Central Grants:** The decrease in grants from the Central Government since 2018-19 was due to non-release of MGNREGS funds to the GPs as the funds were released to Districts/ Blocks. As per MGNREG Act, at least 50 per cent of works were required to be executed by the GPs.

**Table 1.9: Sources of Receipts from Central Government**

(₹ in crore)

Year		2016-17	2017-18	2018-19	2019-20	2020-21
MGNREGS	ZP	0	0	0	0	0
	GP	132.63	105.71	0*	0*	0
Central Finance	ZP	0	0	0	0	6.30
	GP	25.11	28.95	29.67	40.09	35.70
<b>Total</b>		<b>157.74</b>	<b>134.66</b>	<b>29.67</b>	<b>40.09</b>	<b>42.00</b>

Source: Information furnished by the RDD, Government of Sikkim

\* funds were released to District/Blocks for execution of MRNREGS works. GP had not received any fund for MGNREGS.

- **State Grants:** The Fifth State Finance Commission (FSFC), Sikkim recommended (July 2017) allocating ₹ 18.17 crore towards Grants and meeting administrative expenses the PRIs for the year 2020-21. As against this, the actual allocation was ₹21.03 crore during 2020-21.

**Table 1.10: Actual transfer of funds to PRIs during 2020-21 vis-à-vis FSFC recommendation**

(₹ in lakh)

Sl. No.	Head	Tax receipt	collectioncost (10% of Col 3)	Net tax receipt (Col 3-4)	Funds to be transferred to Local Bodies (5.5 per cent of Net tax receipt)	Funds to be transferred to PRIs (75 per cent of Col.6)	Tax Transferred to PRIs
1	2	3	4	5	6	7	8
1.	Land Revenue	1,332.80	133.28	1,199.52	65.97	49.48	2,103.40
2.	Stamp & Registration	1,312.94	131.29	1,181.65	64.99	48.74	
3.	State Excise	21,027.09	2,102.70	18,924.38	1,040.83	780.62	
4.	Taxes on	19,524.66	1,952.46	17,572.19	966.47	724.85	

Sl. No.	Head	Tax receipt	collectioncost (10% of Col 3)	Net tax receipt (Col 3-4)	Funds to be transferred to Local Bodies (5.5 per cent of Net tax receipt)	Funds to be transferred to PRIs (75 per cent of Col.6)	Tax Transferred to PRIs
	Sales, Trade etc.						
5.	Taxes on vehicles	2,896.35	289.63	2,606.71	143.36	107.52	
6.	Other Taxes and Duties	2,843.29	284.33	2,558.96	140.74	105.56	
	<b>Total</b>	<b>48,937.13</b>	<b>4,893.69</b>	<b>44,043.41</b>	<b>2,422.36</b>	<b>1,816.77</b>	2,103.40

Source: Finance Accounts 2020-21 and information furnished by Rural Development Department.

➤ **Overall financial position of PRIs:** The RDD could not furnish (September 2021) information on financial position, viz., opening balance, total receipts, and total expenditure and closing balance to assess the availability of funds and its utilisation by the GPs and ZPs during 2020-21. Audit accordingly requisitioned for relevant information directly from ZPs and GPs. However, only 56 GPs (out of 185) and four ZPs furnished the information. Analysis of information furnished by these 60 units, revealed that amount of ₹ 93.09 crore was available with these PRIs during 2020-21 out of which only ₹ 55.05 crore was spent, leaving an unspent balance of ₹ 38.04 crore as shown below:

**Table 1.11: Total funds and expenditure of ZPs and GPs**

(₹ in crore)

ZP / GP	Total funds available	Expenditure	Balance
ZPs (4 ZPs)	52.39	31.85	20.54 (39)
East Sikkim (10 GPs)	7.48	4.69	2.79
West Sikkim (10 GPs)	4.32	2.52	1.80
North Sikkim (10 GPs)	6.31	3.70	2.61
South Sikkim (26 GPs)	22.59	12.29	10.30
<b>Total GPs (56 GPs)</b>	<b>40.70</b>	<b>23.20</b>	<b>17.50 (43)</b>
<b>Total (4 ZPs and 56 GPs)</b>	<b>93.09</b>	<b>55.05</b>	<b>38.04 (41)</b>

Source: Information furnished by ZPs & GPs

Audit noticed that the unspent/closing balances during 2020-21 of these PRIs was 41 per cent (39 and 43 per cent for ZPs and GPs respectively) of the total funds available, which was high and indicative of inadequate absorption capacity of the PRIs.

➤ **Levy of Taxes and Fees**

Sections 39 (1) and 40 (1) of SPA, 1993, envisage constitution of *Gram Panchayat* funds and levy of Taxes, Rates, and Fees on the subjects mentioned in clauses (a) to (i) of Section 40 (1) by the GPs.

In line with Third State Finance Commission (TSFC) recommendations (February 2010), the State Government notified (September 2010) for levying of Household Tax (₹ 5 to ₹ 15 per month); Water & Sanitation Tax (₹ 1 per month for each household); Village Road & Environment Tax (₹ 1 per month per household); *Panchayat*

Recommendation / Clearance/ Certificate Fees @ ₹ 20 per case/ application; Building Construction Fees @ ₹ 2 for *pucca* construction and ₹ 1 for *kuchcha* construction per square feet of *plinth* area and other miscellaneous receipts by the *Gram Panchayat*.

Test check of records of GPs revealed that GPs had initiated measures to collect revenue through garbage fee, tender fee, trade license, *etc.* However, GPs failed to realise Household Tax: ₹ 154.82 lakh<sup>6</sup> per year, Water & Sanitation Tax: ₹ 15.48<sup>7</sup> lakh per year, Village Road & Environment Tax and Building Construction Fees: ₹ 15.48<sup>8</sup> lakh per year.

### 1.7.2 Maintenance of Records

Rules 7(1) & 7 (2) of Sikkim *Gram Panchayat* (Financial) Rules, 2003 stipulate maintenance of various records such as (i) Cash Book, (ii) Monthly Receipt and Payment Register, (iii) Annual Receipts and Payment Accounts, (iv) Balance Sheet, (v) Monthly Reconciliation Statement, (vi) Inventory Register for Moveable Assets, and (vii) Inventory Register for Immoveable Assets for proper depiction of accounts of the *Gram Panchayat* Funds.

Scrutiny of records of 16 GPs related to maintenance of Registers and Records is given in the table below:

**Table 1.12: Register and Records maintained at GP level**

Sl. No.	Rule	Register/ records	Status	Effect
1.	Sikkim Gram Panchayat (Financial Rule) 2003	Monthly Receipts and Payment Registers	Monthly Receipts and Payment Registers not maintained in any of the 16 GPs checked in Audit.	Complete financial position could not be ascertained. Indicative of weak financial control,
2.	-do-	Annual Receipts and Payment Register	Annual Receipts and Payment Register not maintained in any of the 16 GPs checked in Audit.	risk of non-detection of frauds immediately, delays in financial reporting impacting the decision making.
3.	-do-	Balance Sheet	Balance Sheet not prepared in any of the 16 GPs checked in Audit.	Lack of information on Assets and Liabilities
4.	-do-	Monthly Reconciliation Statement	Monthly reconciliation not done in any of the 16 GPs checked in Audit.	Risk of frauds and errors remaining undetected.
5.	-do-	Inventory Register for Movable and Immoveable Assets	Inventory Register for Movable and Immoveable Assets not maintained in any of the 16 GPs checked in Audit.	Assurance on genuineness of expenditure on creation as well as existence of assets, not available.
7.	The SP Act and Financial Rules	Asset Register	Not maintained in any of the 16 GPs checked in Audit.	No assurance on existence of assets
8.		Annual physical verification	Not carried out in any of the 16 GPs checked in Audit.	-do-

<sup>6</sup> Total rural household= 1,29,006

Total Household tax= 1,29,006 x 10 x 12= ₹154.82 lakh

<sup>7</sup>Water Sanitation tax=1,29,006X1X12=₹15.48 lakh

<sup>8</sup>Village Road & Environment and Building Construction Fees=1,29,006X1X12=₹ 15.48 lakh

### **1.7.3 Reconciliation of Balances of Cash Book with Bank Passbook**

Sikkim Zilla Panchayat Financial Rules 2001 {4 (2) and 5 (1)} and Sikkim Gram Panchayat (Financial) Rules, 2003 states that it shall be the responsibility of the President of GP and *Sachiva* of ZP to ensure maintenance of Cash Book and it should be reconciled with the balance in the Banks. Scrutiny of Cash Books in 16 GPs disclosed that (i) Cash Book balances was not certified by the President of the GPs and (ii) none of the GPs had reconciled the Cash Book balances with the balances of the Banks. Thus, the differences between the Cash Book and Bank balances remained unreconciled during 2020-21. This could lead to frauds remaining undetected.

### **1.7.4 Maintenance of Accounts by PRIs**

The Ministry of *Panchayati Raj* (MoPR) prescribed (January 2009) new accounting formats for PRIs on recommendations of 13<sup>th</sup> FC with effect from 2010-11.

Audit noticed that the accounts of the PRIs were not maintained in the new accounting formats as prescribed by the MoPR and the PRIs accounts continued to be maintained in the old format. The entries in the old format of Accounts did not reflect transactions of all the receipts and expenditure relating to Panchayat Fund, Provident Fund, Loans, Deposits, *etc.* The accounts of the PRIs were finalised up to 2019-20 whereas accounts for the year 2020-21 had not been prepared as of March 2022.



**CHAPTER-II**  
**COMPLIANCE AUDIT OF TRANSACTION**  
**OF PANCHAYATI RAJ INSTITUTIONS**





## CHAPTER-II

### AUDIT ON TRANSACTIONS OF PANCHAYATI RAJ INSTITUTIONS

#### 2.1 Avoidable expenditure of ₹ 2.90 crore on construction of three Community Recreation Centres

*Three CRCs were not utilised for the purposes for which constructed and thus intended benefits were not achieved. While one CRC (Pabong) was lying idle for more than three years; two CRCs (Ben Namprik and Bermoik Tokel) were used for running Panchayat office and SHGs office, respectively.*

The Ministry of *Panchayat Raj*, GoI vide para 10.38 of 13<sup>th</sup> FC report classified the requirements of PRIs into two categories. The first category included improving the operational infrastructure of the *panchayats* from the four *per cent* of the divisible pool allotted to local bodies for the purpose of construction of *Panchayat Ghars*, providing skeleton staff for each *Panchayat* as well as honoraria and sitting fees for elected representatives and office expenses and e-governance.

The State Government decided to construct Community Recreation Centre (CRC) from 13<sup>th</sup> FC grants with the objective of providing a common space for people in villages to come together during occasions and related engagements based on the demand raised by public during village tour of the Chief Minister in 2011.

Scrutiny of records revealed that five CRCs were proposed to be constructed in South district through ZP (South) at an estimated aggregated cost of ₹ 4.78 crore. Out of five CRCs, three CRCs were completed between 2014-15 and 2017-18 by incurring ₹ 2.90 crore and handed over to *Panchayats* between 2014-15 and 2017-18 for use for the purpose for which they were constructed.

Audit observed that these CRCs were not utilised for the purposes for which constructed as shown below:

**Table 2.1: Utilisation of CRCs**

(₹ in lakh)

Sl	Name of CRC	Sanctioned cost	Date of completion	Expenditure	Date of handing over to Panchayats	Utilised for
1	Ben-Namprik	96.35	22.08.2016	96.32	29.09.2016	Panchayat office
2	Bermiok-Tokel	97.77	15.03.2015	97.76	21.03.2015	Used by Tokdey SHG
3	Pabong	95.61	20.06.2017	95.56	25.06.2017	Utilised by committee and GPU concerned since 2021
<b>Total</b>		<b>289.73</b>		<b>289.94</b>		

As would be seen that CRC at *Pabong* was idle for more than three years (upto 2021)<sup>9</sup>. The CRC at *Ben Nampruk* and *Bermoik Tokel* was used for running *Panchayat* office and SHG office, respectively. *Panchayats* of respective GPs allowed use of CRCs for purposes other than that specified in the DPR.

Physical verification of three CRCs (at *Ben Nampruk*, *Pabong* and *Bermoik Tokel*) along with *Panchayat* members confirmed (July 2022) that CRCs were not utilised for the purposes for which these CRCs were constructed as shown in photographs below:



The ZP (South) stated (May 2023) that the CRCs at *Ben Nampruk* was used by Gram *Panchayat* and the *Bermoik-Tokal* as SHG office of *Todey* and added that *Pabong* CRC was utilised by committee and GPU concerned since 2021 (against completion in June 2017).

Thus, after spending ₹ 2.90 crore to construct three CRCs, intended benefit of providing a common space for people in the villages to come together during occasions and related engagement as demanded by the public by construction of CRCs were not obtained as the CRCs were utilised as *Panchayat* Office and SHG office.

**2.2 Avoidable expenditure on water supply at Ben Sanku Village- ₹ 8.48 lakh**

*The ZP incurred avoidable and irregular expenditure of ₹ 8.48 lakh in execution of ‘Augmentation of Rural Water Supply Scheme from Rinkhim river source to Ben Sanku village’ towards head load of additional 800 meter (₹ 5.31 lakh), construction of distribution tank (₹ 2.13 lakh) and sedimentation tank (₹ 1.04 lakh)*

The State Government sanctioned (August 2017) ‘Augmentation of Rural Water Supply Scheme from Rinkhim River source to Ben Sanku village under Ben Nampruk GPU’ at an estimate cost of ₹ 47 lakh based on SOR-2012. The work consisted of

<sup>9</sup> Exact date not available with ZP.

civil work (₹ 34.29 lakh) and material (₹ 12.57 lakh). The work was tendered (September 2017) and awarded (November 2017) to contractor by ZP (South) with stipulation to complete within 12 months (*i.e.*, December 2018). The work was completed (August 2018) and payment of ₹ 45.67 lakh was released to contractor between January 2018 and September 2018.

Audit scrutiny revealed (February 2020) the following:

- The estimate included cost of pipes (₹ 10.88 lakh), cost of fittings (₹ 1.09 lakh), fitting/ fixing of pipes (₹ 3.17 lakh), construction of one distribution tank, five reservoirs, one sedimentation tank, one 'N' type head work, 35 hydrants (₹ 9.42 lakh), protective works (₹ 5.82 lakh) and carriage cost (₹ 13.05 lakh). During execution, provision for fitting was reduced to ₹ 0.75 lakh (from ₹ 1.09 lakh) without any analysis and without citing any reason. The pipes were laid by bending which might compromise the workmanship and quality of works.
- The work executed was different from technically sanctioned estimate. Instead of five reservoirs, only one reservoir was constructed. Similarly, against the sanction of one distribution tank, four distribution tanks were constructed, leading to unwarranted expenditure of ₹ 2.13 lakh on three tanks.
- According to Rural Development Department, Government of Sikkim, if the 'N' type trap is constructed to tap the water, sedimentation tank is not required as 'N' type trap works as sedimentation tank. In spite of this, the ZP (South) incurred expenditure of ₹1.04 lakh towards construction of sedimentation tank which was avoidable.
- The contractor was paid ₹ 9.18 lakh towards head load of a distance of 1,900 meters for carrying materials from road to work site as against the distance of 1,100 meters, leading to payment of extra head load of ₹ 5.31 lakh for 800 meters.

Thus, the expenditure of ₹ 8.48 lakh incurred towards head load of additional 800 meter (₹ 5.31 lakh), construction of distribution tank (₹ 2.13 lakh) and construction of sedimentation tank (₹ 1.04 lakh) was avoidable and irregular. Besides, execution of work different from technically sanctioned estimate also indicated that the estimate was tailor made to accommodate the sanctioned fund of ₹ 47 lakh without any analysis.

### **2.3 Non-permissible expenditure of ₹ 72.28 lakh**

***The Rural Development Department (RDD) irregularly incurred expenditure of ₹ 72.28 lakh towards defraying salary of 21 officials who were appointed as State Panchayat Co-ordinators (11) and Office Assistants (10) prior to launching of Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA).***

In order to strengthen the Panchayati Raj system across India, Ministry of Panchayati Raj, Government of India (GoI), launched (March 2013) Rajiv Gandhi Panchayat

Sashaktikaran Abhiyan (RGPSA) with the fund sharing ratio of 90:10 between GoI and the State Government. The scheme was intended to enhance capacities and effectiveness of Panchayats and Gram Sabhas to enable democratic decision making and promote accountability, peoples' participation, strengthen the institutional structure for knowledge creation and capacity building of the Panchayats, *etc.* The State Institute of Rural Development (SIRD), Karfectar was the implementing agency for RGPSA in the State of Sikkim.

RGPSA guidelines (Para- 4.1.3) envisaged that the State Government prepare Action Plan detailing various activities to be undertaken with estimated budget, targets, *etc.* as per the requirements of the State from menu of activities permissible in the scheme. The guidelines (Para- 5.15), however, prohibited defraying salaries and other expenditure that were already funded by the State Government before launching of RGPSA.

Ministry of Panchayati Raj, GoI sanctioned (September 2016) ₹ 4.83 crore to SIRD based on the Action Plan submitted (July 2016) by the State Government. The sanction intimation *inter-alia* stipulated that the funds should not be utilised for payment of salaries to the functionaries of the Panchayats. SIRD transferred ₹ 1.02 crore<sup>10</sup> (out of ₹ 4.83 crore) to Rural Development Department (RDD) towards implementation of RGPSA (except capacity building component).

Audit scrutiny revealed (February 2018) that RDD incurred ₹ 72.28 lakh (out of ₹ 1.02 crore) towards salary of 21 officials {Panchayat Coordinators (11) and Office Assistants (10)} of the Department who are working for RGPSA in addition to their regular duty for the period from April 2016 to June 2018.

These officials were appointed by the State Government during August 2012 under Programme Management Unit (PMU) for ePanchayat under RDD. As these officials were borne in the cadre of the State Government prior to launching of RGPSA and primarily involved in discharging responsibilities of data entry, compilation of report, *etc.* expenditure towards their salary was not permissible under RGPSA.

Thus, incurring of expenditure of ₹ 72.28 lakh towards meeting salary of 21 officials by RDD was irregular and against the guidelines of RGPSA as they were appointed prior to launching of RGPSA and were working for RGPSA in addition to their regular duty as Panchayat Coordinators/ Office Assistants.

#### **2.4 Retention of laptop by ZP Members**

***The laptops provided to ZP members by ZPs (North and South) at a cost of ₹ 14.70 lakh were retained by the ZP members after completion of their tenure.***

Rural Development Department transferred (September 2014) ₹ 58.95 lakh to ZP (North) with stipulation to distribute the fund equally to all the GPs (₹ 2.68 lakh per GP) for development works.

<sup>10</sup>May 2016 ₹ 0.52 crore + June 2017 ₹ 0.50 crore = ₹ 1.02 crore

The ZP (North) decided (November 2014) to allocate ₹ 2.20 lakh per Gram Panchayat for developmental works of respective GPs and ₹ 6.30 lakh towards buying laptops for issuing to the ZP members.

Accordingly, ZP (North) procured (February 2015) 21 laptops at a cost of ₹ 6.30 lakh and issued (February 2015) them to ZP Members.

The tenure of all the 21 ZP Members ended in October 2017 however, the laptops were not returned by the former ZP Members.

Similarly, ZP (South) also procured and issued 28 laptops (February 2015) at a cost of ₹8.40 lakh) to ZP members and none of the ZP members returned the laptops after completion of their tenure in October 2017. Further, information relating to number of laptops issued to ZP Members was not furnished by ZP (East) and ZP (West) despite specifically called for (March 2018 and May 2018 respectively) by Audit.

Thus, the ZPs failed to ensure that the laptops are returned by the outgoing ZP members.

**Recommendation:-** The Rural Development Department may create laptop policy to ensure that the laptops are returned by the recipient after completion of their tenure.



**PART – B**  
**URBAN LOCAL BODIES**





# **CHAPTER-III**

**AN OVERVIEW OF THE FUNCTIONING,  
ACCOUNTABILITY MECHANISM AND  
FINANCIAL REPORTING ISSUES OF  
URBAN LOCAL BODIES**



## CHAPTER-III

### AN OVERVIEW OF THE FUNCTIONING, ACCOUNTIBILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES

#### Functioning of the Urban Local Bodies (ULBs) in the State

##### 3.1 Introduction

Consequent upon the 74<sup>th</sup> Constitutional Amendment Act, 1992, the Urban Local Bodies (ULBs) were to be made full-fledged institutions of Local Self-governance and with significant increase in responsibilities with greater powers and distinct sharing of resources with the State Government. The amendment aimed to empower the ULBs to function efficiently and effectively and to deliver services for economic development and social justice with regard to 18 subjects listed in the 12<sup>th</sup> Schedule of the Constitution. Government of Sikkim enacted the Sikkim Municipalities Act, 2007 empowering ULBs to function as institutions of Self-governance and to accelerate economic development in urban areas. Though the Sikkim Municipalities Act was enacted in March 2007, the ULBs (*viz.*, Municipal Corporation, Municipal Council and *Nagar Panchayats*) were formed only in 2010-11.

The category-wise ULBs in the State as of March 2021 are shown in table 3.1

Table 3.1: Category-wise ULBs in Sikkim

Sl. No.	ULBs	Number of ULBs
1.	Municipal Corporation	1
2.	Municipal Council	3
3.	Nagar Panchayats	3
	<b>Total</b>	<b>7</b>

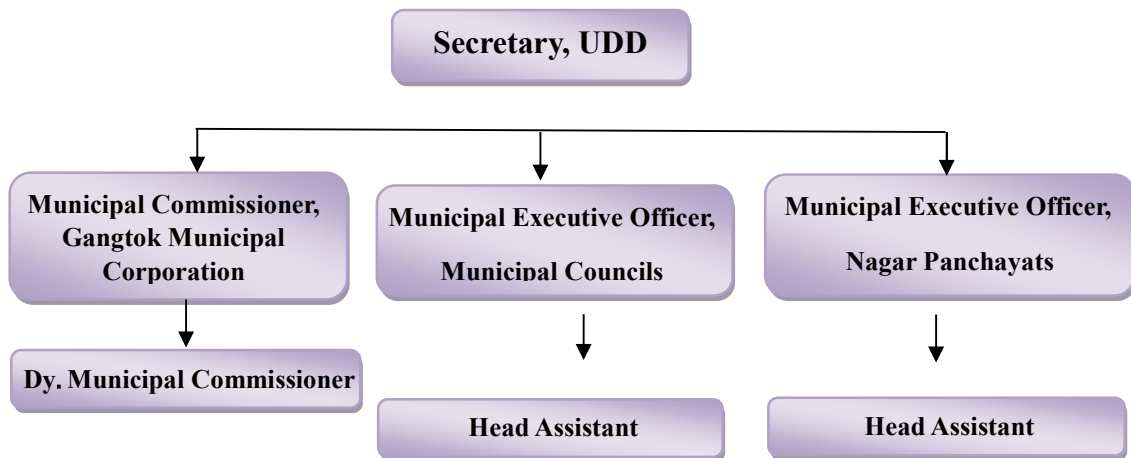
Source: Urban Development & Housing Department

Area of each ULB is divided into a number of wards, which are determined and notified by State Government. Important statistics relating to urban population, sex ratio, literacy, *etc.* in the State of Sikkim is given in *Appendix 3.1*.

##### 3.2 Organisational set up

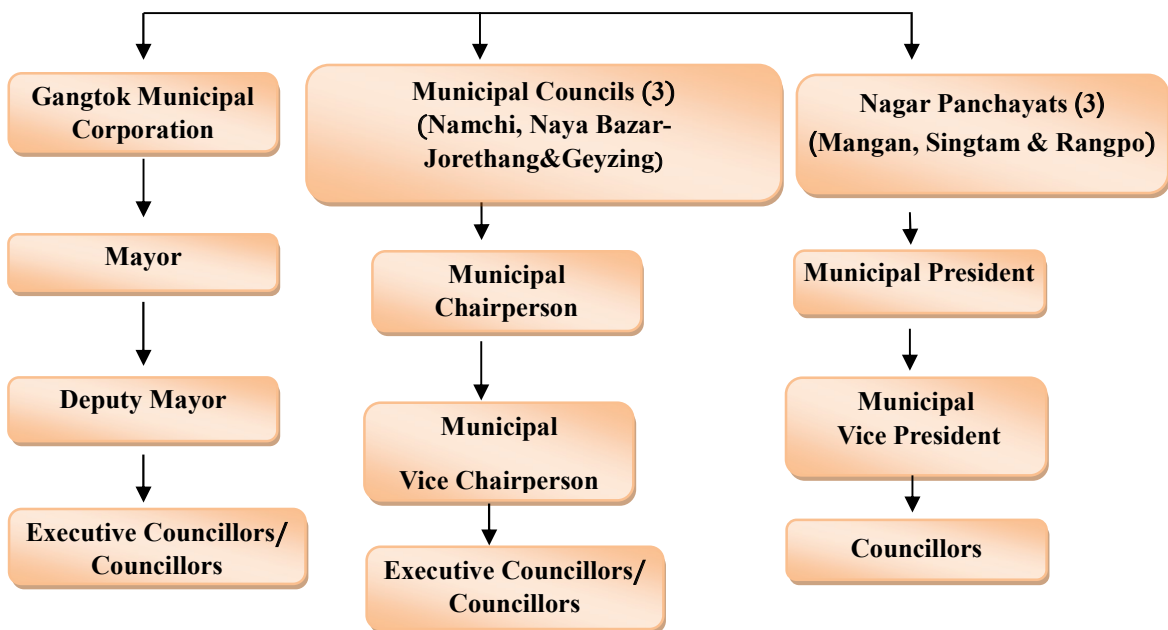
The Secretary, Urban Development Department (UDD) is the overall in charge of ULBs in the State. The Municipal Commissioner is the executive head of the Gangtok Municipal Corporation (GMC) while the other Municipal Councils/*Nagar Panchayats* (NP) are headed by the Municipal Executive Officers. The organisational structure with respect to functioning of ULBs in the State is as follows:

**Chart 3.1  
Administrative Body**



All the ULBs have a body comprising of Councillors/Members elected by the people under their jurisdiction as shown in chart 3.2 below. The Mayor presides over the meetings of Municipal Corporation and the Chairperson/President presides over the meetings of the Municipal Councils/ *Nagar Panchayats* and are responsible for the overall functioning of the ULB concerned.

**Chart 3.2  
Elected Body**



### 3.3 Functioning of ULBs

The Sikkim Municipalities Act, 2007 envisages transfer of functions of various departments of the State Government to ULBs. Out of 18 functions listed in the XII<sup>th</sup> Schedule of the Constitution, the State Government transferred only six functions partially to the Gangtok Municipal Corporation; five functions partially to the *Rangpo*

*Nagar Panchayat* and four functions partially to five ULBs (*Namchi Municipal Council, Naya Bazar– Jorethang Municipal Council, Geyzing Municipal Council, Singtam Nagar Panchayat* and *Mangan Nagar Panchayat*) as of March 2021. The details are given in (*Appendix 3.2*)

### 3.4 Formation of various Committees

As per Section 27 (1) of Sikkim Municipality Act 2007, a Municipal Corporation may constitute a Subject Committee consisting of Councillors to deal with issues like, (a) water-supply, drainage and sewerage and solid waste management, (b) urban environment management and land use control, and (c) slum services. Besides, a Municipal Corporation or a Municipal Council or a *Nagar Panchayat*, singly or jointly, may constitute an *ad hoc* Committee or a Joint Committee to perform such functions as the State Government may direct.

However, the Municipal Corporation, the Municipal Councils, the *Nagar Panchayats* had not constituted any committee as of March 2021.

### 3.5 Audit arrangement

#### 3.5.1 Audit by DLFA

Director, Local Fund Audit (DLFA) established in June 2012 is the primary auditor to conduct the audit of ULBs. The ULBs were audited by the DLFA since 2014-15 and coverage of units ranged between Nil to 100 *per cent* as shown below:

**Table 3.2: Units planned for audit and actually audited**

Year	No. of units planned for audit	No. of units audited	No. of Inspection reports issued
2016-17	7	3(42)	3
2017-18	7	0 (0)	0
2018-19	7	7 (100)	7
2019-20	7	2 (28)	2
2020-21	7	3(43)	03
<b>Total</b>	<b>35</b>	<b>15 (43)</b>	<b>15</b>

Source: Information furnished by DLFA, Government of Sikkim

Figures in bracket indicate percentage.

#### 3.5.2 Annual Audit Report

According to Section 60 (1) of the Sikkim Municipalities Act, 2007, municipal accounts including the accounts of special funds, if any, and the Balance Sheet shall be examined and audited by the DLFA or an Auditor appointed by the Municipality from the panel of professional Chartered Accountants enlisted by the Government.

Audit of accounts for the year ended March 2021 was neither completed by DLFA nor by the Chartered Accountant (except for Gangtok Municipal Corporation) as of September 2022.

#### 3.5.3 Audit by Comptroller and Auditor General of India

Based on the recommendations of the 13<sup>th</sup> Finance Commission, the State Government entrusted (June 2011) audit of all ULBs in the State under Technical

Guidance and Supervision (TGS) arrangement to the CAG as per standard terms and conditions under Section 20 (1) of the CAG's DPC Act, 1971. Accordingly, the audit of ULBs is being conducted from 2012-13 on a test check basis, by office of the Principal Accountant General (Audit), Sikkim. The coverage of unit planned was as shown below:

**Table 3.3: Units planned for audit and actually audited**

Year	No. of units planned for audit	No. of units audited	No. of Inspection reports issued
2016-17	4	4	4
2017-18	4	4	4
2018-19	4	4	4
2019-20	4	4	4
2020-21	4	3	3
<b>Total</b>	<b>20</b>	<b>19</b>	<b>19</b>

*Source: Master Programme Register*

During 2020-21, a total of three units (out of four planned) were audited and three Inspection Reports (IRs) containing 18 paras were issued to the ULBs.

#### **3.5.4 Technical Guidance and Supervision (TGS)**

The Regulations on Audit and Accounts, 2007 (Regulation 152) read with State Government letter no. 13(34) FCD/Fin/1000 dated 16 June 2011, CAG may provide suitable TGS to primary auditor of ULB viz., the DLFA for the purpose of strengthening Public Finance Management and Accountability in Urban Local Bodies. The parameters of such TGS as given in Regulation 152 are the following:

- The Local Fund Auditor shall prepare an annual audit plan (AAP) for the next financial year by the end of March every year;
- The audit methodology and procedure for the audit of ULBs by the DLFA shall be as per various Acts and Statutes enacted by the State Government and guidelines prescribed by the CAG of India;
- Copies of Inspection Reports (IRs) shall also be forwarded by DLFA to the Pr.AG (Audit) for advice on system improvement;
- DLFA shall furnish returns in such format as may be prescribed by the CAG for advice and monitoring;
- The Pr.AG (Audit) would conduct test check of some units in order to provide technical guidance and report of the test check would be sent to the DLFA for pursuance of action;
- Irrespective of the money value, any serious irregularities shall be intimated to the Pr.AG (Audit);
- DLFA shall develop a system of internal control (IC) in its organisation in consultation with the Pr.AG (Audit);
- The Pr.AG (Audit) shall also undertake training and capacity building of the Local Fund Staff.

Audit noticed that the DLFA had neither adopted the system of preparation of AAP nor developed IC in its organisation. Copies of IRs, list of serious irregularities, were also not furnished to the Pr.AG (Audit) by DLFA.

DLFA stated (September 2021) that there was no advanced routine planning process for Local Bodies due to limited manpower, and basic registers were not maintained.

### 3.5.5 Response to Audit Observations

After completion of audit, Inspection Reports (IRs) were issued by the office of the Principal Accountant General (Audit), Sikkim to ULB authorities with a copy to the State Government. ULB authorities were required to comply with the observations contained in the IRs and rectify the defects and omissions and report their compliance within four weeks from the date of issue of IRs. Important audit findings were processed for inclusion in the Annual Technical Inspection Report (ATIR).

During 2020-21, three IRs were issued, but replies of only one IR (of GMC) were received. Two ULBs (*Naya Bazar-Jorethang Municipal Council* and *Mangan Nagar Panchayat*) did not submit replies as of September 2022 as shown below:

**Table 3.4: Submission of replies of IRs**

Sl. No.	Unit	IRs issued		Reply submitted within 4 weeks	Reply furnished after 4 weeks	Replies not received
1.	GMC	1		Nil	1	Nil
2.	Other ULBs	2		Nil	Nil	2
	<b>Total</b>	<b>3</b>		<b>Nil</b>	<b>1</b>	<b>2</b>

Position of outstanding IRs and paragraphs in respect of ULBs as on 31 March 2021 is shown in table 3.5.

**Table 3.5: Outstanding IRs and Paragraphs**

Year	No. of Inspection Reports Issued	No. of outstanding paras	Money value (₹ in lakh)
2016-17	4	27	36.96
2017-18	4	13	0.05
2018-19	3	20	75.07
2019-20	2	14	22.17
2020-21	3	18	150.70
<b>Total</b>	<b>16</b>	<b>92</b>	<b>284.95</b>

Source: Outstanding para register maintained in office of the Pr. AG (Audit), Sikkim

### 3.5.6 Placement of Annual Technical Inspection Report (ATIR)

The Annual Technical Inspection Reports (ATIRs) for the years 2015-16 and 2016-17 were placed in the State Legislature. To date, no ATIR has been discussed in the Public Accounts Committee (PAC). However, the PAC has been directed (September 2017) by the Speaker, Sikkim Legislative Assembly to discuss and examine the ATIRs on Local Bodies in addition to their prescribed function till further order.

## ***Accountability Mechanism and Financial Reporting issues***

### ***Accountability Mechanism***

To promote accountability mechanism in the Local Bodies (PRI and ULB), the State Government was required to appoint Ombudsman and *Lokayukta* and initiate Social Audit. While the Ombudsman was not appointed during 2020-21 and no case was registered with *Lokayukta* during 2020-21. Social Audit of ULBs had not been conducted.

Position in respect of other parameters effecting accountability mechanism in the ULBs are given below:

#### **3.6 Property Tax Board**

Thirteenth Finance Commission (TFC) had recommended for setting up of Property Tax Board and levy of Property Tax on lands and buildings in urban areas. The Fourth State Finance Commission (4<sup>th</sup> SFC) report envisaged revenue generation of ₹ 3.08 crore during 2019-20 from Property Tax. The fifth SFC did not quantify the revenue to be generated from property tax.

It was seen that the Property Tax Board was not set-up in Sikkim as of March 2021, and therefore expected revenue of ₹ 3.08 crore was not realised.

#### **3.7 Service Level Benchmark**

As a follow-up to reforms stipulated by the 13<sup>th</sup> FC and also to provide good services to the public, the State Government had adopted (September 2013) Service Level Benchmarks for solid waste management provided by Gangtok Municipal Corporation (GMC). The details are shown in ***Appendix 3.3***.

Subsequently, Service Level Benchmark for solid waste management was adopted (April 2016) for all the ULBs in Sikkim as per the recommendation of the 14<sup>th</sup> FC. The details are shown in ***Appendix 3.4***.

The service level benchmark for solid waste management was devised for the period 2016-21 for all the seven ULBs as against the earlier period of 2011-21 for GMC. Although, the benchmarks for GMC were adopted in 2013-14, no assessment was carried out up to 2020-21 to ascertain the extent of achievement.

#### **3.8 Submission of Utilisation Certificates**

The ULBs receive Grants-in-aid from State Government through Urban Development Department. The details of grants received *vis-à-vis* UCs submitted to State Government are given in ***Appendix 3.5***.

Audit noticed that there were delays in submission of UCs ranging between 1 and 7 months for the period 2015-16 to 2020-21. Thus, the delay in submission of UCs was persistent.



### 3.9 Internal Audit and Internal Control System of ULBs

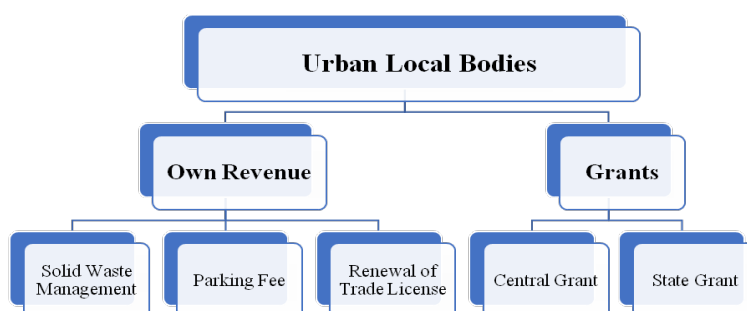
According to the Sikkim Municipalities Act, 2007 (Para 60 and 61), Internal Audit of ULBs is to be conducted by Chartered Accountants (CAs) from the panel of CAs maintained by the State Government. The CAs had completed audit of one ULB (Gangtok Municipal Corporation) (out of seven ULBs) only up to 2020-21. Thus, Internal Audit was not up to date.

### 3.10 Financial Reporting Issues

Finances of ULBs comprise of receipts from own sources, grants and assistance from Union Government and State Government. The ULBs receive funds from the State Government in shape of devolution of net proceeds of total tax revenue as recommended by the State Finance Commission. While power to collect certain taxes are vested with the ULBs, powers pertaining to the rates and revision thereof, procedure of collection, method of assessment, exemption, concessions, *etc.* are vested with the State Government.

Own non-tax revenue of ULBs comprises fee for solid waste management, parking fee and renewal of trade license, rents of property, *etc.* Grants and assistance released by the Governments are utilised for extending civic facilities to the urban population. Flow chart of finance of ULBs is as follows:

**Chart 3.3**



#### 3.10.1 Position of funds of ULBs

The detailed position of funds of ULBs for the period from 2016-17 to 2020-21 is shown in the table 3.6:

**Table 3.6: Statement showing the position of funds of ULBs for the last five years**

(₹ in lakh)

Year	GMC				Remaining Councils / NPs			
	Central Grants	State Grants	Own Revenue	Total	Central Grants	State Grants	Own Revenue	Total
2016-17	529.10	255.78	401.33	1,186.21	229.50	206.10	295.12	730.72
2017-18	469.85	339.25	763.75	1,572.85	236.43*	225.65*	269.12*	731.20*
2018-19	599.45	344.15	823.46	1,767.06	393.32	404.60	471.34	1,269.26
2019-20	463.29	82.31	918.66	1,464.26	239.95	334.73	455.44	1,030.12
2020-21	1,883.64	661.52	901.82	3446.98	553.05	571.55	356.36	1,480.96

Source: Information furnished by the ULBs

\*Information not furnished by one ULB (Jorethang Municipal Council)

Collection of own revenue by the seven ULBs during the last five years is shown in table 3.7:

**Table 3.7: Statement showing collection of own revenue of seven ULBs**

(₹ in lakh)

Sl. No.	Name of the ULB	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Gangtok Municipal Corporation	401.33	763.75	823.46	918.66	901.82 (98)
2.	Namchi Municipal Council	100.24	70.12	98.51	109.03	98.57 (90)
3.	Naya Bazar-Jorethang Municipal Council	18.78	*	89.77	87.26	57.26 (97)
4.	Geyzing Municipal Council (GeMC)	18.78	27.18	44.89	46.56	37.72 (81)
5.	Rangpo Nagar Panchayat (RNP)	53.18	79.99	72.92	81.35	75.22 (92)
6.	Singtam Nagar Panchayat (SNP)	64.54	50.42	107.74	70.57	36.98 (52)
7.	Mangan Nagar Panchayat (MNP)	39.60	41.41	57.51	60.67	53.61 (88)
	<b>Total</b>	<b>696.45</b>	<b>1,032.87</b>	<b>1,294.80</b>	<b>1,374.10</b>	<b>1,261.18 (92)</b>

Source: Information furnished by the ULBs

\*Information not furnished by the ULB (Naya Bazar-Jorethang Municipal Council) despite repeated requisitions.

The above table indicates that the revenue collection recorded decrease during 2020-21 over previous year (2019-20) in case of all the ULBs (Gangtok Municipal Corporation, Namchi Municipal Council, Geyzing Municipal Council, Rangpo, Singtam and Mangan) by 1.8, 9.59, 25.43, 47.60, 7.53 and 11.64 per cent respectively. Reasons for decrease in revenue has not been intimated by ULBs. In case of GMC, the own revenue collection decreased from ₹ 918.66 lakh to ₹ 901.82 lakh, NMC from ₹ 109.03 lakh to ₹ 98.57 lakh, etc. The decrease was mainly due to decrease in collection from solid waste management, parking lots, renewal of trade licence, hoarding and banner charge, etc.

### 3.10.2 Grants received and expenditure there from

Receipts and expenditure by the GMC, three Municipal Councils and three NPs during the year 2020-21 are shown in table 3.8:

**Table 3.8: Statement showing grants received and expenditure of ULBs during 2020-21**

(₹ in lakh)

Name of ULBs	Central Grants				State Grants				Own Revenue	
	Opening Balance	Received	Expenditure	Balance	Opening Balance	Received	Expenditure	Balance	Received	Expenditure*
GMC	617.06	1,883.64	2,221.33	279.37	0.82	661.52	441.08	221.26	901.82	-
NJNP	38.74	74.40	62.70	50.44	2.30	162.08	158.83	5.55	57.26	68.15
Gey. NP	9.76	72.44	33.36	48.84	2.56	23.15	25.48	0.23	34.72	70.61
NMC	34.60	109.27	31.60	112.27	-	80.87	80.87	0.0	98.57	105.21
MNP	29.46	73.53	63.33	39.66	0.16	68.82	68.72	0.26	53.61	28.43
SNP	2.82	53.28	42.13	13.97	4.03	101.38	71.97	33.44	36.98	53.74
RNP	19.17	170.13	65.64	123.66	1.31	135.25	112.34	24.22	75.22	65.92
<b>Total</b>	<b>751.61</b>	<b>2,436.69</b>	<b>2,520.09</b>	<b>668.21</b>	<b>11.18</b>	<b>1,233.07</b>	<b>959.29</b>	<b>284.96</b>	<b>1,258.18</b>	<b>392.06</b>

\* Expenditure done from previous year's balance

Source: Information furnished by ULBs

From the above, it is seen that ULBs could not utilise the entire funds received during 2020-21. Analysis of closing balances revealed that unutilised funds (₹ 77.67 lakh and ₹ 104.49 lakh of NMC and RNP respectively) were kept in various banks without being utilised by ULBs. These instances indicate inadequate funds absorption capacity of ULBs, primarily due to absence of advance planning in conducting *Ward Sabha*, holding District Planning Committee meeting, *etc.*

### 3.10.3 Fund Flow for Major schemes

Receipt *vis-à-vis* expenditure incurred for major schemes implemented by ULBs during 2016-17 to 2020-21 are given in table 3.9:

**Table 3.9: Statement showing receipts and expenditure of major schemes**

*(₹ in lakh)*

Year		CFC (14 <sup>th</sup> / 15 <sup>th</sup> FC)	NRHM	Swachh Bharat Mission	ICLEI*** Fund	Land Rev.	Total
2016-17	Receipts	668.34	0	78.06	12.20	0	758.60
	Expenditure	200.76	0	74.88	0	0	275.64 (36)
2017-18**	Receipts	676.15	0	30.13	18.22	0	724.50
	Expenditure	514.24	0	92.87*	30.67*	0	637.78 (88)
2018-19	Receipts	957.71	21.15	7.78	6.12	19.98	1,012.74
	Expenditure	810.68	20.76	18.13	6.01	19.98	875.56 (86)
2019-20	Receipts	702.86	0	0.38	0	0	703.24
	Expenditure	798.47*	0	18.98*	0	0	817.45 (116)
2020-21	Receipts	2,389.83	25.20	55.01	0	10.00	2,480.04
	Expenditure	2,487.66	25.11	1.11	0	10.00	2,523.88 (102)
<b>Total</b>	<b>Receipts</b>	<b>5,394.89</b>	<b>46.35</b>	<b>171.36</b>	<b>36.54</b>	<b>29.98</b>	<b>5,679.12</b>
	<b>Expenditure</b>	<b>4,811.81</b>	<b>45.87</b>	<b>205.97</b>	<b>36.68</b>	<b>29.98</b>	<b>5,130.31 (90)</b>

Source: Information furnished by ULBs

\* Expenditure also incurred from the previous year's unspent balances available under the schemes.

\*\* Information not furnished by one ULB (Jorethang Municipal Council)

Figures in bracket indicate percentage.

\*\*\*ICLEI – International Council for Local Environmental Initiatives

### 3.11 Recommendation of State Finance Commission (SFC)

The 5<sup>th</sup> SFC recommended (Para 5.24 and Table 5.4) transfer of ₹ 24.38 crore for seven ULBs during 2020-21 (2.5 per cent of the divisible pool of taxes) for vertical sharing to the Local Bodies (PRIs–80 per cent & ULBs–20 per cent) which was approved by the State Government. Thus, ULBs were entitled to ₹ 6.15 crore. As against this, ₹ 7.01 crore was transferred to ULBs leading to excess release of ₹ 0.86 crore. Details are given below:

**Table 3.10: Actual transfer of funds to ULBs during 2020-21 vis-à-vis FSFC recommendation**

(₹ in lakh)

Sl. No.	Head	Tax receipts	Collection cost (Col. 3x10%)	Net tax receipts (Col. 3-4)	Funds to be transferred to		Tax Transferred to ULB
					Local Bodies (Col. 5x5.5%)	ULB (Col. 6x25%)	
1	2	3	4	5	6	7	8
1.	Land Revenue	1,332.80	133.28	1,199.52	65.97	16.49	701.15
2.	Stamp & Registration	1,312.94	131.29	1,181.65	64.99	16.24	
3.	State Excise	21,027.09	2,102.70	18,924.38	1,040.83	260.20	
4.	Taxes on Sales, Trade etc.	19,524.66	1,952.46	17,572.19	966.47	241.61	
5.	Taxes on vehicles	2,896.35	289.63	2,606.71	143.36	35.84	
6.	Other Taxes and Duties	2,843.29	284.33	2,558.96	140.74	35.19	
	<b>Total</b>	<b>48,937.13</b>	<b>4,893.69</b>	<b>44,043.41</b>	<b>2,422.36</b>	<b>605.57</b>	701.15

Source: Finance Accounts 2020-21 and information furnished by Urban Development Department.

In addition to the above tax transfers, ₹47.86 lakh was also transferred towards special incentive to seven ULBs as recommended by the 5<sup>th</sup> SFC.

### 3.12 Recommendation of Central Finance Commission (CFC)

The details of fund received from GoI towards 14<sup>th</sup> FC / 15<sup>th</sup> FC and transferred to ULBs by State Government during 2016-17 to 2020-21 is shown below:

**Table 3.11: Statement showing utilisation of CFC fund**

(₹ in lakh)

Year	Amount released by GoI	Date of receipt of fund from GOI	Date of release of fund to ULBs	Delay (in days after allowing 15 days)
2016-17	239.50	15.12.2016	23.12.2016	--
	331.50	17.02.2017	01.03.2017	--
	196.00	18.01.2017	02.02.2017	--
2017-18	331.50	31.03.2017	20.09.2017	158
	383.00	23.02.2018	06.03.2018	--
2018-19	383.00	28.03.2018	09.04.2018	--
	443.00	23.07.2018	31.08.2018	24
2019-20	443.00	27.03.2019	10.04.2019	--
2020-21	500.00	22.05.2020	10.08.2020	65
	500.00	09.11.2020	14.12.2020	20

Source: Information furnished by State Government (UDHD)

As would be noticed from the above table, funds were transferred to the ULBs on time except on four instances when funds aggregating to ₹ 1,774.50 lakh were released belatedly (delay ranging from 20 to 158 days) during 2017-18 to 2020-21 which was contravention of FC recommendations, providing for release of funds to ULBs within 15 days of receipt of funds from GoI.

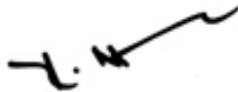
### **3.13 Maintenance of Accounts by ULBs**

Based on the recommendation of XI<sup>th</sup> Finance Commission, the Ministry of Urban Development, GoI developed the National Municipal Accounts Manual (NMAM). Based on NMAM, the Sikkim Municipal Accounting Manual (SMAM) was drafted by UDHD and approved (September 2017) by the State Government. The accounts were being certified by the CA firm. The accounts of ULBs for 2020-21, however, were prepared in March 2022, after a delay of six months (except Gangtok Municipal Corporation).

### **3.14 Maintenance of records**

According to the Sikkim Municipality Act, 2007 (Section 56) and Sikkim Municipal Accounting Manual (September 2017), the ULBs were required to maintain Demand and Collection Register for Rent, Register for Bill payment, Register of Movable Property, Register of dishonoured Cheques and Drafts, Register of Security Deposits, Deposit Work Register, *etc.* It was, however, noticed that none of the above registers were maintained by ULBs.

Gangtok  
Dated 02 February 2024

  
(NARMADHA R.)  
Accountant General (Audit), Sikkim



# APPENDICES





**Appendix 1.1**  
**Statement showing vital statistics of Rural Sikkim**  
*(Reference: Paragraph 1.1: Introduction; Page: 1)*

<b>Indicator</b>	<b>Unit</b>	<b>State value</b>	<b>National value</b>
Area	Sq.km.	7,096	32,87,263
Rural area	<i>Per cent</i>	99.46	72.20
District	Numbers	4	640
Village	Numbers	451	6,38,588
Population	In lakh	6.11	12,101.93
PRIs	Numbers	180	2,46,062
Municipal Corporation	Numbers	1	139
Municipal Council	Numbers	3	1,595
Nagar Panchayat	Numbers	3	2,108
Gender Ratio	1000 male	890	940
Poverty	<i>Per cent</i>	19.33	26.10
Literacy	<i>Per cent</i>	81.42	74.04
Total Households	Numbers	1,29,006	19,35,79,954

*Source: Census report 2011 and information furnished by the State Government*

## Appendix 1.2

### Statement showing powers of PRIs

(Reference: Paragraph 1.3: Legal framework and function's of PRI; Page: 3)

Name of Sector /Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
1. Agriculture & Food Security	Identification of areas for all programmes; National Agricultural Insurance Scheme; extension and demonstration on organic farming; conducting crop competition demonstration; deconstruction programme; compensation for crop loss due to natural calamities; establishment of storage facilities; and generation of crop statistics.	Selection of beneficiaries for demonstration and organic manure production; assisting in organising crop competition & exhibition; selection of beneficiaries for special program of organic farming; generating yield data; reporting of crop loss; maintenance of infrastructures and organising & motivation for agriculture production.
2. Horticulture & Cash Crop	Extension & demonstration on organic farming related to horticulture; conducting crop competition & exhibition; training & demonstration of horticulture crops including fruits, vegetables, potato, ginger & cardamom; creating awareness in floriculture as commercial venture; assessment, verification and compensation of horticulture crop losses due to natural calamities; establishment of storage facilities; generation of horticulture crop statistics and motivation and implementation of crop insurance.	Extension & demonstration of organic farming related to horticulture and development of local entrepreneurs for production of organic manures; assisting in organising crop competitions & exhibitions; training & demonstration of horticulture crops through selection of right beneficiaries and areas; assessment and reporting of horticulture crop losses; maintenance of storage facilities; generating horticulture crop statistics; and motivation of crop insurance programme.
3. Animal Husbandry, Livestock, Veterinary Services	Rabies control, vaccination & elimination of affected animals; distribution of preventive materials for control of animal diseases; compilation of reports & dissemination of information; identification of areas for different types of animal development programme; quality monitoring; meat inspection & certification; programmes for fodder production; management of marketing of animal products; processing centres; training & awareness of animal husbandry related training workshops & programmes; cross breeding management of artificial insemination programmes; execution of works between ₹ 2 to ₹ 5 lakh; and identifying areas for various types of fisheries.	Identification of beneficiaries for various purposes under Animal Husbandry Sector; distribution of fodder; collection of products for large markets; assessment of production collection centres; supervision of delivery of Government services; identification of training needs of farmers; requisition of training programmes; distribution of high bred varieties of farm animals; execution of works up to ₹ 2 lakh; and supervision of implementation.
4. Education	Overall supervision of Junior High School (JHS) except appointment and transfer of teachers; all repairs	Overall supervision of functioning of Primary School (PS) and Lower Primary School (LPS) except appointment and

Name of Sector /Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	<p>&amp; maintenance of JHS; supporting state authorities in survey &amp; related projects; literacy programmes; and monitoring the programmes.</p>	<p>transfer of teachers; conducting all repairs &amp; maintenance works up to ₹ 10 lakh; identification of learners; and assisting in Literacy Supervision programmes.</p>
<p>5. Health &amp; Family Welfare</p>	<p>To facilitate the formation of village health and sanitation committees at the Gram Panchayat level; to ensure and help district health mission under NRHM to prepare a need based socio-demographic plan at the district level; to oversee effective implementation of health and family welfare programmes at the district level by monitoring and supervising the functions and functionaries, training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infrastructure and man-power and further co-ordinate works of different departments such as Health &amp; Family Welfare, Social Welfare, Public Health Engineering, Rural Development, <i>etc.</i> at the district level; and to ensure unbiased selection of Accredited Social Health Activist (ASHA).</p>	<p>Village health and sanitation committee comprising of Auxiliary Nurse Midwife (ANM) / Multipurpose Health Worker (Male) {MPHW(M)}, Accredited Social Health Activist (ASHA), Non-Government Organisations (NGOs) and village representatives with adequate representation for women members (Existing village sanitation campaign may be re-designated as Village Health and Sanitation Committees); to ensure and help village level health committees under NRHM to prepare an area specific, need based, demand driven, socio-demographic plan at the village/ sub-centre level; to grant approval and ensure proper utilisation of funds earmarked as untied funds under NRHM; to ensure selection of sincere and dedicated ASHA in village; to improve health care standard at the household level through female health activist (ASHA); to demonstrate exemplary performance in compulsory registration of births, deaths, marriage and pregnancies; ensuring safe deliveries to bring a reduction in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR); identification of people in need of service and facilitate in providing service in collaboration with village level health workers in respect of National programmes like Reproductive and Child Health, Blindness, Tuberculosis (TB) Control, Sexually Transmitted Disease (STD) / Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Syndrome (AIDS), <i>etc.</i> keeping provision of fund for maternal and child health activities (referral of high risk cases, <i>etc.</i>) in the PRI budget; awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State health programmes; and to increase service</p>

Name of Sector /Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
		utilisation at different levels through different effective locally acceptable approaches.
6. Forests, Environment and Wildlife	Facilitation for marketing of saplings for Government & private plantation; providing marketing facilities for medicinal plants & other forestry products; training for cultivation; protection support to <i>Smriti Van</i> <sup>11</sup> ; support for control of forest fire, prevention & control; awareness and promotion on regulated grazing; promotion of Non-timber Forest Produce (NTFP) -bamboo plantations; promotion of timber substitutes-marketing; identification of Gram Panchayats for the programme; monitoring of the programme; and harvesting & distribution of fuel wood.	Establishment of community nurseries; establishment of medical plants gardens for commercial purpose; establishment of <i>Smriti vans</i> ; control of forest fires; co-ordination with Joint Forest Management Committee (JFMC); control of grazing in forest land; implementation of regulated grazing; plantation of Non Timber Forest Produces (NTFP) production; micro-planning & implementation of soil conservation works; planning & implementation of Green mission works; planning & implementation of fuel wood plantation in community lands; identification of sites; and upkeep of parks & gardens.
7. Commerce & Industries	Providing assistance to trained beneficiaries to start their own units including credit support; organising entrepreneurial development programmes; providing marketing facilities for cottage and village products; and identifying locations for specific industrial & commercial activity.	Identification of beneficiaries for training; distribution of raw materials and promotion of cottage industries based on locally available materials.
8. Disaster management	Assisting in assessment of damages during natural calamity; providing training on rescue and relief operation; coordinating with District Relief Committee and Village Relief Committee; investment in preventive and preparedness measures; and maintenance & minor repair works between ₹ 10 to ₹ 20 lakh.	Awareness generation on disaster management; mock drill; and rescue & relief operation.
9. Irrigation	Creation of minor irrigation channels.	Identification of locations for minor irrigation channels; and all repairs of minor irrigation channels.
10. Cultural activities	Identification and preservation of heritage sites.	Promotion of folk art; preservation of traditional culture and customs; and opening and maintenance of rural (village) Libraries.
11. Rural water Supply	All maintenance works and new schemes between ₹ 10 to ₹ 20 lakh.	Minor repairs and new schemes up to ₹ 10 lakh.
12. Rural bridges	All maintenance works and new	Minor repairs and new schemes up to

<sup>11</sup>“Smriti Van” is a piece of land where medicinal plants have been planted through community participation.

Name of Sector /Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	schemes between ₹ 10 to ₹ 20 lakh.	₹ 10 lakh.
13. Rural sanitation	Promoting environment friendly means of disposal of solid and liquid waste; maintenance of environmental hygiene; construction and maintenance of institutional and community latrines and bathing places.	Conducting environment friendly waste management through Gram Panchayat level Water and Sanitation Committees; and construction and maintenance of Individual Sanitary latrines and bathing cubicles.
14. Cooperatives	Promotion of Co-operative movement in the district.	Generating awareness about cooperatives.
15. Miscellaneous	Regulating building construction; rural street lighting and its maintenance; establishment & maintenance of crematoriums and burial places; regulating disposal of carcasses; construction of Integrated Child Development Scheme (ICDS) Centres; disbursement of Old Age Pension (OAP) & Sumptuary Allowance (SA); implementation of Small Family Benefits Scheme; implementation of National Family Benefit Scheme; promotion of eco-tourism; maintaining tourist's infra-structure and amenities at the district level; identification of potential places for development of tourism; promotion of use of renewable energy sources; maintaining <i>haat</i> sheds at the Sub-divisional level markets not falling under the jurisdiction of ULBs; and assisting the State Govt. in collection of data / survey / maintenance of law & order and Information, Education and Communication (IEC) activities.	Enforcing regulation for building construction; establishing facilities for generation of renewable energy sources; reporting on presence of carcasses; supervision and maintenance of ICDS Centres; maintaining tourist infrastructure and amenities at the village level; regulating the use of <i>haat</i> sheds at the Sub- Divisional level markets not falling under the jurisdiction of ULBs; collection of data for the State Govt. and reporting to the District Administration of the Law & Order situation including potential dangers and disturbances.
All centrally sponsored schemes	As per guidelines given by the GOI.	As per guidelines given by the GOI.

Source: Rural Management and Development Department Notification No. 3/RMDD/P dated 29.4.2008

### Appendix 1.3

#### Statement showing functions to be transferred to PRIs

(Reference: Paragraph 1.3.1: Devolution of function; Page: 3)

Sl. No.	Functions to be transferred
1.	Agricultural including agricultural extension
2.	Minor irrigation, water management and watershed development
3.	Animal husbandry, dairy and poultry
4.	Fisheries
5.	Social forestry and farm forestry
6.	Minor forest produce
7.	Small scale industries including food processing industries
8.	Khadi, village and cottage industries
9.	Drinking water
10.	Fuel and fodder
11.	Roads, culverts, bridges, ferries, waterways and other means of communication
12.	Rural electrification including distribution of electricity
13.	Non-conventional energy sources
14.	Primary and Secondary education
15.	Cultural activities
16.	Market and fairs
17.	Health and Sanitation including Hospitals, primary health centres and dispensaries
18.	Family welfare
19.	Women and child development
20.	Maintenance of community assets
21.	Land improvement, implementation of land reforms, land consolidation and soil conservation
22.	Rural housing
23.	Poverty alleviation programme
24.	Technical training and vocational education
25.	Adult and non-formal education
26.	Libraries
27.	Social welfare including welfare of handicapped and mentally retarded
28.	Welfare of the weaker sections and in particular SC and ST
29.	Public distribution system

Source: Eleventh Schedule (Article 243 G) of the Constitution (Seventy Third) Amendment Act, 1992

#### Appendix 1.4

#### Statement showing functions not transferred to PRIs

(Reference: Paragraph 1.3.2: Functions not transferred as per 73<sup>rd</sup> Constitutional amendments; Page:4)

Sl. No.	Functions not transferred
1.	Land improvement, implementation of land reforms, land consolidation and soil conservation
2.	Rural housing
3.	Poverty alleviation programme
4.	Technical training and vocational education
5.	Adult and non-formal education
6.	Libraries
7.	Social welfare including welfare of handicapped and mentally retarded
8.	Welfare of the weaker sections and in particular SC and ST
9.	Public distribution system

Source: Eleventh Schedule (Article 243 G) of the Constitution (Seventy Third) Amendment Act, 1992

**Appendix 1.5**  
**Statement showing frequent transfer of Officers of DLFA**  
*(Reference: Paragraph 1.4.1 Page: 4)*

Post	Person-in-position		
	Name	Designation	Period
<b>Principal Director/Director</b>	Sri L.B. Rai	Director	February 2012 to September 2013
	Sri Kuber Bhandari	Director	September 2013 to December 2013
	Sri D.N. Sharma	Pr. Director	January 2014 to October 2015
	Sri L.B. Rai	Director	November 2015 to June 2016
	Sri S.B. Subba	Pr. Director	June 2016 to October 2016
	Sri Govind P. Kaushik	Pr. Director	November 2016 to October 2020
	Sri B.B. Subba	Director	November 2020 to September 2022
<b>Jt. Director</b>	Sri Patrick Rai	Joint Director	November 2013 to October 2014
	Sri C.N. Sherpa	Joint Director	April 2015 to October 2019
	Sri K.P. Sapkota	Joint Director	September 2017 to October 2022
<b>Sr. Accounts Officer /Accounts Officer</b>	Sri J.B. Karki	Sr. Accounts Officer	October 2013 to August 2014
	Sri Ashok Sharma	Accounts Officer	September 2012 to September 2014
	Sri T.N. Sapkota	Accounts Officer	October 2014 to September 2017
	Sri Asaf Sharma	Accounts Officer	July 2017 to September 2017
	Sri Prakash Sharma	Accounts Officer	September 2017 to March 2023
	Sri Palden Thakarpa	Accounts Officer	October 2019 to till date

*Source: Information furnished by DLFA, Government of Sikkim*



### Appendix 3.1

#### Statement showing vital statistics of Urban Sikkim

(Reference: Paragraph 3.1: Vital Statistics of ULBs; Page: 23)

Particular	State	Urban Sikkim
Population	6.11 lakh	1.54 lakh
Sex ratio	890/1000 males	913/1000 males
Literacy rate	81.42 %	88.71 %
Area	7096 sq km	710 sq km
Poverty	8.19 %	3.6 %
Household	1,29,006	35,718

Source: Census Report 2011

**Appendix 3.2**

**Statement showing functions to be transferred to ULBs and actually transferred to ULBs**

*(Reference: Paragraph 3.3: Functioning of ULBs; Page: 24)*

Sl. No.	Name of Subjects / Functions listed in 12 <sup>th</sup> Schedule	Gangtok Municipal Corporation	Namchi Municipal Council	Naya Bazar – Jorethang Municipal Council	Geyzing Municipal Council	Singtam Nagar Panchayat	Rangpo Nagar Panchayat	Mangan Nagar Panchayat	
1	Urban Planning including town planning	Only regulation of building construction and approval of BPP.	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	
2	Regulation of land-use and construction of building	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	
3	Planning for economic development and social development	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	
4	Roads and Bridge	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	
5	Water supply for domestic, industrial and commercial purpose	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	
6	Public sanitation conservancy and solid waste management	Only solid waste management							
7	Fire Service	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	

Sl. No.	Name of Subjects / Functions listed in 12 <sup>th</sup> Schedule	Gangtok Municipal Corporation	Namchi Municipal Council	Naya Bazar – Jorethang Municipal Council	Geyzing Municipal Council	Singtam Nagar Panchayat	Rangpo Nagar Panchayat	Mangan Nagar Panchayat
8	Urban forestry protection of the environment and promotion of ecological aspects	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
9	Safeguarding the interests of the weaker section of the society, including the handicapped and the mentally retarded	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
10	Slum improvement and up-gradation	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
11	Urban poverty alleviation	Transferred	Transferred	Transferred	Transferred	Transferred	Transferred	Transferred
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Parks and Gardens only	Parks and Gardens only	Parks and Gardens only	Parks and Gardens only	Parks and Gardens only	Parks and Gardens only	Parks and Gardens only
13	Promotion of culture, educational and aesthetic aspects	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
14	Burials, burial grounds; cremations, cremation grounds and electric crematoriums	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred

Sl. No.	Name of Subjects / Functions listed in 12 <sup>th</sup> Schedule	Gangtok Municipal Corporation	Namchi Municipal Council	Naya Bazar – Jorethang Municipal Council	Geyzing Municipal Council	Singtam Nagar Panchayat	Rangpo Nagar Panchayat	Mangan Nagar Panchayat
15	Cattle pounds, prevention of cruelty to animals	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
16	Vital statistics including registration of births and deaths	Transferred	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred
17	Public amenities including street lighting, parking lots, bus stops and public conveniences	Parking lots, bus stops and public conveniences	not transferred	Parking lots, bus stops and public conveniences	Parking lots, bus stops and public conveniences	Parking lots, bus stops and public conveniences	Parking lots, bus stops and public conveniences	Parking lots, bus stops and public conveniences
18	Regulation of slaughterhouses and tanneries	not transferred	not transferred	not transferred	not transferred	not transferred	not transferred	Transferred
	<b>Total</b>	<b>6</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>

Source: Urban Development and Housing Department, Government of Sikkim letter no. M (85) GOS/ UD&HD/MUN/2018/71 dated 1.8.2018

### Appendix 3.3

#### Statement showing service level benchmark for solid waste management service for Gangtok Municipal Corporation

(Reference: Paragraph 3.7: Service Level Bench Mark: State Profile; Page: 28)

Year	Coverage %	Collection Efficiency %	Extent of Segregation %	Extent of Recovery %	Extent of Scientific Disposal %	Complaint Redressal Efficiency %	Cost Recovery %
2011-12	60	70	-	0	0	50	25
2012-13	80	-	-	10	0	70	35
2013-14	90	90	20	20	0	90	40
2014-15	95	95	40	50	10	95	50
2015-16	99	95	60	70	40	99	70
2016-17	100	100	80	75	50	100	80
2017-18	100	100	90	80	60	100	80
2018-19	100	100	100	85	70	100	80
2019-20	100	100	100	90	90	100	80
2020-21	100	100	100	100	100	100	80

Source: Notification No. GOS/UDHD/2013-14/SLBM/01 dated 26.9.2013 issued by Government of Sikkim, Department of Urban Development & Housing

**Appendix 3.4**  
**Statement showing service level benchmark for solid waste management service for**  
**All Urban Local Bodies**

(Reference: Paragraph 3.7: Service Level Bench Mark: State Profile; Page: 28)

Year	Coverage %	Collection Efficiency %	Extent of Segregation %	Extent of Recovery %	Extent of Scientific Disposal %	Complaint Redressal Efficiency %	Cost Recovery %
<b>Gangtok Municipal Corporation</b>							
2016-17	70	75	55	65	50	100	60
2017-18	80	80	65	70	60	100	65
2018-19	85	85	70	75	65	100	70
2019-20	90	90	75	80	70	100	75
2020-21	100	95	80	85	75	100	80
<b>Namchi Municipal Council</b>							
2016-17	80	98	30	30	40	100	100
2017-18	85	100	60	60	80	100	100
2018-19	90	100	80	80	100	100	100
2019-20	100	100	100	100	100	100	100
2020-21	100	100	100	100	100	100	100
<b>Naya Bazar-Jorethang Municipal Council</b>							
2016-17	100	80	25	40	40	100	60
2017-18	100	90	40	50	40	100	70
2018-19	100	90	60	60	60	100	100
2019-20	100	100	80	75	90	100	100
2020-21	100	100	100	100	100	100	100
<b>Gyalshing Municipal Council</b>							
2016-17	70	80	30	30	20	100	50
2017-18	75	80	40	55	40	100	60
2018-19	85	85	55	75	60	100	70
2019-20	90	90	60	80	80	100	80
2020-21	100	98	70	85	90	100	90
<b>Rangpo Nagar Panchayat</b>							
2016-17	100	90	60	85	50	100	70
2017-18	100	90	70	95	70	100	80
2018-19	100	90	80	100	80	100	100
2019-20	100	95	90	100	90	100	100
2020-21	100	100	100	100	100	100	100
<b>Singtam Nagar Panchayat</b>							
2016-17	100	90	55	85	70	100	80
2017-18	100	100	75	95	75	100	90
2018-19	100	100	85	100	80	100	100
2019-20	100	100	90	100	100	100	100
2020-21	100	100	100	100	100	100	100
<b>Mangan Nagar Panchayat</b>							
2016-17	75	100	50	50	0	100	25
2017-18	80	100	65	70	40	100	35
2018-19	85	100	80	85	60	100	60
2019-20	95	100	90	95	80	100	70
2020-21	100	100	100	100	100	100	80

Source: Notification No. 5/GOS/UDHD/2015-16/10/852 dated 20.4.2016 issued by Government of Sikkim, Department of Urban Development & Housing

**Appendix 3.5**  
**Grants received vis-à-vis utilisation certificate submitted**  
*(Reference: Paragraph 3.8: Submission of Utilisation Certificates; Page:28)*

Year	Name of the Scheme	Amount (₹ in lakh)	Due date of submission of UC	Actual date of submission of UC	Delay (in months)
2014-15	TFC	17.14	April 2015	Not submitted	Not submitted
	State Fund	375.32	October 2015	-do-	-do-
2015-16	TFC	5.17	March 2016	March 2016	Nil
	14 <sup>th</sup> FC	239.50	March 2016	December 2015-January 2016	Nil
	Swachh Bharat Mission (SBM)	136.43	March 2016	March 2016	Nil
	Swachh Bharat Mission (State fund)	34.28	March 2016	UC not submitted as of June 2016	4
	4 <sup>th</sup> SFC	223.18	March 2016	March 2016	Nil
2016-17	14 <sup>th</sup> FC	767.00	March 2017	February 2017 (₹ 8.07 lakh) May 2017 (₹ 499.02 lakh) Not submitted as on June 2017 (₹ 259.91 lakh)	1
	Swachh Bharat Mission (SBM)	65.82	March 2017	June 2017	2
	Swachh Bharat Mission (State fund)	9.59	March 2017	June 2017	2
	4 <sup>th</sup> SFC	187.27	March 2017	September 2016 to February 2017 (₹ 68.40 lakh) May 2017 (₹ 40.63 lakh) Not submitted (₹ 78.24 lakh)	-- 1
2017-18	14 <sup>th</sup> FC	714.50	March 2018	May 2017 (₹ 464.86 lakh) February 2018 (₹ 10.90 lakh) Not submitted (₹ 238.74 lakh)	-
	Swachh Bharat Mission (Central)	22.08	March 2018	February 2018 (₹ 6.52 lakh) Not submitted (₹ 15.56 lakh)	-
	4 <sup>th</sup> SFC grants (Share of net proceeds)	293.78	March 2018	August 2017 to March 2018 (₹ 224.85 lakh) April 2018 (₹ 47.78 lakh)	- Less than 1 month

Year	Name of the Scheme	Amount (₹ in lakh)	Due date of submission of UC	Actual date of submission of UC	Delay (in months)
				May 2018 (₹ 21.15 lakh)	1
	4 <sup>th</sup> SFC grants (Primary grants)	134.80	March 2018	August 2017 to March 2018 (₹ 100.17 lakh) April 2018 (₹ 22.32 lakh) May 2018 (₹ 12.31 lakh)	-  Less than 1 month 1
	4 <sup>th</sup> SFC (Imperative grants)	57.78	March 2018	May 2018 (₹ 1.77 lakh) Not submitted (₹ 56.01 lakh)	1
	Grants in aid	49.00	March 2018	Not submitted (₹ 49.00 lakh)	
2018-19	14 <sup>th</sup> FC	826.07	March 2019	May 2018 to November 2018 (₹ 409.37 lakh) June 2019 (₹ 86.29 lakh) July 2019 (₹ 42.19 lakh) Not Submitted (₹ 288.22 lakh)	  2  3
	4 <sup>th</sup> SFC	43.21	March 2019	June 2019 (₹ 4.36 lakh) Not submitted (₹ 38.85 lakh)	2
	Grants in aid	86.80	March 2019	June 2019 (₹ 27.97 lakh) July 2019 (₹ 30.54 lakh) Not Submitted (₹ 28.29 lakh)	
2019-20	14 <sup>th</sup> FC	443.00	March 2020	April 2019 to November 2019	
	4 <sup>th</sup> SFC (Share of net proceeds)	497.43	March 2020	December 2019 (₹ 323.63 lakh) June 2020 (₹ 38.90 lakh) September 2020 (₹ 43.75 lakh) November 2020 (₹ 44.42 lakh) May 2020 (₹ 46.73 lakh)	  2  5  7  1
	4 <sup>th</sup> SFC (Primary Grant)	124.32	March 2020	December 2019 (₹ 82.34 lakh) June 2020	  2



Year	Name of the Scheme	Amount (₹ in lakh)	Due date of submission of UC	Actual date of submission of UC	Delay (in months)
				(₹ 9.54 lakh) September 2020	5
				(₹ 10.87 lakh) November 2020	7
				(₹ 9.67 lakh) May 2020	1
				(₹ 11.90 lakh)	
2020-21	1 <sup>st</sup> & 2 <sup>nd</sup> Share of Net Proceeds	12.03	31.03.2021	20.07.2021	4
	1 <sup>st</sup> Special Incentive	15.30	31.03.2021	20.07.2021	4
	Grant-in-aid (Salary)	19.13	31.03.2021	20.07.2021	4

Source: Information furnished by Urban Development & Housing Department, Government of Sikkim

