



**Report of the
Comptroller and Auditor General of India
on State Finances
for the year ended March 2015**



Government of Sikkim

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PREFACE

1. This Report has been prepared for submission to the Governor of Sikkim under Article 151(2) of the Constitution.
2. Chapters I and II of this report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2015. Information has been obtained from the Government of Sikkim wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and compliance audit in various departments, audit of Statutory Corporations, Boards, Government Companies and Revenue Receipts are presented separately.

EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Sikkim is being brought out with a view to assess objectively the financial performance of the State during the year 2014-15. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the normative assessment made by the Finance Commission (XIII FC). A comparison has been made to see whether the State has given adequate fiscal priority to the developmental, social sector and capital expenditure and whether the expenditure has been effectively absorbed by the intended beneficiaries.

The Report

Based on the audited accounts of the Government of Sikkim for the year ended March 2015, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter I is based on the audit of Finance Accounts and makes an assessment of the Government of Sikkim's fiscal position as on 31 March 2015. It provides an insight into trends in committed expenditure, borrowing pattern and a brief account of Central funds transferred directly to the State implementing agencies through off budget route.

Chapter II is based on audit of Appropriation Accounts and gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter III is an inventory of Sikkim Government's compliance with various reporting requirements and financial rules.

The Report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

The fiscal position of the State is viewed in terms of key fiscal parameters - revenue surplus, fiscal deficit and primary deficit. The State had maintained revenue surplus during last five years. During current year, the revenue surplus was decreased while the fiscal deficit increased as compared to the previous year. The increase of fiscal deficit resulted in primary deficit during the year.

The State may need to give special attention to the fall in Revenue Surplus and rise in fiscal deficit.

Revenue Receipts

Revenue receipts steadily increased from ₹ 2,151.70 crore in 2010-11 to ₹ 4,087.64 crore in 2014-15. The State's own resources contributed ₹ 851.31 crore (20.83 *per cent*) in the revenue receipts of the State during 2014-15. The balance was in the form of transfers from Government of India being the State's share of taxes and Grants-in-aid contributions.

There was an increase in the State's Share of Union Taxes and Duties compared to previous year of ₹ 46.71 crore. Grants-in-aid from GOI increased from ₹ 2,244.41 crore in 2013-14 crore to ₹ 2,427.00 in 2014-15. The tax revenue (₹ 527.54 crore) exceeded the projection of Thirteenth Finance Commission (TFC) (₹ 317.37 crore), whereas non-tax revenue receipts (₹ 323.77 crore) was less by ₹ 279.52 crore (46.33 *per cent*) in comparison to TFC projections (₹ 603.29 crore).

Revenue and Capital expenditure

The overall revenue expenditure of the State increased by 10.96 *per cent* from ₹ 3,025.06 crore in 2013-14 to ₹ 3,356.64 crore in 2014-15. While revenue expenditure constituting 76.92 *per cent* of the total expenditure grew by ₹ 331.58 crore over the previous year, the expenditure incurred under Capital head which constituted 22.47 *per cent* of the total expenditure increased by ₹ 68.77 crore over the previous year.

Funds aggregating to ₹ 362.61 crore were spent on 156 incomplete projects which were scheduled to be completed by 31 March 2015. Therefore, the benefits of the projects did not reach the intended beneficiaries in time.

Developmental expenditure of ₹ 1,714.19 crore in 2010-11 increased to ₹ 2,998.37 crore in 2014-15, but its share in total expenditure decreased from 69.44 *per cent* to 68.71 *per cent* during the period.

The share of committed expenditure in the revenue expenditure was 54.33 *per cent* leaving meagre funds for creation of assets.

The State needs to reduce its committed expenditure in the revenue expenditure. The State also needs to ensure effective implementation of incomplete projects so that the benefits reach to the intended beneficiaries in time.

Government investment

The return from investment was 0.89 *per cent*. Some of the Companies/Corporations were under perennial loss.

Effective steps need to be taken by the State Government either to revive the units or close down the units incurring losses to avoid further financial burden on the Government.

Financial management and budgetary control

Budget Manual containing the procedures for preparation of the estimates of budget, subsequent action in respect of the budget communication, distribution of grants,

watching the progress of revenue and control over expenditure etc., has not yet been laid down.

The overall savings of ₹ 2,041.80 crore was the result of savings of ₹ 2,046.07 crore in 44 grants and two appropriations under Revenue Section, 24 grants under Capital Section offset by excess of ₹ 4.27 crore in 05 grants under Revenue Section.

The excess expenditure of ₹ 4.28 crore of 2014-15 compounded with an excess expenditure of ₹ 84.76 crore pertaining to 2009-14 requires regularisation by the Legislature under Article 205 of the Constitution of India. Out of the total provision amounting to ₹ 679.07 crore in 49 sub-heads, ₹ 498.65 crore (73.43 *per cent*) constituting 7.25 *per cent* of total budget provision (₹ 6,868.60 crore) were surrendered, which included cent per cent surrender in 17 sub-heads (₹ 112.03 crore). The Abstract Contingent Bills had not been adjusted for long periods of time. Failure to adjust these bills is fraught with the risk of misappropriation and therefore, needs to be monitored closely.

Budget should be prepared keeping in view the actual requirement of funds and it should neither be under/over pitched. Budgetary control should be strengthened to avoid cases of provision remaining unutilised.

All the departments should closely monitor the expenditure against the allocation and incurring of excess expenditure over the grants should be strictly avoided.

The departments should forecast the budget in close proximity to actual requirements and the FRED should take effective steps to prepare a Budget Manual enumerating detailed procedures for better financial management.

Financial Reporting

There were deficiencies in furnishing utilisation certificates (UCs) in time against grants/loans paid, non-furnishing of detailed information about financial assistance paid to various Institutions and non-submission of accounts in time. There was delay in placement of Separate Audit Reports to the Legislature and arrears in finalisation of accounts by the Autonomous Bodies/Authorities.

The sanctioning authority/concerned department may evolve a mechanism to gather the UCs promptly and look into the delays in submission to identify the bottlenecks and address them.

EXECUTIVE SUMMARY

CHAPTER - I

FINANCES OF THE STATE GOVERNMENT

CHAPTER - II

**FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL**

CHAPTER - III

FINANCIAL REPORTING

APPENDICES

CHAPTER I FINANCES OF THE STATE GOVERNMENT

Profile of Sikkim

Sikkim is a sparsely populated State situated in the Eastern Himalayas. It became a part of the Indian Union on 16 May 1975. It has a total area of 7,096 sq. km which constitutes 0.22 *per cent* of the total geographical area of India. Sikkim being landlocked, National Highway 10 is the only lifeline which connects the State with the rest of the country. Sikkim has four districts and nine sub-divisions and has also been included in the North Eastern Council (NEC) since December 2002.

According to the Census of India 2011, the population of Sikkim stood at 6.11 lakh and the percentage of rural population of the State (75 *per cent*) was more than the average on all India basis (69 *per cent*). The literacy rate of Sikkim was 81.42 *per cent* as against the All India Literacy rate of 74.04 *per cent*. Similarly, the infant mortality rate at 26 per 1,000 live births was better than the All India average of 40 per 1,000 births recorded in 2013 by the Sample Registration System of the Registrar General and Census Commissioner of India. Per capita GSDP for the year 2014-15 was ₹ 2,27,912 (**Appendix 1.1-Part A**).

Gross State Domestic Product (GSDP)

The growth of GSDP of the State is an important indicator of the State's economy. A trend analysis of growth of GDP for a period of five years at current prices indicates the performance of the Government in fiscal management of the State. The growth rate of State GDP for the period 2010-15 compared with the National GDP is presented in the table below:

Annual growth rate of GDP and GSDP at current prices

Year	2010-11	2011-12	2012-13	2013-14	2014-15
State GSDP* (₹ in crore)	7,411.57	8,906.64	10,472.60 ¹	12,376.69 ²	14,517.73 ³
Growth in <i>per cent</i>	20.85	20.17	17.58	18.18	17.30
National GDP# (₹ in crore)	72,48,860	83,91,691	93,88,876	1,04,72,807	NA
Growth in <i>per cent</i>	18.66	15.77	11.88	11.54	NA

Source: * Department of Economics, Statistics, Monitoring and Evaluation, Government of Sikkim.
Central Statistical Office, Ministry of Statistics and Programme Implementation, GOI.

The quantum of GDP (both State and National) is measured in terms of constant and current prices and as per their respective arithmetical calculations; these figures differ from each other every year. For comparison between both State and National GDPs, the

¹ Provisional Estimate.

² Quick Estimate.

³ Advance Estimate.

GDP figure calculated on the basis of current price at factor cost with base year 2004-05 has been taken.

1.1 Introduction

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Finance Accounts has been divided into two Volumes: Volume I and II. Volume I represents the financial statements of the Government in a summarised form while Volume II represents detailed financial statements, the structure and layout of which are depicted in **Appendix 1.1-Part B**.

This chapter provides a broad perspective of the finances of the Government of Sikkim during 2014-15. It analyses important changes in the major fiscal indicators compared to the previous year keeping in view the overall trends during the last five years. The analysis is based on the Finance Accounts and information obtained from the State Government. The structure of the Government Accounts and the layout of the Finance Accounts have been explained in **Appendix 1.1-Parts B and C** and **Appendix 1.2** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2010-15.

1.2 Summary of fiscal transactions

Table 1.1 and **Appendix 1.3** present the summary of the fiscal transactions of the State Government and provide details of receipts and disbursements as well as the overall fiscal position respectively during 2014-15 vis-à-vis the previous year.

Table 1.1: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2013-14	2014-15		2013-14	2014-15		
Section-A: Revenue				Total	Non Plan	Plan	Total
Revenue Receipts ⁴	4,326.44	4,461.95	Revenue Expenditure ⁵	3,457.96	2,594.24	1,136.71	3,730.95
Tax revenue	524.92	527.54	General services	1,468.01	1,561.33	27.10	1,588.43
Non-tax revenue	794.49	698.08	Social services	1,276.36	625.53	654.19	1,279.72
Share of union taxes/duties	762.62	809.33	Economic services	678.18	365.54	455.42	820.96
Grants from Government of India	2,244.41	2,427.00	Grants-in-aid and contributions	35.41		41.84	41.84
Misc. Capital receipts	0.00	0.00	Capital outlay	911.94			980.71
Recoveries of loans and advances	0.92	0.88	Loans and advances disbursed	10.40			26.57
Public debt receipts	296.32	411.79	Repayment of public debt	88.74			87.03
Contingency Fund	0.00	1.00	Contingency Fund	1.00			0
Public Account receipts ⁶	4,683.55	5,090.42	Public Account disbursements ⁷	4,602.22			4,887.44
Opening cash balance	1,048.63	1,283.60	Closing cash balance	1,283.60			1,536.94
TOTAL	10,355.86	11,249.64	TOTAL	10,355.86			11,249.64

Source: Finance Accounts.

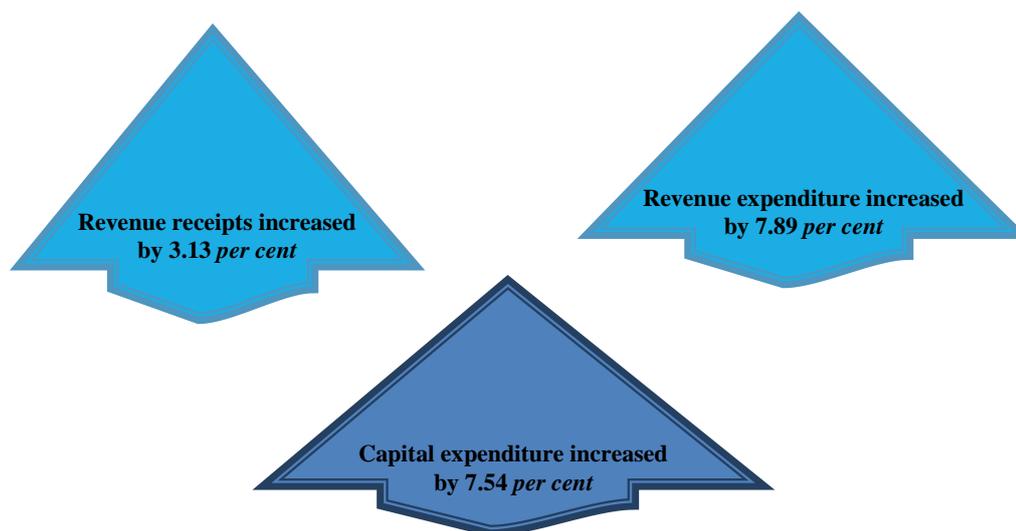
⁴ Revenue receipts and Non-tax revenue are inclusive of gross receipts (₹ 418.64 crore) from State Lotteries.

⁵ Revenue expenditure and General Services (Non-plan) are inclusive of expenditure (₹ 374.31 crore) on State Lotteries.

⁶ Gross Public Accounts receipts during the year.

⁷ Gross Public Accounts disbursement during the year.

The following are the significant changes during 2014-15 over the previous year:



Revenue receipts increased by ₹ 135.51 crore (3.13 per cent) over the previous year mainly due to increase in Grants from Government of India by ₹ 182.59 crore, Tax Revenue by ₹ 2.62 crore and share of Union Taxes/Duties by ₹ 46.71 crore. However, there was decrease in Non-tax revenue by ₹ 96.41 crore as compared to previous year mainly due to low realisation under Sikkim State Lotteries and Police personnel supplied to other governments.

Revenue expenditure increased by ₹ 272.99 crore (7.89 per cent) over the previous year as a result of increase in Economic Services (₹ 142.78 crore), General Services (₹ 120.42 crore), Social Services (₹ 3.36 crore) and in Grants-in-aid (₹ 6.43 crore).

Capital expenditure increased by ₹ 68.77 crore (7.54 per cent) over the previous year.

Public debt receipts increased by ₹ 115.47 crore (38.97 per cent) and its repayment decreased by ₹ 1.71 crore (1.96 per cent) over the previous year.

The total outflow and inflow of the Government during the year 2014-15 was ₹ 9,711.70 crore and ₹ 9,965.04 crore respectively leading to increase in cash balance by ₹ 253.34 crore.

1.3 Fiscal reforms path in Sikkim

In Sikkim, fiscal reforms and consolidation were brought to the forefront with the State Government formulating the first Medium Terms Fiscal Plan (MTFP) for the period 2011-12 to 2013-14 based on the broad parameters of fiscal management laid down by the XIII Finance Commission (TFC) limiting fiscal deficit at the targeted level to ensure sustainable level of debt and improving transparency in a medium term framework during 2010-15. The fiscal management principles enshrined in the Fiscal Responsibility and Budget Management (FRBM) Act call upon the State Government to ensure transparency in setting and implementation of fiscal policy, stability and predictability in policy making process, improve the management of public finance and improve efficiency in the design and implementation of fiscal policy related to management of assets and liabilities.

The Government of Sikkim enacted the FRBM Act in September 2010 and the Rules under the Act had been notified in March 2011. The Act aims to ensure fiscal stability and sustainability through maintenance of balance in revenue account and planned reduction of fiscal deficit and prudent and sustainable debt management consistent with fiscal stability through limits on State Government borrowings, including off-budget borrowings and achieving greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the State Government:

- (a) Maintain revenue surplus from 2010 onwards;
- (b) Reduce the fiscal deficit to 3.5 *per cent* of the estimated Gross State Domestic Product in each of the financial years starting from 2011-12 and reduce the fiscal deficit to not more than three *per cent* of the estimated Gross State Domestic Product at the end of 31 March 2014 and adhere to it thereafter;
- (c) Cap the total outstanding guarantees within the specific limit under the Sikkim Ceiling on Government Guarantees Act 2000 (21 of 2000);
- (d) Ensure that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the deficit as specified by the Government beginning from the fiscal year 2011-12.

Revenue deficit and fiscal deficit may exceed the limits specified under the section on the ground or grounds of unforeseen demands on the finances of the Government due to national security or natural calamity subject to the condition that the excess beyond limits arising due to natural calamities does not exceed the actual fiscal cost. Provided further that the ground or grounds specified in the above proviso shall be placed before the Legislative Assembly as soon as may be, after it becomes likely that such deficit amount may exceed the aforesaid limit, with an accompanying report stating the likely extent of excess.

The outcome indicators reflecting the State's fiscal correction path for the period 2011-15 are given below:

Table 1.2: State Fiscal Outcome Indicator

(As per cent to GSDP)

Parameters	2011-12		2012-13		2013-14		2014-15	
	Projections	Achievement	Projections	Achievement	Projections	Achievement	Projections	Achievement
Revenue Receipts⁸ (a to d)	54.90	32.25	58.21	31.40	42.21	31.46	43.51	28.16
a. Own Tax Revenues	4.01	3.30	5.06	4.16	4.32	4.24	4.04	3.63
b. Own Non-Tax	4.09	2.74	4.22	2.88	3.16	2.92	2.82	2.23

8 Revenue Receipts and Own Non Tax Revenue in this column and henceforth in this Report are net of Lottery Expenditure (including Salaries, Travel Expenses, Office Expenses and Rent, Rates and Taxes besides expenditure on lottery prize).

Parameters	2011-12		2012-13		2013-14		2014-15	
	Projections	Achievement	Projections	Achievement	Projections	Achievement	Projections	Achievement
Revenues								
c. Tax share	9.75	6.87	10.36	6.67	8.00	6.16	7.76	5.57
d. Grants-in-aid	37.05	19.34	38.56	17.69	26.73	18.13	28.90	16.72
Revenue Expenditure⁹	41.74	27.28	40.69	23.94	31.70	24.44	33.17	23.12
Capital Expenditure	18.59	6.91	21.02	8.04	13.51	7.37	13.12	6.76
Revenue Deficit	(-)13.16	(-)4.97	(-)17.52	(-)7.46	(-)10.51	(-)7.02	(-)10.34	(-)5.04
Fiscal Deficit	4.75	2.50	3.50	0.63	3.00	0.43	3.00	1.90
Primary Deficit	1.89	0.12	0.61	(-)1.27	1.01	(-)1.26	1.05	(-)0.25
Outstanding Debt	41.75	35.49	41.03	31.94	29.90	29.36	28.10	28.67

N.B: Negative sign indicates surplus.

According to the MTFP, Fiscal Deficit and Primary Deficit projected by the State Government during 2011-12 to 2014-15 were achieved. However, Revenue Surplus could not be maintained at the level projected during 2011-12 to 2014-15 due to projected Revenue Receipts not accruing to the State.

Major fiscal variables provided in the budget based on recommendations of the XIII Finance Commission and as targeted in the FRBM Act of the State is depicted in **Table 1.3** as given below:

Table 1.3: Details of Fiscal variables

Fiscal variables	2014-15				Actuals
	XIII FC targets for the State	Targets as prescribed in FRBM Act	Targets proposed in the Budget	Projections made in Five Year Fiscal plan/MTFP	
Revenue Deficit (-)/Surplus (+) (₹ in crore)	-	-	1,274.64	-	731.00
Fiscal Deficit/GSDP (in per cent)	3.00	3.00	3.00	3.00	1.90
Ratio of total outstanding debt of the Government to GSDP (in per cent)	55.90	29.10	29.10	-	28.67

Source: Information furnished by Finance, Revenue and Expenditure Department (FRED).

Fiscal deficit GSDP ratio and ratio of total outstanding debt of the Government to GSDP ratio were achieved as targeted in XIII FC and FRBM Act.

1.3.1 Migration to New Pension Scheme (NPS)

The Government of India (GOI) introduced (1 April 2004) a defined, contribution based NPS to cover all new entrants to Government service. The interim Pension Fund Regulatory and Development Authority (PFRDA) was established by GOI (October 2003) to promote old age income security by establishing, developing and regulating pension funds and to protect the interest of subscribers subscribing to the scheme of pension funds. PFRDA being the regulator for the NPS had been authorised by the GOI to appoint/establish various intermediaries in the system, such as Central Record Keeping Agency (CRA), Pension Funds Trust for the NPS, Custodian Banks and etc. PFRDA appointed National Securities Depository Limited (NSDL) as the CRA for a period of 10 years from 1 December 2007 for performing the functions of record keeping, accounting,

⁹ Revenue Expenditure in this column and henceforth in this Report is excluding Lottery Expenditure.

administration and customer services for subscribers to the schemes of pension funds approved by PFRDA. Further, three pension fund managers, a custodian and a trustee bank had also been appointed.

Under the NPS, the option to join the new system was available to the State Governments. The NPS Architecture, evolved and worked out by the PFRDA was capable of accommodating the various State Governments' request to join the NPS, within the overall framework of the Pension Architecture as devised by the PFRDA.

Although the State Government decided on implementation of the NPS in May 2006, it formally conveyed its decision to participate in the NPS in October 2007 and after a lapse of five year and seven months, the State Government finally drew an agreement with the CRA (NSDL) on 11 November 2011.

State Government employees recruited with effect from 1 April 2006 are eligible for the New Pension Scheme, which is a defined contributory pension scheme. According to the terms of Scheme, Government and employee each contribute 10 *per cent* of basic pay and dearness allowance and the entire amount, is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank. The actual amount payable by employees and the matching Government contribution was not estimated. During the year, the Government of Sikkim deposited ₹ 41.59 crore under Major Head 8342-117-Defined Contribution Pension scheme (employees' contribution of ₹ 20.80 crore matching Government contribution of ₹ 20.79 crore) and transferred an amount of ₹ 3.03 crore part of which pertained to previous year to NSDL/Trustee Bank. During the year, the Government transferred ₹ 44.62 crore to NSDL/Trustee Bank leaving a balance of ₹ 27.00 crore in the fund as on 31 March 2015. Uncollected, unmatched and non-transferred amounts, with accrued interest, represent outstanding liabilities under the scheme.

1.3.2 Power Sector-Financial support by the State Government

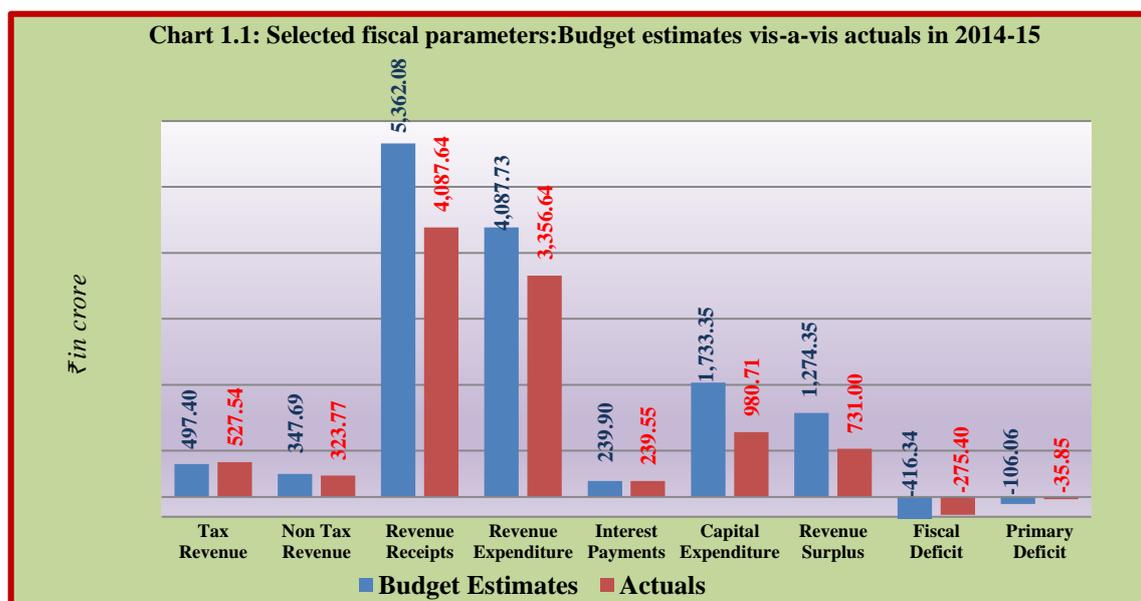
No financial support had been extended during the year by Government of Sikkim to the Sikkim Power Development Corporation Limited, being the only PSU under power sector.

1.4 Budget 2014-15

1.4.1 Actuals vis-à-vis budget estimates

Budget papers presented by the State Government provide estimation of revenue and expenditure for a particular fiscal year. The importance of accuracy in estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Deviations from budget estimates are indicative of non-attainment and non-optimisation of desired fiscal objectives.

Chart 1.1 presents the budget estimates and actuals of some important fiscal parameters for the year 2014-15.



Source: Finance Accounts, Estimate of receipts and Demand book.

The Tax Revenue exceeded the budget provision by 6.06 per cent (₹ 30.14 crore).

Non-tax revenue was lower than the budget provision by 6.88 per cent (₹ 23.92 crore) and Revenue receipts was also lower than budget provision by 4.04 per cent (₹ 172.27 crore). However, Revenue expenditure was higher than budget provision by 3.37 per cent (₹ 109.37 crore). Further, against an estimated Revenue Surplus of ₹ 1,274.35 crore, the financial year ended with revenue surplus of ₹ 731.00 crore, a decrease by 42.64 per cent over the previous year. Capital Expenditure was less than the budget estimate by 30.06 per cent.

Sikkim's own tax revenue increased by 0.50 per cent from ₹ 524.92 crore in 2013-14 to ₹ 527.54 crore in 2014-15. The revenue from sales tax contributed the major share of tax revenue (53.47 per cent) which decreased by ₹ 4.23 crore. State Excise duty increased by ₹ 10.72 crore and there was an increase in Land Revenue by ₹ 2.76 crore.

The State's share of Union taxes and duties stood at ₹ 809.33 crore, an increase of ₹ 46.71 crore over the previous year due to increase in the State's share in Corporation Tax by ₹ 26.14 crore (10.19 per cent), Taxes on Income other than Corporation Tax of ₹ 32.93 crore (19.50 per cent), Customs of ₹ 6.46 crore (5.19 per cent) and ₹ 0.06 crore (10 per cent) in Taxes on Wealth. However, there was decrease in Union Excise duties by ₹ 13.97 crore (15.90 per cent) and Service Tax by ₹ 4.92 crore (3.96 per cent).

Grants-in-aid from Centre to the State, a discretionary component of Central transfers, is considered an integral element of the revenue receipts of the State, which has an impact on the consolidated revenue deficit of the State. The grants-in-aid increased by ₹ 182.59 crore (8.14 per cent) from ₹ 2,244.41 crore in 2013-14 to ₹ 2,427.00 crore in 2014-15. The increase was due to increase in Grants for Centrally Sponsored Plan Schemes (CSS)

(₹ 344.63 crore) and Grants for Central Plan Schemes (₹ 2.71 crore) which was offset by the decline of ₹ 74.75 crore in Non-Plan Grants and ₹ 64.66 crore in State Plan Schemes and ₹ 25.34 crore in Grants for Special Plan Schemes. Increase in Grants for Centrally Sponsored Plan Schemes was mainly due to release of fund to State Government and not releasing the same directly to the implementing organisation from 2014-15.

Revenue expenditure increased by ₹ 331.58 crore (10.96 *per cent*) over the previous year due to increase in General Services (₹ 179.02 crore), Economic Services (₹ 142.77 crore), Social Services (₹ 3.36 crore) and Grants-in-aid (₹ 6.43 crore).

Capital expenditure assumes importance as it has a lasting impact on growth as compared to revenue expenditure. If spent efficiently, it also ensures a more productive economy and enhances the Government's net worth arising from augmented revenues. During 2014-15, the Capital expenditure of the State was ₹ 980.71 crore and there was increase of ₹ 68.77 crore in capital outlay in 2014-15 as compared to previous year which was due to increase in Economic Service (₹ 125.17 crore) and in Social Service (₹ 3.60 crore) which was offset by decrease in General Service (₹ 60.00 crore).

The main components of increase in Economic Services were Special Areas Programmes (₹ 10.79 crore) and Tourism (₹ 203.48 crore). The major component of decrease under General Services was Public Works (₹ 65.35 crore).

1.4.2 Gender Budgeting

The Constitution of India has mandated equality for every citizen of the country as a fundamental right. The Government of India has made international commitments in (i) The Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) in 1980; (ii) World Conference on Human Rights in Vienna in 1993; (iii) International Conference on Population and Development (ICPD) in Cairo in 1994; (iv) Fourth World Conference of Women in Beijing in 1995 and (v) Commonwealth Plan of Action on Gender and Development in 1995 about the action to be taken for improvement in the life of women.

One of the tools that can be used to promote women's equality and empowerment is gender-responsive budgeting, or Gender Budgeting as it is more commonly known in India.

Among others, Gender Budgeting serves in (i) identifying the felt needs of women and reprioritising and/or increasing expenditure to meet those needs; (ii) Supporting gender mainstreaming in macroeconomics; (iii) Strengthening civil society participation in economics; (iv) Enhancing the linkages between economic and social policy outcomes; (v) Tracking public expenditure against gender and development policy commitments; and (vi) Contributing to the attainment of the Millennium Development Goals (MDGs).

Gender budgeting in Sikkim has never been formulated.

1.5 Resources of the State

1.5.1 Resources of the State as per Finance Accounts

The progress of the Government’s programmes depends upon its resources and the quantum of resources in any particular financial year determines the expenditure threshold of the Government. The components and sub-components of State’s receipts have been categorised in **Chart 1.2**.

Chart 1.2: Components and sub-components of Resources

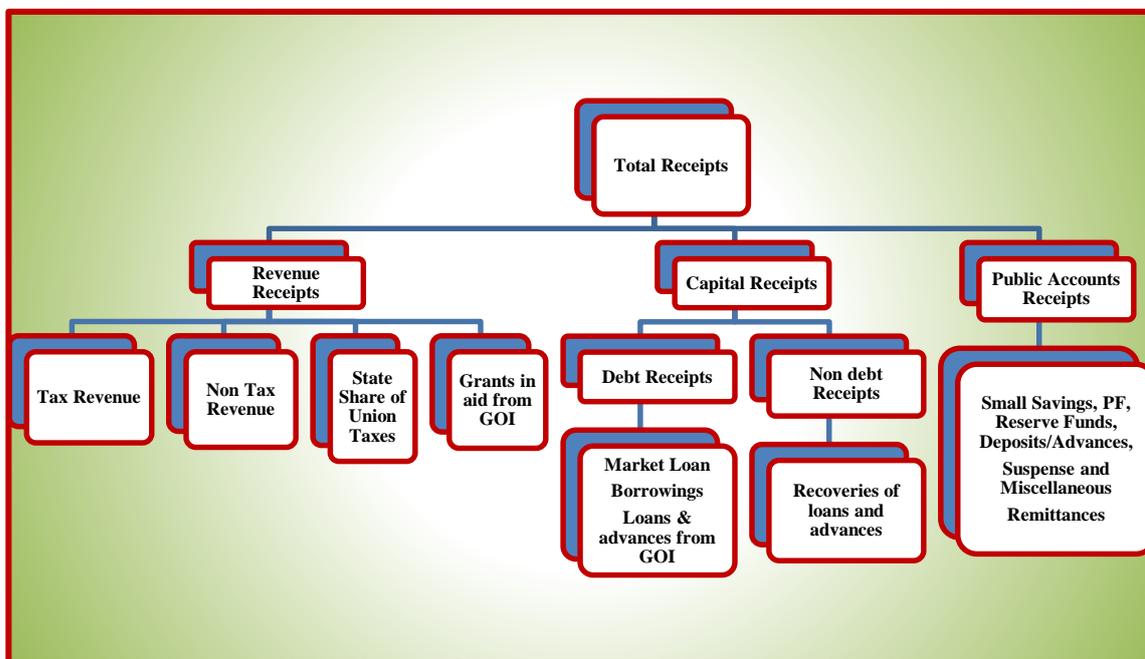
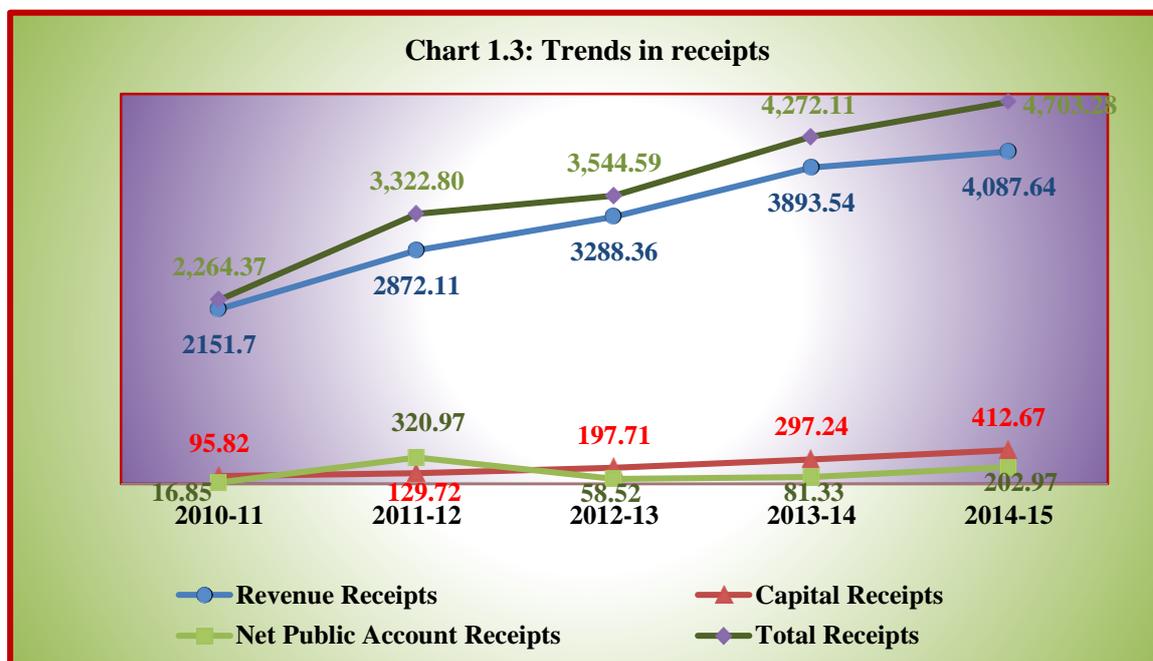
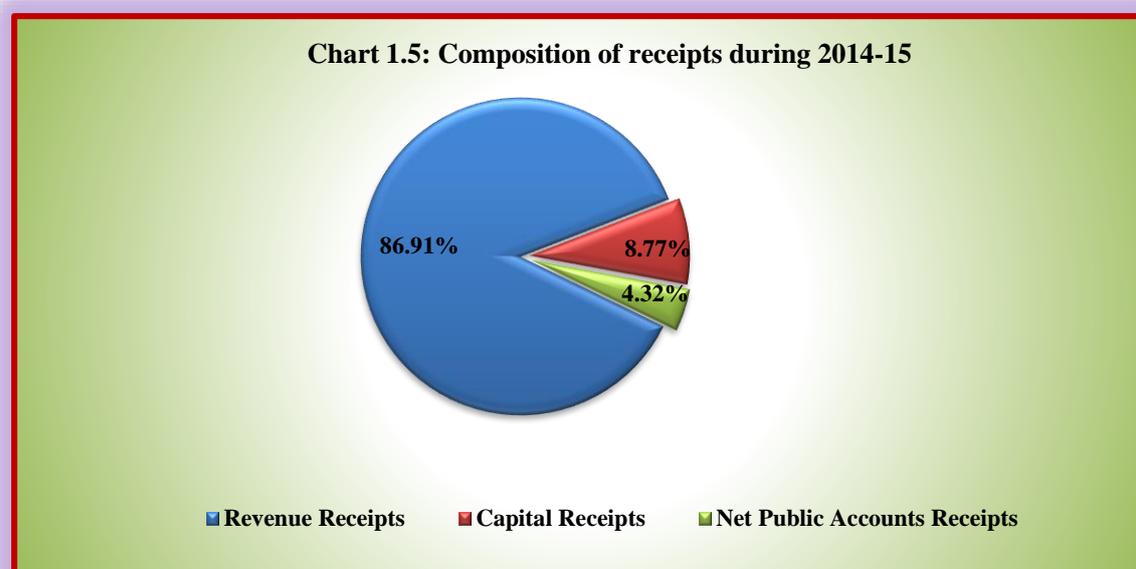
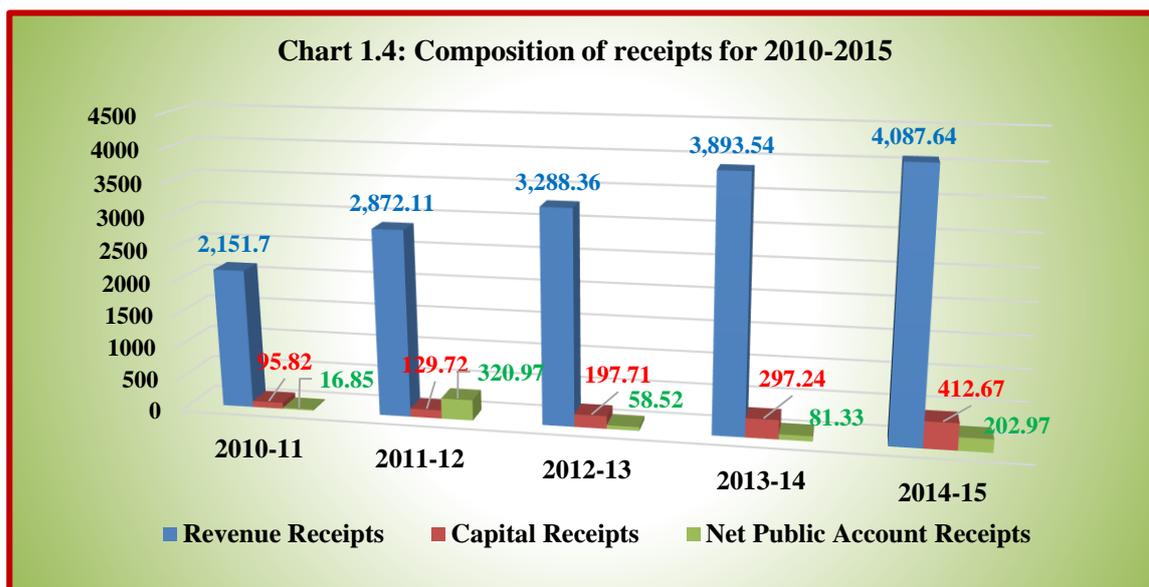


Chart 1.3 depicts the trends in components of receipts during 2010-15, while **Chart 1.4** depicts the composition of resources of the State during the current year.



Source: Finance Accounts.



Total receipts increased by 107.71 per cent from ₹ 2,264.37 crore in 2010-11 to ₹ 4,703.28 crore in 2014-15. Further, there was an increase of total receipts over the previous year by ₹ 431.17 crore (10.09 per cent).

The share of Revenue Receipts in total receipts, which was 91.14 per cent in 2013-14, decreased to 86.91 per cent in 2014-15.

Capital Receipts increased by 38.83 per cent from ₹ 297.24 crore in 2013-14 to ₹ 412.67 crore in 2014-15. Capital Receipts constituted 8.77 per cent of the total receipts in 2014-15. The debt receipts which mainly constituted Capital Receipts increased by ₹ 115.47 crore from the previous year, its share was 99.79 per cent of Capital Receipts which was marginally higher by 0.10 per cent over the previous year (99.69 per cent).

Apart from debt receipts, Capital Receipts include non-debt receipts such as recovery of loans and advances. In the year 2014-15, amount recovered on accounts of repayment of loans and advances, decreased by 4.35 *per cent* over previous year.

Public Account receipts refer to those receipts for which the Government acts as a banker/trustee for the public money. Net Public Account receipts which totalled ₹ 16.85 crore in 2010-11 increased to ₹ 202.97 crore in 2014-15 with growth of 149.56 *per cent* during the year compared to 2013-14. The details are shown in **Paragraph 1.6.7**.

1.5.2 Funds transferred by Central Government to the State implementing agencies outside the State Budget

The Central Government had been transferring a sizeable quantum of funds directly to the State Implementing Agencies (SIA)¹⁰ for implementation of various schemes/programmes in social and economic sectors up to 2013-14. These funds were not being routed through the State Budget/State Treasury System and hence did not find mention in the Finance Accounts of the State for which the Annual Finance Accounts of the State was not providing a complete picture of the total funds received in the State. Government of India's decision to release all assistance directly to the State Government and not to the implementing agencies has reduced the direct transfers by 93 *per cent* from ₹ 335.07 crore in 2013-14 to ₹ 24.48 crore during 2014-15.

Out of ₹ 24.48 crore, ₹ 6.11 crore (24.96 *per cent* of the total funds transferred) was given to State Forest Development Agency, Sikkim and ₹ 5.00 crore was transferred under MPs Local Area Development Schemes (20.42 *per cent* of the total funds transferred) as shown in **Appendix 1.4**.

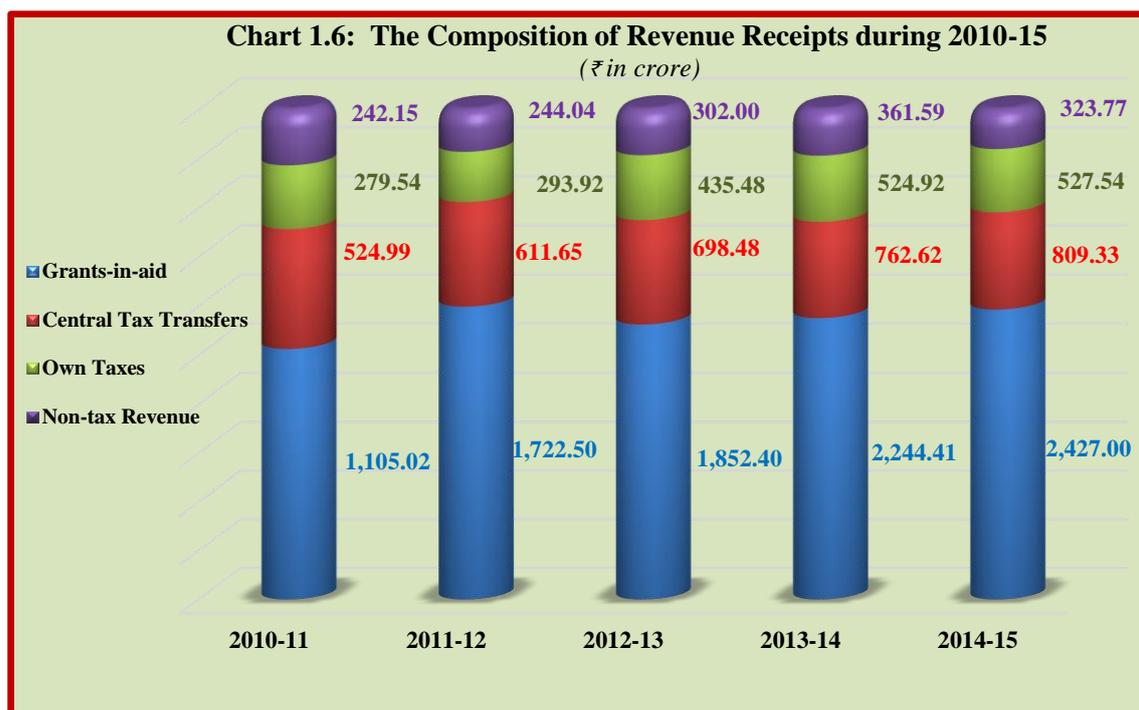
1.6 Revenue Receipts

The composition and trends of revenue receipts over the period 2010-15 are presented in **Appendix 1.5** and are also depicted in **Charts 1.6** and **1.7** respectively.

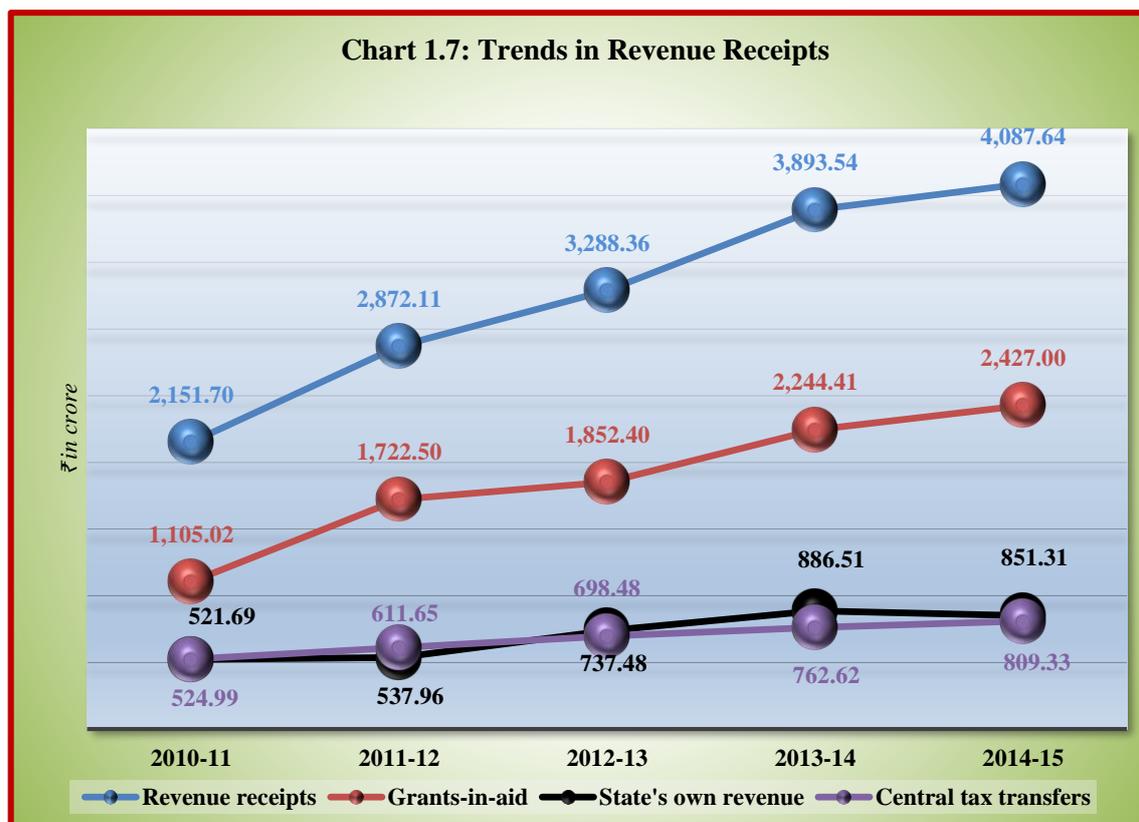
Revenue receipts showed progressive increase from ₹ 2,151.70 crore in 2010-11 to ₹ 4,087.64 crore in 2014-15. The revenue receipts increased by ₹ 194.10 crore (4.99 *per cent*) over the previous year. The State's own resources, both tax and non-tax revenue contributed 20.82 *per cent* (₹ 851.31 crore) in the revenue receipts of the State during 2014-15. The balance was transferred from Government of India in the form of State's share of taxes and grants-in-aid contributions.

State's own resources consist of tax revenue and non-tax revenue. The share of tax revenue in revenue receipts was 12.91 *per cent* (₹ 527.24 crore) and non-tax revenue was 7.92 *per cent* (₹ 323.77 crore) during the year. Tax revenue showed increase in 2014-15 compared to previous year however, non-tax revenue decreased in 2014-15 as compared to previous year.

¹⁰ State Implementing Agencies include Organisations/Institutions including Non-Governmental Organisation which are authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State.



Source: Finance Accounts.



Source: Finance Accounts.

The trends in revenue receipts relating to GSDP are presented in Table 1.5.

Table 1.4: Trends in revenue receipts relative to GSDP

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue receipts (RR)	2,151.70	2,872.11	3,288.36	3,893.54	4087.64
GSDP	7,411.57	8,906.23	10,472.60	12,376.69	14,517.73
Rate of growth of GSDP (<i>per cent</i>)	20.85	20.17	17.58	18.18	17.30
Rate of Growth of RR (<i>per cent</i>)	(-) 8.26	33.48	14.49	18.40	4.99
Rate of Growth of State's own tax (<i>per cent</i>)	24.99	5.14	48.16	20.54	0.50
RR/GSDP (<i>per cent</i>)	29.03	32.25	31.40	31.46	28.16
Buoyancy ratios¹¹					
Revenue buoyancy wrt GSDP	(-) 0.40	1.66	0.82	1.01	0.29
State's own tax buoyancy wrt GSDP	1.20	0.25	2.74	1.13	0.03
Revenue buoyancy wrt State's own taxes	(-) 0.33	6.51	0.30	0.90	9.99

Source: Finance Accounts.

The rate of growth of revenue receipts during 2014-15 over the previous year was 4.99 *per cent*. Revenue buoyancy, which was lowest during 2010-11, increased to 1.66 *per cent* in 2011-12 but decreased to 0.29 *per cent* in 2014-15.

Growth rate in respect of Revenue Receipts for Sikkim for the period 2013-14 to 2014-15 was 4.99 *per cent* however, it was 16.10 *per cent* for General Category¹² State and for Special Category¹³ States it was 15.34 *per cent*.

1.6.1. State's own resources

As the State's share in Central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, collection of Central tax receipts and Central assistance for plan schemes, etc., the State's performance in mobilisation of additional resources should be assessed in terms of revenue from its own tax and non-tax sources.

The State's actual tax and non-tax receipts for the year 2014-15 vis-à-vis assessment made by XIII FC are given in Table 1.5.

Table 1.5: XIII FC recommendations vis-à-vis the actuals

(₹ in crore)

	XIII FC projection	Budget estimates	Actuals
Tax Revenue	317.37	497.40	527.54
Non-Tax Revenue	603.29	347.69	323.77

The State exceeded the target set by XIII FC in respect of Tax Revenue by ₹ 210.17 crore but fell short of target in respect of Non-Tax Revenue by ₹ 279.52 crore in the current year. Further, the State succeeded in achieving the target set as per budget estimates in respect of tax revenue. However, in case of non-tax revenue, target as per the budget estimate was not achieved during the year.

¹¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.7 implies that revenue receipts tend to increase by 0.7 percentage points, if the GSDP increases by one per cent.

¹² Based on 18 General Category States.

¹³ Based on nine Special Category States.

Tax Revenue

The main sources of State's tax revenue was Taxes on sales, trade, etc. with a contribution of 6.90 per cent in Revenue Receipts of the State followed by State excise (3.21 per cent), Taxes on vehicles (0.48 per cent), Stamps and Registration Fees (0.17 per cent), Land Revenue (0.15 per cent) and Taxes on Income other than Corporation Tax (0.19 per cent). The trends in the major constituents of tax revenue during the period 2010-15 are shown in Table 1.6.

Table 1.6: Tax Revenue

	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Taxes on sales, trade, etc.	142.74 (17.90)	124.19 (-13.00)	227.08 (82.85)	286.33 (26.09)	282.10 (-1.48)
State Excise	70.64 (23.35)	96.26 (36.27)	111.12 (15.44)	120.64 (8.57)	131.36 (8.89)
Stamps and registration fees	5.70 (27.23)	8.27 (45.09)	5.35 (-35.31)	6.46 (20.75)	6.77 (4.80)
Taxes on vehicles	10.66 (35.28)	16.56 (55.35)	16.38 (-1.09)	18.52 (13.06)	19.42 (4.86)
Land Revenue	7.33 (170.48)	4.61 (-37.11)	5.66 (22.78)	3.39 (-40.11)	6.15 (81.42)
Taxes on goods and passengers	0.00	0.00	0.00	0.00	0.00
Other taxes	42.47 (40.44)	44.03 (3.67)	69.89 (58.73)	89.58 (28.17)	81.74 (-8.75)

Source: Finance Accounts. Figures in brackets indicate rate of growth in per cent.

Taxes on sales, trade, etc., during 2014-15 was decreased by 1.48 per cent (₹ 4.23 crore) due to decrease in receipts under State Sales Tax as compared to previous year. The growth rate of State Excise was 8.89 per cent (₹ 10.72 crore) due to increase in collection pertaining to foreign liquors and spirits and medicinal and country fermented liquors.

Land Revenue had increased by 81.42 per cent due to increase in collection of Land Revenue/Tax.

Growth rate in respect of Tax Revenue for Sikkim for the period 2013-14 to 2014-15 was 0.50 per cent however it was 10.51 per cent for General Category¹⁴ State and for Special Category¹⁵ States it was 13.19 per cent.

Non-tax revenue

The Non-tax revenue which constituted 7.92 per cent of total revenue receipts, had decreased by ₹ 38.32 crore from ₹ 361.59 crore in 2013-14 to ₹ 323.27 crore in 2014-15 and was also lower than the budget projection by ₹ 23.92 crore (6.88 per cent). The main component which resulted in noticeable increase was 'Power' (₹ 14.63 crore) and the decrease was on the head 'Police' mainly due to collection of ₹ 17.60 crore during 2014-15 as against ₹ 41.14 crore in 2013-14.

¹⁴ Based on 18 General Category States.

¹⁵ Based on nine Special Category States.

The main components of non-tax revenue raised in the State during 2010-11 to 2014-15 are given in **Table 1.7**.

Table 1.7: Composition of non-tax revenue

Revenue Head	2010-11	2011-12	2012-13	2013-14	2014-15
Interest Receipts	28.14 (1.25)	29.39 (0.98)	46.00 (1.32)	67.02 (1.60)	66.44 (1.48)
Dividends and Profits	2.37 (0.11)	0.00 (0.00)	1.53 (0.04)	0.55 (0.01)	0.87 (0.02)
Other non-tax receipts	211.64 (9.42)	214.65 (7.15)	254.47 (7.30)	294.02 (7.02)	256.46 (5.70)
Total	242.15	244.04	302.00	361.59	323.77

Source: Finance Accounts. Figures in brackets indicate percentage to total receipts.

During 2010-15, on an average, interest receipts contributed 1.33 per cent in the total receipts of the State. Similarly, dividends and profits contributed 0.04 per cent and the 7.32 per cent came from other non-tax receipts.

During 2010-11, the non-tax revenue decreased by ₹ 205.27 crore (45.88 per cent). However, during 2011-12, it increased by ₹ 1.89 crore (0.78 per cent) and further increased by ₹ 57.96 crore (23.75 per cent) and ₹ 59.59 crore (19.73 per cent) during 2012-13 and 2013-14 respectively.

The ratio of non-tax revenue to non-plan revenue expenditure is considered as an indicator of cost recovery from socio-economic services. The details of recovery of current cost as ratio of non-tax revenue receipts to non-plan revenue expenditure in respect of Education, Health and Family Welfare, Water Supply and Sanitation and Irrigation during 2013-14 are given in **Table 1.8**.

Table 1.8: Cost recovery from socio-economic services

Service	Non-tax revenue receipts (NTR)	Non-plan revenue expenditure (NPRE)	Cost recovery (ratio of NTR/NPRE in per cent)
Education, Sports, Art and Culture	1.22	441.90	0.28
Health and Family Welfare	1.97	97.03	2.03
Water Supply and Sanitation	3.25	14.71	22.09
Irrigation	0.07	2.48	2.82

Source: Finance Accounts.

Cost recovery in respect of Education, Sports, Art and Culture during the year was 0.28 per cent being the lowest and the highest was 22.09 per cent pertaining to Water Supply and Sanitation. In respect of Health and Family Welfare and Irrigation, the cost recovery remained at 2.03 per cent and 2.82 per cent respectively.

1.6.2 Grants-in-aid from GOI

Grants-in-aid from GOI increased from ₹ 2,244.41 crore in 2013-14 to ₹ 2,427 crore in 2014-15 as shown in **Table 1.9**.

Table 1.9: Grants in aid from GOI

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	121.32	345.74	265.37	148.26	73.51
Grants for State Plan Schemes	799.88	1,145.02	1,345.21	1,803.20	1,738.54
Grants for Central Plan Schemes	5.30	3.56	1.03	0.20	2.91
Grants for Centrally Sponsored Plan Schemes	146.08	168.53	189.66	233.17	577.80
Grants for Special Plan Schemes (NEC)	32.44	59.65	51.13	59.58	34.24
Total	1,105.02	1,722.50	1,852.40	2,244.41	2,427.00

Source: Finance Accounts.

The GOI Grants increased by ₹ 182.59 crore during 2014-15 over the previous year due to increase in Grants for Centrally Sponsored Plan Schemes (CSS) (₹ 344.63 crore) and Grants for Central Plan Schemes (₹ 2.71 crore). However, there was decline of ₹ 74.75 crore in Non-Plan Grants and ₹ 64.66 crore in State Plan Schemes and ₹ 25.34 crore in Grants for Special Plan Schemes.

Increase in Grants for Centrally Sponsored Plan Schemes was mainly due to release of fund directly to State Government and not to the implementing organisation from 2014-15.

During 2014-15, Grants-in-aid included Plan Grants amounting to ₹ 183.63 crore under XIII Finance Commission (XIII FC) out of which ₹ 7.60 crore was towards Environment related Grant (Forest) and ₹ 176.03 crore as State Specific Grants.

1.6.3 Central tax transfers

There was an increase in the State's Share of Union taxes and duties in all cases, as compared to the previous year, viz., Corporation Tax of ₹ 26.14 crore (10.19 per cent), Taxes on Income other than Corporation Tax of ₹ 32.93 crore (19.50 per cent), Customs of ₹ 6.46 crore (5.19 per cent) and ₹ 0.07 crore (10 per cent) in Taxes on wealth. However, there was decrease in Union Excise duties by ₹ 13.97 crore (15.90 per cent) and Service Tax of ₹ 4.92 crore (3.96 per cent).

Table 1.10: Central Tax transfers

(₹ in crore)

	2013-14	2014-15
Share of net proceeds of Taxes		
Share of net proceeds on Corporation Tax	256.44	282.58
Share of net proceeds on Taxes on Income other than Corporation Tax	168.86	201.79
Share of net proceeds on Wealth Tax	0.70	0.77
Share of net proceeds on Customs	124.41	130.87
Share of net proceeds on Union Excise Duties	87.87	73.90
Share of net proceeds on Service Tax	124.34	119.42
TOTAL	762.62	809.33

1.6.4 Debt waiver under the debt consolidation and relief facilities

The XII Finance Commission, on the condition of enactment of the FRBM Act in the State, recommended benefits of interest relief on National Small Savings Fund and Central loans not consolidated during 2005-10. The loans availed of under the Centrally Sponsored Schemes/Central Plan Schemes through the Ministries, other than the Ministry of Finance, which remained outstanding at the end of 2009-10 to the tune of ₹ 44.65 crore

(₹ 33.96 crore as interest repayment and ₹ 10.69 crore as principal repayment) were to be written off.

Since Sikkim did not enact the FRBM Act, it could not get the benefit of consolidation of loans during the award period of XII Finance Commission. However, the XIII Finance Commission recommended that this facility be extended during XIII Finance Commission award period (2010-11 to 2014-15) on the condition that the State put in place the FRBM Act. On meeting this condition, the loans contracted by Sikkim till 31 March 2004 and outstanding at the end of the year preceding the year of legislation of such Act, shall be consolidated as per the same terms and conditions as recommended by the XII Finance Commission. The State enacted the FRBM Act in September 2010 and could get a total benefit of ₹ 15.23 crore. Further central loans of ₹ 14.61 crore had been written off during 2013-14 under Central Plan Schemes and Centrally Sponsored Schemes advanced to the State Government other than Ministry of Finance, Government of India as per the recommendation of XIII FC.

1.6.5 Optimisation of XIII FC grants

The Commission had recommended ₹ 471.34 crore as transfer to the State in the areas indicated in the **Table-1.11** below during the period 2010-11 to 2014-15:

Table 1.11: Funds received from GOI

(₹ in crore)

Sl. No.	Transfer	Total Grant recommended by XIII FC for 5 years (2010-11 to 2014-15)	Actual release by FC during 2010-11 to 2014-15 (5 years)	Expenditure under relevant revenue heads of account till 2014-15 (5 years)	Unutilised amount as of 31st March 2015
1	Local Bodies				
	(i) General Basic Grant				
	(a) PRI	120.71	106.75	106.76	(-) 0.01
	(b) ULB	1.69	0.71	0.71	0.00
	(ii) General Performance Grant	00	00		
	(a) PRI	63.90	13.65	4.50	9.15
	(b) ULB	0.90	0.10	0.05	0.05
2	Disaster Relief	187.2	121.21		
	(i) Central Share (90%)	113.14	113.14	113.14	0.00
	(ii) State Share	12.56	12.56	12.56	0.00
	(iii) Capacity Building for disaster response	5.00	5.00	4.74	0.26
3	Elementary Education	5.00	2.00	2.00	0.00
4	Improving Outcome grants				
	(i) Improvement in Justice Delivery	21.78	12.07	7.89	4.18
	(ii) Incentives for issuing AIDS	1.10	0.66	0.66	0.00
	(iii) District Innovation Fund	4.00	2.00	1.85	0.15
	(iv) Statistical system Improvement	4.00	4.00	4.00	0.00
	(v) Employee and Pension data base	5.00	5.00	3.92	1.08
5	Environment related Grant				
	(i) Forest	40.56	38.02	30.38	7.64
	(ii) Water Sector Management (Irrigation)	4.00		0.23	(-) 0.23
6	Maintenance of Roads & Bridges	68.00	67.96	67.96	0.00
	TOTAL	471.34	383.62	361.35	22.27

Source: Departmental figures.

Similarly, Commission had recommended ₹ 400 crore of State Specific Grants transfer to the State in the areas indicated in **Table 1.12** during the period 2010-11 to 2014-15.

Table 1.12: Grants received from GOI for the Specific areas (State Specific Grant)

(₹ in crore)

Sl. No.	Transfer	Recommendation of FC for the years 2010-15	Recommendation of FC for 2014-15	Actual release by FC during 2010-15	Expenditure under relevant revenue heads of account during 2010-15	Unutilised amount as on 31 st March 2015
1	2	3	4	5	6	7
1	Sky Walk at Bhaley Dhunga	200.00	50.00	150.00	133.98	16.02
2	Development of Village Tourism	80.00	20.00	60.00	59.97	0.03
3	Repair and Renovation					
	(i) Suspension Bridges (North Sikkim)	35.00	8.75	31.50	29.82	1.68
	(ii) Upgradation of Namchi Water Supply and overhauling of Changay source for Gyalshing and Rapdentse Water Supply	20.00	5.00	19.99	19.99	0.00
4	Police Training and Infrastructure					
	(i) Police Training Centre at Yangyang	10.00	2.50	7.40	7.32	0.08
	(ii) Residential & Non -residential building for Police Force	15.00	3.75	13.50	12.89	0.61
5	Border Area Development					
	(i) Additional storage facilities for essential commodities	6.00	1.50	5.40	3.19	2.21
	(ii) Reinforcement of existing security infrastructure new check post, improving road, security equipments, etc.	15.00	3.75	13.50	12.79	0.71
6	Establishment of State Capacity Building Institute at Burtuk	10.00	2.50	9.00	8.95	0.05
7	Conservation of Heritage and Culture	9.00	2.25	9.00	7.84	1.16
	TOTAL	400.00	100.00	319.29	296.74	22.55

As shown in the above two tables, the State Government as of March 2015 had received grants aggregating ₹ 702.91 crore (State Specific Grant of ₹ 319.29 crore and normal grants ₹ 383.62 crore) as against recommendation of ₹ 871.34 crore (State Specific Grant of ₹ 400 crore and normal grants ₹ 471.34 crore) leaving a balance of ₹ 168.43 crore. Out of ₹ 168.43 crore, ₹ 65.99 crore pertaining to Local Bodies (General Basic Grant - ₹ 14.94 crore, General Performance Grant - ₹ 51.05 crore), ₹ 3 crore pertaining to Elementary Education, ₹ 12.15 crore to Improvement Outcome Grant, ₹ 6.54 crore to Environment Related Grant, ₹ 0.04 crore to Maintenance of Roads and Bridges and remaining amount of ₹ 80.71 crore pertaining to State Specific Grant were not received.

1.6.6 Capital Receipts

Table 1.13: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2010-11	2011-12	2012-13	2013-14	2014-15
Capital Receipts (CR)	95.82	129.72	197.71	297.24	412.67
Miscellaneous Capital Receipts	-	42.25	-	-	-
Recovery of Loans and Advances	0.79	0.03	0.90	0.92	0.88
Public Debt Receipts	95.03	87.44	196.81	296.32	411.79
Rate of Growth of non-debt capital receipts (per cent)	163.33	(-) 96.20	2900	2.22	(-) 4.35
Rate of Growth of CR (per cent)	(-) 75.58	35.38	52.41	50.34	38.83

The Capital Receipts showed fluctuating trends over the period recording lowest rate of growth in 2010-11 and highest during 2014-15. It increased by ₹ 115.43 crore in 2014-15 over the previous year. Public debt receipts recorded significant increase during current year. There was no Miscellaneous Capital Receipts over the period except in 2011-12 which was the result of disinvestment made by the Government.

1.6.7 Public Accounts Receipts

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

Table 1.14: Details of balances in Public Accounts

(₹ in crore)					
Resources under various heads	2010-11	2011-12	2012-13	2013-14	2014-15
Public Account balances					
a. Small Savings, Provident Fund, etc.	510.25	578.80	624.15	685.64	710.19
b. Reserve Fund	172.15	254.22	246.00	313.15	430.61
c. Deposits and Advances	84.37	102.29	141.75	145.18	137.34
d. Suspense and Miscellaneous	77.51	115.31	157.34	99.03	158.75
e. Remittances	138.68	256.84	196.73	204.31	213.40
TOTAL	982.96	1,307.46	1,365.97	1,447.31	1,650.29

Source: Finance Accounts.

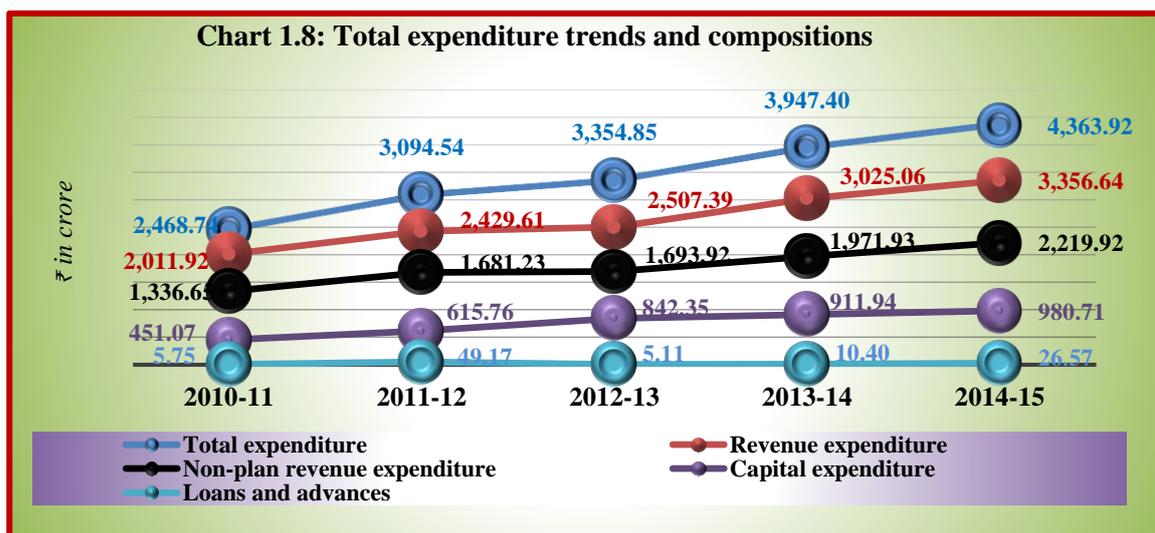
Public Account balances steadily increased from ₹ 982.96 crore in 2010-11 to ₹ 1,650.29 crore in 2014-15.

1.7 Application of resources

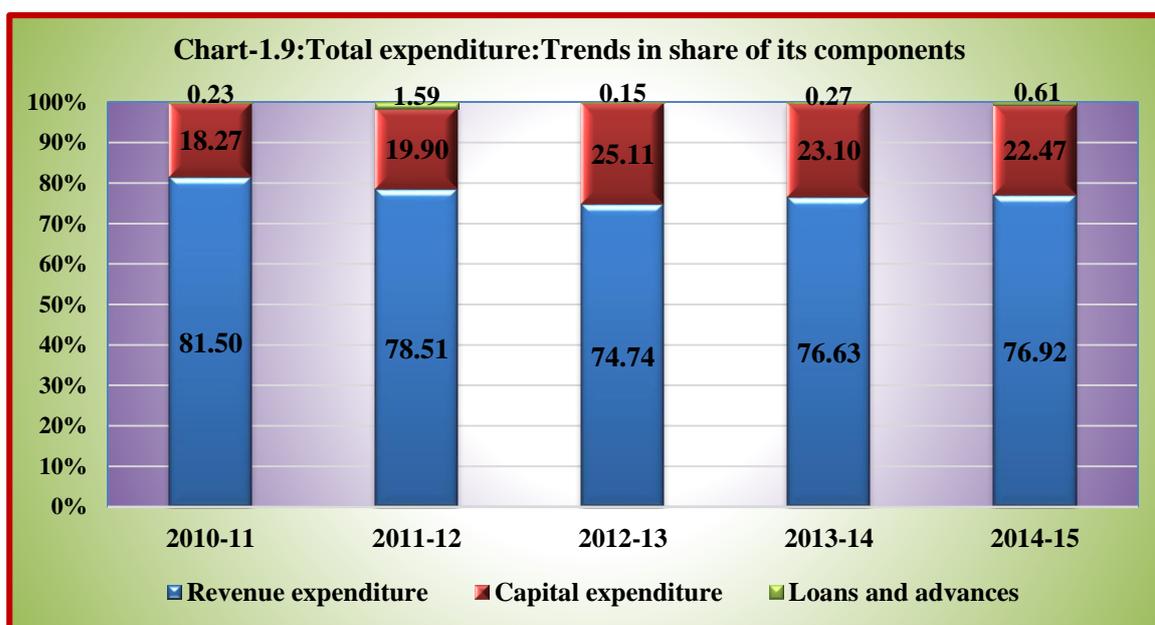
Analysis of the allocation of expenditure at the State Government level assumes significance as it is an important aspect of fiscal policy to achieve developmental goals. Within the framework of fiscal responsibility legislation, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. At the same time, it is important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of vital expenditure, especially expenditure directed towards development and social sectors.

1.7.1 Growth and composition of expenditure

Chart 1.8 presents the trends in total expenditure under revenue, capital and loans and advances, while **Chart 1.9** exhibits the share of these components in total expenditure.



Source: Finance Accounts.



Total expenditure increased by 76.77 per cent (₹ 1,895.18 crore) from ₹ 2,468.74 crore in 2010-11 to ₹ 4,363.92 crore in 2014-15 due to increase in revenue expenditure (₹ 1,344.72 crore), Capital outlay (₹ 529.64 crore) and disbursement of loans and advances (₹ 20.82 crore).

During the period 2010-15, on an average, 78 per cent of the total expenditure was revenue expenditure. The share of revenue expenditure in the total expenditure decreased from 81.50 per cent during 2010-11 to 74.74 per cent during 2012-13 and slightly increased to 76.92 per cent during 2014-15.

The share of capital expenditure in the total expenditure increased from 18.27 per cent in 2010-11 to 25.11 per cent in 2012-13 and decreased to 22.47 per cent in 2014-15.

Growth Rate in respect of total expenditure for Sikkim for the period 2013-14 to 2014-15 was 10.55 *per cent* however, it was 19.32 *per cent* for General Category¹⁶ State and for Special Category¹⁷ States it was 20.99 *per cent*.

1.7.2 Buoyancy of expenditure

Buoyancy of total expenditure

Growth rates of total expenditure during 2010-15, its ratio and buoyancy with reference to GSDP and revenue receipts are presented in **Table 1.15**.

Table 1.15: Total expenditure - Basic parameters

	(₹ in crore, ratio in per cent)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Total Expenditure (TE)	2,468.74	3,094.54	3,354.85	3,947.40	4,363.92
Rate of Growth (in <i>per cent</i>)	(-1.82)	25.34	8.41	17.66	10.55
GSDP	7,411.57	8,906.64	10,472.60	12,376.69	14,517.73
Rate of growth of GSDP (<i>per cent</i>)	20.85	30.17	17.58	18.18	17.30
TE/GSDP (ratio)	33.31	34.74	32.03	31.89	30.06
Revenue receipts/TE (ratio)	87.16	92.81	98.02	98.64	93.67
Revenue expenditure	2,011.92	2,429.61	2,507.39	3,025.06	3,356.64
Rate of Growth (in <i>per cent</i>)	9.99	20.76	3.20	20.65	10.96
Revenue Receipts	2,151.70	2,872.11	3,288.36	3,893.54	4,087.64
Rate of Growth (in <i>per cent</i>)	(-) 8.26	33.48	14.49	18.40	4.99
Capital expenditure	451.07	615.76	842.35	911.94	980.71
Rate of Growth (in <i>per cent</i>)	(-)30.45	36.51	36.80	8.26	7.54
Buoyancy of TE with					
GSDP (ratio)	(-) 0.09	1.26	0.48	0.97	0.61
Revenue Receipts (ratio)	0.22	0.76	0.58	0.96	2.12
Buoyancy of revenue expenditure with					
GSDP	0.48	1.03	0.18	1.14	0.63
Revenue Receipts	(-)1.21	0.62	0.22	1.12	2.20
Buoyancy of Capital expenditure with					
GSDP	(-)1.46	1.81	2.09	0.45	0.44
Revenue receipts	3.69	1.09	2.54	0.45	1.51

Source: Finance Accounts.

During the period 2010-15, the growth rate of total expenditure was highest (25.34 *per cent*) in 2011-12 and lowest (-1.82 *per cent*) in 2010-11. The growth rate of total expenditure which was at 17.66 *per cent* in 2013-14 decreased to 10.55 *per cent* in 2014-15.

In 2014-15, total expenditure was 1.07 times the revenue receipts. The buoyancy ratio of total expenditure to revenue receipts was 2.11 *per cent*.

The growth rate of total expenditure (10.55 *per cent*) in 2014-15 was lower than the growth rate of GSDP (17.30 *per cent*) and the buoyancy of total expenditure to GSDP was 0.61 *per cent* in 2014-15, which was 0.97 *per cent* in 2013-14. Revenue receipts as a percentage of total expenditure stood at 93.67 *per cent*, which meant that the total revenue expenditure could be met out of revenue receipts.

Some of the significant increase and decrease in expenditure during the current year have been highlighted below:

¹⁶ Based on 18 General Category States.

¹⁷ Based on nine Special Category States.

- General Services: Increase in the Services was mainly due to increase in expenditure under other Taxes and Duties on Commodities and Services (₹ 69.53 crore) offset mainly by decrease in Public Works (₹ 65.35 crore).
- Social Services: Increase was mainly due to increase in Water Supply and Sanitation (₹ 45.65 crore) offset by decrease mainly on Relief on Account of Natural Calamities (₹ 72.41) and Medical and Public Health (₹ 32.14 crore).
- Economic Services: The increase was mainly due to increase in Tourism (₹ 203.48 crore) and Rural Employment (₹ 73.42 crore) offset by decrease mainly on Power Projects (₹ 33.84 crore).

Buoyancy of revenue expenditure

The growth in revenue expenditure was higher than the growth of revenue receipts in 2014-15. However, the growth of revenue expenditure (10.96 *per cent*) was lower than the growth of GSDP (17.30 *per cent*). For every one *per cent* growth in GSDP revenue expenditure grew by 0.63 *per cent*.

Buoyancy of capital expenditure

During 2014-15, the growth in capital expenditure (7.54 *per cent*) was lower than the growth of GSDP (17.30 *per cent*), but higher than the revenue receipts (4.99 *per cent*).

1.7.3 Plan and non-plan expenditure

Finance Accounts provide a further classification of expenditure into plan and non-plan. Plan expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both revenue and capital expenditure. In order to maintain the level of services already achieved, non-plan expenditure is normally utilised. **Table 1.16** presents the growth and composition of plan and non-plan expenditure over the last five years.

Table 1.16: Growth in plan and non-plan expenditure

		(₹ in crore)				
Particulars		2010-11	2011-12	2012-13	2013-14	2014-15
Plan	Revenue	675.27	748.38	813.47	1,053.13	1,136.72
	Capital	451.07	615.76	842.35	911.94	980.71
	Loan	5.75	49.17	5.11	10.40	26.57
	Total	1,132.09	1,413.31	1,660.93	1,975.47	2,144.00
	Percentage of plan to total expenditure	45.86	45.67	49.51	51.04	49.13
Non-plan	Revenue	1,336.65	1,681.23	1,693.92	1,971.93	2,219.92
	Capital	-	-	-	-	-
	Loan	-	-	-	-	-
	Total	1,336.65	1,681.23	1,693.92	1,971.93	2,219.92
	Percentage of non-plan to total expenditure	54.14	54.33	50.49	49.96	50.87
Total Expenditure	2,468.74	3,094.53	3,354.85	3,947.40	4,363.92	

Source: Finance Accounts.

During the period 2010-15, while the plan revenue expenditure increased by 68.34 *per cent* from ₹ 675.27 crore in 2010-11 to ₹ 1,136.72 crore in 2014-15, non-plan revenue

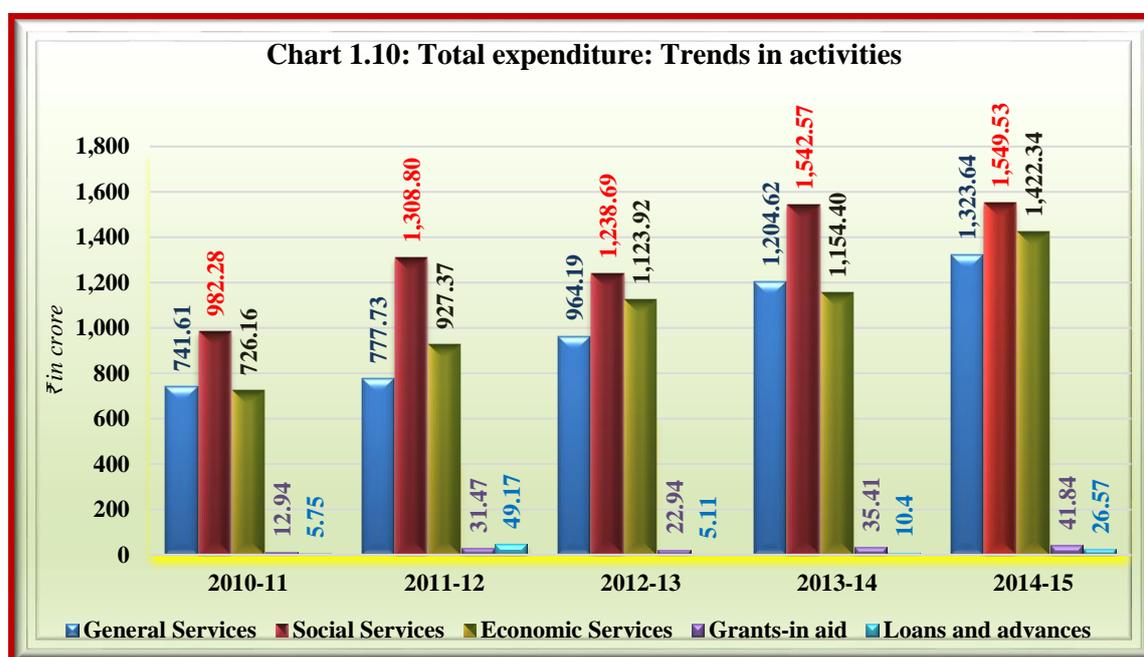
expenditure (NPRE) increased by 66.08 *per cent* from ₹ 1,336.65 crore to ₹ 2,219.92 crore.

The NPRE increased by ₹ 247.99 crore (12.58 *per cent*) as compared to the previous year. The increase was mainly on General Services by ₹ 123.18 crore, Economic Services by ₹ 34.95 crore, Social Services by ₹ 107.41 crore and Grants-in-aid by ₹ 12.47 crore.

The salary expenditure during 2014-15 under Social Services was ₹ 527.08 crore, Economic Services was ₹ 337.94 crore and General Services was ₹ 371.35 crore which contributed 41.19 *per cent*, 41.16 *per cent* and 30.59 *per cent* of revenue expenditure under each services respectively.

1.7.4 Trends in expenditure by activities

In terms of activities, total expenditure could be considered as being composed of expenditure on General Services (including interest payments), Social Services and Economic Services, Grants-in-aid and Loans and Advances. Relating shares of these components in total expenditure (including loans and advances) are indicated in **Chart 1.10**.



Source: Finance Accounts.

The expenditure on General Services and interest together contributed 30.33 *per cent* in 2014-15 as against 30.52 *per cent* in 2013-14. On the other hand, expenditure on Social and Economic Services together accounted for 68.10 *per cent* in 2014-15 as against 68.32 *per cent* in 2013-14. The grants-in-aid and loans and advances contributed 1.57 *per cent* during 2014-15 as against 1.16 *per cent* during 2013-14.

1.7.5 Incidence of revenue expenditure

The bulk of total expenditure goes towards revenue expenditure. Revenue expenditure is incurred to maintain the current level of services and to make payment for past

obligations and as such it does not result in any addition to the State's infrastructure and services network.

Revenue expenditure increased by 66.84 *per cent* from ₹ 2,011.92 crore in 2010-11 to ₹ 3,356.64 crore in 2014-15 and it increased by 10.96 *per cent* from ₹ 3,025.06 crore in 2013-14 to ₹ 3,356.64 crore in 2014-15. The Non-Plan Revenue Expenditure (NPRE) constituted 66.14 *per cent* of the revenue expenditure and increased by ₹ 247.99 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 83.59 crore from ₹ 1,053.13 crore in 2013-14 to ₹ 1,136.72 crore in 2014-15.

NPRE was a major component (66.14 *per cent*) during 2014-15. Only 33.86 *per cent* of revenue expenditure was Plan Revenue Expenditure.

1.7.6 Committed expenditure

Committed expenditure of the State Government on revenue account mainly consisted of interest payments, expenditure on salaries, pension and subsidies. **Table 1.17** presents the trends in the expenditure on these components during 2010-15.

Table 1.17: Committed expenditure

	2010-11	2011-12	2012-13	2013-14	2014-15
	(₹ in crore)				
Salaries, of which	882.31 (66.01)	874.83 (52.04)	971.01 (54.13)	1,093.88 (55.47)	1,236.37 (55.69)
Non-plan head	629.64	642.14	773.95	822.10	936.51
Plan head*	252.68	232.69	197.06	271.78	299.86
Interest payments	186.77 (13.97)	190.83 (6.64)	198.92 (11.09)	209.16 (10.61)	239.55 (10.79)
Expenditure on pension	160.14 (11.98)	173.76 (6.04)	225.17 (12.55)	260.63 (13.20)	333.08 (15.00)
Subsidies	8.05 (0.60)	7.10 (0.24)	8.41 (0.47)	15.60 (0.79)	14.78 (0.67)
Total	1,237.27	1,246.52	1,403.51	1,578.86	1,823.78
<i>As per cent of Revenue Receipts</i>					
Salaries	41.01	30.45	29.53	28.09	30.25
Interest Payments	8.68	6.64	6.05	5.37	5.86
Pension	7.44	6.04	6.85	6.69	8.15
Subsidies	0.37	0.24	0.26	0.40	0.36
<i>As per cent of Revenue Expenditure Receipts</i>					
Salaries	43.85	36.01	38.73	36.16	36.83
Interest Payments	9.28	7.85	7.93	6.91	7.14
Pension	7.96	7.15	8.98	8.62	9.92
Subsidies	0.40	0.29	0.34	0.52	0.44

Figures in the brackets indicate percentage to non-plan revenue expenditure.

* Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes.

Expenditure on salaries

Salaries alone accounted for 30.25 *per cent* of revenue receipts of the State during the year. Salaries increased by 13.03 *per cent* from ₹ 1,093.88 crore in 2013-14 to ₹ 1,236.37 crore in 2014-15. The expenditure on salaries was 36.83 *per cent* of the revenue expenditure.

Pension payments

Pension payments increased by ₹ 72.45 crore from ₹ 260.63 crore in 2013-14 to ₹ 333.08 crore in 2014-15. Pension payment accounted for 8.15 *per cent* of the revenue receipts and 9.92 *per cent* of revenue expenditure.

Interest payments

Interest payments increased by 14.53 *per cent* from ₹ 209.16 crore in 2013-14 to ₹ 239.55 crore in 2014-15. Interest payments of ₹ 239.55 crore in 2014-15 consisted of Internal Debt and Market Loans (₹ 174.29 crore), Small Savings, Provident Fund, etc. (₹ 54.22 crore) and loans received from Central Government (₹ 11.04 crore). The interest payments during 2014-15 exceeded the normative projections of XIII FC (₹ 180.78 crore) by ₹ 58.77 crore.

Subsidies

In any welfare State, it is not uncommon to provide subsidies/subventions to the disadvantaged sections of the society. Subsidies are dispensed not only explicitly but also implicitly by providing subsidised public service to the people. Budgetary support to financial institutions, inadequate returns on investments and poor recovery of user charges from social and economic services provided by the Government fall in the category of implicit subsidies.

Table 1.17 shows that expenditure on payment of Subsidies decreased by 5.26 *per cent* from ₹ 15.60 crore in 2013-14 to ₹ 14.78 crore during the current year. It constituted 0.44 *per cent* of Revenue Expenditure.

Major recipients of Subsidies in 2014-15 were Food, Storage and Warehousing (₹ 14.69 crore) and Co-operation (₹ 0.09 crore). Subsidy in the co-operative sector predominantly represented transport subsidy given to Co-operative. Food subsidy is given to meet the differential cost of food grains under Public Distribution System (PDS).

1.7.7 Financial assistance to local bodies and others

The quantum of assistance provided by way of grants to local bodies and others during the current year, relating to the previous five years, is presented in **Table 1.18**.

Table 1.18: Financial assistance to local bodies and other institutions

	(₹ in crore)					
Financial Assistance to Institutions	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Educational Institutions (Non-Government Aided School, etc.)	0.67	1.31	0.00	0.60	0.05	0.05
Zilla Parishads and Other Panchayat Raj Institutions	182.05	242.94	248.22	220.66	260.51	276.10
Cooperative societies	3.72	1.25	1.19	2.33	1.17	0.24
Other Institutions and bodies (including statutory bodies)	1.02	0.30	0.33	2.07	0.63	2.43
Assistance to Municipalities/ Municipal Councils	-	0.70	0.25	0.00	0.00	0.00
Assistance to Local Bodies Corporations, Urban Development	-	1.36	1.18	0.00	0.00	0.00
Farmers	-	-	1.22	2.23	0.00	0.00
TOTAL	187.46	247.86	252.39	227.89	262.36	278.82
Assistance as percentage of Revenue Expenditure	10.25	12.32	10.39	9.09	8.67	8.31

Source: Finance Accounts.

The total assistance during 2014-15 had increased by 6.27 *per cent* over the previous year mainly due to increase in assistance to Zilla Parishads (ZPs) and Other Panchayati Raj Institutions and bodies (including statutory bodies).

1.7.8 Local Bodies

The position regarding major issues relating to Local Bodies, i.e., Panchayati Raj Institutions(s) are summarised in the following paragraph.

1.7.8.1 An overview of Local Bodies (Panchayati Raj Institutions)

The Sikkim Panchayat Act 1993 was enacted to establish a two tier PRI system at village and district levels in the State following the 73rd Constitutional Amendment. As of March 2015, there were 4 Zilla Parishads (ZPs) and 176 Gram Panchayats (GPs) in the State.

The PRIs are solely funded by the Government through grants-in-aid from Central and State Governments for general administration as well as development activities. Funds are initially reflected in the State budget against the outlay of various administrative departments under grant-in-aid. Individual departments thereafter transfer the funds to Sachiva, Zilla Panchayats for Zilla Panchayat and Additional District Collector-cum-Development Officer for GPs as grants-in-aid. The ZPs and GPs in turn, deposit their funds in the savings account maintained with nationalised banks.

Audit of the PRIs during 2014-15 revealed the following:

- Absence of sound basis for transfer of funds to the PRIs by the departments constrained the PRIs to formulate any plan with certainty. Thus, the planning at the PRI level was on ad-hoc basis.
- Although the State Government delineated the role and responsibilities of each tier of PRIs by transferring 29 subjects for devolution of all the functions listed in the 11th schedule of the Constitution to the PRIs, only 15 subjects were actually transferred to PRIs.
- Scrutiny of records in 88 GPs revealed that basic records and registers were not maintained properly as required under Sikkim Panchayat Rules 2004.
- The GPs had not initiated adequate steps to augment their revenue base despite having enabling provisions in Sikkim Panchayat Act 1993 and recommendation of successive State Finance Commission, accepted by State Government.
- The internal Control in the GPs were lacking in respect of preparation of budget, maintenance of accounts in appropriate format, internal audit by Director, Local Fund Audit, supervision by Sachiva, Zilla Panchayat, etc.

1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e., adequate provisions for

providing public services); efficiency of expenditure use and the effectiveness of expenditure.

1.8.1 Adequacy of public expenditure

The expenditure responsibilities relating to social sector and economic infrastructure assigned to the State Governments are largely State subjects. Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, etc. Low fiscal priority (ratio of expenditure category to aggregate expenditure) can be stated to have been attached to a particular sector if the priority given to that particular head of expenditure is decreasing over the years.

Table 1.19 analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure in 2011-12 and the current year 2014-15.

Table 1.19: Fiscal priority of the State in 2011-12 and 2014-15

(in per cent)

Fiscal priority of the State	AE/GSDP	DE*/AE	SSE/AE	CE/AE	Education/AE	Health/AE
Sikkim's Average (Ratio) 2011-12	34.74	73.85	42.55	19.90	18.11	7.26
Sikkim's Average (Ratio) 2014-15	30.06	68.71	35.77	22.47	17.69	5.95
Special Category states' Average (ratio) 2011-12**	26.39	61.26	37.02	14.02	18.86	5.40
Special Category states' Average (ratio) 2014-15	NA	63.51	38.14	14.22	19.31	5.49

AE: Aggregate Expenditure, DE*: Development Expenditure, SSE: Social Sector Expenditure, CE: Capital Expenditure.

* Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

** Based on eight Special Category States (SCS) – Assam, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.

Table 1.19 shows the fiscal priority given by the Sikkim Government to various expenditure heads during 2011-12 and 2014-15 which is summarised below.

- The AE/GSDP ratio of the Government of Sikkim in 2014-15 had decreased by 4.68 per cent as compared to 2011-12. AE/GSDP ratio in the State was higher than the SCS in 2011-12.
- The ratio of DE as a proportion to AE decreased marginally by 5.14 per cent in 2014-15 as compared to 2011-12 which indicates that the State had given less priority to this category of expenditure during the current year. However, DE as a proportion of AE has been higher in the State compared to the Special Category States' average both during 2011-12 and 2014-15.
- In Social Sector, expenditure as a percentage of AE had decreased by 6.78 per cent in the year 2014-15 as compared to 2011-12. Expenditure on Social Sector as a proportion of AE was higher than the Special Category States' average during 2011-12 but lower than the Special Category States' average during 2014-15.
- The expenditure on Capital Sector had increased by 2.57 per cent in 2014-15 indicating that the State Government had given more emphasis to CE during the year. The share of CE was higher than the Special Category States' average in both the years. Further, expenditure on Education as a percentage of AE had decreased from 18.11 per cent in the year 2011-12 to 17.69 per cent in the year

2014-15 and the percentage of expenditure on health had also decreased from 7.26 per cent in 2011-12 to 5.95 per cent in 2014-15.

- Growth Rate in respect of Revenue expenditure on education and health for Sikkim for the period 2013-14 and 2014-15 was 12.80 per cent and 23 per cent respectively however these were 14.55 per cent and 28.73 per cent for General Category¹⁸ States and for Special Category¹⁹ States these were 17.68 per cent and 23.67 per cent for Revenue expenditure on education and health respectively.

1.8.2 Efficiency of expenditure use

In view of the importance of public expenditure on development heads for social and economic development, it is imperative for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods²⁰. Apart from improving the allocation towards development expenditure²¹, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of capital expenditure to total expenditure and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of social and economic services to total expenditure, the better would be the quality of expenditure. **Table 1.20** presents the trends in development expenditure relating to the aggregate of the State during the current year vis-à-vis the previous years. **Table 1.21** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

Table 1.20: Development expenditure

	2010-11	2011-12	2012-13	2013-14	2014-15
Development expenditure (DE)	1,714.19	2,285.17	2,367.61	2,706.97	2,998.37
Percentage of DE to total expenditure	69.44	73.85	70.57	68.58	68.71
Composition of DE					
Revenue	1314.04 (76.66)	1645.70 (72.02)	1603.57 (67.73)	1954.55 (72.20)	2100.68 (70.06)
Capital	394.40 (23.00)	590.47 (25.84)	759.04 (32.06)	742.42 (27.43)	871.19 (29.06)
Loans and advances	5.75 (0.34)	49.00 (2.14)	5.00 (0.21)	10.00 (0.37)	26.50 (0.88)

Source: Finance Accounts. Figures in brackets indicate percentage to aggregate expenditure.

18 Based on 18 General Category States.

19 Based on nine Special Category States.

20 Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such goods leads to no subtractions from any other individual's consumption of those goods, e.g., enforcement of law and order, security and protection of citizen's rights, pollution free air and other environmental goods and road infrastructure, etc.

Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce mortality, providing basic education to all, drinking water and sanitation, etc.

21 The analysis of expenditure is segregated into development and non-development expenditure. All expenditure relating to revenue account, capital outlay and loans and advances is categorised into social, economic and general services. Broadly, the social and economic services constitute development expenditure, while expenditure on general services is treated as non-development expenditure.

Development expenditure comprising revenue expenditure, capital outlay and loans and advances on socio-economic services increased from ₹ 1,714.19 crore in 2010-11 to ₹ 2,998.37 crore in 2014-15. As a percentage of total expenditure, it decreased from 69.44 *per cent* in 2010-11 to 68.71 *per cent* in 2014-15. In the current year, development expenditure slightly increased to 68.71 *per cent* as compared to 68.58 *per cent* in the previous year. On an average, 70 *per cent* of the development expenditure was on revenue account while capital expenditure including loans and advances accounted for the balance during the years.

In 2014-15, development revenue expenditure included, *inter alia* expenditure on salary (₹ 865.02 crore), subsidy (₹ 14.78 crore) and financial assistance to local bodies and other institutions (₹ 278.82 crore).

Table 1.21: Efficiency of expenditure use

(Ratio in per cent)

Particulars	2013-14		2014-15	
	Ratio of CE to TE	Share of salaries (excluding wages and O&M) in RE	Ratio of CE to TE	Share of Salaries (excluding wages and O&M) in RE
Social Services (SS)				
Education, sports, art and culture	1.26	10.02	0.73	10.07
Health and family welfare	2.37	3.76	1.41	3.71
Water supply, sanitation, housing and urban development	2.82	0.66	3.94	0.72
Others	0.30	1.21	0.11	1.20
Total (SS)	6.74	15.64	6.18	15.70
Economic Services (ES)				
Agriculture and allied activities	0.31	3.93	0.27	3.88
Irrigation & flood control	0.10	0.21	0.10	0.23
Power & Energy	1.68	1.57	0.74	2.23
Transport	7.48	1.70	5.51	0.89
Others	2.49	1.95	7.16	2.84
Total (ES)	12.06	9.36	13.78	10.07
Total (SS+ES)	18.81	25.00	19.96	25.77

Source: Finance Accounts. TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure.

Expenditure on social services

Capital expenditure on social services slightly increased from ₹ 266.21 crore in 2013-14 to ₹ 269.81 crore in 2014-15. There was decrease in ratio of capital to total expenditure on social services by 0.56 *per cent* as compared to the previous year.

The share of salary expenditure under social services in Revenue Expenditure was 15.64 *per cent* in 2013-14, which slightly increased to 15.70 *per cent* in 2014-15.

Expenditure on economic services

Capital expenditure on economic services increased from ₹ 476.21 crore in 2013-14 to ₹ 601.38 crore in 2014-15. The increase in Capital outlay was for Flood Control Programme, Village and Small Industries, Consumer Industries and Roads and Bridges schemes.

The share of salary expenditure under economic services which was 9.36 *per cent* during 2013-14 had increased to 10.07 *per cent* of revenue expenditure in 2014-15.

1.9 Financial Analysis of Government expenditure and investments

In the post-MTFP framework, the Government is expected to keep its fiscal deficit (borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, the State Government needs to initiate measures to earn adequate return on its investments and recover cost of borrowed funds rather than bearing the same in its budget in the form of implicit subsidy and also needs to take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

1.9.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2015 is given in **Table 1.22**.

Table 1.22: Department wise profile of incomplete projects

(₹ in crore)

Department	No. of incomplete projects as on 31 March 2015	Initial budgeted cost	Revised total Cost	Cost over run	Actual expenditure as on 31 March 2015
Building and Housing	14	153.29	182.56	29.27	111.69
Health Care, Human Service and Family Welfare	4	467.38	467.38	0	380.06
Human Resource Development	71	222.81	222.81	0	94.34
Urban Development and Housing	33	344.47	344.47	0	177.18
Tourism and Civil Aviation	73	726.20	726.20	0	298.04
Energy and Power	28	240.64	240.64	0	91.40
Water Supply and Public Health Engineering	19	170.56	170.56	0	82.42
Irrigation and Flood Control Department	55	98.36	98.36	0	22.11
Total	297	2,423.71	2,452.98	29.27	1257.24

Source: Finance Accounts.

As per information received from the State Government, there were 297 incomplete projects (estimated cost ₹ 2,423.71 crore) as on 31 March 2015 in which an expenditure amounting to ₹ 1,257.24 crore had been incurred, out of which 156 works (estimated cost: ₹ 716.01 crore and actual expenditure incurred as on 31 March 2015: ₹ 362.61 crore) were due to be completed by 31 March 2015 and in case of 15 (3 works - UDHD, 6 works - Building and Housing Department, 5 works - HRDD and one work - Irrigation and Flood Control Department) works years of commencement and target date of completion were not furnished by the Departments. Out of 156 works due to be completed by 31 March 2015, the cost of six incomplete projects was revised and increased by 19.09 per cent i.e., ₹ 29.27 crore (Building and Housing Department). Due to the non-completion of works in scheduled time, benefits of the projects did not reach the intended beneficiaries in time.

Information regarding the incomplete works was not furnished by Food, Civil Supplies and Consumer Affairs Department, Sikkim Public Works Department (Roads and Bridges) and Rural Management and Development Department.

1.9.2 Investment and returns

As of March 2015, Government had invested ₹ 97.42 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives as detailed in succeeding paragraphs. The return during the current year was 0.89 *per cent* as detailed in **Table 1.23** below:

Table 1.23: Return on investment

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Investment at the end of the year	90.31	97.42	97.42	97.42	97.42
Return	2.37	Nil	1.53	0.55	0.87
Return (<i>per cent</i>)	2.62	Nil	1.57	0.56	0.89
Average rate of interest on Government borrowings (<i>per cent</i>)	9.00	9.00	9.50	8.33	8.38
Difference between interest rate and return (<i>per cent</i>)	6.38	9.00	7.93	7.77	7.49

Source: Finance Accounts.

The details of investment of ₹ 97.42 crore up to the end of 2014-15 by the State Government in Statutory Corporations (3), Joint Stock Companies (21) and Banks and Co-operative Societies (8) are detailed in **Appendix 1.6**.

It was noticed that the Government had invested ₹ 20.46 crore in the following Companies incurring perennial loss²² (**Table 1.24**).

Table 1.24: Investment in Government Companies under perennial loss

(₹ in crore)

Sl. No.	Name of the Government Company	Investment upto 2014-15		Cumulative loss (**)	Year of accounts approved by Board
		Equity and Loans	Subsidy/ Grants		
1	Sikkim Poultry Development Corporation Ltd. (SPDCL)	Nil	0.16	0.73	2008-09
2	Sikkim Hatcheries Limited (SHL)	0.46	Nil	1.67	2008-09
3	Sikkim Livestock Processing and Development Corporation (SLPDC)	0.35	Nil	1.02	2012-13
4	Sikkim Power Development Corporation	10.35	Nil	45.50	2013-14
5	Sikkim SC, ST and OBC Development Corporation (SABCCO)	9.30	Nil	15.26	2012-13
	TOTAL	20.46	0.16	64.18	

Source: Information furnished by the departments. (**) Accumulated loss upto the latest annual accounts approved by Board.

Against Nine working Companies/Corporations wherein State Government had invested ₹ 40.17 crore (₹ 38.14 crore as equity and ₹ 2.03 crore as loan), three were earning profits, as per their latest finalised annual accounts, while remaining had incurred losses. Of the three profit earning Companies/Corporations, Sikkim Industrial Development and Investment Corporation Limited declared a dividend of ₹ 0.51 crore for the year 2013-14. Sikkim Tourism Development Corporation Limited had accumulated losses and hence, no dividend had been declared. However, State Trading Corporation of Sikkim, which had accumulated profit of ₹ 7.73 crore, had not declared any dividend.

²² Loss made during last five approved accounts.

1.9.3 State PSUs-finalisation of accounts and enhancing financial viability

The XIII Finance Commission recommended that all States should endeavour to ensure clearance of the accounts of all PSUs. All disinvestment receipts should be maintained in the Consolidated Fund and transfer of such receipts to the Public Account should be discouraged.

The finalisation of 43 Annual Accounts in respect of 14 State PSUs pertaining to the year 2007-08 to 2014-15 were in arrears as of September 2015 due to delay in completion/adoption of accounts by the Board of Directors of the respective SPSUs as detailed below:

Table 1.25: Delay in completion/adoption of accounts by the Board of Directors

Sl. No.	Name of the PSUs	Year for which annual accounts to be finalised	Number of accounts
1	Sikkim Industrial Development and Investment Corporation Ltd. (SIDICO)	2014-15	1
2	Scheduled Caste, Scheduled Tribe and Other Backward Class Development Corporation Ltd. (SABCCO)	2013-14 and 2014-15	2
3	Sikkim Tourism Development Corporation Ltd. (STDC)	2013-14 and 2014-15	2
4	Sikkim Power Development Corporation Ltd. (SPDC)	2014-15	1
5	Sikkim Poultry Development Corporation Ltd. (SPDCL)	2009-10 to 2014-15	6
6	Sikkim Hatcheries Ltd. (SHL)	2009-10 to 2014-15	6
7	Sikkim Livestock Processing and Development Corporation Ltd.	2013-14 and 2014-15	2
8	State Bank of Sikkim (SBS)	2013-14 to 2014-15	2
9	State Trading Corporation of Sikkim (STCS)	2011-12 to 2014-15	4
10	Government Fruit Preservation Factory (GFPP)	2011-12 to 2014-15	4
11	Temi Tea Estate (TEMI)	2014-15	1
12	Sikkim State Co-operative Bank Ltd. (SISCO)	2014-15	1
13	Sikkim Mining Corporation (SMC)	2011-12 to 2014-15	4
14	Housing and Development Board	2007-08 to 2014-15	7
	TOTAL		43

Source: Information furnished by the departments.

1.9.4 Loans and advances by the State Government

In addition to investments in Companies, Corporations and Co-operative Institutions, Government also provided loans and advances to many Institutions/Organisations. Table 1.26 presents the position of outstanding loans and advances as of March 2015 and interest receipts vis-à-vis interest payments during the last five years.

Table 1.26: Average interest received on loans advanced by the State Government

Particulars	₹ in crore				
	2010-11	2011-12	2012-13	2013-14	2014-15
Opening balance	41.67	46.63	95.78	99.99	109.48
Amount advanced during the year	5.75	49.18	5.11	10.40	26.57
Amount repaid during the year	0.79	0.03	0.89	0.91	0.88
Closing balance	46.63	95.78	99.99	109.48	135.17
Net addition	(+) 4.96	(+) 49.15	(+) 4.21	(+)9.49	(+)25.69
Interest receipts	3.36	1.84	2.61	4.18	1.76
Interest receipts as per cent to outstanding loans and advances	7.21	1.92	2.61	3.82	1.30
Interest payments as per cent to outstanding fiscal liabilities of the State Government	6.68	6.04	5.95	5.76	5.76
Difference between interest payments and interest receipts (in per cent)	(-) 0.53	4.12	3.34	1.94	4.46

Source: Finance Accounts.

Out of amount of ₹ 26.57 crore advanced during the year 2014-15, ₹ 11.50 crore was against the educational loans for higher studies in colleges and universities and ₹ 15.00 crore was loan for general financial institutions. Further, ₹ 0.07 crore was against loans and advances paid to various Government servants for House Building Advance.

Loans outstanding as of March 2015 aggregated to ₹ 135.17 crore. The interest received during the financial years 2014-15 was ₹ 1.76 crore. During 2014-15, Interest receipts as percentage to outstanding loans and advances was 1.30 per cent against Interest paid as percentage to outstanding fiscal liabilities being 5.76 per cent.

1.9.5 Cash balances and investment of cash balances

Table 1.27 depicts the cash balances and investments made therefrom by the State Government during the year.

Table 1.27: Investment of cash balances

(₹ in crore)

	As of 31 March 2014	As of 31 March 2015
(a) General Cash Balance -	270.60	177.95
• Cash in Treasuries	-	-
• Deposits with Reserve Bank	-	-
• Deposits with other Banks	-	-
• Remittances in transit - Local	-	-
Total	270.60	177.95
Investments held in Cash Balance investment account	750.00	1,050.00
Total (a)	1,020.60	1,227.95
(b) Other Cash Balances and Investments		
Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	0.55	0.55
Permanent advances for contingent expenditure with departmental officers	0.42	0.42
Investment of earmarked funds	262.03	308.02
Total (b)	263.00	308.99
Grand total (a)+ (b)	1,283.60	1,536.94

Source: Finance Accounts.

Under a resolution passed in the year 1968-69, the State Bank of Sikkim was vested with the responsibility by the Government of Sikkim for receiving money on behalf of Government and making all Government payments and keeping custody of the balances of Government in current account as well as fixed deposits which could be made through the branches of the Bank. The cash balances as on 31 March 2015 was ₹ 177.95 crore which was less than the balance as compared to previous year.

As per the Finance Accounts 2014-15 there was a balance of ₹ 171.35 crore with the State Bank of Sikkim as on 31 March 2015. However, as per the records of the State Bank of Sikkim, the cash balance of the State Government stood at ₹ 125.63 crore leaving an un-reconciled balance of ₹ 45.72 crore.

Outstanding balances under the head 'Cheques and Bills'

The head is an intermediate account for initial record of transactions which are to be cleared eventually. Outstanding balance under the major head 8670 - Cheques and Bills

represents the amount of un-encashed cheques. Under this head as on 1 April 2014, there was an opening balance of ₹ 94.70 crore. Further, during the year, cheques worth ₹ 3,076.03 crore were issued and cheques worth ₹ 3,010.76 crore were encashed leaving a closing balance of ₹ 65.27 crore as on 31 March 2015 with a net decrease of ₹ 159.97 crore during the year.

1.10 Assets and liabilities

1.10.1 Growth and composition of assets and liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.3** gives an abstract of such assets and liabilities as on 31 March 2015 compared with the corresponding position as on 31 March 2014.

Total liabilities, as defined are the liabilities under the Consolidated Fund and the Public Account of the State. Consolidated Fund liabilities consist of Internal Debt and Loans and Advances from GOI.

The growth rate of components of assets and liabilities are summarised in the **Table 1.28**.

Table 1.28: Summarised position of Assets and Liabilities

(₹ in crore)							
Liabilities	2012-13	2013-14	2014-15	Assets	2012-13	2013-14	2014-15
<i>Consolidated Fund</i>				<i>Consolidated Fund</i>			
a. Internal Debt	1,828.92	2,058.47	2,389.23	i) Gross Capital outlay	6,434.60	7,346.54	8,327.25
b. Loans and advances from GOI	149.04	127.07	121.07	ii) Loans and advances	100.00	109.48	135.17
	1,977.96	2,185.54	2,510.30	Advances	1.03	1.03	1.03
<i>Public Account</i>							
a. Small savings, Provident funds, etc.	624.15	685.64	710.19	Cash	1,048.63	1,283.60	1,536.94
b. Reserve Funds	246.00	313.15	430.61				
c. Deposits	142.79	146.21	138.37				
d. Remittance Balance	196.73	204.31	213.40				
e. Suspense and Miscellaneous Balances	157.34	99.03	158.75				
	1,367.01	1,448.34	1,651.32				
Surplus on Government Accounts	3457.32	4,238.29	5,106.77				
Revenue Surplus	780.97	868.48	731.00				
Contingency Fund	1.00	1.00	1.00	Contingency Fund		1.00	
Total	7,584.26	8,741.65	10,000.39		7,584.26	8,741.65	10,000.39

Source: Finance Accounts.

The growth rate of assets was 14.40 per cent whereas the growth rate of liabilities was 14.52 per cent in 2014-15 as compared to the previous year.

1.10.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.2**. The composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.11** and **1.12**.

Chart 1.11: Composition of outstanding liabilities as on 31.03.2014
(₹ in crore)

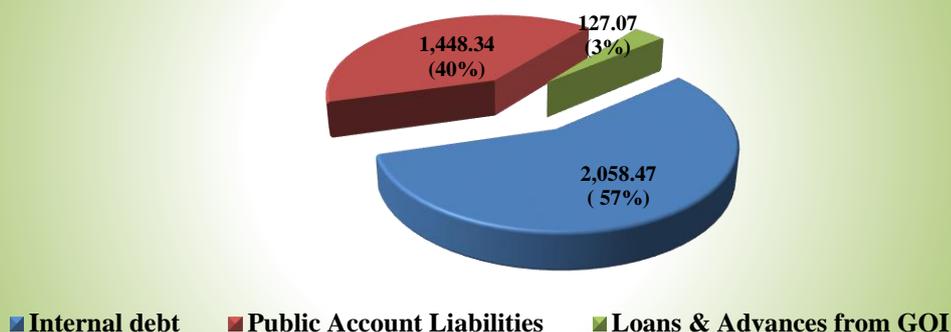
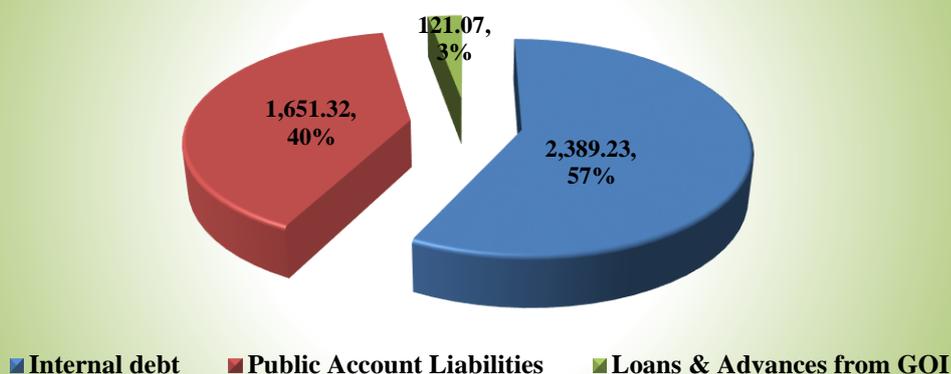


Chart 1.12: Composition of outstanding liabilities as on 31.03.2015
(₹ in crore)



Source: Finance Accounts.

Fiscal liabilities of the State, their rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources as well as buoyancy of fiscal liabilities with respect to these parameters are brought out in Table 1.29.

Table 1.29: Fiscal liabilities-basic parameters

	2010-11	2011-12	2012-13	2013-14	2014-15
Fiscal liabilities (₹ in crore)	2,797.50	3,160.76	3,344.97	3,633.88	4,161.62
Rate of growth (per cent)	1.27	12.99	5.83	8.64	14.52
Revenue Receipts	2,151.70	2,872.11	3,288.36	3,893.54	4,087.64
Ratio of fiscal liabilities to					
GSDP	0.38	0.35	0.32	0.29	0.29
Revenue receipts	1.30	1.10	1.02	0.93	1.02
Own resources	5.36	5.88	4.54	4.10	4.89
Buoyancy ratio of fiscal liabilities to					
GSDP	0.06	0.64	0.33	0.48	0.84
Revenue receipts	0.15	0.39	0.40	0.47	2.91
Own resources	-0.06	4.16	0.16	0.43	(-)-3.66

Source: Finance Accounts.

Fiscal liabilities of the State increased by ₹ 527.75 crore (14.52 *per cent*) from ₹ 3,633.88 crore in 2013-14 to ₹ 4,161.62 crore in 2014-15 comprising Public Account Liabilities of ₹ 1,651.32 crore (40 *per cent*), Internal Debt of ₹ 2,389.23 crore (57 *per cent*) and Loans and Advances of ₹ 121.07 crore (3 *per cent*).

The ratio of fiscal liabilities to GSDP stood at 0.29 at the end of 2014-15. The growth rate of outstanding fiscal liabilities which was 8.64 *per cent* in 2013-14 increased to 14.52 *per cent* in 2014-15. The buoyancy of the liabilities with respect to GSDP and Revenue receipts during the year were 0.84 and 2.91 *per cent* respectively indicating that for each one *per cent* increase in GSDP and revenue receipt, fiscal liabilities grew by 0.84 *per cent* and 2.91 *per cent* respectively.

1.10.3 Transactions under Reserve Funds

Reserve and Reserve Funds are created for specific and well defined purposes in the accounts of the State Government. These funds are fed by contributions or grants from the Consolidated Fund of India or State or from outside agencies. The contributions are treated as expenditure under the Consolidated Fund. The expenditure relating to the funds are initially accounted for under the Consolidated Fund itself for which the vote of the Legislature is obtained. At the end of the year, at the time of closure of accounts, the expenditure relating to the funds are transferred to the Public Account Fund through an operation of deduct entry in accounts. The Funds may be further classified as ‘Funds carrying interest’ and ‘Funds not carrying interest’. Generally, the Reserve Funds are classified under the following three categories based on the sources from which they are fed:

- Funds accumulated from grants made by another Government and at times aided by public subscriptions.
- Funds accumulated from sums set aside by the Union/State from the Consolidated Fund of India or Consolidated Fund of State, as the case may be, to provide reserves for expenditure to be incurred by them for particular purposes.
- Funds accumulated from contributions made by outside agencies to the State Government.

A total of five Reserve Funds had been created and maintained in the accounts of the State Government. Analyses of transaction of those funds are enumerated in the subsequent paragraphs:

Sikkim Transport Infrastructure Development Fund (STIDF)

The Government of Sikkim enacted STIDF Act in 2004 and the Rules under the Act was also notified in 2004 and further amended in June 2009. The STIDF was constituted in the Public Account and classified under the head “8235-General and Other Reserve Fund, 200-Other Funds” in the accounts of the Government. The receipt to the fund shall initially be credited to the receipt head “0045-Other Taxes and Duties on Commodities and Services 112-Receipts from Cesses under Other Acts, Receipt under STIDF Act”. In order to transfer the amount to the Fund, the State Government shall make suitable budget

provision on the expenditure side of the budget under the Head “2045-Other Taxes and Duties on Commodities and Services, 797-Transfer to Reserve Fund/Deposit Account, Transfer to the STIDF”. The Fund shall be operated by the Finance, Revenue and Expenditure Department (FRED). Income Tax and Commercial Tax Division (ITCT) of the FRED shall collect the receipts and maintain the books of accounts. A Committee consisting of the Financial Commissioner/Principal Secretary, FRED as Chairman and the Secretary, Roads and Bridges, Secretary, Transport Department and the Controller of Accounts as members shall administer the Fund. The Additional Commissioner, ITCT Division of the FRED shall be the Member Secretary of the Committee. On receipt of the deposits, ITCT Division shall take action for investment of the receipts. The Fund shall be utilised for (a) the creation, development, maintenance or improvement of transport infrastructure, including roads, bridges and flyovers, (b) the improvement of traffic operations and road safety and (c) the purposes of such other projects as may be prescribed relating to transport infrastructure development with the approval of the Government. During 2014-15, total STIDF collection was ₹ 42.46 crore, out of which ₹ 35.58 crore was transferred to Roads and Bridges Department for construction and maintenance of roads.

Sikkim Ecology Fund (SEF)

The Sikkim Ecology Fund and Environmental Cess Act was notified in 2005 and the Rules there under were framed in 2007. As per the Act, whoever brings non-biodegradable materials to the State of Sikkim with whatsoever purpose, would be levied environmental cess at the rate of one *per cent* of total turnover on sale price and in respect of hotels, resorts and lodges, it would be levied at the rate of five *per cent*.

The broad objective of this fund was to protect and improve the quality of environment, control and abate environment pollution and to take measures for restoration of ecological balance of the State. During 2014-15, State Government collected Ecology Fund of ₹ 84.14 crore and incurred expenditure of ₹ 22.04 crore.

Sinking Fund

State Government of Sikkim constituted a Consolidated Sinking Fund for redemption of the open market loans of the Government commencing from 2004-2005. As per guidelines, the Government is required to contribute to the Fund at the rate of 1 to 3 *per cent* of the outstanding open market loans as at the end of the previous year. The scope of this fund has been extended to cover all outstanding liabilities of the Government through a notification issued on 18 August 2007 on the basis of recommendations of the Twelfth Finance Commission. The State Government has not adopted the recommendations of Reserve Bank of India (RBI) for minimum annual contribution of 0.5 *per cent* of outstanding liabilities. For the year 2014-15, the requirement for annual contribution was ₹ 15.34 crore (0.5 *per cent* of outstanding liabilities of ₹ 3,068.51 crore) in terms of the guidelines of the RBI and ₹ 15.31 crore (at 1 to 3 *per cent* of outstanding open market loans of ₹ 1,531.14 crore) in terms of the guidelines of the State Government. During the year Government transferred ₹ 12.00 crore to the fund against the minimum contribution of ₹ 15.31 crore, as per its own guidelines, resulting in short contribution ranging from

₹ 3.31 crore to ₹ 3.34 crore. As on 31 March 2015, the Fund had a balance of ₹ 269.87 crore (which included ₹ 27.52 crore accrued interest), which has been invested in fixed deposits in nationalised banks as per the directions of the RBI.

State Disaster Response Fund

As per the recommendations of the Thirteenth Finance Commission, the State Government replaced the Calamity Relief Fund with the State Disaster Response Fund (SDRF) in 2010-11. In terms of the guidelines of the Fund, the Centre, and Special Category States like Sikkim, are required to contribute to the Fund in the proportion of 90:10. Further, if the State does not have adequate balance under SDRF, the Government of India provides additional assistance from the National Disaster Response Fund (NDRF). As at the beginning of 2014-15, the Fund had a corpus of ₹ 15.54 crore, out of which ₹ 13.96 crore was invested. During the year 2014-15, the State Government transferred ₹ 28.78 crore to the SDRF (Central share: ₹ 24.89 crore and State share of ₹ 2.76 crore together with ₹ 1.02 crore received as NDRF contribution and accrued interest of ₹ 0.11 crore). After meeting the expenditure of ₹ 26.25 crore during the year, the fund had a closing balance of ₹ 18.06 crore as on 31 March 2015.

Guarantee Redemption Fund

The State Government set up Guarantee Redemption Fund in the year 2000. The detailed account of the Fund as on 31 March 2015 is given below:

Table 1.30: Guarantee Redemption Fund

		(₹ in crore)
Sl. No.	Particulars	Amount
1	Opening Balance	17.72
2	Addition	2.00
3	Interest	4.43
	Total	24.15
4	Amount met from the Fund for discharge of invoked guarantees (-)	Nil
5	Closing Balance	24.15
6	Amount of investment made out of the Guarantee Redemption Fund	24.15

Source: Finance Accounts.

As per the Sikkim Government Guarantee Act 2000 (Act No. 21 of 2000), the ceiling on the total outstanding Government Guarantees as on the 1st day of April shall not exceed thrice the State's Tax Receipt of the second preceding year which was within the limit in the State. No Guarantee was invoked during the year.

1.10.4 Contingent liabilities

Status of guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The details for last five years are given in **Table 1.31**.

Table 1.31: Guarantees given by the State Government

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Maximum amount guaranteed	246.69	163.72	186.42	156.70	156.70
Outstanding amount of guarantees (including interest)	276.42	164.21	187.72	122.09	112.14
Percentage of outstanding amount guaranteed to total State's Tax Receipt of the second preceding year	15.72	7.00	8.72	4.25	3.42

Source: Finance Accounts.

Government had not guaranteed any loans during the year 2014-15. As such, no guarantee commission was received by the Government during the year.

Off-budget borrowings

The borrowings of the State Government are governed by Article 293 (1) of the Constitution of India. In addition to the contingent liabilities, the State Government also extended guarantees against loans availed of by Government Companies/Corporations. These Companies/Corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes envisaged from outside the State budget. Funds for those programmes were to be met out of resources mobilised by those Companies/Corporations outside the State budget but in reality the borrowings of those concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings' and the Government had to repay the loans availed of by those Companies/Corporations including interest through regular budget provision under capital account.

State Government had not resorted to any off-budget borrowings during 2014-15.

1.10.5 Analysis of Borrowings of Government

Analysis of borrowings of the Government revealed that as on 1 April 2014, an amount of ₹ 2,871.19 crore was outstanding towards various loans and advances. Further, during the year 2014-15, there was an addition of ₹ 677.30 crore and payment/discharge of ₹ 327.99 crore with closing balance of ₹ 3,220.50 crore as on 31 March 2015. The increase in total outstanding loans and advances at the end of the year was 12.17 per cent. An interest of ₹ 239.55 crore was also paid by the Government on various loans and advances. Details are given below:

Table 1.32: Detailed Statement on Borrowings and Other Liabilities

(₹ in crore)

Description of Debt	Balance as on 1 st April 2014	Additions during the year	Discharges during the year	Balance as on 31 st March 2015	Net Increase(+)/ Decrease(-) (in percentage)	Interest Paid during the year
Market Loans	1,531.14	330	22.42	1838.72	20	129.61
Loans from Life Insurance Corporation of India	100.26	10	8.26	102	2	8.5
Loans from General Insurance Corporation of India	0.08	0	0.02	0.06	(-)25	0.01
Loans from NABARD	226.18	37.76	32.66	231.28	2	16.53
Compensation and other Bonds	9.56	0	4.78	4.78	(-)50	0.71

Description of Debt	Balance as on 1 st April 2014	Additions during the year	Discharges during the year	Balance as on 31 st March 2015	Net Increase(+)/ Decrease(-) (in percentage)	Interest Paid during the year
Loans from National Co-operative Development Corporation	0.75	0.35	0.75	0.35	(-)53	0.07
Loans from other Institutions	21.78	0	2.57	19.21	(-)12	2.53
Special Securities issued to National Small Savings Fund of the Central Government	168.71	30.01	5.89	192.83	14	16.33
Non-plan loans from GOI	0.55	0.4	0.1	0.85	55	0.05
Block Loans	32.02	3.27	3.56	31.73	(-)1	3.74
State Plan Loans consolidated in terms of recommendation of the 12th Finance Commission	90.76	0	5.67	85.09	(-)6	6.81
Loans for Centrally Sponsored Plan Schemes (Other loans)	1.41	0	0.13	1.28	(-)9	0.17
Loans for Special Schemes of North Eastern Council	2.34	0	0.22	2.12	(-)9	0.27
General Provident Funds	653.89	259.44	238.79	674.54	3	49.15
Insurance and Pension funds	31.76	6.07	2.17	35.66	12	5.07
Total	2,871.19	677.30	327.99	3,220.50		239.55

Source: Finance Accounts.

1.10.6 Inoperative Reserve Funds

As mentioned under **Paragraph 1.10.3**, the Government was maintaining five reserve funds. However, no reserve fund was found inoperative.

1.11 Debt Management

Efficient debt management is an essential part of cash management. Inefficiencies either way can lead to higher interest costs, whether it is accumulation of cash due to unnecessary borrowings or availing of ways and means advances. With reduced fiscal deficits, it is essential that State follows the practice of borrowing on requirement rather than on availability.

Apart from the magnitude of the debt of the State Government, it is important to analyse various indicators that determine the debt sustainability of the State. The debt sustainability is defined as the ability of the State to maintain a constant debt-GDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep a balance between costs of additional borrowings and returns from such borrowings. It means that rise in fiscal deficit should match the increase in capacity to service the debt.

Debt sustainability in Sikkim

Debt sustainability is generally measured in terms of level of debt, Primary deficit and interest cost in relation to nominal GSDP. A Secular falling Debt/GSDP ratio can be considered as leading towards stability. The ratio of interest payment to revenue receipts is also used to measure debt sustainability. In this section, assessment of the sustainability of public debt is made using observation variables.

1.11.1 Debt-GSDP ratio

The trend in the Debt-GSDP Ratio is an important indicator which signifies sustainability of the public debt. In the State, Debt-GSDP ratio was decreased from 37.75 per cent during 2010-11 to 28.67 per cent during 2014-15. This indicates that State is in the right path for debt stabilisation. Debt-GSDP Ratio for the year 2014-15 was higher than the RBI (State Finance - A Study of Budget of 2014-15) estimation of 24.80 per cent and below then the recommended target (55.90 per cent) stipulated by the XIII FC as shown in Table 1.33.

Table 1.33: Debt - GSDP ratio

Year	Total Debt	GSDP	FC-XIII Recommendation (%)		As per RBI (%)		Debt/GSDP (%)
			All States	Sikkim	All State	Sikkim	
2010-11	2,797.50	7,411.57					37.75
2011-12	3,160.76	8,906.64	26.10	65.20	22.60	31.30	35.49
2012-13	3,344.97	10,472.60	25.50	62.10	22.10	28.50	31.94
2013-14	3,633.88	12,376.69	24.90	58.80	21.50(RE)	26.40(RE)	29.36
2014-15	4,161.63	14,517.73	24.30	55.90	21.2(BE)	24.80(BE)	28.67

1.11.2 Interest payment

The trend in the Interest Payment (IP)-Revenue Receipts (RR) Ratio is another important indicator which measure sustainability of the public debt. In the state, IP-RR ratio was 8.68 per cent during 2010-11 which was decreased to 5.86 per cent during 2014-15.

Table 1.34: Ratio of interest payment to revenue receipts

Year	Revenue Receipts (RR)	Growth over previous year	Interest payment	Growth over previous year	IP/RR (%)
2010-11	2,151.70	(-)8.26	186.77	20.94	8.68
2011-12	2,872.11	33.48	190.83	2.17	6.64
2012-13	3,288.36	14.49	198.92	4.24	6.05
2013-14	3,893.54	18.40	209.16	5.15	5.37
2014-15	4,087.64	4.99	239.55	14.53	5.86

1.11.3 Buoyancy of assets to liabilities

The ratio of assets to its aggregate fiscal liabilities could be considered a surrogate measure of quality of its application of borrowed funds. Table 1.35 shows the buoyancy of assets with respect to liabilities.

Table 1.35: Buoyancy of Assets to Liabilities

(₹ in crore)

Year	Aggregate Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of Liabilities	Annual Growth of Assets	Buoyancy of Assets to Liabilities
2010-11	2,797.50	5,813.33	2.08	1.27	3.10	
2011-12	3,160.75	6,619.07	2.09	12.98	13.86	1.07
2012-13	3,344.97	7,584.26	2.27	5.83	14.58	2.50
2013-14	3,633.88	8,741.65	2.41	8.64	15.26	1.77
2014-15	4,161.62	10,000.39	2.40	14.52	14.40	0.99

The growth rate of Assets was higher than growth rate of liabilities during 2010-11 to 2013-14 however, it was less than the growth rate of liabilities during 2014-15.

1.11.4 Sufficiency of incremental non-debt receipts

Another indicator of debt sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Negative resource gap indicates non-sustainability of debt while positive resource gap indicates sustainability of debt. The details for the last five years have been indicated in Table 1.36.

Table 1.36: Indicator of incremental non-debt receipts

		(₹ in crore)				
Sl. No.		2010-11	2011-12	2012-13	2013-14	2014-15
1	Incremental Non-debt Receipts	(-)193.18	761.89	374.87	605.20	194.06
2	Incremental Interest Payments	32.34	4.06	8.09	10.24	30.39
3	Incremental Primary expenditure	150.55	621.73	252.22	582.31	386.13
	<i>Resource Gap</i>	10.29	136.10	114.56	12.65	(-)222.46

Source: Finance Accounts.

The resource gap had remained positive during 2010-14 but during 2014-15, it became negative thereby indicating more dependency on borrowed funds.

1.11.5 Net availability of borrowed funds

Debt sustainability also depends on the ratio of debt redemption (principal plus interest payments) to total debt receipts and application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The net availability of borrowed funds during the current year was positive and funds were available for meeting productive expenditure.

1.11.6 Maturity profile

To discharge its expenditure obligations, the Government had to borrow further, since fiscal surplus was not available in any of the last five years. The maturity profile of outstanding stock as on 31 March 2015 shows that 34.54 per cent of the loans are in the maturity bucket of seven years and above as shown in Table 1.37.

Table 1.37: Maturity profile

Maturity profile of State Public debt (in years)	2010-11	2011-12	2012-13	2013-14	2014-15
0-1	141.34 (7.49)	120.88 (6.31)	163.17 (8.40)	87.01 (3.96)	195.93 (7.76)
1-3	156.62 (8.30)	162.15 (8.48)	411.13 (21.15)	420.97 (19.15)	572.48 (22.67)
3-5	239.05 (12.67)	380.28 (19.88)	669.56 (34.45)	688.90 (31.35)	754.48 (29.87)
5-7	515.44 (27.32)	637.92 (33.35)	402.07 (20.69)	423.29 (19.26)	130.27 (5.16)
7 and above	834.29 (44.22)	611.84 (31.98)	297.67 (15.32)	577.68 (26.28)	872.27 (34.54)

Source: Finance Accounts. Figures in brackets indicate percentage of total State debt.

The Public Debt of the State Government as on 1 April 2014 was ₹ 2,185.54 crore with addition during the year 2014-15 of ₹ 411.79 crore. After discharging/re-payment of loan

amount of ₹ 87.03 crore during the year (excluding an interest payment of ₹ 185.33 crore), there was a closing balance of ₹ 2,510.30 crore as on 31 March 2015. Details of the same are available in Statement-17 of Finance Accounts 2014-15 and summarised in the table below:

Table 1.38: Summary of Public Debt

(₹ in crore)

Sl. No.	Description of the Debt	Balance as on 1 April 2014	Additions during the year	Discharged/re-paid during the year	Balance as on 31 March 2015	Interest paid during the year
1	Internal Debt of the State Government	2,058.46	408.12	77.35	2,389.23	174.29
2	Loans and Advances from the Central Government					
	i. Non-Plan Loans	0.55	0.40	0.1	0.85	0.05
	ii. Loans for State Plan Schemes	122.78	3.27	9.23	116.82	10.55
	iii. Loans for Centrally Sponsored Plan Schemes	1.41	0	0.13	1.28	0.17
	iv. Loans for Special Schemes	2.34	0	0.22	2.12	0.27
	Total 2 (i to iv)	127.08	3.67	9.68	121.07	11.04
	Total (1+2)	2,185.54	411.79	87.03	2,510.30	185.33

Source: Finance Accounts.

The State Government had been contributing ₹ 12 crore per annum to the Sinking Fund (Paragraph 1.10.3) as detailed in Statement - 21 of the Finance Accounts 2014-15 which had a balance of ₹ 269.87 crore at the end of March 2014. It is therefore, evident that the funds shall be insufficient to clear the future liabilities. State Government may consider enhancing its contribution to the fund to enable them to clear future liabilities.

1.11.7 Cost of Borrowings

Cost of borrowings means interest and other costs incurred by an enterprise in connection with the borrowing of funds which *prima-facie* also includes cost of establishment which is deployed exclusively for borrowing of funds and their repayments.

The Finance, Revenue and Expenditure Department (FRED) was responsible for obtaining borrowings for Government of Sikkim and their repayments. Though the FRED was having a separate Loans Wing which had been dealing with all loans and advances taken by the Government as well as by the employees of the State Government, the FRED was not maintaining any record for the cost of establishment of borrowings taken for the Government. However, interest paid on various Public Debt of the State Government during the period 2012-13 to 2014-15 was as under:

Table 1.39: Trends of Public Debt of the State Government

(₹ in crore)

Sl. No.	Description of the Debt	2012-13		2013-14		2014-15	
		Balance as on 31 March 2013	Interest paid during the year	Balance as on 31 March 2014	Interest paid during the year	Balance as on 31 March 2015	Interest paid during the year
1	Internal Debt of the State Government	1,828.92	138.06	2,058.46	147.47	2,389.23	174.29
2	Loans and advances from the Central Government						
	i. Non-Plan Loans	0.38	0.00	0.55	0.05	0.85	0.05

Sl. No.	Description of the Debt	2012-13		2013-14		2014-15	
		Balance as on 31 March 2013	Interest paid during the year	Balance as on 31 March 2014	Interest paid during the year	Balance as on 31 March 2015	Interest paid during the year
	ii. Loans for State Plan Schemes	129.95	4.57	122.78	11.22	116.82	10.55
	iii. Loans for Centrally Sponsored Plan Schemes	16.15	0.25	1.41	0.19	1.28	0.17
	iv. Loans for Special Schemes	2.56	7.66	2.34	0.30	2.12	0.27
	TOTAL 2 (i to v)	149.04	12.48	127.08	11.76	121.07	11.04
	TOTAL (1+2)	1,977.96	150.54	2,185.54	159.23	2,510.30	185.33

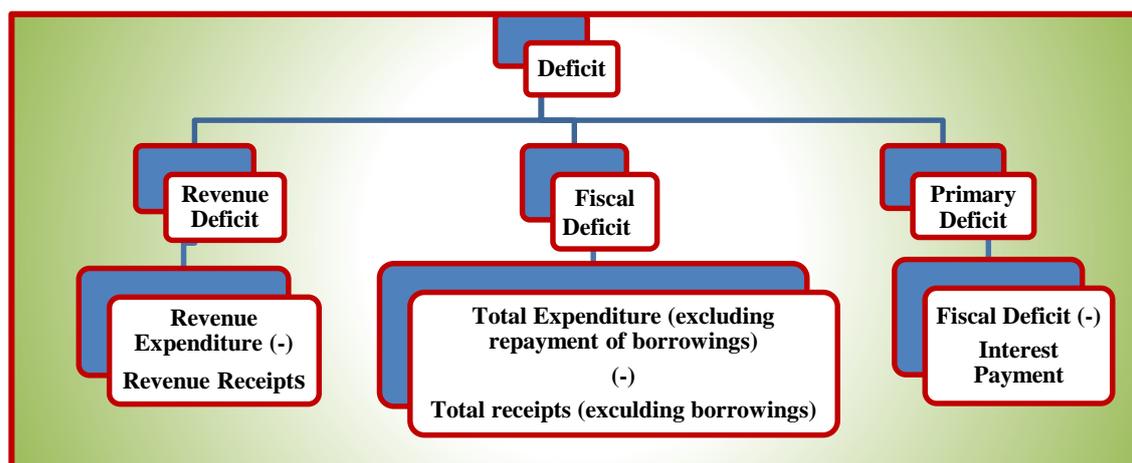
Source: Finance Accounts.

From the above table it would be seen that at the end of the year 2012-13, Public Debt of the State Government was ₹ 1,977.96 crore which increased to ₹ 2,510.30 crore at the end of the year 2014-15. The cost of borrowings in terms of interest payment for the year 2012-13 was ₹ 150.54 crore which increased to ₹ 185.33 crore during the year 2014-15 with average cost of borrowings of ₹ 165.03 crore during the period 2012-15.

1.12 Fiscal imbalances

In an emerging economy, balanced budget is rare and the Government resorts to borrowings to bridge the gap between expenditure requirements and inadequate non-debt receipts. The gap between receipts and expenditure represents deficit. **Chart 1.13** gives an indication of the various kinds of deficits that occur if the Government borrows excessively to balance the budget.

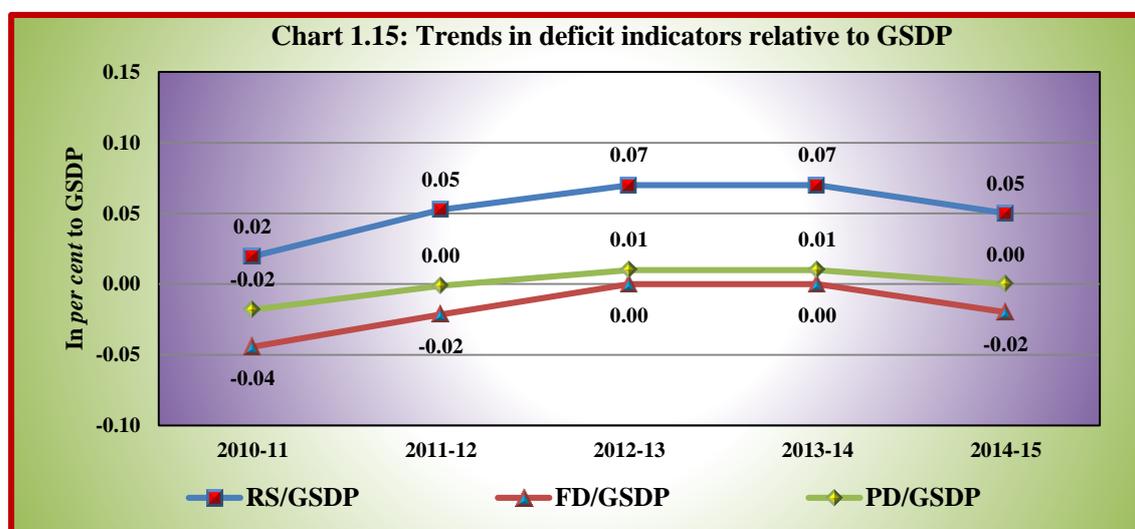
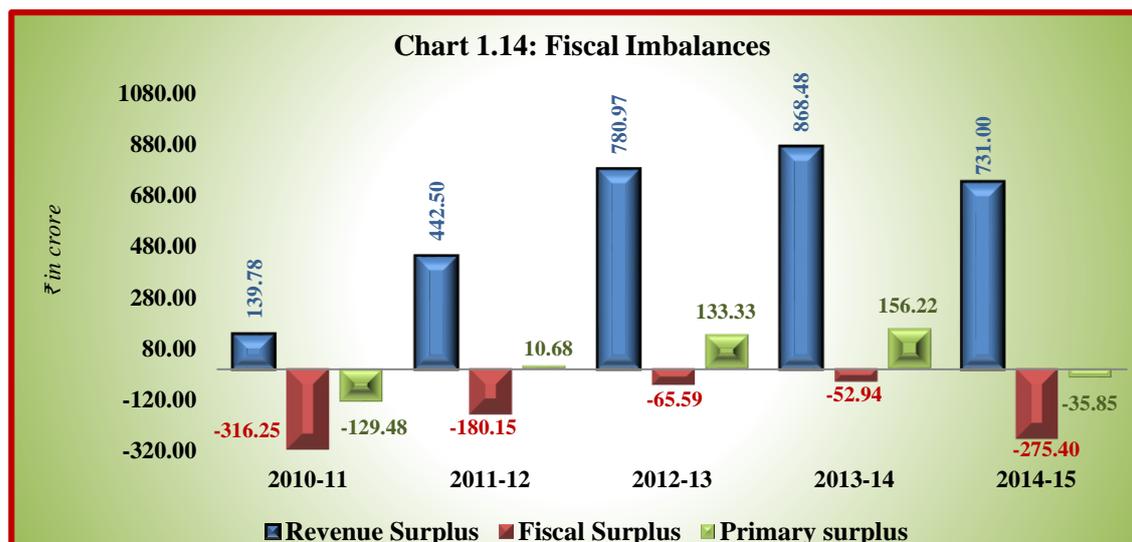
Chart 1.13: Type of deficits



The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set for the financial year 2014-15.

1.12.1 Trends in deficits

Charts 1.14 and 1.15 present the trends in deficit indicators over the period 2010-15.



Revenue surplus

Revenue surplus represents the difference between revenue receipts and revenue expenditure. Revenue surplus helps to decrease borrowings.

The State continued to attain revenue surplus during all the years, i.e., from 2010-11 to 2014-15 with fluctuating trends. Revenue surplus decreased by ₹ 137.48 crore (15.83 per cent) during 2014-15 as compared to the previous year due to increase in revenue expenditure.

Fiscal Deficit

Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relating to key components are indicated in Table 1.40.

Table 1.40: Fiscal deficit and its parameters

Period	Non-debt receipts	Total expenditure	Fiscal Surplus(+)/deficit(-)	Fiscal deficit as per cent to		
				GSDP	Non-debt receipt	Total expenditure
<i>₹ in crore</i>						
2010-11	2,152.49	2,468.74	(-)316.25	4.27	14.69	12.81
2011-12	2,914.38	3,094.54	(-)180.15	2.5	6.18	5.82
2012-13	3,289.26	3,354.85	(-) 65.59	0.63	2.02	1.96
2013-14	3,894.46	3,947.40	(-)52.94	0.43	1.36	1.34
2014-15	4,088.52	4,363.92	(-)275.40	1.9	6.74	6.31

Source: Finance Accounts.

Fiscal deficit as a percentage of GSDP, Non-debt receipts and total expenditure increased during the current year.

Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments. Interest payments represent the expenditure of past obligations and are independent of current allocative priorities. To look at the imbalances of the current nature, these payments need to be separated and deducted from the total imbalances. The primary deficit and its parameters for the last five years are indicated in Table 1.41.

Table 1.41: Primary deficit and its parameters

Period	Fiscal Deficit	Interest Payments	Primary Deficit (-)/ Surplus (+)
			(₹ in crore)
2010-11	316.25	186.77	(-)129.48
2011-12	180.15	190.83	(+)10.68
2012-13	65.59	198.92	(+)133.33
2013-14	52.94	209.16	(+)156.22
2014-15	275.40	239.55	(-)35.85

Source: Finance Accounts.

The deficit recorded was lowest during 2010-11. However, there were surplus during the 2011-12 to 2013-14 and the deficit was recorded in the current year.

1.12.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in the Table 1.42. Decomposition of fiscal deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above revenue and non-debt receipts.

Table 1.42: Components of fiscal deficit and its financing pattern

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	Amount	% of GSDP								
Decomposition of fiscal deficit	316.25	3.55	180.15	2.14	65.59	0.63	52.94	0.43	275.40	1.90
1 Revenue Surplus	139.78		442.5		780.97		868.48		731.00	
2 Misc. Capital Receipts	0	0	42.25		0		0		00	
3 Net capital expenditure	451.07		615.76		842.35		911.94		980.71	

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15		
	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	
4 Net loans and advances	4.96	0.06	49.14	0.59	4.21	0.04	9.48	0.08	25.69	0.18	
Financing pattern of fiscal deficit*											
1 Market borrowings	43.65	0.49	41.59	0.5	133.64	1.28	229.54	1.85	330.76	2.28	
2 Loans from GOI	(-) 21.86	(-) 0.25	(-) 2.81	0.03	(-) 7.95	-0.08	(-) 21.96	(-) 0.18	(-) 6	(-) 0.04	
3 Special securities issued to NSSF**	0	0.00	0	0	0	0	0	0.00	00	0	
4 Loans from financial institutions	0	0.00	0	0	0	0.00	0	0.00	0	0	
5 Small savings, PF, etc.	98.51	1.11	68.52	0.82	(-) 45.35	(-) 0.43	61.49	0.50	24.55	0.17	
6 Deposits and advances		-	17.92	0.21	0	0.00	3.43	0.03	(-) 7.84	(-) 0.05	
7 Suspense and misc.	(-) 97.71	(-) 1.10	37.8	0.45	41.02	0.39	(-) 58.31	(-) 0.47	59.72	0.41	
8 Remittances	(-) 28.26	(-) 0.32	118.16	1.41	(-) 60.11	(-) 0.57	7.58	0.06	9.09	0.06	
9 Reserve funds	20.78	0.23	78.57	0.94	(-) 8.22	(-) 0.08	67.14	0.54	117.45	0.81	
10 Increase (-)/ decrease (+) in cash balance	281.2	3.16	(-) 179.60	2.14	(-) 118.62	(-) 1.13	(-) 234.97	(-) 1.90	(-) 253.34	(-) 1.75	
11 Net of Contingency Fund transactions	0.1	0.00	0	0	0	0.00	(-) 1	(-) 0.01	1	0.01	
Total	316.3		180.15		65.59	0.63	52.94	0.43	275.40	1.90	

* All these figures are net of disbursements/outflows during the year.

** Included in Market borrowings.

The components of fiscal deficit are Revenue Surplus, Net Capital Expenditure and Net Loans and Advances. The State had been attaining revenue surplus, which financed the fiscal deficit along with market borrowings, loans from GOI, etc. The revenue surplus decreased by ₹ 137.48 crore during the current year. The capital expenditure and the net loans and advances increased during the current year.

Even though, there was a revenue surplus of ₹ 731 crore during 2014-15, there was fiscal deficit of ₹ 275.40 crore due to increase in capital expenditure and Loan and Advances. The Capital Expenditure could be financed by revenue surplus to the extent of 74.54 per cent during the current year.

1.12.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue and capital expenditure (including loans and advances) indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (Table 1.43) indicates the extent to which the deficit was on account of enhancement in capital expenditure which might be desirable to improve the productive capacity of the State's economy.

Table 1.43: Primary deficit/surplus-Bifurcation of factors

(₹ in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure (3+4+5)	Primary revenue deficit (-)/surplus (+)(2-3)	Primary deficit (-)/surplus (+)(2-6)
1	2	3	4	5	6	7	8
2010-11	2,152.49	1,825.15	451.07	5.75	2,281.97	(+)327.34	(-)129.48
2011-12	2,914.38	2,238.77	615.76	49.17	2,903.70	(+)675.61	(+)10.68
2012-13	3,289.26	2,308.47	842.35	5.11	3,155.93	(+)980.79	(+)133.33
2013-14	3,894.46	2,815.90	911.94	10.40	3,738.24	(+)1,078.56	(+)156.22
2014-15	4,088.52	3,117.09	980.71	26.57	4,124.37	(+)971.43	(-)35.85

Source: Finance Accounts.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2010-15 except 2010-11 and 2014-15 reveals that the non-debt receipts were enough to meet the requirements of primary revenue expenditure and some receipts were left to meet capital expenditure.

1.13 Follow up

The preparation of standalone Report of the State Finances was started since 2008-09 onwards and no Report of the State Finances had been discussed by the Public Accounts Committee (PAC) so far and hence, no recommendation by the PAC/Finance Commission had been made on the Reports of the State Finances and therefore, no assurances had been given by executive departments on those Reports.

1.14 Conclusion and Recommendations

The fiscal position of the State viewed in terms of key fiscal parameters-revenue surplus, fiscal deficit, primary deficit, etc., indicated that the State had been able to maintain revenue surplus during the last five years. However, revenue surplus recorded decrease (₹ 137.48 crore) during the year. This was due to increase in revenue receipts by 4.99 per cent (₹ 194.10 crore) and the revenue expenditure by 10.96 per cent (₹ 331.58 crore) during 2014-15 as compared to 2013-14. Further, fiscal deficit also increased by ₹ 222.46 crore from the previous year.

The State may need to give special attention to the fall in Revenue Surplus and increase in fiscal deficit.

The increase in Revenue receipts was contributed by tax revenue of ₹ 2.62 crore (0.50 per cent), States share of Union Taxes and Duties of ₹ 46.71 crore (6.12 per cent) and Grants-in-aid from Government of India (GOI) of ₹ 182.59 crore (8.14 per cent) and offset by decrease in non-tax revenue by ₹ 37.82 crore (10.46 per cent). The tax revenue receipts at ₹ 527.54 crore was higher by ₹ 210.17 crore than the projection made by XIII Finance Commission. However, there was shortfall of ₹ 279.52 crore in non-tax revenue.

Revenue expenditure constituted 76.92 per cent, capital expenditure constituted 22.47 per cent and Loans and Advances constituted 0.61 per cent of total expenditure during 2014-15. The Expenditure on Social and Economic sectors, which are considered as

development expenditure, accounted for 68.10 *per cent* in 2014-15 as against 68.32 *per cent* in 2013-14.

The overall revenue expenditure of the State increased by 10.96 *per cent* (₹ 331.58 crore) and capital expenditure increased by 7.54 *per cent* (₹ 68.77 crore) over the previous year. The fiscal deficit increased from ₹ 52.94 crore to ₹ 275.40 crore.

The Grants-in-aid component constituting 59.37 *per cent* of the State's revenue receipts during the year increased by ₹ 182.59 crore. The State continued to be dependent upon central transfers and Grants-in-aid, which is evident from the fact that 79.17 *per cent* of the revenue receipts during the year came from the Government of India.

The growth of revenue expenditure (10.96 *per cent*) was higher than the growth in revenue receipts (4.99 *per cent*) in 2014-15. However, growth of revenue expenditure was lower than the growth of GSDP (17.30 *per cent*). For every one *per cent* growth in GSDP, revenue expenditure grew by 0.63 *per cent*.

54.33 *per cent* of revenue expenditure constituted committed expenditure on salaries, pension, interest payments and subsidies.

The State Government accorded less fiscal priority to development expenditure during 2014-15 as it decreased by 5.14 *per cent* as compared to 2011-12, however, it was higher than Special Category States' and it was behind that of the General Category States (17.20 *per cent*). Further, the share of capital expenditure to aggregate expenditure (11.81 *per cent*) was also lower in the State compared to the other General Category States (13.62 *per cent*).

Funds aggregating ₹ 362.61 crore was incurred on 156 incomplete projects which were scheduled to be completed by 31 March 2015. Therefore, the benefits of the projects did not reach the intended beneficiaries in time. The State Government should formulate guidelines for timely completion of the projects and strictly monitor reasons for the time and cost overrun with a view to take corrective action.

The sum of quantum spread and primary deficit slightly decreased and stood at ₹ 428.17 crore during 2014-15 against ₹ 599.12 crore in 2013-14. The fiscal liabilities stood at nearly 1.02 times of the revenue receipts and 4.89 times of the State's own resources at the end of 2014-15. The buoyancy of these liabilities with respect to GSDP during the year was 0.84 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.84 *per cent*.

The return from investment was 0.89 *per cent* and some of the Companies/Corporations were under perennial loss. Effective steps need to be taken by the State Government either to revive the units or close down the units incurring losses to avoid further financial burden on the Government.

CHAPTER II

FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

2.1 Introduction

2.1.1 Appropriation Accounts are accounts of the expenditure, voted and charged, of the Government for each financial year compared with the amounts of the voted grants and appropriations charged for different purposes as specified in the schedules appended to the Appropriation Acts, passed by the Legislature. These accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both charged and voted items of budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provisions and are therefore, supplementary to Finance Accounts. In Sikkim, no Budget Manual containing the procedures for preparation of the estimates of budget, subsequent action in respect of the budget communication, distribution of grants, watching the progress of revenue and control over expenditure etc., has yet been laid down.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India (CAG) seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

2.2.1 Summarised position of expenditure and provision

The summarised position of actual expenditure during 2014-15 against 46 grants/appropriations is given in Table 2.1.

Table 2.1: Summarised position of actual expenditure vis-à-vis Original/Supplementary provision

(₹ in crore)

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)	Total amount surrendered	Amount surrendered on 31 March 2015	Percentage of savings surrendered by 31 March 2015 (col.7/col.6)
1		2	3	4	5	6	7	8	9
Voted	I Revenue	4,631.99	87.14	4,719.13	3459.11	(-)1,260.02	645.04	64.50	51
	II Capital	1,669.79	114.31	1,784.10	1,007.21	(-)776.89	716.15	71.81	92
	III Loans and Advances	0.55	-	0.55	0.07	(-)0.48	0.48	0.05	100
Total Voted		6,302.33	201.45	6,503.78	4,466.39	(-)2,037.39	1,361.67	136.36	

Nature of expenditure		Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)	Total amount surrendered	Amount surrendered on 31 March 2015	Percentage of savings surrendered by 31 March 2015 (col.7/col.6)
Charged	IV Revenue	275.38	0.44	275.82	273.38	(-)2.44	13.81	1.38	(-)5.66
	V Capital	0.00	0	-	0.00	0.00	0.00	0.00	0
	VI Public Debt- Repayment	89.00	0	89.00	87.03	(-)1.97	1.97	0.20	100
Total Charged		364.38	0.44	364.82	360.41	(-)4.41	15.78	1.58	
Appropriation to Contingency Fund (if any)		0	0	-	0	0	0	0	
Grand Total		6,666.71	201.89	6,868.60	4,826.80	(-)2,041.80	1,377.45	137.94	

Source: Appropriation Accounts.

The overall savings of ₹ 2,041.80 crore was the result of savings of ₹ 2,046.07 crore in 44 grants and two appropriations under Revenue Section, 24 grants under Capital Section offset by excess of ₹ 4.27 crore in 05 grants under Revenue Section.

The savings/excess were intimated (July 2015) to the Controlling Officers requesting them to explain the significant variations. Out of 365 sub-heads, explanations in respect of 238 savings and 67 excess cases were received (July 2015).

2.2.2 Pendency in submission of Detailed Contingent (DC) Bills against Abstract Contingent (AC) Bills

As per Sikkim Financial Rule (SFR), every drawing and disbursing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount of DC bills received during the period 2010-15 was ₹ 259.61 crore against the amount of AC bills of ₹ 332.13 crore (₹ 136.20 crore (OB) + ₹ 195.93 crore) leading to an outstanding balance of DC bills of ₹ 72.51 crore as on 31 March 2015 as given in the following table:

Table 2.2: Details of AC Bills

(₹ in crore)

Year	Opening Balance	Addition during the year	Total amount of AC bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2010-11	136.20	29.85	166.05	50.25	30.26	115.80
2011-12	115.80	45.04	160.84	16.61	10.33	144.23
2012-13	144.23	50.11	194.34	53.12	27.33	141.22
2013-14	141.22	42.78	184.00	90.36	49.11	93.63
2014-15	93.63	28.15	121.78	49.27	40.46	72.51
TOTAL		195.93		259.61		

Source: Voucher Level Computerisation data of Office of the Sr. Deputy Accountant General (Accounts and Entitlement).

Department-wise pending DC bills for the years up to 2014-15 are detailed in **Appendix 2.1**. As would be seen from the appendix, the main defaulting departments were Police (₹ 8.93 crore), Labour (₹ 6.99 crore), Horticulture and Cash Crops Development (₹ 6.31 crore), Tourism and Civil Aviation (₹ 6.25 crore) and Food Security and Agriculture (₹ 5.51 crore).

Non-submission of DC bills for long periods after drawing the AC bills is fraught with the risk of misappropriation and therefore, needs to be monitored closely. It may also be mentioned that the expenditure, having already been booked as such in the books of accounts, distorts the magnitude of expenditure besides quality of the same remaining unascertained.

2.2.3 Review of pendency in submission of DC bills in the Health Care, Human Services and Family Welfare Department

A review of the advances granted and their subsequent adjustment in the Health Care, Human Services and Family Welfare Department showed that ₹ 2.59 crore drawn towards various advances viz. Contingency advance, T.A. advance and Medical advance was lying unadjusted for long period of time.

Rule 20 (5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 states that ‘The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under these rules and the balance, if any, recovered from the pay of the Government Servant concerned in ten equal monthly instalments’.

Rule 216 (2) states that ‘The right of a Government Servant to Travelling allowance including Daily Allowance shall be forfeited or deemed to have been relinquished if the claim for it is not preferred within one year from the date on which the journey is completed. The advance so granted shall be recovered from his pay or any other dues in one instalment by the authority competent to sanction such advance’.

Sub-Para 7.6 of Para 7 below Rule 227 of Sikkim Financial Rules, 1979 stipulates ‘The Advance Register should be reviewed by the Head of Department/Office at frequent intervals to ensure that the advance do not remain outstanding for more than the period stipulated for settlement. The Controlling Officer should ensure that every effort is made to get the work done or supplies completed against the advances expeditiously’.

Sub-Para 7.16 and 7.17 of Para 7 below Rule 227 of SFR states that ‘The Controlling Officer/DDO of the Department/Office shall obtain the copy of statement containing details of AC bills drawn and DC bills adjusted by each department from the PAO regularly and should verify from his records kept in the Advance Register and reconcile with the PAO monthly and Office of the Accountant General, Sikkim at the time of reconciliation of accounts or dates fixed by that office’ and ‘After reconciliation with the Office of the Accountant General, Sikkim, a certificate of reconciliation and adjustment effected is to be obtained by the Department for record and references’.

Moreover, a certificate has also been printed on the Abstract Contingent Bill form clearly mentioning that ‘the detailed contingent bills for all the contingents for advance drawn more than three months before have been submitted’.

In spite of the above rule provision, advances were lying un-adjusted for long periods without any reasons on record.

Besides, the following irregularities were also noticed:

- In one case of medical advance, the second and the subsequent bills of advances had been adjusted, though, the first advance remained unadjusted. The department failed to take any action to settle the advance and recover the balance amount from the Government servant.
- A certificate has to be given on the Abstract Contingent Bill form clearly mentioning that ‘the detailed contingent bills for all the contingents for advance drawn more than three months before have been submitted’ which is to be certified by the DDO at the time of drawing the AC bills. The DDOs however, certified all AC bills without ascertaining the pending unsettled advances.
- The outstanding advances as on 31 March 2015 as shown in the records of Office of the Sr. Deputy Accountant General, Sikkim was ₹ 2,58,62,332. However, outstanding advances as reflected in the Departmental records was only ₹ 76,05,367. The reason for difference was due to non-reconciliation with the records of PAO as well as Office of the Sr. Deputy Accountant General, Sikkim as per the rules *ibid*.
- Details of 36 cases of various advances amounting to ₹ 20,99,725 have not been recorded in the advance register thus leading to difficulty in tracking the recipients of the advances which ultimately had the risk of non-adjustment of advances.
- The Advance Register has never been reviewed by the Head of the Department/Office at frequent intervals to ensure that the advance do not remain outstanding for more than the period stipulated for settlement.
- The Advance Register for 2014-15 (Non-Plan) could not be produced to audit.

Despite the standing instructions, circulars, etc. issued by the Government on the subject and also a revised guideline for drawal of advances, submission of detailed contingent bills for adjustment of advances, etc. by Finance, Revenue and Expenditure Department in April 2013, effective steps were not taken to adjust these old outstanding advances.

Thus, non-adherence of the rule, non-compliance of instructions, certification of bill without due diligence and lack of follow-up actions not only by the DDOs concerned but also by the Heads of departments/Controlling Officers had resulted in accumulation of outstanding advances. Non-settlement of advances carries with it the risk of fraud and misappropriation of public fund and causes non-transparency in expenditure reporting system.

2.3 Financial accountability and budget management

2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit revealed that in 36 cases, savings exceeded ₹ one crore in each case and also by more than 20 *per cent* of total provision (**Appendix 2.2**). Against the total savings of ₹ 2,046.07 crore, savings of ₹ 1,572.00 crore (76.83 *per cent*)¹ occurred in 12 cases relating to 11 grants as indicated in **Table 2.3**.

¹ Exceeding ₹50 crore in each case.

Table 2.3: List of Grants with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of Grant	Original	Supplementary	Total	Actual expenditure	Savings
REVENUE - VOTED						
1	Finance, Revenue and Expenditure	1,147.61	19.45	1,167.06	786.71	380.35
2	Forestry and Environment Management	244.98	39.54	284.52	175.26	109.25
3	Health Care, Human Services and Family Welfare	276.95	0.50	277.45	200.01	77.43
4	Irrigation and Flood Control	148.76	0.01	148.77	18.41	130.36
5	Land Revenue and Disaster Management	280.37	2.00	282.37	189.06	93.31
6	Development Planning, Economic Reforms and North Eastern Council Affairs	92.91	0.14	93.05	13.06	79.99
7	Rural Management and Development	251.67	1.62	253.30	168.99	84.31
8	Panchayat Raj Institutions	408.43	0	408.43	353.74	54.70
CAPITAL – VOTED						
9	Land Revenue & Disaster Management	180.33	0	180.33	78.83	101.50
10	Roads and Bridges	222.38	10.00	232.38	85.59	146.79
11	Tourism	380.83	40.07	420.90	266.36	154.54
12	Urban Development and Housing	219.21	10.75	229.96	70.50	159.46
TOTAL		3,854.43	124.08	3,978.52	2,406.52	1,571.99

Source: Appropriation Accounts.

Savings were mainly due to i) Resources not released by FRED as fund from GOI was received at fag end of financial year, (ii) Lottery prize not claimed, iii) Non-release of payment by PAO due to curtailment of resource under State Plan, iv) Vacant posts not filled up and transfer of OS, v) Surrender of fund not accepted as it was granted under supplementary demand, vi) Progress of work not achieved and vii) Non-passing of bills by PAO.

2.3.2 Persistent savings

In seven cases, during the last five years, there were persistent savings of more than ₹ one crore in each case and also by 10 per cent or more of the total grant (Table 2.4).

Table 2.4: Lists of Grants indicating persistent savings during 2010-11 to 2014-15

(₹ in crore)

Sl. No.	No. and Name of Grant	Amount of savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
REVENUE – VOTED						
1	19 - Irrigation & Flood Control	28.05 (39.01)	76.84 (65.46)	93.92 (62.64)	106.75 (72.46)	130.36 (87.75)
2	22 - Land Revenue and Disaster Management	35.60 (54.63)	163.20 (36.81)	172.04 (50.81)	130.03 (33.12)	93.31 (33.04)
3	38 - Social Justice, Empowerment and Welfare	62.64 (52.29)	67.33 (46.90)	34.81 (33.67)	23.24 (23.05)	31.11 (26.43)
CAPITAL – VOTED						
4	31 - Energy and Power	65.89 (66.72)	39.28 (51.76)	60.69 (58.71)	24.24 (27.09)	37.40 (54.36)
5	34 - Roads and Bridges	125.54 (58.80)	151.39 (56.80)	48.09 (20.07)	77.87 (31.97)	146.79 (63.16)
6	40 - Tourism	54.87 (52.81)	127.19 (69.05)	108.15 (69.03)	108.37 (63.24)	154.54 (36.71)
7	41 – Urban Development and Housing	149.37 (81.76)	167.49 (74.48)	171.35 (77.61)	148.29 (70.98)	159.46 (69.34)

Source: Appropriation Accounts. (Figures in the bracket indicate percentage to total provision).

Savings were mainly due to (i) non-release of fund by Government of India and State Government, (ii) improper reconciliation, (iii) progress of work not achieved.

2.3.3 Rush of expenditure

According to the SFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ one crore and also more than 50 per cent of the total expenditure for the year was incurred in respect of 15 heads amounting to ₹ 225.03 crore (16.44 per cent of total expenditure during the year) during March 2015 and ₹ 855.41 crore (62.49 per cent of total expenditure during the year) in 28 heads during last quarter of the year 2014-15 as listed in **Appendix 2.3**.

In six cases, three during the last quarter and another three during March 2015, expenditure was up to 100 per cent of total provision during the year, which was contrary to the aforesaid provision.

2.3.4 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 84.76 crore for the years 2009-2014 had not been regularised (March 2015). The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.5**.

Table 2.5: Excess over provisions relating to previous years requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2009-10	04 (Grant Nos. 24,28,29,33)	-	5.10	Under examination by PAC
2010-11	04 (Grant Nos. 24,33,37,24)	-	1.59	-do-
2011-12	03 (Grant Nos. 16,26,42,24)	-	0.20	-do-
2012-13	18 (Grant Nos. 3,5,9,16,17,24,25,26,27,31,32,33,34,35,36,40,42)	Governor	22.10	-do-
2013-14	15 (Grant Nos. 3,5,7,8,9,16,24,26,30,31,32,34,35,42,10)	-	55.77	-do-
TOTAL			84.76	

Source: Appropriation Accounts.

2.3.5 Excess over provision during 2014-15 requiring regularisation

Table 2.6 contains the summary of total excess in 5 grants/appropriations amounting to ₹ 4.28 crore over authorisation from the Consolidated Fund of State during 2014-15 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provision requiring regularisation during 2014-15

(₹ in lakh)

Sl. No.	Number and title of Grant/Appropriation		Total grant/appropriation	Expenditure	Excess
VOTED					
1	3	Buildings	1,962.86	2,044.98	82.12
2	8	Election	1,623.48	1,637.35	13.87
3	31	Energy and Power	13,398.74	13,635.52	236.78
4	33	Water Security and Public Health Engineering	1,838.83	1,926.65	87.82
5	42	Vigilance	635.20	642.39	7.19
TOTAL			19,459.11	19,886.89	427.78

Source: Appropriation Accounts.

2.3.6 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 163.24 crore obtained in 28 cases, (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**.

2.3.7 Excessive/insufficient re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in excess/savings ₹ 10 lakh or more in each case in 11 sub-heads. There was excess of ₹ 3.14 crore in 4 sub-heads as detailed in **Appendix 2.5** and savings of ₹ 2.18 crore in 7 sub-heads as detailed in **Appendix 2.6**.

2.3.8 Substantial surrenders

Substantial surrenders (the cases where more than 50 per cent of total provision was surrendered) were made in respect of 49 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from Government of India. Out of the total provision amounting to ₹ 679.07 crore in those 49 sub-heads, ₹ 498.65 crore (73.43 per cent) constituting 7.25 per cent of total budget provision (₹ 6,868.60 crore) were surrendered, which included cent per cent surrender in 17 sub-heads (₹ 112.03 crore). The details of such cases are given in **Appendix 2.7**.

2.3.9 Surrender in excess of actual savings

In three cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in related departments. As against savings of ₹ 175.91 crore, the amount surrendered was ₹ 199.76 crore resulting in excess surrender of ₹ 23.85 crore as indicated in **Table 2.7**.

Table 2.7: Surrender in excess of actual savings (₹ 50 lakh or more)

(₹ in crore)					
Sl. No.	No. and Name of Grant/Appropriation	Total grant/appropriation	Savings	Amount surrendered	Amount surrendered in excess
	REVENUE - CHARGED				
1	10 - Finance, Revenue and Expenditure	251.90	0.35	12.04	11.69
	TOTAL	251.90	0.35	12.04	11.69
	CAPITAL - VOTED				
2	7 - Human Resources and Development	39.75	21.02	22.39	1.37
3	40 - Tourism	420.90	154.54	165.33	10.79
	TOTAL	460.65	175.56	187.72	12.16
	GRAND TOTAL	712.55	175.91	199.76	23.85

Source: Appropriation Accounts.

2.3.10 Anticipated savings not surrendered

As per SFR, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance, Revenue and Expenditure Department (FRED) as and when the savings are anticipated. At the close of the year 2014-15, there were however, eight grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 142.85 crore (6.98 per cent of the total savings) as indicated in Table 2.8.

Table 2.8: Details of anticipated savings not surrendered

(₹ in lakh)			
Sl. No.	Grant No.	Name of grant/appropriation	Savings
1	4	Co-operation	0.26
2	12	Forestry and Environment Management	100.22
3	19	Irrigation and Flood Control	13,056.59
4	19	Irrigation and Flood Control	144.70
5	21	Labour	204.54
6	21	Labour	278.00
7	32	Printing and Stationery	0.18
8	36	Science , Technology and Climate Change	500.55
		TOTAL	14,285.04

Further, in 18 grants/appropriations (with savings of ₹ 1 crore and above in each case), out of total savings of ₹ 1,386.85 crore, only ₹ 698.71 crore were surrendered leaving ₹ 688.15 crore (49.61 per cent) unsurrendered, details of which are given in Appendix 2.8. Besides, in 52 cases, (surrender of funds in excess of ₹ 1 crore or more), ₹ 1,229.35 crore (Appendix 2.9) were surrendered (major departments involved were Urban Development and Housing, Tourism and Civil Aviation, Roads and Bridges, Forest, Environment and Wildlife Management and Land Revenue and Disaster Management) on the last two working days of March 2015 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

2.4 Contingency Fund

The Contingency Fund of the State had been established under the Contingency Fund Act 1957 in terms of provisions of Articles 267(2) and 283(2) of the Constitution of India.

Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ 1 crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

During the last financial year an amount of ₹ 1 crore was given to Election Department out of the fund which was recouped during the current financial year.

2.5 Outcome of review of selected grants

2.5.1 Grant 35 - Rural Management and Development Department

A review on budgetary procedure and control over expenditure for the period 2010-11 to 2014-15 was conducted (August-September 2015) in respect of “Grant No.35 - Rural Management and Development Department”, Government of Sikkim. Significant observations made during the review are detailed below:

2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2010-11 to 2014-15 in respect of Grant No. 35 pertaining to the Rural Management and Development Department is given below:

Table 2.9: Details of actual expenditure against grants received

(₹ in crore)

Year	Section	Nature of expenditure	Original Grant	Supplementary Grant	Total	Actual expenditure	Excess(+) Savings(-)	Amount surrendered
2010-11	Voted	Revenue	46.98	11.95	58.93	54.60	(-)4.33(7)	2.19
	Voted	Capital	86.74	-	86.74	64.29	(-)22.45(26)	20.36
2011-12	Voted	Revenue	51.16	10.48	61.64	55.98	(-)5.66(9)	6.20
	Voted	Capital	103.35	36.88	140.23	82.29	(-)57.94(41)	52.09
2012-13	Voted	Revenue	48.65	3.63	52.28	56.08	(+)3.80(7)	2.62
	Voted	Capital	98.20	7.36	105.56	70.62	(-)34.94(33)	34.81
2013-14	Voted	Revenue	100.02	-	100.02	119.62	(+)19.60(19)	0.48
	Voted	Capital	77.46	0.25	77.71	64.92	(-)12.79(19)	24.66
2014-15	Voted	Revenue	251.67	1.62	253.30	168.89	(-)84.41(33)	83.27
	Voted	Capital	498.48	31.46	240.89	210.96	(-)29.93(12)	20.08
Total	Voted	Revenue	707.91	27.68	526.16	455.17		94.76
	Voted	Capital	575.18	75.95	651.13	493.08		152

Source: Appropriation Accounts. Figures in brackets indicate percentage of savings/excess to total provisions.

The analysis of actual expenditure against the grants received revealed the following:

2.5.1.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. It was noticed that supplementary grants of ₹ 36.88 crore, ₹ 7.36 crore, ₹ 0.25 crore, during the years 2011-12, 2012-13, 2013-14 respectively under the Capital Heads and ₹ 1.62 crore during the year 2014-15 under the Revenue Head were unnecessary as the final expenditure of ₹ 82.29 crore, ₹ 70.62 crore, ₹ 64.92 crore and ₹ 168.89 crore under those heads were within the original provision.

2.5.1.3 Persistent savings

Persistent savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned department to overestimate the requirement of funds. Persistent and substantial savings ranging from 12 to 41 *per cent* of the provision were noticed under Capital Heads during the entire review period from 2010-11 to 2014-15 under Grant No. 35 as detailed in **Table 2.9**.

2.5.1.4 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment thereto. Further, analysis of budget provision and actual expenditure for the period 2010-11 to 2014-15 covered under review revealed that there were substantial savings of 26 and 41 *per cent* under Capital Heads during 2010-11 to 2012-13 and substantial saving of 33 *per cent* under Revenue Head during 2014-15 respectively indicating inaccurate and unrealistic budget estimates.

2.5.1.5 Surrender in excess of actual savings

During the years 2011-12 and 2013-14 under Revenue and Capital Heads respectively, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 18.45 crore, the amount surrendered was ₹ 30.86 crore resulting in excess surrender of ₹ 12.41 crore.

2.5.1.6 Substantial surrenders

Substantial surrenders were made in respect of 22 heads of accounts during the period under review (2010-15) either due to non-receipt of funds from Government of India or non-completion of work. The percentage of surrenders ranged from 51 to 100 *per cent* as shown below:

Table 2.10: Details of substantial surrenders

(₹ in crore)

Year	Major Head	Total Provision	Amount surrendered	Percentage of amount surrendered
2010-11	4215-Water Supply Scheme for Central Pandam in East Scheme (NLCPR)	10	9.98	99
	4215-Water Supply Scheme from Chakmakey and Ringyang under Soreng Sub-Division, West District (NLCPR)	3	3	100
	4215-Water Supply Scheme at Rabdantse in West Sikkim (NLCPR)	2	2	100
	4215-Swajal Dhara (100% CSS)	2.88	2.35	82
2011-12	2215-Roof Water Harvesting(Plan)	3.2	3	94
	4216-Cultural Village at Yangang(Plan)	3	2	67
	4515-Picnic Spot cum dev. of Garden at Lower Lingzey Busty under Sumin Lingzey GPU	1	1	100
	4515-Construction of Rural Playground (SPA)	1	1	100
	4515-Forest Land Compensation for Const. of Rishi Kutir, Solophok (Plan)	1.5	1.5	100

Year	Major Head	Total Provision	Amount surrendered	Percentage of amount surrendered
2012-13	2501-Power Subsidies	2	2	100
	4215-WSS for Central Pandam (NLCPR)	10	10	100
	4215-WSS – Rabdentse	1.80	1.80	100
	4215-Construction of BDO office including Land Compensation	2	1.02	51
	4515-Construction of Kisan Bazaar	2.50	1.77	71
	4515-Rural Community Centre	2.5	2.5	100
2013-14	4215-WSS for Central Pandam (NLCPR)	1	1	100
	4215-Schemes under NABARD	1.50	1.50	100
	5054-Beautification and development of Historical Place at Kabi Lungchok, North Sikkim	4	4	100
2014-15	2216- House Upgradation	8	8	100
	2501-National Rural Livelihood Mission	0.5	0.5	100
	2215-Nirmal Bharat Abhiyan	10	8.12	81
	4515-Rural Tourism, Rock Garden at Zoom and Village Tourism	1	1	100

Source: Appropriation Accounts.

2.5.1.7 Anticipated savings not surrendered

In terms of Sikkim Financial Rules, spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant 35 revealed that despite the savings, no fund was surrendered in following cases:

Table 2.11: Details of anticipated savings not surrendered

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Saving	Amount surrendered
2010-11	2515-Assistance to Gram Panchayats	10.21	Nil	Nil	10.21	Nil
	4215-Construction of WSS around Pakyong Airport Complex	28.20	11.58	Nil	16.62	Nil
	4216-Mukhya Mantri Awaas Yojana	209.00	195.72	Nil	13.28	Nil
	4216-Const. of B.D.O including Land Compensation	63.36	48.84	Nil	14.52	Nil
2011-12	2515-Grants-in-Aid to Sikkim Institute to Rural Development	95.00	80.00	Nil	15.00	Nil
	4215-Water Supply Scheme at Rabdantse in West Sikkim (NLCPR)	240.00	69.00	Nil	171.00	Nil
	5054-Major Works	50.00	8.40	(-) 6.79	34.81	Nil
2012-13	3054-Head Office Establishment	64.92	48.61	4.98	21.29	Nil
	4215-Village Water Supply Scheme (State Plan)	70.49	Nil	Nil	70.49	Nil
	4215-Village Water Supply Scheme (HCM's Tour)	10.00	Nil	Nil	10.00	Nil
2013-14	2216-Purchase of Electric Chullah with utensils.	1,500.00	1,200.00	(-) 289.00	11.00	Nil
	4215-Village Water Supply Scheme (State Plan)	50.00	27.95	Nil	22.05	Nil
2014-15	3054-Maintenance and Repair (wages)	100.00	116.00	36.00	20.00	Nil
	4215-National Rural Drinking Water Programme (State)	1,500.00	Nil	Nil	1,500.00	Nil
	5054-Construction of Bridges	85.00	75.00	Nil	10.00	Nil
TOTAL					1,980.26	Nil

Source: Detail Appropriation Accounts.

2.5.1.8 Non-utilisation of funds

Budget allotment is provided based on the proposed activities to be undertaken for a year. Audit analysis on the review of the grant revealed that an amount of ₹ 20.66 crore provided for various activities were not utilised as indicated below:

Table 2.12: Details of non-utilisation of funds

(₹ in lakh)

Year	MH affecting the grant	Amount of grant
2010-11	2515-Grants to ZillaParishads/District Level Panchayats	20.00
	2515-Assistance to Gram Panchayats	10.00
	4215-Village Water Supply Scheme (State Plan)	17.75
2011-12	4515-Rural Tourism, Rock Garden at Zoom and Village Tourism at Chirbirey and Maghigaon (NLCPR)	377.49
2012-13	4215-Village Water Supply Scheme (State Plan)	70.49
	4215-Village Water Supply Scheme (HCM's Tour)	10.00
2014-15	4215- NRWDP (Central Share)	1,500.00
TOTAL		2,005.73

Source: Appropriation Accounts.

2.5.1.9 Expenditure without provision

As per SFR, expenditure should not be incurred on a scheme/service without provision of funds. It was however, noticed that expenditure of ₹ 0.38 crore was incurred in three cases as detailed in Table 2.13 without any provision in the total grant.

Table 2.13: Details of expenditure without provision

(₹ in crore)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Excess
2010-11	2215-03-800-36.00.76-RuralHousing Scheme	0	0.02	0.02
2011-12	2515-00-800-72-00-27-Minor Works	0	0.20	0.20
2012-13	2501-101-00-44-73-Power Subsidies	0	0.16	0.16
TOTAL			0.38	

Source: Appropriation Accounts.

2.5.1.10 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the last quarter was noticed in the grant under review. Rush of expenditure during March of the period under review ranged from 05 to 21 per cent of the total expenditure as shown below:

Table 2.14: Trend of rush of expenditure

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Expenditure during April to December	89.80	96.76	86.14	125.62	305.68
Expenditure during January to February	11.82	12.56	18.02	49.62	22.62
Expenditure during March (Percentage of expenditure during March to total expenditure in bracket)	17.27 (14)	28.95 (21)	22.55 (18)	9.30 (5)	50.97 (13)
TOTAL	118.89	138.27	126.71	184.54	379.27

Source: Voucher Level Computerisation data of Office of the Sr. Deputy Accountant General (Accounts and Entitlement). Figures in brackets indicate percentage of expenditure in March to total expenditure.

Further analysis revealed that significant rush of expenditure during the closing month of the year ranging from 25 to 84 *per cent* of total expenditure were noticed in 11 Heads under Grant No. 35 as detailed in **Appendix 2.10**.

2.6 Conclusion and Recommendations

Against the total provision of ₹ 6,868.60 crore during 2014-15, an expenditure of ₹ 4,826.80 crore was incurred. This resulted in an unspent provision of ₹ 2,041.80 crore (29.72 *per cent*). Excess expenditure of ₹ 89.04 crore during 2009-10 to 2014-15 required regularisation under Article 205 of the Constitution. While supplementary provision of ₹ 163.24 crore in 28 cases was unnecessary, re-appropriation of funds in 11 cases was made injudiciously resulting in either un-utilised provision or excess over provision. In 52 cases, ₹ 1,229.35 crore was surrendered on the last two working days of the financial year. ₹ 72.51 crore drawn during 2010-15 as advances remained to be settled, distorting the amount of expenditure being shown as such.

Budget should be prepared keeping in view the actual requirement of funds and it should neither be under/over pitched. Budgetary control should be strengthened to avoid cases of provision remaining unutilised. The Controlling/Disbursing Officers may keep a close and constant watch over the progress of expenditure against the sanctioned allotment in order to avoid savings/excess especially in departments where persistent savings/excess were noticed. They may also specially strengthen monthly expenditure control and monitoring mechanism.

All the departments should closely monitor the expenditure against the allocation and incurring of excess expenditure over the grants should be strictly avoided.

Rush of expenditure during the last quarter of the financial year particularly in the month of March are required to be avoided. The departments should forecast the budget in close proximity to actual requirements and the FRED should take effective steps to prepare a Budget Manual enumerating detailed procedures for better financial management.

CHAPTER III FINANCIAL REPORTING

A sound internal financial reporting system based on compliance with financial rules is one of the attributes of good governance. This chapter provides an overview and status of compliance of the departments of the State Government with various financial rules, procedures and directives during the current year.

3.1 Non-submission of Utilisation Certificates (UCs)

Sikkim Financial Rules (SFR) (Rule 116 (1)) states that every grant made for a specific object is subject to the implied conditions, (i) that the grant shall be spent upon the object within a reasonable time (which should ordinarily be interpreted to mean one year from the date of issue of the letter sanctioning the grant as per note below Rule 116), if no time limit has been fixed by the sanctioning authority; and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. However, 518 Utilisation Certificates (UCs) aggregating to ₹ 8.76 crore in respect of grants-in-aid paid up to 2014-15¹, were in arrears as of March 2015 as detailed in **Appendix 3.1**.

The age-wise arrears of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

Sl. No.	Range of Delay in Number of years	Total grants released		Utilisation Certificates in arrears	
		Number	Amount (₹ in lakh)	Number	Amount (₹ in lakh)
1	9 and above	40	66.24	3	3.40
2	7-9	556	244.79	8	44.79
3	5-7	74	570.74	16	34.74
4	3-5	20	118.00	0	0
5	1-3	353	316.39	0	0
6	0-1	559	1,138.78	491	793.01
Total		1,602	2,454.94	518	875.94

Source: Departmental figures.

¹ Grants-in-aid paid during 2014-15, although not due for submission of UCs within 2014-15, were in arrears.

Major cases of financial implications due to non-submission of UCs were related to Department of Sports and Youth Affairs (28 *per cent*), Animal Husbandry Livestock Fisheries and Veterinary Services (26 *per cent*) and Transport Department (18 *per cent*). Non-submission of UCs defeats the very purpose of release of the money to the beneficiary organisations and also gives rise to possibility of misuse/diversions.

3.1.1 Pendency in submission of Utilisation Certificates

Utilisation Certificates (UCs) pending submission as on 31 March 2015 in respect of Ecclesiastical Affairs Department were 273 aggregating to ₹ 20.95 crore against the release of 1,298 grants amounting to ₹ 59.95 crore from 2008-09 till 2014-15 as detailed below:

Table 3.2: Statement showing pending utilisation certificates

(₹ in crore)

Sl. No.	Range of delay in number of years	Total grants released		Utilisation Certificates in arrears	
		Number	Amount	Number	Amount
1.	3 and above	901	21.45	161	8.89
2.	1 – 3	139	11.11	31	3.59
3.	0 – 1	258	27.39	81	8.47
	TOTAL	1,298	59.95	273	20.95

The Department while releasing the grants laid down following time schedule for submission of the Utilisation Certificates:

- ₹ 50,000 to ₹ 1 lakh - Three months
- ₹ 1 lakh to ₹ 5 lakh - Six months, and
- ₹ 5 lakh and above - 12 months

However, as revealed from the records and also as stated by the Department, the pendency in submission of UCs was mainly due to shortage of manpower, non-adherence of the instructions by the grantee units and absence of follow-up actions by the Department in written form, as the follow-up as stated by the Department was mainly done through telephone and verbally.

3.1.2 Review of grants-in-aid

A detailed review on utilisation of grants-in-aid in Ecclesiastical Department revealed the following:

- Rule 112 of the Sikkim Financial Rule (SFR) lays down that ‘Grants should be made available, as far as possible, on the basis of specific schemes drawn up in sufficient detail and duly approved by Government’.

Audit examination revealed that neither any specific scheme was drawn nor was it approved by the Government and the grants were made merely on application by the societies, religious institution, etc.

- Note 1 below sub rule (2) of Rule 113 of the Sikkim Financial Rules lays down that ‘Grants-in-aids in excess of ₹ 1 lakh per annum recurring and ₹ 5 lakhs non-recurring should normally be sanctioned with the specific conditions laid down in the sanction letters that the accounts of the institution receiving the grant should be open for test check by the Comptroller and Auditor General of India at his discretion. The audit in pursuance of this provision will be undertaken by the Comptroller and Auditor General of India in consultation with the administrative department concerned which will make necessary arrangements with the institutions for the conduct of such audit’.
- Rule 114 stipulates that the grantee institutions or bodies receiving the grant is required to maintain subsidiary accounts of the Government grants and furnish to the Accountant General i) a copy of the audited statement of its accounts; and ii) a copy of their constitution.

However, audit of records revealed that the sanction intimation letters sent to the grantee units did not contain the specific conditions as laid down in the rule above. Further, the grantee units were not intimated about maintenance of the subsidiary accounts. The audited statements of accounts and their constitution were also not sent to the Accountant General.

- Rule 116 (1) lays down that ‘unless it is otherwise ordered by Government, every grant made for a specific object, is subject to the implied conditions that the grant shall be spent upon the object within a reasonable time (*one year*), if no time limit has been fixed by the sanctioning authority.

It was seen in audit that though the time limit has been framed, it was neither adhered to by the grantee units nor by the Department. As stated by the Department, the follow-up actions for the submission of the UCs were merely made verbally or telephonically, hence it was not done in written forms which ultimately led to non-submission of the UCs and doubtful utilisation of the grants.

It was further seen that the Department released ₹ 59.95 crore involving 1,298 UCs in the form of grants to various religious institutions during the year 2008-09 to 2014-15. However, 273 out of 1,298 UCs involving ₹ 20.95 crore were not received as of October

2015 as detailed in Table 3.2 above. This was mainly due to lack of monitoring and co-ordination between the Department and its grantee units as was evident from the fact that the Department could not produce any document in support of its monitoring over the grants.

3.2 Non-submission/delay in submission of accounts

In order to identify new institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, the State Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. None of the departments could submit the same though specifically called for.

Further, according to section 14 (3) of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act 1971, where the receipts and expenditures of any body or authority are, by virtue of the fulfillment of the conditions specified in sub-section (1) or sub-section (2) of section 14, audited by the Comptroller and Auditor-General of India (CAG) in a financial year, he shall continue to audit the receipts and expenditures of that body or authority for a further period of two years notwithstanding that the conditions specified in sub-section (1) or sub-section (2) are not fulfilled during any of the two subsequent years.

The substantially funded Autonomous Bodies/Authorities are required to submit their annual accounts for audit by the CAG under the provision *ibid.* 65 annual accounts of 28 Autonomous Bodies/Authorities due up to 2014-15 had not been received by the Accountant General (Audit) as detailed in **Appendix 3.2**. The age-wise delay in years is detailed in the table below:

Table 3.3: Statement showing age-wise non-furnishing of accounts

Sl. No.	Range of delays in number of years	Total number of accounts
1	5 and above	8
2	3-5	6
3	1-3	23
4	0-1	28
	TOTAL	65

3.3 Status of submission of accounts of Autonomous Bodies and placement of Audit Reports before the State Legislature

Several Autonomous Bodies had been set up by the State Government in the field of Rural Development, Urban Development, Khadi and Village Industries, State Health and

Family Welfare, Science and Technology, etc. The audit of accounts of 16 bodies in the State has been entrusted to the CAG. Those are audited with regard to their transactions, operational activities and accounts, conducting regulatory/compliance audit, review of internal management and financial controls, review of systems and procedures, etc.

The audit of accounts of five Bodies in the State has been entrusted to the CAG for which Separate Audit Report (SAR) is prepared for placement before the Legislature. Out of these four Autonomous Bodies, three Autonomous Bodies viz. Sikkim Mining Corporation (SMC), State Trading Corporation of Sikkim (STCS) and State Bank of Sikkim (SBS) rendered accounts upto 2010-11 and one Autonomous Body viz., State Legal Service Authority (SLSA) upto 2013-14. 9 Separate Audit Reports of three Autonomous Bodies (SBS for the years 2005-06, 2008-09 to 2010-11, State Legal Service Authority for the year 2013-14 and Sikkim State Electricity Regularity Commission for the year 2011-12 to 2014-15) had not been placed before the State Legislature as of October 2015. Details are given in **Appendix 3.3**.

3.4 Departmental Commercial Undertakings

The departmental undertakings of certain government departments performing activities of commercial and quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken up in time. Besides, the delay in all likelihood may also open the system to risk of fraud and leakage of public money.

The heads of departments in the Government are to ensure that the undertakings prepare and submit such accounts to the Accountant General for audit within a specified time frame. The position of arrears in preparation of *pro forma* accounts by the undertakings is given below:

Table 3.4: Arrears in finalisation of proforma accounts and Government investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings

Sl. No.	Name of the Undertakings	Accounts finalised upto	Investment as per the last Accounts finalised (₹ in crore)	Remarks/ Reasons for delay in preparation of Accounts
1	Government Food Preservation Factory	2010-11	2.92	Delay in holding Board Meetings/AGM
2	Temi Tea Estate	2013-14	-	Delay in holding Board Meetings/ AGM

3.5 Misappropriation, losses, etc.

There were three cases of misappropriation, losses, etc., involving Government money amounting to ₹ 15.80 lakh at the end of 2014-15 on which final action was pending. The Department-wise break up of pending cases and age wise analysis is given in the **Appendix-3.4** and the nature of those cases is given in **Appendix-3.5**. The age-profile of the pending cases with the number of cases pending in each category of theft, misappropriation/loss, etc. was under:

Table 3.5: Profile of pending cases of misappropriation, loss, defalcation, etc.

(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
15-20	1	12.72	Misappropriation	3	15.80
05-10	1	0.26			
05.10	1	2.82	Loss		

Source: Departmental figures.

Around 80.50 *per cent* of the amount involved pertains to the Food and Civil Supplies and Consumer Affairs Department.

3.6 Reconciliation of expenditure and receipts

To enable the controlling officers to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, expenditure recorded in their books have to be reconciled by them every month during the financial year with those recorded in the books of the Senior Deputy Accountant General (Accounts and Entitlements), Sikkim.

Reconciliation had been completed for all revenue and capital Expenditure heads, while 100 *per cent* of total Receipt Heads were reconciled during 2014-15.

3.7 Other comments

Booking under Minor Head “800 - Other Receipts and Other Expenditure”

During the year 2014-2015, an amount of ₹ 161.10 crore under 36 Revenue Receipts heads and ₹ 424.27 crore under 44 Expenditure Heads had been classified under 800-Other Receipts/Expenditure constituting 3.61 *per cent* of total revenue receipts of the State and 9 *per cent* of the total expenditure incurred under respective major heads.

3.8 Conclusion and recommendation

The foregoing discussion discloses deficiencies in furnishing UCs in time against grants/loans paid, non-furnishing of detailed information about financial assistance paid to various Institutions and non-submission of accounts in time. There was delay in placement of Separate Audit Reports to the Legislature and arrears in finalisation of accounts by the Autonomous Bodies/Authorities.

The sanctioning authority/concerned Department may evolve a mechanism to gather the UCs promptly and look into the delays in submission to identify the bottlenecks and address them.

Gangtok
The



(Vanlal Chhuanga)
Accountant General (Audit), Sikkim

Countersigned

New Delhi
The



(Shashi Kant Sharma)
Comptroller and Auditor General of India

Appendix 1.1: Part A

State Profile

(Reference: Page 1)

General Data		
Sl. No.	Particulars	Figures
1	Area	7,096 sq. km
	Population	
2	a.	As per 2001 Census
	b.	As per 2011 Census
3	a.	Density of Population (2001 Census) (All India Density = 325 person per sq.km)
	b.	Density of Population (2011 Census) (All India Density = 382 person per sq.km)
4	Population below poverty line (All India Average = 27.5 per cent)	2011-12
5	a.	Literacy (2001 Census) (All India Average = 64.8 per cent)
	b.	Literacy (2011 Census) (All India Average = 74.0 per cent)
6	Infant mortality (per 1,000 live births) (All India Average 40 per 1,000 live births)	As per Sikkim Statistics 2013
7	Gross State Domestic Product (GSDP) 2014-15 at current prices	As per Ministry of Statics and programme implementation , GOI
8	Per capita GSDP CAGR (2006-2015)	Sikkim
9	GSDP CAGR (2006-2015)	Sikkim
10	Per capital GSDP 2014-15	Sikkim
11	Population Growth (2005-14)	Sikkim
12	Financial Data	
	Particulars	CAGR (2013-14 to 2014-15)
	CAGR (in per cent)	Special category States
		Sikkim
a.	Revenue Receipts	15.34
b.	Tax Revenue	13.19
c.	Non Tax Revenue	(-) 6.78
d.	Total Expenditure	20.99
e.	Capital Expenditure	26.12
f.	Revenue Expenditure on Education	17.68
g.	Revenue Expenditure on Health	23.67
h.	Salary and Wages	4.52
i.	Pension	14.94

Appendix 1.1: Part B

Layout of Finance Accounts

(Reference: Paragraph 1.1, Page 2)

Finance Accounts is prepared in two volumes with volume I presenting the summarised financial statements of Government and volume II presenting the detailed statements. The layout is detailed below. Further, volume II contains details such as comparative expenditure on salaries and subsidies by major head, grants in aid and assistance given by the State Government, externally aided projects, expenditure on plan scheme, direct transfer of Central scheme funds to implementing agencies, summary of balances, financial results of irrigation schemes, commitments on incomplete public works contracts and maintenance expenditure which are bought out in various appendices.

Statement	Layout
Volume-I	
1	Summarised Financial position
2	Statement of Receipts and Disbursement
3	Statement of receipts (Consolidated Fund)
4	Statement of expenditure (Consolidated Fund)
5	Statement of Progressive capital expenditure
6	Statement of borrowing and Other liabilities
7	Statement of loans and advances given by the State Government
8	Statement of investments of the Government
9	Statement of guarantees given by the Government
10	Statement of Grants-in-aid given by Government
11	Statement of voted and charged expenditure.
12	Statement on Source and Application of Funds for Expenditure other than on Revenue Account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Accounts
Volume-II Part-I	
14	Detailed Statement of revenue and capital receipts by minor heads
15	Detailed Statement of revenue expenditure by minor heads
16	Detailed Statements of capital expenditure by minor heads and Sub-Heads
17	Detailed Statement of borrowings and other liabilities
18	Detailed statement on Loans and Advances given by the Government of Sikkim
19	Detailed Statement of Investments
20	Detailed Statement on Contingency Fund and other Public Account transaction
21	Detailed account on contingency fund and public account transactions.
22	Details of earmarked balance of reserve funds.
Volume-II Part-II Appendices	
I	Comparative Expenditure in Salary
II	Comparative Expenditure in Subsidy
III	Grants-in-aid/Assistance given by the State Government (Institution wise and Scheme-wise)
IV	Details of Externally Aided Projects
V	Plan Scheme Expenditure -A. Central Schemes (Centrally Sponsored Schemes and Central Plan Schemes), B. State Plan Schemes
VI	Direct transfer of Central Scheme funds to implementing Agencies in the State (Funds routed outside State Budgets) (Unaudited figures)
VII	Acceptance and Reconciliation of balances (As depicted in Statements 18 and 21)
VIII	Financial results of Irrigation Schemes
IX	Commitments of the Government – List of Incomplete Capital Works
X	Maintenance Expenditure with segregation of Salary and Non-Salary portion
XI	Major Policy Decisions of the Government during the year or new schemes proposed in the Budget

Appendix 1.1: Part C

Structure of Government Accounts

(Reference: Paragraph 1.1, Page 2)

The accounts of the State Government are kept in three parts viz., Consolidated Fund, Contingency Fund and Public Account

Part I: Consolidated Fund: All revenues received by the State Government, all loans raised by issue of treasury bills, internal loans and all moneys received by the Government in repayment of loans shall form one Consolidated Fund entitled the Consolidated Fund of the State established under Article 266 (1) of the Constitution of India.

Part II: Contingency Fund: Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an impress placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the fund.

Part III: Public Account: Receipts and disbursements in respect of certain transaction such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

List of terms used in Chapter I and basis for their calculation

Terms	Basis of calculation
Buoyancy of a parameter	
Buoyancy of a parameter (X) with respect to another parameter	Rate of Growth of the parameter (X)/Rate of Growth of the parameter (Y).
Rate of Growth (ROG)	(Current year Amount/Previous year Amount – 1)*100.
Average	Trend of growth over a period of 5 years
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be.
Development Expenditure	Social Services+ Economic Services
Interest received <i>as per cent</i> to loans outstanding	Interest received/[(opening balance + closing balance of loans and advances)/2]*100.
Revenue deficit	Revenue receipt - revenue expenditure.
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts.
Primary deficit	Fiscal deficit - Interest payments.
Balance from current revenue (BCR)	Revenue receipts <i>minus</i> plan grants and non-plan revenue expenditure excluding debits under 2048 - Appropriation for reduction or avoidance of debt.
Compound Annual Growth Rate (CAGR)	The compound annual growth rate Is calculated by taking the n th root of the total percentage growth rate, where n is the number of years in the period being considered. CAGR = [Ending Value/Beginning Value] ^{(1/no. of years) -1}
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.

Terms	Basis of calculation
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.7 implies that revenue receipts tend to increase by 0.7 percentage points, if the GSDP increases by one <i>percent</i> .
Core Public and Merit goods	<p>Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such goods lead to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air, other environmental good, road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.</p> <p>"The analysis of expenditure data is disaggregated into developmental and non-developmental expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, the social and economic services constitute developmental expenditure, while expenditure on general services is treated as non-developmental expenditure</p>
Debt Sustainability	The Debt sustainability is defined as the ability of the State to maintain a constant debt- GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.
Non-debt receipts	Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.
Net availability of borrowed funds	Defined as the ratio of the debt redemption (principal+ interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

Appendix 1.2

Time series data on the State Government finances

(Reference: Paragraph 1.1, Page 2)

(`in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Part A. Receipts					
1. Revenue Receipts	2,151.70	2,872.11	3,288.36	3,893.54 (99.98)	4,087.64 (99.98)
(i) Tax Revenue	279.54 (12.99)	293.92 (10.23)	435.48 (13.24)	524.92 (13.48)	527.54 (12.91)
Taxes on Sales, Trade, etc.	142.74 (51.1)	124.19 (42.25)	227.08 (52.14)	286.33 (54.55)	282.10 (53.47)
State Excise	70.64 (25.27)	96.26 (32.75)	111.12 (25.52)	120.64 (22.98)	131.36 (24.90)
Taxes on Vehicles	10.66 (30.81)	16.56 (5.63)	16.38 (3.76)	18.52 (3.53)	19.42 (3.68)
Stamps and Registration fees	5.70 (2.04)	8.27 (2.81)	5.35 (1.23)	6.46 (1.23)	6.77 (1.28)
Land Revenue	7.33 (2.62)	4.61 (1.57)	5.66 (1.30)	3.39 (0.65)	6.15 (1.17)
Taxes on Income other than Corporation Tax	4.94 (1.77)	4.86 (1.65)	6.73 (1.55)	8.68 (1.65)	7.93 (1.50)
Other Taxes	37.52 (13.42)	39.17 (13.32)	63.16 (14.50)	80.90 (15.41)	73.81 (13.99)
(ii) Non Tax Revenue	242.15 (11.25)	244.04 (8.50)	302.00 (9.16)	361.59 (9.29)	323.77 (7.92)
(iii) State's share of Union taxes and duties	524.99 (24.40)	611.65 (21.30)	698.48 (21.25)	762.62 (19.59)	809.33 (19.80)
(iv) Grants in aid from Government of India	1,105.02 (51.36)	1,722.50 (59.97)	1,852.40 (56.33)	2,244.41 (57.64)	2,427.00 (59.37)
2. Miscellaneous Capital Receipts	-	42.25	-	-	-
3. Recoveries of Loans and Advances	0.79	0.03	0.90	0.92 (0.02)	0.88 (0.02)
4. Total Revenue and Non debt capital receipts (1+2+3)	2,152.49 (95.77)	2,914.39 (97.08)	3,289.26 (94.35)	3,894.46 (92.93)	4,088.52 (90.85)
5. Public Debt Receipts	95.03 (4.23)	87.44 (2.91)	196.81 (5.65)	296.32 (7.07)	411.79 (9.15)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	94.96 (99.93)	86.89 (99.37)	195.22	294.01 (99.22)	408.12 (99.11)
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	0.07 (0.07)	0.55 (0.63)	1.59 (0.05)	2.31 (0.78)	3.67 (0.89)
6. Total Receipts in the Consolidated Fund (4+5)	2,247.52	3,001.83	3,486.07	4,190.78	4,500.31 (46.92)
7. Contingency Fund Receipts	-	0.10	0.00	1.00	0.00
8. Public Account Receipts(Gross)	2,915.63	3,808.95	4,059.44	4,683.55	5,090.42 (53.08)
8A. Public Account Receipts(Net)(8-19)	16.85	320.97	58.52	81.33	202.98
9. Total Receipts of the State (6+7+8)	5,163.14	6,810.88	7,545.51	8,875.33	4,703.28
9A. Total Receipts of the State (net)(6+7+8A)	2,264.37	3,322.90	3,544.59	4,273.11	9,590.73
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	2,011.92	2,429.61	2,507.39	3,025.06 (76.64)	3,356.64 (76.92)
Plan	675.27	748.38	813.47	1053.13 (34.81)	1,136.72 (33.86)
Non Plan	1,336.65	1,681.23	1,693.92	1,971.93 (65.19)	2,219.92 (66.14)
General Services (including interest payments)	684.94 (34.04)	752.44 (30.97)	880.88 (35.13)	1035.10 (34.22)	1,214.12 (36.13)
Social Services	816.43	1,031.69 (42.46)	947.47 (37.79)	1,276.36 (42.19)	1,279.72 (38.13)
Economic Services	497.61	614.01 (25.27)	656.10 (26.17)	678.19 (22.42)	820.96 (24.46)
Grants-in-aid and contributions	12.94	31.47 (1.30)	22.94 (0.91)	35.41 (1.17)	41.84(1.25)
11. Capital Expenditure	451.07	615.76	842.35	911.94 (23.10)	980.71 (22.47)
Plan	451.07	615.76	842.35	911.94 (100.00)	980.71 (100)
Non Plan	0.00	0.00	0.00	0.00	0.00

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General Services	56.67	25.29 (4.11)	83.31 (9.89)	169.52 (18.59)	109.52 (11.17)
Social Services	165.85	277.11 (45)	291.22 (34.58)	266.21 (29.19)	269.81 (27.51)
Economic Services	228.55	313.36 (50.89)	467.82 (55.53)	476.21 (52.22)	601.38 (61.32)
12. Disbursement of Loans and Advances	5.75	49.17	5.11	10.40 (0.26)	26.57 (0.61)
13. Total (10+11+12)	2,468.74	3,094.54	3,354.85	3,947.40	4,363.92
14. Repayments of Public Debt	73.23	48.66	71.12	88.74	87.03
Internal Debt (excluding Ways and Means Advances and Overdrafts)	51.31	45.30	61.58	64.47	77.36
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	21.92	3.36	0.22	24.27	9.67
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Gross Expenditure on Lotteries	895.61	800.53	504.96	432.90	374.31
17. Total disbursement out of Consolidated Fund (13+14+15+16)	3,437.58	3,943.73	3,930.93	4,469.04	4,738.23 (49.23)
18. Contingency Fund disbursements	0.10	0	0	1.00	-1.00 (-0.01)
19. Public Account disbursements	2,898.78	3,487.98	4,000.92	4,602.22	4,887.44 (50.78)
20. Total disbursement by the State (17+18+19)	6,339.96	7,431.71	7,931.85	9,072.26	9,711.71
Part C: Deficits					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	139.78	442.50	780.97	868.48	731.00
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	-316.25	-180.15	-65.59	-52.94	-275.40
23. Primary Deficit (-)/Primary Surplus (+) (22-24)	-129.48	10.68	133.33	156.22	-35.85
Part D: Other data					
24. Interest Payments (included in revenue expenditure)	186.77	190.83	198.92	209.16	239.55
25. Financial Assistance to local bodies etc.	247.87	252.39	227.89	262.36	278.82
26. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
27. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
28 Gross State Domestic Product (GSDP)	7,411.57	8,906.64	10,472.60*	1,2376.69**	14,517.73***
29. Outstanding Fiscal liabilities (yearend)	2,797.50	3,160.76	3,344.97	3,633.88	4,161.63
30. Outstanding guarantees (yearend) (including interest)	276.42	164.21	187.72	122.09	112.14
31. Maximum amount guaranteed (yearend)	246.69	163.72	186.42	156.70	156.70
32. Number of incomplete projects	138	113	416	266	297
33. Capital blocked in incomplete projects	294.16	348.31	794.93	705.76	1,257.24
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Revenue Receipts/GSDP	0.30	0.34	0.33	0.31	0.28
Own Tax Revenue/GSDP	0.04	0.03	0.04	0.04	0.04
Own Non-Tax Revenue/GSDP	0.03	0.03	0.03	0.03	0.02
State's share in Central taxes and Duties/GSDP	0.07	0.07	0.07	0.06	0.06
II Expenditure Management					
Total Expenditure/GSDP	0.35	0.37	0.33	0.32	0.30
Total Expenditure/Revenue Receipts	1.15	1.08	1.02	1.01	1.07
Revenue Expenditure/Total Expenditure	0.81	0.79	0.76	0.77	0.77
Expenditure on Social Services/Total Expenditure	0.40	0.42	0.28	0.39	0.36
Expenditure on Economic Services/Total Expenditure	0.29	0.30	0.09	0.29	0.33
Capital Expenditure/Total Expenditure	0.18	0.20	0.19	0.23	0.22
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.16	0.19	0.23	0.19	0.20
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	0.02	0.05	0.08	0.07	0.05
Fiscal deficit/GSDP	(-)0.04	(-)0.02	(-)0.01	0.00	-0.02
Primary Deficit (surplus) /GSDP	-0.02	0.001	0.01	0.01	0.00
Revenue Deficit/Fiscal Deficit	-0.44	-2.46	11.90	-16.40	-2.65
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.39	0.38	0.34	0.29	0.29
Fiscal Liabilities/RR	1.30	1.10	1.02	0.93	1.02
V Other Fiscal Health Indicators					
Return on Investment (₹ in crore)	2.37	-	-	0.55	0.87
Balance from Current Revenue (₹ in crore)	-156.65	-173.89	19.41	-162.54	473.87
Financial Assets/Liabilities	2.08	2.07	2.27	2.41	240

Note: Figures in brackets represent percentage to the total of each sub-heading.

* Provisional Estimate.

** Quick Estimate.

*** Advance estimate.

Appendix 1.3

Abstract of Receipts and Disbursements for the year 2014-15

(Reference: Paragraph 1.2; Page 2)

(`in crore)

Receipts		Disbursements						
2013-14		2014-15	2013-14		Non-Plan	Plan	Total	2014-15
	Section A: Revenue							
3,893.54	I-Revenue Receipts	4,087.64	3,025.06	I-Revenue Expenditure				3,356.64
524.92	Tax revenue	527.54	1,035.11	General Services	1187.02	27.1	1214.12	
361.59	Non-tax revenue	323.77	1,276.36	Social Services				
762.62	State's share of Union Taxes	809.33	646.04	Education, Sports, Art and Culture.	441.9	286.83	728.73	
148.26	Non-Plan Grants	73.51	161.38	Health and Family Welfare	97.03	101.47	198.5	
1,803.20	Grants for State Plan Schemes	1,738.54	232.51	Water Supply, Sanitation, Housing and Urban Development	27.33	180.12	207.45	
233.37	Grants for Central and Centrally Sponsored Plan Schemes	580.71	13.89	Information and Broadcasting	3.89	6.55	10.44	
59.58	Grants for Special Plan Schemes (North Eastern Council)	34.24	25.99	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	5.32	21.99	27.31	
			5.85	Labour and Labour Welfare	2.05	3.02	5.07	
			156.05	Social Welfare and Nutrition	40.99	53.21	94.2	
			34.65	Others	7.02	1	8.02	
			678.19	Economic Services			0	
			235.61	Agriculture and Allied Activities	132.54	148.15	280.69	
			93.19	Rural Development	2.86	163.62	166.48	
			0.99	Special Areas Programmes	0	1.37	1.37	
			39.78	Irrigation and Flood Control	2.58	15.55	18.13	
			120.44	Energy	93.52	43.61	137.13	
			29.91	Industry and Minerals	10.59	29.28	39.87	
			127.74	Transport	112.13	30	142.13	
			2.24	Science Technology and Environment	0	2.54	2.54	
			28.29	General Economic Services	11.32	21.3	32.62	
			35.41	Grants in Aid and Contribution	41.84	0	41.84	
-	II-Revenue deficit carried over to Section-B	-	868.48	II-Revenue surplus carried over to Section-B			0	731.00
3,893.54		4,087.64	3,893.54					4,087.64
	Section-B							
1,048.63	III-Opening Cash balance including Permanent Advances and Cash Balance Investment	1,283.60	911.94	III-Capital Outlay				980.71
0.00	IV-Miscellaneous Capital receipts		169.52	General services	0	109.52	109.52	
			266.21	Social Services			0	
			49.8	Education, Sports, Art and Culture	0		31.74	
			93.47	Health and Family Welfare	0		61.33	
			111.14	Water Supply, Sanitation, Housing and Urban Development	0		171.85	
			0.25	Information & Broadcasting	0		2	

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				1.86	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	0		1.4	
				9.69	Social Welfare	0		1.5	
				0	Others	0		0	
				476.21	Economic Services				
				12.41	Agriculture and Allied Activities	0		11.61	
				19.29	Rural Development	0		16.01	
				11.7	Special Areas Programmes	0		22.48	
				3.79	Irrigation and Flood control	0		4.25	
				66.25	Energy	0		32.42	
				4.11	Industry and Minerals	0		7.06	
				295.33	Transport	0		240.48	
				0.25	Science and Environment	0		0.5	
				63.08	General Economic Services	0		266.56	
5.11	V-Recoveries of Loans and Advances		0.88	10.4	IV- Loans and Advances Disbursements				26.57
	From Power Projects				To Government Servants				
5.11	From Government Servants and			0.4	To Others				
	From Others			10	V -Revenue deficit brought down				
	VI-Revenue surplus brought down		731.00	88.74					
	VII-Public debt receipts		411.79		VI-Repayment of Public Debt				87.03
	External debt			0	External debt				
61.58	Internal debt other than ways and means Advances and overdraft	408.12		0	Internal debt other than Ways and Means Advances and Overdraft			77.36	
	Net transaction under Ways and Means Advances including over draft			0	Net transaction under Ways and Means Advances including overdraft				
0.13	Loans and Advances from Central Government	3.67		0	Repayment of Loans and Advances to Central Government			9.67	
	VIII-Amount transferred to Contingency Fund		1	1	VII-Expenditure from Contingency Fund				
4,000.92	IX-Public Account Receipts		5,090.42	4,602.22	VIII-Public Account disbursements				4,887.44
174.57	Small Savings and Provident fund	265.51		181.05	Small Savings and Provident Funds				
131.97	Reserve funds	201.33		122.01	Reserve Funds			240.96	
2,340.05	Suspense and Miscellaneous	3,070.33		2,674.39	Suspense and Miscellaneous			83.87	
1,300.21	Remittance	1,461.51		1,539.3	Remittances			3,010.61	
54.12	Deposits and Advances	91.74		85.47	Deposits and Advances			1,452.42	
1,048.63				1,283.60	IX- Cash balance at the end			99.58	
51.40				259.51	Cash in Treasuries and Local Remittances				1,536.94
13.96				11.09	Deposits with Reserve Bank/other Bank				
0.47				0.97	Departmental Cash Balance including permanent Advances				
982.80				1,012.03	Cash Balance Investment and Investment from Earmarked Funds.				
6,897.9	TOTAL		7,518.69	6,897.9	TOTAL				7,518.69

Appendix 1.3 (Continued)

Summarised financial position of the Government of Sikkim as on 31 March 2015

(Reference: Paragraph-1.2; Page 2)

(`in crore)

Part B			
As on 31.03.2014	Liabilities		As on 31.03.2015
2,058.47	Internal Debt		2389.23
1,531.14	Market Loans bearing interest	1,838.72	
-	Market Loans not bearing interest	-	
100.26	Loans from Life Insurance Corporation of India	102.00	
427.07	Loans from other Institutions	448.51	
	Overdrafts from Reserve Bank of India	-	
127.07	Loans and Advances from Central Government		121.07
	Pre 1984-85 Loans	-	
0.55	Non-Plan Loans	0.85	
122.78	Loans for State Plan Schemes	116.82	
2.34	Loans for Central Plan Schemes and Special Schemes	2.12	
1.4	Loans for Centrally Sponsored Plan Schemes	1.28	
	Other Loans	-	
1	Contingency Fund		1.00
685.64	Small Savings, Provident Funds, etc.		710.19
146.21	Deposits		158.75
313.15	Reserve Funds		138.37
5,106.77	Surplus on Government Accounts		430.61
4,238.29	Last year balance	5106.77	5837.77
868.48	Add Revenue Surplus	731	
204.31	Remittance Balances		213.40
8,642.62	Total		10000.39
	Assets		
7,346.54	Gross Capital Outlay on Fixed Assets		8,327.25
97.42	Investments in shares of Companies, Corporations, etc.	97.42	
7,249.12	Other Capital Outlay	8,229.83	
109.48	Loans and Advances -		135.17
35.00	Loans for Power Projects	35.00	
73.61	Other Development Loans	99.33	
0.87	Loans to Government servants and Miscellaneous loans	0.84	
1	Contingency Fund (un-recouped)		
	Reserve Fund Investments		
1.03	Advances		1.03
-99.03	Suspense and Miscellaneous Balances		
1,283.60	Cash -		1,536.94
11.09	Deposits with other Bank	6.60	
259.51	Cash in Treasuries and Local Remittances	171.35	
0	Deposits with Reserve Bank	0	
0.55	Departmental Cash Balance	0.55	
0.42	Permanent Advances	0.42	
750.00	Cash Balance Investments	1,050.00	
262.03	Earmarked funds Investment	308.02	
8,642.62	TOTAL		10,000.39

Appendix 1.4

Statement showing the funds transferred to the State Implementing Agencies under the programmes/schemes outside the State budget during 2014-15

(Reference: Paragraph 1.5.2, Page 11)

(₹ in lakh)

Government of India Scheme	Implementing Agency	2014-15
Promotion and Dissemination of Art and Culture	Himalayan Heritage Research and Development Society	5.01
Buddhist and Tibetan Studies	Tingkye Gonjang Nyinma Trust	15.00
Buddhist and Tibetan Studies	Sikkim Namgyal Institute of Tibetology, Deorali	220.00
Buddhist and Tibetan Studies	Sendrup Choling Truést	2.50
Assistance to Disabled persons for purchase/fitting	DDRC, Gangtok	14.66
Awareness Gemeratopm and publicity	DDRC, Gangtok	4.76
North Eastern Council	Sikkim State Forest Development Agency	4.75
North Eastern Council	Sikkim Tourism Development Corporation Ltd.	5.75
National Medicinal Plants Board	State Forest Development Agency Sikkim	610.82
Higher Education Statistics and Public information System	Aishe State Unit Sikkim	2.00
National Medicinal Plants Board	SMPB, Sikkim	1.00
Grid Interactive Renewable Power MNRE	Sikkim Power Development Corporation Limited.	139.70
OFF GRID DRPS	Sikkim Renewable Energy Development Agency	141.33
Renewable Energy for Rural Applications for all Villages.	Sikkim Renewable Energy Development Agency	28.30
State Science and Technology Programme	Sikkim State Council of Science and Technology	106.12
Technical Assistance from Department of international Development	Gangtok Municipal Corporation	125.00
Science and Technology Programme for Socio Economic Development	Khanchendzonga Conservation Committee	9.66
MPs Local Area Development Schemes MPLADS	District Collector East District.	500
Capacity Building for Service Provider	Sikkim Tourism Development Corporation Ltd.	18.82
Capacity Building for Service Provider	Food Craft Institute Kichudumira , Namchi	8.14
Technology Development Programme-A158	Sikkim Handloom & Handicraft Development Corporation Ltd	2.50
Propagation of RTI Act - Improving Transparency and Accountability in Government	Sikkim Information Commission	3.00
Propagation of RTI Act - Improving Transparency and Accountability in Government	Account & Administrative Training Institute.	5.48
Environment information Education and Awareness	State Environment Agency	64.83
Environment information Education and Awareness	Sikkim State Council of Science and Technology	10.30
Alliance and R & D Mission	Sikkim State Council of Science and Technology	150.00
Assistance to Voluntary Organisation for providing Social Defence	Association for Social Health in India	9.95
NER - Textile Promotion Scheme	Handloom and Handicraft Development Corporation Ltd.	147.72
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
Information Publicity and Extension	Sikkim Renewable Energy Development Agency	0.06
National handloom Development Programme	State Handloom and Handicrafts Development Corporation Ltd.	45.80
Scheme for Infrastructure Development FPI	Sikkim Livestock Processing and Development Corporation Ltd.	18.93
	TOTAL	2,447.53

Source: Central Plan Scheme Monitoring System (CPSMS) Portal in 'Controller General of Accounts (CGA) Unaudited figures.

Appendix 1.5

Tax and Non-Tax Revenue collected during 2010-15

(Reference: Paragraph 1.6, Page 11)

(`in crore)

Sl. No.	Head of Revenue	2010-11	2011-12	2012-13	2013-14	2014-15	Percentage of increase (+)/ decrease (-) in 2014-15 over 2013-14
	Tax Revenue						
1	Sales tax	142.74	124.19	227.08	286.33	282.10	1.48
2	Taxes on income other than corporation tax	4.94	4.86	6.73	8.68	7.93	(-)8.64
3	State excise	70.64	96.26	111.12	120.64	131.36	8.89
4	Stamps and registration fees	5.70	8.27	5.35	6.46	6.77	4.80
5	Taxes on vehicles	10.67	16.56	16.38	18.52	19.42	4.86
6	Other taxes and duties on commodities and services	37.52	39.17	63.16	80.90	73.81	(-)8.76
7	Land revenue	7.33	4.61	5.66	3.39	6.15	81.42
	TOTAL	279.54	293.92	435.48	524.92	527.54	
	Non-Tax Revenue						
1	Interest receipts	28.14	29.39	46.00	67.02	66.44	(-)0.87
2	Road transport	24.76	30.89	29.01	34.10	27.63	(-)18.97
3	Plantations	2.90	2.59	3.98	3.62	2.31	(-)36.19
4	Dividends and Profits	2.37	0.08	1.53	0.55	0.87	58.18
5	Forestry and wild life	12.25	12.53	12.28	14.27	11.45	(-)19.76
6	Tourism	3.00	1.84	2.13	2.65	2.64	(-)0.38
7	Crop husbandry	0.51	0.46	0.71	1.45	0.56	(-)61.38
8	Power	87.86	79.70	82.90	98.93	113.56	14.79
9	Printing and Stationery	1.52	1.92	2.08	2.05	1.75	(-)14.63
10	Medical and public health	0.72	1.27	1.50	2.19	1.97	(-)10.05
11	Village and Small Industries	0.07	0.10	0.06	0.08	0.13	62.50
12	Public works	3.48	5.38	4.70	4.68	3.66	(-)21.79
13	Police	9.57	12.89	49.23	41.14	17.60	(-)57.22
14	Animal husbandry	0.38	0.48	0.72	0.85	1.17	37.65
15	Industries	0.27	0.54	0.85	0.50	0.58	16.00
16	State Lotteries#	42.54	43.62	41.43	41.47	44.33	6.90
17	Others	17.55	15.52	18.72	35.40	22.95	(-)35.17
18	Contribution and Recoveries towards Pension and Other Retirement Benefits	-	4.84	4.72	10.64	4.17	(-)60.81
	TOTAL	242.15	244.04	302.00	361.59	323.77	(-)0.87

Net amount.

Appendix 1.6

Statement showing the investment at the end of 2014-15

(Reference: Paragraph 1.9.2, Page 31)

(₹ in crore)

Sl. No.	Name of the Companies/corporations	Amount
Statutory Corporations		
1	State Bank of Sikkim	0.53
2	Sikkim Mining Corporation	6.12
3	State Trading Corporation	1.61
Companies		
4	Sikkim Time Corporation Ltd.	13.72
5	Sikkim Industrial Development and Investment Corporation Ltd.	16.82
6	Sikkim Livestock Development Corporation Ltd.	0.22
7	Sikkim Livestock Development and Processing Corporation Ltd.	0.35
8	Sikkim Tourism Development Corporation Ltd.	7.05
9	Sikkim Power Development Corporation Ltd.	11.35
10	Sikkim SC/ST/OBC Finance Development Corporation Ltd.	4.55
11	Sikkim Jewels Ltd.	11.54
12	Sikkim Distilleries Ltd.	2.42
13	Star Cinema	0.01
14	Denzong Cinema	0.01
15	Sikkim Flour Mills Limited	2.44
16	Cold Storage	0.28
17	Indian Telephone Industries	0.26
18	Ginger Processing Plant	0.01
19	BOG Limited	0.14
20	Chandmari Workshop and Automobiles Ltd.	0.30
21	Sikkim Precision Industries Ltd.	4.30
22	Sikkim Himalayan Orchid Ltd.	0.16
23	Sikkim Flora Ltd.	0.15
24	Sikkim Handloom & Handicrafts	1.02
Banks and Co-operative Societies		
25	State Bank of India	0.02
26	Sikkim Consumers Co-operative Society (SIMFED)	0.99
27	Multipurpose Co-operative Society	1.14
28	Sikkim State Co-operative Bank (SISCO)	9.35
29	Sikkim Dairy Co-operative Society (Sikkim Milk Union)	0.03
30	Joint Ventures	0.51
31	Wood Working Centre, Singtam	0.01
32	Sang Martam Tea Growers Co-operative Societies Ltd.	0.01
TOTAL		97.42

Appendix 2.1

Statement showing the pending DC bills for the years up to 2014-15

(Reference: Paragraph 2.2.2, Page 52)

Grant No.	Department	Number of AC bills	Amount (₹ in lakh)
01	Food Security and Agriculture	30	5.51
02	Animal Husbandry, Livestock, Fisheries and Veterinary	85	2.49
03	Building and Housing	65	0.21
04	Co-operation	5	0.01
05	Cultural Affairs and Heritage	8	0.23
06	Ecclesiastical	9	0.67
07	Human Resource Development	66	0.84
08	Election	22	3.95
09	Excise	13	0.09
10	Finance, Revenue and Expenditure	109	0.37
11	Food, Civil Supplies and Consumer Affairs	19	0.54
12	Forest, Environment and Wild Life Management	21	0.34
13	Health Care, Human Services and Family Welfare	172	2.71
14	Home	278	2.55
15	Horticulture and Cash Crops Development	23	6.31
16	Commerce and Industries	83	0.93
17	Information and Public Relation	55	0.71
18	Information Technology	23	0.39
19	Irrigation and Flood Control	126	1.77
20	Judiciary	81	0.67
21	Labour	88	6.99
22	Land Revenue and Disaster Management	65	0.44
23	Law	13	0.05
24	Legislature	64	0.94
25	Mines, Mineral and Geology	20	0.26
26	Motor Vehicles	26	0.08
27	Parliamentary Affairs	20	0.04
28	Personnel, Administrative Reforms and Training, Public Grievances, Career Options and Employment, Skill Development and Chief Minister's Self Employment Schemes	92	5.38
29	Development Planning, Economic Reforms and North Eastern Council Affairs	94	2.80
30	Police	250	8.93
31	Energy and Power	5	0.41
32	Printing	2	0.01
33	Water Security and Public Health Engineering	56	0.33
34	Roads and Bridges	44	0.15
35	Rural Management and Development	216	1.87
36	Science, Technology and Climate change	14	0.06
37	Sikkim Nationalised Transport	4	0
38	Social Justice, Empowerment and Welfare	162	3.37
39	Sports and Youth Affairs	61	1.36
40	Tourism and Civil Aviation	92	6.25
41	Urban Development and Housing	103	0.28
42	Vigilance	25	0.08
43	Panchayati Raj Institutions	5	0.08
44	Governor	35	0.14
45	Public Service Commission	24	0.28
00	Null	4	0.64
	TOTAL	2,867	72.51

Appendix 2.2

Statement of various grants/appropriations where savings were more than ₹ 1 crore each and more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1, Page 54)

(₹ in crore)

Grant No	Name of Grant/Appropriation	Total	Savings	% of Savings to Provision
1	Food Security and Agriculture Development – Revenue Voted	70.03	20.02	29
1	Food Security and Agriculture Development – Capital Voted	2.98	1.82	61
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services-Capital Voted	4.50	3.00	66
3	Buildings – Capital Voted	37.29	8.14	22
5	Cultural Affairs and Heritage – Capital Voted	21.39	10.60	50
7	Human Resources and Development – Capital Voted	39.75	21.02	53
10	Finance, Revenue and Expenditure – Revenue Voted	1167.06	380.35	33
11	Food, Civil supplies and Consumer Affairs – Capital Voted	6.55	3.81	58
12	Forestry and Environment Management – Revenue Voted	284.51	109.25	38
12	Forestry and Environment Management – Capital Voted	1.72	1.00	58
13	Health Care, Human Services and Family Welfare – Revenue Voted	277.45	77.43	28
13	Health Care, Human Services and Family Welfare – Capital Voted	83.72	22.39	27
14	Home - Revenue Voted	62.80	16.66	27
15	Horticulture & Cash Crops Management – Revenue Voted	93.69	33.77	36
16	Commerce and Industries – Revenue Voted	35.77	11.33	32
18	Information Technology – Revenue Voted	32.51	16.21	50
19	Irrigation and Flood Control – Revenue Voted	148.77	130.36	88
19	Irrigation and Flood Control – Capital Voted	5.70	1.45	25
21	Labour – Revenue Voted	7.11	2.04	29
21	Labour – Capital Voted	11.00	2.78	25
22	Land Revenue and Disaster Management – Revenue Voted	282.37	93.31	33
22	Land Revenue and Disaster Management – Capital Voted	180.33	101.50	56
28	Personnel, Administrative Reforms and Training – Revenue Voted	13.19	5.32	40
29	Development Planning, Economic Reforms and North Eastern Council Affairs – Revenue Voted	93.05	79.99	86
30	Police – Capital Voted	29.77	8.34	28
31	Energy and Power – Capital Voted	68.80	37.40	54
33	Water Security and Public Health Engineering – Capital Voted	73.65	37.41	51
34	Roads and Bridges – Capital Voted	232.38	146.79	63
35	Rural Management and Development – Revenue Voted	253.30	84.31	33
36	Science, Technology and Climate Change – Revenue Voted	6.97	5.00	72
38	Social Justice, Empowerment and Welfare – Revenue Voted	117.67	31.11	26
38	Social Justice, Empowerment and Welfare – Capital Voted	23.25	15.56	67
39	Sports and Youth Affairs – Revenue Voted	10.85	2.25	21
39	Sports and Youth Affairs – Capital Voted	12.23	7.12	58
40	Tourism – Capital Voted	420.90	154.54	37
41	Urban Development and Housing – Capital Voted	229.96	159.46	69
	TOTAL	4,442.97	1,842.84	41

Appendix 2.3

Statement showing the rush of expenditure

(Reference: Paragraph 2.3.3, Page 56)

(` in crore)

Sl. No.	Number and Name of Grants/Appropriation	Head of Account	Expenditure incurred during Jan-March	Expenditure incurred in March	Expenditure more than 50% during March	Total expenditure	% of total expenditure incurred during	
							Jan-March 2015	March 2015
1	1 Food Security and Agriculture Development	2435	9.59	6.89	6.89	9.89	96.97	69.67
2	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	2404	2.51	1.91	1.91	3.73	67.29	51.21
		4403	1.23	1.16	1.16	1.46	84.25	79.45
3	3 Buildings and Housing	4059	13.92	13.31	0	27.07	51.42	-
4	4 Co-operation	4425	5.12	1.82	0	5.50	93.09	-
5	5 Cultural Affairs and Heritage	4202	6.58	5.69	5.69	10.79	60.98	52.73
6	6 Ecclesiastical	2250	3.88	2.00	0	7.52	51.60	-
7	7 Human Resources Development	6202	2.50	2.50	2.50	4.00	62.50	62.50
8	10. Finance, Revenue and Expenditure	2030	1.03	1.03	1.03	1.08	95.37	95.37
		2045	42.46	42.46	42.46	42.46	100.00	100.00
		2075	217.17	2.92	0	383.66	56.60	-
		2049	120.17	72.41	0	239.55	50.16	-
9	12 Forestry & Environment Management	2045	84.14	84.14	84.14	84.14	100.00	100.00
10	15 Horticulture and Cash Crops	2401	44.16	9.04	0	59.74	73.92	-
11	16 Commerce and Industries	4860	5.20	3.55	3.55	5.56	93.53	63.85
12	21 Labour	6202	7.50	0.00	0	7.50	100	-
13	22 Land Revenue and Disaster Management	2506	4.34	3.52	3.52	5.99	72.45	58.76
		4059	30.23	28.00	0	59.96	50.42	-
14	35 Rural Management and Development	2216	6.44	6.44	6.44	12.87	50.04	50.04
		2515	8.40	7.45	7.45	8.90	94.38	83.71
15	37 Sikkim Nationalised Transport	5055	1.46	0.82	0	2.00	73.00	-
16	38 Social Justice, Empowerment and Welfare	2225	15.28	6.29	0	24.18	63.19	-
		2235	27.97	25.24	25.24	48.25	57.97	52.31
		4217	1.11	1.11	1.11	1.11	100.00	100.00
17	39 Sports and Youth Affairs	4202	3.45	1.06	0	5.11	67.51	-
18	40 Tourism and Civil Aviation	5452	156.23	75.67	0	266.36	58.65	-
19	43 Panchayati Raj Institutions	2015	1.40	1.16	0	2.45	57.14	-
		3604	31.94	31.94	31.94	37.91	84.25	84.25
	TOTAL		855.41	439.53	225.03	1,368.74		

Appendix 2.4

Statement showing the cases where supplementary provisions (₹ 10 lakh or more in each case) proved unnecessary (Reference: Paragraph 2.3.6, Page 57)

(₹ in lakh)

Grant No.	Name of Grant/Appropriation	Original	Actual expenditure	Savings out of Original provision	Supplementary provision
A REVENUE (VOTED)					
1	Food Security and Agriculture Development	6,497.72	5,000.73	1496.99	504.99
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	4,247.48	3,911.99	3,35.49	199.43
7	Human Resources and Development	49,690.25	45,400.92	4,289.33	34.39
10	Finance, Revenue and Expenditure	114,760.80	78,671.25	36,089.55	1,945.52
11	Food, Civil supplies and Consumer Affairs	3,074.59	3,039.66	34.93	60.01
12	Forestry and Environment Management	24,497.93	17,526.49	6,971.44	3,953.81
13	Health Care, Human Services and Family Welfare	27,694.91	20,001.45	7,693.46	50.00
14	Home	6,264.77	4,613.39	1,651.38	15.00
18	Information Technology	2,988.00	1,630.29	1,357.71	263.00
20	Judiciary	1,356.71	1,148.34	208.37	82.42
21	Labour	697.45	506.91	190.54	14.00
22	Land Revenue and Disaster Management	28,036.96	18,905.66	9,131.30	200.00
28	Personnel, Administrative Reforms and Training	1,297.59	786.91	510.68	21.67
29	Development Planning, Economic Reforms and NEC Affairs	9,290.79	1,305.77	7,985.02	14.31
34	Roads and Bridges	7,052.20	6,946.21	105.99	26.00
35	Rural Management and Development	25,167.26	16,898.91	8,268.35	162.40
37	Sikkim Nationalised Transport	4,979.48	4,438.11	541.37	25.00
38	Social Justice, Empowerment and Welfare	10,897.73	8,656.31	2,241.42	869.31
39	Sports and Youth Affairs	997.03	860.30	136.73	88.20
TOTAL - REVENUE		3,29,489.65	2,40,249.60	89,240.05	8,529.46
B – CAPITAL (VOTED)					
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	385.81	150.99	234.82	64.54
7	Human Resources and Development	3,939.44	1,872.99	2,066.45	35.69
11	Food, Civil supplies and Consumer Affairs	362.33	273.36	88.97	292.60
13	Health Care, Human Services and Family Welfare	7,705.18	6,132.81	1,572.37	666.56
31	Energy and Power	6,317.41	3,139.28	3,178.13	562.20
34	Roads and Bridges	22,238.07	8,558.73	13,679.34	1,000.00
39	Sports and Youth Affairs	1,133.00	511.07	621.93	90.00
40	Tourism and Civil Aviation	38,082.69	26,635.68	11,447.01	4,007.05
41	Urban Development and Housing	21,920.75	7,050.21	14,870.54	1,075.56
TOTAL - CAPITAL		1,02,084.68	54,325.12	47,759.56	7,794.20
GRAND TOTAL		4,31,574.33	2,94,574.72	1,36,999.61	16,323.66

Appendix 2.5

Statement of insufficient re-appropriation of funds (Reference: Paragraph 2.3.7, Page 57)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)
1	01	Food Security and Agriculture Development	2401.104.01	76.42	23.10
2	03	Buildings & Housing	2216.05.53.60	21.16	18.42
3	12	Forest, Environment and Wildlife Management	2406.02.112	13.81	35.78
4	31	Energy and Power	2801.80.01	740.11	237.02
TOTAL					314.32

Appendix 2.6

Statement of the excess/unnecessary re-appropriation of funds (Reference: Paragraph 2.3.7, Page 57)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Savings (-)
1	11	Food, Civil Supplies and Consumer Affairs	2408.01.001	41.46	39.98
2	35	Rural Management and Development	2501.01.001.45	98.19	18.94
3	35	Rural Management and Development	2501.01.001.47	40.55	19.62
4	35	Rural Management and Development	2501.01.001.48	138.06	34.35
5	35	Rural Management and Development	3054.04.105.60	61.28	19.74
6	38	Social Justice, Empowerment and Welfare	2225.01.01.60	11.24	74.49
7	38	Social Justice, Empowerment and Welfare	2235.02.101.060	22.48	10.99
TOTAL					218.11

Appendix 2.7

Statement showing results of review of substantial surrenders made during the year 2014-15

(Reference: Paragraph 2.3.8, Page 57)

(`in lakh)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision	Amount Surrendered	Percentage of amount surrendered
1	1 Food Security and Agriculture Development	National Oilseed and Oil Palm Mission 4408-02-101-04	74.1	74.1	100
<i>Surrendered due to delay in implementation of construction project due to non-finalization of sites</i>					
2	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Management Programme 2403-107-08	110.01	110.01	100
<i>Surrendered due to non-receipt of anticipated fund from GOI</i>					
3	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Management Programme 4403-101-08	100	100	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
4	7 Human Resources Development	Scheme for providing education to Madrasas, Minorities and Disable 2202-01-107-27	151.73	151.73	100
<i>Surrendered due to non-completion of work</i>					
5	7 Human Resources Development	Grants for Elementary Education (13 FC Grant) 2202-01-107-86	300	300	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
6	10 Finance, Revenue and Expenditure	National e-governance Action plan (Ne GAP) 2054-800-62	200	200	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
7	12 Forest Environment and Wildlife Management	Integrated Water Shed Management Programme (IWMP) 2402-102-38	2,200	2,200	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
8	12 Forest Environment and Wildlife Management	Catalytic Development Programme for Sericulture 2406-01-102-48	200	200	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
9	12 Forest Environment and Wildlife Management	National Mission on Ayush including Mission on Medicinal Plants 2406-01-102-17	200	200	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
10	13 Health Care, Human Services and Family Welfare	Human Resource in Health and Medical Education 4210-03-105-16	1,252.91	1,252.91	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
11	31 Energy and Power	Construction of 66/11 KV 2x5 MVA sub-station at Perving, East Sikkim incld. drawing of 11 KV 4801-05-800-47	25	25	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
12	35 Rural Management and Development	Rural Development Department 2216-03-800-35	800.02	800.02	100
<i>Surrendered due to non-implementation of scheme</i>					
13	38 Social Justice, Empowerment and Welfare	Social Welfare 4235-02-101-39	156.18	156.18	100
<i>Surrendered due to non-receipt of claims under the sub-head</i>					
14	41 Urban Development and Housing	Rajiv Awas Yojana (MOHUPA) 2217-05-800-21	102.29	102.29	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
15	41 Urban Development and Housing	Urban Oriented Development Programme (UDHD) 3475-108	289.86	289.86	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
16	41 Urban Development and Housing	Rajiv Awas Yojana (MOHUPA) 4217-03-051-21	5,010	5,010	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
17	46 Municipal Affairs	General Performance Grant Recommended by 13 th FC 3604-200-94	31.24	31.24	100
<i>Surrendered due to non-receipt of funds from 13th FC</i>					
18	7 Human Resources Development	Rashtriya Uchcharat Shiksha Abhiyan 4202-02-103-28	724.56	716.24	99
<i>Surrendered due to non-receipt of fund from GOI</i>					
19	33 Water Security and Public Health Engineering	Schemes under 10% Lumpsum Provision for NE States including Sikkim (100% CSS) 4215-01-101-71	961.05	950.14	99

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<i>Surrendered due to non-receipt of claims</i>					
20	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Scheme Funded by National Fisheries Development Board 4405-101-71	201.59	196.55	97
<i>Surrendered due to non-receipt of fund from GoI</i>					
21	29 Development Planning, Economic Reforms and North Eastern Council	Support for Statistical Strengthening 3454-02-112-47	527	501	95
<i>Surrendered due to non-receipt of fund from GOI</i>					
22	13 Health Care, Human Services and Family Welfare	Community Health Centres- Construction 4210-02-104-60	532.53	499.93	94
<i>Surrendered due to non-finalization of contract agreement and delay in receipt of equipments</i>					
23	28 Personnel, Administrative Reforms, Training, Public Grievances, Career Options and Employment, Skill Development and Chief Minister's Self Employment Schemes	Department of Personnel, AR and Training 2070-003-30	541	500	92
<i>Surrendered due to non-receipt of proposal for training and as per letter No GOS/DPERNECADA/2014-15/1655 dated 11/11/2014</i>					
24	33 Water Security and Public Health Engineering	Pakyong Water Supply Scheme (East) 4215-01-101-63	217.84	201.25	92
<i>Surrendered due to non-receipt of claims</i>					
25	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Health and Disease Control Programme 2403-101-07	109.67	97.53	89
<i>Surrendered due to non-receipt of fund from Central Government</i>					
26	33 Water Security and Public Health Engineering	Water Supply Scheme for East district 4215-01-101-73	921.54	808.55	88
<i>Surrender was due to non-receipt of claims</i>					
27	34 Roads and Bridges	District Roads 5054-05-337-60	2,752.78	2,405.25	87
<i>Surrendered due to non-receipt of fund from GOI</i>					
28	10 Finance, Revenue and Expenditure	Employees and Pension Database (13 FC) 2054-800-41	132.5	107.5	81
<i>Surrendered due to non-receipt of fund from GOI</i>					
29	34 Roads and Bridges	New Schemes under NABARD 5054-04-337-62	2,200	1,678.88	76
<i>Surrendered due to late sanction of project and late commencement of work</i>					
30	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Diary Projects 2404-102-62	20	14.76	74
<i>Surrendered due to non-receipt of approval of proposal for financial assistance to North District Co-operative Milk Union from competent authority</i>					
31	35 Rural Management and Development	Nirmal Bharat Abhiyan (NBA) 2215-02-105-41	1,100	811.83	74
<i>Surrendered due to non-receipt of fund from GOI</i>					
32	30 Police	National scheme for Modernising of Police and other forces 2055-115-19	1,182	857.84	73
<i>Surrendered due to non-receipt of grants from GoI</i>					
33	30 Police	Modernising of Police Force (Central Share) 2055-115-84	673	484.6	72
<i>Surrendered due to non-receipt of grants from GOI</i>					
34	22 Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18 September 2011 Earthquake (SPA) 4215-01-101-75	491.64	347.55	71
<i>Surrendered due to part payment for re-construction work</i>					
35	35 Rural Management and Development	Infrastructure Development for Destinations and Circuits 5054-04-101-50	322.09	227.19	71
<i>Surrendered due to non-submission of claims</i>					
	13 Health Care, Human Services and Family Welfare	National Health Mission including NRHM 2210-06-101-15	9,787.74	6,834.78	70
<i>Surrendered due to non-receipt of fund from GOI</i>					
	7 Human Resources Development	Rastriya Madhyamik Shiksha Abhiyan 2202-01-109-24	1,670.55	1,124.59	67
<i>Surrendered due to non-receipt of fund from MHRD, GoI</i>					
	29 Development Planning, Economic Reforms and North Eastern Council	Incentive for Issuing UID (Grant under 13 th FC) 3454-02-206-64	66	44.05	67
<i>Surrendered due to non-receipt of fund from GOI</i>					
	38 Social Justice, Empowerment and Welfare	National Mission for Empowerment of women including Indira Gandhi Mattrivav Sahyog Yojana 2235-02-103-53	197.23	132.08	67
<i>Surrendered due to non-receipt of fund from GOI</i>					
	40 Tourism and Civil Aviation	Infrastructure Development for Destinations and Circuits 5452-01-101-50	8,194.15	5,299.97	65

<i>Surrendered due to delay in progress of work and non-completion of work</i>					
12	Forest Environment and Wildlife Management	Forest Protection Schemes 2406-01-101-66	7,945.3	4,954.05	62
<i>Surrendered due to non-finalization of proposal for Forest Protection Schemes</i>					
18	Information Technology	National E-Governance Action Plan (NeGAP) 2852-07-800-62	2,338	1,454	62
<i>Surrendered due to non-receipt of fund from GOI</i>					
7	Human Resources Development	Secondary Education-Buildings 4202-01-202-70	777.1	474.94	61
<i>Surrendered due to non-receipt of fund from GOI and slow progress of work</i>					
33	Water Security and Public Health Engineering	Water Supply Scheme for South district 4215-01-101-72	687.47	411.59	60
<i>Surrendered due to non-receipt of fund from GOI</i>					
1	Food Security and Agriculture Development	Agriculture Department 2435-60-800-02	2,000	1,156.82	58
<i>Surrendered due to delay in implementation of Mother Dairy Farm by AHLF & VS</i>					
31	Energy and Power	Schemes under North Eastern Council (NEC) 4801-05-800-47	1,968.42	1,146.59	58
<i>Surrendered due to non-receipt of fund from GOI</i>					
15	Horticulture and Cash Crops Development	National Horticultural Mission 2401-119-02	6,046.46	3,462.46	57
<i>Surrendered due to non-receipt of fund from GOI</i>					
7	Human Resources Development	Elementary Education-Buildings 4202-01-201-70	815.58	440.98	54
<i>Surrendered due to non-receipt of fund from GOI</i>					
1	Food Security and Agriculture Development	National Mission on Agriculture Extension and Technology 2401-109-05	598.59	318.04	53
<i>Surrendered due to delay in completion of Training</i>					
TOTAL			67,906.72	49,864.87	

Appendix 2.8

Statement showing the details of saving of ₹ 1 crore and above not surrendered

(Reference: Paragraph 2.3.10, Page 58)

(₹ in crore)

Sl. No.	Name of Grant/Appropriation	Capital/ Revenue	Savings	Amount surrendered	Savings which remained to be surrendered
1	Food Security and Agriculture Development	Revenue	20.02	16.82	3.20
2	Human Resources and Development	Revenue	43.24	40.97	2.26
3	Finance, Revenue and Expenditure	Revenue	380.35	5.71	374.63
4	Food, Civil supplies and Consumer Affairs	Capital	3.81	0.90	2.91
5	Forestry and Environment Management	Revenue	109.25	86.88	22.37
6	Forestry and Environment Management	capital	1.00	0	1.00
7	Home	Revenue	16.66	1.93	14.73
8	Commerce and Industries	Revenue	11.33	8.78	2.55
9	Commerce and Industries	capital	1.30	0	1.30
10	Irrigation and Flood Control	Revenue	130.36	0	130.36
11	Irrigation and Flood Control	Capital	1.45	0	1.45
12	Labour	Revenue	2.04	0	2.04
13	Labour	Capital	2.78	0	2.78
14	Land Revenue & Disaster Management	Revenue	93.31	66.91	26.40
15	Energy and Power	Capital	37.40	31.14	6.26
16	Roads and Bridges	Capital	146.79	110.57	36.22
17	Rural Management and Development	Revenue	84.31	83.27	1.04
18	Rural Management and Development	Capital	29.93	20.08	9.85
19	Science, Technology and Climate Change	Revenue	5.00	0	5.00
20	Sikkim Nationalised Transport	Revenue	5.66	4.14	1.52
21	Social Justice, Empowerment and Welfare	Revenue	31.11	8.26	22.85
22	Social Justice, Empowerment and Welfare	Capital	15.56	6.19	9.37
23	Urban Development and Housing	Capital	159.46	158.18	1.28
24	Panchayat Raj Institutions	Revenue	54.70	47.95	6.75
TOTAL			1,386.85	698.71	688.15

Appendix 2.9

**Statement showing surrender of funds in excess of ₹ 1 crore on
30 and 31 March 2015**

(Reference: Paragraph 2.3.10, Page 58)

(₹ in crore)

Sl. No.	Grant No.	Major Head	Total Provision	Amount surrendered	Percentage of amount surrendered to total provision
1	1	2401	43.87	2.95	6.72
2	1	2435	23.00	11.57	50.30
3	1	4401	2.24	1.02	45.53
4	2	2403	35.16	1.00	2.84
5	2	4403	2.46	1.00	40.65
6	3	4059	35.20	6.83	19.40
7	5	4202	21.38	9.13	42.70
8	7	2202	482.98	37.92	7.85
9	7	4202	37.75	13.95	36.96
10	10	2049	239.90	11.77	4.91
11	10	2054	17.44	3.07	17.60
12	12	2402	26.37	22.00	83.42
13	12	2406	149.85	84.29	56.25
14	13	4210	83.72	20.41	24.38
15	13	2210	258.79	71.11	27.48
16	14	2052	12.88	1.00	7.76
17	15	2401	93.51	30.67	32.79
18	16	2851	30.73	8.02	26.09
19	18	2852	32.51	13.86	42.62
20	20	2014	24.92	1.15	4.63
21	22	2245	75.25	17.70	23.53
22	22	2506	8.18	2.02	24.71
23	22	2216	162.18	40.80	25.06
24	22	4059	144.27	83.78	58.07
25	22	4215	4.92	3.47	70.52
26	22	5054	31.15	12.89	41.39
27	29	4575	24.00	1.97	8.20
28	29	3451	76.99	70.20	91.18
29	29	3454	14.06	5.00	35.57
30	30	2055	273.73	28.29	10.33
31	30	4055	27.77	6.16	22.17
32	31	4801	68.80	20.91	30.40
33	33	4215	73.65	32.60	44.27
34	34	5054	232.38	99.05	42.63
35	35	2505	141.95	56.07	39.50
36	35	5054	143.84	8.86	6.16
37	35	4515	26.81	8.45	31.53
38	35	4215	56.77	1.18	2.09
39	35	2215	18.21	8.12	44.57
40	35	2515	15.05	6.15	40.89
41	35	2216	23.31	2.44	10.46
42	37	3055	50.04	2.69	5.37
43	38	4235	7.69	5.94	77.24
44	38	2235	56.71	4.80	8.47
45	39	2204	10.85	1.68	15.51
46	39	4202	12.23	4.85	39.65
47	40	5452	420.90	148.43	35.26
48	41	4217	229.76	155.70	67.76
49	41	2217	41.28	4.88	11.82
50	41	3475	2.90	2.90	100
51	43	2202	284.73	6.69	2.35
52	43	3604	60.21	21.96	36.47
		TOTAL	4,475.23	1,229.35	

Appendix 2.10

Statement showing the rush of expenditure during 2014-15

(Reference: Paragraph 2.5.1.10, Page 63)

(` in lakh)

Year	Major Head	Amount of Final Grant	Expenditure upto previous month (February 2015)	Expenditure during (March 2015)	Total expenditure incurred	Percentage of expenditure during last month to total expenditure
2010-2011	2215	558.55	418.188	141.55	559.73	25
2011-2012	3054	1,827.34	1,289.14	626.94	1,916.09	33
2011-2012	4215	1,395.13	426.66	796.87	1 223.54	65
2011-2012	5054	2,579.52	1,386.50	1,158.13	2,544.63	46
2012-2013	2515	100.00	50.00	65.72	115.72	57
2012-2013	2810	100.00	50.00	50.00	100.00	50
2012-2013	4215	669.43	319.94	348.40	668.34	52
2012-2013	4515	2,003.95	1,379.81	624.14	2,003.94	31
2014-2015	2216	1,287.47	643.73	643.73	1,287.47	50
2014-2015	2515	889.59	145.00	744.59	889.59	84
2014-2015	2810	160.00	119.53	40.47	160.00	25

Appendix 3.1

Utilisation Certificates outstanding as of March 2015

(Reference: Paragraph 3.1, Page 65)

(` in lakh)

Sl. No.	Name of the Department	Year of payment of Grant	Total Grants paid		Utilisation Certificate			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	Food and Civil Supplies and Consumer Affairs	2014-15	4	2.23	0	0	4	2.23
II	Sports And Youth Affairs	2014-15	277	241.46	0	0	277	241.46
III	Ecclesiastical Affairs	2014-15	1	100	0	100	0	100
IV	Co-operation	1999-00	5	3.25	5	3.25	0	0
		2001-02	9	19.04	9	19.04	0	0
		2002-03	18	29.52	18	29.52	0	0
		2003-04	0	0	0	0	0	0
		2005-06	4	11	4	11	0	0
		2006-07	351	68	351	68	0	0
		2007-08	197	132	197	132	0	0
		2008-09	25	159	25	159	0	0
		2009-10	33	377	33	377	0	0
		2010-11	0	0	0	0	0	0
		2011-12	20	118	20	118	0	0
2012-13	176	198.08	176	198.08	0	0		
2013-14	177	118.31	177	118.31	0	0		
2014-15	148	15	7	0.71	141	14.29		
V	Transport	2014-15	2	492.8	0	0	2	157.54
VI	Cultural Affairs and Heritage	2014-15	122	32.50	60	9.80	62	22.70
VII	Forest Environment and Wildlife Management	2014-15	2	25	0	0	2	25
VIII	Food Security and Agriculture Development	2003-04	2	0.77	1	0.03	1	0.74
		2004-05	1	0.74	0	0	1	0.74
		2005-06	1	1.92	0	0	1	1.92
		2006-07	1	2.70	0	0	1	2.70
		2007-08	6	21.9	0	0	6	21.9
		2008-09	2	3.05	0	0	2	3.05
2009-10	10	22.59	0	0	10	22.59		
IX	Animal Husbandry Livestock Fisheries and Veterinary Services	2014-15	3	229.79	0	0	3	229.79
X	Land Revenue and Disaster Management	2007	1	20.19	0	0	1	20.19
		2009	4	9.10	0	0	4	9.10
GRAND TOTAL			1,597	2,454.94	1,083	1,343.74	518	875.94

Appendix 3.2

Statement showing names of bodies and authorities, the accounts of which had not been received

(Reference: Paragraph 3.2, Page 68)

Sl. No.	Name of the Body/Authorities	Section under which audited	Accounts pending
1	Sikkim Institute of Rural Development, Karefactor	14(1)	2012-13 to 14-15
2	Sikkim Illness Asstt. fund Association, Gangtok	14(1)	2011-12 to 14-15
3	State Leprosy Officer, Gangtok	14(1)	2013-14 & 14-15
4	District Leprosy Officer, North, Mangan	14(1)	2009-10, 13-14, 14-15
5	District Leprosy Officer, South, Namchi	14(1)	2014-15
6	Member Secretary, Health & Family Welfare Society	14(1)	2011-12 to 14-15
7	District Health Society, South	14(1)	2014-15
8	District Health Society, North	14(1)	2014-15
9	District Health Society, East	14(1)	2014-15
10	District Health Society, West	14(1)	2014-15
11	Director, Sikkim Renewal Energy Dev. Agency, Gangtok	14(1)	2013-14 to 2014-15
12	Project Officer, Prevention & Control of Blindness, Gangtok	14(1)	2012-13 to 2014-15
13	Council of Science & Technology	14(1)	2013-14 to 2014-15
14	Sikkim Rural Dev. Agency	14(1)	2013-14 to 2014-15
15	Institute of Hotel Management	14(1)	2013-14 to 2014-15
16	Sikkim Urban Dev. Agency	14(1)	2013-14 to 2014-15
17	Small Farmers Agri Business Consortium	14(1)	2013-14 to 2014-15
18	Rajya Sainik Board	14(1)	2013-14 to 2014-15
19	Sikkim Livestock Development Board	14(1)	2013-14 to 2014-15
20	State Social Welfare Board	14(1)	2014-15
21	Khadi and Village Board	20(1)	2006-07 to 2014-15
22	IHCACT, Chemchey	14(1)	2013-14 to 2014-15
23	North East Rural Livelihood Project, South	14(1)	2014-15
24	North East Rural Livelihood Project, West	14(1)	2014-15
25	Sikkim Milk Union	19(3)	2014-15
26	Sikkim State Co-operative Supply & Marketing Federation Ltd.	20(1)	2014-15
27	Sikkim Housing Development Board	20(1)	2007-08 to 2014-15
28	State Legal Service Authority (State Legal Aid Fund)	19(2)	2013-14

Appendix 3.3

Statement showing performance of the autonomous bodies

(Reference: Paragraph 3.3, Page 69)

Sl. No.	Name of the Body	Period of entrustment	Year upto which Accounts were rendered	Date of Submission of accounts	Period upto which SAR issued	Placement of SAR	Period of delay in submission of accounts
1.	Sikkim Mining Corporation	2011-12 to 2016-17	2010-11	2007-08 (Apr.2010)	2007-08 (July 2012)	2007-08 (Oct.2013)	1 year 6 months
				2008-09 (Apr.2010)	2008-09 (Nov.2012)	2008-09 (Oct.2013)	6 months
				2009-10 (Mar.2012)	2009-10 (Nov.2012)	2009-10 (Oct.2013)	1 year 5 months
				2010-11 (May 2012)	2010-11 (May 2013)	2010-11 (Oct.2013)	7 months
2.	State Trading Corporation of Sikkim	2011-12 to 2016-17	2010-11	2005-06 (Mar.2009)	2005-06 (Aug.2013)	2005-06 (not yet placed)	2 years 5 months
				2006-07 (Mar.2009)	2006-07 (Aug.2013)	2006-07 (not yet placed)	1 year 5 months
				2007-08 (Mar.2009)	2007-08 (Aug.2013)	2007-08 (not yet placed)	5 months
				2008-09 (Aug.2013)	2008-09 (May 2014)	2008-09 (not yet placed)	3 years 10 months
				2009-10 (Aug.2013)	2009-10 (May 2014)	2009-10 (not yet placed)	2 years 10 months
2010-11 (Aug.2013)	2010-11 (May 2014)	2010-11 (not yet placed)	1 year 10 months				
3.	State Bank of Sikkim	2013-14 to 2017-18	2010-11	2005-06 (Aug.2007)	2005-06 (Aug.2011)	2005-06 (not yet placed)	10 months
				2006-07 (Dec.2011)	2006-07 (Jul.2012)	2006-07 (Oct.2013)	4 years 2 months
				2007-08 (Mar.2012)	2007-08 (Nov.2012)	2007-08 (Oct.2013)	3 year 6 months
				2008-09 (Nov.2012)	2008-09 (Dec.2013)	2008-09 (not yet placed)	3 years 1 month
				2009-10 (Apr.2013)	2009-10 (Dec.2013)	2009-10 (not yet placed)	2 years 6 months
2010-11 (Apr.2013)	2010-11 (Dec.2013)	2010-11 (not yet placed)	1 years 6 months				
4.	State Legal Services Authority	19(2)	2013-14	2013-14 (Nov.2014)	2013-14	2013-14 (not yet placed)	-
5.	Sikkim State Electricity Regulatory Commission		2014-15	2011-12 (Sept.2015)	2011-12	2011-12 (not yet placed)	3 years 1 months
				2012-13 (Sept.2015)	2012-13	2012-13 (not yet placed)	2 years 1 months
				2013-14 (Sept.2015)	2013-14	2013-14 (not yet placed)	1 years 1 months
				2014-15 (Sept.2015)	2014-15	2014-15 (not yet placed)	-

Appendix 3.4

Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc., where final action was pending as on 31 March 2015

(Reference: Paragraph 3.5, Page 70)

Sl. No.	Name of the Department	Upto 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to more	Total no. of cases
1	Personnel, Admn. Reforms, Training, Public Grievances	0	1 (2.82)	0	0	0	0	1 (2.82)
2	Food and Civil Supplies and Consumer Affairs	0	0	0	1 (12.72)	0	0	1 (12.72)
3	Finance, Revenue and Expenditure	0	1 (0.26)	0	0	0	0	1 (0.26)
	TOTAL	0	2 (3.08)	0	1 (12.72)	0	0	3 (15.8)

Note: Figures in bracket indicate amount in ₹ in lakh.

Appendix 3.5

Department-wise/duration-wise cases of loss to Government due to theft, misappropriation, loss of Government material

(Reference: Paragraph 3.5, Page 70)

(₹ in lakh)

Name of the Department	Theft cases		Misappropriation, loss of Government material		Total no. of cases	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Personnel, Admn. Reforms, Training, Public Grievances	Nil	Nil	1	2.82	1	0.26
Food and Civil Supplies and Consumer Affairs	Nil	Nil	1	12.72	1	12.72
Finance, Revenue and Expenditure	Nil	Nil	1	0.26	1	0.26
TOTAL	Nil	Nil	3	15.8	3	15.8

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