

CHAPTER II ECONOMIC SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2014 deals with the findings on audit of the State Government units under Economic Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Economic Sector during the year 2013-14 are given in the table below:

Table 2.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Food Security and Agriculture Development	69.57	24.87
2.	Co-operation	14.55	14.23
3.	Animal Husbandry, Livestock, Fisheries and Veterinary Services	48.89	43.18
4.	Forest, Environment and Wildlife Management	188.02	205.67
5.	Commerce and Industries	28.06	24.40
6.	Horticulture and Cash Crops Development	30.91	32.99
7.	Mines, Minerals and Geology	3.87	3.58
8.	Tourism and Civil Aviation	183.40	74.95
9.	Transport	45.87	45.92
10.	Roads and Bridges	303.42	227.26
11.	Buildings and Housing	48.64	41.90
12.	Irrigation and Flood Control	152.00	44.35
13.	Water Security and Public Health Engineering	48.20	33.71
14.	Urban Development and Housing	257.69	106.37
15.	Energy and Power	201.62	185.76
16.	Rural Management and Development	177.73	184.54
	Total	1,802.44	1,293.68

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

Table 2.1.2

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1.	Food Security and Agriculture Development	National Food Security Mission	State Agriculture Management & Extension Training Institute (SAMETI)	211.93
		Support to State Extension Programme for Reforms	State Agricultural Management and Extension Training Institute	189.8

2.	Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Project for Cattle and Buffalo Breeding	Sikkim Livestock Development Board	149.40
		Scheme for Infrastructure Development FPI	Sikkim Livestock Processing and Development Corporation Ltd.	69.4
		Diary Development Project	North District Milk Producers Co-operative Union Ltd.	497.39
3.	Forest, Environment and Wildlife Management	Afforestation and Forest Management	State Forest Development Agency, Sikkim	676.55
		Scheme for Quality Assurance, Codex Standards Research	Silviculture and Research	147.33
		North East Council	State Forest Development Agency	91
		Environment Information Education and Awareness	State Environment Agency	13.13
		National Medicinal Plants Board	SMPB, Sikkim	5
4.	Commerce and Industries	Design and Technical Upgradation Scheme	Nayuma Women's Cooperative Society	4.1
5.	Horticulture and Cash Crops Development	National Bamboo Mission	Horticulture and Cash Crops Development Department	280.32
		National Mission on Medicinal Plants	Small Farmer's Agribusiness Consortium (SFAC), Sikkim	137.59
		National Research Centre for Orchids	Horticulture Mission for North East and Himalayan States	409.15
		National Mission on Micro Irrigation	State Micro Irrigation Committee, Sikkim	588.57
6.	Tourism and Civil Aviation	Capacity building for service providers	Institute of Hotel Management, Rumtek	15.21
		Capacity building for service providers	Institute of Hotel Management	19.74
		North Eastern Council	Sikkim Tourism Development Corporation Ltd.	4
7.	Energy and Power	Grid Interactive Renewable Power MNRE	Sikkim Power Development Corporation Limited	245.00
		Renewal Energy for Rural Applications for all Villages	Sikkim Renewable Energy Development Agency	88.87
		Information Publicity and Extension	Sikkim Renewal Energy Development	19.67
		OFF GRID DRPS	Sikkim Renewable Energy Development Agency	819.75
8.	Urban Development and Housing	Swarna Jayanti Sahari Rojgar Yojana	Urban Development & Housing Department	26.95
9.	Handicraft and Handloom Directorate	Human Resource Development Handicrafts	Sikkim Handicrafts Development Corporation Ltd.	10.89
		Comprehensive Handloom Development Scheme	Sikkim Handicrafts Development Corporation Ltd.	70.52
		Design and Technical Upgradation Scheme	Sikkim Handicrafts Development Corporation Ltd.	34.91
		Marketing Support and Service and Export Promotion Scheme	Sikkim Handloom and Handicrafts Development Corporation Ltd.	13.29
		Baba Saheb Ambedkar Hasatshipa Vikash Yojana	Handloom and Handicraft Development Corporation Ltd.	2.1
		Human Resource Development Handicrafts	Nayuma Women's Cooperative Society	5.3
		NER-Textile Promotion Scheme	Sikkim Handloom and Handicrafts Development Corporation Ltd.	18.75
10.	Rural Management and Development	DRDA Administration	District Rural Development Agency, East, Gangtok	88.87
		MG-NREGA	Special Secretary, MG-NREGA	10,684.17
		PMGSY	Sikkim Rural Road Development Agency	197
		Integrated Watershed Management Program	District Rural Development Agency, East	53.6

		Integrated Watershed Management Program	District Rural Development Agency, West	29.53
		AAJEEVIKA – Swarna Jayanti Gram Swarajgar Yojana	Sikkim Rural Development Agency	145.01
		Central Rural Sanitation Programme	State Water and Sanitation Mission Sikkim	825.06
		Rural Housing – IAY	SRDA, Sikkim	877.03
		National Rural Drinking Water Programme	SWSM, Sikkim, Gangtok	2,656.22
		Rajiv Gandhi Panchayat Sashiktikaran Abhiyan	SRDA, Sikkim	382.46
11.	Water Security and Public Health Engineering Department	National River conservation Plan	Water Security and Public Health Engineering Department	1,500
Total				22,304.56

Source: Central Plan Scheme Monitoring System of the GOI.

2.2 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 entities 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 ₹ 2,174.87 crore (including expenditure of ₹ 1,477.04 crore of previous years) (details of year-wise break-up is given in **Appendix 2.2.1**) of the State Government under Economic Sector. This Chapter contains a Performance Audit on ‘Tourism Development in Sikkim’ and two Compliance Audit Paragraphs as given below:

TOURISM AND CIVIL AVIATION DEPARTMENT

2.3 Tourism Development in Sikkim

The State of Sikkim is endowed by nature with a variety of destinations, circuits, flora, fauna, glaciers, lakes, mountains, etc. suitable for development of tourism. The State Government of Sikkim has also initiated measures to make tourism the main livelihood of

the people of Sikkim by encouraging people to preserve old monuments and heritage sites, take up village tourism and religion based tourism. Though, immense natural potential of the State had not been exploited fully for tourism development, the State had earned the distinction of being a sought after tourist destination both within and outside the country.

Performance Audit of tourism development revealed that the Department had taken a number of steps for construction of infrastructure such as provision of way side amenities, yatri niwas and parks to provide better facilities to tourists. As a result, number of tourists visiting Sikkim showed consistent increase except for 2011 due to earthquake. Recognising the effort of the Department and overall tourism development in Sikkim, the Government of India (GOI) and other agencies had conferred a number of awards to the State. The awards included Best Performing State in North East (1998-2006), Best Ecotourism Destination (2005), Emerging Tourist State (2008), Best State in Tourism Related Programmes and Development of Infrastructure (2010 and 2011), Best State for Adventure Tourism (2010), Best Performing State (2010), Best State for campaign Clean India (2012), Best Rural Tourism Project (2012-13). Recently, Sikkim has been named the best region to visit in 2014 by Lonely Planet, a leading global travel guide.

The Department however, needed further strengthening in the areas of policy implementation, project preparation and implementation, advertisement and publicity. While the Master Plan had not been formulated, Sikkim Tourism Policy, formulated in 2010 was not revisited and updated thereafter. Sikkim Tourism Advisory Council (STAC)-highest body to advise on policy implementation and its impacts on tourism was not constituted to strengthen coordination between various departments of the State Government (especially Forest) and other agencies (especially Border Roads Organisation). Data on number of persons/households engaged in tourism sector was not available with the Department to indicate that tourism had been accepted as a significant livelihood option by the people. Similarly, analysis of financial management disclosed deficiencies such as instances of unnecessary supplementary provision, non-release of State share in full, pending Utilisation Certificates and increase in committed liabilities. While the project preparation process needed further strengthening to avoid time overruns, project management and execution was characterised by delay in completion of projects, idling of assets for want of takers to run and manage the facilities and also owing to repair and maintenance, utilisation of tourism infrastructures for non-tourism purposes. The advertisement and publicity activities for attracting more and more tourists, especially high end tourists were not initiated adequately due to paucity of fund. Various types of tourism such as eco-tourism, village-tourism and adventure-tourism though exploited have room for further expansion. The monitoring mechanism needed further strengthening as evident from the fact that number of projects were delayed beyond targeted date and internal audit was not taken up even once in the review period.

Highlights

The Master Plan prepared (June 2011) at a cost of ₹ 65 lakh was not put to any effective use as of March 2014. The Sikkim Tourism Policy was not revisited and updated thereafter to effect necessary changes. Ineffective planning led to non-utilisation of two assets of ₹ 83 lakh.

Paragraph- 2.3.7.2

Inadequacy in project preparation process led to stalling of nine projects despite incurring ₹ 33.70 crore towards land acquisition owing to land dispute, non-availability of stock materials, fund constraint and slow pace of work by the contractors.

Paragraph- 2.3.9.1

Nine assets involving ₹ 6.03 crore were lying idle for seven months to five years for want of takers to run and manage the facilities indicating inadequate feasibility study of the project prior to finalisation.

Paragraph- 2.3.9.2

The Department after availing the Central grant however, utilised four assets constructed at a cost of ₹ 3.35 crore for non-tourist purpose of accommodating various government offices.

Paragraph- 2.3.9.3

Analysis of financial management disclosed instances of supplementary provision of ₹ 55.60 crore which were not utilised, non-release of State share in full amounting to ₹ 8.87 crore, pending Utilisation Certificates of ₹ 5.39 crore and increase in committed liability to ₹ 32.94 crore as of March 2014.

Paragraph- 2.3.10

The advertisement and publicity activities to exploit various types of tourism such as eco-tourism, village-tourism, adventure-tourism, etc. needed further strengthening for attracting more and more tourists especially high end tourists.

Paragraph- 2.3.12 to 15

The monitoring mechanism needed further strengthening as evident from the fact that a number of projects were delayed beyond targeted date and internal audit was not taken up even once during the review period.

Paragraph- 2.3.16

2.3.1 Introduction

Sikkim has a comparative advantage in tourism with its beautiful landscape, diverse flora and fauna, culture and traditions, peaceful environment and warm hospitable people. The location of Sikkim in the country's map (**Map-2.3.1**) as well as major tourist destinations of Sikkim is shown in the map (**Map-2.3.2**).

Map 2.3.1



Map 2.3.2



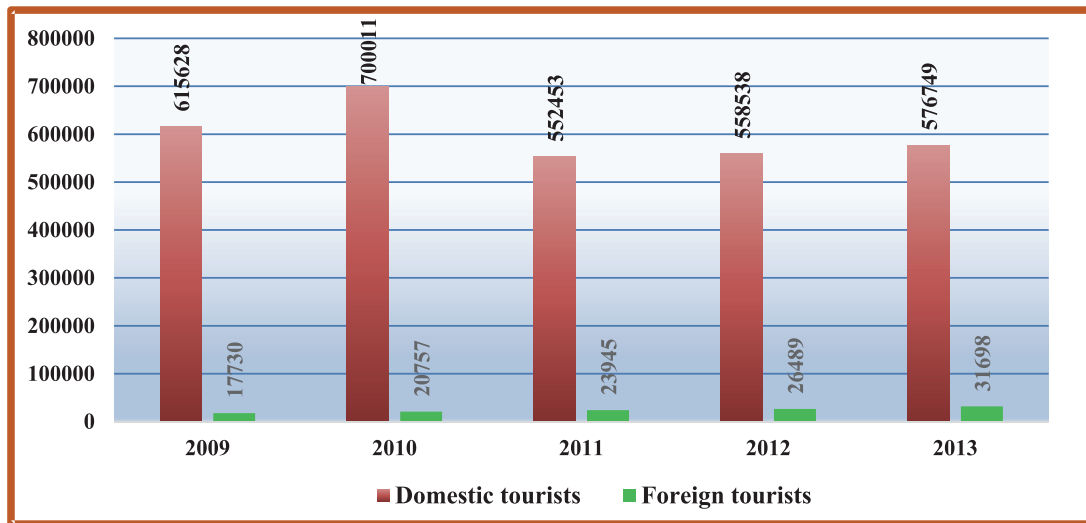
Source: Web portal of Tourism and Civil Aviation Department, Government of Sikkim.

The State Government of Sikkim has initiated measures to make tourism the main livelihood of the people of Sikkim by encouraging people to preserve old monuments and heritage sites, take up village tourism and religion based tourism. Though, immense natural potential of the State had not been exploited fully for tourism development, the State had earned the distinction of being a sought after tourist destination both within and outside the country.

The State had been receiving awards and accolades from Government of India and national and international agencies since 1998-99. The awards included Best Performing State in North East (1998-2006), Best Ecotourism Destination (2005), Emerging Tourist State (2008), Best State in Tourism Related Programmes and Development of Infrastructure (2010 and 2011), Best State for Adventure Tourism (2010), Best Performing State (2010), Best State for campaign Clean India (2012), Best Rural Tourism Project (2012-13).

Recently, Sikkim has been named the best region to visit in 2014 by *Lonely Planet*, a leading global travel guide. Sikkim's Tourism Mission 2015 seeks to make tourism the main livelihood of the people of Sikkim, every household and each individual a skilled force for the tourism industry. The mission accorded importance to domestic tourism focusing on pilgrimage, culture, tradition, heritage, adventure, eco-tourism and wellness. The tourism sector is expected to provide employment to 75,000 people, with a trained manpower of about 17,000. Although no annual target was fixed, mission Statement on Tourism had set an annual target of 10 lakh domestic and 40,000 foreign tourists by 2015. Against this, the State attracted a record 7.20 lakh tourists in 2010, year that was declared as 'the year of tourism' as indicated below:

Chart-2.3.1



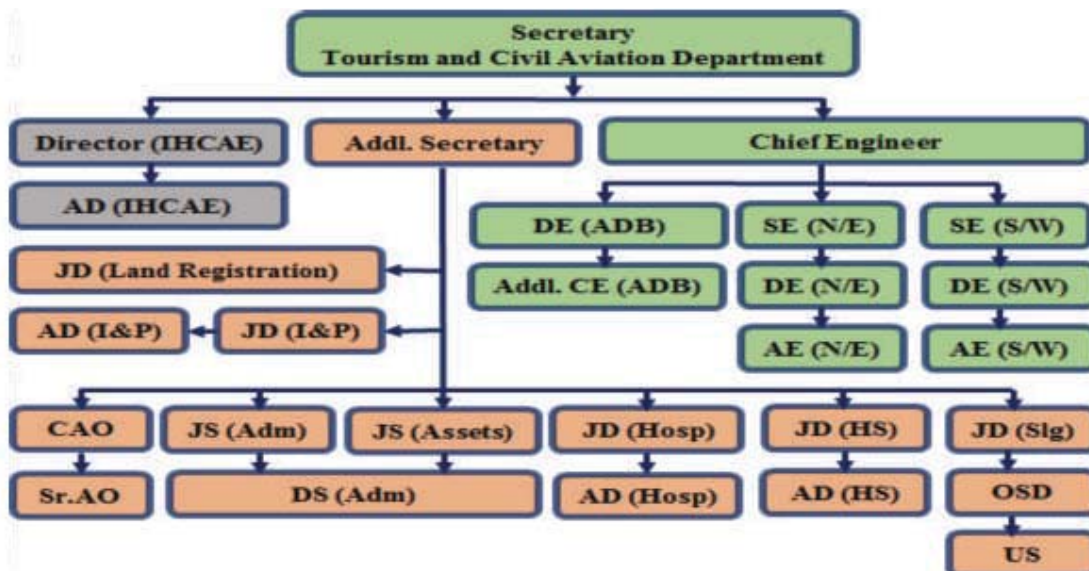
Source: Departmental figure.

The number of tourists decreased during 2011 as compared to previous years owing to earthquake of 18 September 2011 but showed improvement over the years. However, it was behind the targets set in Mission Statement.

2.3.2 Organisational arrangement

The Tourism and Civil Aviation Department (TCAD) is headed by the Secretary, who is assisted by the Chief Engineer, Addl. Chief Engineer, Chief Executive Officer, Sikkim Tourism Development Corporation (STDC), Additional Secretary, Superintendent Engineer (SE), Joint Director (JD), Divisional Engineer (DE), Deputy Director (DD), Chief Accounts Officer (CAO) and Assistant Engineer (AE), Senior Accounts Officer, etc. as shown in the chart below:

Chart-2.3.2



IHCAE – Institute of Himalayan Centre for Adventure and Eco-tourism; HS – Home Stay

2.3.3 Scope of Audit

Performance Audit of Tourism Development in Sikkim, covering a period of five years (2009-14), was conducted during April-June 2014 through test check of records in the Head Office of the Department, all four district offices (North, South, East and West) and six out of twelve Tourist Information Centres (TICs), covering 30 *per cent* of the expenditure (₹ 96.82 crore out of ₹ 322.73 crore) and 40 projects (out of 99). The Public Accounts Committee's recommendations (91st Report presented in March 2011) on the Performance Audit on Comptroller and Auditor General's Audit Report 2007-08 and the action taken thereon by the Department has also been looked into during the course of the Performance Audit.

2.3.4 Audit objectives

The Performance Audit was conducted with the objectives of assessing whether:

- State Tourism Policy was formulated in line with the National Tourism Policy;
- Project preparation process and approval of the Ministry/State Government was adequate and effective;
- Project management and execution of schemes/projects for tourism development in the State was economical, efficient and effective;
- Financial management was adequate and effective;
- Advertisement and publicity activities for various types of tourism, i.e. eco-tourism, village-tourism, adventure-tourism and pilgrimage-tourism, etc. were appropriate and adequate; and
- Monitoring, evaluation and internal control mechanisms were adequate and effective.

2.3.5 Audit criteria

Audit findings were benchmarked against the criteria obtained from the following documents:

- National Tourism Policy 2002 and State Tourism Policy 2010;
- Sikkim Tourism Master Plan;
- Guidelines issued by the Ministry of Tourism, GOI/State Government;
- Sikkim Financial Rules;
- Schedule of Rates, Sikkim Public Works Code and Manual; and
- Prescribed monitoring mechanism.

2.3.6 Audit methodology

The Performance Audit commenced with an entry conference (April 2014) with the

Secretary, TCAD wherein audit objectives, scope, methodology and criteria were explained and their agreement obtained. Projects for audit scrutiny were selected by applying sampling techniques on simple random sampling without replacement with a view to ensure coverage of minimum 40 *per cent* of the projects from various districts.

The Performance Audit covering a period of five years (2009-14) was carried out through test check of records at Head Office, four district offices and six TICs. Impact assessment of various developmental schemes/projects was attempted through joint physical verification of assets along with departmental officers. A beneficiary survey of 65 tourists was also conducted in and around Gangtok to obtain their feedback on the tourist facilities in the State and their overall satisfaction level. The results of Performance Audit were discussed in an Exit Conference (29 September 2014) with the Secretary, TCAD and his officers. The draft report was prepared duly taking into consideration the replies furnished by the TCAD and other implementing agency, i.e. Forest, Environment and Wildlife Management Department.

Audit findings

Audit findings relating to the development of tourism in the State are discussed in the succeeding paragraphs:

2.3.7 Policy and Planning

Audit objective-1

Formulation and implementation of the State Tourism Policy and Plan in line with the National Tourism Policy.

2.3.7.1 Tourism Policy

The Union Ministry of Tourism formulated the National Tourism Policy-2002 with the objective of positioning tourism as a major engine of economic growth in the country. The State of Sikkim formulated the Sikkim Tourism Policy (STP) in 2010 after eight years of formulation of National Tourism Policy. The STP aimed to enhance employment potential, foster economic integration through developing linkages with other sectors.

Scrutiny of STP revealed the following:

- The Sikkim Tourism Policy was neither revisited subsequently nor updated every two years in the light of developments as prescribed in the STP. This was despite tourism being a major economic activity of the State.

The Department stated (September 2014) that task of updating STP in consultation with various tourism stakeholders had been started. However, as of September 2014, the STP remained to be updated.

- The Department had not constituted Sikkim Tourism Advisory Committee (STAC), highest body to advise the Government on all matters related to tourism for Sikkim as envisaged in STP, to review the Policy implementation and its impacts on annual basis. In absence of STAC, the objectives and goals relating to development of

tourism in Sikkim, extent of policy implementation and its impact remained to be assessed.

The Department stated (September 2014) that in view of existence of numerous committees at regional and State level; necessity of constituting STAC would be debated while forming new policy priorities. The reply is not acceptable as these committees were constituted primarily to address local issues, whereas, STAC was apex level committee to review policy implementation and its impacts at the State level.

- The Department did not possess any data regarding number of persons/households engaged in the tourism sector in the State, despite this being one of the most important objectives of both the STP and the Tourism Mission-2015.

The Department while accepting the non-availability of the precise database stated (September 2014) that it would be one of the priority item in the new policy which was under process.

- The STP envisaged better coordination between various departments of the State Government like Forest, Environment and Wildlife Management Department; Roads and Bridges Department; and other agencies such as Border Roads Organisation. This was with a view to obtain their opinion before finalising Detailed Project Reports (DPRs) for tourist infrastructures to ensure uninterrupted execution and proper use of created assets. TCAD however, had not initiated adequate measures to ensure co-ordination with the above agencies. One such instance is given below:

The way-side amenity-cum-cafeteria constructed (May 2005) at a cost of ₹ 11.22 lakh near Seven Sister Falls, North Sikkim Highway was dismantled (May 2009) by the Department as the site had been proposed for construction of alternative bridge on National Highway. This indicated that before preparing DPR and estimates, the Department had not ensured coordination with BRO resulting in wasteful expenditure of ₹ 11.22 lakh.



The Department stated (September 2014) that the coordination meetings were being held at requisite intervals to address any communication gap and avoid overlapping of the programme. The Department added that clear picture of the likely alignment of road widening programme at Seven Sister Falls at North Sikkim Highway was not communicated to the Department by the BRO till the time of completion of the cafeteria. The reply indicated inadequate coordination between the Department and the BRO. Further the coordination issues could have been addressed adequately if apex body like STAC was constituted as envisaged in STP.

2.3.7.2 Tourism Planning

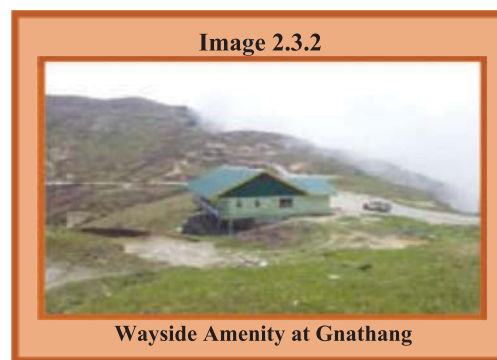
The Sikkim Tourism Master Plan (STMP) was prepared (June 2011) through a Singapore based firm at a cost of ₹ 65 lakh which highlighted transport and access, tourism marketing, environment leadership, community involvement, development and upgrading, legislation and protection and Hotels and Eateries, Attractions, Retail, Travel Agents/Taxi operators sector as important parameters for tourism development in Sikkim. The STMP was not put to any effective use as of March 2014. The Ministry of Tourism, Government of India (GOI) appointed another agency (M/s Tata Consultancy Service) to prepare Master Plan for North-East States including Sikkim. Considering the fact that the Master Plan prepared by the agency did not cover the issues in its entirety and was not likely to serve intended objective, TCAD proposed for exclusive Master Plan for Sikkim duly engaging local consultants. The same however, had not commenced as of July 2014. Thus, the State was devoid of Tourism Master Plan as of July 2014.

The Department stated (September 2014) that the STMP prepared by Singapore based firm was under study for its effective implementation based on the strategic requirements of the State to the extent of availability of resources. However, as of September 2014, neither the STMP was implemented nor State specific Master Plan was prepared.

Following are the instances of lack of proper planning by the Department leading to ineffective use of created infrastructure.

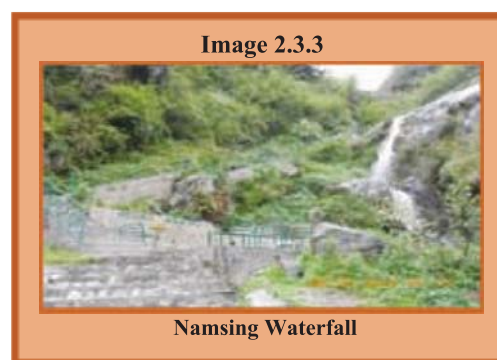
➤ *Wayside Amenity at Gnathang*

The Department had constructed (February 2014) Wayside Amenity at Gnathang, East Sikkim at a cost of ₹ 65 lakh. However, during physical verification it was seen that the asset was not put to use in the absence of water and electricity connections, as seen in the photograph. The Department stated (September 2014) that left over component of work such as water supply and electricity would be completed during the end of 2014-15. Thus, absence of integrated planning for all components led to non-utilisation of assets as of September 2014.



➤ *Namsing Waterfall*

The Department constructed (September 2013) Namsing Waterfall for ₹ 18 lakh on North Sikkim Highway (NH-10). Physical verification (June 2014) disclosed that the asset was not utilised by the tourists in the absence of parking facility indicating lack of foresight in planning.



The Department stated (September 2014) that parking at Namsing waterfall could not be developed due to space constraints as well as fund constraint which would be subsequently developed subject to availability of requisite funds.

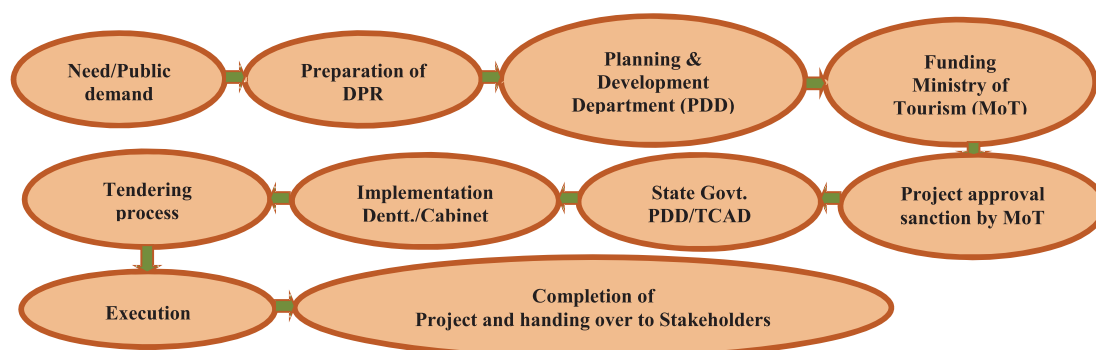
2.3.8 Project preparation

Audit objective-2

Adequacy and effectiveness of project preparation and approval process by the Ministry/State Government.

The projects for Tourism Development in the State are taken up after adhering to the following process:

Chart 2.3.3



As would be noticed from the chart above, one of the important steps in project formulation was preparation of Detailed Project Report (DPR). Sikkim Public Works (SPW) Code (Section IV of Para 4.3) envisaged that no work should commence unless a properly designed estimate is framed after detailed survey, investigation and technical sanction. The preparation of estimates for projects should be comprehensive, supported by complete details and based on design, drawings and calculations.

Audit noticed that the Department had not complied with this prescription in eight cases (out of 40) leading to stalling of projects owing to land dispute, non-obtaining of forest clearances, soil investigation, etc. as detailed below:

- **Forest clearance**

Four projects¹ of ₹ 9.02 crore were stalled due to failure to obtain forest clearance and land owners unwillingness to part with the land in respect of the work 'Wayside Amenity-cum-Car Park at Phongla Junction, South Sikkim' (project cost ₹ 0.72 crore) as of July 2014.

The Department while accepting the audit observation stated (September 2014) that the compensation for land would be settled soon to resume the work.

¹ (i) Tourist Infrastructure at Melli, South Sikkim, (₹ 3.80 crore) (ii) WSA-cum-Car Park at Rolu, South Sikkim (₹ 0.91 crore), (iii) WSA at Rammom, West Sikkim (₹ 0.85 crore) and (iv) WSA at Zoom-Phatak, West Sikkim (₹ 2.74 crore).

- ***Soil investigation***

In two projects² involving estimated cost of ₹ 4.55 crore, the Department approached the Mines and Geology Department for soil investigation during August 2011 and December 2012 respectively, after the award of work (August 2009 and November 2010) to the contractors to ascertain the stability of the proposed sites. Both the works were stipulated for completion within twelve months (July 2010 and October 2011). However, for want of report on soil stability, both the works had to be stopped midway after incurring ₹ 30.93 lakh towards Heliport at Hilley and ₹ 68.48 lakh towards WSA at Tiffindara as of July 2014.

The Department stated (September 2014) that WSA at Tiffindara was earlier kept in abeyance owing to apprehension of the soil stability which has since been received and work resumed. Similarly, Heliport at Hilley had already achieved 50 *per cent* physical progress involving an expenditure of ₹ 30.93 lakh upto 2nd RA bill.

Thus, due to delayed initiation of the soil stability report, the projects were delayed for more than three years beyond the stipulated date of completion resulting in postponement of accrual of intended benefits from the projects.

- ***Title of the land***

In two cases³, the Department constructed the project without clear title of the land. While in one case (Mayalu Cafeteria at Martam, East Sikkim), the land owner was using the property since completion of the project without remitting any revenue to the Government; in another case (Wayside Amenity, Thanka), the Department was unaware of the date of creation of the asset, its cost and status of land. Joint physical verification alongwith departmental officers disclosed that the asset was lying idle since completion for approximately ten years.

Image 2.3.4

*Mayalu Cafeteria at Martam*

Image 2.3.5

*Wayside Amenity at Thanka*

The Department stated (September 2014) that these amenities were created based on the NOC and promissory land donation note obtained from the landholders which have since been misplaced. The Department was pursuing the matter to purchase the land as per norms and take the possession.

² (i) Construction of Heliport at Hilley, West Sikkim (₹ 0.75 crore) and (ii) Way side amenities at Tiffindara, South Sikkim (₹ 3.80 crore)

³ (i) Mayalu Cafeteria at Martam, East Sikkim and (ii) Wayside amenity, Thanka, East Sikkim.

• ***Irregular purchase of land and avoidable liability***

With a view to develop tourist spot at Tingda, North Sikkim, the Department acquired (March 2009) a plot of land of 5.2220 hectare valuing ₹ 1.65 crore. Physical verification by Audit alongwith departmental officers revealed (June 2014) that almost 70 per cent of the land was in a slope and thus not suitable for any construction. The acquired land was covered with standing properties mostly trees and was devoid of connectivity and there was also a tract of private land in between the acquired land and the nearest road.

The Department stated (September 2014) that the (i) land was purchased to initiate Rural Tourism and associated activities considering the proximity of the place to an important historic place of Sikkim; (ii) in hilly regions like Sikkim, the actual available area suitable for construction purposes normally ranged between 40 and 50 per cent; (iii) purchase of land in advance was a necessity for any tourism related projects; and (iv) purchase of land in advance always yield better results in view of the rapid escalation of cost of land in the State.



The Department however, had not conceived any project for the land so acquired as of September 2014 even after expiry of five years of acquisition of land.

2.3.9 Project implementation

Audit objective-4

Economy, efficiency and effectiveness in implementation of projects/schemes for tourism development in the State.

Proper project management is considered necessary for implementation of the projects economically, efficiently and effectively.

The position of projects sanctioned and executed during 2009-14 is given below:

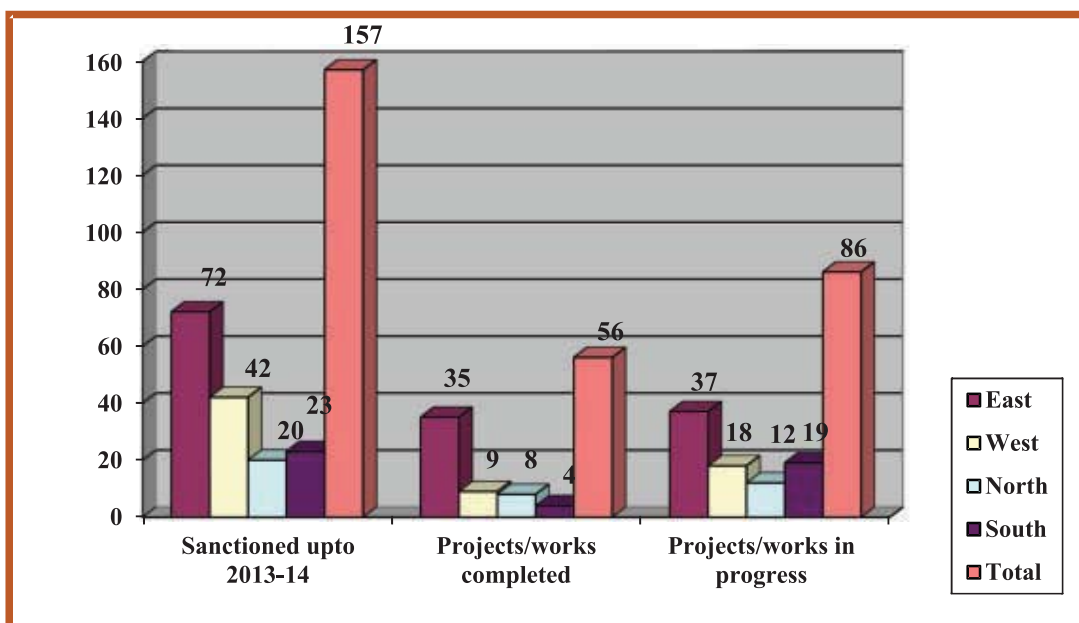
Table 2.3.1

Sl. No.	Details of Projects	Number of Projects					Project cost (₹ in crore)				
		East	West	North	South	Total	East	West	North	South	Total
1	Opening Balance (Prior to 2009-10)	04	15	0	14	33	14.99	9.02	00	73.17	97.18
2	Sanctioned during 2009-10 to 2013-14	68	27	20	09	124	82.84	33.82	30.89	59.83	207.38
3	Projects/works completed	35	09	08	04	56	39.25	9.54	2.77	9.95	61.51
4	Projects/works in progress as of March 2014	37	18	12	19	86	71.43	24.29	28.12	119.21	243.05

Source: Monthly Progress Report of Projects.

As would be seen in the **Table 2.3.1** above, 56 projects (out of 157) had been completed and 86 were under implementation as shown in the chart below:

Chart 2.3.4



The physical progress of ongoing projects ranged between zero and 90 *per cent* as of March 2014. 56 projects were completed after recording a delay between four and eight months beyond the stipulated date of completion owing to a variety of reasons such as slow progress of work by the contractor, delay in supply/shortage of stock materials, poor road connectivity, delay in acquisition of land and change in scope of work. Even out of the projects under implementation, 50 projects had exceeded the stipulated date of completion by six to twenty months as of March 2014. The results of audit of implementation of projects are indicated below:

2.3.9.1 Delay in completion of projects

Completion of projects in a timely manner was necessary to provide intended benefits to beneficiaries. It was however, noticed that nine (out of 40 checked) projects remained incomplete as of March 2014 beyond the stipulated date of completion as detailed below:

Image 2.3.7



Name of work:	Construction of Rural Tourism Facilitation Centre, Assam Lingzey, East Sikkim
Sanctioned cost:	₹ 84.46 lakh
Name of contractor:	Educated Unemployed Women's Co-operative Society Ltd, Assam Lingzey GPU
Date of commencement:	12.02.2010
Due date of completion:	11.08.2012
Expenditure incurred:	₹ 28.58 lakh
Reasons for delay:	Slow progress of work by the contractor and fund constraint.

Image 2.3.8



Name of work :	<i>Rural Tourism Project at Village Pandam Gadi Budang, East Sikkim</i>
Sanctioned cost:	<i>₹47.50 lakh</i>
Name of contractor:	<i>M/s Central Pandam Contractors Co-operative Society Ltd.</i>
Date of commencement:	<i>10.05.2011</i>
Due date of completion:	<i>10.02.2012</i>
Expenditure incurred:	<i>₹23 lakh</i>
Reasons for delay:	<i>Due to bad road condition, delay in supply of stock materials and lack of water at work site.</i>

Image 2.3.9



Name of work:	<i>Way Side Amenity at Tashiding, West Sikkim</i>
Sanctioned cost:	<i>₹78.15 lakh</i>
Name of contractor:	<i>Shri Zigme Bhutia</i>
Date of commencement:	<i>07.05.2011</i>
Due date of completion:	<i>06.05.2012</i>
Expenditure incurred:	<i>₹21.73 lakh</i>
Reasons for delay:	<i>Poor road connectivity and delay in acquisition of land.</i>

Image 2.3.10



Name of work:	<i>Tourist Information Centre at Soreng, West Sikkim</i>
Sanctioned cost:	<i>₹40.67 lakh</i>
Name of contractor:	<i>M/s Soreng Contractors' Co-operative Society Ltd.</i>
Date of commencement:	<i>12.10.2010</i>
Due date of completion:	<i>31.03.2011</i>
Expenditure incurred:	<i>₹29.45 lakh</i>
Reasons for delay:	<i>Work stopped since August 2013 by the Society due to non-supply of stock materials by State Trading Corporation of Sikkim.</i>

Image 2.3.11



Name of work:	<i>Development of tourist infrastructure at Perbing, South Sikkim</i>
Sanctioned cost:	<i>₹194 lakh</i>
Name of contractor:	<i>Shri Mahendra Gurung</i>
Date of commencement:	<i>10.08.2009</i>
Due date of completion:	<i>09.11.2010</i>
Expenditure incurred:	<i>₹43.78 lakh</i>
Reasons for delay:	<i>Land acquisition problem and Non-availability of stock materials.</i>

Image 2.3.12



Name of work:	<i>Construction of Yatri Niwas at Assangthang, South Sikkim</i>
Sanctioned cost:	<i>₹652 lakh</i>
Name of contractor:	<i>Shri Roshan Agarwal</i>
Date of commencement:	<i>10.08.2009</i>
Due date of completion:	<i>09.02.2011</i>
Expenditure incurred:	<i>₹433 lakh</i>
Reasons for delay:	<i>Non-availability of stock materials.</i>

Image 2.3.13



Name of work:	Construction of boundary fencing for Flower Pavillion Complex, South Sikkim
Sanctioned cost:	₹ 49 lakh
Name of contractor:	Shri Santa Bahadur Rai
Date of commencement:	05.02.2008
Due date of completion:	30.09.2010
Expenditure incurred:	₹ 20 lakh
Reasons for delay:	Stopped since October 2013 by the contractor.

Image 2.3.14



Name of work:	Construction of Cafeteria-cum-Trekkers Resting Place at Namchi Helipad
Sanctioned cost:	₹90 lakh
Name of contractor:	Shri Dilu Thapa
Date of commencement:	03.07.2010
Due date of completion:	02.07.2011
Expenditure incurred:	₹ 28 lakh
Reasons for delay:	Stopped since October 2013 by the contractor.

Image 2.3.15



Name of work:	The construction monocable detachable gondola system from i) PWD Children Park to Rock Garden and ii) Rock Garden to Samdruptse
Sanctioned cost:	₹ 2742 lakh
Name of contractor:	M/s Damodar Ropeways Construction Company (Pvt.) Ltd.
Date of commencement:	March 2007
Due date of completion:	December 2010
Expenditure incurred:	₹ 2742 lakh
Reasons for delay:	Change in scope of work and delay in land acquisition, revision of DPR.

The Department had not ensured to complete the projects within the stipulated time frame and had also not initiated any action to recover ₹ 3.98 crore from nine contractors in compliance with contract agreement (Clause 2) for recovery of compensation at the rate of one *per cent* per week subject to a maximum of 10 *per cent* of the tender value of work on failing to maintain the required progress of the work.

The Department while accepting delays in completion of projects attributed (September 2014) the reasons to blockage of arterial road and the district roads owing to landslide/landslip, delayed availability of stock materials from State Trading Corporation of Sikkim and Sikkim Co-operative Marketing Federation Limited, delay in receipt of forest clearance, limited working season and fund constraints. The Department further added (September 2014) that action had been initiated to ensure completion of these projects within the financial year (2014-15) to reap the intended benefits from those projects.

2.3.9.2 Asian Development Bank (ADB) assisted projects


The State Government proposed to avail (November 2009) of financial assistance of ₹ 165 crore from Asian Development Bank which was later revised (September 2013) to ₹ 96.44

crore (ADB share ₹ 74.85 crore and State share ₹ 21.61 crore) towards South Asia Tourism Infrastructural Development Project (STIDP). The project envisaged strengthening and upgradation of roads (3); infrastructural development at IHCAE, Chemchey, South Sikkim; development of village tourism; consultancy and training for commencement and completion during April 2012 to March 2014 and October 2014 to March 2016 respectively. As of March 2014, ₹ 7.87 crore were spent from the funds released by ADB of ₹ 5.86 crore (Grant: ₹ 5.27 crore and Loan: ₹ 0.59 crore) and State funding of ₹ 2.01 crore.

Audit analysis of indicative package-wise annual target set by ADB vis-à-vis physical progress achieved by Department as of 31 October 2014 revealed that in respect of 2 works⁴ scheduled for completion on 9 October 2014 and 29 October 2014, the physical progress of only 25 per cent and 45 per cent was achieved. In other two works, the physical progress ranged between 1 and 2 per cent. State Level Steering Committee (SLSC) headed by Chief Secretary was constituted (May 2010) by the State Government to oversee the implementation of the ADB projects. As of March 2014, four meetings were held which *inter alia* discussed (i) selection of projects; (ii) delay in implementation of the projects due to non-release of State share; (iii) lack of availability of land and (iv) forest clearance. Thus, due to lack of preparedness before taking up the ADB assisted STIDP in the State, the infrastructural development in the tourism sector could not be achieved till October 2014.

2.3.9.3 Idling of assets

Proper utilisation of the available asset was a pre-requisite to ensure providing better facilities to the tourists and also for the better upkeep of the assets. The Department after completion of projects either utilises the assets departmentally or leases out to private parties for running and maintenance of assets. It was however, observed that in eight (out of 40 test checked) cases, neither the Department had utilised the assets themselves nor could ensure identification of suitable parties, who could run and manage the assets. This was despite PAC's recommendation to explore possibilities to maintain/run the created infrastructure to ensure utilisation of assets to the fullest possible extent. The details are shown below:

Image 2.3.16	
	Name of asset:
	Guest House at Tingchim in North Sikkim
	Year of establishment:
	2009
	Expenditure:
	₹ 50 lakh
	Period of idling (As of July 2014):
	5 years

⁴ (i) Widening and strengthening of road section in West Sikkim Including wayside amenities and (ii) Strengthening and upgrading road from Damthang to IHCAE, Chemchey, South Sikkim.

Image 2.3.17



Name of asset:	<i>Guest House at Sang in East Sikkim</i>
Year of establishment:	<i>March 2010</i>
Expenditure:	<i>₹ 50.46 lakh</i>
Period of idling (As of July 2014):	<i>4 years and 4 months</i>

Image 2.3.18



Name of asset:	<i>Car Park with Toilet facilities at Seven Sister Falls in North Sikkim</i>
Year of establishment:	<i>June 2011</i>
Expenditure:	<i>₹ 56.38 lakh</i>
Period of idling (As of July 2014):	<i>3 years and 2 months</i>

Image 2.3.19



Name of asset:	<i>Car Park with Toilet facilities at Mangan in North Sikkim</i>
Year of establishment:	<i>August 2011</i>
Expenditure:	<i>₹ 42.75 lakh</i>
Period of idling (As of July 2014):	<i>2 years and 11 months</i>

Image 2.3.20



Name of asset:	<i>Café-cum-Wash room at Rawtey Rumtek in East Sikkim</i>
Year of establishment:	<i>February 2013</i>
Expenditure:	<i>₹ 12.75 lakh</i>
Period of idling (As of July 2014):	<i>1 year and 6 months</i>

Image 2.3.21



Name of asset:	<i>Jurassic Park at Samdong in East Sikkim</i>
Year of establishment:	<i>2009</i>
Expenditure:	<i>₹ 487 lakh</i>
Period of idling (As of July 2014):	<i>5 years</i>

Image 2.3.22



Name of asset:	<i>Lepcha Heritage House at Satam in South Sikkim</i>
Year of establishment:	<i>July 2009</i>
Expenditure:	<i>₹ 247 lakh</i>
Period of idling (As of July 2014):	<i>5 years</i>

Image 2.3.23



Name of asset:	<i>Café-cum-View Point at Ratey Chu in East Sikkim</i>
Year of establishment:	<i>December 2013</i>
Expenditure:	<i>₹ 28.85 lakh</i>
Period of idling (As of July 2014):	<i>7 months</i>

Image 2.3.24



Name of asset:	<i>TIC at Melli in South Sikkim</i>
Year of establishment:	<i>December 2012</i>
Expenditure:	<i>₹ 115 lakh</i>
Period of idling (As of July 2014):	<i>1 Year 8 months</i>

The Department while accepting that some of the assets created were lying idle stated (September 2014) that in most cases action had already been initiated to ensure utilisation of assets through leasing. However, as of September 2014, concrete results were not achieved by the Department in leasing out/operationalising the assets indicated above.

2.3.9.4 Tourism infrastructures utilised for non-tourism purposes

Based on the DPRs and proposals submitted by State Government, GOI sanctioned the projects for tourism development in Sikkim to provide various facilities to tourists such as Way Side Amenities, Tourist Facilitation Centres, Tourist Information Centres, etc. The Department after availing the Central grant however, allowed utilisation of five assets constructed at a cost of ₹ 16.43 crore (excluding WSA at Kabi) for accommodating various government offices (as shown below) instead of for tourism purposes, thus depriving the tourists of various benefits provided by such infrastructure.

Image 2.3.25



Name of asset:	<i>WSA at Kabi, North Sikkim</i>
Cost of completion:	<i>Not available</i>
Date of completion	<i>Not available</i>
Utilised by:	<i>Sub Divisional Office, Kabi</i>

Image 2.3.26



Name of asset:	<i>WSA at Lingtam, East Sikkim</i>
Cost of completion:	<i>₹ 75 lakh</i>
Date of completion	<i>February 2012</i>
Utilised by:	<i>Police Department</i>

Image 2.3.27



Name of asset:	<i>Tourist Facilitation Centre, 3rd Mile, East Sikkim</i>
Cost of completion:	<i>₹ 2.18 crore</i>
Date of completion	<i>October 2012</i>
Utilised by:	<i>Police Department</i>

Image 2.3.28



Name of asset:	<i>TIC at Yangang, South Sikkim</i>
Cost of completion:	<i>₹ 42 lakh</i>
Date of completion	<i>October 2013</i>
Utilised by:	<i>Sub Divisional Office, Yangang</i>

Image 2.3.29



Name of asset:	<i>Development of Tourist Complex at Gangtok</i>
Cost of completion:	<i>₹ 13.08 crore</i>
Date of completion	<i>December 2013</i>
Utilised by:	<i>Tourism and Civil Aviation Department as Secretariat of the Department</i>

The Department stated (September 2014) that some of the tourism assets were being used for running the government offices as per the decision of the State Government due to acute shortage of alternate space for rendering important functions for the public as well as the tourists visiting the area. The Tourist Facilitation Centre at 3rd Mile was being used by the

Police Department for checking the Tourist Permit vehicles and regulations apart from policing activities. Similarly, the tourism assets at Kabi, Yangang and Lingtam which accommodates SDO's office and Police Check Posts are also imparting services for the tourists besides imparting normal administration.

However, the use of tourist facilities for non-tourism purposes was against the terms of sanction of GOI.

2.3.9.5 Maintenance of assets

The Department is responsible for repair and maintenance of assets created by it. Even the terms of sanction of GOI (MOT) for various projects envisaged upon the State Government to undertake responsibility for maintenance and management of facilities for which the funds were released by GOI. However, it was observed during audit that the Department had not attached due importance to proper upkeep of assets. The Department had neither proposed for maintenance grant nor any allocation was given in the State Plan budget during the period under review. Physical verification by Audit alongwith departmental officers revealed that some of the assets had remained idle owing to repair and maintenance (as shown in photographs). This was despite emphasis by GOI (18 February 2011) to determine pricing and user charges policy to generate adequate funds for maintenance of assets.

- The Tourist cafeteria at Sajong, East Sikkim constructed (March 2002) was leased out on monthly rent of ₹ 450/- per month. During the physical verification it was seen that the asset needs repair.
- The Wayside amenity at 18th Mile, East Sikkim constructed during November 2010 at a cost of ₹ 34.86 lakh remained unutilised since completion. The asset required major renovation due to non-appointment of caretaker and proper maintenance.
- This View tower at Pelling, West Sikkim was constructed at a cost of ₹ 36 lakh during April 2009. Due to non-leasing out to interested party, the asset was in dilapidated condition which needs immediate attention of the Department.



The Department while accepting the requirement of repairs/maintenance of the various tourism assets informed (September 2014) that requisite maintenance could not be carried out in the absence of maintenance funds in the State Plan budget. The Department however, had processed for repair and maintenance grants in the Supplementary Demands for Grants

2014-15 and necessary maintenance would be carried out on availability of funds. Fact remained that effective initiative was not taken for obtaining provision for maintenance of assets created till 2013-14.

2.3.10 Financial management

Audit objective-3

Adequacy and effectiveness of financial management.

The budgetary allocation and expenditure there against of the Department during 2009-14 was as under:

Table 2.3.2

(₹ in crore)

Year	Budget allocation					Expenditure			Net Excess(+)/Savings(-)	
	Capital		Revenue		Total	Capital	Revenue	Total	Capital	Revenue
	O	S	O	S						
2009-10	61.00	11.94	6.17	6.45	85.56	49.04	12.54	61.58	(-) 23.90(33)	(-) 0.08 (0.63)
2010-11	98.11	5.79	9.78	1.50	115.18	49.03	11.26	60.29	(-) 54.87(53)	(-) 0.02 (0.18)
2011-12	161.05	23.15	8.23	0.82	193.25	57.00	8.92	65.92	(-) 127.20(69)	(-) 0.13(01)
2012-13	151.89	4.75	13.06	1.48	171.18	48.50	15.86	64.36	(-) 108.14 (69)	(+) 1.32 (09)
2013-14	161.39	9.97	11.97	0.07	183.40	58.61	11.97	70.58	(-) 112.75 (66)	(-) 0.07 (01)
Total	633.44	55.6	49.21	10.32	748.57	262.18	60.55	322.73	(-) 426.86	

Source: Appropriation Accounts; O= Original and S = Supplementary

Figure in brackets indicate percentage of total excess/savings.

It would be noticed that year wise expenditure was always lower than the allocation leading to savings, especially in capital head, from 33 to 69 per cent, primarily owing to non-completion of works in time.

The Department stated (September 2014) that provision were made to disburse all claims in anticipation of work to be done by the third parties. However, the funds could not be utilised in full due to non-completion of works as anticipated.

2.3.10.1 Non-release of State share

The major infrastructural projects were mostly funded under Centrally Sponsored Schemes (CSS) to be shared between GOI (90 per cent) and the State Government (10 per cent). The State Government had not released ₹ 8.87 crore during 2012-14 towards its share for CSS despite clear stipulation in Scheme Guidelines and sanction orders.

The Department stated (September 2014) that the allocation of funds for State share is prerogative of the State Government and as such beyond control of the Department and added that efforts were on to request the State Government to provide the State Share in the Supplementary Grants.

Non-release of State share was in contravention of the terms of sanction of projects by GOI.

2.3.10.2 Committed liabilities

In terms of Rule 140 of Sikkim Financial Rules, no work should commence or liability incurred until funds to cover the charge during the year were provided. The Department had not complied with this provision and accorded sanction towards various expenditure (land compensation, publicity, helicopter operation and other expenses) aggregating to ₹ 33.17 crore without having funds to cover these expenditure. As a result, these remained unpaid as of March 2014. Audit also noticed that the cumulative committed liabilities⁵ increased from ₹ 3.19 crore (2009-10) to ₹ 33.17 crore (2013-14) as shown below. This amounts to executive action bypassing legislative sanction.

Table 2.3.3

(₹ in lakh)

Year	Land compensation	Publicity	Adventure tourism	Helicopter operation	Office expenses	State share for CSS	Total
2009-10	200	10	0	100	9	0	319
2010-11	300	8	0	300	15	0	623
2011-12	350	20	10.72	200	15	0	595.72
2012-13	400	20	0	330	20	457.97	1,227.97
2013-14	0	65	6	4	24	429.31	528.31
Total	1,250	123	16.72	930	83	887.28	3,317.13

The Department stated (September 2014) that increase in cumulative committed liability was in consonance with general trend of growth in the tourism sector in the State and assured that the Department shall undertake to ensure strict compliance with the Sikkim Financial Rules.

2.3.10.3 Irregular expenditure on land acquisition from CSS fund

Centrally Sponsored Scheme guidelines stipulate that the programme funds should not be used for land acquisition. The Department however, incurred ₹ 28.62 lakh towards land acquisition in one case⁶ from CSS in violation of the scheme guidelines. Incurring of above expenditure was irregular as this was not permissible in the scheme guidelines.

2.3.10.4 Utilisation Certificate

According to SFR (Rule 116(i), Utilisation Certificate (UC) should be submitted expeditiously. It was noticed that 15 (out of 38) UCs⁷ involving ₹ 5.39 crore were pending as of March 2014 from various NGOs and agencies of Sikkim who were released grants for celebration of various fair and festivals to promote tourism. The UCs were pending from 2009-10 onwards. Similarly, the TCAD was required to submit UCs (22) involving ₹ 4.82 crore to GOI (MOT) which were pending in respect of works sanctioned by GOI during 2009-10 as of March 2014. The details are shown in **Appendix 2.3.1**.

⁵ Liabilities created without adequate funds which remain undischarged.

⁶ Development of Assam Lingzey to Khedi Trek Route including other tourist infrastructure in East Sikkim.

⁷ Total amount of UCs granted : ₹ 26.70 crore.

The Department stated (September 2014) that all the pending UCs had been submitted during second week of September 2014. The Department however, had not forwarded the copies of UCs in the absence of which audit could not vouch the submission of the UCs.

2.3.10.5 Arrears of revenue

The Department generated revenue on account of leasing out of hotels, cafeteria, sale of tender forms, hotel registration fee, fines, etc. The target for revenue is set by Finance, Revenue and Expenditure Department based on information furnished by the Department. The position of target vis-à-vis actual revenue earned during 2009-14 was as under:

Table 2.3.4

(₹ in crore)

Year	Target	Revised Target	Actual	Percentage of shortfall with reference to revised targets
2009-10	1.30	2.11	1.62	23
2010-11	3.11	3.11	3.00	04
2011-12	5.00	2.14	1.84	14
2012-13	5.00	5.00	2.13	57
2013-14	5.60	5.60	2.65	53

Source: Estimate of Receipts and Finance Accounts.

As seen in the Table 2.3.5 above, there were persistent shortfalls in achieving the targets, reasons for which were not on record. Audit analysis revealed that the major portion of revenue was realised from environmental fee for visiting Nathula (70 per cent) followed by lease amount (20 per cent) and sale of tender form (10 per cent). The revenue realisation dipped down from ₹ 3 crore in 2010-11 to ₹ 1.84 crore in 2011-12 and improved marginally in subsequent years.

Audit observed that the Department had neither realised ₹ 34 lakh from various lessee despite lapse of five years nor initiated concrete steps to lease out the assets (detailed in paragraph 2.3.9.3) to augment the revenue base.

The Department while accepting the observation stated (September 2014) that revenue target (except in 2009-10) could not be met as the basis of estimation of revenue target was rudimentary and the sources of revenue of the Department were variable in nature.

2.3.10.6 Short recovery of interest on mobilisation advance

Examination of the Mobilisation Advance register revealed that ₹ 16.59 lakh had been realised against ₹ 44.06 lakh as interest on mobilisation advances given to the contractors, resulting in short realisation of interest amounting to ₹ 27.48 lakh as detailed in **Appendix 2.3.2.**

The Department stated (September 2014) that the differences in calculation of the interest on mobilisation advances were due to multiplicity of instructions on rate of interest and method of charging interest (simple or compound) and added that the instructions of the Government was complied with. The reply is not acceptable as the calculation of Audit was also based on Government notifications issued from time to time which stipulated charging simple interest.

2.3.11 Advertisement and publicity

Audit objective-5

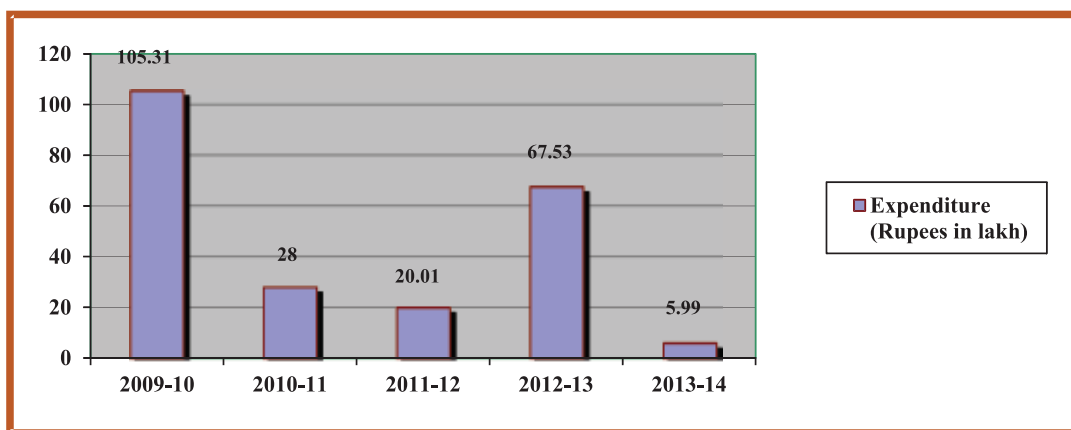
Adequacy and effectiveness of advertisement and publicity.

Sikkim Tourist Policy envisaged promotion, publicity and marketing of tourism products in a well planned manner at national and international level. Further, adequate advertisement and publicity is required to attract more number of tourists to meet target of 10 lakh (domestic) and 40,000 (foreign) tourists by 2015 set in Mission Statement on tourism in which Department is behind as shown in **Chart 2.3.1**.

The Department had initiated advertisement and publicity of Sikkim Tourism through official web portal of the Department. The web portal carried details of important places to visit in the State, pilgrimage tourism, heritage tourism, village tourism, trekking and wild life sanctuaries. Useful information such as entry formalities, foreigner registration, TICs was also available on web portal. Online hotel booking facility was also provided by STDC through web portal of the Department.

The Department however, had not initiated adequate steps to promote tourism to attract more and more tourists as disclosed by meagre expenditure of ₹ 2.27 crore towards advertisement and publicity during 2009-14 as given below:

Chart-2.3.5



Audit observed that there was no consistency in advertisement and publicity as displayed by the pattern of expenditure. The expenditure kept on reducing from ₹ 1.05 crore to ₹ 0.06 crore except in 2012-13 (₹ 0.68 crore) indicating low priority. Out of ₹ 2.57 crore, ₹ 1 crore was incurred towards preparation of a film 'And Once Again' based on Sikkim by Shri Amol Palekar and ₹ 1.57 crore towards printing of brochures, etc. While no assessment was ever carried out to assess the impact of the film, brochures/pamphlets lacked detailed information like mileage, timing and facilities available in between the tourist spots.

The Department stated (September 2014) that more details as suggested by Audit would be incorporated while making new brochures and pamphlet.

Besides following were also observed:

2.3.11.1 Tourist information Centre

TIC played an important role in publicity and providing information to prospective tourists. Six (out of 12) TICs were ill equipped in terms of infrastructure such as proper sitting arrangement for tourists (4 TICs), kiosks (6 TICs), and telephone connections (2 TICs) for facilitating information on Sikkim tourism. Two TICs (Deorali and Vajra) were not opened for tourists since establishment (2012) as seen in the photographs.



The Department informed (September 2014) that all the TICs would be upgraded with latest information technology system including telephone, furniture/fixtures, etc. once the proposal for strengthening of the TICs submitted for funding under NEC was sanctioned. Regarding TICs at Deorali and Vajra, the Department stated (September 2014) that these TICs were initially opened after completion. However, due to inadequate manpower, these TICs were temporarily closed.

2.3.11.2 Inadequate advertisement and publicity for four new assets

Four assets⁸ constructed at a cost of ₹ 13.08 crore between 2009 and 2012 were idle and not yielding any value for money. Audit scrutiny revealed that the Department did not have any plans about how they propose to attract tourists to these newly created tourist spots. In the absence of the same, there was no way of popularising new facilities.

The Department while accepting shortfall in advertisement stated (September 2014) that publicity for tourism marketing on national media (print media or TV) could not be aggressively initiated owing to fund constraints. The Department added that despite limited availability of funds, there had been consistent efforts to market Sikkim Tourism by free distribution of brochures/ pamphlets at various TICs located within and outside the State, participation in various tourism marts, fair and festivals, international flori-show in 2008 and 2013 to showcase the tourism image of Sikkim at national and international forum.

⁸ (i) Chochenpheri lake (₹ 142 lakh), (ii) Sribadam lake (₹ 161 lakh); (iii) Jurassic Park (₹ 487 lakh) and (iv) Tourist Reception Centre (₹ 518 lakh)

2.3.12 Types of tourism

Audit objective-6

Harnessing of various types of tourism potential, i.e. eco-tourism, village-tourism, adventure-tourism and pilgrimage-tourism.

The Tourism Mission-2015 accorded importance to domestic tourism focusing on pilgrimage, culture, tradition, heritage, adventure, ecotourism and wellness with a view to provide employment to maximum number of people.

The State had been receiving awards and accolades from Government of India and national and international agencies in various types of tourism such as Best Performing State in North East (1998 -2006), Best Ecotourism Destination (2005), Best State for Adventure Tourism (2010), Best Rural Tourism Project (2012-13), etc. Various types of tourism such as eco-tourism, village-tourism and adventure-tourism though harnessed in Sikkim have room for further expansion as seen from the following facts:

2.3.12.1 Development of village tourism under DoNER

The Ministry of Development of North Eastern Region (DONER), GOI approved (July 2007) a project 'Development of Village Tourism at (i) Chirbirey, South Sikkim (₹ 3.90 crore – picnic spot), (ii) Majhigaon, South Sikkim (₹ 7.13 crore - picnic spot) 90:10 ratio basis. The State Cabinet had also sanctioned and approved (July 2007) the projects for implementation. The works were awarded (December 2007) to the contractor with the scheduled date of completion within 12 months. Scrutiny of records revealed that even after lapse of more than 4 years the works were not completed as of March 2014. The projects were revised to ₹ 19.69 crore and reasons for delay in completion of works were as detailed in the **Table 2.3.5**:

Table-2.3.5

Sl.No.	Name of work	Reasons for delay
1.	Development of Village Tourism at Chirbiray, South Sikkim	Due to change in scope of work.
2.	Development of Village Tourism at Majhigaon, South Sikkim	Non-identification of land.
3.	Development of Village Tourism at Zoom, West Sikkim	Non-payment of land compensation to the land owners.

Thus, the above works scheduled to be completed by August 2009 remained incomplete and resulted in deprival of intended objectives of promoting village tourism in the State to generate revenue and employment to local people.

2.3.12.2 Rural tourism at Darap, West Sikkim

The construction of Rural Tourism Project at Darap, West Sikkim was sanctioned (May 2010) at a cost of ₹ 48.81 lakh by the GOI, envisaging construction of eight Home Stays (HS) at Darap village. The work was awarded (March 2011) to M/s Darap Nambu Educated Unemployed Women's Co-operative Society Ltd, West Sikkim with the scheduled date of completion by March 2012. Physical verification disclosed that construction of two HS had

not been started, physical progress of another two were only 10 *per cent* and remaining four were 70 *per cent* complete. The Co-operative Society had stopped the work for last one year. Apart from issuing notices and reminders, the Department had not initiated any action on the Society as envisaged in the contract agreement.

The Department while accepting that the work of Rural tourism at Darap was inordinately delayed stated (September 2014) that this was due to negligence of the contractor. The Department added that the work had since been resumed and 5 (out of 8) HSs were completed while the remaining three were under progress.

However, in the absence of adequate supervision and action on the part of the Department, implementation of HSs was delayed for more than two years.

2.3.12.3 Home Stay

Considering the success of Home Stays (HS) in Mayalyang in North Sikkim and Darap in West Sikkim and other places in the State, the Department initiated establishment of HS for further improving the tourism prospects in Sikkim. According to notification (2010) issued by the Department, the HS should have the following:

- (i) enable the tourist to experience the local family touch;
- (ii) to conform to traditional and ethnic architecture preferably using local materials like wood, bamboo and stone;
- (iii) to provide reasonably furnished accommodation (100-150 sft.) with attached toilet, standard size double/single bed, mattress of sufficient thickness and comfort, clean soft pillows, clean blankets/quilts, clean bed sheets and towels, etc.
- (iv) to ensure adequate provision for storage of guest luggage, hanging clothes and sitting arrangements with reading/writing facility;
- (v) at least one member of the family should be able to communicate in English and or Hindi;
- (vi) every home stay establishment was required to be registered with the Department.
- (vii) The monitoring and evaluation committee will grade the home stays in terms of quality of services and also on the basis of feedback received from guests and suggest ways for improvement.

The Department identified 718 beneficiaries for establishment of HS at ₹ 9 lakh per beneficiary aggregating to ₹ 65 crore from the Thirteenth Finance Commission grant. The status of construction of HS is shown in the table below:



Image 2.3.35

Table 2.3.6

District	No. of home stay sanctioned	Date of commencement between	No. of home stay not started	No. of home stay completed	Under Progress		Reasons for delay
					10-50 per cent	50-90 per cent	
East	178	07.09.12-14.02.14	28	02	43	113	Non availability of stock materials from STCS
West	220	16.07.12 – 31.08.13	17	12	99	92	-do-
North	100	03.07.12 – 20.09.13	0	03	21	68	-do-
South	220	05.02.13 – 30.01.14	01	02	92	125	-do-
Total	718		46	19			

As of May 2014, only 19 (out of 718) HSs were completed. Rest 699 HS remained incomplete primarily owing to shortage of stock materials and non-availability of site. An amount of ₹ 36.40 lakh⁹ was incurred towards training on operating HS and exposure tour to the beneficiaries. Besides in 12 cases (out of 46), construction had not commenced despite release of mobilisation advance (₹ 10.82 lakh) to the Agency (Co-operative Society) in the absence of clearance from Forest Department. In spite of availability of TFC funds (since 2011-12), delayed initiation (2013-14) of projects displayed a laid back approach of the Department.

The Department while accepting that initial delay in implementation of HSs was due to non-supply of stock material by the State agency informed (September 2014) that overall physical progress of 65 per cent had been achieved as of September 2014 and all HSs (except cases requiring forest clearance) would be completed within the financial year (2014-15).

2.3.13 Adventure tourism

The State being a hill station, has vast potential for adventure-tourism, viz. river rafting, boating, angling, mountain biking and Paragliding, etc. The Department had created (December 2009) Indian Himalayan Centre of Adventure and Eco-Tourism (IHCAE) - a separate wing headed by Director in the Department to look after adventure tourism. Beside the Director, there are four other staff in the Institute. The annual expenditure is met out of grant of ₹ 40 lakh released by TCAD towards running and maintenance of the Institute. The Institute was created to provide high standard Adventure and Ecotourism related training with special emphasis on instilling the concept of adventure tourism without causing environmental degradation. The Institute has conducted courses on adventure and high altitude trekking (11) involving 416 trainees, special adventure camp for school children (1), basic mountaineering course (1) with 33 trainees.

⁹ ₹ 29.48 lakh for training on operation of home stay to 378 beneficiaries and ₹ 6.92 lakh for exposure tour to 352 beneficiaries.

The adventure sports of late has become one of the most happening activities in the State on regular basis and the Department is further promoting various adventure related infrastructure as per suitability of the place. Ranka near Gangtok has been identified as one of the most feasible places for promotion of adventure activities and accordingly requisite infrastructure were being developed at this spot (known as Thami-dara) by the Department.

However, following instances showed lack of adequate efforts on the part of the Department towards the promotion of adventure tourism in the State.

➤ The Ministry of Tourism, GOI sanctioned (August 2009) construction of 6 km. long summer biking trek at Singhik to Kaley at a cost of ₹ 41.68 lakh at North Sikkim. The work was started in two Phases and completed during June 2011 and August 2011 respectively by using stone soling only. Physical verification by Audit along with departmental officers revealed (June 2014) that site was 4-5 hours away from the main road and was devoid of approach road. Not a single event was organised even after more than three years of construction of the biking trek. This vitiated the harnessing of adventure tourism potential of the State.



The Department stated (September 2014) that the trek was completed in July 2011 and few events of mountain biking was organised on this trek by Mangan Tourism Development Committee. They further added that normally mountain biking is done in the rugged hills preferably away from the human habitation and the traffic.

➤ Similarly, another trekking trail from Assam Lingzey to Khedi Trek route including Base Camp completed (2012) at a cost of ₹ 1.98 crore and ₹ 9.98 lakh incurred towards furnishing and furniture was not utilised as no trekking event was organised leading to idling of assets.

The Department stated (September 2014) that the asset would be handed over to Khedi Ecotourism and Eco-development Programme society on nominal lease as a promotional venture. However as of September 2014, the asset was lying idle.



2.3.14 Ecotourism

In terms of Sikkim Ecotourism Policy, the State Government was supposed to constitute Sikkim Ecotourism Council having an executing arm which was the Ecotourism

Directorate (ED) working under the Forest, Environment and Wildlife Management Department (FEWMD). The Council would have a local village level operational system. However, the Nodal Department, i.e. Department of Forest, Environment and Wildlife Management Department (FEWMD) responsible for executing Ecotourism in the State had not constituted Sikkim Ecotourism Council. The FEWMD had identified 11 ecotourism zones¹⁰. However, no micro-plan for the zones was prepared as of March 2014. The ecotourism project taken (November 2010) at Namli, East District at a cost of ₹ 4.44 crore had not taken off till March 2012 in the absence of forest clearance for the site. Revised Technical Sanction was accorded in March 2014 and 30 *per cent* physical progress was achieved as of September 2014.

2.3.15 Wellness tourism

Sikkim Himalayas have excellent scope for value added wellness tourism. To make Sikkim a mega destination of Wellness Tourism, the State Government decided to construct Yoga centre at Aho, East Sikkim and ₹ 48.01 lakh was sanctioned (2010-11) by the GOI for construction of Yoga centre and fencing. As per the sanction order, the State Government would contribute land for the project free of cost. However, the project was not initiated as of June 2014 due to non-availability of suitable land for the project. Thus, initiation of the project was delayed for more than three years.

The Department while accepting the audit observation stated (September 2014) that Yoga Centre at Aho could not be established at Aho as the land owners who had earlier issued NOC refused to part with the land. The Department added that Yoga Centre within the Namli tourism complex, 1.5 km from the originally earmarked site was being considered for development.

2.3.16 Monitoring and evaluation

Audit objective-7

Adequacy and effectiveness of monitoring and evaluation mechanism.

2.3.16.1 Compliance with Sikkim Registration of Tourist Trade Rules 2008

The Sikkim Registration of Tourist Trade Rules 2008 envisaged identification, registration, cancellation and inspection of dealers, viz., hotels, restaurants, travel agents and tour operators, collection of registration fees based on the category.

Audit scrutiny revealed that there was a vast discrepancy in number of dealers provided by Department vis-à-vis figures of the Municipal Corporation and Nagar Panchayat as detailed in **Table 2.3.7**:

¹⁰ 1) Nampong Lingdok 2) Pandam-Karthok 3) Kecheopalri 4) Uttarey 5) Hee-Bermoik, 6) Okhray 7) Dzongu 8) Lachung 9) Lachen 10) Lingee and 11) Kitam.

Table 2.3.7

Category	East		West		North		South	
	Departmental figure	Municipal Corporation	Departmental figure	Municipal Corporation	Departmental figure	Municipal Corporation	Departmental figure	Municipal Corporation
Hotel	222	497	61	69	8	24	34	31
Restaurant/Cafeteria	27	334	01	50	1	37	34	124
Travel Agent/Tour Operator	510	228	39	0	2	0	28	0
Outdoor Photographer	14	0	22	0	0	0	28	0

This showed that the Department was neither having full database regarding exact number of hotels, restaurants/cafeteria, travel agents and photographers nor had reconciled the figure with the Urban Local Bodies. In absence of this basic data, ensuring compliance with provision of Sikkim Registration of Tourist Trade Rules 2008 was not feasible. This was further corroborated by the fact that no inspection was ever made by the Department to check the overcharging of hotel rents from the tourists. This had also led to loss of revenue of ₹ 10.74 lakh on account of registration fee from the dealers.

The Department while appreciating audit observation stated (September 2014) that the discrepancy of data would be cross checked with Municipal Corporation by deputing a team for the purpose. On overcharging by the hotels, the Department informed that severe action was taken whenever complaints were received and amount refunded to the tourists.

2.3.16.2 *Quality control*

SPW Manual 2009 incorporated (September 2009) broad guidelines for quality control checks and quality assurance in works execution. Audit scrutiny revealed that these prescriptions were not adhered to by the Department as indicated below:

- Detailed procedures to ensure quality control for observance by the construction team had not been laid down by the Department as enshrined in PWD Code. No central quality testing laboratory existed in the Department.

The Department stated (September 2014) that it was not possible to open laboratory everywhere or anywhere. Based on the project volume and technical complexity, the sample specimens are sent to the lab for tests within or outside the State as and when needed.

- No notification had been issued for constitution of the quality assessment (QA) team. Details of quality tests carried out at the worksites by QA team were not available. No portable equipment had been purchased for quality checks to be carried out in the worksites by the QA team.

The Department stated (September 2014) that the engineers entrusted with the project implementation and construction work were themselves responsible for

quality control in all practical sense and hence, there was no requirement of separate quality control team. The reply is not acceptable as independent QA team was necessary for ensuring quality control in works execution as per PWD Code.

2.3.16.3 Internal Audit

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

2.3.16.4 Public grievances redressal mechanism

TCAD was required to deal with public for various purposes relating to tourism development. For effective Public Grievances Redressal, mechanism for registration of complaints, acknowledgement as a token of receipt of complaints, diarising of complaints, disposal of complaints on first-come-first served basis, and periodic monitoring of disposals of complaints by a superior authority had not been introduced in the Department.

The Department informed (September 2014) that as of date (September 2014) grievances and complaints were handled directly by the concerned officers. A separate Grievance Cell had been established recently and the single window system would also be made operational soon.

2.3.16.5 Geographic Information System

A geographic information system (GIS) is a computer system for capturing, storing, checking and displaying data relating to earth's surface position. GIS shows different types of data on one map and enables people to see, analyse and understand patterns and relationships.

TCAD incurred ₹ 73 lakh (100 per cent CSS) for GIS mapping during 2002-03 and submitted the UC to GOI. It was however, seen that GIS system did not exist in the Department resulting in non-fulfilment of intended objectives of providing tourist information through GIS mapping.

2.3.17 Beneficiary survey

A beneficiary survey of tourists visiting Sikkim was carried out during the peak season (November 2014) by office of the Accountant General (Audit), Sikkim, Gangtok to ascertain the response of tourists about (i) how they came to know about tourist destinations in Sikkim; (ii) were they satisfied with the conduct and behaviour of drivers, travel agents; (iii) were they charged appropriate tariff in hotels; (iv) were they satisfied with the information and assistance provided by Tourism and Civil Aviation Department, etc.

Out of 65 tourists interviewed, the overall ranking of Sikkim tourism as per their perception was excellent (11 per cent); outstanding (29 per cent); very good (28 per cent); good (28 per cent) and not satisfactory (4 per cent). 94 and 77 per cent were satisfied with conduct and behaviour of drivers and tour operators respectively. 83 and 87 per cent were satisfied with the taxi fare and hotel tariff charged from the tourists. 69 per cent and 68 per cent were satisfied with information and assistance provided by the Department and

infrastructure relating to way side amenities respectively. While 39 *per cent* did not face any problem relating to landslide and thus did not require any assistance; 43 *per cent* were satisfied with the assistance provided by the Department during the time of need.

The survey conducted in November 2014 has to be viewed in the light that it was conducted during a period congenial to the tourists. It is to be mentioned that the tourists surveyed had visited all the four districts (East, West, North and South) of the State.

2.3.18 Conclusion

Tourism is one of the important industries for Sikkim. The State had earned a number of awards and accolades in tourism from GOI and other national and international bodies. The Lonely planet had also declared Sikkim as a sought after destination. Performance Audit however, disclosed that the State had to strengthen its project preparation process, execution, financial management, monitoring, etc. in order to fully harness the tourism potential of the State.

The projects were prepared defectively without ensuring land availability, forest clearance and soil testing. There was lack of effective coordination with other departments. Financial management disclosed lack of capacity of the Department to use allocated fund, consequent surrender of funds, partial release of state share, diversion of funds and short recovery of interest on mobilisation advances. Projects were delayed, many completed infrastructure were lying idle and some were used for non-tourist purpose. Due to inadequate advertisement and marketing activities and slow pace of execution of projects relating to various types of tourism such as eco-tourism, village-tourism, adventure-tourism, etc., tourism potential had not been exploited fully. The monitoring mechanism needed further strengthening to avoid delayed completion of projects and ensure implementation of quality control mechanism.

2.3.19 Recommendation

- Project preparation process should be strengthened by carrying out survey and investigation, suitability of land, etc. before embarking on projects.
- Financial management may be strengthened to ensure utilisation of allocated funds, utilisation of funds for the specified purpose and special efforts may be taken to spend TFC grant for Home Stay.
- Promotional activities should be strengthened to attract more tourists, especially high end tourists and to further exploit tourism to its fullest potential in various forms of tourism such as eco-tourism and village-tourism.

ROADS AND BRIDGES DEPARTMENT

2.4 Loss of Government revenue

The Department had not realised the revenue of ₹ 0.76 crore by selling valuable standing properties and had also not intimated the Forest, Environment and Wildlife Management Department for disposal of the properties. Physical verification revealed that the properties were not available in the work sites resulting in loss of revenue amounting to ₹ 0.76 crore.

For acquisition of land required by Government departments and other organisations/bodies, etc., compensation for land alongwith the cost of standing properties is assessed by the concerned District Collectors functioning under the administrative control of the Land Revenue and Disaster Management Department, on the basis of prevailing market rate of land surrounding the area to be acquired.

The Roads and Bridges Department (RBD) acquires land along with the standing properties (trees¹¹, bamboos, broom grass bush [amliso], cowshed, fodder, etc.) for construction of new roads on payment of land compensation and compensation for the standing properties to the land owners. On payment, land alongwith the standing properties becomes the property of the Government and the sale proceeds on account of sale of the standing properties are to be deposited into the Government account.

Examination of the land acquisition records for construction of nine new roads by the RBD during September 2008 to March 2012 revealed that in addition to land compensation, ₹ 2.51 crore was paid towards the cost of standing properties to the land owners. However, it was observed that no sale proceeds against the disposal of the standing properties was realised by the Department. Even excluding the properties having meagre or no sale value like broom grass bush (amliso), fodder, etc., the other properties having value such as trees and bamboos, acquired along with the land acquisition valued at ₹ 0.76 crore had not been disposed off and their sale proceeds realised.

In response to the audit observation, the Department stated (May 2014) that the removal, sales and realisation of revenue in respect of standing properties rested with the Forest, Environment and Wildlife Management Department (FEWMD) and that they had forwarded (May 2014) a letter regarding the audit observation to the FEWMD for detailed information to enable it to furnish reply to the audit observation. On further pursuance of the matter (July 2014) by Audit, the FEWMD stated (July 2014) that their utilisation division had not received any correspondence from the RBD for removal, sale and realisation of revenue in respect of standing properties relating to any of the nine works test checked in Audit. The FEWMD stated that it would take action to extract the standing

¹¹ Chap, tooni, katues, etc.

properties and realise the sale proceeds only after the receipt of information from the land acquiring department.

Physical verification (April 2014 and October 2014) of four¹² out of the nine works, in the presence of departmental officers revealed that there was no standing property left for extraction in the work sites. A photograph depicting one of the sites is given below:



Further, all the nine road construction works having already been taken up for execution, the possibility of existence of standing properties at any of the work sites for realisation of sale proceeds by the FEWMD was remote. Thus, inadequate action taken by the Department to safeguard the financial interest of Government resulted in a loss of ₹ 0.76 crore.

2.5 Injudicious expenditure

The construction of motorable road without any provision for a motorable bridge resulted in an injudicious expenditure of ₹ 1.98 crore.

The State Government proposed (June 2004) to construct a motorable road from Bey to Pentong (Km 1st to 4th) at a cost of ₹ 1.87 crore (23 *per cent* above SOR 2002 plus contingencies, quality control, etc.), out of which, Government of India sanctioned (December 2004) ₹ 1.50 crore under Rashtriya Sam Vikas Yojana (RSVY) and the balance of ₹ 37.45 lakh was to be met from State Plan Budget. The estimated cost was revised (June 2008) to ₹ 2.57 crore which included an additional provision of ₹ 69.86 lakh for land compensation to be met from the Tribal Sub Plan (TSP).

The Department awarded the work (September 2005) to the lowest bidder, Shri Bernard Lepcha at ₹ 1.79 crore (including 23 *per cent* above the civil estimated cost of ₹ 1.46 crore based on SOR 2002) for the completion of the entire work by September 2006. However, owing to belated payment in land compensation to the land owners and delay in obtaining forest clearance coupled with delay in execution by the contractor, the work could not be

¹² i) Construction of roads from Farresay via Timberay Gaon, South Sikkim, ii) Mamlay to Nangdang Village, South Sikkim, iii) Deythang to Samruk, South Sikkim and iv) Sonamati Sr. Secondary School to Kokolay, East Sikkim.

completed (February 2011) even after a lapse of 5 years from the scheduled date of completion.

Audit analysis (March 2014) revealed that the clearance from the Ministry of Environment and Forest was accorded only in August 2007 and the possession of the land could be obtained during September 2008. Thus, it was observed that the Department had issued the work order to the contractor even before obtaining forest clearance and ensuring availability of land. Later on, the contractor after executing work valuing ₹ 1.20 crore, surrendered (February 2011) the remaining work valuing ₹ 0.59 crore citing health problems and the work was taken over departmentally (March 2011) for completion.

A joint physical verification with the departmental officers conducted (April 2014) at the work site revealed that the construction of the road was completed (March 2014) without making motorable bridge over the Tholungchu River. In the absence of any motorable bridge, the very purpose of the construction of motorable road to establish the road connectivity from either side got defeated. The existing suspension foot bridge did not serve the purpose of motorable connectivity as would be evident from the following photographs:



Analysis of technical sanctioned estimate for the work revealed that the initial estimate as well as the revised estimate was prepared without any provision for motorable bridge. As of July 2014, the Department had not finalised any proposal for construction of a motorable bridge over the Tholungchu river even though more than nine years had elapsed since the sanction of the work (December 2004). It was further noticed that no alternative motorable road existed for public transportation.

Thus, due to inadequate planning in constructing a road without a connecting motorable bridge resulted not only in deprival of the intended benefits of establishing connectivity for transportation of people and goods, but also led to an injudicious expenditure of ₹ 1.98 crore¹³.

The Matter was reported to the Department/Government; their reply had not been received (October 2014).

¹³ ₹ 1.20 crore to the contractor, ₹ 8 lakh towards contingency/work charge establishment and ₹ 70 lakh towards land compensation.