

CHAPTER I SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2015 deals with the findings on audit of the State Government units under Social Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Social Sector during the year 2014-15 are given in the table below:

Table 1.1.1

(₹ in crore)

Sl. No.	Name of the departments	Total Budget Allocation	Expenditure
1	Cultural Affairs and Heritage	30.28	18.96
2	Ecclesiastical Affairs	8.62	7.52
3	Food, Civil Supplies and Consumer Affairs	37.90	33.13
4	Health Care, Human Services and Family Welfare	361.17	261.34
5	Human Resource Development	537.00	472.74
6	Labour	18.11	13.29
7	Social Justice, Empowerment and Welfare	140.92	94.25
	TOTAL	1,134.00	901.23

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

Table 1.1.2

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1	Cultural Affairs	Promotion and Dissemination of Art and Culture	Himalayan Heritage Research and Development Society	5.01
2	Ecclesiastical Affairs	Buddhist and Tibetan Studies	Tingkye Gonjang Nyingma Trust	15.00
			Sikkim Namgyal Institute of Tibetology, Gangtok	220.00
			Sendrup Choiling Trust	2.50
3	Health Care, Human Services and Family Welfare	Assistance to Voluntary Organisation for providing Social Defence	Association for Social Health in India	9.95
4	Human Resource Development	Higher Education Statistics and Public Information System (HESPIS)	Aishe State Unit Sikkim	2.00

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
5	Social Justice, Empowerment and Welfare	Grant-in-aid to NGOs for STs including coaching and allied scheme and award for exemplary service	Human Development Foundation of Sikkim, GRBA Road Chongey Tar, Gangtok, East Sikkim	25.64
		Assistance to disabled persons for purchase/fitting	DDRC, Gangtok, East Sikkim	14.66
		Awareness Generatopm and Publicity	DDRC, Gangtok, East Sikkim	4.76
TOTAL				299.52

Source: Central Plan Scheme Monitoring System of the GOI.

1.2 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 the 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.

Test audits were conducted involving expenditure of ₹ 685.97 crore (including expenditure of ₹ 657.98 crore of previous years) of the State Government under Social Sector. The details of year-wise break-up is given in **Appendix 1.2.1**.

This Chapter contains one Compliance Audit Paragraph as given below:

**SIKKIM STATE COOPERATIVE SUPPLY AND MARKETING
FEDERATION LIMITED
AND
HUMAN RESOURCE DEVELOPMENT DEPARTMENT**

1.3 Loss on interest

Against the financial propriety, Human Resource Development Department (HRDD) procured laptops at an expenditure of ₹ 47.43 crore for free distribution to the students. Due to drawal of loan on behalf of and for the HRDD, the Sikkim State Cooperative Supply and Marketing Federation Limited (SIMFED) suffered a loss of ₹ 1.22 crore towards payment of interest on loan.

With a view to empower the senior school children and college students with modern IT tools, the State Government launched (2013-14) a flagship programme to enable students to approach higher education with the confidence of being completely computer literate and having the ability to access information through the internet and other software at par with their peers elsewhere in the country.

SIMFED, an apex Co-operative Society, on behalf of Human Resources Development Department (HRDD), Government of Sikkim, Gangtok procured 18,500 laptops (*Lenovo brand*) in two phases, i.e. 11,000 in July 2013 and 7,500 in November 2013 from Lenovo India Private Limited at a total cost of ₹ 44.99 crore for distribution to students of Class XI, XII and collegians all across the State. The laptops were distributed during September 2013 to December 2013.

Scrutiny of records revealed that the Government of Sikkim had made provision of ₹ 20 crore for purchase of computers during 2013-14. SIMFED was requested to arrange finance to purchase the laptops and make payment on behalf of HRDD. Accordingly, SIMFED availed soft loan to the tune of ₹ 18 crore¹ from State Bank of Sikkim @ 12 *per cent* per annum interest accruing thereon amounting to ₹ 1.22 crore². Total expenditure incurred on purchase of laptops amounted to ₹ 47.43 crore (*including SIMFED commission and other taxes*).

Despite inadequate budget provision, the purchase of laptops as one-time exercise for academic session 2013 instead of implementing the programme in a phased manner as per availability of fund was against the financial propriety on the part of HRDD. Further, drawal of soft loan on behalf of HRDD by the SIMFED led to an avoidable expenditure of ₹ 1.22 crore towards interest.

While the HRDD had not replied till September 2015, SIMFED stated (August 2015) that it did not suffer from any loss in this transaction since the interest components had not been borne by SIMFED. The reply is not tenable, though the interest component will be borne by HRDD as stated by SIMFED but it is actually a loss to the Government in the form of interest.

¹ ₹ 10 crore (January 2014), ₹ 5 crore (March 2014) and ₹ 3 crore (June 2014).

² ₹ 30 lakh (July 2014), ₹ 76.17 lakh (September 2014) and ₹ 16.10 lakh (January 2015).