

TABLE OF CONTENTS

Paragraph	Particulars	Page
	Preface	iii
	Executive summary	v
CHAPTER I: SOCIAL SECTOR		
1.1	Introduction	1
1.2	Planning and conduct of Audit	2
1.3	Loss on interest (<i>Sikkim State Cooperative Supply and Marketing Federation Limited and Human Resource Development Department</i>)	2
CHAPTER II: ECONOMIC SECTOR		
2.1	Introduction	5
2.2	Planning and conduct of Audit	6
2.3	Implementation of Re-structured Accelerated Power Development and Reforms Programme in Sikkim (<i>Energy and Power Department</i>)	7
2.4	Horticulture Development in Sikkim (<i>Horticulture and Cash Crop Development Department</i>)	28
2.5	Extra expenditure due to avoidable retendering of the work (<i>Energy and Power Department</i>)	59
2.6	Non-recovery of interest on Mobilisation Advance (<i>Energy and Power Department</i>)	61
2.7	Avoidable expenditure (<i>Roads and Bridges Department</i>)	62
2.8	Undue benefit to the contractor (<i>Roads and Bridges Department</i>)	63
2.9	Avoidable expenditure (<i>Rural Management and Development Department</i>)	65
2.10	Non-recovery of loan (<i>Sikkim Housing and Development Board</i>)	67
CHAPTER III: ECONOMIC SECTOR (Public Sector Undertakings)		
3.1	Overview of State Public Sector Undertakings	69
3.2	Fraudulent withdrawal of cash (<i>Sikkim State Co-Operative Bank Limited</i>)	80
3.3	Avoidable payment and idle expenditure (<i>Sikkim Tourism Development Corporation Limited</i>)	83
CHAPTER IV: REVENUE SECTOR		
4.1	Trend of Revenue Receipts	87
4.2	Analysis of arrears of revenue	89
4.3	Arrears in assessments	90
4.4	Evasion of tax detected by the department	90
4.5	Pendency of Refund Cases	90
4.6	Response of the departments/ Government towards Audit	91
4.7	Analysis of the mechanism for dealing with issues raised by Audit	93
4.8	Action taken on the recommendations accepted by the Departments/ Government	94
4.9	Audit Planning	96
4.10	Results of audit	96
4.11	Coverage of this Report	96
4.12	Collection of Revenue from outsourced activities in Motor Vehicles Tax [<i>Transport Department (Motor Vehicles Division)</i>]	96
4.13	Deficiencies in the Input Tax Credit system [<i>Finance, Revenue and Expenditure Department (Commercial Taxes Division)</i>]	115

4.14	Loss of revenue owing to suppression of sales turnover by the hoteliers [Finance, Revenue and Expenditure Department (Commercial Taxes Division)]	119
4.15	Loss of revenue (Energy and Power Department)	120
4.16	Non-realisation of Government dues (Excise (Abkari) Department)	121
4.17	Loss of revenue (Excise (Abkari) Department)	123
4.18	Loss of revenue [Finance, Revenue and Expenditure Department (Directorate of Sikkim State Lotteries)]	124
CHAPTER V: GENERAL SECTOR		
5.1	Introduction	127
5.2	Planning and conduct of Audit	128
5.3	Effectiveness in the functioning of State Pollution Control Board (Forest, Environment and Wildlife Management Department)	129
CHAPTER VI: FOLLOW UP OF AUDIT OBSERVATIONS		
6.1	Follow up action on earlier Audit Reports	171
6.2	Response of the departments to the recommendations of the Public Accounts Committee	171
6.3	Follow up audit on PAC recommendations on Development of Hydro Power Projects – Public Private Participation	172
6.4	Monitoring	175
6.5	Outstanding Inspection Reports	176
6.6	Departmental Audit Committee Meetings	177

LIST OF APPENDICES

Appendix	Subject	Page
1.2.1	Audit conducted during 2014-15 under Social Sector	179
2.2.1	Audit conducted during 2014-15 under Economic Sector	180
2.4.1	Fruits	182
2.4.2	Vegetables	182
2.4.3	Spices	182
2.4.4	Physical Target and Achievement under HMNEH	183
2.7.1	Unwarranted inclusion of GSB-III in addition to GSB-I and GSB-II in works	184
2.10.1	Statement showing details of defaulters who have availed housing loans	185
3.1.1	Statement showing investments made by State Government in PSUs whose accounts are in arrears	187
3.1.2	Summarised financial position and working results of Government Companies and Statutory Corporations as per their latest finalised financial statements/accounts as on 30 September 2015	188
3.2.1	Cases of fraudulent cash withdrawal	190
4.13.1	Details of ITC sales uploaded by the wholesaler as compared with figure of 'sales to registered dealer' shown in quarterly returns	190
4.13.2	Comparison of ITC purchase with local purchase shown in the returns	191
4.15.1	KVA demand of the HTS consumers	192
5.2.1	Audit conducted during 2014-15 under General Sector	194