

CHAPTER V

GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2013 deals with the findings on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2012-13 are given in the table below:

Table 5.1.1

(₹ in crore)

Sl.No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Home	35.18	30.95
2.	Judiciary	18.53	16.46
3.	Election	2.91	2.91
4.	Information and Public Relation	12.43	12.33
5.	Sports and Youth Affairs	21.51	16.31
6.	Printing and Stationery	6.59	6.41
7.	Public Service Commission	2.34	2.33
8.	Information Technology	5.05	3.21
9.	Police	250.25	210.91
10.	Vigilance	4.43	4.70
11.	Development Planning, Economic Reforms and North Eastern Council Affairs	46.45	34.46
12.	Personnel, Administrative Reforms and Training, Public Grievances, Career Options and Employment, Skill Development and Chief Minister's Self Employment Schemes	8.58	8.32
13.	Governor	5.34	5.34
14.	Legislature	12.38	12.41
15.	Science, Technology and Climate Change	2.56	2.04
16.	Law	4.44	4.44
17.	Land Revenue and Disaster Management	555.65	313.76
18.	State Excise (Abk)	6.00	6.03
19.	Finance, Revenue and Expenditure	1,306.97	1,053.65
20.	Parliamentary Affairs	1.11	1.12
Total		2,308.70	1,748.09

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the General Sector to different departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 5.1.2

(₹ in lakh)

Sl.No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1.	Information & Public Relation	NE Areas	Sikkim Express, Sikkim Now, Gangtok	0.25
2.	Sports & Youth Affairs Department	NEA	Sports & Youth Affairs Department	10.00
3.	Information Technology	Electronics Governance	Centre for Research & Training in Informatics	0.00
		NE Areas	Centre for Research & Training in Informatics	10.00
4.	Police	Crime & criminal tracking network and system(CCTNS)	Computerisation of Police Society(SK_COPS)	147.00
		Directorate of Forensic science	Computerisation of Police Society(SK_COPS)	0.00
5.	Science, Technology and Climate Change	Bioinformatics	Sikkim State Council of Science & Technology	5.50
		Environment information, education & awareness.	Sikkim State Council of Science & Technology	5.20
		Research & Development Department of Biotechnology	Sikkim State Council of Science & Technology	5.67
		Science & Technology Programme for Socio Economic Development	Sikkim State Council of Science & Technology	0.84
		State Science & Technology Programme	Sikkim State Council of Science & Technology	87.00
		Technology Development Programme	Sikkim State Council of Science & Technology	3.51
6.	Land Revenue and Disaster Management	MPLAD scheme	District Collector East	1000.00
		Scheme of NDMA	Land Revenue & Disaster Management Department	151.89
7.	Sikkim Information Commission	Propagation of RTI Act – Improving Transparency and Accountability	Sikkim Information Commission	2.50
Total				1,429.36

Source: Central Plan Scheme Monitoring System

5.2 Planning and conduct of Audit

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

After completion of audit of each unit on a test-check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the audited unit for compliance. Some of the important audit observations arising out of these Inspection Reports are processed

for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature.

The test audits were conducted involving expenditure of ₹ 379.32 crore (including expenditure of ₹ 338.10 crore of previous years) (details of year-wise break-up is given in **Appendix 5.1**) of the State Government under General Sector. This Chapter contains two Performance Audits on 'Disaster Management' and 'Roads & Bridges Projects funded under NLCPR and NEC' as given below:

LAND REVENUE & DISASTER MANAGEMENT DEPARTMENT

5.3 Disaster Management

The State has experienced many earthquakes due to its location in an earthquake prone zone. During the last 100 years, the State has been hit by 104 recorded cases of earthquakes of intensity in the range of 3.0 to 8.7 on the Richter scale, translating to an average of one earthquake per year. These earthquakes, combined with heavy annual precipitation and landslides, have time and again resulted in loss of life and property. The GOI provided assistance of ₹ 200.38 crore for immediate relief and accorded sanction of ₹ 1,000 crore for long-term reconstruction of damaged infrastructure.

Audit showed that the State, despite being located in a seismically active zone and being a victim of recurrent natural disasters, was yet to adequately recognise these disasters as threats which thwarted its developmental plans and mission to transform itself into a model State within a targeted time frame. The Disaster Management Act 2005 and other guidelines issued by the GOI from time to time covering all issues of Disaster Management (DM) had not been implemented fully. The institutional mechanism to address DM issues had not been firmly established and the DM policy 2007 not fully implemented. Further, the State DM plans required strengthening and the Departmental DM plans were not made till date of audit (September 2013). There had been diversion from funds provided by GOI for immediate relief and long-term reconstruction of damaged infrastructure.

The institutional mechanism for overseeing DM in the State with clear chain of command and functional responsibilities had not been firmly established even after more than seven years of enactment of the DM Act 2005.

(Paragraph 5.3.8)

Despite the State being vulnerable to recurrent natural disasters, the Government had not prioritised DM as an area requiring constant and focused attention.

(Paragraph 5.3.9)

There was irregular expenditure relating to damaged houses (₹ 53.95 lakh), shifting and re-location of Government offices (₹ 1.70 crore).

(Paragraph 5.3.10.2)

As against the target of completion of 3,986 houses (by March 2013), only 364 houses were completed by July 2013; Funds amounting to ₹ 65.60 crore were also irregularly utilised for purposes other than those specified for.

(Paragraph 5.3.10.3)

The monitoring mechanism was inadequate. There was no proper system to obtain regular progress reports on relief and reconstruction activities from the line departments. Many proposals were not vetted properly leading to diversion and irregular utilisation of central funds.

(Paragraph 5.3.12)

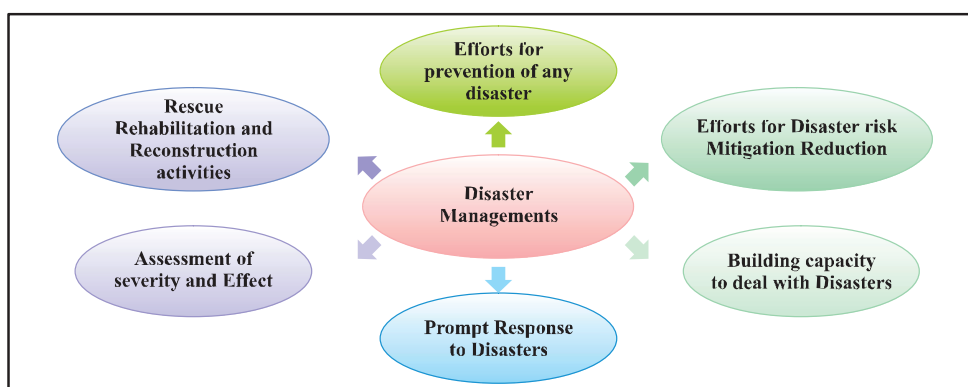
5.3.1 Introduction

The DM Act 2005, defined disaster as a "catastrophe, mishap, calamity or grave occurrence in any area, arising from natural or manmade causes, or by accident or negligence which results in substantial loss of life or human suffering or damage to and destruction of property or damage to or degradation of environment and is of such a nature or magnitude as to be beyond the coping capacity of the community of the affected area".

Thus, DM is a continuous and integrated process of:

- planning, organising, coordinating and implementing measures which are necessary or expedient for prevention of any disaster;
- mitigation or reduction of any disaster or its severity or consequences;
- capacity building to deal with any disaster;
- prompt response to any threatening disaster situation or disaster;
- assessing the severity or magnitude of any disaster;
- evacuation, rescue and relief operations; and
- rehabilitation and reconstruction activities.

Chart 5.3.1: Components of Disaster Management



Source: DM Act 2005.

5.3.1.1 How disaster prone is Sikkim?

Sikkim is a small mountainous State tucked in the eastern Himalayas with sharply defined and extremely Steep Mountain slopes. Located between 27°04'' and 28°07'' North latitudes and 88°01'' and 88°55'' East longitudes, the State has a total area of 7,096 sq.km. and is stretched over 112 kms. from North to South and 64 kms. from East to West. The population of the State is 6.10 lakh according to the 2011 census. The entire area of Sikkim lies in Zone IV of the Seismic Zonation Map of India and is susceptible to frequent high intensity earthquakes.

The State has had a long history of natural disasters, resulting particularly from earthquakes and landslides. The geomorphology of the State is such that it is susceptible to frequent earthquakes of medium to severe intensity. Over the past 100 years, the State has witnessed 104 recorded cases of earthquakes of severity 3.0 to 8.7 on the Richter scale. Heavy annual rainfall¹ and loosely packed steep slopes compound the problem by triggering landslides. Earthquakes, landslides, flash floods, fire, snow avalanches, hailstorms, thunder and lightning, riots and stampede have been identified as threats to which the State of Sikkim is vulnerable.

5.3.1.2 Why did we select this subject?

Sikkim is a young State which merged with the Indian Union in May 1975, but it aspires to be a model State in the country, excelling in various fields like Tourism, Education, Health, Infrastructure, Agriculture, Hydropower, etc. The State has been frequently hit by natural disasters.

The major earthquake of 18 September 2011, compounded by heavy rainfall and landslides, caused unprecedented damage to life and property all over the State. The GOI provided assistance of ₹ 200.38 crore for immediate relief and sanctioned ₹ 1,000 crore for long-term reconstruction of damaged infrastructure.

Audit on DM in Sikkim, covering a period of 5 years (2002-07) was incorporated in the Comptroller and Auditor General's Audit Report on Government of Sikkim for the year ended 31 March 2007. The Report, *inter alia*, had observed non-implementation of vital aspects of DM in the State and misutilisation of funds provided for relief works under the Calamity Relief Fund. The PAC had, *inter alia*, recommended (2009-10) for ensuring compliance to established norms/rules while making expenditure from the Calamity Relief Fund and where unavoidable, obtain required relaxation of norms from the Ministry of Home Affairs, GOI. The present audit has been taken up to examine the status of implementation of the wider aspect of DM in the State vis-à-vis the utilisation of funds provided for relief and reconstruction activities.

¹ Measuring upto 3,800 mm.

5.3.2 Scope of audit

The Audit of DM for the period 2008-13 was conducted during May-August 2013. Out of the total expenditure of ₹ 604.13 crore² incurred during 2008-13, thirty *per cent* of the expenditure (₹ 181.21 crore) was selected for examination in the audit based on random sampling method.

5.3.3 Audit methodology

Audit process commenced with the selection of topics, issues for examination, preparation of audit guidelines. Thereafter, audit questions were framed based on the feasibility study and guidelines were prepared. This was followed by an audit plan outlining the scope and objectives of the audit assignment, the areas of concerns to audit and the time frame for various activities.

The Entry Conference was held (May 2013) with the Secretary, Land Revenue and Disaster Management Department (LRDMD), where in the audit objectives, scope, criteria and methodology were discussed. After completion of audit, an Exit Conference was held (October 2013) with the Secretary, LRDMD to discuss the audit findings. Responses received from the LRDMD and other departments were considered while preparing this Report and have been included wherever necessary.

5.3.4 Audit objective

Audit was carried out with the objective of assessing the efficacy of measures adopted by the State in organising relief and rescue operations and mitigating the damages caused by the earthquake. The Audit was also carried out with the objective of assessing the preparedness and preventive action taken towards overall DM. The audit objectives were to assess:

- existence of appropriate DM Policy and DM Plans for the State in conformity with the National DM Policy and Plan;
- existence of proper institutional framework, including coordination with concerned departments, to carry out DM activities;
- efficacy of financial management for appropriate DM;
- implementation of relief and reconstruction activities;
- adequacy and effectiveness of communication and response systems towards disaster preparedness, and
- effectiveness of monitoring and evaluation of relief/reconstruction activities.

² ₹ 324.02 crore on immediate relief and ₹ 280.11 crore on permanent reconstruction of damaged infrastructure.

5.3.5 Audit criteria

The audit observations were benchmarked against rules, norms, tenets and conditions laid down in the following documents:

- DM Guidelines issued by the National DM Authority;
- Disaster Management Act 2005, GOI;
- Guidelines and norms of assistance under the National Disaster Response Fund (NDRF)/State Disaster Response Fund (SDRF) for immediate relief activities;
- Terms and conditions for utilisation of funds issued by GOI for permanent reconstruction works;
- Notifications issued by the State/Central Government on DM;
- Mission Statement of Government of Sikkim;
- Schedule of Rates issued by State PWD for execution of works; and
- Sikkim Financial Rules.

5.3.6 Acknowledgement

Audit acknowledges the co-operation and support extended by the Secretary, LRDM, and his officers in providing necessary records and information.

Audit findings

The objective-wise findings of the audit are enumerated below:

5.3.7 Policy and planning

Audit objective 1: To assess the existence of proper DM Policy and DM Plans for the State in conformity with the National DM Policy and Plan.

The National DM policy envisages a holistic approach to DM, encompassing the entire disaster management cycle (preparedness, prevention, mitigation, response, relief, rehabilitation and reconstruction). It also attempts to address all aspect of DM covering institutional, legal and financial arrangements, capacity building, knowledge management, research and development.

5.3.7.1 Mission Statement

The State Government has embarked on an ambitious mission to transform itself into a model State within the country to achieve overall holistic development of the State and to emerge as an important destination for tourism, education, health, organic farming and precision industry. The State Government's pronouncements in its Mission Statement, however, did not feature disaster risk reduction and management of disasters.

5.3.7.2 DM Policy for the State

The GOI, Ministry of Law and Justice notified (December 2005) the DM Act 2005. The Central Act extended to the whole of India. The Government of Sikkim did not enact any specific and separate DM Act but republished the Central Act in its official gazette in August 2007 for its guidance. The Central Act, *inter alia*, provided for establishment of a State DM Authority (SDMA) with the Chief Minister as its Chairperson (*Ex-Officio*), other members (not exceeding eight) to be nominated by the Chairperson of the SDMA and the chairperson of the State Executive Committee (SEC). The State Government constituted the Sikkim State DM Authority (SSDMA) only in November 2010, five years after the notification of the DM Act, 2005, by the GOI and three years after its publication in the State Gazette.

In terms of Section 18 (a) of the DM Act, 2005, the SSDMA (State Authority) was to lay down the DM Policy for the State. However, the State Government notified the Sikkim State DM Policy in August 2007, before the creation of the SSDMA-the authority mandated to address all issues relating to DM in the State. Thus, although the policy was notified in August 2007, the designated authority to carry forward the tenets of the policy was non-existent till November 2010.

The State Government declared³ in December 2012 that a new State Policy on DM was being formulated. However, the new policy had not been formulated (September 2013).

While accepting the audit observation, the Department stated (October 2013) that the State DM Policy was being updated.

5.3.7.3 Disaster Management Plans

Planning for DM is the first stage of the DM cycle, on which the effectiveness and success of the remaining components largely depend. In terms of Section 18 (1) of the DM Act 2005, it was the responsibility of the State DM Authority to:

- (i) lay down the State DM Policy (SDMP),
- (ii) approve the State Plan in accordance with the guidelines laid down by the National Authority,
- (iii) approve the DM Plans prepared by the State Government departments, and
- (iv) lay down guidelines to be followed by the State Government departments for integration of measures for prevention of disasters and the mitigation of their impact in their development plans and projects.

The SEC was to prepare the State DM Plan (SDMP), which was to be approved by the SSDMA. However, the SDMP prepared by the SEC was approved by SSDMA in 2011-12, two years after creation of SSDMA. Further, the SDMP, which was required to be reviewed and updated annually in terms of the DM Act, had not been reviewed/updated since its initial preparation.

³ In the White Paper issued (December 2012) against the high intensity earthquake of 18 September 2011.

5.3.7.4 *State Disaster Management Plan*

Section 23 of DM Act provides that there should be a DM Plan for every State. It also directs departments of State Governments to draw up their own plans in accordance with the State plan. This State plan was to be prepared by the SEC in conformity with guidelines laid down by the SSDMA and the National Disaster Management Authority (NDMA).

However scrutiny of the SDMP revealed that the document was more in the nature of a report and a general guideline than a Plan for concrete action as detailed below.

- it did not contain any time bound plan of action to be taken before a disaster, during the occurrence of a disaster and after a disaster.
- the Plan did not mention specifically the authorities, organisations, and individuals who would act prior to, during and after a disaster in different roles.
- detailed responsibilities and time lines for preventive measures to be taken before a disaster; search, rescue, evacuation and relief operations during a disaster; and rehabilitation and restoration activities after a disaster were not specified. For instance, target date for finalisation and implementation of building bye-laws and safe construction practices were not delineated.
- the time line for assessment of existing structures to identify structural deficiencies for taking up retrofitting works was not set.
- firm planning for restricting/prohibiting construction in unsafe areas had not been done. The modalities for mainstreaming DM in development activities and planning of infrastructure were not spelt out in the SDMP.
- target dates and modalities for finalising State Government Departments' individual DM Plans were not determined.
- the modalities for stocking and logistics of essential commodities like ready to eat food, clothing, emergency medicines and other necessary items required in emergency situations during disasters were not worked out despite the fact that the State witnessed 104 recorded cases of earthquake during the past 100 years translating to average one earthquake every year.

The Department stated (October 2013) that the existing SDMP is in a report form and was being reviewed and re-drafted to make it an actionable document.

➤ *Hazards and Risks Vulnerability Assessment*

In the SDMP, the Department identified earthquakes, landslides, fire, flood/flash floods, snow avalanches, droughts, hailstorms, thunder and lightning and riots/stampede as hazards that could lead to disasters in the State. The Department recently completed (September 2012) a Multi-Hazards Risk Vulnerability Assessment (MHRVA) of the State (*four districts*), one Gram Panchayat Unit (Turung-Mamring) in South Sikkim and the Gangtok Municipal Corporation. The objective of the MHRVA study was to enhance the capacity of local planners, administrators and stakeholders to enable them to create and

update the regional emergency plan, allocate resources for risk mitigation and enhance community preparedness. It was however, seen that the results of the study had not been put to use by any Department of the State Government as none of the departments had prepared their DM plans. The MHRVA study completed (2011-12) at a cost of ₹ 70 lakh from funds provided by the GOI under its Capacity Building Programme thus failed to yield the intended benefit.

The Department stated (October 2013) that since DM was in nascent stage in Sikkim and the Departmental DM Plans had not been prepared, results of the MHRVA report could not be put to use.

➤ ***Non-formulation of techno-legal framework***

In terms of the Guidelines issued (April 2007) by the NDMA for management of earthquakes, the State Government/SDMA was required to adopt a model techno-legal framework for ensuring compliance of earthquake-resistant design and construction practices in all new constructions. The State Government was required to update the urban regulations by amending them to incorporate multi-hazard safety requirements. The State Government was also required to review, revise and update the town and country planning Acts, land use and zoning regulations, building bye-laws etc. and repeat the process at least once every five years. All the above tasks were to have commenced immediately after issue of the guidelines and completed by 31 December 2008.

As of August 2013, more than six years after the issue of the guidelines by the NDMA, the LRDM had not completed the formulation, notification and adoption of the techno-legal framework prescribed by the GOI guidelines. The Building Bye-Laws and Urban Regulation Acts were in the draft stage awaiting finalisation and notification by the State Government.

The Department stated (October 2013) that necessary steps would be initiated to establish a firm techno-legal regime once the SSDMA was strengthened and made capable of handling DM functions in the right perspective.

➤ ***Emergency Casualty Management Plan***

In terms of the NDMA guidelines, an Emergency Casualty Management Plan (ECMP) aimed to address post disaster disease surveillance and networking with hospitals, referral institutions and facilities (such as availability of ambulances and blood banks) was required to be prepared. Audit noticed that such an ECMP had neither been prepared nor had procedures for the treatment of casualties by private hospitals during disasters been laid down.

The Department stated (October 2013) that ECMP existed with the State Health Department and this would be incorporated in the new State Plan.

➤ ***Departmental DM Plans***

The Departments of the State Government were required to prepare their own DM Plans in accordance with the State Plan. None of the departments of the State Government had prepared any DM Plan of their own based on the State Plan (July 2013).

5.3.7.5 District DM Plans

In terms of Section 31 of the DM Act, 2005, every district authority was required to prepare District DM Plans (DDMPs) after consultation with local authorities with due regard to the National Plan and the State Plan which was to be approved by the State Authority. The District plan was to be reviewed and updated annually.

Test-check revealed that the DDMPs for the four districts of the State had been prepared three years ago in 2009-10. These DDMPs were required to be updated annually. However, those had not been updated since their initial preparation.

The Department stated (October 2013) that the District DM Plans were being reviewed.

5.3.7.6 Annual Plans

The State's Annual Plan highlights developmental plans of the State Government and earmarks the financial outlay required for implementing the plans. During the period under review, the DM did not feature in any Annual Plan of the State Government. No activity regarding incorporation of DM in the development plans of different departments was included. No financial provision was earmarked for DM in any form. Thus, the State did not mainstream DM in its overall developmental plans.

5.3.8 Institutional framework

Audit objective 2: To assess the existence of proper institutional framework, including coordination with concerned departments, to carry out DM activities .

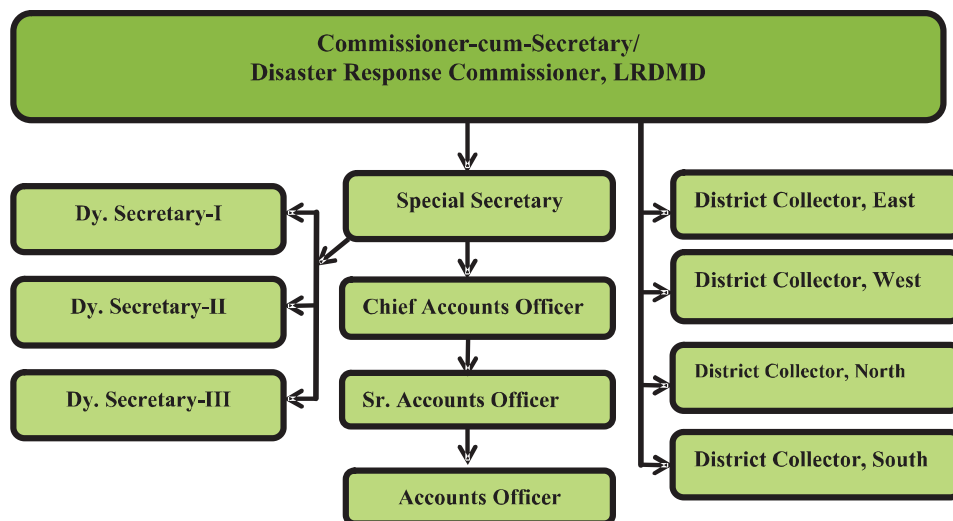
Institutional frameworks play a key role in DM, especially during calamities where response and relief has to be provided to the victims on an immediate basis. The existence of an institutional framework and its effectiveness in addressing DM in the State of Sikkim is given below.

5.3.8.1 Land Revenue and Disaster Management Department

Although the erstwhile Land Revenue Department (LRD) was renamed the 'Land Revenue and Disaster Management Department' (LRDMD) by the State Government in May 2004, the Rules of Business relating to 'Disaster Management' had not been framed till date (July 2013). Only the item 'Natural Calamities Relief Fund' was included in the Rules of Business of the erstwhile Land Revenue Department. The LRDMD, based on this, operated the State Disaster Response Force (SDRF). The SDRF dealt with immediate relief to victims of natural disasters and was not concerned with overall DM in the State. Thus, LRDMD functioned with a very limited mandate with focus on immediate relief rather than on overall DM activities.

The Commissioner-cum-Secretary, LRDMD functioned as the Disaster Response Commissioner (DRC) and operated the SDRF. The DRC was the overall in-charge for disaster response and relief under the SDRF and was assisted in his functions by seven officers at the State level-one Special Secretary, three Deputy Secretaries, a Chief Accounts Officer, one Senior Accounts Officer and one Accounts Officer. At the District level, the respective District Collectors supervised and oversaw the relief operations.

Chart 5.3.2: Organisational Chart



5.3.8.2 Sikkim State Disaster Management Authority

In compliance with Section 14 of the DM Act, 2005, the State Government notified (November 2010) the Sikkim State DM Authority (SSDMA) headed by the Chief Minister as *Ex-officio* Chairman; Minister, HCHSFWD as Vice Chairman, Chief Secretary as Chief Executive Officer; Additional Chief Secretary and heads of four⁴ other departments as members. The SSDMA was responsible for overall DM in the State in terms of the Notification. According to the notification, the SSDMA was entrusted with the following responsibilities:

- declaring disaster situation and disaster areas with boundaries and mobilisation of resources for DM,
- declaring disaster prone zones with boundaries and issuing notifications for unsafe areas,
- preparation of State DM Action Plan and Policy,
- constitution of State Technical Committee and Tactical Team for State and Districts,
- capacity building, laying of techno-legal regime and incorporation of essential components of DM with socio-economic development planning, making available support of regional/international experience, knowledge and resources for DM,
- overall fiscal guidance on DM,
- standard operating procedure for State Level DM team, staff requirement in the DM Division,

⁴ Heads of Finance, Home, Land Revenue and Building & Housing Departments.

- integration of the Incident Command System with the existing DM System, State network of Emergency Operations Centres (EOCs) and Functions of Control Room,
- monitoring daily situation of disaster occurrence in the State and actions to be taken thereof by State Government, GOI and Organisations situated outside the State.

The LRDMD/SSDMA had been carrying out some of the mandated activities of the SSDMA like declaring disaster situations and disaster areas, preparation of State DM Plan and Policy, capacity building exercises, establishing State network of EOCs and monitoring daily situation of disasters. The other major mandated activities, however, remained to be addressed, reasons for which are highlighted below:

The SSDMA had no dedicated and separate office of its own till date (July 2013) despite it being constituted more than two years ago. The SSDMA functioned from the premises of the LRDMD with some officers of the LRDMD involved partly in the SSDMA also. There was no clear segregation of functions and responsibilities between the SSDMA and the LRDMD towards DM. It was not clear who headed the SSDMA, technically, on a regular basis, to discharge its multifarious activities requiring specialised technical knowledge of DM. The requirement of regular staff for manning the SSDMA, based on its functions and responsibilities, had not been worked out till date (July 2013). Recruitment Rules and cadre formation for such staff had also not been formulated. As on date of Audit (July 2013), nine staff members, all in the grade of Assistants, had been inducted for the SSDMA. Those staff members were lower grade employees with no decision making powers. Thus, although the SSDMA had the overall responsibility of DM in the State, it was inadequately manned and its functioning remained ineffective.

In terms of the DM Act (Section 15), the SSDMA was to meet as and when necessary and at such time and place as the Chairperson (CM) of the authority thought fit. The Chairperson of the authority would preside over the meetings. In the event of inability of the Chairperson to attend the meeting, the Vice-Chairman (*Minister, HCHSFWD*) would preside. Since its formation in November 2010, the State Authority had met only once (19 September 2011), a day after the earthquake of 18 September 2011. The meeting dealt with payment of ex-gratia to the victims of the disaster.

In the absence of regular meetings, regular staff, and effective functioning, the SSDMA had not fulfilled its responsibilities with respect to overall DM in the State as per the Notification and DM Act of 2005.

The Department, *inter alia*, stated (October 2013) that due to frequent transfer of officers, lack of adequate trained manpower and absence of clear cut roles and responsibilities between the LRDMD and the SSDMA, the Department was unable to address the various issues of DM in the right earnest. The Department further added that efforts were being initiated to clearly segregate roles and responsibilities of the LRDMD and SSDMA to make the SSDMA a self sufficient and fully equipped agency to handle all its responsibilities as mandated by the Government Notification.

5.3.8.3 Non constitution of State Advisory Committee

Section 17 of the DM Act empowers the State Authority to constitute an Advisory Committee consisting of experts in the field and having practical experience of DM to make recommendations on different aspects of DM. The State Authority had not constituted any advisory committee consisting of experts on disaster management (July 2013) to assist it in various aspects of DM.

The Department stated (October 2013) that although State Advisory Committee was not constituted, it sought technical expertise from various line departments.

5.3.8.4 State Executive Committee

In terms of Section 20 of the DM Act, the State Government constituted (August 2010) a State Executive Committee (SEC) with the Chief Secretary as the Chairman (Ex-officio) and Heads of four other Government departments⁵ as members. The SEC was, *inter alia*, responsible for:

- coordinating and monitoring implementation of National Policy, National Plan and State Plan,
- examining vulnerability of different parts of the State to different disasters,
- specifying preventive measures to be taken,
- laying down guidelines for preparation of DM plans by Government departments and district authorities,
- monitoring implementation of DM plans prepared by the Government departments and District authorities and guidelines laid down by the State Authority etc.,

Meetings held by the SEC during 2010-13 are given below.

Table 5.3.1

Year	Date	Agenda
2010-11	01.10.2010	Sanction of funds for relief and reconstruction from the SDRF, appointment of consultant to advise on Rateychu Water project to avoid further landslides, involvement of the IRB with equipment in South/West for disaster relief, purchase of rescue equipment and vehicle.
	01.11.2010	Sanction of funds for <i>jhora</i> training works/anti-erosion works executed during 2008-09 and 2009-10, approval of new proposals of various departments and financial sanction, appointment of consultant to advise on Rateychu Water project.
2011-12	28.02.2012	Relaxation of norms for grant of ex-gratia to injured, advance payment to various departments/offices for disbursing ex-gratia, regularisation of all sorts of expenditure incurred after the earthquake of 18 September 2011, training of disaster response team on handling of equipment, preparation of manual by LRDMD for functioning of the SDMA, implementation of the National School Safety Programme (NSSP) and engagement of outside agency for preparation of DPR for reconstruction of damaged infrastructure.
2012-13	02.08.2012	Utilisation/regularisation of funds from the NDRF/Prime Minister's special package towards relief and reconstruction, ex-gratia payments, purchase of vehicles, setting up SSDMA and Control room, status of activities under SSDMA, National conference on DM to be held on 17-18 September 2012,

⁵ Secretary, LRDMD (Convener); Secretary, FRED; Secretary, UDHD; Secretary, HCHSFWD.

		distribution of GCI sheets, implementation of CSS on Disaster Risk Reduction, finalisation of State DM Plan by August 2012, mock drills, involvement of NGOs in DM, effective implementation of activities under NSSP etc.
	27.11.2012	Meeting of SSDMA under the CM's chairmanship, progress of works under NDRF/PM's package, implementation of Capacity Building (CSS) programme, purchase of 4 vehicles for the 4 DDMA's, implementation of the National Service Scheme Policy, proposal for works under SDRF, purchase of equipment, creation of posts for subordinate staff under SSDMA (CR operators, drivers), formation of technical support team for SSDMA consisting of army, police, civil defence, home guards, BRO, India Meteorological Department, DST, BSNL etc., GIS mapping of works undertaken under the PM's package etc., deputation of multi-disciplinary team of officers to Gujarat, Orissa and Uttaranchal to study DM practices.

During the three years 2010-13, the SEC met five times as detailed above. The agenda of the SEC meetings mainly concerned sanction of funds from the SDRF/NDRF and the PM's package for relief and reconstruction works. Deliberations on overall DM, *per se*, were few and far between. Thus, the SEC acted mainly as a sanctioning body, instead of acting as a body responsible for coordinating and monitoring of overall implementation of DM Policy and Plans in the State.

5.3.8.5 District DM Authority

The State Government constituted District DM Authorities (DDMA's) for the four districts of the State under Section 25 of DM Act 2005 in August 2010, three years after notification of the DM Act in the State. The members of the DDMA consisted of the District Collector as the Chairperson, Zilla Adhyaksha, as the Co-Chairperson and four⁶ other senior level officers in the districts as members. After constitution (August 2010) of the DDMA's, 17 meetings were held in the North District, 18 meetings in the East, 16 meetings in the West and 15 meetings in the South District. The DDMA's mainly focused on disbursement of ex-gratia and restoration works of an immediate nature as revealed by the agenda and minutes of the meetings. This indicated that the State was still functioning in the old post-disaster relief and restoration mode and had not yet embraced the concept of pre-disaster preventive strategies and actions.

5.3.8.6 District Advisory Committee

In terms of the DM Act, 2005, the DDMA could constitute one or more District Advisory Committees and other Committees for the efficient discharge of its functions. The DDMA's had not constituted any Advisory Committee.

The Department stated (October 2013) that District Advisory Committees had not been constituted but technical expertise in the districts was sought from line departments in the districts.

⁶ Superintendent of Police, Chief Medical Officer, District Development Officer and Addl. District Collector (Member Secretary).

5.3.9 Financial Management

Audit objective 3: To assess efficacy of financial management for appropriate DM .

Provision of timely and adequate funding is a crucial aspect in DM. Even the most well designed mitigation or response program can fail to get results for want of sufficient funds. For emergency response, it is important that funding is available in time and relief measures reaches the affected people quickly.

Based on the recommendations of the Thirteenth Finance Commission, the schemes of SDRF and NDRF were made operative for a five year period (1 April 2010 to 31 March 2015). The budgetary provision of the relief funds was to be dealt with by the Ministry of Finance (MoF), GOI while the processing of the request for funds by the State Government was to be done by the DM Division of MHA.

Guidelines for administration of the funds were issued by the MHA from time to time. The guidelines prescribed that the SDRF and NDRF were to be used only for meeting expenditure for providing immediate relief to the victims of earthquake, fire, flood, hailstorm, landslide, avalanche, cloud burst and pest attack. The expenditure on disaster preparedness, restoration, reconstruction and mitigation were not to be met from the SDRF/NDRF. These were to be met from the plan funds of the State.

5.3.9.1 State Disaster Response Fund (SDRF)

The SDRF was constituted under section 48(1) (a) of the DM Act 2005. It came into force from 2010-11 onwards. Till 2010, there was a Calamity Relief Fund (CRF), the balance of which was merged into the SDRF from 2010-11. The amount of annual contribution to the SDRF of each State, for each of the financial years 2010-11 to 2014-15, was recommended by the XIII Finance Commission.

GOI was to contribute up to 90 *per cent* of those funds in the form of non-plan grant. The balance 10 *per cent* was to be contributed by the State Government.

The scheme provided for release of Central share under SDRF in two equal installments, in the months of June and December. The first installment of central contribution to SDRF for 2010-11 was to be released unconditionally. The second installment for 2010-11 and subsequent installments were to be released on receipt of confirmation of accounting procedure and compliance with other conditions of the guidelines.

The State Government was required to make suitable budget provision under the head 2245-Relief on account of Natural Calamities-05 SDRF-101 Transfer to Reserve Fund and Deposit accounts-SDRF. Immediately upon receipt of GOI's share, the State would transfer the amount along with its share to the Public Account Head (MH-8121). The actual expenditure on relief works would be booked only under respective minor heads within MH 2245 (01 for droughts; 03 for floods, cyclones etc.). The SDRF was also at times provided with additional grants-in-aid from the NDRF whenever the State was hit by major disasters and the balance in the SDRF was not sufficient for relief activities as per GOI norms. Such funds were also to be treated in the same manner as funds in the SDRF.

The year-wise status of availability of funds under SDRF and expenditure against it is depicted in the table below:

Table 5.3.2

(₹ in crore)

Year	O.B	Funds receipt from				Interest from investments	Total	Expenditure	C.B
		GOI		State	Other source*				
		SDRF	NDRF						
2008-09	17.23	14.35	8.36	4.78	0	1.15	45.87	32.36	13.51
2009-10	13.51	14.78	0	4.93	0	0.28	33.50	14.57	18.93
2010-11	18.93	10.24	0	2.27	0	1.46	32.90	17.76	15.14
2011-12	15.14	31.74	200.38	2.39	1.18	0.89	251.72	157.17	94.55
2012-13	94.55	22.57	0	2.51	0	0.67	120.30	102.16	18.14
Total		93.68	208.74	16.88	1.18	4.45		324.02	

Source: Departmental figure.

*Receipt from Prime Minister's Office.

The audit observations are given below:

➤ **Release of State share**

The total contribution to the SDRF during the period 2008-13 was ₹ 110.56 crore, out of which the State contributed ₹ 16.88 crore against its share (10 per cent) of ₹ 11.05 crore. The State's contribution was thus 15.27 per cent of the total contribution as shown below:

Table 5.3.3

(₹ in crore)

Year	Total Contribution	State Share (10 per cent)	State Share actually released	Excess/shortfall in release
2008-09	19.13	1.91	4.78	2.87
2009-10	19.71	1.97	4.93	2.96
2010-11	12.51	1.25	2.27	1.02
2011-12	34.13	3.41	2.39	(-) 1.02
2012-13	25.08	2.51	2.51	0
Total	110.56	11.05	16.88	

Source: Departmental figure.

The State released more than its share of 10 per cent in three out of the five years 2008-13. Only in one year (2011-12) there was shortfall of ₹ 1.02 crore.

5.3.9.2 Funds for long term reconstruction

In addition to the funds provided for immediate relief as stated above, the GOI released ₹ 400 crore during 2011-13 as Special Plan Assistance (SPA) towards long-term reconstruction of infrastructure damaged by the earthquake out of its commitment of ₹ 1,000 crore to the State. Out of ₹ 400 crore received (March 2013), ₹ 280 crore had been expended (March 2013). During audit, the following were observed.

5.3.9.3 State Disaster Mitigation Fund/District Disaster Mitigation Fund

The DM Act 2005, envisaged constitution of a State Disaster Mitigation Fund (SDMF) and also District Disaster Mitigation Fund (DDMF) by the State Government immediately after issue of notification for creation of the SSDMA. Every Department of the State Government was required to make provisions in their annual budget for funds to

be provided to the SDMF/DDMF for the purpose of carrying out disaster mitigation activities and programmes set out in the DM plans.

Audit scrutiny revealed that although the SSDMA had been formed, the SDMF/DDMF had not been created till July 2013. Since the SDMF/DDMF had not been created, funds from the Union and the State could not be sourced for disaster mitigation activities in terms of the DM plans of the State.

The Department stated (October 2013) that efforts were being made to incorporate creation of the SDMF/DDMF in the overall DM Plan of the State in future.

5.3.9.4 District Disaster Response Fund (DDRF)

In terms of section 48 of the DM Act, 2005, each district was required to establish a DDRF for the purpose of providing immediate relief to victims of disasters. Although the DM Act had been published in the State as early as August 2007, the DDRF had not been formed. Funds for relief activities in the districts were provided as advance by the LRDM from the SDRF time to time, based on demand by the District Collectors (DCs). The DCs mainly provided ex-gratia payments to the victims of disasters besides payments for repair/restoration activities on a smaller scale. Major repair/restoration works were handled by the LRDM through different line departments.

The Department *inter alia* stated (October 2013) that it would look into the matter and consider creation of the DDRFs in near future.

5.3.10 Implementation of relief and reconstruction measures

Audit objective 4: To assess that relief and reconstruction measures were implemented properly.

5.3.10.1 Assessment of damages

Provision of timely and adequate funding is a crucial aspect in disaster management for providing immediate relief, repair and restoration activities and reconstruction of damaged assets. It is important to assess the damages for making funding arrangements. The position of assessment of damages and availability of funds in the aftermath of the earthquake of 18 September 2011 is given below:

The LRDM submitted (September-October 2011) a memorandum for financial support of ₹ 13,194.62 crore⁷ to the GOI for immediate relief and restoration works. An Inter-Ministerial Central Team⁸ (IMCT) visited (September-October 2011) Sikkim for an on-the-spot assessment of damages and admissibility of Central assistance after the earthquake of 18 September 2011. Based on the report of the IMCT, the GOI approved (January 2012) assistance of ₹ 227.51 crore from the NDRF for immediate relief, subject to adjustment of 75 per cent of the balance available under the SDRF. The GOI accordingly released (January 2012) ₹ 200.38 crore to the State after adjusting ₹ 27.13 crore from the available balance in the SDRF (75 per cent).

⁷ Memorandum-I: ₹ 6,890.50 crore + Memorandum-II: ₹ 3,492.13 crore + Memorandum-III: ₹ 2,811.99 crore.

⁸ Joint Secretary, MHA (North East); Director, Central Electricity Authority; Director, Ministry of Agriculture; CMO, Member; Dy. Secretary, MOF; Deputy Secretary, Ministry of Drinking Water and Sanitation; Regional Officer, MORT; Shri Bhupesh Kumar, Central Water Commission.

For permanent reconstruction of damaged infrastructure, the GOI sanctioned (September 2011) lump-sum assistance of ₹ 1,000 crore to the State in keeping with the commitment of the Prime Minister during his visit to the State in the aftermath of the disaster. The Central support for permanent reconstruction was a one-time SPA and was not based on any detailed assessment or study of the damages caused by the earthquake.

The assessment of ₹ 13,194.62 crore by the State for immediate relief and restoration works was highly unrealistic as even the funds of ₹ 200.38 crore provided from the NDRF had been largely diverted on items of expenditure not covered by the GOI guidelines as elucidated in the succeeding paragraphs.

The Department, *inter alia*, stated that assessment of ₹ 13,194.62 crore by the State included both immediate relief and permanent restoration works. The reply was not tenable considering the fact that the GOI allocated only ₹ 1,200.38 crore for both immediate relief and permanent reconstruction works against the State's assessment of ₹ 13,194.62 crore. Even the GOI allocation which constituted a mere nine *per cent* of the State's assessment was diverted for unauthorised purposes.

5.3.10.2 Unauthorised re-allocation of funds by the State Government

After receipt of sanction of funds for immediate relief from the GOI based on the actual spot visits by the Central team, the State Government redistributed Central funds provided for repair/restoration of immediate nature of damaged infrastructure among various departments as detailed below:

Table 5.3.4

(₹ in crore)

Sector	Funds allocated by GOI	Re-allocation by State
Roads & Bridges	60.45	30.00
Water Supply	52.64	3.00
Power	42.92	5.00
Health	12.08	5.00
Education (HRDD)	3.38	5.00
UDHD	0.05	8.00
Irrigation	2.99	1.00
Agriculture	2.79	10.80
AHVS	2.94	5.00
Tourism	0.00	5.00
Building & Housing	0.00	8.00
SNT	0.00	5.00
Police	0.00	5.00
IPR	0.00	0.50
Culture	0.00	5.00
Ecclesiastical	0.00	5.00
Social Justice	0.00	2.00
Milk Union	0.00	0.10

Source: Departmental figures.

The Department stated (October 2013) that the diversion from the GOI allocation was done as per the actual re-assessment of damages by the departments after the situation in the State had normalised to a certain extent.

5.3.10.3 Irregular utilisation of NDRF/SDRF funds

Funds under the SDRF/NDRF are non-plan funds to be utilised strictly as per guidelines issued by MHA. It was observed in Audit that there were many deviations from these guidelines as detailed below:

➤ Irregular expenditure of relief fund by Food Security and Agriculture Development Department

The norms of assistance to victims of disasters under the SDRF/NDRF laid down (January 2012) by the GOI for the Agriculture sector permitted financial assistance for land and other loss like desilting of agricultural land/removal of debris from agricultural land in hill areas (₹ 8,100 per ha), loss of substantial portion of agricultural land by landslides (₹ 25,000/ha), input subsidy for horticultural/agricultural crops, sericulture etc. at specified rates ranging between ₹ 500 per ha to ₹ 8,000 per ha.

The GOI, based on report of the IMCT, had allocated gratuitous relief of ₹ 2.94 crore to small and marginal farmers (Agriculture Department) under the NDRF towards various works like removal of debris from agricultural land (₹ 0.79 crore), relief towards loss of substantial portion of land caused by landslides (₹ 1.24 crore) and agriculture input subsidy for crop loss (₹ 0.76 crore). Ignoring the GOI allocation, the State allocated ₹ 10.80 crore to the Agriculture Department. Out of this amount, ₹ 9 crore was divided equally (₹ 4.5 crore each) between Horticulture and Agriculture sectors and utilised for repair and maintenance of existing office building, staff quarters, farms, Village Level Worker Centres, parking yards etc. The remaining amount of ₹ 1.80 crore was distributed to farmers as relief towards damage of agricultural land.

The norms of assistance from the SDRF/NDRF did not allow for repair/maintenance of Government buildings. The assistance is provided by the GOI for immediate relief to victims of disaster for bringing them out of the trauma/distress of the disaster. While ₹ 10.80 crore was erroneously allocated to the Agriculture Department by the State Government in violation of the GOI instructions, ₹ 9 crore out of this amount was irregularly spent on repair and restoration of existing fixed assets of the Horticulture/Agriculture departments, thus violating the SDRF/NDRF norms and without obtaining approval of the GOI.

The Department stated (October 2013) that some NDRF funds were utilised for repair/renovation of departmental structures as there was major damages to the structures.

The reply was not tenable as GOI norms for expenditure of NDRF funds permit expenses on immediate relief activities for specified items and not for repair/renovation of Government assets.

➤ Irregular utilisation of relief funds by Animal Husbandry, Livestock, Fisheries and Veterinary Services Department (AHLVSD)

The GOI norms for relief under the Animal Husbandry sector allowed assistance to small and marginal farmers at specific rates towards replacement of milch animals, draught animals, animals used for haulage, and poultry birds which are killed or lost by the

farmers during disasters. Relief is permitted at the rate of ₹ 16,400 per buffalo/cow/yak, ₹ 1,650 per sheep/goat, ₹ 10,000 per calf/donkey/pony, ₹ 15,000 per horse/bull. For poultry birds, it was ₹ 37 per bird subject to a ceiling of ₹ 400 per beneficiary household. The Department reported loss of 525 cattle and 808 sheep/goat/pigs in the disaster. The maximum relief permissible under the SDRF/NDRF norms for such losses was ₹ 0.99 crore. The GOI provided (January 2012) gratuitous relief of ₹ 2.38 crore under Animal Husbandry sector, which exceeded the actual requirement by ₹ 1.39 crore.

In addition to the gratuitous relief of ₹ 2.38 crore to be provided to small and marginal farmers, GOI had also provided additional assistance of ₹ 2.94 crore under NDRF towards immediate restoration of damaged AHLVSD buildings in the North District. Against the GOI allocation of ₹ 2.94 crore, the State Government allotted ₹ 5 crore to the AHLVSD, exceeding the GOI allocation by ₹ 2.06 crore. The Department irregularly utilised the entire funds towards works of permanent nature like repair of the departmental Headquarters at Gangtok, repair of staff quarters, repair of animal farms, Veterinary centres all over the State.

The Department stated (October 2013) that some NDRF funds were utilised for repair/renovation of departmental structures as there was major damages to the structures. The reply was not tenable as GOI norms for expenditure of NDRF funds permit expenses on immediate relief activities for specified items and not for repair/renovation of Government assets.

➤ ***Unauthorised diversion of funds by Urban Development and Housing Department***

Against the GOI sanction of only ₹ 5 lakh to the UDHD, the State Government irregularly allocated ₹ 8 crore. Scrutiny of records revealed that 90 per cent of the funds (₹ 7.33 crore) provided to the UDHD had been utilised in violation of the GOI norms on varied expenditure such as restoration of car parks, rural marketing centres, housing units, housing quarters, office buildings, restoration of drainages and protective works, carpeting of streets, dismantling of buildings, etc. All such expenditure, as mentioned above, was not covered by the NDRF/SDRF guidelines.

The Department stated (October 2013) that the works were carried out on need basis. Reply was not tenable as such expenditure was not allowed under the NDRF/SDRF norms.

➤ ***Irregular allocation of relief funds to Tourism, Building and Housing, SNT, Police, IPR, Culture, Ecclesiastical Departments***

The GOI had not allocated any funds to the Tourism, Building and Housing, SNT, Police, IPR, Culture, Ecclesiastical and Social Welfare Departments. The State Government irregularly allocated ₹ 42.30 crore to those departments, disregarding GOI allocation. The entire funds were utilised by those departments in violation of the SDRF/NDRF norms on repair of tourist infrastructure, departmental buildings, religious structures, purchase/repair of equipment (computers, printers etc.) for departmental use, purchase of vehicles, repair of Government residential quarters, etc.

The Department *inter alia* stated (October 2013) that the restoration works were carried out from the NDRF as the State did not have resources for such restoration works. The equipment were purchased for rescue operations etc. The reply was not tenable as the restoration of Government assets as mentioned above and purchase of equipment like computers, printers etc. for office use were beyond the purview of NDRF/SDRF guidelines.

➤ ***Unauthorised expenditure by Water Security and PHE Department***

Under the drinking water supply component, the norms of expenditure of NDRF/SDRF, *inter alia*, permit expenditure on immediate repair/restoration of water supply lines, stand posts, hand pumps, cleaning of drinking water reservoirs, repair of water reservoirs, intake structures etc. damaged during a natural calamity. There was no provision for meeting expenditure on repair/restoration of sewer lines and sanitary fittings from the SDRF/NDRF funds. The WSPHED, however, utilised ₹ 10 lakh on restoration and repair of sewer lines and sanitary fittings in violation of the GOI guidelines.

The Department stated (October 2013) that repair of sewer lines was taken up from the NDRF as the same had been damaged by the earthquake requiring immediate attention. The reply was not acceptable as such expenditure was not permissible under NDRF/SDRF norms.

➤ ***Implementation of impermissible work under relief measures by LRDM***

The norms of expenditure under the SDRF scheme did not contain any provision for expenditure from the SDRF on *jhora* training works, protective works, anti-erosion works, or any other sundry items not related to providing immediate relief to victims of natural calamities. The LRDM, however, during 2010-11, 2011-12 and 2012-13 irregularly utilised ₹ 1.25 crore, ₹ 6.96 crore and ₹ 1.71 crore (*total ₹ 9.92 crore*) respectively from the SDRF on *jhora* training works, protective walls, soil conservation works, etc. which was in violation of the SDRF norms.

The Department *inter alia* stated that works on *jhora* training, anti-erosion and other protective works were taken up from the SDRF to prevent calamities resulting from landslides.

The reply was not tenable as the SDRF funds can be utilised only for relief works after a calamity. All preventive activities need to be taken up from the State's own resources.

➤ ***Irregular excess payment of relief against house damage***

The norms of assistance under the SDRF/NDRF towards relief to victims of a disaster for fully damaged/destroyed *pucca* houses is ₹ 35,000 per house. The State Government had no authority to deviate from the GOI norms and authorise payments from the SDRF/NDRF in excess of amounts prescribed in the guidelines. It was however, seen that the Government distributed (December 2011) ₹ 4.5 lakh each to 13 persons of North District from funds provided under NDRF as relief towards damage of houses in contravention of the guidelines resulting in irregular and excess expenditure of ₹ 53.95 lakh.

The Department stated (October 2013) that the excess amount was being reimbursed from the Chief Minister's Relief Fund.

➤ ***Irregular expenditure towards shifting/re-location of office***

Funds under the SDRF/NDRF are provided by the GOI at specified rates for immediate rescue and relief operations. There is no provision in the norms of assistance under the SDRF/NDRF for incurring expenditure towards shifting and re-location of Government offices. The LRDMD, however, paid (October-December 2011) ₹ 1.70 crore from the SDRF to a private agency towards shifting and relocation of various State Government offices, in violation of GOI guidelines.

The Department *inter alia* stated (October 2013) that since the resources of the State Government were insufficient, the funds under SDRF were utilised for shifting/relocating the offices. The reply was not tenable as such expenditure was not permissible under the SDRF norms.

5.3.10.4 Reconstruction of damaged infrastructure

The GOI sanctioned (September 2011) ₹ 1,000 crore to the State as SPA for reconstruction of infrastructure damaged by the earthquake of 18 September 2011. The Central assistance was granted for reconstruction/rehabilitation of infrastructure damaged by the earthquake and not for construction of new assets normally permissible under SPA or other CSS/CS. Upto March 2013, the State received and spent ₹ 280.11 crore towards reconstruction of damaged infrastructure as detailed below:

Table 5.3.5

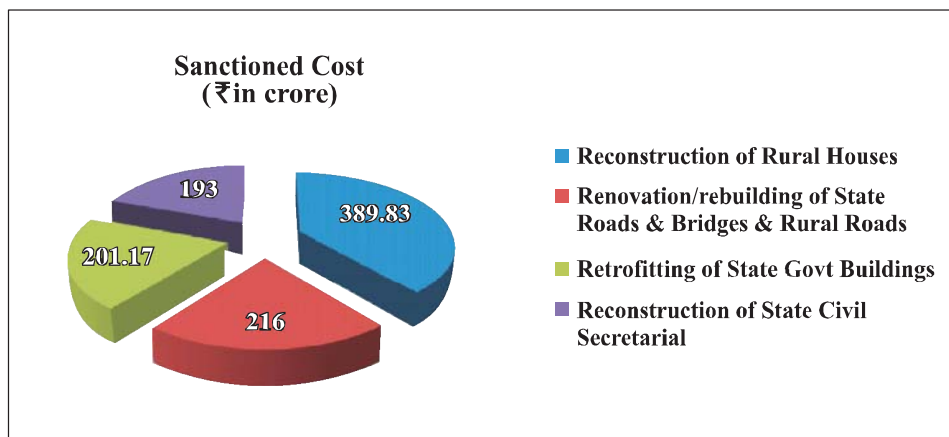
(₹ in crore)

Sl No	Category of Projects	No of Projects	Sanctioned Cost	Expenditure (March 2013)
1	Reconstruction of Rural Houses	7,972	389.83	120.00
2	Renovation/rebuilding of State Roads & Bridges & Rural Roads	381 (R&B-201; PMGSY-180)	216.00 (R&B-200; RMDD -16)	90.59
3	Retrofitting of State Govt. Buildings	1,535	201.17	36.98
4	Reconstruction of State Civil Secretariat	1	193	32.54
	Total		1,000	280.11

Source: Books of Accounts of Department.

The major portion of the funds for long term reconstruction was sanctioned for reconstruction of rural houses damaged due to the earthquake (39 per cent) followed by renovation/rebuilding of State roads and bridges and rural roads (22 per cent), retrofitting of State Government buildings (20 per cent) and reconstruction of State Civil Secretariat Building (19 per cent) as shown below:

Chart 5.3.3



➤ **Reconstruction of Rural Houses**

A target for reconstruction of 7,972 rural houses was set for completion in all respects by the Rural Management and Development Department (RMDD), by March 2014. The project was proposed to be executed in five stages—Stage I (Identification of beneficiaries), Stage II (Completion of Plinth level), Stage III (Completion of Roof level), Stage IV (Completion of entire structure) and Stage V (Handing over of house). While specific targets for completion of each stage of the project with fixed timelines were not set, the RMDD set a broad target of completing 3,986 houses (50 *per cent*) by March 2013.

Audit noticed that the construction of rural houses was far behind schedule. Against the target of completing 3,986 houses by March 2013, the Department could complete only 364 houses (July 2013). The Department had not completed even the first stage of identification of beneficiaries as only 6,434 beneficiaries had been identified as of July 2013. As of July 2013, a total of 147 houses had been handed over, 217 houses were in a completed state waiting to be handed over, 1,105 houses had their roofs done and 1,251 houses were in the plinth level of construction. At this rate, it is unlikely that the Department would be able to complete construction of all 7,972 houses by the target date of March 2014. The GOI indicated (September 2012) that fund flow to the project would be stopped by March 2014.

While accepting the audit observation, the Department *inter alia* stated (October 2013) that delay in reconstruction of the houses was due to inability of the State Trading Corporation of Sikkim to supply materials in time, location of some beneficiaries in far-flung areas and the short working season in the State.

The reply indicated that the timelines set for completion of various stages of the project were not based on ground reality and hence unrealistic. The estimate of ₹ 4.89 lakh for each house was earmarked without considering the location, site condition and distance of

construction sites from the nearest road. Construction of houses located in the hill-tops far from motorable roads would obviously cost more and take more time due to additional transportation and head load involved as compared to construction of houses located close to the road.

➤ ***Renovation/rebuilding of State roads and bridges***

GOI sanctioned (October 2012) ₹ 200 crore towards renovation and rebuilding of State Roads and Bridges. Against 201 projects for which the funds were sanctioned, the Roads and Bridges Department (RBD) took up 156 roads and bridges renovation projects, allocating ₹ 163.29 crore for renovation of 102 roads, ₹ 31.71 crore towards renovation of 54 bridges, and ₹ 5 crore towards capacity building. The status of implementation of the works is as under:

The road works taken up for renovation all over the State related mainly to surface improvement of existing roads. Damages resulting from an earthquake would generally constitute failure of road formations, destruction of slopes, formation of huge and deep crevices, stretches of road being completely destroyed due to mudslides and the earth giving away etc. All such work cannot be corrected by merely laying Water Bound Macadam/Granular Sub-base and carpeting the existing road surfaces with bitumen mix. The entire exercise by the RBD of mostly renovating road surfaces with funds provided for reconstruction of damages caused by earthquake of 18 September 2011 thus does not appear to be fully in consonance with the objective of the funding for reconstruction of infrastructure damaged due to earthquake.

The Department *inter alia* stated (October 2013) that roads were blocked at number of places, in some areas the roads gave way completely, cracks were formed along the road length and potholes were created due to ensuing monsoon after the earthquake. To prevent further damage the repairing of roads was inevitable. The reply was not acceptable as the reconstruction works undertaken by the Department included improvement of road surface by laying WBM/GSB and a bituminous layer indicating that the works were taken up to make good the regular damages caused by normal wear and tear and not by the earthquake.

➤ ***Irregular excess payment of mobilisation advance and non-realisation of interest***

Para 24.6 of the SPW Manual 2009 read with notification (August 2012) by the SPW (R&B) Department on grant of mobilisation advance, *inter alia*, envisage that mobilisation advance limited to maximum 15 *per cent* of the estimated/tendered value of work or ₹ 2 crore, whichever is least, may be sanctioned to the contractor at five *per cent* interest (compounded annually) against bank guarantee. Against the above stipulation, the Department granted mobilisation advance amounting to 25 *per cent* of the value of works to four contractors. Interest of ₹ 87.57 lakh accrued (upto September 2013) on such advances remained to be realised from the contractors.

➤ ***Retrofitting of State Government buildings***

Seismic retrofitting refers to structural intervention aimed at strengthening of an existing

building (*enhancing strength, stiffness, ductility, stability and integrity*) that is found to be deficient or vulnerable. The retrofit is generally intended to mitigate effects of a future earthquake. Thus, retrofit can effectively raise the resistance of a building against earthquakes to a desired level. On the other hand, repair of a building refers to minor interventions that are non-structural in nature and unlikely to enhance structural strength. A repaired building, in fact, may be deceptive in that it will appear good, giving a false sense of safety, but does not guarantee structural safety, particularly against earthquakes.

GOI sanctioned (October 2012) ₹ 201.17 crore as SPA towards retrofitting of State Government Buildings, Schools, ICDS Centres, Rural Health Centres, Dispensaries and State Power Projects. The SPA was specifically earmarked for the purpose of retrofitting activities by the State Government.

In this regard, the following were noticed in audit:

- Out of ₹ 196.17 crore, ₹ 30 crore was allocated to the Water Security and Public Health Engineering Department (WSPHED). The WSPHED utilised the amount for repair, renovation and execution of new works like procurement of pipes and fittings, repair of water supply lines, construction of bridges, payment of old bills for distribution of potable water in trucks, construction of masonry walls, repair of office building, repair/restoration of sewer lines etc. Only ₹ 40 lakh out of the sum of ₹ 30 crore was being utilised for retrofitting of the rapid gravity sand filter plant at Selep, Gangtok.

The Department stated (October 2013) that the works were taken up as per recommendation of the MHA and Planning Commission based on the DPRs submitted by State Government. The reply was not tenable as the details of projects approved and SPA funds recommended under the PM's package by the Planning Commission for post earthquake reconstruction works did not include water supply works.

- The State Government allocated the Rural Management and Development Department (RMDD) ₹ 10 crore for retrofitting works. From the funds provided for retrofitting, the RMDD took up normal repair/renovation works of 12 Block Administrative Centres (BACs), 55 Gram Prashashan Kendras, 4 Zilla Panchayat Bhawans and various other miscellaneous works like protective works in cremation sheds, repair of Departmental headquarters (Gram Vikash Bhawan), construction of approach road, repair of ICDS centres, repair of foot bridges, construction of steel bridge, repair of guest house, protective works etc. None of the above works undertaken by the RMDD came under the ambit of retrofitting works.

The reply of the Department that retrofitting was done on a small scale by the RMDD to make the offices functional was not tenable as retrofitting is a specialised nature of work taken up to enhance the structural strength of the buildings to withstand future earthquakes as different from regular repair works which the RMDD had undertaken.

- The Health Department was allocated ₹ 20 crore for retrofitting of Primary Health Sub-Centres (PHSC) all over the State. Instead of taking steps towards retrofitting of the PHSC structures, the Department utilised an amount of ₹ 9.94 crore for reconstruction of 12 PHSC/PHC and an amount of ₹ 9.31 crore was utilised on construction of quarters, garage-cum-seminar hall, approach roads and water supply works. Further, a private consultant was engaged by the Department to prepare DPRs for the above works at ₹ 43.51 lakh though the works taken up were of routine nature, not requiring any specialised services from an outside agency. It was seen that only an amount of ₹ 23.78 lakh was utilised towards retrofitting of a departmental building adjoining STNM hospital (Ladakhey Building).

While skirting the audit observation that funds for retrofitting of PHCs/PHSCs were utilised for reconstruction of buildings, approach roads, garages, water supply systems etc., the Department stated (October 2013) that the Consultant was appointed to assess damages caused by the earthquake and recommend further repair/retrofitting of PHCs/PHSCs. The reply was not tenable as the consultant did not give any recommendations for repair/retrofitting of PHCs/PHSCs but only prepared estimates for reconstruction of the PHSCs/PHCs. Such estimates were normally prepared by the engineers of the Health Department without incurring extra cost.

- The UDHD was allocated ₹ 6 crore under the component of retrofitting of Government buildings. The Department, however, utilised the above funds for (i) upgradation and improvement of Dr. B.R. Ambedkar Road (₹ 4.05 crore) (ii) upgradation and improvement of Bahai School Road (₹ 1.57 crore) and (iii) restoration and repair of UDHD head office (₹ 38 lakh). All these three works did not pertain to retrofitting of buildings. The first two works related to upgradation and improvement of existing roads, having nothing to do with the earthquake of 18 September 2011. The third work was regular repair/maintenance work of the departmental office building and not a retrofitting work targeted to strengthen its structural strength as a safety measure against future earthquakes.

The Department replied (October 2013) that since the UDHD Head office suffered minor cracks, minor retrofitting and repair were carried out. The roads under the purview of UDHD were restored as they were in need of immediate repair. The reply was not tenable as the SPA funds had been provided for retrofitting of Government buildings and not for carrying out normal repairs or improvement of existing buildings and roads.

- ***Irregular Renovation/modernisation of State Sector Hydro Electric Project from SPA***

The State Government allocated ₹ 43.97 crore towards ‘*Restoration, renovation and modernisation of Lower Lagyap Hydel Project*’ out of ₹ 52.80 crore allocated to the Energy and Power Department (EPD) towards retrofitting of State power projects.

Scrutiny of records revealed that the LLHP was a 34 year old project commissioned in 1979 with installed capacity of 12 MW. The water conductors, penstock pipes, power generating units and associated equipment had suffered severe damages over time due to exposure to the vagaries of weather, regular wear and tear and age and had thus become redundant. The EPD took up the long pending works towards renovation/modernisation of the LLHP from funds provided by GOI as SPA for reconstruction of infrastructure damaged by the earthquake. It was seen that only some stretches of the water conducting system and penstock had been damaged due to landslides following the earthquake of 18 September 2011. Reconstruction of this damaged portion of water conducting system/penstock only came within the ambit of the SPA support for the State under the PM's package. The EPD however, took up renovation/modernisation of the entire LLHP power project from the Central funds provided for reconstruction of infrastructure damaged by earthquake. This constituted irregular utilisation of Central plan funds provided specifically for reconstruction of earthquake damaged infrastructure.

While SPA funds allocated for reconstruction of earthquake damaged assets were irregularly allocated for renovation/modernisation of old power projects, large number of reconstruction works of power lines damaged by the earthquake remained ignored. The North District which suffered maximum damages from the earthquake had assessed damages of ₹ 70.97 crore to power transmission and distribution lines which had not been attended to. The SPA funds were thus diverted to take up long pending works of renovation and modernisation of old hydropower projects while much needed reconstruction of power supply infrastructure damaged by the earthquake remained uncared for.

The EPD *inter alia* stated (October 2013) that the Department felt necessity to undertake complete refurbishment of the old power house while carrying out restoration works of damages due to the earthquake as the power house was expected to produce substantial revenue after the renovation/modernisation of the whole system. The reply was not acceptable as funds under the SPA were provided only for restoration of damages caused by the earthquake and not for renovating or modernising the entire old systems of the power project.

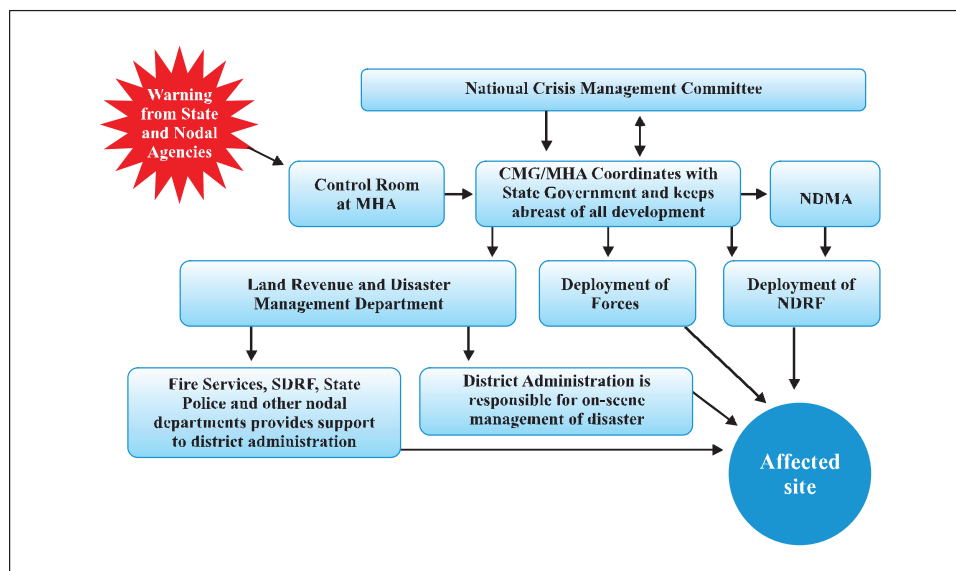
5.3.11 Communication and response system

Audit objective 5: To assess adequacy and effectiveness of the communication and response systems towards disaster preparedness.

With advancements in Information Technology, communication, disaster forecasting and quick response have become possible. Timely deployment and use of telecommunication resources play a crucial role in saving lives, mitigating disasters and providing relief operations.

Forecasting and early warning is essential for minimising loss of life and property and enabling the agencies concerned to plan rescue and relief measures. Effective early warning systems can also significantly reduce the impact of disaster on human life. Communication network for DM during disaster is shown below:

Chart 5.3.4



The communication and coordination functions for early warning, search, rescue and relief activities before, during and after a disaster were to be coordinated and controlled from the State Control Room (CR) and the Emergency Operations Centres (EOCs) located at the State Secretariat Building (CR) in the State capital and the four district headquarters (EOCs) in the four districts of the State.

5.3.11.1 Emergency Operations Centre (EOC)

EOC is an offsite facility functioning from the State/District headquarters and is an augmented control room (CR) having communication facilities and space to accommodate various emergency support functions required for disaster response. The EOC is required to assist the Responsible Officer⁹ (RO) in mobilising the respective line department's resources, manpower and expertise for response and rescue. Each EOC, *inter alia*, is required to have a failsafe communication facility, adequate manpower, space and infrastructure facilities for coordinating search, rescue and relief operations as prescribed by the NDMA guidelines.

➤ Facilities available in the EOCs

The State had four EOCs located in the four District Headquarters and a Control Room (CR) located at the State Secretariat Building. A District Project Officer (DPO) was in charge of each EOC in the districts supported by a Training Officer. The Control Room in the State Headquarters was headed by a Joint Director supported by a Deputy Secretary, a DPO and seven subordinate staff. Representatives of different departments met periodically in the EOCs for reviewing disaster preparedness, particularly prior to onset of monsoons. Besides this periodical exercise, the representatives, under the command of

⁹ Chief Secretary in respect of the State and District Collectors in respect of Districts.

the Responsible Officer (RO), assembled in the EOCs during disasters for overall coordination of the situation. Adequate space was available in the EOCs/CR to accommodate participating agencies/departments. Communication facilities available in the EOCs/CR included telephone lines, internet connectivity and fax. Other available information in the EOCs/CR included contact details of emergency services, contact details of departmental nodal officers, database of NGOs, demographic details of State/District and District DM Plans.

➤ ***Facilities not available in the EOCs***

Vehicle mounted with HF/VHF and satellite telephone had not been provided to the EOCs. No plans were available for dovetailing various agencies like NDRF, paramilitary forces and Armed Forces in the EOCs. Maps depicting affected sites, resources deployed, facilities established like Incident Command Post, Staging Area, Incident Base, Camp, Relief Camp, Helibase, Helipad, etc., were also not available. Since DM plans of line Departments were not prepared, the same were not available with the EOCs. Neither Online/Web based Decision Support System (DSS) nor a standardised Command Structure with details of earmarked and trained personnel were available. Proactive planning facilities such as Comprehensive resource management system, Resource inventories of all line departments and connectivity with database of India Disaster Resource Network (IDRN), India Disaster Knowledge Network (IDKN) and Corporate Disaster Resource Network (CDRN) were also not available in any of the EOCs.

The Department *inter alia* stated (October 2013) that a number of facilities in the EOCs could not be established due to absence of funds in the State Budget for DM and other administrative constraints like proper trained manpower, frequent transfers, absence of delineation of roles and responsibilities of different officers dealing with DM etc.

5.3.11.2 Response System for disasters

The efficacy of Government's role in DM is judged largely by the quality of 'response' and its effectiveness in minimising loss of life and property of the affected people. The response to disasters also tests the level of preparedness and provides valuable lessons for future planning.

➤ ***State Disaster Response Force***

One of the vital components of DM for the State is setting up of a State Disaster Response Force (SDRF). National Policy on DM 2009 provided that the primary responsibility for DM rested with the State. Under the policy, the States were to create response capabilities from within their existing resources.

Even after more than four years of framing of the National Policy on DM, the State had not created its own SDRF. In the absence of the SDRF, the assistance of NDRF based outside the State was sought for supporting the State in the aftermath of the earthquake of 18 September 2011. The NDRF team took crucial 3-4 days to reach the most affected areas of North Sikkim. They were however, not familiar with the hilly terrain of the State for smooth operation of rescue work. At this juncture, the State did not have its own response force (SDRF) which could have coordinated with the NDRF in the rescue

operation. The State thereafter, realised the need for setting up of a response force and had accordingly raised the SDRF consisting of 16 personnel of the Sikkim Armed Police, 30 India Reserve Battalion and 30 personnel from the Home Guard and Civil Defence.

➤ ***Quick Response Teams***

The State DM Plan envisaged establishment of Quick Response Teams (QRTs) with pre-designated roles and responsibilities to respond to any disaster situation. The National DM Guidelines also envisaged establishment of QRTs equipped with latest equipment like clearing tools, probes, communication capability and medical emergency aids for the purpose of search and rescue operations during disasters. These teams were required to process the capability to be mobilised at very short notice and reach affected sites within the shortest possible time.

The LRDMD had appointed 92 QRT volunteers on temporary basis¹⁰ during the period 2007-13. The appointments were made on recommendation of MLAs, Secretary, etc. without screening for age, educational qualification, experience, physical and mental fitness. Out of 92 QRT members, 15 members were utilised as peons and chowkidars and deployed in various Sections of the Department and district offices. No dress code had been laid down for the QRTs. While no training had been imparted to 28 members, the training imparted to other members was not uniform. There was no system of regular training for the QRTs to keep them fit and ready for facing emergency situations. Thus, appointment of QRTs in the State did not adequately serve the purpose intended in the scheme of DM.

The Department, while skirting the issue of absence of modalities for screening and appointment of QRTs, *inter alia*, stated (October 2013) that the QRTs were being trained to act in disasters. During normal situation QRTs assisted the Department in other activities. The reply did not address the issues of screening for fitness, experience and qualification required for the job of a QRT member.

➤ ***Community participation in Disaster Response***

The Department had not set up any trained and equipped teams consisting of local people in earthquake-prone areas to respond effectively in the event of an earthquake. No specific Community level teams had been developed in the districts with basic training in search and rescue operation. The Department was unaware of the role played by youth organisations such as National Cadet Corps (NCC), National Service Scheme (NSS) and Nehru Yuva Kendra Santagathan (NYKS) during the earthquake of 18 September 2011. The Department did not have any details of trained community level teams for setting up of emergency shelters, distributing relief among affected people, identifying missing people and addressing the needs of healthcare, water supply, sanitation, food, etc.

The Department *inter alia* stated (October 2013) that they had initiated process for identifying and involving reputed NGOs and Community based organisations in DM activities.

¹⁰ Whose services were renewed every three months.

5.3.12 Monitoring and evaluation

Audit objective 6: To assess adequacy and effectiveness of monitoring and evaluation of relief/reconstruction activities.

There was no system in the LRDM to obtain regular progress of relief/reconstruction activities executed by the line Departments. The nodal Department also had no mechanism to vet proposals of the executing departments to examine their appropriateness and adherence to norms which led to diversion and irregular utilisation of central funds. A monitoring Committee was constituted (December 2011) by the State Government consisting of six members headed by the Controller of Accounts as the Chairman to monitor all transactions relating to reconstruction of infrastructure damaged by the earthquake of 18 September 2011. However, no monitoring reports of the Committee were available for scrutiny.

The Department stated (October 2013) that monitoring committees were constituted for each Department undertaking repair/restoration works. Further, the Department had proposed for midterm appraisal and monitoring by a third party. However, the reply did not address the issue of absence of system for vetting departmental proposals, for obtaining regular returns and reports in prescribed formats and absence of monitoring by Committee set up by the State Government to monitor physical and financial progress of reconstruction works.

The LRDM had not evaluated implementation of DM activities in the State during 2008-13. Evaluation of lifeline structures such as hospitals, schools, colleges, Government offices etc. and preparation of inventory of such structures for taking up retrofitting works was not done.

On the positive side the Department had taken several initiatives towards ensuring improved DM such as enactment of policy resolution on Sikkim Earthquake Management and Rehabilitation Fund, organising mass awareness on safety tips on disaster preparedness during earthquake through campaigns, Street plays, radio talks, television shows etc. after the earthquake of 18 September 2011. The Department had also initiated training of engineers and masons on safe building construction practices and landslide risk management, training of SSDMA officers/departmental officers on need of children in disaster, disaster risk management, psychosocial care on DM, Earthquake Risk Mitigation and Management and various other aspects on DM, establishment of Himalayan Institute of DM and climate change and Civil Defence Institute in the State.

5.3.13 Conclusion

The State of Sikkim is prone to frequent natural disasters, particularly earthquake and landslides. The lack of urgency to address the issue of disasters is underscored by the fact that even after more than seven years of enactment of the DM Act 2005, by the GOI, the State had not laid down a proper institutional framework with appropriate manpower

having designated roles and responsibilities to address DM in the State. The apex body, State DM Authority (SDMA) met only once during the five year period 2008-13, that too, only to discuss relief activities after the earthquake of 18 September 2011. DM had not been incorporated in the development planning process of the State. No financial resources had been earmarked in the State's Plan towards DM. The State entirely depended on Central support both for immediate relief activities as well as permanent reconstruction of damaged infrastructure. A part of the funds provided by the Central Government for relief and reconstruction activities were diverted for various purposes in violation of the specific allocation for DM related activities.

However, after the earthquake of 18 September 2011, the Government had initiated various policy resolutions and capacity building measures which are expected to strengthen DM substantially in the State.

5.3.14 Recommendation

- The State should immediately strengthen the Institutional framework for DM by clearly defining roles and responsibilities amongst officers and staff involved with DM.
- The State DM Policy should be finalised early and effective DM Plans prepared and followed at all levels (*State, Departments, Districts, Blocks, Cities and GPUs*).
- Adequate financial resources should be earmarked for activities relating to DM based on a proper DM plan for the State.
- Immediate steps may be taken to incorporate DM in the developmental planning process of the State.
- Diversion and irregular utilisation of funds provided for relief and reconstruction activities should be checked.
- The implementation of relief and reconstruction works may be strictly monitored by the Department. The Department may also consider third party monitoring through an independent agency.

DEVELOPMENT PLANNING, ECONOMIC REFORMS & NORTH EASTERN COUNCIL AFFAIRS DEPARTMENT

5.4 Roads & Bridges Projects funded under NLCPR and NEC

Sikkim became part of North-East Region (NER) in April 1998 and availed the benefit of funding from NLCPR and NEC. A number of infrastructural projects were constructed out of these funds in various sectors such as Roads & Bridges, Irrigation & Flood Control, Energy & Power, Human Resource Development Department, etc. The overall responsibility of managing NLCPR and NEC funds is primarily vested with the

Development Planning, Economic Reforms and North Eastern Council Affairs Department (DPERNECAD). The projects relating to Roads & Bridges are implemented by Roads & Bridges Department (RBD).

Audit of Roads & Bridges projects funded under NLCPR and NEC for the period 2008-13 was carried out during July-August 2013. The results of audit disclosed that due emphasis was not accorded to appropriate formulation of projects, perspective plan had not been prepared, concept papers in most cases were not submitted or were incomplete and many DPRs were prepared without proper survey and investigation leading to revision of estimates and time and cost overrun in many cases.

Analysis of financial management disclosed short release of matching share by the State Government, reporting of inflated expenditure figures to Ministry of Development of North Eastern Region (DoNER) and unauthorised expenditure on staff component and land acquisition. Similarly, analysis of project implementation revealed that in many cases the RBD had not initiated the tender procedure on time leading to delay in commencement of work, cost escalations, avoidable expenditure, irregular payment of mobilisation advances to contractors and excess payment to the contractors. The Nodal Department had neither attached due importance to quality control nor initiated suitable measures to strengthen and streamline the monitoring and evaluation system.

The RBD as well as DPERNECAD had not accorded due emphasis to formulation of projects based on assessment of infrastructural gaps in basic minimum services.

(Paragraph 5.4.7)

DPRs were prepared without proper survey and investigation leading to revision of estimates and time and cost overruns of ₹ 82.61 crore.

(Paragraph 5.4.8)

There were short releases of matching share of ₹ 8.84 crore by the State Government, unauthorised expenditure of ₹ 35.21 lakh on staff component and land compensation in contravention of the scheme guidelines.

(Paragraph 5.4.9.1 and 5.4.9.5)

None of the projects were completed within the scheduled time. The delay in execution of out of 44 projects ranged from 2 to 12 years.

(Paragraph 5.4.10.2)

Irregular expenditure of ₹ 3.92 crore was incurred on execution of various works.

(Paragraph 5.4.10.4 & 5.4.10.5)

Quality control was not attached due importance by the RBD despite having facilities to carry out various tests to ensure quality.

(Paragraph 5.4.11)

Suitable measures to streamline the monitoring mechanism were not initiated by the Nodal Department leading to change in scope of works, delayed completion of works, cost overruns, etc.

(Paragraph 5.4.12)

5.4.1 Introduction

The 'Non Lapsable Central Pool of Resources' (NLCPR) was constituted (December 1997) by the Government of India (GOI) from unspent balances of the allocated expenditure of 10 *per cent* of the budgets of Central Ministries. The broad objective of the scheme is to ensure speedy development of infrastructure in the North Eastern States by increasing the flow of budgetary financing for specific viable infrastructure projects/schemes in various sectors and to reduce critical gaps in basic minimum services such as irrigation, power, roads and bridges, education, health, water supply and sanitation etc.

The North Eastern Council (NEC) came into existence (1971) through the enactment of the North Eastern Council Act 1971 in Parliament. The NEC started functioning in 1972 as an advisory body for socio-economic and balanced development of the North Eastern States. Later the NEC (Amendment) Act 2002 entrusted the NEC with the role of a regional planning body. Since 2003-04, NEC started providing financial assistance to the North East Region (NER) states for specific projects.

Sikkim became part of the NER in April 1998. Accordingly, the benefit of funding from NLCPR and NEC was availed by the State from 1998-99 and 2003-04 respectively. A number of infrastructural projects in various sectors such as Roads & Bridges, Irrigation & Flood Control, Energy & Power, Human Resources & Development, etc. were financed out of funds made available from NLCPR and NEC.

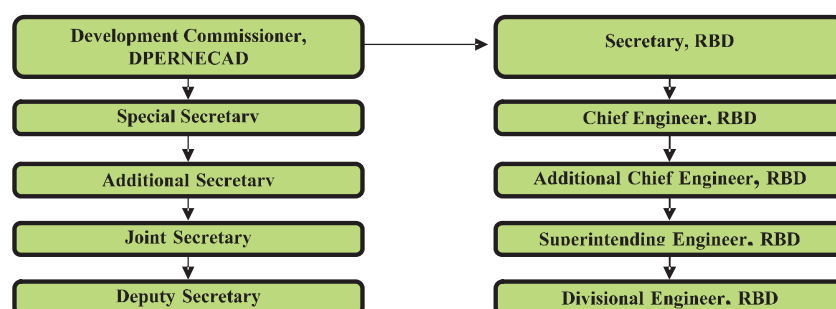
5.4.2 Organisational set up

At the State level, the responsibility for implementation of NLCPR/NEC scheme is primarily vested with the Development, Planning, Economic Reforms and North Eastern Council Affairs Department (DPERNECAD) headed by the Development Commissioner who is assisted by a Special Secretary, Additional Secretary, Joint Secretary and Deputy Secretaries.

Projects relating to Roads & Bridges are implemented by Secretary, RBD, who is assisted by a Nodal Officer nominated by him. The responsibility for execution of individual schemes within the Department rests with the concerned Superintending Engineers who are assisted by Divisional Engineers and Assistant Engineers.

The organisational structure is depicted below:

Chart 5.4.1



5.4.3 Audit objectives

The Audit was carried out to ascertain whether the funding availed from NLCPR and NEC for Roads & Bridges projects helped in ensuring speedy development of infrastructure in the State with increased flow of budgetary financing for new infrastructure projects/schemes. In addition, the objectives of the audit were to assess whether:

- There was an assessment of needs in each of the infrastructural areas and that the individual projects were planned appropriately;
- The mechanism in place for approval of the projects was adhered to and appropriate checks applied at each stage, prior to approval and after release of funds;
- Adequate funds were released in a timely manner and utilised for the specific purpose;
- Projects were executed efficiently and economically to achieve intended objectives;
- There was a mechanism for adequate and effective monitoring and evaluation of projects; and
- Impact of the scheme was analysed at various levels.

5.4.4 Audit criteria

The findings were benchmarked against the criteria given in the following documents:

- Scheme guidelines issued by Government of India;
- Instructions and circulars issued by DoNER, NEC and the State Government from time to time;
- Conditions and norms for release of funds;
- Detailed Project Reports;
- Performance indicators relevant to the Roads & Bridges sectors;
- Sikkim Public Works Code and Manual;
- Sikkim Financial Rules; and
- Prescribed monitoring mechanism.

5.4.5 Audit methodology

The process of Audit commenced with preparation of guidelines for conduct of Audit. Field audit began with a letter of engagement issued (25 July 2013) to the Development Commissioner, DPERNECAD, followed by an entry conference (July 2013) with the officers of DPERNECAD and RBD. Audit objectives, methodology, scope of audit and criteria were explained to the departments. This was followed by issue of requisition for records/data and questionnaire. Records/documents were examined and data analysis

carried out. Physical verification of assets was conducted (August 2013) jointly by Audit and departmental officers to corroborate audit observations. Audit observations were issued to RBD and DPERNECAD for their response. An exit conference was held (October 2013) with the Department wherein the findings were discussed and report finalised after taking into account the views of the departments duly incorporating the replies, wherever appropriate.

5.4.6 Scope of Audit and coverage

The Audit was carried out (July-August 2013) through test check of records in DPERNECAD and RBD covering a period of five years (2008-13) for the Roads (including Bridges) projects financed under NLCPR and NEC. The projects for audit scrutiny were selected on the basis of two stage sampling. The sanctioned projects were segregated into two strata (NLCPR and NEC) in the first stage. In the second stage, projects were selected through simple random sampling without replacement applying random table. Out of 44 projects sanctioned and operational, 20 projects were selected, indicating selection of 45 *per cent* of the total projects.

During the course of Audit, the follow up of the recommendations incorporated in the Comptroller & Auditor General's Audit Report on Government of Sikkim for the year ended 31 March 2008 and 31 March 2010 relating to NLCPR (1999-2008) and NEC (2003-10) respectively was also examined.

Audit findings

The results of Audit are enumerated in the succeeding paragraphs.

5.4.7 Planning

Audit objective 1: To assess whether critical assessment of needs in each of the infrastructural areas were done and the individual projects were planned appropriately.

NLCPR guidelines (Para-4.1) envisaged submission of a perspective plan along with a concept paper for drawing up of a priority list for the next financial year by the State Government, latest by 30 November, for availing, funding under the scheme.

Audit scrutiny revealed that:

- Perspective plan was not prepared by the DPERNECAD and thus selection of projects for drawing priority lists from the perspective plan was not feasible.
- The Priority lists submitted by the State Government to the DoNER were forwarded belatedly. The delay ranged between four and seven months. The Priority lists were also devoid of detailed gap analysis of the proposed sector and justification for the list of projects for filling those gaps.
- The Concept paper was perfunctorily prepared by drawing up a list of projects with estimated cost. Covenant of the model concept papers as enshrined in the NLCPR

guidelines on individual projects involves indicating the problems to be addressed through the project, development objectives proposed to be achieved, benefits likely to accrue quantified in terms of population and other parameters, issues relating to sustainability including operation and maintenance of assets after project completion and related issues but the same were not included in the concept paper submitted to the Ministry.

5.4.8 Project formulation

Audit objective 2: To assess that the mechanism for approval of the projects was in place and was strictly adhered to.

The NLCPR guidelines [Para-4.1(v)] envisaged upon the State Government for submission of Detailed Project Reports (DPRs) for all the projects. A DPR should be accompanied by a socio-economic feasibility report, economic and technical viability, detailed technical specifications, project implementation and monitoring schedule through Critical Path Method (CPM) and Program Evaluation Review Technique (PERT) chart, etc.

The DPRs submitted by the State Government were not accompanied by socio-economic feasibility reports, project implementation and monitoring schedule, etc. As a result, there was time overruns ranging from four to 67 months in 19 cases (one project is yet to start) and cost overrun of ₹ 82.61 crore (₹ 49.11 crore due to higher tender rate and ₹ 33.50 crore due to revision of estimates) in 12 cases.

This was despite the Public Accounts Committee's recommendation (March 2007) that implementing departments should take utmost care in preparation of DPRs to avoid cost overruns so that State exchequer was not burdened unnecessarily. The defect, however, continued as noticed from the instances given below:

➤ **Pabong-Simchuthang-Yangyang Road**

The project "Construction and improvement of Pabong- Simchuthang-Yangyang Road" of 23 kms stretch was sanctioned (June 2008) under the State Plan at an estimated cost of ₹ 29.81 crore. The work was put to tender and awarded (September 2008) to two contractors at 22 *per cent* above the Schedule of Rates (SOR) 2006 with stipulation to complete by September 2010. As of March 2010, ₹ 3.76 crore was incurred towards the project from State fund.

While the work was in progress, DPR was revised (January 2011) to ₹ 62.84 crore and a new six kms. stretch of road was also incorporated from Yangang Bazaar to upcoming Sikkim University instead of the initial six kms. stretch road from LD Kazi Bridge to Pabong Phatak. The NEC sanctioned and approved (February 2011) the project for ₹ 62.84 crore.

Scrutiny revealed that the Department awarded (May 2011) the fresh work order without re-tendering to the same contractor who executed the initial work with stipulation for completion by March 2013. As of March 2013, ₹ 32.09 crore was expended on the

project and the project was still incomplete (40 *per cent* physical progress) owing to revision of scope of work.

Thus, the Department not only awarded the additional work to the contractor without calling for fresh tender but also could not ensure completion of the project to reap the intended benefits.

The Department stated (October 2013) that the work could not be completed in time as it was affected by landslides in the monsoons and also by the earthquake (September 2011). The Department, however, did not intimate reasons for frequent revision in scope of work which indicated defective estimate preparation.

➤ ***Steel Bridge at Makha***

The work 'Construction of 100 Metres Span Steel Bridge at Makha' under NEC was approved by the Cabinet at an estimated cost of ₹ 4.95 crore. The work was awarded (November 2007) to the lowest tenderer at 38 *per cent* above the tendered value of work. An agreement was drawn (November 2007) with the contractor with stipulation to complete the work within one year (November 2008).

Scrutiny of records revealed (August 2013) that the work had not started till November 2009. The reason for delay in commencement of work was attributed to non-finalisation of site for want of stability report of the project site. Meanwhile, RBD moved (February 2009) a proposal to revise the estimate as the contractor had showed (February 2009) his inability to execute the work as per original approved rate in view of time lag between the date of work order (November 2007) and the final selection of site (February 2009) for construction. The RBD proposed to change the length of the bridge to single span bridge (85.20 metres) from the original approved double span bridge (100 meters) in view of the stability report submitted by the Mines & Geology Department. The revised proposal at an estimated cost of ₹ 10.17 crore (original ₹ 4.95 crore) was approved (November 2009) by the Cabinet and the work was completed in February 2012.

Thus, due to delay by RBD in finalisation of site, extra expenditure of ₹ 5.22 crore was incurred beside deprival of intended benefits to the public for more than three years due to non-completion of the bridge. The span of the bridge was also reduced from double to single.

The Department assured (October 2013) that appropriate action would be taken to avoid such cost escalations in future.

➤ ***Improper planning on construction of Goskhan Dara Bridge***

The work sanctioned under NLCPR at an estimated cost of ₹ 13.38 crore was awarded (January 2007) to the lowest bidder on turnkey basis with stipulation for completion by June 2008. The project was taken up to facilitate better connectivity to the South and West Districts. The project was completed (January 2013) at an expenditure of ₹ 12.98 crore, recording a delay of 54 months. Physical verification of the project jointly with departmental officers revealed (August 2013) that though the construction of the bridge was complete, it was not open for use by vehicular traffic as shown in the photograph:

Image 5.4.1



Audit observed that the need analysis as required in the scheme guidelines for ensuring proper use of the asset was not done before obtaining sanction for the project. The construction of the bridge at the present location was fundamentally wrong as there was already a concrete bridge (LD Kazi Bridge) constructed by Gammon India Limited about a kilometre away from the newly constructed bridge. All the vehicular traffic to South and West districts was catered to by the LD Kazi Bridge. The connecting road on the other side of the newly constructed bridge which was supposed to connect the South and West districts had been closed since the last four years due to construction of hydro-electricity project of LANCO at the end point of the LD Kazi Bridge.

The Department stated (October 2013) that the construction of new bridge at Goskhan Dara was taken up to facilitate connectivity to Mangan and South-West districts as the road to existing bridge (LD Kazi) had been experiencing active slide and interrupting the vehicular traffic. The Department informed that the new bridge would be useful once the alternative highway along other side of the river bank proposed for construction by Ministry of Road Transport & Highways (MORTH) is complete. The bridge, however, was not in use as of September 2013.

➤ ***Less importance to Capacity building***

Recognising the problems of DPR preparation by the State Government, the Ministry organised capacity building training courses from time to time to impart training to officers from various states.

Audit noticed that DPERNECAD had not kept the details of the training programmes conducted by the Ministry of DoNER, number of officers imparted training during 2008-13, utilisation of services of trained officers in project preparation works, etc. This indicated that adequate importance was not attached to training although this was important in view of the deficient preparation of DPRs and its importance to avail full benefits of projects funded by DoNER/NEC.

The Department assured (October 2013) that necessary steps would be initiated to organise training for the officers and technical employees to enhance capacity building.

5.4.9 Financial management

Audit objective 3: To assess that adequate funds were released in a timely manner and utilised for the specific purpose.

The funds under NEC/NLCPR were released in the ratio of 90:10 by GOI and the State Government. The availability of funds and expenditure there against for the period 2008-13 pertaining to Roads & Bridges projects is given below:

Table 5.4.1

(₹ in lakh)

Year	Opening balance	Funds released by GOI	Funds released by GOS*	Total	Expenditure	Closing balance	% of non-utilisation of funds
NLCPR							
2008-09	477.08	3,355.52	372.83	4,205.43	1,530.99 (36)	2,674.44	64
2009-10	2,674.44	81.17	9.02	2,764.63	1,737.97 (63)	1,026.66	37
2010-11	1,026.66	2,222.47	0.00	3,249.13	1,275.34 (39)	1,973.79	61
2011-12	1,973.79	1,010.48	0.00	2,984.27	2,016.46 (68)	967.81	32
2012-13	967.81	5,065.99	200.00	6,233.80	3,288.37 (53)	2,945.43	47
		11,735.63	581.85		9,849.13		
NEC							
2008-09	60.50	1,660.28	184.48	1,905.26	1,712.35 (90)	192.91	10
2009-10	192.91	3,002.03	609.56	3,804.50	1,836.20 (48)	1,968.30	52
2010-11	1,968.30	1,115.29	145.20	3,228.79	2,710.99 (84)	517.80	16
2011-12	517.80	2,291.67	0.00	2,809.47	2,358.63 (84)	450.84	16
2012-13	450.84	3,215.00	150.00	3,815.84	3,335.22 (87)	480.62	13
		11,284.27	1,089.24		11,953.39		

Source: Departmental figures. Figures in brackets indicate percentage.

*GOS: Government of Sikkim

Audit noticed that the year-wise actual expenditure ranged from 36 to 68 *per cent* and 48 to 90 *per cent* of the available funds for NLCPR and NEC projects respectively indicating the Departments' lack of adequate preparedness for implementing the scheme despite clear stipulation in the guidelines for expeditious utilisation of funds. This led to accumulation of funds (savings) ranging from ₹ 9.68 crore (32 *per cent*) to ₹ 29.45 crore (47 *per cent*) under NLCPR and ₹ 1.93 crore (10 *per cent*) to ₹ 19.68 crore (52 *per cent*) under NEC during 2008-13.

5.4.9.1 Short release of State matching share

As per the agreed funding pattern, the State Government was required to release 10 *per cent* of matching share against the release of GOI. Only after the release of matching share by the State Government, the subsequent instalments were to be released by the GOI. The details of funds released by the State Government as matching share are given below:

Table 5.4.2

(₹ in lakh)

Year	Funds released by GOI	Matching State share	Funds released by GOS	Short (-) /excess (+) release of State matching share
NLCPR				
2008-09	3,355.52	372.83	372.83	0
2009-10	81.17	9.02	9.02	0
2010-11	2,222.47	246.94	0.00	(-) 246.94
2011-12	1,010.48	112.28	0.00	(-) 112.28
2012-13	5,065.99	562.89	200.00	(-) 362.89
Total	11,735.63	1,303.96	581.85	(-) 722.11
NEC				
2008-09	1,660.28	184.48	184.48	0
2009-10	3,002.03	330.59	609.56	(+)278.97
2010-11	1,115.29	123.92	145.20	(+)21.28
2011-12	2,291.67	254.63	0.00	(-) 254.63
2012-13	3,215.00	357.22	150.00	(-) 207.22
Total	11,284.27	1,250.84	1,089.24	(-) 161.60

Source: Departmental figures

It would be seen from the above table that against the requirement of matching share of ₹ 25.55 crore for the years 2008-09 to 2012-13 (₹ 13.04 crore-NLCPR and ₹ 12.51 crore-NEC), only ₹ 16.71 crore (₹ 5.82 crore-NLCPR and ₹ 10.89 crore-NEC) were released by the State Government resulting in short release of ₹ 8.84 crore (₹ 7.22 crore-NLCPR and ₹ 1.62 crore-NEC) by the State Government. This was in violation of the scheme guidelines as the State Government did not adhere to its obligations of releasing its share in time.

5.4.9.2 Misreporting of expenditure to the Ministry

According to NLCPR guidelines (Para 8.3), the second instalment of funds for the project would be released depending upon the physical and financial progress of the work, subject to utilisation of at least 80 per cent of the last release.

Audit scrutiny revealed that the RBD while forwarding the quarterly progress report (QPR) along with the utilisation certificates (UCs) of on-going projects for the quarter ending March 2013 exaggerated the expenditure figures in respect of 13 projects funded by NLCPR (8) and NEC (5). Figures were increased from ₹ 61.84 crore to ₹ 66.70 crore and ₹ 33.49 crore to ₹ 33.80 crore for NLCPR and NEC respectively. This led to misreporting of expenditure to DoNER for availing subsequent instalments beyond their entitlement.

It was further noticed that 23 QPRs (26 shown to audit out of a total of 40 projects) and UCs were submitted belatedly. The delay ranged from 18 to 108 days. Milestone and time frame for the requisitioned funds were not mentioned in any of the cases checked in audit.

The Department stated (October 2013) that the figures were wrongly reported due to oversight which would be rectified in future.

5.4.9.3 Absence of supervision over release of funds to implementing Department

According to the NLCPR guidelines (Para 8.6), funds released from the Pool must be transmitted to the implementing agency by the State Government within 15 days from the

date of release of funds by GOI. A certificate to this effect was also to be sent to the DoNER by the State Planning Department (DPERNECAD).

It was observed that DPERNECAD had neither kept proper records indicating actual date of transfer of funds to RBD nor furnished certificates to the DoNER that the funds were transmitted to implementing departments within 15 days of receipts of funds as required under the guidelines.

5.4.9.4 Unauthorised expenditure on staff component and land compensation

Guidelines (Para-4.1 (viii)) issued by DoNER prohibited incurring of expenditure from scheme funds towards staff component and land compensation. Despite this specific stipulation, RBD incurred ₹ 23.76 lakh towards payment of muster roll (MR) staff (₹ 5.35 lakh) and land compensation (₹ 18.41 lakh) in five cases from scheme funds, which was irregular and unauthorised.

It was also noticed that the above staff employed were never deployed towards execution of works relating to the NLCPR schemes but were engaged in the head office of the Department, divisional offices, stores, etc.

Certification by the Secretary, RBD and also countersignature by the Development Commissioner, DPERNECAD that necessary checks had been exercised before submission of UCs, were thus incorrect and misleading in view of inclusion of expenditure towards MR payments and land compensation.

The Department assured (October 2013) that such expenditure would be avoided in future.

5.4.10 Project Implementation

Audit objective 4: To assess that the projects were executed efficiently and economically to achieve intended objectives.

The status of projects indicating projects in hand as on 1 April 2008, new projects sanctioned and completed during 2008-13 and the projects remaining incomplete as of March 2013 is given below:

Table 5.4.3

Scheme		Projects as on 1 April 2008	Projects sanctioned during 2008-13	Projects completed during 2008-13	Projects lying incomplete on 31 March 2013
NLCPR	No. of Roads	5 (59)	8 (106.30)	2 (34)	11 (131.30)
	No. of Bridges	4	9	2	11
NEC	No. of Roads	15 (146)	4 (65)	13 (126)	6 (85)
	No. of Bridges	11	1	10	2

Figures in brackets indicate kilometres
Source : Departmental figures.

Defects noticed in connection with implementation of projects were highlighted in Comptroller & Auditor General of India's Audit Report on Government of Sikkim for the year ended 31 March 2008 and 31 March 2010, relating to NLCPR (1999-2008) and NEC (2003-10). Audit noticed that the defects and aberrations such as cost escalation and delay

in completion of works continued despite PAC's recommendations (March 2007) as evidenced from the following:

5.4.10.1 Tendering and award of work

NLCPR guidelines (Para 7.1) require the Implementing Department to award the works to the contractors within three months of sanction of the projects by the Ministry (even without waiting for the release of funds from State Government to implementing agency), duly following appropriate tender procedure through wide publicity in print media, website etc.

Audit scrutiny revealed that the RBD failed to initiate the tender procedure on time leading to delay in award of works to the contractors. 36 (out of 44) projects were awarded belatedly recording a delay of one to 32 months. Delayed initiation also led to delayed completion of projects and cost escalation due to time overruns, reflected in subsequent paragraphs.

➤ ***Sang khola to Sumin (1st to 12th Km)***

The Work 'Sangkholha to Sumin Road 1st to 12th Km was sanctioned (February 2010) by NEC at an estimated cost of ₹ 14.05 crore. The terms of sanction (February 2010) by NEC stipulated that the work be completed within two years (i.e. by March 2012).

The RBD tendered (November 2008) the work in two parts –first stretch from 1st to 5th Km and the second stretch from 6th to 12th Km, prior to approval given by the NEC. While the construction of 1st stretch of road (1st to 5th Km) remained incomplete for more than one year beyond the scheduled date of completion (August 2012) despite incurring ₹ 4.19 crore, the construction of the second stretch (6th to 12th Km) had not started as of August 2013. This was due to the fact that stretch of work (6th to 12th Km) was under execution by another contractor for Pradhan Mantri Gram Sadak Yojana (Stage-I) by Rural Management & Development Department (RMDD).

The RBD instead of cancelling the work for second stretch (6th to 12th Km) obtained (October 2010) approval of the State Cabinet for construction of work of four kms (13th to 16th Km) at the end point and another three kms approach road to Mangthang School, at different location. The contractor accordingly commenced and executed hill cutting work of around 1.5 kms at the above locations (approach road to Mungthan School). The NEC, while agreeing to accord sanction to extension of four kms of the road beyond 12th Km (13th to 16th Kms), refused (August 2012) to accord extension of three kms stretch of approach road, which was at a different location. This indicated that the projects were selected and tendered by the Department without reference to ground realities and the actual requirement to fill the infrastructural gap. Not only this, mobilisation advance of ₹ 92.41 lakh released (September 2010) to the contractor also remained unrealised.

The Department stated (October 2013) that the overlapping of the proposed alignment was due to oversight and assured that such lapses would be avoided in future.

➤ ***Turung High School to Suminkhor Primary school***

The construction of 'Turung High School to Suminkhor Primary School Road', a four kms stretch was sanctioned under NEC (May 2007) at an estimated cost of ₹ 3.81 crore for providing benefits to the school and its surrounding areas. The work was awarded (November 2011) to the Contractor for completion by August 2012.

Physical verification by Audit in the presence of Departmental Officers revealed (August 2013) that the road was not connected to the Suminkhor School as envisaged in the sanctioned estimate and the Detailed Project Report. The road was closed abruptly mid-way at four kms and thus did not reach the end point (Primary school) for which the project was designed. The left out distance from the end point of the newly constructed road to the primary school was around two kms. The road was not yielding value for money since it did not reach the end point and instead ended abruptly mid-way.

The Department stated (October 2013) that the construction of remaining portion of the road was being considered. As of October 2013, the proposal, however, had not been moved for construction of the road.

5.4.10.2 Delay in completion of work

Scrutiny of project execution files and QPRs of the projects revealed that none of the projects were completed within the scheduled time. The delay in execution of 44 projects valuing ₹ 219.33 crore (₹ 117.22 crore for NLCPR + ₹ 102.11 crore for NEC) ranged from four months to 12 years as detailed below:

Table 5.4.4

Delay in completion of projects				Total delayed projects	Expenditure (₹ in crore)
4 months to 1 year	1 year to 2 years	2 to 5 years	5 years and above		
8	5	26	5	44	219.33

Audit scrutiny revealed that the projects were delayed primarily owing to delayed initiation of tendering process, delay in obtaining forest clearance, delayed land acquisitions, frequent revision of estimates, etc. Both RBD and DPERNECAD failed to initiate suitable steps to complete the projects within the scheduled time. The Nodal Department (DPNERCAD) neither carried out quarterly reviews of the projects as envisaged in the guidelines nor monitored the progress from time to time for ensuring expeditious completion. Non-completion/delayed completion of projects led to postponement of accrual of intended benefits from the projects even after spending ₹ 219.33 crore on those projects.

Audit analysis of some of the selected projects is enumerated below:

➤ ***Pakyong-Manchong-Rolep Road Km 1st to 35th***

The project was taken up at an estimated cost of ₹ 33.39 crore from the funds availed from DoNER under NLCPR. The work commenced (February 2009) with stipulation for completion within two years (by January 2011). Physical verification (August 2013) by Audit in the presence of Departmental Officers revealed that the work was incomplete

even after expiry of more than two years beyond the scheduled date of completion due to landslides and slow pace of work by the contractor. The physical progress after incurring ₹ 32.23 crore was 43 *per cent* as of August 2013.

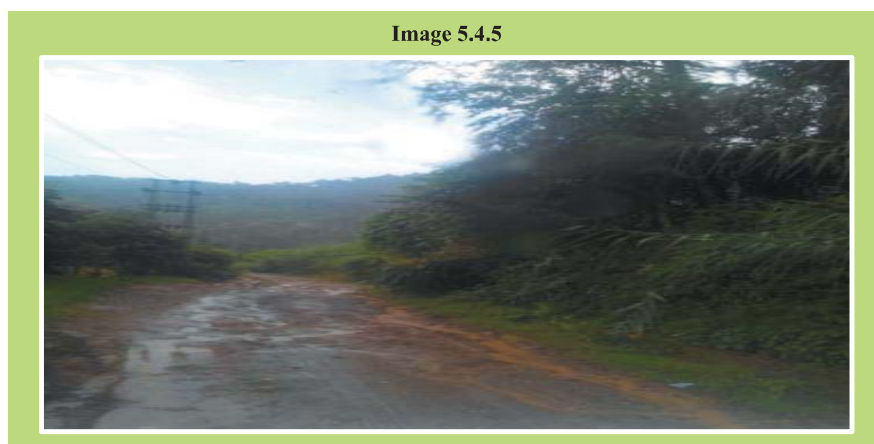
Physical Verification (August 2013) disclosed that out of three steel bridges to be constructed under the project, foundation work of two bridges had commenced. The steel bridge parts procured during 2009 were lying haphazardly on the road side as seen in the photographs:



The Department stated (October 2013) that delay was due to landslides as most of the alignment of the road passes through the land slide prone area. The fact remained that the project was already behind schedule by two and half years as of October 2013 and foundation work of one (out of three) had not commenced as of October 2013.

➤ ***Sreebadam-Mangalbaria Road (18.30 Km)***

The project was sanctioned by DoNER under NLCPR for ₹ 16.80 crore. The construction of the road commenced in March 2009 and was scheduled to be completed by March 2011. As of August 2013, the work was completed to the extent of 70 *per cent* (₹ 4.77 crore). This was stated to be partly owing to frequent landslides and involvement of many contractors. Physical Verification (August 2013) disclosed that the work was not complete and was under progress as seen in the photograph.



Audit observed that the tender for the work was invited by splitting the work in two phases. The second phase was awarded in November 2011 by further splitting the work in eight parts. The project was already behind the scheduled date of completion by two and half years as of August 2013.

The Department accepted (October 2013) the audit observations.

➤ ***Namchi-Damthang-Rabongla Road (1st to 26th Km)***

The work “Surface Strengthening, drainage and protective work on Namchi-Damthang-Rabongla Road (1st to 26th km) was sanctioned (2004-05) under NLCPR at an approved cost of ₹ 12.07 crore. The work was awarded (January 2004) to the lowest bidder at 18 *per cent* above the estimated cost with stipulation to complete the same by June 2006. The estimate of the work was revised (June 2006) to ₹ 16.68 crore with a revised target date for completion by December 2007. The work was completed (April 2009) after a delay of 26 months. This was despite release (March 2005) of ₹ 2.39 crore towards Mobilisation Advance to the contractor for expeditious completion. Further, the Department allowed the higher cost to the contractor above the agreed rates (₹ 3,111 to ₹ 7,111 instead of ₹ 2,205/drum) for 6,100 drums of bitumen which were procured after December 2007, leading to an excess committed expenditure of ₹ 1.79 crore.

The Department assured (October 2013) that such lapses would be avoided in future. Department should take corrective action against authorities responsible for such overpayment.

5.4.10.3 Extra expenditure

Sikkim Public Works Code (Section 58) requires every officer authorised to incur expenditure to be guided by high standards of financial propriety, to enforce strict economy and to ensure that relevant financial rules and regulations are observed not only by him but also his subordinate officers. This is to ensure that all works are executed expeditiously with due regard to economy and effectiveness. The RBD, however, has not been able to adhere to this prescription in many cases leading to extra expenditure and undue favours to contractors as detailed below:

➤ ***Excess payment due to insertion of double centage charges***

The SOR is prepared on the basis of the AOR which is applicable to works departments and is used to calculate the cost per unit of each item of work. The actual cost and quantity of labour required for the execution of a particular quantity of work can, thus, be worked out from the AOR. The unit cost of ‘Coarse Rubble Stone Masonry (CRSM)’ was accordingly arrived at ₹ 1,584.83 per cum in the AOR 2006.

Test check of records revealed that while fixing the rate for item of work CRSM, a component of cement concrete 1:3:6 mix is included in the analysis along with the other components. The Department, while preparing the item rate, allowed centage charges (such as tools & plant, sundries and water supply & electricity charges) uniformly in all components including that of cement concrete 1:3:6 mix. Since the item rate of cement

concrete 1:3:6 was already inclusive of centage charges of 5.65 *per cent* (tools & plant-1.15 *per cent*; sundries-3 *per cent* and water supply & electricity charges-1.50 *per cent*), inclusion of same charges again in the analysis resulted in double inclusion of centage charges in CRSM resulting in enhancing the cost of CRSM by ₹ 33.38 per cum (instead of ₹ 1,551.35 per cum, ₹ 1,584.73 per cum was fixed). In execution of 1,20,868 cum of 1:4:8 CRSM item pertaining to 19 works, the Department incurred an excess expenditure of ₹ 30.24 lakh. Thus, insertion of double centage charges in the AOR led to extra expenditure of ₹ 30.24 lakh besides providing undue benefit to the contractors.

The Department stated (October 2013) that the inclusion of double centage was a clerical mistake and was rectified in the subsequent SOR 2012. However, due to this mistake extra expenditure had already been incurred which had not been recovered.

5.4.10.4 Irregular grant of Mobilisation Advances and non- recovery thereof

Sikkim Public Works Manual 2009 (Para-24.6) permitted grant of Mobilisation Advances (MA) at simple interest of 10 *per cent* per annum in respect of certain specialised and capital intensive works above ₹ 10 crore. Recovery of such advances would be made on a pro-rata basis to the gross value of the work billed beyond 10 *per cent* to ensure recovery of entire MA before execution and payment of 60 *per cent* of the gross value of the contract. Audit noticed the following:

➤ Irregular release of MA to contractors

The RBD released MAs amounting to ₹ 18.79 crore in respect of seven works (out of 20). Scrutiny of records revealed that six contractors, to whom MA amounting ₹ 15 crore was released between March 2005 and August 2011, were not eligible for grant of MA as per norms. Further, progress of works in those seven cases was not commensurate with the scheduled date, recording delays ranging between four and 52 months. This indicated that the resource mobilisation in terms of manpower and material by the contractors in the interest of early completion of work as envisaged in the Manual was not ensured despite availing MA.

The Department stated (October 2013) that the Mobilisation Advance was granted to the contractors after due approval of the Government. The grant of MA was, however, in violation of the provisions in the Manual.

➤ Non recovery of mobilisation advances and interest

RBD released payment of running bills of works without effecting recovery of MA of ₹ 1.34 crore from two contractors (Upgradation of Pakyong-Machong-Rolep and Upgradation of Tintek-Dikchu roads: ₹ 97.85 lakh *plus* ₹ 35.92 lakh).

Similarly, in eight works, RBD had not recovered interest on MA amounting to ₹ 3.62 crore from the contractor's running bills. Release of running bills to the contractors without deducting the MA and also the mandatory interest is tantamount to extending undue benefits to the contractors.

The Department stated (October 2013) that the MA along with interest shall be recovered from all the contractors prior to the financial closure of the project.

5.4.11 Quality Control

The Ministry of Road Transport and Highways (MORTH) prescribed various quality control tests to be carried out at regular intervals and at the required frequency for road construction.

Audit examination revealed that quality tests as stipulated by the MORTH were not adequately carried out by the Department as evidenced from the following:

The Department had established (2003-04) a quality control laboratory at Tadong, Gangtok with the objective of carrying out quality tests on materials. It was however, noticed that the quality control laboratory was not utilised in full. The Quality assurance test for compressive strength of concrete, aggregate impact test and sieve analysis of fine aggregate in respect of only one project (out of 20 selected in audit) was found to have been conducted in September 2012.

Similarly, the mandatory tests like test to determine CBR of soil, swell test to determine swell index/expansion ratio and tests to determine quality of cement and bitumen were never carried out although facilities for carrying out such tests were available in the laboratory. This was despite RBD's circular (May 2009) for carrying out compulsory testing of materials for all works of ₹ one crore and above.

Further, ₹ 42.37 lakh allocated for ensuring quality control of the projects by the funding agencies (NLCPR and NEC) was also not spent by the RBD towards quality control works during the execution of the projects and instead utilised for meeting higher tender costs on civil works. This indicated that the orientation of the Department was more towards expenditure intensive works in the field than on carrying out quality checks to ensure quality execution of works.

The Department stated (October 2013) that the quality control tests are mandatory aspects of the project and submission of quality certificates shall be ensured in future.

5.4.12 Monitoring and evaluation

Audit objective 5: To assess the adequacy and effectiveness of the monitoring and evaluation mechanism.

Non-existence of adequate monitoring mechanism was pointed out in earlier Audit Reports (2004 and 2008). The Public Accounts Committee also recommended (March 2007) the strengthening of the existing mechanism in the interest of better implementation of the projects. The Nodal Department (DPERNECAD) however, had not initiated suitable measures to streamline the monitoring and evaluation system as would be evident from the following:

➤ ***Release of funds***

The DPERNECAD, despite being the nodal authority, for implementation of the programme, had no information about the release of funds by DoNER and NEC through Finance, Revenue and Expenditure Department to the project implementing departments and expenditure incurred against it.

➤ ***Submission of returns***

According to the NLCPR guidelines (Para-8.1), the project-wise progress of implementation shall be reported on a quarterly basis. The State shall report the progress in respect of each project at the end of the quarter. Such QPRs should reach the Joint Secretary of the Ministry of DoNER within three weeks of the end of the quarter under report. It was however, seen in audit that the executing line departments failed to submit the progress reports, utilisation certificates etc. in time to the nodal department (DPERNECAD). The nodal department also consequently failed to submit the same to the Ministry of DoNER and NEC in time. The delay in forwarding of the quarterly progress reports by the DPERNECAD to the Ministry ranged between 18 days and 108 days.

➤ ***Lax periodical inspection by nodal department***

The State Government (Nodal Department) was required to carry out periodical inspection of projects and indicate the findings through separate and distinct sections in the quarterly review report. No such finding was found included in the quarterly review report indicating that no periodical inspection was ever carried out by the nodal department during 2008-13. Thus, the monitoring by nodal department was lax.

5.4.13 Transparency and Publicity of Information

NLCPR guidelines (Para 10) requires the implementing departments to ensure that the information about developmental schemes being financed through NLCPR and NEC reaches the targeted beneficiaries. To ensure greater transparency and publicity of information, it was imperative to give wide publicity about the scheme in local media, display a sign board at project site and disseminate information through appropriate means to the public. Audit noticed that adequate steps were not initiated by RBD and DPERNECAD as evidenced from the following:

➤ ***Display board at project site***

Display board at project site, immediately after sanction of the project, indicating the date of sanction of the project, likely date of completion, estimated cost of the project, source of funding, physical target, name of the contractor, etc. was not erected by the implementing Department in 5 (out of 10) cases.

Similarly, permanent display at the site like plaque on the wall etc. indicating funding agency, date of commencement/ completion, cost involved, name of the contractor, etc.

for identification of the projects were not seen in any of the four¹¹ cases physically verified (August 2013) by Audit along with Departmental Officers.

The Department stated (October 2013) that there are strict direction from the Government for display of information board on all project sites. Omissions, if any, shall be taken care in future.

➤ **Dissemination of information**

Dissemination of information about the scheme through media, print, electronic and other appropriate means as enshrined in the scheme guidelines was not initiated by the State Government.

5.4.14 Impact Studies

Audit objective 6: To assess that the impact of the scheme was analysed at various levels.

No impact study about the status of implementation had been carried out by any agency. The shortfall in convening of meetings at Chief Secretary level was pointed out in Audit Report (2008). However, no improvement was brought about. During 2008-13, quarterly meetings headed by the Chief Secretary, as stipulated in the scheme guidelines (Para 8.2) were not convened even once.

5.4.15 Conclusion

Implementation of projects over a five year period (2008-13) revealed that out of a total of 44 projects, only 18 (41 *per cent*) were completed. None of the projects were completed within the scheduled dates. The physical progress of incomplete projects ranged between 11 and 98 *per cent* as of March 2013. The completed projects (18) also recorded a delay in completion ranging between one and 12 years beyond the scheduled date of completion. Similarly, out of total funds of ₹ 246.91 crore released during 2008-13, ₹ 218.03 crore was incurred during 2008-13. Out of ₹ 218.03 crore spent, irregular, unauthorised and excess expenditure of ₹ 19.27 crore were noticed in Audit. The closing balances, coupled with irregular excess expenditure and slow pace of implementation of projects showed that the speedy development of infrastructure projects was not achieved to the desired extent.

5.4.16 Recommendations

The following recommendations are made:

- The RBD should prepare Detailed Project Reports after in-depth study of infrastructural gaps, cost-benefit analysis, proper surveys and investigation.

¹¹ (i) Assam Pakyong Road; (ii) Rabong-Damthang- Namchi Road, (iii) Turung to Suminkhor Road, (iv) Somabari- Hilley Road

- Time and cost overruns should be avoided to ensure optimum utilisation of funds sanctioned.
- Contract management should be improved to avoid irregular and excess expenditure.
- Monitoring and evaluation mechanism should be strengthened to ensure availing of full and timely benefit from the projects.