

## CHAPTER – III

### INTEGRATED AUDIT

#### 3.1 Urban Development and Housing Department

*Urban Development and Housing Department (UDHD) is responsible for development and improvement of Bazaars and Municipal areas in Sikkim, control over all building construction, bazaars and stalls along the roads in the State. To fulfil these objectives, the Department enforces Statutory Rules of public services relating to urban development and administration along with implementation of a number of schemes/programmes.*

*While transforming mandate into plan of action, the UDHD adopted some good steps like banning of plastic, collection of garbage, creation of footpath along the NH 31A, multi-storeyed parking, creation of haat sheds, establishment of ULBs, imposition and realisation of penalty from defaulting trade licensees, etc. However, the areas requiring improvement were execution of works on piecemeal basis, unplanned construction by NBCC, unabated traffic congestion, absence of basic facilities in shopping complexes/parking places, non-realisation of revenue, absence of quality control, non-utilisation and non-maintenance of assets created, irregular permissions in construction of buildings, etc. The major audit findings are highlighted below:*

**Despite the commissioning of at least three master plans for Gangtok and four district towns, the absence of a land use plan with appropriate zoning regulations had resulted in haphazard growth.**

(Paragraph 3.1.7.1)

**Despite expenditure of ₹ 4.09 crore on maintenance and sanitation of Gangtok town, the maintenance of the town left much to be desired as dilapidated roads, open potholes, littering in public areas, cluttered drains, etc. could be seen at many places.**

(Paragraph 3.1.11.3)

**The unplanned and indiscriminate sanction of projects led to huge committed liabilities arising out of indiscriminate sanction of projects without ensuring the availability of equivalent resources in the budget which increased by 726 per cent from ₹ 7.89 crore to ₹ 65.17 crore over a period of five years (2006-11).**

(Paragraph 3.1.12.6)

**No computerised assets register showing consolidated records of assets in possession of the Department was in existence and the assets were never verified by the Department which resulted in a large number of assets remaining idle.**

(Paragraph 3.1.16)

**A number of buildings constructed by UDHD were being utilised for purposes other than those for which they were constructed.**

**(Paragraph 3.1.16.3)**

**There was absence of surprise checks and monitoring over enforcement of statutory rules/laws like sanitation rules, etc. and also absence of evaluation or impact study for appropriate follow-up action.**

**(Paragraphs 3.1.21 and 3.1.22)**

### **3.1.1 Introduction**

The urban population equalled the rural population of the world for the first time in 2007. While the present urban population of our country constitutes one-third of the total population, it is estimated to reach 40 *per cent* in the year 2030. Today, our cities and towns contribute more than three-fourths of the GDP and account for more than 90 *per cent* of government's revenue. The continuous influx of population into our urban areas with rapid expansion of urbanisation has exponentially increased the demand for urban services, both in terms of quality and quantity. The ever increasing demand for urban amenities has affected the quality of service across all sectors. In the process of providing improved urban services through a transparent, responsive and accountable system, the civil administration plays the most important role to provide a sense of satisfaction to the urban citizen. While urban influx or migration from rural to urban areas is inevitable in the process of development, the greatest challenge of the urban administration is to ensure that civic services are provided to the urban population at optimum levels to their satisfaction.

#### **The mandate of UDHD**

- Issue/renewal of Trade License for conduct of business in Sikkim;
- Fees, Taxes and levies from bazaar areas in the State;
- Allotment of sites, collection of site salami, ground rent etc;
- Development and improvement of Bazaars and Municipal areas in Sikkim;
- Control over all building construction of Bazaars and all along the roads in the State;
- Entertainment Tax;
- Establishment of Urban Local bodies/ Municipalities/Nagar Palika,
- Urban Housing;
- Enforcement of Statutory Rules of public services relating to urban development and administration.

Before merger of Sikkim with India in 1975, the urban areas were looked after by the Bazaar Department under the regime of the then Chogyal of Sikkim and after the merger, Gangtok Municipal Corporation was established under the Gangtok Municipal Corporation Act 1975. While the Corporation was abolished under the Sikkim (Repeal and Miscellaneous Provisions) Act 1985, its power and functions were allocated to Local Self Government in 1990. The Local Self Government was renamed as Urban Development and Housing Department (UDHD) with the mandate to provide sanitation and public health, construction and maintenance of lanes/ drains/ *jhoras*, regulation and control of building activities and levy/ collection of taxes/fees in urban areas. At present, the UDHD is the nodal department entrusted with the responsibilities of urban services in the State.

Current total urban population including undeclared urban areas is estimated to have reached

25 per cent. Sikkim has a total of nine urban centres of which Gangtok is the State capital and the most populated city in the State. A brief profile of the State is given below:

**Table – 3.1**

Area	7,096 sq. Km
Population	6.08 lakh
Districts	4
Literacy	82.20 per cent
Notified Towns	9
Urban population	1,51,726 (25 per cent)
Slum population	13,321
Literate urban population	1,22,896

Source: 2011 census, Report of the Committee on Statistics/Census

Although Sikkim is still primarily an agrarian State, its pace of urbanisation in recent years has been rapid, mainly because of growing rural to urban migration. While the increase in economic activities of all sectors and literacy rate play an important role in the urbanisation of the State, about 25 per cent of the total population resides in urban areas of Sikkim. In the absence of major industries in the State, towns and bazaars are the main places for the economic activities of the State.

### 3.1.2 Organisational Setup

The Urban Development and Housing Department is headed by a Commissioner-cum-Secretary and assisted by one Chief Engineer, one Additional Chief Engineer, one Additional Chief Town Planner, one Additional Secretary, one Joint Chief Town Planner, five Joint Secretaries, two Town Planners, two Superintending Engineers, three Divisional Engineers, five Assistant Engineers, four Dy. Secretaries, two Sr. Accounts Officers, two Dy. Directors, two Under Secretaries and other officials.

### 3.1.3 Audit Methodology and Coverage

Integrated Audit covering the period from 2006-07 to 2010-11 was undertaken during April to June 2011 on the basis of scrutiny of records maintained in the Secretariat at Gangtok and Circle Office at Jorethang. For fair representation in the sample size of audit scrutiny, Audit adopted Simple Random Sampling Without Replacement (SRSWOR) method using IDEA package version 8 as under:

- 25 per cent (185 out of 743 cases) of cases of permission for building construction (Blue Print Plans);
- 25 per cent (40 out of 115 works) of undertaken works stratified as building construction (shopping complex, car parking, flyover bridge, etc.), storm water drain, toilet, haat shed and beautification (park/garden);
- Car Parking Contract (35 numbers): 100 per cent analysis of allotment procedure;
- Mobile telephone tower (207 towers operated by 8 companies): 100 per cent analysis;
- Trade Licence: 25 per cent (616 of 2,464 licences) of licences issued;
- Shop rent: 100 per cent (285 cases) of allottees; and

- Amusement tax: 100 *per cent* of cinema halls (two), video parlours (four), cable operators (five).

An entry conference was held on 23 April 2011 with the Chief Engineer and other officers of UDHD and the objectives of the Integrated Audit were explained to them. Physical evidence was obtained in the form of replies to audit queries, copies of documents, photographs, beneficiary surveys, maps, etc. The exit conference was held on 18 August 2011 with the Commissioner-cum-Secretary of the Department and other officers. After due deliberation on the audit observations and examination of the replies furnished, audit comments and conclusions were drawn alongwith suitable recommendations for implementation by the Department.

#### **3.1.4 Audit objectives**

The Integrated Audit of the UDHD was taken up with a view to examine and assess the efficiency, economy and effectiveness with which the Department discharged the following vital functions:

- Planning & Policy formulation;
- Financial (including budgetary) Management;
- Operational Management;
- Project Management;
- Manpower Management; and
- Internal Controls/ Monitoring.

#### **3.1.5 Audit Criteria**

Audit assessed the functioning of the Department with reference to its mandate and on the basis of the following criteria:

- Provision of the framework and guidelines issued from time to time by the State and Union Governments;
- Acts, Notification and orders of the State Government/ GOI;
- Website information on projects/programme;
- Sikkim Financial Rules;
- Sikkim Public Works Department Code and Manual;

#### **3.1.6 Acknowledgement**

The Office of the Accountant General (Audit), Sikkim expresses its sincere thanks to the officers and staff of the Urban Development & Housing Department and Urban Local Bodies for their full co-operation with the audit team during the performance review.

The results of the Integrated Audit are discussed in the succeeding paragraphs.



## Audit findings

### 3.1.7 Planning and Policy formulation

#### 3.1.7.1 Physical Planning and Spatial Management

Urban Development and Housing Department (UDHD) has the primary responsibility of managing urban development, which includes physical planning, growth management and providing core civic services to the urban populace. The UDHD also issues trade licenses, bazaar contracts and collects various forms of taxes, fees and fines. Several other departments and institutions also share responsibility for policy formulation and implementation. The UDHD, being the nodal department for urban development, has to co-ordinate with other line departments for effective and efficient development process.

Despite the commissioning of at least three master plans for Gangtok<sup>1</sup> alongwith strategic plan and four district towns (Gangtok, Geyzing, Mangan and Namchi) in the State<sup>2</sup>, the absence of a land use plan with appropriate zoning regulations had resulted in haphazard growth, in a ribbon pattern all along the NH 31A which passes through the centre of the city of Gangtok. To ease the congestion and other urban pressures, the State Government had planned several construction projects, such as parking lots, a satellite township near Gangtok, and a capital complex for the State administrative offices. But each initiative, in the absence of year-wise action plan with reference to the ultimate objective, was disconnected and therefore, lacked linkages for developing a holistic long-term urban development plan<sup>3</sup> as envisaged in the reports submitted by Surbana International, Consultants Pte. Ltd.

#### 3.1.7.2 Environmental issues

The environmental issues needing immediate attention of the Department are discussed below:

- a) **Construction** in the city had been mainly guided by the presence of roads, and in the absence of a land use map, no area had specifically been assigned to any particular usage. Inappropriate construction compounded by inadequate soil conservation measures had placed severe stress on the civic infrastructure and in general threatened the geomorphology of the landscape. Intense, indiscriminate building activity, such as construction beyond prescribed limits, especially vertically, in geologically weak areas, over jhoras, and on steep slopes had led to erosion of the fragile topsoil and building collapse and exacerbated the risk of landslides. Many of these buildings were in contravention of UDHD regulations, but the punitive fines levied by the Department have been no deterrent.
- b) **Laying of wires:** While indiscriminate laying of cable wires, internet connection wires,

<sup>1</sup> Master Plan for development of Gangtok was prepared by GILCON which was later revised by RITES in 1997.

<sup>2</sup> Surbana International Consultants Pte. Ltd., Singapore (MOU signed in 2006 and report submitted in October 2008)

<sup>3</sup> A holistic development plan was proposed by ILFS for comprehensive Gangtok City Development Plan in December 2003.

telephone and electrical wires had severely affected the aesthetic and scenic beauty of urban areas, UDHD had not formulated any regulatory statute to address the issue. Telephone/internet wires laying agencies were in the habit of digging carpeted lanes/roads/highways, which was causing serious damages to the soil stability underneath due to seepage of rainwater through the potholes created before/after the laying of wires. Unplanned laying of cable wires over the buildings/ roads/ footpaths/ stairs and through the telephone/ electrical posts, etc., was also endangering the stability of posts, etc. Immediate deterrent to such practices needs to be formulated by the UDHD.

- a) **Traffic:** The rapid increase in number of vehicles in recent years had resulted in congested roads, increasing vehicular and noise pollution and a severe shrinking of space for pedestrians as vehicles got parked on the pavements. The only national



Vehicles parked at road side illegally at Syari

highway in the state, NH 31A passes through the centre of the city and attracts a large volume of traffic, but the tightly packed commercial and residential construction lining the highway precludes any widening. There was no effective public transport system in the city for which the needs are predominantly met through private taxis and personal vehicles with the inevitable environmentally damaging consequences. There were plans to increase car parking facilities in the capital but with limited land, parking space can never keep pace with the

vehicle population, and the lasting solution would be a limit on the number of vehicles in the city which had not yet been spelt.

- b) **Jhora<sup>4</sup> contamination:** A major source of environmental degradation is the contamination of *jhoras* through the large-scale dumping of solid waste in the *jhoras* and sewerage overflows. The UDHD manages solid waste collection but its vehicles cover only a small proportion of the households mainly from the central areas. Dumping their wastes into *jhoras* by the majority causes blockage of *jhoras* against which, the sincere effort of the Gangtok Municipal Corporation also could not be a deterrent.

### 3.1.7.3 Physical Infrastructure

The quality of basic service in an urban environment influences its economic, social and physical health. The greater Gangtok area is served by several departments and institutions; the Public Health Engineering Department (PHED) provides water supply and sanitation services to the urban areas and some rural areas, UDHD provides solid waste management, the Rural Management and Development Department (RMDD) looks after part of the rural water

<sup>4</sup>Jhoras – Mountain streams usually carrying filthy water.

supply and sanitation and drainage is the responsibility of the Irrigation Department. Service provision is divided between the 'notified town area' and the peripheral 'rural' areas, and the artificial boundary between the two had fragmented service delivery. It had also resulted in loss of revenue, when a primarily urban body (the PHED) supplies services to 'rural' areas at low or non-existent rural user rates. The lack of communication and interdepartmental coordination prevented the development of critical interlinkages and had adversely affected efficiency.

Further, these departments and institutions were subject to different regulations and legislation, often with no clear delineation of responsibilities on service provision. For example, there was overlapping jurisdiction in regulating powers and enforcement; there was also overlapping responsibility when one department lays down the physical infrastructure, while another manages its functioning. Regulation was lax, and existing rules were not enforced effectively. Service standards were poorly defined or non-existent, and there was hardly any monitoring and reporting of performance.

The main objective of the Urban Development and Housing Department was overall development of the urban sector in the State, keeping in view the regional disparities and climatic condition. The Department had prepared long term strategic plan and master plan for the State and four district towns respectively by engaging Singapore based consultant during 2009. The Department neither prepared Annual Action Plan nor devised any short term strategies by breaking down the targets into actionable areas, identifying the administrative, technical and financial resources, and prescribing implementation schedules. Lack of planning resulted in low level of preparedness and capacity of the Department to implement its programmes effectively and efficiently.

#### **3.1.7.4      *Implementation of re-arrangement schemes***

Urban Development and Housing Department (UDHD) was required to frame an improvement scheme for re-arrangement and construction of streets and buildings in respect of areas where existing buildings by reasons of non-repair, sanitary defects, poor conditions of light, ventilation, convenience were dangerous or injurious to the health of inhabitants of that area. The Department had neither conducted any survey nor framed any action plan addressing the issue.

#### **3.1.7.5      *Pedestrian and parking facilities***

Provision of unobstructed footpath is the first requirement for effective pedestrian traffic enforcement. Parking was another key issue requiring the attention of the Department as the problem of parking of vehicles was escalating exponentially with the increase of vehicles. No study had ever been carried out by the Department in collaboration with other agencies for evolving a long term strategic plan to address the ever increasing parking problem and equip the State with means for meeting the future demand. In the absence of any strategic plan, indiscriminate parking of vehicles in front of UDHD office building itself showed the helplessness of the nodal authority.

Image - 3.2



Parking of vehicles in front of UDHD Office, Gangtok

### 3.1.7.6 Formation of Local Bodies

Urban Local Bodies (ULBs) of India are the constitutionally provided administrative units that provide basic infrastructure and services in cities and towns. In Sikkim, no ULBs existed since 1985. Although the Sikkim Municipal Bill was passed in May 2007, it could be implemented from May 2010. While a number of functions, previously attached to UDHD like trade license, garbage disposal, car parking etc., had been transferred to the ULBs, full-fledged urban local authorities being at an early stage of development in Sikkim, basic infrastructure and services in cities and towns were affected considerably as has been brought out in the succeeding paragraphs.

### 3.1.8 Financial Management

The budget of the Department was prepared centrally in the Secretariat without obtaining any inputs from the field units. Based on the instruction issued by the State Finance Department, the Non-Plan budget was prepared on the basis of the anticipated expenditure. The Plan budget was prepared on the basis of lump-sum amount allocated by the Planning Department. Budgetary allocations and expenditure of the Department during 2006-11 are given in the table below:

Table – 3.2

(₹ in crore)

Year	Original	Supplementary	Total Budget	Expenditure	Saving	Surrender
2006-07	43.10	1.82	44.92	17.60	27.32 (61)	27.21
2007-08	29.77	2.62	32.39	19.72	12.67(39)	12.64
2008-09	57.86	9.00	66.86	50.53	16.33(24)	16.27
2009-10	162.97	3.10	166.07	76.37	89.70(54)	90.49
2010-11	214.17	1.24	215.41	61.11	154.30(72)	154.30

Source : Appropriation Accounts

This shows that year wise expenditure was always substantially lower than the budget provision leading to huge savings ranging between 24 (2008-09) and 72 (2006-07) per cent of

the final grant. The savings were not anticipated by the Department in time and instead were surrendered at the fag end of the respective years. As a result, the allocated funds were neither utilised by the Department nor could they be transferred to other Departments of the State Government for being used.

### 3.1.8.1 Unnecessary supplementary provision

As would be noticed from the above table, the Department obtained supplementary provision ranging between ₹ 1.24 crore (2010-11) and ₹ 9 crore (2008-09) during the period 2006-11 but could not utilise the same. In fact, actual expenditure in all the five years (2006-11) was less than even the original provision indicating that the supplementary provision was obtained without ensuring its utilisation. This was symptomatic of unsound budgetary management in the Department.

### 3.1.8.2 Large savings in Capital sector

The details of provisions under revenue and capital sectors were as under:

Table – 3.3

(₹ in crore)

Year	Budget Provision		Expenditure		Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2006-07	23.59	21.33	12.59	5.00	11.00 (47)	16.33 (77)
2007-08	12.48	19.91	12.11	7.60	0.37 (3)	12.31 (62)
2008-09	23.45	43.41	23.06	27.47	0.39 (2)	15.94 (37)
2009-10	20.19	145.88	18.99	57.38	1.20 (6)	88.50 (61)
2010-11	32.74	182.67	27.80	33.31	4.94 (15)	149.36 (82)

Source: Appropriation Accounts

While the savings on revenue sector (2 to 47 per cent) were comparatively lower and declined progressively with time indicating improvement in budgetary management in this area, the savings in the capital sector (37 and 82 per cent) were substantially high and there was no sign of improvement in the trend over the five year period. The reason for savings under capital sector was primarily due to non-completion of works in time by the contractors denoting weak contract management and delay in receipt of central funds (under JNNURM) from Government of India.

### 3.1.9 Control over expenditure

The control over expenditure lacked the following:

**i) Rush of expenditure:** Financial discipline requires that the expenditure be evenly phased over the financial year. It was noticed that 39 per cent to 50 per cent of the total expenditure was incurred in March during 2006-11 in the Department which was partly due to the release of funds by the State Government towards the end of the year. Rush of expenditure at the close of the financial year puts unnecessary pressure on the executing agencies to incur expenditure and is fraught with the risk of unnecessary procurement and ill-planned execution.

**ii) Parking of funds:** ₹ 1.29 crore drawn on AC bills by the Department for various purposes as of March 2011 were lying unadjusted since 2001.



**iii) Blocking of funds:** Before commencement of the works, an amount of ₹ 5.12 crore<sup>5</sup> was paid as mobilisation advances to various contractors and State Trading Corporation of Sikkim for construction work and supply of materials respectively which resulted in blocking of funds over a period of six months without immediate requirement.

**iv) Non-submission of utilisation certificates (UCs):** According to the scheme guidelines of Additional Central Assistance/State Plan Assistance, UCs were to be sent to GOI within the stipulated time. Audit examination however, revealed that despite receiving repeated reminders, the Department did not submit utilisation certificates to the GOI for 2006-07 to 2009-10. The UCs for the years 2006-07 to 2009-10 in respect of Tribal Sub-Plan and Scheduled Caste Sub-Plan were sent by the Department only in May 2011.

### 3.1.10 Revenue Management

The Department was responsible for assessment and realisation of revenue towards Entertainment Tax, Trade Licence fee, bazaar contract, car parking contract, rent from premises, sanitation fees, advertisement charges, pay and use toilets, site salami and regularisation fees, hoarding banners, ground rent and other miscellaneous receipts.

#### 3.1.10.1 Non-realisation of rents

UDHD was maintaining 337 shops/offices in 5 shopping establishments and these were being let out to public and Government organisations. Audit observed that UDHD had not evolved a mechanism for prompt realisation of the rentals resulting in huge accumulation of dues. As a result, rental dues from Government organisations accumulated to ₹ 5.23 lakh, and ₹ 81.72 lakh from private parties remained to be realised as of March 2011. Further, no lease agreement was signed with these private parties (285 parties) indicating absence of an effective system for collection of rent.

#### 3.1.10.2 Loss of Government revenue due to improper survey

Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 about non-verification of the actual number of subscribers of a cable operator (Nayuma cable) and non-realisation of entertainment tax of ₹ 4.72 crore and penalty thereon of ₹ 14.52 lakh. In its 82<sup>nd</sup> Report (30 March 2010), the Public Accounts Committee recommended for proper survey to ascertain the actual number of subscribers by the Department.

The Department engaged a private NGO for proper survey of actual number of subscribers. The figure of 4,610 submitted (April 2010) by the NGO was accepted without any verification despite the fact that the number was abysmally low as compared with the number of 22,000 already available in the records of the Department itself. Audit conducted a sample survey of subscribers in their own residential quarter complex at Syari wherein the number was shown

<sup>5</sup> 1. Construction of Haat Shed at Rangpoo- ₹ 11.66 lakh (STCS), 2. Storm water drainage system- ₹ 45 lakh, 3. Integrated slum development Housing at Sisney- ₹ 138.41 lakh and ₹ 56.54 lakh, 4. Inner city Road- ₹ 134 lakh and 5. Car parking at Deorali- ₹ 99.90 lakh drawn on 31 March 2010; but, work commenced on 23 October 2010 (STCS)

as 65 against the actual of 71, indicating a 10 *per cent* reduction in the actual number and cast doubt on the reliability of the survey conducted by the NGO. Further, the cable operator was also not depositing the monthly entertainment tax from April 2010 even on the basis of the number of subscribers accepted by the Government. An amount of ₹ 46.70 lakh, including penalty, remained unrealised as of March 2011.

### **3.1.10.3      *Non-realisation of annual license fee***

The Department fixed ₹ 30,000 per annum per company as mobile trade license fee. Test check of records revealed that the Department had neither imposed nor collected the mobile trade license fee since the commencement of the mobile business in Sikkim by various companies which worked out to ₹ 12 lakh till March 2011.

While the fixation of fees irrespective of the number of towers being operated by any company was inexplicable, even the fees fixed remained to be realised since 2006-07.

The Department accepted (August 2011) the observation.

### **3.1.10.4      *Short realisation of bazaar contract fee and car parking fee***

Every year, UDHD fixes the upset prices of 'bazaar contract fee' and 'car parking fee'. Audit scrutiny revealed that an amount of ₹ 31.97 lakh for bazaar contract fee and ₹ 64.06 lakh for car parking fee were short realised by the Department against the upset prices fixed for the years 2006-2011 as detailed in **Appendix – 3.1**.

The Department stated (August 2011) that loss of revenue would be reviewed and recommendation sought to rationalise user charges for bazaar and car parking through market survey.

## **3.1.11      Operational controls**

Operational controls provide assurance that tasks were being performed to fulfil programme objectives. Audit noticed a number of instances of control failures in performance of regular activities by the Department such as deficiencies in preparation of DPRs, irregular provisions on various items, etc., non-adherence of rules and procedures, sub-standard execution of works, avoidable and unauthorised expenditure, irregularities in purchases, etc. Some of the deficiencies are discussed below:

### **3.1.11.1      *Preparation of Detailed Project Report (DPR)/estimate***

Preparation of estimates is an important element in cost control mechanism which helps to define the quality of work to be executed and its cost. It was observed that the Department had not constituted any Technical Advisory Committee to check the DPRs. This resulted in inadequacies as mentioned below:

#### **➤      *Benefit-cost ratio***

Before embarking on a major project, it is the basic requirement to assess benefits vis-à-vis cost on the project. Benefit may be economic, social or a combination of both. Good



governance pre-supposes informed decisions, based on rational considerations. Audit noticed that benefit cost ratio was not included in any of the DPRs prepared.

➤ ***Excess provision in the DPR***

The primary responsibility for accuracy of the provisions in DPR rested with the Chief Engineer, who was to ensure correctness of designs and to ensure that overall cost of project was reasonable.

Scrutiny of DPR and estimate relating to flyover bridge at Deorali revealed that an amount of ₹ 44.68 lakh were provided in excess to the extent of 10 *per cent* contractor's profit being not deducted from the estimate of civil work, VAT included in labour component and excess rate allowed on steel.

While accepting the observation, the Department stated (November 2011) that action had been initiated to strengthen the system of preparation of DPRs.

**3.1.11.2      *Deviation from approved specification***

Deviation from approved specification had resulted in irregular execution of works as under:

- Audit scrutiny of records relating to the works, “Road surfaces at various bazaar areas of South” revealed that out of ₹ 1.68 crore sanctioned (December 2008) under 10 *per cent* lump sum provision of NEC, an amount of ₹ 11.85 lakh was paid in excess to the contractor due to defective measurement taken and use of less quantity of materials (cement, sand, stone and bitumen). The Department stated (November 2011) that there was a slight clerical error in the deviation statement which had been corrected. The reply is not acceptable as irrespective of the clerical mistake, no recovery had been effected.
- Audit scrutiny of the works for construction of rural marketing centres, roads and dwelling houses at various places in South/West circle under NABARD and ACA revealed that consumption of materials (cement, sand and stone) was not according to specifications. It was noticed that out of eight works undertaken by the Department, excess cement was used in two works and less cement was used in six works. Further it was also observed that excess sand and stone was used in four and three works respectively and less stone used in one work. The total expenditure on the eight works was ₹ 4.22 crore as detailed in **Appendix-3.2**. It is therefore, evident that there were deviations from the specifications in these eight works impacting the quality of the works.

While accepting the audit observation, the Department stated (November 2011) that utmost care in this regard would be taken in future.

- Physical verification (May 2011) of pay and use toilet at Rangpo revealed that against the payment of water tanks for 2,000 litres and collapsible gate, only water tanks of 1,500 litres and simple iron gate were utilised.

The Department stated (August 2011) that due to water supply problem, the tank size

had been altered and as and when it would be normal, the same would be rectified. The reply indicated that no proper survey was conducted before commencing the work.

### 3.1.11.3 Poor maintenance of Gangtok area

The Department incurred a huge amount on maintenance and repair of bazaar, sanitation and maintenance of Gangtok town, as detailed below:

**Table – 3.4**

(₹ in lakh)

Year	Maintenance and repair of Bazaar (East)	Sanitation of Gangtok	Maintenance of Gangtok town
2006-07	33.03	36.47	22.41
2007-08	19.39	39.50	15.53
2008-09	25.26	46.46	19.77
2009-10	25.35	48.46	23.76
2010-11	8.38	30.18	14.77
<b>Total</b>	<b>111.41</b>	<b>201.07</b>	<b>96.24</b>

Despite expenditure of ₹ 4.09 crore on maintenance and sanitation activities, the maintenance of the town areas left much to be desired as dilapidated roads, open potholes, throwing of litter in public areas, cluttered drains could be seen at many places. A pictorial overview of pathetic maintenance and upkeep of the town areas is presented below:

**Image - 3.3**



*Public toilet at Rangpo slum area without approach road*

**Image - 3.4**



*Near AG Office, Gangtok*

**Image - 3.5**



*Non-existent footpath with unhygienic surroundings at Mangan*

The Department stated (November 2011) that the ULBs, despite being in their nascent stage, were taking action and the situation would improve in future.

#### **3.1.11.4 Lax control in purchase of sanitation items**

The Department is responsible for maintaining cleanliness in the urban areas of the State. Audit scrutiny revealed that the Department purchased sanitation items<sup>6</sup> from the suppliers without inviting tender. In this regard, records relating to requirement, scale of requirement, stock entry regarding receipt and issue of such items could not be made available to audit despite specific requisition to that effect.

According to Sikkim Financial Rule, all materials received should be examined, counted,

<sup>6</sup>Bleaching power, Odonil, Aromax phenyl, phenyl, etc.

measured or weighed, as the case may be, when delivery is taken and it should be ensured that the quantities are correct and the quality according to specifications ordered. Scrutiny however, revealed that sanitation items worth ₹ 11.39 lakh<sup>7</sup> were not recorded in the stock register. It was further confirmed by the concerned Sanitation Inspector that the said items were not received which indicated non-accountal of materials.

### **3.1.11.5 Irregular payment towards throwing of spoils and carriage charges**

Test check of records relating to works executed departmentally revealed that the Department paid an excess amount of ₹ 22.75 lakh to the suppliers for throwing of 3,244 cum of spoils and carriage of cement, sand, stone, etc. for three works<sup>8</sup>. It was noticed that quantity of throwing of spoils allowed was higher than the quantity of spoils that was supposed to be extracted as per respective DPRs. It was further noticed that the rates was higher in case of throwing by contractors in comparison to rates allowed in case of throwing by the Department itself.

The Department stated (November 2011) that no such error would be repeated in future.

### **3.1.11.6 Avoidable expenditure of contingency charges**

Under the CSS programme, no departmental or agency charges were admissible for inclusion in project proposal. While approving the proposal (December 2010) for modification and up-gradation of Melli Bazaar, the Finance Revenue and Expenditure Department instructed to reduce the departmental charges, i.e., contingency from 4 per cent to 2 per cent and the same was agreed by the Department. Contrary to these instructions, the estimate of works was technically approved by the authorities at the rate of 4 per cent which resulted in an avoidable expenditure of ₹ 26.28 lakh. It may be mentioned that the entire provision towards contingency (4 per cent) was spent before completion of the projects, one was even yet to be started.

The Department accepted (November 2011) the fact and stated that this would be adjusted on the overall project cost.

### **3.1.11.7 Unauthorised expenditure from SCSP fund**

The basic objective of Scheduled Caste Sub Plan (SCSP)/Tribal Sub Plan (TSP) was to channelise the flow of outlays and benefits from the general sectors of the state plan for the development of SC and ST at least in proportion to their population both in physical and financial terms with ultimate goal of bridging the gap in socio-economic development of the SCs and STs within a period of 10 years. The Government approved (May 2008) housing facilities for Economically Weaker Section (EWS) families at old slaughter house area, Gangtok at a cost of ₹ 1.34 crore under SCSP/TSP.

<sup>7</sup> ₹ 7.37 lakh in East/North Circle for the year 2009-10 and ₹ 4.02 lakh in South/West Circle for the year 2010-11

<sup>8</sup> Infrastructure facilities at Rangpo, Improvement and modification of Raj Bhavan approach and Improvement and modification of Yatayat Bhavan approach road

Test check revealed that out of the total fund, ₹ 1.11 crore was spent for construction of quarters for Group III/ IV staff and ₹ 0.23 crore was spent for repairs of existing quarters.

Thus, deviation of scheme guidelines resulted in an unauthorised expenditure of ₹ 1.34 crore, besides depriving economically weaker/ lower income section of the society of their housing needs as stipulated in the guideline.

### **3.1.11.8      *Doubtful execution of work***

In terms of Sikkim Transit of Timber and other Forest Produce Rules 1999, no forest produce (among other things, rock, surface soil, sand and stones) shall be moved into or from or within the State of Sikkim except by a transit permit issued by the concerned Divisional Forest Officer after satisfying himself that the forest produce was legally obtained and can be transported to another place from where it was located, stored or available. The transit permit shall be issued after levying a fee equal to the commercial rate of royalty for the forest produce as notified in the schedule of rates of royalty. Further, all transit permits shall be governed by the condition that the forest produce shall be taken to each check post on the route indicated in the transit permit for checking and examination by the forest officers and the transportation shall follow the route indicated therein and not deviate from it. The transit permits shall be prepared in triplicate, the second and third copies of which shall be given to the person in charge of the produce under transit and the same shall be produced whenever required by any checking officer (Rules 2 to 8 & 12). Any contravention of the provision of these rule shall be a forest offence (Rules 25) liable to be penalised under the terms of the Sikkim Forest (Compounding of Offences) Rules 1998, which includes, inter alia, punishment with imprisonment extending upto one year.

Test check of vouchers of various works executed departmentally revealed that the Department made payments to the suppliers for 1,791.77 cum sand, 6,328.54 cum stone and 698.55 cum stone chips valuing ₹ 59.34 lakh during March 2011. However, in no case, was transit permit (royalty payment) issued by the forest authority for transportation of the sand and stones, prior to the extraction and movement of the forest produce, obtained from the suppliers. There was no record to indicate that the Department had at any time impressed upon the suppliers to produce the transit permits. Instead, in many cases while making payments, royalty was deducted from the suppliers' bills. Had the suppliers obtained permits, they would have submitted the permit slips (royalty payment slips) thereby exempting themselves from deduction of royalty from the bills. It was thus inexplicable as to how the transportation of sand, stones and stone chips in all the cases relating to works executed departmentally was carried out avoiding detection by officers of Forest Department posted at various forest check posts. The Department's non-insistence on the suppliers for production of transit permits was tantamount to aiding and abetting the offenders of government regulation. Further, in the absence of necessary transit permits to vouch for the movement of sand/stones/stone chips, the authenticity of the use of the said materials valuing ₹ 59.34 lakh by the Department remained doubtful.



The UDHD stated (August 2011) that Government policy for revenue generation by way of royalties was fulfilled and as such the question of doubtful execution of work as reflected does not arise. The reply of the Department is not tenable as it violated the directives of the Government relating to use of forest produce, besides casting doubt on the execution.

### **3.1.11.9 Irregularities in approval of Blue Print Plans for Building**

Mention was made in Comptroller and Auditor General of India's Audit Report 2006-07 that the UDHD did not maintain year-wise and zone-wise data for construction of houses and approval of blue print plans. The present audit noticed that the situation had not improved as stated below:

- a) Sikkim fell under Zone IV according to seismic zoning map of India and was vulnerable to earthquakes. Thus, lighter structured buildings with two and half storeys were prescribed. Despite this, scrutiny of Blue Print Plans approved during 2007-11 revealed that the Department continued to permit construction upto five and half storeys.
- b) In two cases, Department violated its own notification and allowed construction of two and half storey buildings in stability zone 5 where maximum limit is one and half storey.
- c) As per Sikkim Building Construction Rules, set back of minimum 27 feet from centre of the road had to be kept in case of plots below 27,000 sft. The same was not done in four cases. Similarly, where two plots/sites are joined on one side, minimum gully of six feet on the opposite free site of these plots/sites was to be provided. However, this was not done in three cases. This made the concerned buildings and surrounding areas vulnerable due to lack of emergency exit, ventilation, proper drainage, etc.
- d) Sikkim Building Construction Regulations (SBR) stipulates that buildings constructed on the valley side of the road were to have a maximum of one storey only above the road level. It was observed that the Department never verified this aspect while approving Blue Print Plan (BPP) as evident from the fact that this was not even included in the Form for scrutinisation of BPPs. It was further seen that 10 buildings having floor height above one floor were approved.
- e) Out of 185 Blue Print Plans (BPPs) checked, only in 6 cases, Occupation Completion Certificate stipulated in SBR was found in file. This certificate is issued after the building had been checked by the Department. Absence of such certificates indicated that the Department did not verify compliance of SBR and whether the construction was as per the approved BPP or not.

### **3.1.11.10 Irregular grant of height of Roof Top Pole**

As per instruction issued by the Town Planning Section of UDHD, the height of roof top poles (RTP) for mobile towers would be upto 9 meters.

Audit scrutiny of records relating to grant of NOC for erecting RTP revealed that the Department had granted height of RTP ranging between 10 and 12 meters to various

companies in contravention of the said instruction.

The Department stated (November 2011) that marginal increase in height in some of the cases was not considered an offence. The reply of the Department was not acceptable since it contradicted its own instruction issued in view of the safety of the building in hilly terrain.

### **3.1.11.11 Construction of projects by NBCC**

National Building Construction Corporation Limited (NBCC) had been engaged in various urban development projects in Sikkim. The NBCC prepared project reports for such projects as required by the State Government and submitted the same to UDHD. After vetting the same, UDHD sent the project reports to the Union Ministry for approval and sanction. The NBCC executed the projects after approval of the project reports and receipt of funds directly from the Union Ministry. After completion of the projects, the assets were taken over by the UDHD from the NBCC. It was however, observed that the Department does not keep provision for maintenance and upkeep of these assets taken over. In fact, it does not even have any detailed information about the projects executed by the NBCC. From the information obtained by Audit from the Zonal Office of NBCC at Gangtok, it was noticed that during 2003-11, 12 projects (nine completed and handed over) were undertaken at an aggregated sanctioned cost of ₹ 226.59 crore as detailed in **Appendix – 3.3**. Physical verification of some of these assets revealed very poor condition and non-utilisation as mentioned in the subsequent paragraphs. In the absence of any provision for maintenance and database information of such assets in the UDHD, the condition of these assets suffered deterioration due to non-maintenance, non-utilisation, pilferage, etc. over the period of time as had happened in the following cases:

**Image - 3.6**



*Debris lying near children park, Gangtok*

**Image - 3.7**



*Dilapidated condition of electric wire in shopping complex at Singtam*

Immediate steps need to be taken for maintaining proper database and provision for maintenance for ensuring utility of the assets created.

The Department stated (November 2011) that immediate steps would be taken up for proper database and to have provision for maintenance for ensuring utility of assets created.



### 3.1.11.12 Trade Management

#### ➤ *Non-realisation of trade license fee from the liquor shops*

Sikkim Trade License Rules 1985 envisaged that no person shall manufacture, store, sell, exhibit for sale, use or permit to be used any place for the purpose of trade of any goods or commodity as enumerated in Schedule I or Schedule II as the case may be, except under a License issued under these rules.

Scrutiny, however, revealed that liquor shops (East: 529; West: 113; South: 119 and North: 55) were running without trade licenses issued by the UDHD since their inception of liquor business as of March 2011. This resulted in loss of Government revenue over the years, besides absence of proper internal control over trade licenses.

While accepting (November 2011) the observation, the Department stated that provision for imposition and realisation of trade licence fee from liquor shops had been inserted in Sikkim Trade License and Miscellaneous Provision Rules 2011.

#### ➤ *Non-realisation of trade license fee from the private schools*

Despite mention in the Comptroller and Auditor General of India's Audit Report for the year ended 31 March 2007 regarding non-levy of license fee and fine of ₹ 20.68 lakh, the Department had neither maintained any database of private schools engaged in imparting education in the State nor initiated any efforts to cross check the records such as list of schools (East: 115, West: 78, North: 16 and South: 76), number of students, etc.

The Department stated (November 2011) that trade licenses to private institutions registered with HRDD had been issued. The fact remained that according to the records provided by the Department, only 17 out of 285 schools were issued trade license so far.

### 3.1.12 Programme Management

Systematic and realistic planning from project formulation stage to execution is a prerequisite for successful implementation of projects in a cost effective manner.

Scrutiny of the progress of implementation of various ongoing schemes pertaining to development of urban infrastructure in Sikkim revealed that the completion of projects were behind schedule by five to nine months as of July 2011 as detailed in **Appendix – 3.4**. Such delay in completion of works indicates poor planning and deficient project management which in turn results in time and cost overrun, consequently affecting budget preparation and efficient expenditure control. Some of the lapses noticed in Audit are summarised below:

#### 3.1.12.1 *Delay in completion of inner-city road*

The Government approved (February 2010) the construction of inner-city road (six approach roads) at a cost of ₹ 14.40 crore. The works were to be executed departmentally commencing 1 November 2010 and completed on 30 April 2011. Test check (May 2011) revealed that the said work had been completed only upto 40 to 60 *per cent* even after the lapse of one month from

the scheduled date of completion. Audit further noticed that contingency provision of ₹ 42.50 lakh were fully utilised by the Department as of March 2011 towards purchase of speed breaker, procurement of road marking machine and patch repair works in and around Gangtok. Further, in extension of undue benefit to the supplier, an amount of ₹ 1.35 crore was paid (March 2011) in advance without any interest to the hot mix bituminous supplier. The delay in completion of work retarded the development process and frustrated the objective of providing good networks within the city to facilitate the common people for better road and trade flow.

The Department stated (November 2011) that the delay was due to various hindrances that occurred during the process of execution such as dumping of stock and non-stock materials, shifting of utility services which consumed much time. The contention of the Department was not acceptable since these aspects were to be taken into consideration before preparation of DPRs and approval of the works.

### **3.1.12.2 Wasteful expenditure**

Infrastructural works for rural markets at Reshi was sanctioned (September 2008) at an estimated cost of ₹ 99.02 lakh under NABARD (RIDF) scheme for completion within 12 months. Scrutiny revealed that ₹ 55.16 lakh was paid to contractor and an amount of ₹ 10.71 lakh (₹ 2.08 lakh for Muster Roll, ₹ 0.87 lakh for purchase of material and ₹ 7.76 lakh for miscellaneous work) was incurred beyond the sanctioned cost. The work was not completed till July 2011, i.e., even after 16 months of its due date of completion. Physical verification and departmental information against specific requisition revealed that before undertaking the work, no soil testing was carried out as no such provision was kept in the DPR. Absence of soil testing had led to a construction without stability and soundness as would be seen from the photographs below:

**Image - 3.8**



***Crack in the RCC structure***

**Image - 3.9**



***Crack in the RCC structure***

As would be seen, the structure cracked dangerously and in no way would be feasible for use by the common rural people as a rural marketing centre. This had resulted in wasteful expenditure of ₹ 65.87 lakh, besides depriving the intended benefit to the rural people of Reshi.

The Department stated (August 2011) that the cracks as pointed out in Audit were being dealt in details by an expert (BBR/Bangalore) firm. While the final reply was awaited, flouting Government directives of mandatory soil testing before execution of the work had resulted in the poor construction.

### 3.1.12.3 *Irregular computation of escalation on materials*

For infrastructure development and beautification of Melli Bazaar, the UDHD took up (November 2010) nine works, each valuing ₹ 50 lakh. In fact, one single work was split into nine to accommodate the Co-operative Societies by bringing the value of work within their financial restriction.

Scrutiny of DPR/estimate relating to development of Melli Bazar revealed that the Department had computed escalation on materials which were much higher than the present market value as compared from the STCS bills of other works executed by the Department itself. The details are shown below:

**Table – 3.5**

(in ₹)

Particulars	Quantity	Rate of SOR 2006	Present rate shown	Present rate as shown in the STCS Bill/cash memo of private supplier	Difference	Total difference
Cement	1,854 bags	293	345	299	46	85,284
Steel	9.84 MT	33,750	54,690	44,308	10,382	1,02,159
<b>Total</b>						<b>1,87,443</b>

Thus, due to erroneous computation of cost escalation of materials, an amount of ₹ 16.87 lakh (for 9 works) had been provided in excess which could have been restricted.

The Department stated (November 2011) that the position was being reviewed for remedial action.

### 3.1.12.4 *Non-operational lift in the Shopping complex*

With a view to facilitate movement of the public, Kanchenzonga Shopping Complex was provided with the provision of two lifts which were established at an expenditure of ₹ 40 lakh. Since its inauguration (August 2004), lifts were neither put to any use, nor were any steps taken to utilise the same for the benefit of the public coming to the shopping complex. It was given to understand that in the absence of any liftman and non-availability of funds for the purpose, the lifts could not be put to any use.

### 3.1.12.5 *Non-availability of basic facilities*

Keeping in view the requirement of bus/jeep traffic and to improve the overall infrastructure of the State, six<sup>9</sup> car parking-cum-shopping complexes were constructed by the UDHD. According to norms, the bus/jeep terminals should have various basic facilities like waiting

<sup>9</sup>Three at Gangtok and one each at Namchi, Jorethang, Gayzing.

lounges, commercial area, baggage trolleys, drinking water and toilet. It should also have a complete enclosed passenger concourse. Audit scrutiny however, revealed that none of the terminals were provided with such basic facilities as would be seen from the photographs below:



*Passengers waiting here and there in the main line taxi/jeep stand at Deorali*

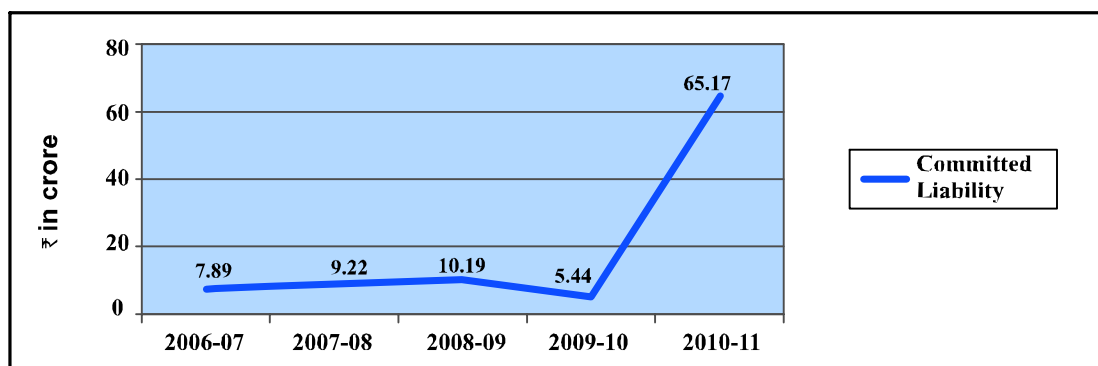
Further, commercial areas which were built for being leased to the urban poor in two car parking-cum-shopping complexes at Baluakhani and Deorali were allotted to the Election Department and Gangtok Municipal Corporation respectively.

This indicated not only the improper planning for construction of terminals but also denial of providing basic minimum facilities to the general public as well as urban poor.

### 3.1.12.6 Committed liability

The unplanned and indiscriminate sanction of projects led to huge committed liabilities over the period 2006-11 as depicted in the graph below:

**Chart – 3.1**



The liabilities increased by 726 *per cent* from ₹ 7.89 crore to ₹ 65.17 crore over a period of five years (2006-11), which was very high. Thus, the Department tottered under the weight of huge outstanding liabilities arising out of indiscriminate sanction of projects without ensuring the availability of equivalent resources. Unless the Government takes urgent and drastic steps to arrest the crisis, the situation would soon become unmanageable.

### 3.1.13 Waste Management

#### 3.1.13.1 Repair and maintenance of garbage vehicles

Although the Department was maintaining a fleet of 16 garbage vehicles, it had never prepared 'annual repair demand' during 2006-11 for proper repair and maintenance of the fleet. The repairs for ₹ 1.57 crore were done from the open market on the basis of 'no objection certificate' issued by the Mechanical Division of SNT. No schedule for periodic maintenance including overhauling of vehicles had been framed by the Department.

#### 3.1.13.2 Garbage control/collection

The increasing generation of solid waste is a growing problem in all cities. According to Sikkim Development Report (2001) of Planning Commission, the needs of the population in Sikkim have by far outstripped the provision of solid waste services such as, street bins and landfill sites. While preparing schemes and strategies for Eleventh Plan, Department took a view to minimise the dumping into landfill sites as cities in Sikkim are land scarce. The Department had since taken some steps in increasing the efficiency of garbage disposal like complete ban on plastic bags, public awareness campaign in garbage disposal, collection of garbage from households through trucks by ringing the bell, etc. In an attempt to introduce scientific disposal of solid degradable waste by converting them into composts, the Department initiated two major garbage plants at Martam with the support of Ministry of Urban Development, Government of India for the towns in East District and at Sipchu with major funding from Central Pollution Control Board for the towns and bazaars of South and West districts. Audit noticed irregularities in execution of these projects as described below:

##### (i) Martam Project

- The project was sanctioned by GOI in October 2001 at a cost of ₹ 4.33 crore with 90 *per cent* central grant. Due to proposal of establishment of a tourism project, the originally planned site of the project, i.e., Marchak was changed to Martam without GOI's approval. The relocation of project at the new site entailed construction of approach road at a cost of ₹ 1.03 crore. The additional cost of ₹ 1.03 crore due to inability to identify proper location of the plant was not funded from the GOI and was borne by the State Government.
- The delay in granting administrative approval (October 2003) caused considerable cost escalation leading to a substantial reduction in scope of work to accommodate the project within ₹ 4.33 crore, without approval from the GOI. The original envisaged capacity of 50 MT garbage per day for 30 years was revised to 30 MT per day for 20 years and construction of compound wall and vermin-compost yard were abandoned, thus compromising the very objective of the plant, i.e., conversion of garbage into compost based organic fertiliser.
- Even after opening of project in April 2006, the plant was projected only for composting the segregated wastes and unsegregated wastes were being dumped in volumes beyond the capacity (6 x 8 sq ft.) of the plant. The composting plant was therefore, incapacitated to that extent.



- The plant failed to dispose garbage in scientific and hygienic way as foul smell emanated from the plants regularly causing health hazard in nearby areas. Complaint was received (July 2009) about foul smell and consequent illness to casual labours and GREF personnel. No action was taken towards this even after a meeting (October 2010) was held between GREF, DC (East) and the Department and views of the Estimate Committee of the Sikkim Legislative Assembly after their spot visit of the plant (25 November 2010). The Plant was non-functional and wastes were accumulated in the site without adequate handling and proper management. However, complaints of foul smell and consequent spread of heavy insects and emergence of uncommon diseases in the area was again received from GREF and Swastik authorities (January 2011) and DC (East) impressed upon the Department to take immediate steps.
- In the absence of much needed processing facilities, wastes were being dumped in open sites which had no facilities for containment and were unmanned, with free access to cattle and human beings. Thus, the Department showed a lackadaisical approach towards the Martam Garbage Disposal Plant and put the entire environment and general health of the people inhabiting the area at serious risk as would be evident from the following photographs:

**Image - 3.12**



*Garbage disposed of in the open area  
at Martam Plant*

**Image - 3.13**



*Idle plant at Martam Garbage Plant*

**Image - 3.14**



*Easy access of human being and animals at Martam Garbage Plant*

**(ii) Sipchu Project**

The project aimed at disposal and recycling of wastes of all the bazaars under South/West districts, serving 50 sq km area of South and West districts was sanctioned (March 2006) at a cost of ₹ 2.5 crore, tendered and awarded (July 2007) to lowest tenderer with the stipulation to complete the work within March 2011. The project was still in progress with the following irregularities:

- **Soil testing not done:** The Department had not conducted survey and investigation to ascertain the feasibility of project site. Even mandatory soil testing of the site had not been done. Physical verification revealed that water was seeping from the floor in the construction site casting doubt over the future of the project.
- **Delay in completion:** Against the schedule for completion within March 2011, only 60 per cent physical progress was achieved till June 2011. Due to non-completion of the project in time, not only could the intended benefits not be achieved, but serious environmental degradation was occurring as garbage was being dumped openly in the project area which resulted in piling up of untreated garbage as under:

**Image - 3.15**

*Garbage disposed of in the open area  
at Sipchu, South/West*

**Image - 3.16**

*Overflowing garbage bin near  
Nagar-panchayat office at Jorethang*

The Department stated (August 2011) that delay in completion of project was due to non-availability of central fund. The reply was not tenable as even the available fund could not be utilised by the Department resulting in non-release of further funds from GOI.

**3.1.14 Contract Management**

The Department engaged contractors for execution of all works relating to construction of buildings and roads. Only the regular maintenance works were taken up departmentally. In order to manage the affairs economically and efficiently, it was imperative that due diligence was exercised in selection of the contractors, transparency maintained in award of works, rates and estimates diligently framed, time and cost overrun avoided and the project execution monitored closely to ensure timely and quality finish. Shortcomings in contract management led to a number of projects remaining incomplete beyond the scheduled date of completion



besides the following inconsistencies:

**3.1.14.1      *Low participation in bidding despite large number of contractors***

In terms of SPW Manual 1983 (revised in September 2009), contractors were registered in six categories (*Class IAA, IA, IB, IIA, IIB and Class III*) in the departmental headquarters at Gangtok and class IV category (lowest category) in the divisional offices of Roads & Bridges Department. As on date of audit, despite the contingent of 21,387 registered contractors in the State, the level of participation in almost all the bids (90 *per cent*) floated during 2006-11 was only three in each case (the minimum required for making a tender valid). This indicated that majority of the registered contractors were not serious or were unqualified players who used their registration for cartelization of the tenders and not for actual participation in the bids. The Department had not considered this aspect at the time of awarding works to the contractors.

**3.1.14.2      *Non-submission of regular labour details by contractors***

In terms of clause 19 D of the General Directions and Conditions of Contract, every contractor was required to submit by the 4<sup>th</sup> and 19<sup>th</sup> of every month, to the Engineer-in-Charge a true statement showing, in respect of the second half of the preceding month and first half of the current month respectively (i) the number of labourers employed by him on the work, (ii) their working hours, (iii) the wages paid by them, (iv) the accidents that occurred during the said fortnight showing the circumstances under which these happened and the extent of damage and injury caused by them, (v) the number of female workers who were allowed maternity benefits like grant of leave, pay, etc. This requirement was not being fulfilled in the execution of works by the UDHD, as a result of which, there was no control by the Department over the use of appropriate number of skilled/unskilled labourers, engagement of minors, facilities to be extended to the female labours, payment of fair wages, etc. by the contractors.

**3.1.14.3      *Non-displaying of details of works in the work sites***

During physical verification of ongoing projects in the North/East circle, it was noticed that details of work were not displayed by the contractors in seven cases out of nine ongoing projects. This indicated the absence of transparency in execution of works. The Department stated (November 2011) that remedial action was being taken.

**3.1.14.4      *Delay in payment to labourers***

As per Minimum Wages Payment Act 1983, daily labourers were to be paid on weekly basis and muster rolls prepared accordingly. However, in nine test checked projects, in spite of availability of funds, Department delayed payment of ₹ 54.07 lakh for 15 to 365 days during 2006-11.

**3.1.14.5      *Irregular utilisation of contingency provision of works***

The provision for contingency expenses (three *per cent* of estimated cost) was incorporated within the cost of work with a view to meet any unforeseen/incidental expenditure arising during the course of execution of work which was generally not covered under the main

estimate of work. The contingency charges provided for a work was meant to be spent only on items which were incidental to the work.

Test check of records revealed that the Department irregularly utilised ₹ 1.44 crore of contingency charges in respect of various centrally funded schemes and projects funded by other organisations on items not related or incidental to execution of the particular works like purchase of vehicles, payment of MR and supply bills.

This indicated that the contingency provision incorporated in the works estimate were either not required or were in excess of actual requirement giving scope to the departmental officers for incurring expenditure not incidental or contingent upon the work execution.

### **3.1.15 Quality control**

Existence of an effective quality control mechanism in the Department is of paramount importance with a view to ensure quality of inputs used in the works and to achieve high degree of quality. An efficient quality control mechanism would not only ensure durability of the assets created but also enable such assets to withstand expected distress and the usual vagaries of nature to survive the designed life period. It was however; seen in Audit that quality control was a neglected area in the functioning of the Department as highlighted in the paragraphs below:

#### ***3.1.15.1 National best practices on quality control***

National best practices envisaged that the contractor shall set up a field laboratory with adequate equipment and personnel in order to carry out all requisite quality tests at his own cost. Various important quality control tests have been prescribed by MORTH for road and building construction to be carried out at regular intervals and at the required frequency. Audit examination revealed that the Department did not ensure that the contractors carried out the quality tests as stipulated by the MORTH / Central Building Research Institute, Roorkee. This was despite the fact that majority of the projects undertaken by the Department were centrally funded which prescribed adherence to quality specifications issued by the MORTH/ Central Building Research Institute.

#### ***3.1.15.2 Stipulation of Public Works manual not complied***

The Department had no prescribed mechanism to ensure regular and effective quality control checks till September 2009. In September 2009, the revised Sikkim Public Works Manual 2009 was notified which incorporated some broad guidelines relating to quality control checks and quality assurance in works execution, which however, was not adhered to by the Department as of March 2011 as indicated below:

**Table – 3.6**

<i>Stipulation in the PW Manual</i>	<i>Status of Compliance as of March 2011</i>
<i>Detailed procedure to be laid down for ensuring quality control by the construction staff (Divisional Engineer, Assistant and Junior Engineers and the Contractors)</i>	No such detailed procedures had been laid down by the Department for observance by the construction team.
<i>The engineer-in-charge should ensure that only materials conforming to IS standards and approved by the competent authority were used in the works. All tests on materials as far as practicable were to be carried out at the construction site in a field laboratory set up under the control of the DE. At least one lab should be established in each Division.</i>	No detailed quality control tests were done on different aspects of works execution as prescribed by MORTH. No action initiated so far to establish quality control labs in the worksites or the executing divisions.
<i>No payment for works to be made unless bills were supported by quality control report.</i>	Bills were released to the contractors without mandatory quality control report.
<i>Guard file with copies of all quality inspection reports were to be maintained at all worksites. The SE (QA), SE (Circle), ACE, CE and PCE-cum-Secretary should invariably review and sign the Guard file of earlier inspections, inspection registers, Site Order Books, Registers of tests carried out etc.</i>	No such Guard files were maintained in any of the work sites and hence the review of the quality inspections by the higher authorities could not be assured.
<i>At least ten mandatory visits were to be conducted by the head of Quality Assurance Team (SE, Quality Assurance) to different work sites every month for quality checks with portable equipment procured for the purpose.</i>	No notification had been issued so far for constitution of the QA team. Details of quality tests carried out at the worksites by any QA team were not available. No portable equipment had been purchased for quality checks to be carried out in the work sites by the QA team.
<i>The Public Works Department Specifications delineating detailed specifications of each item of work to be referred while carrying out quality control checks.</i>	The Department had not so far brought out any State specific specifications giving detailed specifications of the various items of works to be carried out in the field. Even the rudimentary specifications incorporated in the Analysis of Rates and the Schedule of Rates for various items of works were yet to be properly followed.
<i>Establishment of Central Quality Testing Laboratory at the Departmental Headquarters with appropriate and qualified manpower to be engaged to run the lab.</i>	No such central quality testing laboratory exists in the department

The Department did not have any quality testing laboratory of its own to ensure quality of the materials being used and work executed. Resultantly, the possibility of supplying inferior quality of materials and execution of substandard work turned out to be a reality in the following cases:

Image - 3.17



*Newly constructed staircase near  
Haat Shed at Pakyong*

Image - 3.18



*Newly constructed approach road  
near Haat Shed at Mazitar*

### 3.1.16 Asset Management

For assessing future requirements in the planning process, to safeguard against misuse of assets and also to ensure proper maintenance, maintenance of records relating to assets was essential. The Department had over the years acquired fixed and other assets in the shape of land, buildings, etc. No computerised assets register showing consolidated records of assets in possession of the Department with details of acquisition in each case, their book value, physical status and extent to which these were utilised was in existence. The assets were never verified by the Department. Inadequacies in the maintenance of assets noticed in Audit are discussed below:

#### 3.1.16.1 Idle assets

- **Pay and use toilet:** The Department constructed seven pay and use toilets (2009-10) in rural marketing centres of South and West districts at a total cost of ₹ 1.68 crore which were lying idle without any use.
- **Super Market Complex at Development Area:** To facilitate shopping and parking to the people of the area, one super market complex was constructed with a loan component of ₹ 29.75 lakh under IDSMT in 1989-90. Due to improper planning, the complex was not utilised by the people. The complex was finally handed over to the Department of Science and Technology in August 2006.
- **Housing complex for sweepers at Lingding:** Details of works taken up under 10 per cent Lumpsum Provision for North Eastern Areas during the period covered under Audit were not provided by the Department. Physical verification (May 2011) revealed that one housing building remained non-functional (sanctioned cost ₹ 4.81 crore and handed over to the Department on 30 November 2006) over the years as shown below:

**Image - 3.19**



*Lingding housing complex without approach road*

**Image - 3.20**



*Electrical equipment without components*

Despite the asset remaining idle, ₹ 10.31 lakh for electrification and external water supply and ₹ 2.49 lakh for protective work were incurred by the Department during 2008-09. During physical verification it was seen that the electrical equipment were stolen as would be seen in the photograph above. The building remaining idle without any supervision over six years from the date of its taking over had resulted in deterioration of the building.

Despite having sufficient number of supervisors (53) and chowkidars (8), the Department failed to enforce accountability and protect assets of the Government.

While the reasons for keeping the housing complex idle could not be stated to audit, physical verification (May 2011) revealed that the complex was established in an inaccessible area having no approach road which indicated that the asset was created without proper survey about its feasibility and utility. It also revealed that the Department was yet to fix the terms of allotment (rate of rents/ salami, eligibility of beneficiaries, etc.).

- **Shopping complex at 32 mile at Singtam:** Details of the shopping complex at 32 Mile, Singtam, i.e., the cost incurred, funding agency, year of construction, terms of allotment, rent to be realised, etc., could not be stated by the Department, which was even unaware of its existence as this was not included in the list furnished to Audit of assets created by the Department. Physical verification of assets revealed that one room was allotted to Co-operative Society and one room to Police Department out of six rooms as of March 2011. Reasons, authority and terms for allotment of these rooms could not be stated to Audit. While idling of assets frustrated the objective of creation, the Government had sustained a revenue loss of ₹ 5.40<sup>10</sup> lakh during 2006-11 towards the same.

<sup>10</sup> @ ₹ 1500 per month x 12x6 unit x 5 years = ₹ 5,40,000



- **Car parking-cum-shopping complex at Pakyong:** Car parking-cum-shopping complex

Image - 3.21

*Car parking-cum-shopping complex at Pakyong*

at Pakyong was sanctioned (March 2000) by Government of India at an estimated cost of ₹ 1.56 crore under the Integrated Development of Small and Medium Towns (IDSMT) with a view to allot shops and toilets along with the parking of vehicles in the ground floor. The work was completed in August 2009, after lapse of four years of its scheduled date of completion (August 2005). Even after completion, the same was lying vacant as would be seen from the photograph.

- **Car parking-cum-shopping complex at Jorethang:** Under the scheme IDSMT, the Department constructed a super market-cum-car parking at Jorethang at an expenditure of ₹ 94.35 lakh with a view to allot shops and toilets along with the parking of vehicles in the ground floor. The work was completed and inaugurated in January 2009. While the asset was lying idle, the Government had sustained a revenue loss of ₹ 19.96 lakh till March 2011 towards rent that could have been realised against utilisation of the asset.
- **Unfruitful expenditure on procurement of sweeper machine:**

Image - 3.22

*Idle machine before UDHD office*

To maintain cleanliness in the newly re-constructed MG Marg, the UDHD purchased (April 2010) a sweeping machine “Roots Minuteman Power Boss SW/9XR Sweeper Machine” at a cost of ₹ 38.36 lakh without ensuring reasonability of rate through advertisement in local and national newspapers, etc. After procurement, the machine was dumped in front of the Head Office of the Department unutilised.

Scrutiny revealed that the Department had been considering the purchase of a relatively small machine like TATA Ace, etc. for convenience in operation and utility (₹ 28.71 lakh inclusive of all taxes, FOR). However, the proposal did not materialise for reasons not on record. Despite departmental operator having been trained by the supplier, reasons for keeping the machine idle in open air under a polythene cover over a period of more than one year (since April 2010) could not be furnished to Audit.

Audit learnt that the machine was unsuitable for cleaning the tiled surface of MG Marg due to uneven pressure created by it and causing dislocation of the tiles. Reasons for not ensuring suitability of the machine before purchase and remedial measures to make the

machine functional could not be stated.

### **3.1.16.2      *Utilisation of Slum Rehabilitation Centre as NIT***

To provide housing units to the Economically Weaker Sections (EWS) residing in and around Ravongla, Ministry of Housing and Urban Poverty Alleviation, Government of India sanctioned ₹ 18.65 crore under the 10 per cent funding for the North Eastern States including Sikkim. The project having 96 units was completed and inaugurated in 2007-08. Instead of allotting the housing units to the intended beneficiaries, the same was allotted to the National Institute of Technology (NIT), Sikkim in 2009 and ₹ 73.60 lakh was incurred for fencing and water supply under NABARD scheme between October 2009 and November 2010. This resulted in unfruitful expenditure of ₹ 73.60 lakh which could have been utilised in other development activities.

The action of the Department not only led to asset created at an expenditure of ₹ 18.65 crore remaining idle for more than 2 years but also resulted in diversion of funds and non-achievement of objectives of the project.

### **3.1.16.3      *Irregular utilisation of assets constructed for the public***

Before taking up any project, a proper survey about its viability and future utility should be carried out. Physical verification of urban assets created revealed that a number of building constructed by UDHD were being utilised for purposes other than those for which these were constructed as under:

**Image - 3.23**



***Community hall at Singtam is being used by the Nagar Parisad***



Image - 3.24



*Car parking-cum-Shopping complex at Deorali being used by the GMC*

Image - 3.25



*Car parking-cum-Shopping complex at Baluakhani being used by the Election Department*

#### 3.1.16.4 *Improper demolition of infrastructure*

- **Sabji Mandi at Sichey:** Scrutiny of records made available to Audit on assets created revealed that one commercial marketing complex (*sabji mandi*) constructed (February 2008) at a cost of ₹ 19.50 crore under 10 *per cent* Lumpsum Provision for North Eastern Areas was handed over to the Department in February 2008. However, the same had again been handed over (2009) to the Building and Housing Department for construction of a proposed 575 bed hospital with allied services.

Initially, the *sabji mandi* was proposed to be constructed in the Gangtok town area near Kanchanzonga Shopping Complex (Lall Market). Due to problems in availability of land, the project was shifted to the present location at lower Sichey, which was about 5 Km away from the town. Physical verification of the area revealed that due to inaccessibility of the location, the *sabji mandi* was never occupied/ utilised by the vegetable farmers of the State for whom it was constructed. Since building constructed for *sabji mandi* cannot be utilised for hospital purposes, the building would be demolished/ altered extensively leading to the expenditure already incurred becoming wasteful. Further, despite being aware of its non-viability to serve as a *sabji mandi*, the Department incurred ₹ 57 lakh during 2008-09 for electrification of the building from the State share which led to additional wasteful expenditure.

- **Low cost housing at Sishney:** Under the EWS housing scheme during Tenth Five Year Plan, housing units were built for the BPL families coming under the Social Housing Scheme. Since 1994, housing schemes had been taken up under State Plan at Rangpo, Rongli, Chandey, Sisney and Tashiding.

During physical verification, it was noticed that the Sisney housing complex (date of construction not available on records) having 12 units was being demolished for construction of another two storied building at a cost of ₹ 4.33 crore under “Integrated Slum Development”. Despite issue of work order, commencement of work since 13 May 2011 and payment (31 March 2011) of mobilisation advance of ₹ 56.54 lakh to the contractor, physical progress was stalled due to dispute on approach road to be constructed. While the policy on demolition as to how the structures were to be graded for demolition with reference to their age, utility etc., has not been devised, demolition within a short period of major structures built at huge capital cost on the pretext of changed requirement indicated absence of adequate survey and planning.

### 3.1.17 Manpower Management

Job analysis, job specification and job description are the pre-requisite condition for efficient management of manpower with reference to the activity of any organisation. While no such analysis had ever been conducted in the Department, it was unaware of its sanctioned strength of manpower and stated (May 2011) that the men-in-position was the sanctioned strength of the Department.

In addition to the full-fledged sanctioned strength vis-à-vis men-in-position, another 399 Work Charged staff and Muster Roll, viz. Architect, Junior Engineer, Law Officer, Supervisor and various categories of Group IV staff as detailed in **Appendix – 3.5** were deployed in the Department. Scrutiny revealed that the Department had no plans for imparting training to the officials for augmenting their resource/skill. The Department did not maintain any record relating to handing and taking over of the charges by the officials.

While accepting the observation (August 2011), the Department stated that it would take up the matter for efficient manpower management and for putting in place the sanctioned strength of manpower.

### 3.1.17.1 *Avoidable expenditure*

Mention was made in the Audit Report 1999-2000 and Public Accounts Committee (PAC) in its 53<sup>rd</sup> Report recommended that the practice of engaging Architects from outside, except on emergent cases with the prior approval of the Government, be discouraged.

Despite maintaining a full-fledged architectural wing<sup>11</sup> exclusively for preparation of designs, drawings and supervision of construction works, the Department engaged consultants (November 2008 to January 2010), without invitation of tenders to ascertain the reasonability of rates, at consultancy fees of 2.22 to 2.5 *per cent* of the cost of the projects which worked out to ₹ 52.60 lakh<sup>12</sup>.

While the payment of such consultancy fees was against the spirit of PAC recommendation, even the reasonability of rates was not ascertained before making such payments.

The Department stated (January 2011) that though the Department had its sufficient manpower but were unable to cope with the work load. Architectural wing had their own assigned duties and thus would not be able to spare dedicated time which was required for preparation of such prestigious projects. The reply was not tenable since the architectural wing was entrusted with only the function relating to permission for building construction. It was further seen that during the period of five years under audit, the architectural wing had regulated 743 Blue Print Plans (BPP) at an average of 149 BPPs per year. Further, the works were not complicated enough to necessitate engagement of external consultants.

### 3.1.17.2 *Non-posting of DDO in the circle office*

While two Sr. Accounts Officers, one performing the duties of Drawing and Disbursing Officer (DDO), were posted in Headquarters, the duty of DDO in the Circle office at Jorethang was being performed by one Town Planner from Technical wing having no accounts background. This indicated disproportionate deployment of manpower management in the Department.

The Department stated (November 2011) that the matter would be pursued with FRED for posting of Accounts Officer in the Circle office.

## 3.1.18 **Record Management**

### 3.1.18.1 *Production of records*

Although the Department was maintaining 30 vehicles, no log book indicating details of journeys undertaken, fuel consumed, change of spare parts, etc., could be produced to Audit.

The Department also failed to provide Audit with the relevant files of individuals containing

<sup>11</sup>With one Additional Chief Town Planner; assisted by one Joint Chief Town Planner; one Sr. Town Planner; three Assistant Town Planners, three Assistant Architects and seven Draftsmen, besides one Driver and two Peons involving annual expenditure of ₹ 62.63 lakh towards pay and allowances

<sup>12</sup>₹ 10.52 lakh for haat shed, ₹ 12.39 for slaughter house and ₹ 29.69 lakh for walkways at Namnang

the details of licensees, documents in support of their eligibility, no objection from house owners, residential certificates, declaration of trading items, payment of prescribed fees, renewals, etc., in the absence of which Audit could not vouchsafe the veracity of the licenses issued. Further, the Department had not prescribed any time frame/periodicity at which the database of dealers was required to be updated and checked.

### **3.1.18.2      *Improper maintenance of Register***

While the Cash Book maintained by the Department did not indicate physical verification of cash balance, the Work Register did not indicate date of commencement, completion, agreement, sanctioned cost, etc. Service books and leave accounts maintained also did not indicate any verification of service despite being regularly pointed out by Audit during the course of normal audit. Further, details of crediting and debiting of leave were being habitually erased with correcting fluids without any attestation.

The Department stated (August 2011) that it had noted the observation.

### **3.1.18.3      *Non-maintenance of important registers***

The Department had not maintained the registers, viz. HBA/MCA Register, Dead Stock Register, Assets Register, Tools and Plant Register, MR Register, Guard Files, Duty Allocation Register, Annual Reports, Scheme/ Programme Guidelines resulting in inadequacy in maintenance of basic records for effective internal control in the Department.

## **3.1.19      Management Information System**

Information Technology Programme is aimed at improving governance and ensuring delivery of essential services to citizens in terms of e-governance enabled information and communication, particularly for the benefit of society. An e-governance steering committee was constituted during the month of August 2002 by the State Government. It aimed to provide e-governance and efficient and effective delivery of the public services to the common people.

While one Assistant Director/IT was posted, even after the lapse of nine years, the Department has not formulated any IT plan for delivering essential services to the citizens in terms of e-governance. This was despite regular procurement of computer and its peripherals which were being utilised for day to day routine typing works.

Scrutiny revealed that the Department did not maintain any electronic database in respect of assets created (shopping complexes, housing complexes, haat sheds, car parking slots, etc.), applications received and permissions granted regarding construction of buildings, details of assesseees, video parlours, cable operators, mobile tower operators for proper monitoring and realisation of revenue, etc. Incomplete information failed to facilitate evolving a fool proof system to realise revenue from the licencees in time.

## **3.1.20      Internal Controls and Internal Audit**

**Internal Control System (ICS)** is a management tool which provides reasonable assurance that the organisation's objectives are being achieved and the entity was functioning in an

economical, efficient and effective manner. However, scrutiny revealed many instances where either ICS was absent or was ineffective leading to avoidable expenditure, excess payment, wasteful expenditure, idle assets, etc. remaining undetected.

(i) **Internal Audit:** No internal audit was conducted by the Directorate of Internal Audit under Finance, Revenue and Expenditure Department for ensuring efficient functioning of the Department during the period covered under Audit.

(ii) **Response to Audit:** Seven Inspection Reports issued by the Accountant General (Audit), Sikkim containing 45 paragraphs relating to the Department were lying unsettled since 2001-02 for want of satisfactory replies as of March 2011, indicating indifferent attitude towards settlement of audit observations even after 10 years. Also, no remedial measure was taken to ameliorate the discrepancy pointed out by the Audit. In Inspection Reports issued during 2006-11, mention was made about excess payment to the contractors of ₹ 20.53 lakh<sup>13</sup> over the SOR 2006 which had not yet been recovered.

(iii) **Audit Memos:** Audit half margin memos relating to works issued by the Central Audit Section of Office of the Accountant General (Audit), Sikkim amounting to ₹ 26.14 lakh were also lying unsettled since 2001-02.

(iv) **Corrective measures taken at the instance of audit:** In the following cases, the Department had taken prompt action on the basis of audit observations made during the Integrated Audit:

- ₹ 6,850 had been realised from building owners as application fee for erection of mobile towers;
- Provision had been made in the Sikkim Trade License and Miscellaneous Provision Rules 2011 for periodic review of trade licenses to detect and cancel dormant trade licenses;
- Provision had been made in the Sikkim Trade License and Miscellaneous Provision Rules 2011 for realisation of trade license fees from the liquor shops;
- The Department had started maintaining electronic database of dealers registered in the four districts of the State for effective monitoring of the licencees.

### 3.1.21 Monitoring

The Department had neither any centralised database nor any comprehensive MIS capturing information about the critical components and activities being performed which affected monitoring at the apex level. In the absence of database, there was serious lapse in timely collection of revenue, i.e., rent, rate and taxes particularly from private schools as the Department was not aware about total number of private schools in the State. The liquor shops were running their business without any trade licence. The mobile connectivity business had been allowed without the realisation of annual licence fee and approval of plans for

<sup>13</sup>IR vide No.134/09-10 - ₹10.48 lakh, IR vide No.126/10-11 - ₹ 6.21 lakh and IR vide No. 15/11-12 - ₹ 3.84 lakh.



construction of towers which had endangered the sites of the towers. There was serious laxity in authorising building construction in the context of suitability of height of buildings in any particular zone as well as fulfilment of stipulations for such construction. Records of the minutes relating to review meeting, if any held, on the adequacy of public services relating to urban development and follow-up action there against, were also not maintained in the Department. Quarterly Reports/ Returns to GOI/GOS/Bureau of Economics and Statistics/Department of Economic Survey, Monitoring and Evaluation, Utilisation Certificates were also not being sent regularly to ensure effective monitoring in the Department.

#### **3.1.21.1      *Public grievances redressal mechanism***

For effective public grievances redressal, mechanism for registration of complaints, arrangement for receipt of complaints with due acknowledgement, arrangement for diarising of the complaints, arrangement for disposal of complaints on first-come-first served manner, recording action taken in respect of complaints in a register, periodic monitoring of system of disposals by a superior authority had not yet been introduced in the Department. Thus, common people were being deprived of the speedy disposal of their complaints regarding public service delivery expected from the UDHD.

The Department accepted (May 2011) the observation and stated (August 2011) that public grievances redressal mechanism was being constituted.

#### **3.1.21.2      *Absence of surprise checks and monitoring over adulteration of foods***

In terms of the Sikkim Trade License and Miscellaneous Provision Rules 1985, UDHD was responsible for surprise checks and monitoring of units dealing with manufacture, storage or sale of food articles. Despite the State being a famous tourist place, the Department had not formulated any manual/guidelines for carrying out surprise check of foods being sold in the markets, penalties for malpractices, etc. Resultantly, the possibility of supplying inferior quality and adulterated food could not be ruled out.

The Department intimated (August 2011) that checking of Hotels and Restaurants were done only after receiving complaints. The reply was not acceptable as absence of surprise check was always fraught with the risk of supply and consumption of adulterated food remaining unnoticed.

#### **3.1.21.3      *User charges for parking area not displayed***

It was required that the user charges for parking were displayed distinctly and widely to the public to make them aware of the user charges, facilities available and their entitlements. The system had not been introduced in the parking places of the State.

While accepting the fact, the Department stated (August 2011) that letter had been issued to ULBs to display the user charges.

One private agency was collecting parking fee at the rate of ₹ 20 per light vehicle for first three hours and thereafter at ₹ 10 per hour.

Time.....	Date.....
<b>PRIVATE PARKING</b>	
<b>(Children Park)</b>	
Entry Fee ₹ 20/-	
Parking Charge ₹ 20/-	
Night ₹ 100/-	
₹ 10/Hrs After First 3 Hrs	
Signature _____	
* We shall not be responsible for any damage caused to the vehicle during parking	

Audit scrutiny however, revealed that while no trade license was issued by any authority to this private agency, it was collecting exorbitant parking charges as compared to ₹ 10 fixed by the Department for the entire day and ₹ 20 for the night. Even the UDHD was not aware of the operation of such illegal parking arrangement by a private agency in the heart of the town.

### 3.1.21.5 *Unauthorised truck stand*

It was seen that there are two truck stands at Deorali and at Tadong near Sikkim Jewels running since last 16 years. Those stands were not allocated by the UDHD but unauthorisedly run by Truck Drivers' Association without taking any permission from the UDHD.

### **3.1.21.6      *Non-enforcement of statutory rules/laws***

For ensuring civic urban amenities, the UDHD formulates regulations for compliance by all concerned. However, enforcement of law/statute rest primarily with the UDHD which could not take appropriate action in the following cases:

- Illegal parking along the NH 31A and other district roads during night and early morning could not be restricted as yet.
- Vide clause 3 (1) of Sanitation Rules for Towns of Sikkim 2000 (issued by UDHD in June 2000), rubbish or offensive matters placed by the public in the receptacles provided by the UDHD were to be removed by the employees of the UDHD. However, no such receptacle was available in the town areas of the State.
- All banking/non-banking institutions and insurance companies were required to obtain trade licence from UDHD/Gangtok Municipal Corporation. However, despite issue of public notice by the Chief Municipal Officer on 26 July 2011, the requirement could not be enforced within the stipulated date line of 31 July 2011.
- Throwing of garbage in *jhoras* was strictly prohibited in Sikkim. However, practice of throwing garbage in *jhoras* was rampant in the State. The existence of plastic in *jhoras* also indicates the ineffectiveness of banning plastic in the State. It was further seen that a toilet was constructed above the main drain near slaughter house area at Gangtok.
- One of the reforms suggested under JNNURM of which UDHD was the nodal implementing agency was to insert provision for rain water harvesting in the Building By-laws for compliance by all while taking permission for new construction. This had not been addressed as yet.

The above instances indicate lack of seriousness of the Department in enforcing statutory rules/laws formulated by the Department itself.

### **3.1.21.7      *Bazaar rate controls***

The Department had not yet formulated any action plan for regulating the bazaar rates of vegetables, garments, hotels/restaurants, electrical/electronic articles, grocery items, leather articles, stationery articles, etc., being sold in the State. There being no regulatory body to control the rates in the bazaar, the consumers were left at the mercy of the sellers to decide the rates. Despite nominating teams constituting two members each for North and East districts, South and West districts for checking the rates of consumer goods within their jurisdiction from time to time in coordination with the concerned district authorities and Food & Civil Supplies Department, no records in support of any control ever exercised by the team could be produced to Audit.

The Department stated (November 2011) that the Department was not authorised to regulate the prices of vegetables and consumable goods in Sikkim. Thus, inspite of nominating teams for checking of the rates of consumer goods, no control had been exercised for controlling the rates.

### 3.1.21.8 Sensitivity to error signals

The degree of sensitivity to error signals is a measure of any department's alacrity and sincerity to recognise major causes of underperformance and to take immediate remedial measures. Despite instances pointed out in Inspection Reports of the Accountant General, Audit Reports<sup>14</sup> of the Comptroller and Auditor General of India and issues mentioned in the local newspapers regarding defective planning of building construction, deterioration of slip zones, unhygienic conditions of public toilets, absence of quality control, non-utilisation of assets created, etc., the Department was yet to evolve a system for addressing the issues raised.

### 3.1.22 Evaluation/ impact assessment

**Impact study:** The Department had not conducted any evaluation or impact study to assess the extent of success in the context of providing civil urban amenities to the urban populace of the State for appropriate follow ups and future action plan.

**Beneficiary Survey:** While no impact assessment had yet been made by the Department, Audit attempted (June 2011) to conduct a beneficiary survey amongst the students and faculty of the colleges and universities in the State in the process of obtaining valued opinion from the educated mass of the State. There was a mixed reaction about the extent of satisfaction amongst the 169 beneficiaries who expressed their contentment (45 per cent) on law and order situation and serious concern (55 per cent) over the vehicular congestion, drainage system and waste disposal, all of which were the responsibilities of UDHD in the State.

### 3.1.23 Conclusions

*Integrated Audit of UDHD revealed that the Department had taken some effective steps such as banning of plastic carry bags, door to door collection of garbage, creation of footpath along the NH 31A, construction of multi-storeyed parking, establishment of ULBs, etc. However, there were certain areas of concern requiring remedial action like non-preparation of Annual Action Plan incidental to Master Plan, inadequate budgetary management, irregular permissions for construction of buildings, unabated traffic congestion, absence of basic facilities in shopping complexes/parking places, absence of quality control in execution of works, delay in execution of works, non-adherence to approved specifications, non-utilisation and non-maintenance of assets created and inept revenue management.*

### 3.1.24 Recommendations

- The Department needs to evolve effective strategy for plan of action to bring about improvements in urban development;
- Financial management needs to be strengthened and measures taken to avoid unnecessary large savings and committed liabilities;

<sup>14</sup> (i) Infructuous expenditure and loss of revenue, (ii) Undue benefit to the contractor and (iii) Delay in allotment of shops and revenue loss (2005-06), Performance audit on Land Degradation in and around Gangtok (i) Loss of revenue due to non-verification of cable subscribers and (ii) loss of revenue due to non-maintenance of data base of private school (2006-07).

- Development works should be taken up only after due consideration of the requirement of the intended beneficiaries;
- Basic records of assets should be maintained for keeping proper inventory to protect assets, avoid encroachments, and make systematic disposals;
- Major changes are required to be brought about in regard to levy/collection of tax and fee;
- An appropriate body for ensuring co-ordination amongst the stakeholders of urban development be immediately formed;
- A time bound plan should be drawn up for setting up waste management facilities and steps should be taken to improve waste disposal system.