



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on State Finances**

for the year ended March 2016



GOVERNMENT OF SIKKIM

Report No. 2 of 2016

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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 of India.
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 2016. 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

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 2015-16. 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 XIV Finance Commission (XIV FC). A comparison has been made to see whether the State has given adequate fiscal priority to the developmental as well as 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 2016, 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 2016. 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 Government of Sikkim'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

Finances of the State Government

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 (₹ 591.29 crore) during the year as compared to the previous year. This was due to decrease in Revenue Receipts by 7.42 per cent (₹ 303.35 crore) and increase in Revenue Expenditure by 8.58 per cent (₹ 287.94 crore) during 2015-16 as compared to 2014-15. Further, fiscal deficit also increased by ₹ 244.52 crore from the previous year.

Revenue Receipts

Revenue Receipt decreased by ₹ 303.35 crore (7.42 *per cent*) from ₹ 4,087.64 crore in 2014-15 to ₹ 3,784.29 crore in 2015-16. During 2015-16, 74.11 *per cent* of the Revenue Receipts were from Government of India as Central transfer in the form of State's share of taxes and grants-in-aid contributions while only 25.89 *per cent* revenue was collected from State's own sources (i.e. Tax and Non-Tax Revenue). The Tax Revenue Receipts at ₹ 566.82 crore was lower by ₹ 309.18 crore than the projection made by XIV FC. However, Non-Tax Revenue was higher by ₹ 119.99 crore.

Expenditure

During 2015-16, the Total Expenditure decreased by 1.34 *per cent* from ₹ 4,363.92 crore in 2014-15 to ₹ 4,305.59 crore during 2015-16. Revenue Expenditure constituted 84.65 *per cent*, Capital Expenditure constituted 14.72 *per cent* and loans and advances constituted 0.63 *per cent* of Total Expenditure during 2015-16. The expenditure on Social and Economic Sectors, which are considered as Development Expenditure, accounted for 68.72 *per cent* in 2015-16. Capital Expenditure decreased by 35.35 *per cent* (₹ 346.73 crore) over the previous year.

The State needs to give more priority to Capital Expenditure and ensure that it does not decrease over the years.

Fiscal Correction Path

Revenue surplus was lower than the target fixed by XIV FC, Budget proposal and projections in Five-year Fiscal Plan/Mid-Term Fiscal Plan. Fiscal deficit was 3.13 *per cent* of the Gross State Domestic Product which was within the target fixed by XIV FC and Budget proposal. However, it was higher than target prescribed in Fiscal Responsibility and Budget Management Act and Five-year Fiscal Plan/ Mid-Term Fiscal Plan. Ratio of total outstanding debt of the Government to Gross State Domestic Product was higher than the target fixed by XIV FC, Budget proposal and projections in Five-year Fiscal Plan/ Mid-Term Fiscal Plan.

Fiscal Liabilities

Fiscal liabilities of the State increased by ₹ 707.58 crore (17 *per cent*) from ₹ 4,161.62 crore in 2014-15 to ₹ 4,869.20 crore in 2015-16. The growth rate of outstanding fiscal liabilities, which was 14.52 *per cent* in 2014-15, increased to 17 *per cent* in 2015-16. The buoyancy of the liabilities with respect to Gross State Domestic Product during the year was 1.81 indicating that for each one *per cent* increase in Gross State Domestic Product, fiscal liabilities grew by 1.81 *per cent*. The Debt- Gross State Domestic Product Ratio for the year was higher than the recommended target of XIV FC.

Investment and Returns

The return from investments was 13.04 *per cent*. However, some of the Companies/Corporations were under recurring loss.

State Government may review the working of the units which were incurring losses to avoid further financial burden on the Government.

Financial Management and Budgetary Control

The State Government had not brought out a Budget Manual detailing the procedures for preparation of budget estimates, realisation of revenue, control over expenditure, etc. Against the total provision of ₹ 5,879.04 crore during 2015-16, an expenditure of ₹ 4,503.28 crore was incurred. This resulted in an unspent provision of ₹ 1,375.76 crore (23.40 per cent). Excess expenditure of ₹ 83.99 crore during 2010-11 to 2015-16 required regularisation under Article 205 of the Constitution. While supplementary provision of ₹ 158.21 crore in 28 cases was unnecessary, re-appropriation of funds in six cases was made injudiciously resulting in savings over provision. In 57 cases, ₹ 908.09 crore was surrendered on the last two working days of the financial year. An amount of ₹ 68.66 crore drawn during 2011-16 as advances remained unsettled distorting the amount of expenditure being shown as such.

A Budget Manual should be prepared immediately enumerating detailed procedures for better financial management.

The Budget should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided.

Financial Reporting

During the year 2015-16, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Accountant General.

However, the practice of not furnishing Utilisation Certificates in time against grants received, not furnishing of detailed information about financial assistance given to various Institutions and not submitting of accounts by 22 Autonomous Bodies/Authorities in time indicated that financial rules were not complied with. There were also delays in placement of Separate Audit Reports to Legislature.

There is a need to ensure that the Audit Reports of the Autonomous Bodies are placed in the Legislature on time and Utilisation Certificates are submitted by recipient of grants within the prescribed time.

**CHAPTER-I: FINANCES OF THE
STATE GOVERNMENT**

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. The State is categorised as a Special Category State (SCS) on account of which certain special privileges are given by Government of India (GoI) viz 90 *per cent* grants and 10 *per cent* State share against 70 *per cent* grants and 30 *per cent* State share to General Category States in all the Centrally Sponsored Schemes. 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 all India average (69 *per cent*). The percentage of population below the poverty line at 17.80¹ *per cent* is lower than the all India average of 29.50 *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 19 per 1,000 live births was better than the all India average of 39 per 1,000 births as per Sample Registration System Bulletin of September 2014. Per capita Gross State Domestic Product (GSDP) for the year 2015-16 was ₹ 2,58,339 (**Appendix 1.1-Part A**).

Gross State Domestic Product

The growth of GSDP of the State is an important indicator of the State's economy. A trend analysis of growth of Gross Domestic Product (GDP) for a period of five years (base year 2011-12) at current prices indicates the performance of the Government in fiscal management of the State. The growth rate of GSDP for the period 2011-16 compared with the GDP is presented in the table below:

Annual growth rate of GDP and GSDP at current prices

(₹ in crore)

Year	2011-12	2012-13	2013-14	2014-15	2015-16
GSDP*	11,165	12,338	13,862	15,209**	16,637 ^s
Growth in per cent	@	10.51	12.35	9.72	9.39
GDP# (₹ in crore)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	13,57,60,865
Growth in per cent	@	13.91	13.28	10.78	8.71

Source: *Department of Economics, Statistics, Monitoring and Evaluation, Government of Sikkim

Central Statistical Office, Ministry of Statistics and Programme Implementation, GoI

** Provisional estimate, \$ Quick estimate

The quantum of GDP and GSDP is measured in terms of constant and current prices and as per their respective arithmetical calculations; these figures differ from each other every

¹Report of the expert group (Rangarajan) to review the methodology for measurement of poverty, Planning Commission (June 2014). @ Growth rate of GDP and GSDP not indicated, since comparison with the year 2010-11 could not be made as the base year has been revised to 2011-12

year. For comparison between GDP and GSDP, the GDP figure calculated on the basis of current price at factor cost with base year 2011-12 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.

This chapter provides a broad perspective of the Finances of the State Government during 2015-16. 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. 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 2011-16.

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 2015-16 vis-à-vis the previous year.

Table 1.1: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2014-15	2015-16		2014-15	2015-16		
Section-A: Revenue				Total	Non Plan	Plan	Total
Revenue Receipts	4,461.95²	3,784.29	Revenue Expenditure	3,730.95³			3,644.58
Tax Revenue	527.54	566.82	General Services	1,588.43	1,221.93	21.87	1,243.80
Non-Tax Revenue	698.08	412.99	Social Services	1,279.72	676.97	559.22	1,236.19
Share of Union taxes and duties	809.33	1,870.28	Economic Services	820.96	436.20	689.59	1,125.79
Grants from GoI	2,427.00	934.20	Grants-in-aid and contributions	41.84	38.80		38.80
Section-B: Capital							
Misc. Capital Receipts	0.00	0.00	Capital Outlay	980.71	-	633.98	633.98
Recoveries of loans and advances	0.88	1.38	Loans and advances disbursed	26.57			27.03
Public Debt Receipts	411.79	654.88	Repayment of Public Debt	87.03			196.13
Contingency Fund	1.00	0.00	Contingency Fund	0.00			0.00
Public Account Receipts ⁴	5,090.42	7,114.68	Public Account Disbursements ⁵	4,887.44			6,865.88
Opening cash balance	1,283.60	1,536.94	Closing cash balance	1,536.94			1,724.57
Total	11,249.64	13,092.17		11,249.64			13,092.17

Source: Finance Accounts

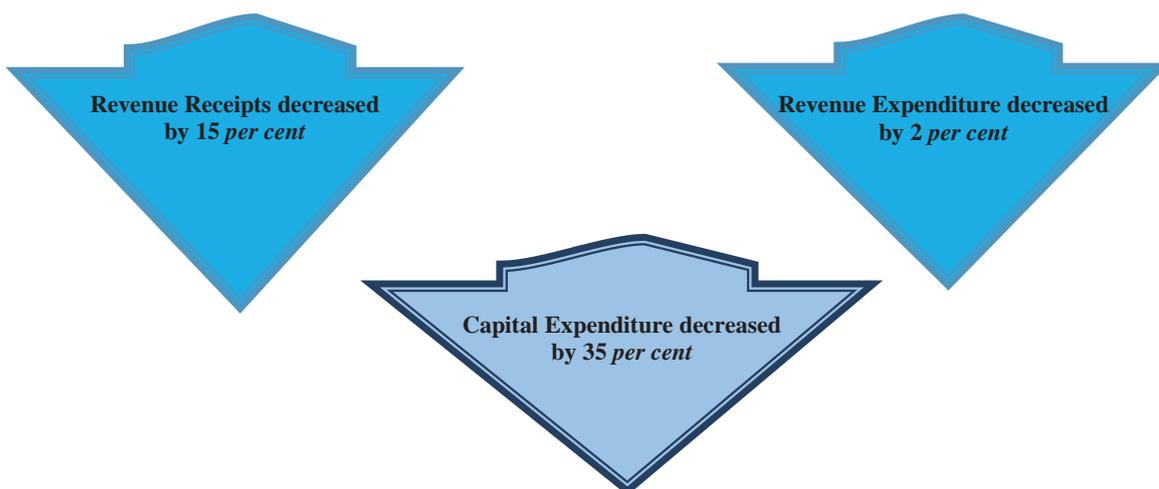
² Revenue Receipts and Non-Tax Revenue are inclusive of gross receipts (₹418.64 crore) from State Lotteries.

³ Revenue Expenditure and General Services Expenditure (Non-Plan) are inclusive of expenditure (₹374.31 crore) on State Lotteries.

⁴ Gross Public Accounts Receipts during the year.

⁵ Gross Public Accounts Disbursement during the year.

The following are the significant changes during 2015-16 over the previous year:



Revenue Receipts decreased by ₹ 677.66 crore (15 per cent) over the previous year mainly due to decrease in grants from GOI by ₹ 1,492.80 crore and Non-Tax Revenue by ₹ 285.09 crore offset by increase in Tax Revenue by ₹ 39.28 crore and share of Union taxes and duties by ₹ 1,060.95 crore as compared to previous year.

Revenue Expenditure decreased by ₹ 86.37 crore (2 per cent) over the previous year as a result of decrease in expenditure in General Services (₹ 344.63 crore), Social Services (₹ 43.53 crore), Grants-in-aid (₹ 3.04 crore) offset by increase in Economic Services (₹ 304.83 crore).

Capital Expenditure decreased by ₹ 346.73 crore (35 per cent) over the previous year.

Public Debt Receipts increased by ₹ 243.09 crore (59 per cent) and its repayment increased by ₹ 109.10 crore (125 per cent) over the previous year.

The total inflow and outflow of the Government during the year 2015-16 was ₹ 11,555.23 crore and ₹ 11,367.60 crore respectively leading to increase in cash balance by ₹ 187.63 crore.

1.3 Fiscal reforms path in Sikkim

The State Government enacted the Fiscal Responsibility and Budget Management (FRBM) Act in September 2010 and the Rules under the FRBM 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 FRBM 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 GSDP 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 GSDP 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.

Major fiscal variables provided in the budget based on recommendations of the XIV Finance Commission (XIV FC) and as targeted in the FRBM Act of the State is depicted in **Table 1.2** as given below:

Table 1.2: Details of fiscal variables

Fiscal variables	2015-16				Actual
	XIV FC targets for the State	Targets as prescribed in FRBM Act	Targets proposed in the budget	Projections made in Five Year Fiscal Plan/Mid-Term Fiscal Plan	
Revenue deficit (-)/surplus (+) (₹ in crore)	266	-	540.93	543.40	139.71
Fiscal deficit/GSDP (in per cent)	3.50	3.00	3.31	3.00	3.13
Ratio of total outstanding debt of the Government to GSDP (in per cent)	20.63		23.81	23	29.27

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

Revenue surplus was lower than the target fixed by XIV FC, budget proposal and projected in Five-year Fiscal Plan/Mid-Term Fiscal Plan (MTFP). Fiscal deficit was 3.13 *per cent* of the GSDP which was within the target fixed by XIV FC and budget proposal. However, it was higher than target prescribed in FRBM Act and Five-year Fiscal Plan/MTFP. Ratio of total outstanding debt of the Government to GSDP was higher than the target fixed by XIV FC, budget proposal and projected in Five-year Fiscal Plan/MTFP.

1.3.1 Migration to New Pension Scheme

GoI introduced (1 April 2004) a defined contribution based New Pension Scheme (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 GoI to appoint/establish various

intermediaries in the system, such as Central Record Keeping Agency (CRKA), Pension Funds Trust for the NPS, Custodian Banks, etc. PFRDA appointed National Securities Depository Limited (NSDL) as the CRKA for a period of 10 years from 1 December 2007 for performing the functions of record keeping, accounting, 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 years and seven months, the State Government finally drew an agreement with the CRKA (NSDL) on 11 November 2011.

State Government employees recruited with effect from 1 April 2006 are eligible for the NPS, 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 NSDL/Trustee Bank. The actual amount payable by employees and the matching Government contribution was not estimated.

During the year 2015-16, the State Government deposited ₹ 55.55 crore under Major Head 8342-117 Defined Contribution Pension Scheme (employees' contribution of ₹ 27.81 crore, matching Government contribution of ₹ 27.74 crore) and there was balance of ₹ 27.00 crore of previous year in the fund. During the year, the Government transferred ₹ 59.10 crore to NSDL/Trustee Bank, leaving a balance of ₹ 23.45 crore in the fund as on 31 March 2016.

1.3.2 Power Sector-Financial support by the State Government

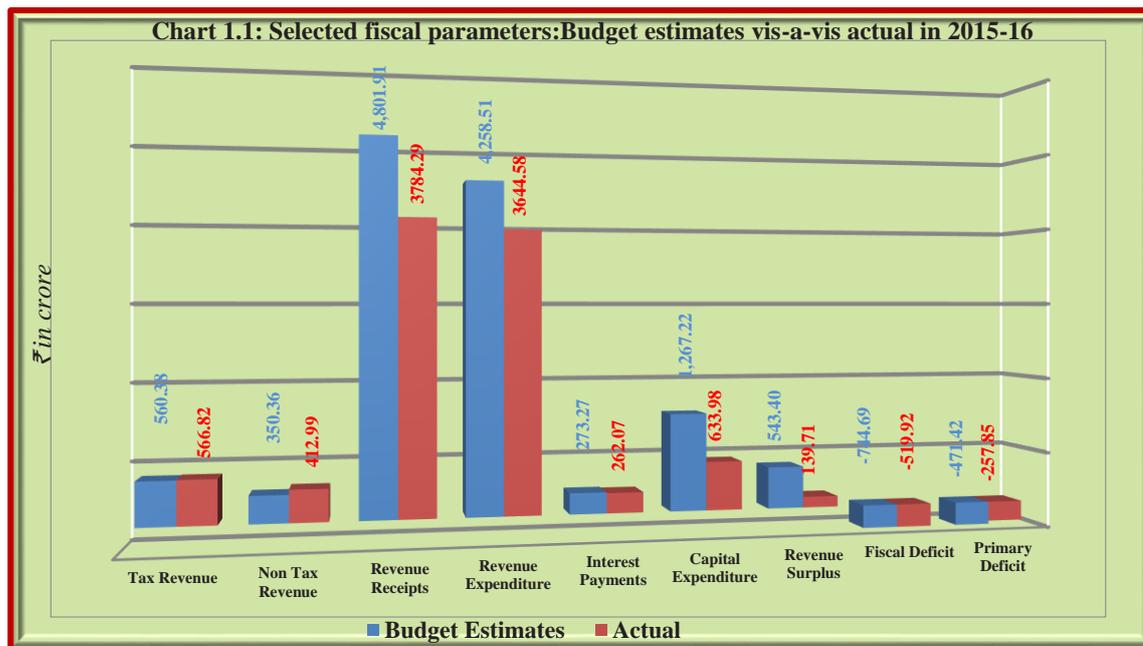
No financial support had been extended during the year by State Government to PSUs under power sector.

1.4 Budget 2015-16

1.4.1 Actual 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 actual of some important fiscal parameters for the year 2015-16.



Source: Finance Accounts, Estimate of receipts and Demand book

The Tax Revenue exceeded the budget provision by 1.15 per cent (₹ 6.44 crore) and Non-Tax Revenue also exceeded the budget provision by 17.88 per cent (₹ 62.63 crore).

Revenue Receipts was lower than budget provision by 21.19 per cent (₹ 1,017.62 crore) and Revenue Expenditure was also lower than budget provision by 14.42 per cent (₹ 613.93 crore). Further, against an estimated revenue surplus of ₹ 543.40 crore, the financial year ended with revenue surplus of ₹ 139.71 crore, a decrease by 74.29 per cent over the budget provision. Capital Expenditure was less than the budget estimate by 49.97 per cent.

Sikkim's Own Tax Revenue increased by 7.45 per cent from ₹ 527.54 crore in 2014-15 to ₹ 566.82 crore in 2015-16. The revenue from sales tax contributed the major share of Tax Revenue (57.46 per cent) which increased by ₹ 43.62 crore. State excise duty which contributed 25.07 per cent to the Own Tax Revenue increased by ₹ 10.72 crore, taxes on vehicles increased by ₹ 2.94 crore, stamps and registration fees increased by ₹ 1.74 crore whereas other taxes, which consists of entertainment tax, receipts from cess etc. decreased by ₹ 15.43 crore. Land Revenue decreased by ₹ 4.30 crore and taxes on income other than corporation tax decreased by ₹ 0.01 crore.

The State's share of Union taxes and duties stood at ₹ 1,870.28 crore, an increase of ₹ 1,060.95 crore over the previous year due to increase in corporation tax by ₹ 309.98 crore (109.70 per cent), taxes on income other than corporation tax by ₹ 213.39 crore (105.75 per cent), customs by ₹ 167.64 crore (128.10 per cent), Union excise duties by ₹ 171.33 crore (231.84 per cent), service tax by ₹ 198.41 crore (166.14 per cent) and taxes and duties on commodities and services by ₹ 0.90 crore. However, there was decrease in taxes on wealth by ₹ 0.70 crore (90.91 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. Grants-in-aid from GoI decreased from ₹ 2,427 crore in 2014-15 to ₹ 934.20 crore in 2015-16.

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 2015-16, the Capital Expenditure of the State was ₹ 633.98 crore and there was decrease of ₹ 346.73 crore in Capital Outlay in 2015-16 as compared to previous year which was due to decrease in expenditure in Economic Service (₹ 232.17 crore), Social Service (₹ 69.01 crore) and General Service (₹ 45.55 crore).

The main component of decrease in expenditure in Economic Service was under Tourism (₹ 178.22 crore). The components of decrease in General Service was under Public Works (₹ 30.26 crore) and Police (₹ 15.29 crore) and the major component of decrease in Social Service was under Urban Development (₹ 30.99 crore).

1.4.2 Gender Budget

The Constitution of India has mandated equality for every citizen of the country as a fundamental right. GoI has made international commitments in (i) The Convention on the Elimination of All Forms of Discrimination Against Women in 1980; (ii) World Conference on Human Rights in Vienna in 1993; (iii) International Conference on Population and Development 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 Budget as it is more commonly known in India.

Among others, Gender Budget 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.

However, it was seen that Gender Budget 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

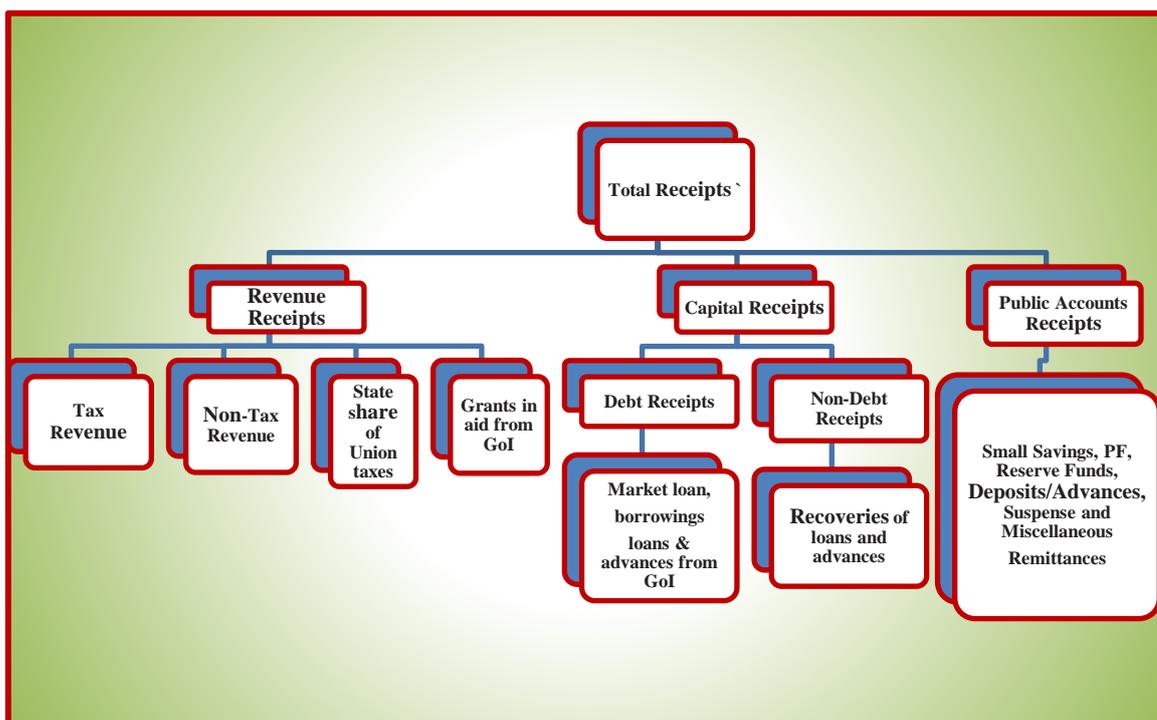
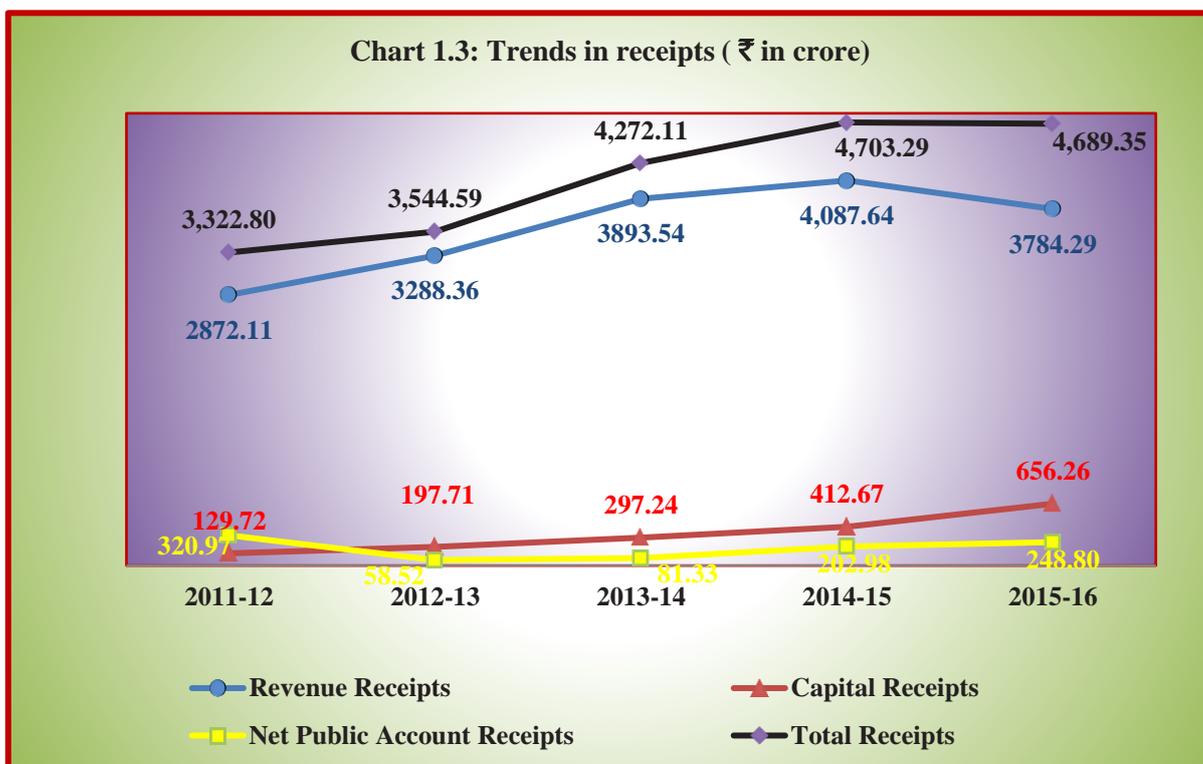
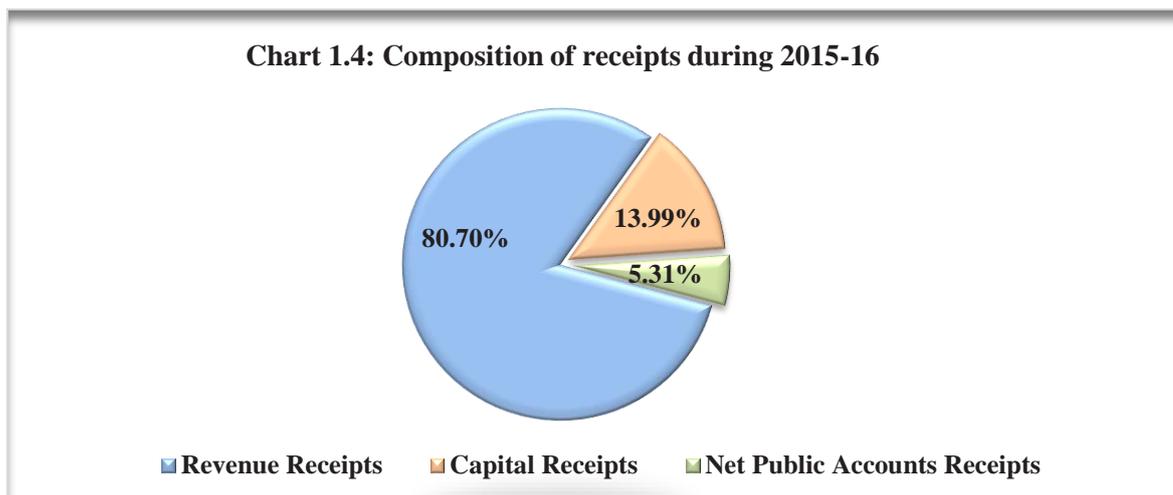


Chart 1.3 depicts the trends in components of receipts during 2011-16



Source: Finance Accounts

Chart 1.4 depicts the composition of receipts during 2015-16



Total receipts increased by 41.13 *per cent* from ₹ 3,322.80 crore in 2011-12 to ₹ 4,689.35 crore in 2015-16. However, there was a decrease of total receipts over the previous year by ₹ 13.94 crore (0.30 *per cent*).

The share of Revenue Receipts in total receipts, which was 86.91 *per cent* in 2014-15, decreased to 80.70 *per cent* in 2015-16.

Capital Receipts increased by 59.03 *per cent* from ₹ 412.67 crore in 2014-15 to ₹ 656.26 crore in 2015-16. Capital Receipts constituted 13.99 *per cent* of the total receipts in 2015-16. Capital Receipts constituted of Debt Receipts and Non-Debt Receipts such as recovery of loans and advances. Debt Receipts constituted 99.79 *per cent* of Capital Receipts and Non-Debt Receipts constituted 0.21 *per cent* during 2015-16. Debt Receipts increased by ₹ 43.09 crore from ₹ 411.79 crore during 2014-15 to ₹ 654.88 crore during 2015-16 and Non-Debt Receipts also increased by ₹ 0.50 crore from ₹ 0.88 crore during 2014-15 to ₹ 1.38 crore during 2015-16.

Public Accounts Receipts refer to those receipts for which the Government acts as a banker/trustee for the public money. Net Public Account Receipts which totalled ₹ 320.97 crore in 2011-12 decreased to ₹ 248.80 crore in 2015-16 with growth of 22.57 *per cent* during the year compared to 2014-15.

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)⁶ 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 due to which the Finance Accounts of the State was not providing a complete picture of the total funds received in the State. GoI decision to release all

⁶ State Implementing Agencies include Organisations/Institutions including Non-Governmental Organisation which are authorised by the State Government to receive the funds from the GoI for implementing specific programmes in the State.

assistance directly to the State Government and not to the implementing agencies has reduced the direct transfer of funds from ₹ 24.48 crore in 2014-15 to ₹ 16.09 crore during 2015-16.

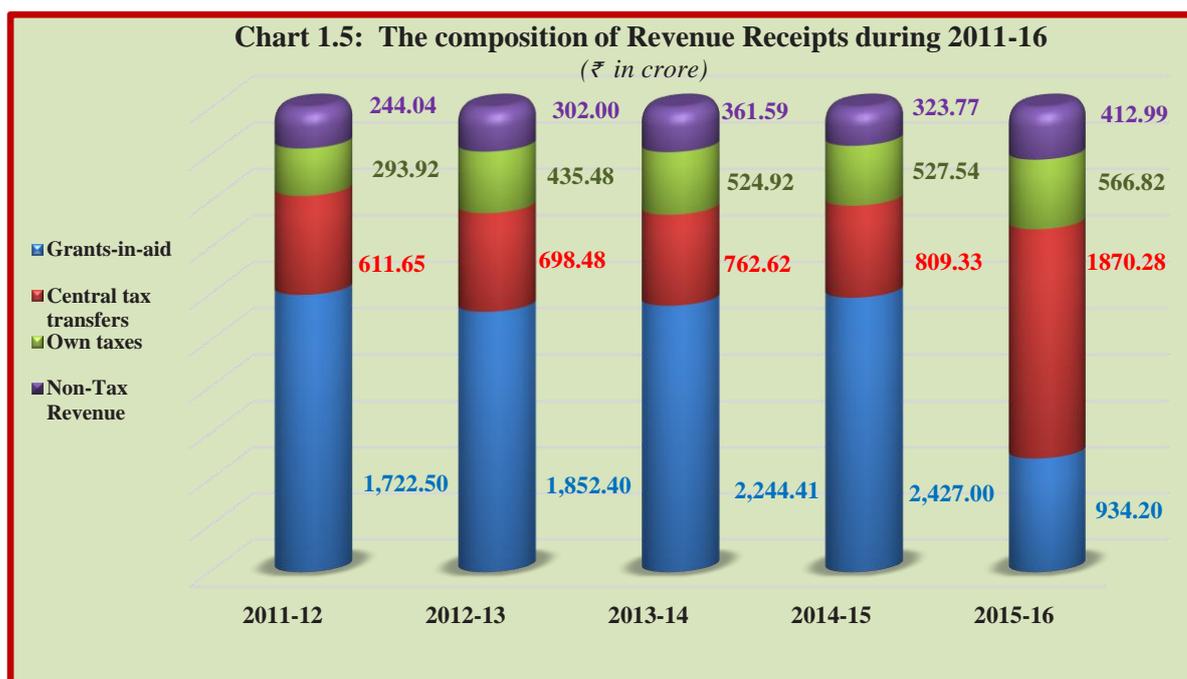
Out of ₹ 16.09 crore, ₹ 10.00 crore (62 *per cent* of the total funds transferred) was transferred under Member of Parliament Local Area Development Schemes and ₹ 4.52 crore (28.09 *per cent* of the total funds transferred) was given to State Forest Development Agency, Sikkim. The details in this regard are shown in **Appendix 1.4**.

1.6 Revenue Receipts

The composition and trends of Revenue Receipts over the period 2011-16 are presented in **Appendix 1.5** and are also depicted in **Charts 1.5** and **1.6** respectively.

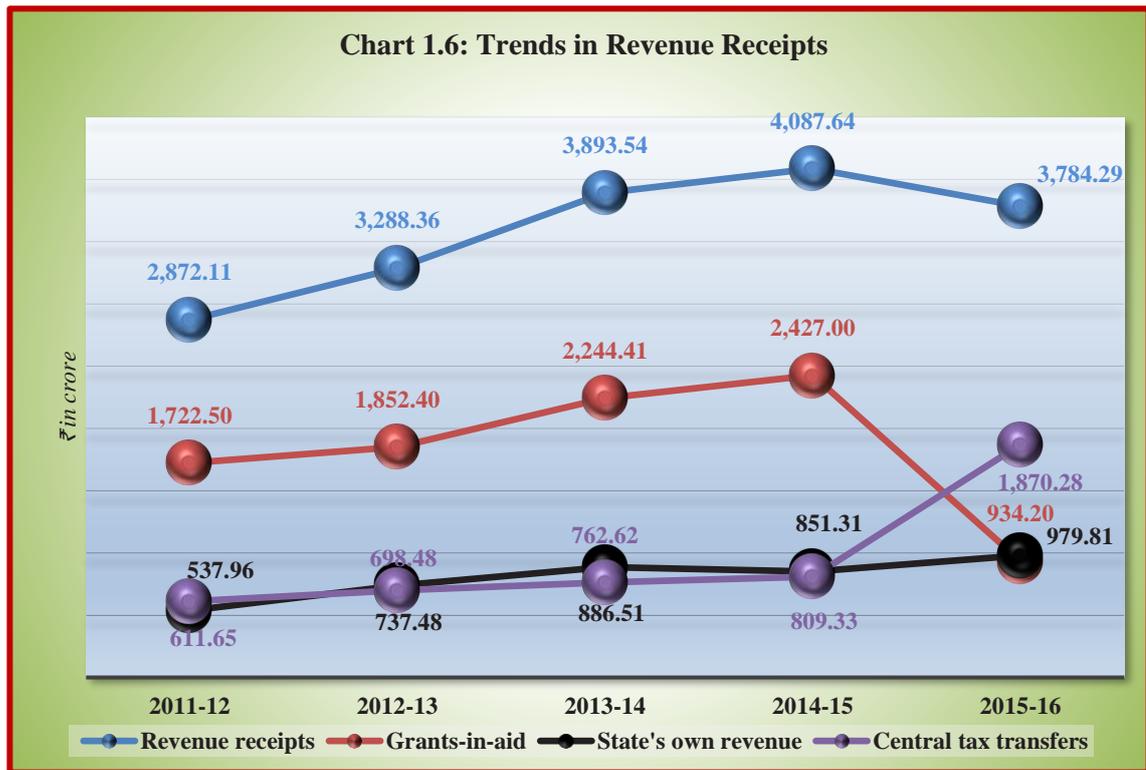
Revenue Receipts decreased by ₹ 303.35 crore (7.42 *per cent*) from ₹ 4,087.64 crore in 2014-15 to ₹ 3,784.29 crore in 2015-16. The State's own resources, both Tax and Non-Tax Revenue contributed 25.89 *per cent* (₹ 979.81 crore) in the Revenue Receipts of the State during 2015-16. The balance was transferred from GoI 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 14.98 *per cent* (₹ 566.82 crore) and Non-Tax Revenue was 10.91 *per cent* (₹ 412.99 crore) during the year. Tax Revenue and Non-Tax Revenue both increased in 2015-16 compared to previous year. The compositions of Revenue Receipts during 2011-16 are depicted in **Chart 1.5**.



Source: Finance Accounts

Trends in Revenue Receipts during 2011-16 are depicted in **Chart 1.6**.



Source: Finance Accounts

The trends in Revenue Receipts relating to GSDP are as reflected in Table below:

Table 1.3: Trends in Revenue Receipts relative to GSDP

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR)	2,872.11	3,288.36	3,893.54	4,087.64	3,784.29
Rate of growth of RR (<i>per cent</i>)	33.48	14.49	18.4	4.99	(-7.42)
GSDP	11,165.10	12,338.42	13,861.90	15,209.33	16,636.78
Rate of growth of GSDP (<i>per cent</i>)	-	10.51	12.35	9.72	9.39
Rate of growth of State's Own Tax (<i>per cent</i>)	5.14	48.16	20.54	0.5	7.45
RR/GSDP (<i>per cent</i>)	25.72	26.65	28.09	26.88	22.75
Buoyancy ratios⁷					
Revenue buoyancy wrt GSDP	-	1.38	1.49	0.51	(-0.79)
State's Own Tax buoyancy wrt GSDP	-	4.58	1.66	0.05	0.79
Revenue buoyancy wrt State's Own taxes	6.51	0.3	0.9	9.99	(-1)

Source: Finance Accounts

The Revenue Receipts decreased by 7.42 *per cent* during 2015-16 over the previous year. The Revenue Receipts exhibited buoyancy vis-à-vis GSDP less than one since 2014-15 due

⁷Buoyancy 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.

to significantly lower growth rate of Revenue Receipts in comparison to the high growth rate of GSDP during the years.

Growth rate in respect of Revenue Receipts for Sikkim for the period 2014-15 to 2015-16 was negative (-7.42 per cent). It was 15 per cent for General Category⁸ States and 11.45 per cent for Special Category⁹ States.

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, the State's performance in mobilisation of additional resources should be assessed in terms of revenue from its Own Tax and Non-Tax sources. Though the Tax and Non-Tax Revenue formed a minor part of the States resources, the performance of the State in mobilisation of Tax and Non-Tax is important in the long run for attaining self-sufficiency or reduced dependency on GoI.

The State's actual Tax and Non-Tax receipts for the year 2015-16 vis-à-vis assessment made by XIV FC are given in **Table 1.4**.

Table 1.4: XIV FC recommendations and budget estimates vis-à-vis the actual

(₹ in crore)

	XIV FC projection	Budget estimates	Actual
Tax Revenue	876	560.38	566.82
Non-Tax Revenue	293	350.36	412.99

The State exceeded the target set by XIV FC in respect of Non-Tax Revenue by ₹ 119.99 crore but fell short of target in respect of Tax Revenue by ₹ 309.18 crore in the current year. Further, the State succeeded in achieving the target set as per budget estimates in respect of Tax Revenue and Non-Tax Revenue.

Tax Revenue

The main sources of State's Tax Revenue were taxes on sales, trade, etc. with a contribution of 8.61 per cent in Revenue Receipts of the State followed by state excise (3.75 per cent), taxes on vehicles (0.59 per cent), stamps and registration fees (0.22 per cent), land revenue (0.05 per cent) and taxes on income other than corporation tax (0.21 per cent). The trends in the major constituents of Tax Revenue during the period 2011-16 are shown in **Table 1.5**.

⁸Based on 18 General Category States.

⁹Based on nine Special Category States.

Table 1.5: Tax Revenue

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Taxes on sales, trade, etc.	124.19 (-13.00)	227.08 (82.85)	286.33 (26.09)	282.10 (-1.48)	325.72 (15.46)
State excise	96.26 (36.27)	111.12 (15.44)	120.64 (8.57)	131.36 (8.89)	142.08 (8.16)
Stamps and registration fees	8.27 (45.09)	5.35 (-35.31)	6.46 (20.75)	6.77 (4.80)	8.51 (25.70)
Taxes on vehicles	16.56 (55.35)	16.38 (-1.09)	18.52 (13.06)	19.42 (4.86)	22.36 (15.14)
Land revenue	4.61 (-37.11)	5.66 (22.78)	3.39 (-40.11)	6.15 (81.42)	1.85 (-69.92)
Taxes on goods and passengers	0.00	0.00	0.00	0.00	0.00
Other taxes	44.03 (3.67)	69.89 (58.73)	89.58 (28.17)	81.74 (-8.75)	66.30 (-18.89)

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

Taxes on sales, trade, etc., increased by 15.46 per cent (₹ 43.62 crore) during 2015-16 as compared to previous year due to increase in receipts under State sales tax. The growth rate of State excise was 8.16 per cent (₹ 10.72 crore) due to increase in collection pertaining to foreign liquors and spirits and medicinal and country fermented liquors.

Taxes on vehicles had increased by 15.14 per cent due to increase in receipts under the motor vehicles.

Growth rate in respect of Tax Revenue of Sikkim for the period 2014-15 to 2015-16 was 7.45 per cent. It was 13.28 per cent for General Category¹⁰ State and 19.80 per cent for Special Category¹¹ States. Therefore, growth of Tax Revenue in Sikkim was lower than that of Special Category States.

Non-Tax Revenue

The Non-Tax Revenue which constituted 10.91 per cent of total Revenue Receipts, had increased by ₹ 89.22 crore from ₹ 323.77 crore in 2014-15 to ₹ 412.99 crore in 2015-16 and was also higher than the budget projection by ₹ 65.30 crore (18.78 per cent). The main components which resulted in noticeable increase were 'Power' (₹ 34.12 crore), due to increase in other receipts under Hydel Generation, and 'Police' (₹ 44.08 crore), mainly due to collection from the deployment of police personnel to other Governments.

The main components of Non-Tax Revenue raised in the State during 2011-12 to 2015-16 are given in Table 1.6.

Table 1.6: Composition of Non-Tax Revenue

(₹ in crore)

Revenue Head	2011-12	2012-13	2013-14	2014-15	2015-16
Interest receipts	29.39 (0.98)	46.00 (1.32)	67.02 (1.60)	66.44 (1.48)	72.52 (1.92)
Dividends and Profits	0.00 (0.00)	1.53 (0.04)	0.55 (0.01)	0.87 (0.02)	12.70 (0.34)
Other Non-Tax Receipts	214.65 (7.15)	254.47 (7.30)	294.02 (7.02)	256.46 (5.70)	327.77 (8.66)
Total	244.04	302.00	361.59	323.77	412.99

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

¹⁰Based on 18 General Category States.

¹¹Based on nine Special Category States.

During 2011-16, on an average, interest receipts contributed 1.40 *per cent* in the total receipts of the State. Similarly, dividends and profits contributed 0.08 *per cent* while 6.91 *per cent* came from other Non-Tax Receipts.

During 2011-16, the Non-Tax Revenue constantly increased except during 2014-15.

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 2014-15 are given in **Table 1.7**.

Table 1.7: Cost recovery from Socio-Economic Services

(₹ in crore)

Service	Non-Tax Revenue Receipts (NTR)	Non-Plan Revenue Expenditure (NPRE)	Cost recovery (ratio of NTR/NPRE in <i>per cent</i>)
Education, Sports, Art and Culture	1.16	482.89	0.24
Health and Family Welfare	2.15	105.46	2.04
Water Supply and Sanitation	3.80	18.67	20.36
Irrigation	0.21	2.85	7.37

Source: Finance Accounts

Cost recovery in respect of Education, Sports, Art and Culture during the year was 0.24 *per cent* being the lowest and the highest was 20.36 *per cent* pertaining to Water Supply and Sanitation. In respect of Health and Family Welfare and Irrigation, the cost recovery was at 2.04 *per cent* and 7.37 *per cent* respectively.

1.6.2 Grants-in-aid from GoI

Grants-in-aid from GoI decreased from ₹ 2,427 crore in 2014-15 to ₹ 934.20 crore in 2015-16 as shown in **Table 1.8**.

Table 1.8: Grants-in-aid from GoI

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Plan Grants	345.74	265.37	148.26	73.51	74.49
Grants for State Plan Schemes	1,145.02	1,345.21	1,803.20	1,738.54	321.57
Grants for Central Plan Schemes	3.56	1.03	0.20	2.91	2.32
Grants for Centrally Sponsored Plan Schemes	168.53	189.66	233.17	577.80	507.94
Grants for Special Plan Schemes (NEC)	59.65	51.13	59.58	34.24	27.88
Total	1,722.50	1,852.40	2,244.41	2,427.00	934.20

Source: Finance Accounts

Grants-in-aid from GoI decreased by ₹ 1,492.80 crore during 2015-16 over the previous year due to decrease in Grants for State Plan Schemes (₹ 1,416.97 crore), Centrally Sponsored Plan Schemes (CSS) (₹ 69.86 crore), Grants for Central Plan Schemes (₹ 0.59 crore) and Grants for Special Plan Schemes (₹ 6.36 crore). However, there was slight increase of ₹ 0.98 crore in Non-Plan 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 except share of net proceeds on wealth tax. The Central tax

transfers consist of corporation tax (₹ 592.56 crore), taxes on income other than corporation tax (₹ 415.18 crore), customs (₹ 298.51 crore), Union excise duties (₹ 245.23 crore), service tax (₹ 317.83 crore), other taxes and duties on commodities and services (₹ 0.90 crore) and wealth tax (₹ 0.07 crore).

Table 1.9: Central tax transfers

	(₹ in crore)		
	2013-14	2014-15	2015-16
Share of net proceeds of taxes			
Share of net proceeds on corporation tax	256.44	282.58	592.56
Share of net proceeds on taxes on income other than corporation tax	168.86	201.79	415.18
Share of net proceeds on wealth tax	0.70	0.77	0.07
Share of net proceeds on customs	124.41	130.87	298.51
Share of net proceeds on Union excise duties	87.87	73.90	245.23
Share of net proceeds on service tax	124.34	119.42	317.83
Share of net other taxes and duties on commodities and services	-	-	0.90
Total	762.62	809.33	1870.28

1.6.4 XIV Finance Commission grants

The core mandate of the Finance Commission, as laid out in Article 280 of the Constitution, is to make recommendations regarding the distribution between the Union and the States of the net proceeds of taxes and the principles which should govern the Grants-in-aid of the revenues of the States out of the Consolidated Fund of India. The XIV FC was constituted by the President under Article 280 of the Constitution on 2 January 2013 to make recommendations for the period 2015-20 and the XIV FC has made its recommendations for the period 2015-16 to 2019-20. Comparative statement of award of XIII Finance Commission (XIII FC) and XIV FC in respect of Sikkim are given in **Table 1.10**.

Table 1.10: Comparative statement of award of XIII FC and XIVFC

Grants for	Fund released under grants recommended by XIII FC	Total grants recommended by XIV FC (2015-2020)	Amount released during 2014-15 (XIII FC)	Amount released during 2015-16 (XIV FC)
Share of Union taxes	3,407.07	1,4514.00	809.33	1,870.28
Local bodies (including general performance grant)	145.82	198.39	-	18.44
Disaster relief	130.70	155.00	-	27.90
Elementary education	2.00	-	-	-
Improving outcome	27.27	-	-	-
Environment related grant	38.02	-	7.60	-
Maintenance of Roads & Bridges	67.96	-	-	-
State specific grant	319.29	-	176.03	-

As seen from the above table, there was a huge increase (₹ 1,060.95 crore) in the State's Share of Union taxes and duties as compared to previous year. The increase was due to the recommendation of XIV FC to raise the tax devolution by 10 percentage points from 32 per cent to 42 per cent of the divisible taxes and duties. The objective was to increase the flow of unconditional transfers to States and this will give greater autonomy to States in prioritising their expenditure through untied funds. The XIV FC has not made any recommendation regarding the State specific-grants unlike the XIII FC. Recommendation

regarding the local bodies and disaster relief was slightly higher than what was released by the XIII FC.

1.6.5 Capital Receipts

The Capital Receipts showed constant increase during 2011-12 to 2015-16. It increased by ₹ 243.59 crore in 2015-16 over the previous year. Public Debt Receipts recorded significant increase during current year. The Non-Debt Capital Receipts registered a positive growth of 56.82 per cent in 2015-16 as compared to negative growth of 4.35 per cent in 2014-15. Trend in growth and composition of Capital Receipts is depicted in **Table 1.11** below:

Table 1.11: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's receipts	2011-12	2012-13	2013-14	2014-15	2015-16
Capital Receipts (CR)	129.72	197.71	297.24	412.67	656.26
Miscellaneous Capital Receipts	42.25	-	-	-	--
Recovery of loans and advances	0.03	0.90	0.92	0.88	1.38
Public Debt Receipts	87.44	196.81	296.32	411.79	654.88
Rate of growth of Non-Debt Capital Receipts (per cent)	(-) 96.20	2900	2.22	(-) 4.35	56.82
Rate of growth of CR (per cent)	35.38	52.41	50.34	38.83	59.03

There was no miscellaneous Capital Receipts over the period except in 2011-12 which was the result of disinvestment made by the Government.

1.6.6 Public Account 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 Accounts set up under Article 266 (2) of the Constitution of India 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 1.12: Details of balances in Public Accounts

(₹ in crore)

Resources under various heads	2011-12	2012-13	2013-14	2014-15	2015-16
Public Accounts balances					
a. Small savings, Provident fund, etc.	578.80	624.15	685.64	710.19	747.85
b. Reserve fund	254.22	246.00	313.15	430.61	441.38
c. Deposits and Advances	102.29	141.75	145.18	137.34	158.98
d. Suspense and Miscellaneous	115.31	157.34	99.03	158.75	254.99
e. Remittances	256.84	196.73	204.31	213.40	295.91
Total	1,307.46	1,365.97	1,447.31	1,650.29	1899.11

Source: Finance Accounts

Public Accounts balances steadily increased from ₹ 1,307.46 crore in 2011-12 to ₹ 1,899.11 crore in 2015-16.

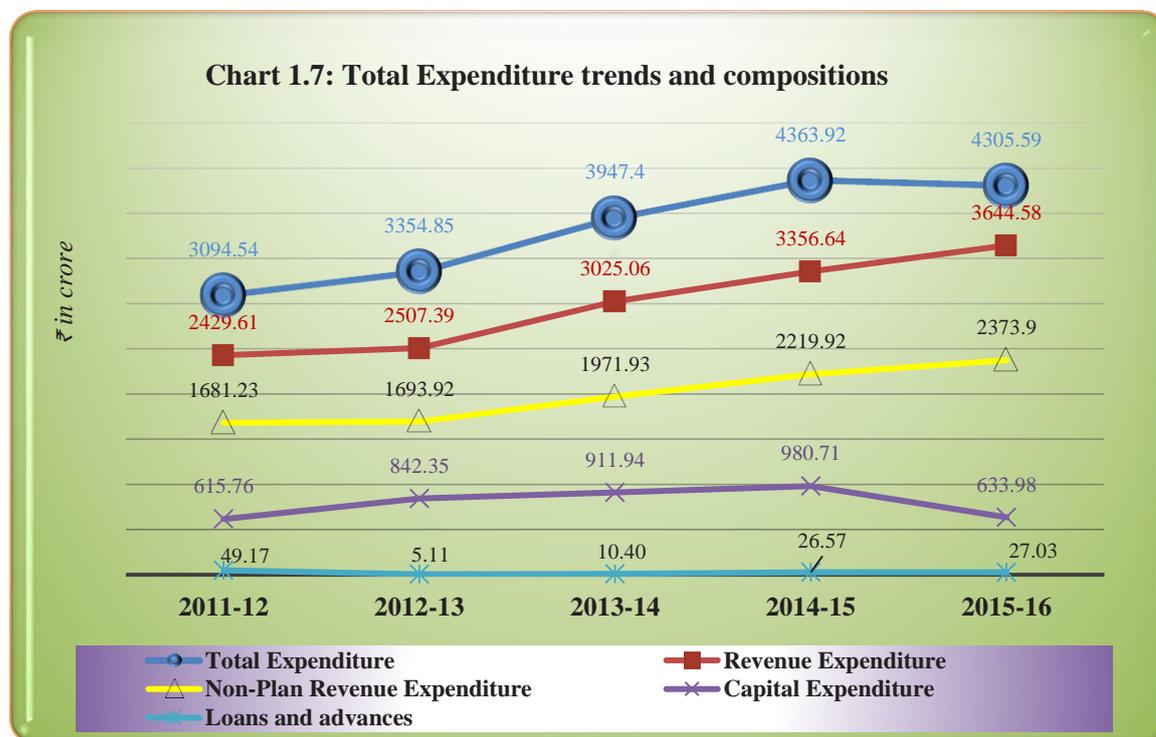
1.7 Application of resources

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

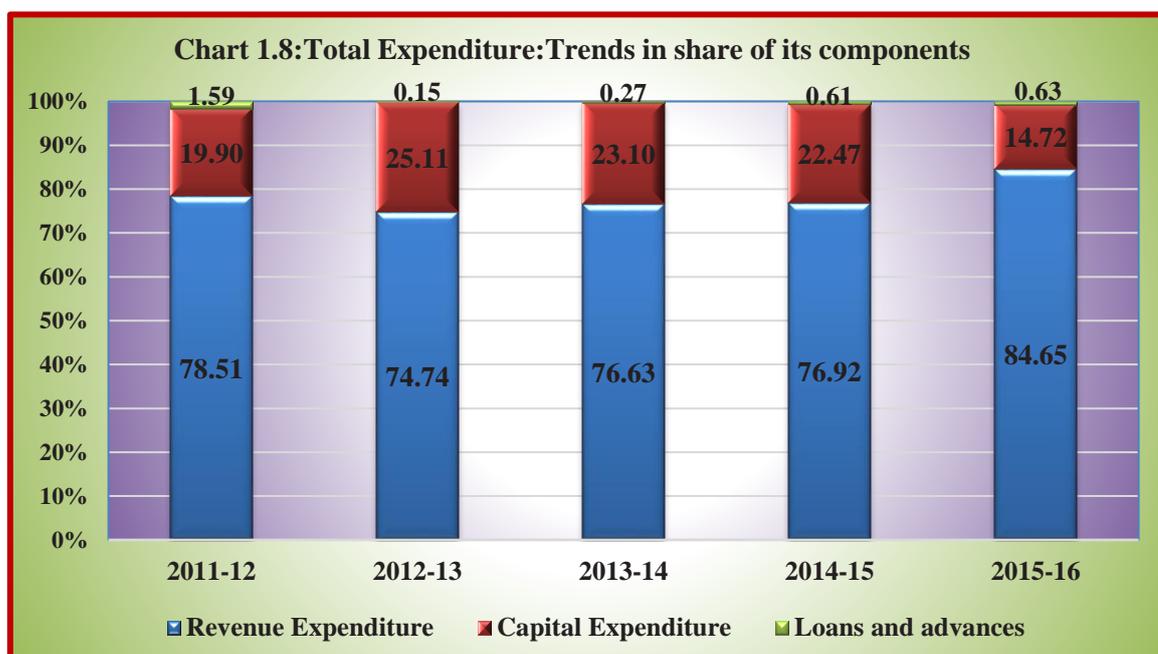
important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of vital expenditure, especially expenditure directed towards Development and Social Sectors.

1.7.1 Growth and composition of expenditure

Chart 1.7 presents the trends in Total Expenditure under revenue, capital and loans and advances, while Chart 1.8 exhibits the share of these components in Total Expenditure.



Source: Finance Accounts



Total Expenditure increased by 39.14 *per cent* (₹ 1,211.05 crore) from ₹ 3,094.54 crore in 2011-12 to ₹ 4,305.59 crore in 2015-16. However, the Total Expenditure during 2015-16 decreased by 1.34 *per cent* over the previous year.

During the period 2011-16, on an average, 78 *per cent* of the Total Expenditure was Revenue Expenditure. The share of Revenue Expenditure in the Total Expenditure decreased from 78.51 *per cent* during 2011-12 to 74.74 *per cent* during 2012-13 and increased to 76.63 *per cent*, 76.92 *per cent* and 84.65 *per cent* during 2013-14, 2014-15 and 2015-16 respectively.

The share of Capital Expenditure in the Total Expenditure increased from 19.90 *per cent* in 2011-12 to 25.11 *per cent* in 2012-13, decreased to 22.47 *per cent* in 2014-15 and further decreased to 14.72 *per cent* in 2015-16.

Growth rate in respect of Total Expenditure for Sikkim for the period 2014-15 to 2015-16 was (-) 1.34 *per cent*. It was 16.42 *per cent* for General Category¹² States and 2.73 *per cent* for Special Category¹³ States.

1.7.2 Buoyancy of expenditure

Buoyancy of total expenditure

Growth rates of Total Expenditure during 2011-16, its ratio and buoyancy with reference to GSDP and Revenue Receipts are presented in **Table 1.13**.

Table 1.13: Total Expenditure - Basic parameters

(₹ in crore, ratio in per cent)

	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure (TE)	3,094.54	3,354.85	3,947.40	4,363.92	4,305.59
Rate of growth (in <i>per cent</i>)	25.34	8.41	17.66	10.55	(-)1.34
GSDP	11,165.10	12,338.42	13,861.90	15,209.33	16,636.78
Rate of growth of GSDP (<i>per cent</i>)	-	10.51	12.35	9.72	9.39
TE/GSDP (ratio)	27.72	27.19	28.48	28.69	25.88
Revenue Receipts/TE (ratio)	92.81	98.02	98.64	93.67	87.89
Revenue Expenditure	2,429.61	2,507.39	3,025.06	3,356.64	3,644.58
Rate of growth (in <i>per cent</i>)	20.76	3.2	20.65	10.96	8.58
Revenue Receipts	2,872.11	3,288.36	3,893.54	4,087.64	3,784.29
Rate of growth (in <i>per cent</i>)	33.48	14.49	18.4	4.99	(-)7.42
Capital expenditure	615.76	842.35	911.94	980.71	633.98
Rate of growth (in <i>per cent</i>)	36.51	36.8	8.26	7.54	(-)35.35
Buoyancy of TE with					
GSDP (ratio)	-	0.80	1.43	1.09	(-)0.14
Revenue Receipts (ratio)	0.76	0.58	0.96	2.12	0.18
Buoyancy of Revenue Expenditure with					
GSDP		0.3	1.67	1.13	0.91
Revenue Receipts	0.62	0.22	1.12	2.2	(-)1.16
Buoyancy of Capital Expenditure with					
GSDP	-	3.5	0.67	0.78	(-)3.77
Revenue Receipts	1.09	2.54	0.45	1.51	4.76

Source: Finance Accounts

¹²Based on 18 General Category States.

¹³Based on nine Special Category States.

During the period 2011-16, the growth rate of Total Expenditure was highest (25.34 per cent) in 2011-12 and lowest (-1.34 per cent) in 2015-16.

In 2015-16 Total Expenditure was 1.14 times the Revenue Receipts. The buoyancy ratio of Total Expenditure to Revenue Receipts was 0.18 per cent.

The growth rate of Total Expenditure (-1.34 per cent) in 2015-16 was lower than the growth rate of GSDP (9.39 per cent). The buoyancy of Total Expenditure to GSDP was (-) 0.14 per cent in 2015-16, which was 1.09 per cent in 2014-15. Revenue Receipts as a percentage of Total Expenditure stood at 87.89 per cent.

Buoyancy of Revenue Expenditure

The growth in Revenue Expenditure was higher than the growth of Revenue Receipts in 2015-16. However, the growth of Revenue Expenditure (8.58 per cent) was lower than the growth of GSDP (9.39 per cent). For every one per cent growth in GSDP Revenue Expenditure grew by 0.91 per cent.

Buoyancy of Capital expenditure

During 2015-16, the Capital Expenditure decreased by (-) 35.35 per cent as compared to previous year, however, GSDP showed a growth of 9.39 per cent during the year.

1.7.3 Plan and Non-Plan Expenditure

Finance Accounts provide a further classification of expenditure into Plan and Non-Plan. Plan expenditure normally relating to incremental developmental expenditure on new projects or schemes and involved both Revenue and Capital Expenditure. In order to maintain the level of services already achieved, Non-Plan Expenditure is normally utilised. **Table 1.14** presents the growth and composition of Plan and Non-Plan Expenditure over the last five years.

Table 1.14: Growth in Plan and Non-Plan Expenditure

		(₹ in crore)				
Particulars		2011-12	2012-13	2013-14	2014-15	2015-16
Plan	Revenue	748.38	813.47	1,053.13	1,136.72	1,270.68
	Capital	615.76	842.35	911.94	980.71	633.98
	Loan	49.17	5.11	10.40	26.57	27.03
	Total	1,413.31	1,660.93	1,975.47	2,144.00	1931.69
	Percentage of plan to Total Expenditure	45.67	49.51	51.04	49.13	44.86
Non-Plan	Revenue	1,681.23	1,693.92	1,971.93	2,219.92	2,373.90
	Capital	-	-	-	-	-
	Loan	-	-	-	-	-
	Total	1,681.23	1,693.92	1,971.93	2,219.92	2,373.90
	Percentage of Non-Plan to Total Expenditure	54.33	50.49	49.96	50.87	55.14
Total Expenditure	3,094.53	3,354.85	3,947.40	4,363.92	4,305.59	

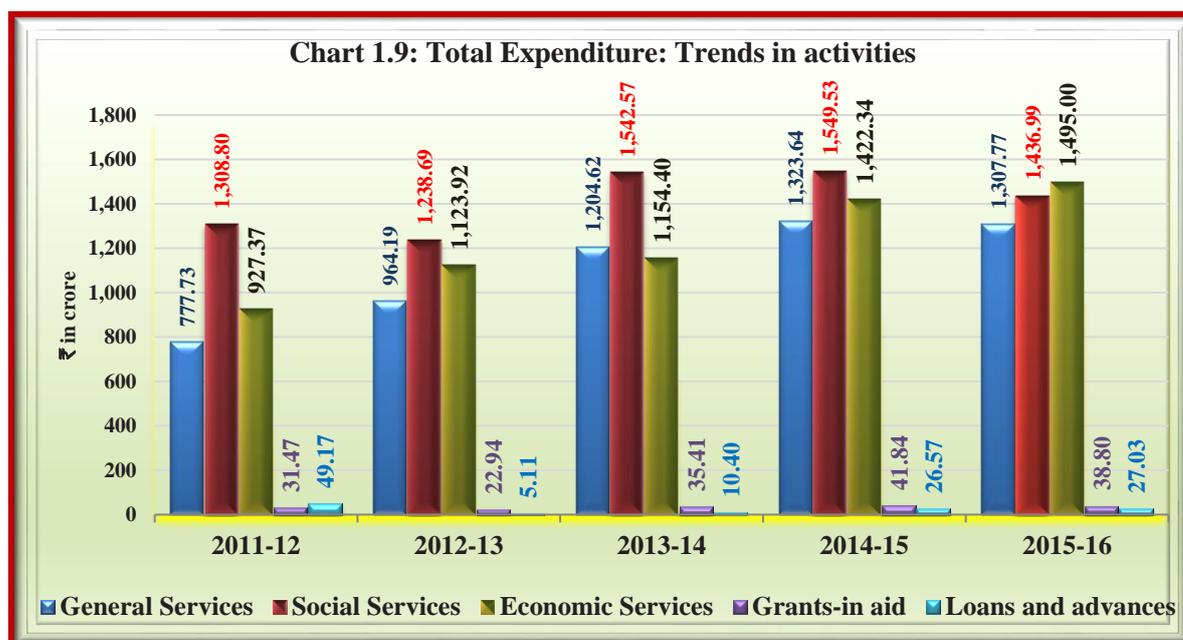
Source: Finance Accounts

During the period 2011-16, while the Plan Revenue Expenditure increased by 69.79 per cent from ₹ 748.38 crore in 2011-12 to ₹ 1,270.68 crore in 2015-16, Non-Plan Revenue Expenditure (NPRE) increased by 41.20 per cent from ₹ 1,681.23 crore to ₹ 2,373.90 crore.

The NPRE increased by ₹ 153.98 crore (6.94 *per cent*) as compared to the previous year. The increase was mainly on General Services by ₹ 34.91 crore, Economic Services by ₹ 70.66 crore and Social Services by ₹ 51.45 crore with a decrease in Grants-in-aid by ₹ 3.04 crore. The salary expenditure during 2015-16 under Social Services was ₹ 567.50 crore, Economic Services was ₹ 382.08 crore and General Services was ₹ 408.07 crore which contributed 45.91 *per cent*, 33.94 *per cent* and 32.81 *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, Economic Services, Grants-in-aid and loans and advances. Relative shares of these components in Total Expenditure (including loans and advances) are indicated in **Chart 1.9**.



Source: Finance Accounts

The expenditure on General Services and interest together contributed 30.37 *per cent* in 2015-16 as against 30.33 *per cent* in 2014-15. On the other hand, expenditure on Social and Economic Services together accounted for 68.10 *per cent* in both 2014-15 and 2015-16. The Grants-in-aid and loans and advances contributed 1.53 *per cent* during 2015-16 as against 1.57 *per cent* during 2014-15.

During 2015-16, expenditure on General Service and Social Services decreased by ₹ 15.87 crore and ₹ 112.54 crore respectively, however, Economic Service increased by ₹ 72.66 crore over previous year. Loans and advances increased by ₹ 0.46 crore and Grants-in-aid decreased by ₹ 3.04 crore over the previous year.

Some of the significant increase and decrease in expenditure during 2015-16 have been highlighted below:

- General Services: Decrease in the services was mainly due to decrease in expenditure under Miscellaneous General Services (₹ 371.21 crore) which was offset by increase in expenditure on Pensions and Other Retirement Benefits (₹ 69.28 crore), Police (₹ 18.08 crore) and Interest Payment and Servicing of Debt (₹ 22.52 crore).
- Social Services: Decrease was mainly under Housing (₹ 106.91 crore).
- Economic Services: The increase was mainly due to increase in Secretariat-Economic Service (₹ 234.45 crore) which was offset by decrease in expenditure on Capital Outlay on Tourism (₹ 178.22 crore).

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 50.01 per cent from ₹ 2,429.61 crore in 2011-12 to ₹ 3,644.58 crore in 2015-16 and it increased by 8.58 per cent from ₹ 3,356.64 crore in 2014-15 to ₹ 3,644.58 crore in 2015-16. The NPRE decreased by ₹ 153.98 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 133.96 crore from ₹ 1,136.72 crore in 2014-15 to ₹ 1,270.68 crore in 2015-16.

NPRE was a major component (65.14 per cent) of Revenue Expenditure during 2015-16. Only 34.86 per cent of Revenue Expenditure was PRE.

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 1.15** presents the trends in the expenditure on these components during 2011-16.

Table 1.15: Committed expenditure

	2011-12	2012-13	2013-14	2014-15	2015-16
	(₹ in crore)				
Salaries, of which	874.83(52.04)	971.01(54.13)	1,093.88(55.47)	1,236.37(55.69)	1,357.66(57.19)
Non-Plan head	642.14	773.95	822.10	936.51	1,029.80
Plan head*	232.69	197.06	271.78	299.86	327.86
Interest payments	190.83(6.64)	198.92(11.09)	209.16(10.61)	239.55(10.79)	262.07(10.09)
Expenditure on pension	173.76 (6.04)	225.17(12.55)	260.63(13.20)	333.08(15.00)	402.35(16.95)
Subsidies	7.10 (0.24)	8.41(0.47)	15.60(0.79)	14.78(0.67)	8.03(0.34)
Total	1,246.52	1,403.51	1,578.86	1,823.78	2,030.11
<i>As per cent of Revenue Receipts</i>					
Salaries	30.45	29.53	28.09	30.25	35.88
Interest payments	6.64	6.05	5.37	5.86	6.93
Pension	6.04	6.85	6.69	8.15	10.63
Subsidies	0.24	0.26	0.40	0.36	0.21
<i>As per cent of Revenue Expenditure</i>					
Salaries	36.01	38.73	36.16	36.83	37.25
Interest payments	7.85	7.93	6.91	7.14	7.19
Pension	7.15	8.98	8.62	9.92	11.04
Subsidies	0.29	0.34	0.52	0.44	0.22

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 35.88 *per cent* of Revenue Receipts of the State during the year. Salaries increased by 9.81 *per cent* from ₹ 1,236.37 crore in 2014-15 to ₹ 1,357.66 crore in 2015-16. The expenditure on salaries was 37.25 *per cent* of the Revenue Expenditure.

Pension payments

Pension payments increased by 20.80 *per cent* from ₹ 333.08 crore in 2014-15 to ₹ 402.35 crore in 2015-16. Pension payment accounted for 10.63 *per cent* of the Revenue Receipts and 11.04 *per cent* of Revenue Expenditure.

Interest payments

Interest payments increased by 9.40 *per cent* from ₹ 239.55 crore in 2014-15 to ₹ 262.07 crore in 2015-16. Interest payments of ₹ 262.07 crore in 2015-16 consisted of internal debt and market loans (₹ 195.44 crore), small savings, provident fund, etc. (₹ 55.75 crore) and loans received from GoI (₹ 10.88 crore). The interest payments during 2015-16 was within the assessment of XIV FC (₹ 270 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 1.15 shows that expenditure on payment of subsidies decreased by 45.67 *per cent* from ₹ 14.78 crore in 2014-15 to ₹ 8.03 crore during the current year. It constituted 0.22 *per cent* of Revenue Expenditure.

During 2015-16 subsidies of ₹ 8.03 crore was granted to Food, Storage and Warehousing 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 1.16**.

Table 1.16: Financial assistance to local bodies and other institutions

(₹ in crore)					
Financial Assistance to institutions	2011-12	2012-13	2013-14	2014-15	2015-16
Educational Institutions (Non-Government Aided School, etc.)	0.00	0.60	0.05	0.05	0.00
Zilla Parishads and Other Panchayat Raj Institutions	248.22	220.66	260.51	276.10	314.38
Cooperative societies	1.19	2.33	1.17	0.24	1.37
Other Institutions and Bodies (including statutory bodies)	0.33	2.07	0.63	2.43	2.03
Assistance to Municipalities/ Municipal Councils	0.25	0.00	0.00	0.00	0.00
Assistance to local bodies, Corporations, Urban Development	1.18	0.00	0.00	0.00	0.00
Farmers	1.22	2.23	0.00	0.00	0.00
Total	252.39	227.89	262.36	278.82	317.78
Assistance as percentage of Revenue Expenditure	10.39	9.09	8.67	8.31	8.72

Source: Finance Accounts

The total assistance during 2015-16 had increased by 13.97 *per cent* over the previous year mainly due to increase in assistance to Zilla Parishads (ZPs), Other Panchayati Raj Institutions (PRI) and co-operative societies and by decrease in assistance to other institutions and bodies.

1.7.8 Local bodies

The position regarding major issues relating to local bodies, i.e., PRI(s) are summarised in the following paragraph.

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. The system envisaged elected bodies at village (Gram Panchayats (GPs)) and district level (Zilla Panchayat (ZP)). As of March 2016, there were 4 ZPs and 176 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 Grants-in-aid. Individual departments thereafter transfer the funds to Sachiva, ZPs for ZP 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 the nationalised banks.

Audit of the PRIs during 2015-16 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 of India 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 indicating low level of accountability in the PRIs.
- Scrutiny of records in 88 GPs revealed that none of the 88 test checked GPs prepared Balance Sheet during the period under report.
- 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 Commissions accepted by State Government.
- The Internal Control in the GPs were lacking in respect to preparation of budget, maintenance of accounts in appropriate format, internal audit by Director, Local Fund Audit, supervision by Sachiva, ZP, etc.

Urban local bodies

The State Government enacted the Sikkim Municipalities Act, 2007 empowering the urban local bodies (ULBs) to function as institutions of self-government to accelerate economic development in urban areas in the State following 74th Constitutional Amendments. The ULBs in Sikkim were having three tier structures viz. Municipal Corporation, Municipal Councils and Nagar Panchayats. The ULBs were formed only in 2010-11. As of March 2016, there was one Municipal Corporation, three Municipal Councils and three Nagar Panchayats.

The ULBs are solely funded by the Government through Grants-in-aid from Central and State Governments for general administration as well as development activities. The ULBs in turn, deposit their funds in the savings account maintained with the nationalised banks.

Audit of the ULBs during 2015-16 revealed the following:

- Out of 18 functions listed in the XIIth Schedule of the Constitution of India, only 3 functions were partially transferred by the State Government to the ULBs as of March 2016.
- The State Government had not set up Property Tax Board and announced Service Level Delivery Benchmark for the ULBs (except Gangtok Municipal Corporation) as of March 2016 for realisation of property tax and providing better civic amenities to urban citizens respectively.
- The revenue income showed an increase during 2015-16 over 2014-15 in case of all ULBs except Namchi Municipal Council.

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 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 1.17 analyses the fiscal priority of the State Government with regard to Development Expenditure, Social Expenditure and Capital Expenditure in 2012-13, 2014-15 and the current year 2015-16.

Table 1.17: Fiscal priority of the State in 2012-13, 2014-15 and 2015-16

(in per cent)

Fiscal priority of the State	AE/ GSDP*	DE/ AE**	SSE/ AE**	ESE/ AE**	CE/ AE**	Education/ AE**	Health/ AE**
Sikkim's Average (Ratio) 2012-13	27.19	70.57	39.33	33.50	25.11	17.75	7.27
Sikkim's Average (Ratio) 2014-15	28.69	68.71	35.77	32.94	22.47	17.69	5.95
Sikkim's Average (Ratio) 2015-16	25.88	68.72	33.42	35.30	14.72	18.43	6.05
Special Category States' Average (ratio) 2012-13	22.23	69.92	38.42	31.50	15.53	20.86	5.58
Special Category States' Average (ratio) 2014-15	23.80	71.77	40.29	31.49	15.27	21.04	5.90
Special Category States' Average (ratio) 2015-16	21.66	70.41	39.78	30.63	13.95	20.63	6.41

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, ESE: Economic Sector Expenditure, CE Capital Expenditure., Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and loans and advances disbursed.

* Excluding Jammu & Kashmir and Manipur

**Excluding Jammu & Kashmir.

Table 1.17 shows the fiscal priority given by the State Government to various expenditure heads during 2012-13, 2014-15 and 2015-16 which is summarised below.

- The AE/GSDP ratio of the State Government in 2015-16 had decreased by 1.31 *per cent* as compared to 2012-13. However, AE/GSDP ratio in the State was higher than the SCS in all the three years.
- The ratio of DE as a proportion to AE decreased marginally by 1.85 *per cent* in 2015-16 as compared to 2012-13 which indicated that the State had given less priority to this category of expenditure during the current year. DE as a proportion of AE had been also lower in the State compared to the Special Category States' average during 2015-16 and was higher during 2012-13.
- In Social Sector, expenditure as a percentage of AE had decreased by 5.91 *per cent* in the year 2015-16 as compared to 2012-13. Expenditure on Social Sector as a proportion of AE was lower than the Special Category States' average during 2015-16. However, during 2012-13, it was higher than Special Category States.
- In Economic Sector expenditure as a percentage of AE had increased from 33.50 *per cent* in the year 2012-13 to 35.30 *per cent* in the year 2015-16. Expenditure on Economic Sector as a proportion of AE was higher than the Special Category States' average during 2012-13 and 2015-16.
- The expenditure on capital sector had decreased by 10.39 *per cent* in 2015-16 indicating that the State Government had given less emphasis to CE during the year. The share of CE was lower than the Special Category States' average during 2015-16. However, it was higher than Special Category States during 2012-13.

- The expenditure on education as a percentage of AE had increased from 17.75 *per cent* in the year 2012-13 to 18.43 *per cent* in the year 2015-16 and the percentage of expenditure on health had decreased from 7.27 *per cent* in 2012-13 to 6.05 *per cent* in 2015-16.

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 goods¹⁴. Apart from improving the allocation towards Development Expenditure¹⁵, 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 1.18** presents the trends in Development Expenditure relating to the aggregate of the State during the current year vis-à-vis the previous years.

Table 1.18: Development Expenditure

	2011-12	2012-13	2013-14	2014-15	2015-16
Development Expenditure (DE)	2,285.17	2,367.61	2,706.97	2,998.37	2958.95
Percentage of DE to total expenditure	73.85	70.57	68.58	68.71	68.72
Composition of DE					
Revenue	1645.70 (72.02)	1603.57 (67.73)	1954.55 (72.20)	2100.68 (70.06)	2361.98 (79.83)
Capital	590.47 (25.84)	759.04 (32.06)	742.42 (27.43)	871.19 (29.06)	570.01 (19.26)
Loans and advances	49.00 (2.14)	5.00 (0.21)	10.00 (0.37)	26.50 (0.88)	26.96 (0.91)

(₹ in crore)

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

Development Expenditure comprising Revenue Expenditure, Capital Outlay and loans and advances on Socio-Economic Services increased from ₹ 2,285.17 crore in 2011-12 to ₹ 2,958.95 crore in 2015-16 but slightly decreased as compared to 2014-15. As a percentage of Total Expenditure, it decreased from 73.85 *per cent* in 2011-12 to 68.72 *per cent* in 2015-16. On an average, 72 *per cent* of the Development Expenditure was on revenue account while Capital Expenditure including loans and advances accounted for the balance during the years.

14 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.

15 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.

In 2015-16, Development Revenue Expenditure included, *inter alia* expenditure on salary (₹ 841.56 crore), subsidy (₹ 8.03 crore) and financial assistance to local bodies and other institutions (₹ 317.78 crore).

The efficiency of Government expenditure on selected parameters in some major areas under Social and Economic Services is depicted in **Table 1.19**.

Table 1.19: Efficiency of expenditure use

(Ratio in per cent)

Particulars	2014-15		2015-16	
	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	4.17	46.36	2.35	46.36
Health and family welfare	23.60	62.74	25.39	69.57
Water supply, sanitation, housing and urban development	45.31	11.73	48.48	28.74
Others	3.27	27.83	8.30	26.68
Total (SS)	17.41	41.19	13.97	45.91
Economic Services (ES)				
Agriculture and allied activities	3.97	46.40	2.07	46.24
Irrigation & flood control	18.99	42.47	3.28	28.21
Power and energy	19.12	54.68	14.75	39.85
Transport	62.85	25.43	62.72	32.85
Others	56.28	26.94	20.51	16.62
Total (ES)	42.28	38.31	24.70	31.37
Total (SS+ES)	29.31	40.06	19.44	38.98

Source: Finance Accounts. TE-Total Expenditure ((CE+RE of the sub-sectors)); CE-Capital Expenditure (sub sector); RE-Revenue Expenditure (sub sectors)

Expenditure on Social Services

Capital Expenditure on Social Services decreased from ₹ 269.81 crore in 2014-15 to ₹ 0.80 crore in 2015-16. There was decrease in ratio of capital to Total Expenditure on Social Services by 3.44 per cent as compared to the previous year.

The share of salary expenditure under Social Services in Revenue Expenditure was 41.19 per cent in 2014-15, which slightly increased to 45.91 per cent in 2015-16.

Expenditure on Economic Services

Capital Expenditure on Economic Services decreased from ₹ 601.38 crore in 2014-15 to ₹ 369.21 crore in 2015-16. There was decrease in ratio of capital to Total Expenditure on Economic Services by 17.58 per cent.

The share of salary expenditure under Economic Services which was 38.31 per cent during 2014-15 had decreased to 31.37 per cent of Revenue Expenditure in 2015-16.

1.9 Financial analysis of Government expenditure and investments

In the post-Mid Term Fiscal Plan (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 2016 is given in **Table 1.20**.

Table 1.20: Department wise profile of incomplete projects

(₹ in crore)

Department	No. of incomplete projects as on 31 March 2016	Initial budgeted cost	Revised total Cost	Cost over run	Actual expenditure as on 31 March 2016
Rural Management and Development	18	170.61	170.61	0	100.88
Human Resource Development	20	217.44	217.44	0	76.84
Sikkim Public Works (Roads and Bridges)	170	1,860.80	1,860.80	0	641.96
Energy and Power	29	252.34	252.34		109.65
Water Supply and Public Health Engineering	20	174.92	174.92	0	108.53
Building and Housing	8	71.51	71.51	0	43.06
Total	265	2,747.62			1,080.92

Source: Finance Accounts

As per information received from the State Government, there were 265 incomplete projects (estimated cost ₹ 2,747.62 crore) as on 31 March 2016 in which an expenditure amounting to ₹ 1,080.92 crore had been incurred, out of which 24 works (Water Supply and Public Health Engineering- 7 works, estimated cost: ₹ 59.24 crore and actual expenditure incurred as on 31 March 2016: ₹ 3.60 crore and Human Resource Development- 17 works, estimated cost: ₹ 196.97 crore and actual expenditure incurred as on 31 March 2016: ₹ 15.19 crore) were due to be completed by 31 March 2016 and in case of 211 works (170 works- Roads and Bridges, 18 works - RMDD, 8 works - Building and Housing Department, 2 works- HRDD and 13 works - Energy and Power Department), year of commencement and target date of completion were not furnished by the Departments. Due to not completing of works in scheduled time, benefits of the projects did not reach the intended beneficiaries in time.

Information from Food and Civil Supplies and Consumer Affairs Department, Urban Development and Housing Department, Department of Tourism and Civil Aviation, Department of Health Care, Human Service and Family Welfare and Irrigation Department were awaited (October 2016).

1.9.2 Investment and returns

As of March 2016, 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 13.04 per cent as detailed in **Table 1.21** below:

Table 1.21: Return on investment

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Investment at the end of the year	97.42	97.42	97.42	97.42	97.42
Return	Nil	1.53	0.55	0.87	12.70
Return (per cent)	Nil	1.57	0.56	0.89	13.04
Average rate of interest on Government borrowings (per cent)	9.00	9.50	8.33	8.38	8.17
Difference between interest rate and return (per cent)	9.00	7.93	7.77	7.49	(-)4.87

Source: Finance Accounts

Higher returns during current year was due to receipt of dividend from companies, bank and co-operatives (State Bank of Sikkim- ₹ 5.34 crore, Sikkim Distilleries Ltd- ₹ 7.24 crore, Denzong Cinema- ₹ 0.01 crore, Multipurpose Co-operative Society- ₹ 0.11 crore).

The details of investment of ₹ 97.42 crore up to the end of 2015-16 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 recurring loss (**Table 1.22**).

Table 1.22: Investment in Government Companies under perennial loss

(₹ in crore)

Sl. No.	Name of the Government Company	Investment upto 2015-16		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	74.55	2015-16
5	Sikkim SC, ST and OBC Development Corporation (SABCCO)	9.30	Nil	15.26	2012-13
	Total	20.46	0.16	93.23	

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

Against 12 working Companies/Corporations wherein State Government had invested ₹ 41.84 crore (₹ 39.81 crore as equity and ₹ 2.03 crore as loan), two were earning profits, as per their latest finalised annual accounts, while remaining had incurred losses.

1.9.3 State PSUs-finalisation of accounts and enhancing financial viability

The XIII FC recommended that all States should endeavour to ensure clearance of the accounts of all Public Sector Undertakings (PSUs).

The finalisation of 24 annual accounts in respect of 7 State PSUs were in arrears as of September 2016 due to delay in completion/adoption of accounts by the Board of Directors of the respective SPSUs as detailed below:

Table 1.23: 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.	2015-16	1
2	Scheduled Caste, Scheduled Tribe and Other Backward Class Development Corporation Ltd.	2013-14 to 2015-16	3
3	Sikkim Tourism Development Corporation Ltd	2015-16	1
4	Sikkim Poultry Development Corporation Ltd	2009-10 to 2015-16	7
5	Sikkim Hatcheries Ltd	2009-10 to 2015-16	7
6	Sikkim Livestock Processing and Development Corporation Ltd.	2014-15 and 2015-16	2
7	State Bank of Sikkim	2013-14 to 2015-16	3
Total			24

Source: Information furnished by the Companies/Corporations

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/ Government servants. **Table 1.24** presents the position of outstanding loans and advances as of March 2016 and interest receipts vis-à-vis interest payments during the last five years.

Table 1.24: Average interest received on loans and advanced by the State Government

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Opening balance	46.63	95.78	99.99	109.48	135.17
Amount advanced during the year	49.18	5.11	10.40	26.57	27.03
Amount repaid during the year	0.03	0.89	0.91	0.88	1.37
Closing balance	95.78	99.99	109.48	135.17	160.83
Net addition	(+) 49.15	(+) 4.21	(+) 9.49	(+) 25.69	(+) 25.66
Interest receipts	1.84	2.61	4.18	1.76	00
Interest receipts as <i>per cent</i> to outstanding loans and advances	1.92	2.61	3.82	1.30	00
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	6.04	5.95	5.76	5.76	5.38
Difference between interest payments and interest receipts (in <i>per cent</i>)	4.12	3.34	1.94	4.46	5.38

Source: Finance Accounts

Out of amount of ₹ 27.03 crore advanced during the year 2015-16, ₹ 20.86 crore was loan for general financial institutions, ₹ 4.10 crore was loans for co-operatives and ₹ 2.00 crore was against the educational loans for higher studies in colleges and universities. Further, ₹ 0.07 crore was against loans and advances paid to various Government servants for house building advance.

Loans and advances outstanding as of March 2016 aggregated to ₹ 160.83 crore. No interest on loans and advances was received by the Government during the financial year 2015-16.

1.9.5 Cash balances and investment of cash balances

Table 1.25 depicts the cash balances and investments made therefrom by the State Government during the year.

Table 1.25: Investment of cash balances

(₹ in crore)

	As of 31 March 2015	As of 31 March 2016
(a) General Cash Balance -	-	-
• Cash in Treasuries	-	-
• Deposits with Reserve Bank	-	-
• Deposits with other Banks	177.95	214.80
• Remittances in transit - local	-	-
Total	177.95	214.80
Investments held in Cash Balance investment account	1,050.00	1,151.40
Total (a)	1,227.95	1,366.20
(b) Other Cash Balances and Investments		
Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	0.55	0.80
Permanent advances for contingent expenditure with departmental officers	0.42	0.43
Investment of earmarked funds	308.02	3,587.14
Total (b)	308.99	358.37
Grand total (a)+ (b)	1,536.94	1,724.57

Source: Finance Accounts

Under a resolution passed in the year 1968-69, the State Bank of Sikkim was vested with the responsibility by the State Government 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 State Government's cash balances of ₹ 1,724.57 crore at the end of the current year showed an increase by 12.21 per cent (₹ 187.63 crore) over the previous year. The State Government had earned an interest of ₹ 65.80 crore from the cash balance investments during 2015-16.

As per the Finance Accounts 2015-16 there was a balance of ₹ 210.80 crore with the State Bank of Sikkim as on 31 March 2016. However, as per the records of the State Bank of Sikkim, the cash balance of the State Government stood at ₹ 135.71 crore leaving an un-reconciled balance of ₹ 75.09 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 2015, there was an opening balance of ₹ 159.97 crore. Further, during the year, cheques worth ₹ 3,378.78 crore were issued and cheques worth ₹ 3,284.06 crore were encashed leaving a closing balance of ₹ 254.69 crore as on 31 March 2016.

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 2016 compared with the corresponding position as on 31 March 2015.

Total liabilities, as defined are the liabilities under the Consolidated Fund and the Public Accounts 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 1.26**.

Table 1.26: Summarised position of Assets and Liabilities

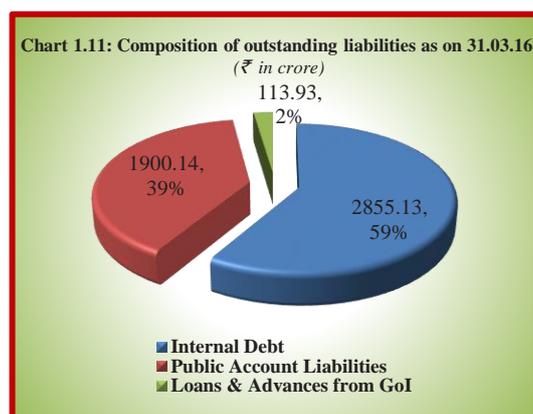
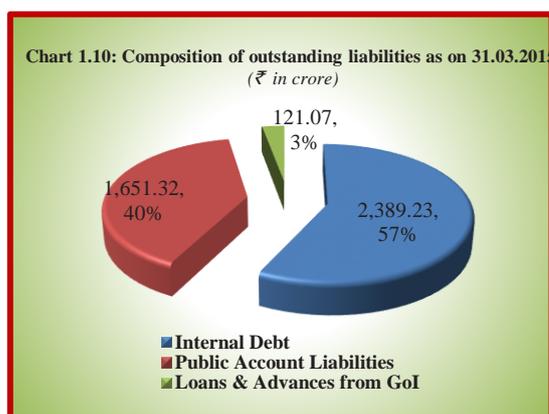
(₹ in crore)							
Liabilities	2013-14	2014-15	2015-16	Assets	2013-14	2014-15	2015-16
<i>Consolidated Fund</i>				<i>Consolidated Fund</i>			
a. Internal Debt	2,058.47	2,389.23	2,855.13	Gross capital Outlay	7,346.54	8,327.25	8,961.24
Loans and advances from GoI	127.07	121.07	113.93	ii) Loans and advances	109.48	135.17	160.83
	2,185.54	2,510.30	2,969.06	Advances	1.03	1.03	1.03
<i>Public Accounts</i>							
Small savings, Provident funds, etc.	685.64	710.19	747.85	Cash	1,283.60	1,536.94	1,724.57
b. Reserve Funds	313.15	430.61	441.38				
c. Deposits	146.21	138.37	160.01				
d. Remittance balance	204.31	213.40	295.91				
e. Suspense and Miscellaneous balances	99.03	158.75	254.99				
	1,448.34	1,651.32	1,900.14				
Surplus on Government Accounts	4,238.29	5,106.77	5,837.76				
Revenue surplus	868.48	731.00	139.71				
Contingency Fund	1.00	1.00	1.00	Contingency Fund	1.00		
Total	8,741.65	10,000.39	10,847.67		8,741.65	10,000.39	10,847.67

Source: Finance Accounts

The growth rate of assets was 8.47 per cent whereas the growth rate of liabilities was 17 per cent in 2015-16 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 1.10** and **1.11**.



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 1.27**.

Table 1.27: Fiscal liabilities-basic parameters

	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal liabilities(₹ in crore)	3,160.76	3,344.97	3,633.88	4,161.62	4,869.20
Rate of growth (per cent)	12.99	5.83	8.64	14.52	17.00
Revenue Receipts	2,872.11	3,288.36	3,893.54	4,087.64	3,784.29
Ratio of fiscal liabilities to					
GSDP	0.28	0.27	0.26	0.27	0.29
Revenue Receipts	1.10	1.02	0.93	1.02	1.29
Own resources	5.88	4.54	4.10	4.89	4.97
Buoyancy ratio of fiscal liabilities to					
GSDP		0.55	0.70	1.49	1.81
Revenue Receipts	0.39	0.40	0.47	2.91	(-) 2.29
Own resources	4.16	0.16	0.43	(-)3.66	1.13

Source: Finance Accounts

Fiscal liabilities of the State increased by ₹ 707.58 crore (17 per cent) from ₹ 4,161.62 crore in 2014-15 to ₹ 4,869.20 crore in 2015-16 comprising Public Accounts Liabilities of ₹ 1,900.14 crore (39.02 per cent), Internal Debt of ₹ 2,855.13 crore (58.64 per cent) and loans and advances of ₹ 113.93 crore (2.34 per cent).

The ratio of fiscal liabilities to GSDP stood at 0.29 at the end of 2015-16. The growth rate of outstanding fiscal liabilities which was 14.52 per cent in 2014-15 increased to 17 per cent in 2015-16. The buoyancy of the liabilities with respect to GSDP during the year were 1.81 indicating that for each one per cent increase in GSDP fiscal liabilities grew by 1.81 per cent.

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 Accounts 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:

Consolidated Sinking Fund:

The State Government constituted a Consolidated Sinking Fund for redemption of the open market loans of the Government commencing from 2004-05. 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 XII FC. The State Government had 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 2015-16, the requirement for annual contribution was ₹ 17.40 crore (0.5 *per cent* of outstanding liabilities of ₹ 3, 481.44 crore) in terms of the guidelines of the RBI and ₹ 18.39 crore (at 1 *per cent* of outstanding open market loans of ₹ 1,838.72 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 ₹ 18.39 crore, as per its own guidelines, resulting in short contribution of ₹ 6.39 crore. Similarly, the shortfall in contribution as per the RBI guidelines worked out to ₹ 5.40 crore. As on 31 March 2016, the fund had a balance of ₹ 309.92 crore (including ₹ 28.06 crore as accrued interest), which had been invested in fixed deposits in nationalised banks as per the directions of the RBI. However, ₹ 3.32 crore of interest accrued during the year has not been invested.

State Disaster Response Fund:

The State Government replaced the Calamity Relief Fund with the State Disaster Response Fund (SDRF) in 2010-11 as per the recommendations of the XIII FC. 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, GoI provides additional assistance from the National Disaster Response Fund (NDRF). As at the beginning of 2015-16, the fund had a corpus of ₹ 18.06 crore, out of which ₹ 14.00 crore was invested. During the year 2015-16, the State Government transferred ₹ 37.15 crore to the SDRF (Central share: ₹ 27.99 crore and State share of ₹ 3.01 crore and accrued interest of ₹ 6.15 crore). After meeting the expenditure of ₹ 37.95 crore during the year, the fund had a closing balance of ₹ 17.26 crore as on 31 March 2016 out of which ₹ 14.00 crore was invested.

Sikkim Transport Infrastructure Development Fund

The State Government enacted Sikkim Transport Infrastructure Development Fund (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 Accounts 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 FRED. Commercial Tax Division (CTD) of FRED shall collect the receipts and maintain the books of accounts. A Committee consisting of the 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, CTD of FRED shall be the Member Secretary of the Committee. On receipt of the deposits, CTD 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 2015-16, total STIDF collection was ₹ 18.31 crore and ₹ 54.12 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 thereunder were framed in 2007. As per the Act, whoever brings non-biodegradable material 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 2015-16, State Government collected Ecology Fund of ₹ 30.10 crore and incurred an expenditure of ₹ 35.16 crore during the year (including unspent balance of previous years).

Guarantee Redemption Fund

The State Government constituted a Guarantee Redemption Fund in the year 2005 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Undertakings or other bodies which stand invoked. The Government is required to contribute an amount equal to at least one-fifth of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year. However, it was open to the Government to increase contribution to the fund at its discretion. During 2015-16, the State Government transferred ₹ 2 crore to the Guarantee Redemption Fund along with accrued interest of ₹ 10.39 crore. No guarantee was invoked during the year. The fund had a corpus of ₹ 36.54 crore at the end of the year which was entirely invested.

The detailed account of the fund as on 31 March 2016 is given below:

Table 1.28: Guarantee Redemption Fund

		(₹ in crore)
Sl. No.	Particulars	Amount
1	Opening balance	24.15
2	Addition	2.00
3	Interest	10.39
	Total	36.54
4	Amount met from the fund for discharge of invoked guarantees (-)	Nil
5	Closing balance	36.54
6	Amount of investment made out of the Guarantee Redemption Fund	36.54

Source: Finance Accounts

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 the last five years are given in **Table 1.29**.

Table 1.29: Guarantees given by the State Government

		(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16	
Maximum amount guaranteed	163.72	186.42	156.70	156.70	156.90	
Outstanding amount of guarantees (including interest)	164.21	187.72	122.09	112.14	89.17	
Maximum amount of guarantee as per criteria fixed by Sikkim Government Guarantee Act 2000	670.95	838.62	881.76	1,306.44	1,574.76	

Source: Finance Accounts

Government had not guaranteed any loans during the year 2015-16. As such, commission on guarantee was not received by the Government during the year. 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.

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 2015-16.

1.10.5 Analysis of Borrowings of Government

Analysis of borrowings of the Government revealed that as on 1 April 2015, an amount of ₹ 3,220.50 crore was outstanding towards various loans and advances. Further, during the year 2015-16, there was an addition of ₹ 932.74 crore and payment/discharge of ₹ 436.33 crore with closing balance of ₹ 3,716.91 crore as on 31 March 2016. The increase in total outstanding loans and advances at the end of the year was 15.41 *per cent*. An interest of ₹ 123.64 crore was also paid by the Government on various loans and advances. Details are given below:

Table 1.30: Detailed Statement on Borrowings and Other Liabilities

(₹ in crore)

Description of Debt	Balance as on 1 st April 2015	Additions during the year	Discharges during the year	Balance as on 31 st March 2016	Net Increase(+)/ Decrease(-) (in percentage)	Interest paid during the year
Market loans	1838.72	580.00	119.02	2299.7	25	10.53
Loans from Life Insurance Corporation of India	102.00	10.00	8.90	103.10	1	8.69
Loans from General Insurance Corporation of India	0.06	0	0.02	0.04	(-33)	0.01
Loans from NABARD	231.28	29.07	44.67	215.68	(-7)	16.32
Compensation and other bonds	4.78	0	4.78	0	(-100)	0.30
Loans from National Co-operative Development Corporation	0.35	3.75	0.75	3.35	857	0.49
Loans from other institutions	19.21	0	2.13	17.08	(-11)	2.22
Special Securities issued to National Small Savings Fund of the Central Government	192.83	29.23	5.88	216.18	12	18.45
Non-Plan loans from GoI	0.85	0.07	0.13	0.79	(-7)	0.08
Block loans	31.73	2.76	3.82	30.67	(-3)	4.02
State Plan loans consolidated in terms of recommendation of the XII FC	85.09	0	5.67	79.42	(-7)	6.38
Loans for Centrally Sponsored Plan Schemes (Other loans)	1.28	0	0.13	1.15	(-10)	0.16
Loans for Special Schemes of North Eastern Council	2.12	0	0.22	1.90	(-10)	0.24
General Provident Funds	674.54	273.58	237.68	710.44	5	52.47
Insurance and Pension Funds	35.66	4.28	2.53	37.41	5	3.28
Total	3,220.50	932.74	436.33	3,716.91	15	123.64

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 deficit, 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

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 increased from 28.31 *per cent* during 2011-12 to 29.27 *per cent* during 2015-16. Debt-GSDP Ratio for the year 2015-16 was higher than the recommended target (20.63 *per cent*) of XIV FC as shown in **Table 1.31**.

Table 1.31: Debt-GSDP Ratio

Year	Total debt	GSDP	XIII/XIV FC recommendation (%)		Debt-GSDP (%)
	(₹ in crore)		All States	Sikkim	
2011-12	3,160.76	11,165.10	26.10	65.20	28.31
2012-13	3,344.97	12,338.42	25.50	62.10	27.11
2013-14	3,633.88	13,861.90	24.80	58.80	26.21
2014-15	4,161.63	15,209.33	24.30	55.90	27.36
2015-16	4,869.20	16,636.78	21.90	20.63	29.27

1.11.2 Interest payment

The trend in the interest payment (IP)-Revenue Receipts (RR) ratio is another important indicator which measures sustainability of the Public Debt. In the State, IP-RR ratio was 6.64 *per cent* during 2011-12 which slightly increased to 6.93 *per cent* during 2015-16.

Table 1.32: Ratio of interest payment to Revenue Receipts

Year	Revenue Receipts (RR) (₹ in crore)	Growth over previous year (%)	Interest payment (IP) (₹ in crore)	Growth over previous year (%)	IP/RR (%)
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
2015-16	3,784.29	(-) 7.42	262.07	9.4	6.93

1.11.3 Buoyancy of assets to liabilities

The ratio of assets to aggregate fiscal liabilities could be considered a surrogate measure of quality of its application of borrowed funds. **Table 1.33** shows the buoyancy of assets with respect to liabilities.

Table 1.33: 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
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
2015-16	4,869.20	10,847.67	2.23	17.00	8.47	0.50

The growth rate of assets was higher than growth rate of liabilities during 2012-13 to 2013-14. However, it was lower during 2014-15 and 2015-16.

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 1.34**.

Table 1.34: Indicator of incremental Non-Debt Receipts

(₹ in crore)

Sl. No.		2011-12	2012-13	2013-14	2014-15	2015-16
1	Incremental Non-Debt Receipts	761.89	374.87	605.20	194.06	(-)302.85
2	Incremental Interest Payments	4.06	8.09	10.24	30.39	22.52
3	Incremental Primary Expenditure	621.73	252.22	582.31	386.13	(-)80.85
	Resource gap	136.10	114.56	12.65	(-) 222.46	(-) 244.52

Source: Finance Accounts

The resource gap had remained positive during 2010-14 but from 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 2016 shows that 49.76 *per cent* of the loans are in the maturity bucket of less than seven years as shown in **Table1.35**.

Table1.35: Maturity profile

Maturity profile of State Public Debt (in years)	Year of maturity	Amount (₹ in crore)	Percentage
0 to 2	2016-17 to 2017-18	573.51	19.19
3 to 4	2018-19 to 2019-20	767.77	25.69
5 to 6	2020-21 to 2021-22	145.72	4.88
7 and above	2022-23 and onwards	1,501.66	50.24

Source: Finance Accounts

The Public Debt of the State Government as on 1 April 2015 was ₹ 2,510.30 crore with addition during the year 2015-16 of ₹ 654.88 crore. After discharging/re-payment of loan amount of ₹ 196.12 crore during the year (excluding an interest payment of ₹ 67.89 crore), there was a closing balance of ₹ 2,969.06 crore as on 31 March 2016. Details of the same are summarised in the table below:

Table 1.36: Summary of Public Debt

(₹ in crore)

Sl. No.	Description of the debt	Balance as on 1 April 2015	Additions during the year	Discharged/repaid during the year	Balance as on 31 March 2016	Interest paid during the year
1	Internal Debt of the State Government	2,389.23	652.05	186.15	2,855.13	57.01
2	Loans and advances from the Central Government					
	i. Non-Plan loans	0.85	0.07	0.13	0.79	0.08
	ii. Loans for State Plan Schemes	116.82	2.76	9.49	110.09	10.40
	iii. Loans for Centrally Sponsored Plan Schemes	1.28	0	0.13	1.15	0.16
	iv. Loans for Special Schemes	2.12	0	0.22	1.90	0.24
	Total 2 (i to iv)	121.07	2.83	9.97	113.93	10.88
	Total (1+2)	2,510.30	654.88	196.12	2,969.06	67.89

Source: Finance Accounts

The State Government had been contributing ₹ 12 crore per annum to the Sinking Fund (**Paragraph 1.10.3**) which had a balance of ₹ 306.60 crore at the end of March 2016. 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 FRED was responsible for obtaining borrowings for State Government and their repayments. Though 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, 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 2013-14 to 2015-16 was as under:

Table 1.37: Trends of Public Debt of the State Government

(₹ in crore)

Sl. No.	Description of the debt	2013-14		2014-15		2015-16	
		Balance as on 31 March 2014	Interest paid during the year	Balance as on 31 March 2015	Interest paid during the year	Balance as on 31 March 2016	Interest paid during the year
1	Internal Debt of the State Government	2,058.46	147.47	2,389.23	174.29	2855.13	57.01
2	Loans and advances from the Central Government						
	i. Non-Plan loans	0.55	0.05	0.85	0.05	0.79	0.08
	ii. Loans for State Plan Schemes	122.78	11.22	116.82	10.55	110.09	10.40
	iii. Loans for Centrally Sponsored Plan Schemes	1.41	0.19	1.28	0.17	1.15	0.16
	iv. Loans for Special Schemes	2.34	0.30	2.12	0.27	1.90	0.24
	Total 2 (i to v)	127.08	11.76	121.07	11.04	113.93	10.88
	Total (1+2)	2,185.54	159.23	2,510.30	185.33	2,969.06	67.89

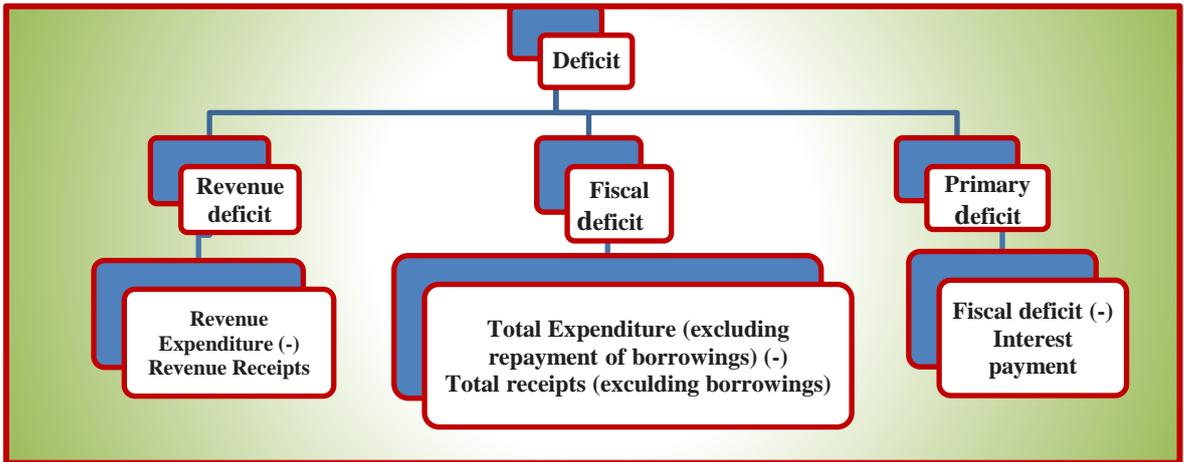
Source: Finance Accounts

From the above table it would be seen that at the end of the year 2013-14, Public Debt of the State Government was ₹ 2,185.54 crore which increased to ₹ 2,969.06 crore at the end of the year 2015-16. The cost of borrowings in terms of interest payment for the year 2013-14 was ₹ 159.23 crore which decreased to ₹ 67.89 crore during the year 2015-16 with average cost of borrowings of ₹ 137.48 crore during the period 2013-16.

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 1.12** gives an indication of the various kinds of deficit that occur if the Government borrows excessively to balance the budget.

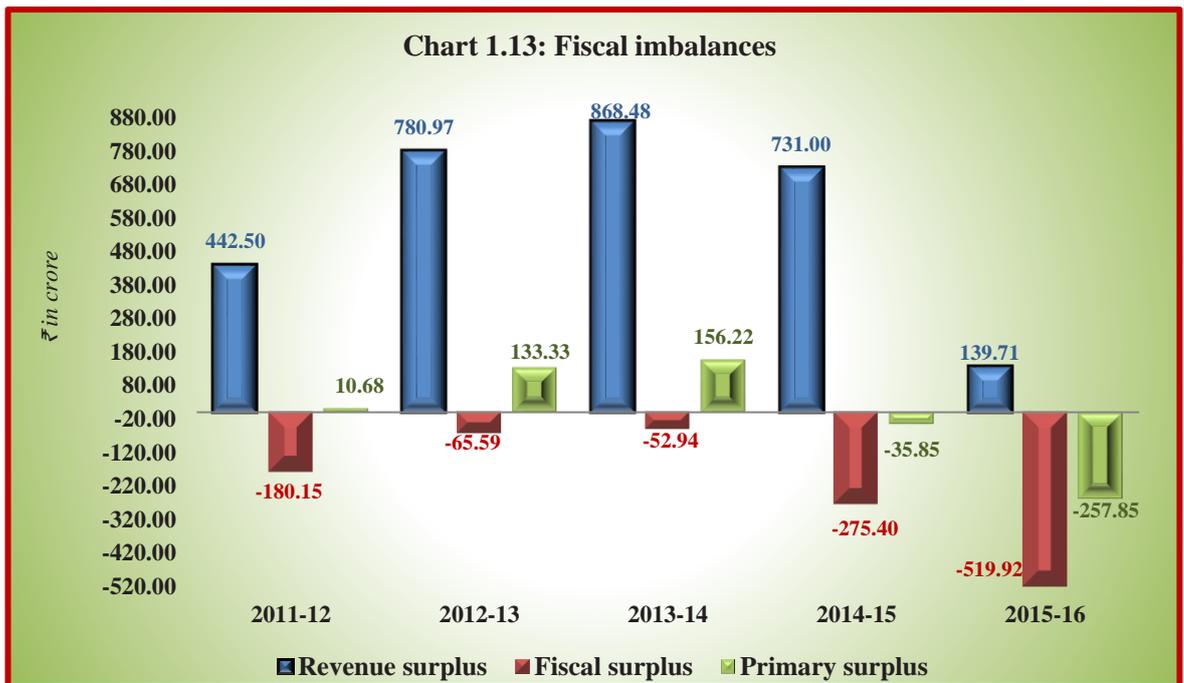
Chart 1.12: Type of deficit



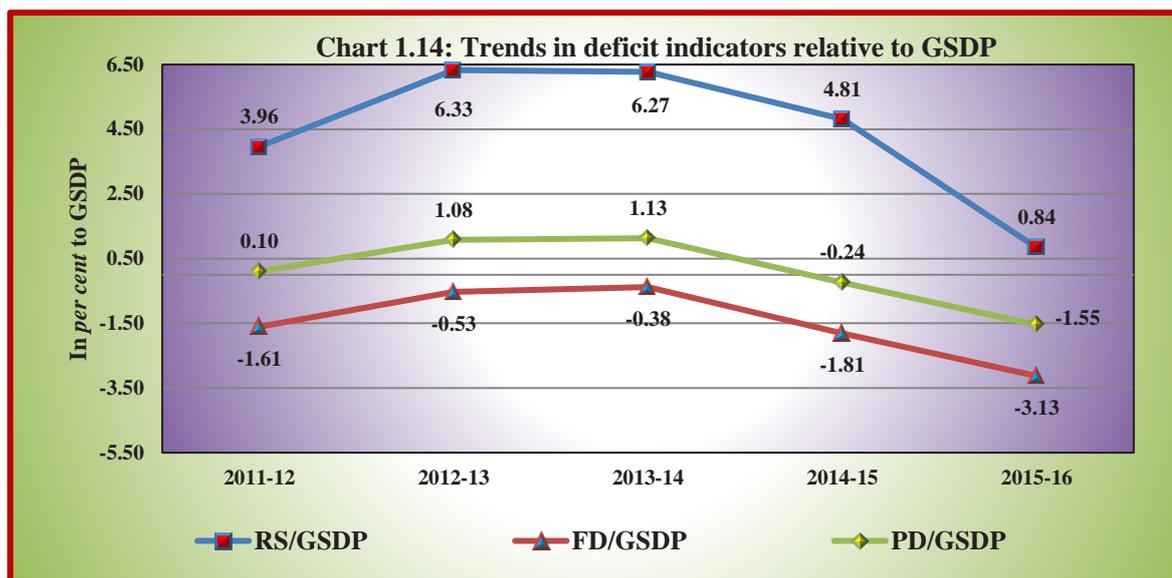
The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficit vis-à-vis targets set for the financial year 2015-16.

12.1 Trends in deficit

Charts 1.13 presents the trends in deficit indicators over the period 2011-16.



Charts 1.14 presents the trends in deficit indicators relative to GSDP during the period 2011-16.



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 2011-12 to 2015-16 with fluctuating trends. Revenue surplus decreased by ₹ 591.29 crore (80.89 per cent) during 2015-16 as compared to the previous year due to increase in Revenue Expenditure and decrease in Revenue Receipts.

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 Accounts. Fiscal deficit trends along with the trends of the deficit relating to key components are indicated in **Table 1.38**.

Table 1.38: 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
₹ in crore						
2011-12	2,914.38	3,094.54	(-)180.15	1.61	6.18	5.82
2012-13	3,289.26	3,354.85	(-) 65.59	0.53	2.02	1.96
2013-14	3,894.46	3,947.40	(-)52.94	0.38	1.36	1.34
2014-15	4,088.52	4,363.92	(-)275.40	1.81	6.74	6.31
2015-16	3,785.67	4,305.59	(-)519.92	3.13	13.73	12.08

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 1.39**.

Table 1.39: Primary deficit and its parameters

(₹ in crore)

Period	Fiscal deficit	Interest payments	Primary deficit (-)/ Surplus (+)
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
2015-16	519.92	262.07	(-)257.85

Source: Finance Accounts

There were primary surplus during 2011-12 to 2013-14 and primary deficit was recorded during 2014-15 and 2015-16.

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 **Table 1.40**. 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 1.40: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2011-12		2012-13		2013-14		2014-15		2015-16	
	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP
Decomposition of fiscal deficit	180.15	2.14	65.59	0.63	52.94	0.43	275.40	1.90	519.92	3.12
1 Revenue surplus	442.5		780.97		868.48		731.00		139.71	
2 Misc. Capital Receipts	42.25		0		0		0		0	
3 Net Capital Expenditure	615.76		842.35		911.94		980.71		633.98	3.81
4 Net loans and advances	49.14	0.59	4.21	0.04	9.48	0.08	25.69	0.18	25.65	0.15
Financing pattern of fiscal deficit*										
1 Market borrowings	41.59	0.5	133.64	1.28	229.54	1.85	330.76	2.28	465.89	2.80
2 Loans from GoI	(-) 2.81	0.03	(-) 7.95	-0.08	(-) 21.96	(-) 0.18	(-) 6	(-) 0.04	(-) 7.14	
3 Special securities issued to NSSF**	0	0	0	0	0	0.00	00	0	0	0
4 Loans from financial institutions	0	0	0	0.00	0	0.00	0	0	0	0
5 Small savings, PF, etc.	68.52	0.82	(-) 45.35	(-) 0.43	61.49	0.50	24.55	0.17	37.65	0.23
6 Deposits and advances	17.92	0.21	0	0.00	3.43	0.03	(-)7.84	(-)0.05	21.64	0.13
7 Suspense and Miscellaneous	37.80	0.45	41.02	0.39	(-)58.31	(-) 0.47	59.72	0.41	(-) 5.42	0.03
8 Remittances	118.16	1.41	(-)60.11	(-) 0.57	7.58	0.06	9.09	0.06	82.51	0.50
9 Reserve funds	78.57	0.94	(-)8.22	(-)0.08	67.14	0.54	117.45	0.81	(-) 38.35	0.23
10 Increase (-)/ decrease (+) in cash balance	(-) 179.60	2.14	(-) 118.62	(-) 1.13	(-) 234.97	(-) 1.90	(-) 253.34	(-) 1.75	(-) 36.86	0.22
11 Net of Contingency Fund transactions	0	0	0	0.00	(-)1	(-) 0.01	1	0.01	0	
Total	180.15		65.59	0.63	52.94	0.43	275.40	1.90	519.92	3.13

*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 ₹ 591.29 crore during the current year due to decrease in Grants in aid from GoI. The Capital Expenditure and the net loans and advances decreased during the current year.

The Capital Expenditure could be financed by revenue surplus to the extent of 22.04 *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 1.41**) 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 1.41: 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
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
2015-16	3,785.67	3,382.51	633.98	27.03	4,043.52	(+)403.16	(-)257.85

Source: Finance Accounts

Non-Debt Receipts of the State were enough to meet the primary expenditure requirements in the revenue account. But, the Non-Debt Receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit during 2014-16.

1.13 Follow up

The preparation of Standalone Report of the State Finances started in 2008-09 and the Reports for the years 2009-10 and 2010-11 had been discussed by the Public Accounts Committee (PAC). Recommendations of the PAC were awaited.

1.14 Conclusion and Recommendations

Surplus/deficit

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 (₹ 591.29 crore) during the year as compared to the previous year. This was due to decrease in Revenue Receipts by 7.42 *per cent* (₹ 303.35 crore) and increase in Revenue Expenditure by

8.58 *per cent* (₹ 287.94 crore) during 2015-16 as compared to 2014-15. Further, fiscal deficit also increased by ₹ 244.52 crore from the previous year.

Revenue Receipts

Revenue Receipts decreased by ₹ 303.35 crore (7.42 *per cent*) from ₹ 4,087.64 crore in 2014-15 to ₹ 3,784.29 crore in 2015-16. During 2015-16, 74.11 *per cent* of the Revenue Receipts was from GoI as Central transfers in the form of State's share of taxes and Grants-in-aid contributions while only 25.89 *per cent* revenue was collected from State's own sources (i.e. Tax and Non-Tax Revenue). The Tax Revenue Receipts at ₹ 566.82 crore was lower by ₹ 309.18 crore than the projection made by XIV FC. However, Non-Tax Revenue was higher by ₹ 119.99 crore.

Expenditure

During 2015-16 the Total Expenditure decreased by 1.34 *per cent* from ₹ 4,363.92 crore in 2014-15 to ₹ 4,305.59 crore during 2015-16. Revenue Expenditure constituted 84.65 *per cent*, Capital Expenditure constituted 14.72 *per cent* and loans and advances constituted 0.63 *per cent* of Total Expenditure during 2015-16. The expenditure on Social and Economic Sectors, which are considered as Development Expenditure, accounted for 68.72 *per cent* in 2015-16. Capital Expenditure decreased by 35.35 *per cent* (₹ 346.73 crore) over the previous year.

The State needs to give more priority to Capital Expenditure and ensure that it does not decrease over the years.

Fiscal Correction Path

Revenue surplus was lower than the target fixed by XIV FC, budget proposal and projections in the Five-year Fiscal Plan/MTFP. Fiscal deficit was 3.13 *per cent* of the GSDP which was within the target fixed by XIV FC and budget proposal. However, it was higher than target prescribed in FRBM Act and Five-year Fiscal Plan/MTFP. Ratio of total outstanding debt of the Government to GSDP was higher than the target fixed by XIV FC, budget proposal and projections in Five-year Fiscal Plan/MTFP.

Fiscal Liabilities

Fiscal liabilities of the State increased by ₹ 707.58 crore (17 *per cent*) from ₹ 4,161.62 crore in 2014-15 to ₹ 4,869.20 crore in 2015-16. The growth rate of outstanding fiscal liabilities which was 14.52 *per cent* in 2014-15 increased to 17 *per cent* in 2015-16. The buoyancy of the liabilities with respect to GSDP during the year was 1.81 indicating that for each one *per cent* increase in GSDP fiscal liabilities grew by 1.81 *per cent*. The debt-GSDP Ratio for the year was higher than the recommended target of XIV FC.

Investment and Returns

The return from investments was 13.04 *per cent*. However, some of the Companies/Corporations were under recurring loss.

State Government may review the working of the units which were incurring losses to avoid further financial burden on the Government.

CHAPTER-II: FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

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 the budget. The 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. had 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 was within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution of India was so charged. It also ascertained whether the expenditure so incurred was 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 the year 2015-16 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 (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered by 31 March
1		2	3	4	5	6	7	8	9(col.7/col.6)
Voted	I Revenue	4,073.16	82.23	4,155.39	3,349.62	(-)805.77	654.57	595.01	81
	II Capital	1,085.63	126.83	1,212.46	660.94	(-)551.52	483.52	427.30	88
	III Loans and advances	0.55	-	0.55	0.07	(-)0.48	0.48	0.48	100
Total Voted		5,159.34	209.06	5,368.40	4,010.63	(-)1,357.77	1,138.57	1,022.78	
Charged	IV Revenue	310.60	-	310.60	296.53	(-)14.07	15.55	15.55	1.11
	V Capital	0.00	0	0.00	0.00	0.00	0.00	0.00	0.00
	VI Public Debt- Repayment	200.04	0	200.04	196.12	(-)3.92	3.91	3.91	100
Total Charged		510.64	0	510.64	492.65	(-)17.99	19.46	19.46	
Appropriation to Contingency Fund (if any)		0	0	-	0	0	0	0	
Grand Total		5,669.98	209.06	5,879.04	4,503.28	(-) 1,375.76	1,158.03	1,042.24	

Source: Appropriation Accounts

The overall savings of ₹ 1,375.76 crore was the result of savings of ₹ 1,375.81 crore in 44 grants and two appropriations under Revenue Section, 24 grants under Capital Section offset by excess of ₹ 0.05 crore in one grant under Revenue Section.

The savings/excess were intimated (05 July 2016) to the Controlling Officers requesting them to explain the significant variations. Out of 291 sub-heads, explanations in respect of only 159 savings and 38 excess were received and the balance 94 was awaited (October 2016).

2.3 Financial accountability and budget management

2.3.1 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 had 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). Appropriation Accounts upto 2010-11 had been discussed by the PAC. However, excess expenditure amounting to ₹ 83.94 crore for the years 2010-2015 had not been regularised (March 2016). The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.2**.

Table 2.2: Excess over provisions relating to previous years requiring regularisations

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2010-11	04 (Grant Nos.24,33,37,24)	-	1.59	Under examination by PAC
2011-12	04 (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-
2014-15	05 (Grant Nos 3,8,31,33,42)	-	4.28	-do-
Total		83.94	83.94	

Source: Appropriation Accounts

2.3.2 Excess over provision during 2015-16 requiring regularisation

Table 2.3 contains the details of excess in one grant amounting to ₹ 5.32 lakh over authorisation from the Consolidated Fund of State during 2015-16 and requires regularisation under Article 205 of the Constitution of India.

Table 2.3: Excess over provision requiring regularisation during 2015-16

(₹ in lakh)

Sl. no	Number and title of grant/appropriation		Total grant/appropriation	Expenditure	Excess
A. VOTED					
1	36	Science, Technology & Climate change	203.75	209.07	5.32
Total					

Source: Appropriation Accounts

2.3.3 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit revealed that in 29 cases, savings exceeded ₹ one crore in each case and also by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of ₹ 1,375.81 crore, savings of ₹ 866.53 crore (62.98 per cent)¹ occurred in 11 cases relating to 10 grants as indicated in **Table 2.4**.

Table 2.4: 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	7 Human Resources and Development	500.93	25.03	525.96	465.31	60.65
2	12 Forestry and Environment Management	208.62	0.11	208.73	82.18	126.55
3	19 Irrigation and Flood Control	104.04	0.50	104.54	34.10	70.44
4	22 Land Revenue & Disaster Management	156.22	0	156.22	88.45	67.77
5	29 Development Planning, Economic Reforms and North Eastern Council Affairs	399.06	0.15	399.21	249.40	149.81
6	38 Social Justice, Empowerment and Welfare	169.90	4.74	174.64	105.96	68.68
CAPITAL – VOTED						
7	13 Health Care, Human Services and Family Welfare	120.97	0	120.97	66.18	54.79
8	22 Land Revenue & Disaster Management	104.03	0	104.03	49.70	54.33
9	31 Energy and Power	89.52	8.22	97.74	37.50	60.25
10	34 Roads and Bridges	166.89	61.67	228.56	129.10	99.46
11	35 Rural Management and Development	144.31	10.91	155.22	101.41	53.80
Total		2,164.49	111.33	2,275.82	1,409.29	866.53

Source: Appropriation Accounts

Savings were mainly due to i) Not demanding of resources by the implementing departments, (ii) Non-receipt of funds from Government of India (GoI), iii) Slow progress of work, and iv) Transfer and retirement of officers and staff.

2.3.4 Persistent savings

In twelve 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 2.5**).

Table 2.5: Lists of grants indicating persistent savings during 2011-12 to 2015-16

(₹ in crore)

Sl. no	No. and name of grant	Amount of savings				
		2011-12	2012-13	2013-14	2014-15	2015-16
REVENUE – VOTED						
1	12 – Forestry and Environment Management	15.82 (19.17)	101.24 (60.27)	69.95 (38.40)	109.25 (38.39)	126.55 (60.63)
2	19 - Irrigation & Flood Control	76.84 (65.46)	93.92 (62.64)	106.75 (72.46)	130.36 (87.75)	70.44 (67.38)
3	22 – Land Revenue and Disaster Management	163.20 (36.81)	172.04 (50.81)	130.03 (33.12)	93.31 (33.04)	67.77 (43.38)

¹ Exceeding ₹50 crore in each case

Sl. no	No. and name of grant	Amount of savings				
4	38 – Social Justice, Empowerment and Welfare	67.33 (46.90)	34.81 (33.67)	23.24 (23.05)	31.11 (26.43)	68.68 (39.33)
CAPITAL – VOTED						
5	2 – Animal Husbandry, Livestock, Fisheries and Veterinary	7.18 (47.90)	11.77 (80.45)	2.74 (42.15)	2.99 (66.47)	2.79 (64.72)
6	3 - Building and Housing	8.92 (32.77)	7.73 (21.04)	7.03 (23.25)	8.14 (21.84)	40.43 (69.19)
7	7 – Human Resource Development	6.95 (14.86)	19.86 (43.90)	20.20 (45.98)	21.02 (52.88)	20.31 (68.55)
8	31 - Energy and Power	39.28 (51.76)	60.69 (58.71)	24.24 (27.09)	37.40 (54.36)	60.25 (61.63)
9	34 - Roads & Bridges	151.39 (56.80)	48.09 (20.07)	77.87 (31.97)	146.79 (63.16)	99.46 (43.52)
10	35 – Rural Management & Development	57.94 (41.32)	34.93 (33.09)	12.78 (16.45)	29.93 (12.42)	53.80 (34.66)
11	40 – Tourism	127.19 (69.05)	108.15 (69.03)	108.37 (63.24)	154.54 (36.71)	42.95 (32.71)
12	41 – Urban Development and Housing	167.49 (74.48)	171.35 (77.61)	148.29 (70.98)	159.46 (69.34)	37.93 (48.28)

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

Savings were mainly due to (i) Delay in implementation of schemes (ii) Non-release of funds by GoI and iii) Progress of work not achieved.

2.3.5 Rush of expenditure

According to the SFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, the State Government incurred an expenditure of ₹ 823.44 crore (18.29 per cent of the total expenditure) during March 2016 out of which 530.87 crore (11.79 per cent of the total expenditure of the year) was spent on the last day i.e. 31 March 2016.

In 15 Major Heads under 13 grants, an expenditure of ₹ 295.55 crore during the month of March 2016 ranged between 50 and 100 per cent of the total expenditure as given in **Appendix 2.2** out of which in six cases, 100 per cent of total provision for the year 2015-16 was incurred in March, which was contrary to the aforesaid provision.

2.3.6 Unnecessary supplementary provision

Supplementary provision aggregating ₹ 158.21 crore obtained in 28 cases (18 revenue grants and 10 capital grants) (₹ 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 2.3**.

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 and resulted in savings of ₹ 10 lakh or more in six sub-heads. There was savings of ₹ 2.92 crore as detailed in **Appendix 2.4**.

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 77 sub-heads on account of either delay in

implementation of schemes/programmes or non-receipt of funds from GoI. Out of the total provision amounting to ₹ 699.67 crore in those 77 sub-heads, ₹ 499.41 crore (71.38 per cent) constituting 8.49 per cent of total budget provision (₹ 5,879.04 crore) were surrendered, which included 100 per cent surrender in 19 sub-heads (₹ 52.97 crore). The details of such cases are given in **Appendix 2.5**.

2.3.9 Surrender in excess of actual savings

In two 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 ₹ 44.44 crore, the amount surrendered was ₹ 47.83 crore resulting in excess surrender of ₹ 3.39 crore as indicated in **Table 2.6**.

Table 2.6: 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 – VOTED					
1	10 Finance, Revenue and Expenditure	285.27	11.19	12.34	1.15
	Total	285.27	11.19	12.34	1.15
REVENUE – CHARGED					
2	43 Panchayati Raj Institutions	397.45	33.25	35.49	2.24
	Total	397.45	33.25	35.49	2.24
	Grand total	682.72	44.44	47.83	3.39

Source: Appropriation Accounts

2.3.10 Anticipated savings not surrendered

As per Sikkim Financial Rules (SFR), the spending departments are required to surrender the grants/appropriations or portion thereof to the FRED as and when the savings are anticipated. At the close of the year 2015-16, there were, however, three 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 ₹ 42.76 crore (3.10 per cent of the total savings) as indicated in **Table 2.7**.

Table 2.7: Details of anticipated savings not surrendered

(₹ in lakh)

Sl. No.	Grant No.	Name of grant/appropriation	Savings
1	11	Food and Civil supplies and Consumer Affairs	42.70
2	26	Motor Vehicles	0.02
3	32	Printing and Stationery	0.04
		Total	42.76

Further, in 14 grants/appropriations (with savings of ₹ one crore and above in each case), out of total savings of ₹ 788.33 crore, only ₹ 574.31 crore were surrendered leaving ₹ 214.02 crore (27.15 per cent) un-surrendered, details of which are given in **Appendix 2.6**. Besides, in 57 cases, (surrender of funds in excess of ₹ one crore or more), ₹ 908.09 crore (**Appendix 2.7**) were surrendered (major departments involved were Development, Planning, Economic Reforms and North Eastern Council; Social Justice, Empowerment and Welfare; Rural Management and Development and Land Revenue and Disaster

Management) on the last two working days of March 2016 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

2.3.11 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

An Abstract Contingent (AC) bill is drawn with the sanction of the competent authority as an advance when expenditure of contingent nature or of a special nature is required to be incurred. These bills are adjusted once the expenditure is actually incurred by furnishing the expenditure vouchers through a Detailed Contingent (DC) bill. As per 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 (CO) for countersignature and transmission to the Accountant General (AG). The total amount of DC bills received during the period 2011-16 was ₹ 228.74 crore against the amount of AC bills of ₹ 297.40 crore (₹115.80 crore (OB) + ₹ 181.60 crore) leading to an outstanding balance of AC bills of ₹ 68.66 crore as on 31 March 2016 as given in the following table:

Table 2.8: 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
2011-12	115.80	45.04	160.84	16.62	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
2015-16	72.51	15.52	88.03	19.37	22.01	68.66
Total		181.60		228.74		

Source: Voucher level computerisation data of AG, Sikkim

Department-wise pending AC bills for the years up to 2015-16 are detailed in **Appendix 2.8**. As would be seen from the Appendix, the main defaulting departments were Police (₹ 7.10 crore), Labour (₹ 6.99 crore), Horticulture and Cash Crops Development (₹ 6.10 crore), Tourism and Civil Aviation (₹ 5.80 crore) and Social Justice, Empowerment and Welfare (₹ 5.77 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 expenditure in the books of accounts, distorts the magnitude of expenditure besides authenticity of the same remained unascertained.

2.3.12 Review on pendency in submission of DC bills in the Police Department

An examination by audit of the advances granted and their subsequent adjustment in respect of 18 Drawing and Disbursing Officers (DDOs) of the Police Department showed that ₹ 7.10 crore drawn towards various advances, viz. contingency, TA and Medical were lying unadjusted for long.

1 As per the SFR an Advance Register in Form-3 has to be maintained by each Department/Office which 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.

Test check of records of seven DDOs² revealed the following:

- One DDO i.e. Crime Branch had not even maintained the Advance Register, due to which, recipients of advances of ₹ 67,660 pertaining to the year 2009, as noticed from the voucher level computerisation data maintained by AG, Sikkim, remained unknown.
- Six DDOs did not maintain the Advance Register in the prescribed format.
- The Advance Register was never examined by the Head of the Department/Office to ensure that the advance do not remain outstanding for more than the period stipulated for settlement.

2 As per SFR regular reconciliation by the CO/DDOs had to be done with the records of the PAO and AG, Sikkim.

- Test check of records of seven DDOs however, revealed that this was not done due to which outstanding advances shown in the records of AG, Sikkim of ₹ 4.56 crore as on 31 March 2016 did not match with the amount of ₹ 3.75 crore reflected in the departmental records leading to a difference of ₹ 0.80 crore.

3 Sub-Para 7.7 below Rule 227 *ibid* stipulates ‘As soon as the work is done or supply is received, a DC bill in Form-2 should be prepared. Major, Minor and Detailed heads shall be given in full form as depicted in the Demands for grant in all the DC bills which should, as far as possible, be typed/printed.’

- However, as seen from the records of the Police Department, out of outstanding advances worth ₹ 4.56 crore, ₹ 2.82 crore were for the purchase of arms and ammunitions. For the supply of the arms and ammunitions, the Department made full payment as demanded by the supplier. As verified, material worth ₹ 2.29 crore were received but the Department never prepared DC bills in Form-2 as prescribed and hence, the advances remained pending. The supplier neither submitted the final bills nor did the Department take any action for follow up.
- Further, a certificate had also been printed on the AC bill form clearly mentioning ‘the DC 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.

Thus, non-adherence of the Rule, non-compliance of instructions and certification of bill without due diligence and lack of follow-up action not only by the DDOs concerned but also by the Head of Department/COs had resulted in accumulation of outstanding advances.

² Police Hqrs, Crime, Communication, IRB 3rd Battalion, Reserve Line, Training and DIG Range

Not settling of advances carries with it the risk of fraud and misappropriation of public funds and causes lack of transparency in expenditure reporting system.

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 ₹ one crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions.

During the financial year 2015-16 no advance was drawn out of the Contingency Fund.

2.5 Outcome of review of selected grants

2.5.1 Grant 19 - Irrigation and Flood Control Department

An audit examination of the budgetary procedure and control over expenditure for the period 2011-12 to 2015-16 in respect of Grant No. 19- Irrigation and Flood Control Department, Government of Sikkim was conducted. Audit findings are given below:

2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2011-12 to 2015-16 in respect of Grant No. - 19 pertaining to the Irrigation and Flood Control Department 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(-)	Surrender
2011-12	Voted	Revenue	108.97	8.41	117.38	40.54	(-)76.84(65)	76.53
	Voted	Capital	6.21	0.00	6.21	2.91	(-) 3.30 (53)	3.30
2012-13	Voted	Revenue	147.95	2.00	149.95	56.03	(-) 93.92 (63)	94.78
	Voted	Capital	10.83	0.00	10.83	7.12	(-) 3.72 (34)	3.51
2013-14	Voted	Revenue	147.24	0.06	147.31	40.56	(-) 106.75(72)	107.37
	Voted	Capital	4.69	0.00	4.69	3.79	(-) 0.90 (19)	0.40
2014-15	Voted	Revenue	148.76	0.01	148.77	18.41	(-) 130.36 (88)	0.00
	Voted	Capital	5.70	0.00	5.70	4.25	(-) 1.45 (25)	0.00
2015-16	Voted	Revenue	104.04	0.50	104.54	34.10	(-) 70.44(67)	70.28
	Voted	Capital	11.57	0.00	11.57	1.15	(-) 10.42 (90)	10.42

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 during the years 2011-12 to 2015-16 under the Revenue Heads were unnecessary as the final expenditure 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 63 to 88 *per cent* of the provision were noticed under Revenue Heads and 19 to 90 *per cent* under Capital Heads.

2.5.1.4 Surrender in excess of actual savings

During the years 2012-13 and 2013-14 under Revenue Head, the amount surrendered was in excess of actual savings indicating lack of or inadequate budgetary control. As against savings of ₹ 200.67 crore, the amount surrendered was ₹ 202.15 crore resulting in excess surrender of ₹ 1.48 crore.

2.5.1.5 Substantial surrenders

Substantial surrenders were made in 51 cases. The percentage of surrenders ranged from 32 to 100 *per cent* as detailed in **Appendix 2.9**. The surrenders were mainly due to delay in implementation of schemes, non-receipt of funds from GoI, delay in sanction of Centrally Sponsored Schemes, etc.

2.5.1.6 Anticipated savings not surrendered

In terms of SFR, the 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 No- 19 revealed that despite the savings, no fund was surrendered in the following cases:

Table 2.10: Details of anticipated savings not surrendered

(₹ in crore)

Year	Name of the scheme	Total grant	Actual expenditure	Saving
2011-12	Anti-Erosion/Flood Management Works (State share)	0.72	0.00	0.72
	Anti-Erosion/Flood Management Works (State share)	0.86	0.30	0.56
2013-14	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.55	0.25	0.30
	River Training work along Rani Khola below Adampool, East Sikkim (NEC)	0.40	0.20	0.20
2014-15	AIBP (E)	16.00	0.00	16.00
	AIBP (W)	5.00	0.00	5.00
	AIBP (N)	5.00	0.00	5.00
	AIBP (S)	3.00	0.00	3.00
	Anti-Erosion/Flood Management Works (ACA) East	61.00	2.31	58.69
	Anti-Erosion/Flood Management Works (ACA) West	10.00	0.00	10.00
	Anti-Erosion/Flood Management Works (ACA) North	10.00	0.06	9.94
	Anti-Erosion/Flood Management Works (ACA) South	21.00	0.06	20.94
	Minor Works (East)	0.45	0.00	0.45
	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.68	0.18	0.50
			Total	131.30

Source: Detailed Appropriation Accounts

2.5.1.7 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. Analysis of budget provision and actual

expenditure for the period 2011-12 to 2015-16 covered under review revealed that there were substantial savings of 02 to 100 *per cent* indicating inaccurate and unrealistic budget estimates as detailed below:

Table 2.11: Details of substantial savings

(₹ in crore)

Year	Name of the scheme	Total grant	Actual expenditure	Savings	% of savings
2011-12	Anti-Erosion/Flood Management Works (ACA) East	9.16	8.98	0.18	2
	Anti-Erosion/Flood Management Works (State share)	0.72	0.00	0.72	100
	Anti-Erosion/Flood Management Works (State share)	0.86	0.30	0.56	65
	Anti-Erosion/Flood Management Works (State share)	0.72	0.56	0.16	22
2012-13	AIBP (N)	2.20	1.98	0.22	10
	Anti-Erosion/Flood Management Works (ACA) East	12.80	12.27	0.53	4
	Anti-Erosion/Flood Management Works (ACA) South	5.79	5.63	0.16	3
2013-14	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.55	0.25	0.30	55
	River Training work along Rani Khola below Adampool, East Sikkim (NEC)	0.40	0.20	0.20	50
2014-15	AIBP (E)	16.00	0.00	16.00	100
	AIBP (W)	5.00	0	5.00	100
	AIBP (N)	5.00	0	5.00	100
	AIBP (S)	3.00	0	3.00	100
	Anti-Erosion/Flood Management Works (ACA) East	61.00	2.31	58.69	96
	Anti-Erosion/Flood Management Works (ACA) West	10.00	0	10.00	100
	Anti-Erosion/Flood Management Works (ACA) North	10.00	0.06	9.94	99
	Anti-Erosion/Flood Management Works (ACA) South	21.00	0.06	20.94	100
	Minor Works (East)	0.45	0	0.45	100
	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.68	0.18	0.50	74
2015-16	Anti-Erosion/Flood Management Works (ACA) South	3.35	3.17	0.18	5

Source: Detail Appropriation Accounts

The reasons for the savings were mainly due to non-submission of bills pertaining to Public Works in time, not-sanctioning of schemes due to non-fulfilment of Central norms, delay in sanctioning of Centrally Sponsored Schemes etc.

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 ₹ 40.07 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
2011-12	2702 Anti Erosion/Flood Management Works (State share)	0.72
2014-15	2702-AIBP (E)	16.00
	2702-AIBP (W)	5.00
	2702-AIBP (N)	5.00
	2702-AIBP (S)	3.00
	2702 Anti Erosion/Flood Management Works (ACA) West	10.00
	2702- Minor Works (East)	0.45
	Total	40.17

Source: Appropriation Accounts

Reasons for non-utilisation of funds were neither on record nor given by the Department.

2.5.1.9 Excess over provision

Total excess amounting to ₹ 2.46 crore over authorisation from the Consolidated Fund of State during 2011-12 to 2014-15 is detailed in **Table 2.13**.

Table 2.13: Details of Excess over provision

(₹ in crore)				
Year	MH affecting the grant	Total grant	Actual expenditure	Excess
2011-12	2702 Anti Erosion/Flood Management Works (State share)	1.00	2.45	1.45
	AIBP (North)	0.47	0.49	0.02
2012-13	2702 AIBP (South)	1.14	1.20	0.06
2013-14	2702 Wages (Hqrs)	0.44	0.92	0.48
2014-15	2702 Wages (Hqrs)	0.60	1.05	0.45
Total		3.65	6.11	2.46

Source: Appropriation Accounts

2.5.1.10 Unnecessary/excessive re-appropriation of funds

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 re-appropriation of ₹ 0.27 crore, in 2011-12, ₹ 0.25 crore and ₹ 0.20 crore in 2013-14 in two schemes and ₹ 0.20 crore in 2014-15 under Revenue Head were unnecessary as the final expenditure remained within the original provisions, with even nil expenditure for 2014-15. Details are as follows:

Table 2.14: Details of unnecessary/excessive re-appropriation of funds

(₹ in crore)					
Year	Name of the scheme	Original budget	Re-appropriation	Total	Actual expenditure
2011-12	Anti-Erosion/Flood Management Works (State share)	0.59	0.27	0.86	0.30
2013-14	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.30	0.25	0.55	0.25
	River Training work along Rani Khola below Adampool, East Sikkim (NEC)	0.20	0.20	0.40	0.20
2014-15	Minor Works (East)	0.25	0.20	0.45	0

Source: Appropriation Accounts

2.5.1.11 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 closing month of the financial year was noticed in nine Major Heads under review. The expenditure ranged from 10 to 38 per cent of the total expenditure under Grant-19 as shown below:

Table 2.15: Statement showing the rush of expenditure

(₹ in lakh)

Year	Major Head	Final grant	Expenditure upto previous month (February)	Expenditure during March	Total expenditure	Percentage of expenditure during last month to total expenditure
2011-12	2702-Minor irrigation	3,519.42	3,035.91	452.58	3,488.49	13
2011-12	4711-Flood control projects	291.05	210.08	80.96	291.04	28
2012-13	2702- Minor irrigation	4907	3,725.64	1,265.90	4991.53	25
2012-13	2711-Flood control and drainage	610	452.47	158.75	611.22	26
2012-13	4711-Flood control projects	732.39	591.84	119.91	711.76	17
2013-14	2702-Minor irrigation	3,783.61	3,442.60	403.13	3845.73	10
2013-14	4711-Flood control projects	429.49	245.39	134.08	379.46	35
2014-15	4711-Flood control projects	570	340.37	84.93	425.30	20
2015-16	4711-Flood control projects	115.5	71.69	43.79	115.48	38

Source: Voucher level computerisation data of AG, Sikkim

2.6 Conclusion and Recommendations

The State Government had not brought out a Budget Manual detailing the procedures for preparation of budget estimates, realisation of revenue, control over expenditure etc. Against the total provision of ₹ 5,879.04 crore during 2015-16, an expenditure of ₹ 4,503.28 crore was incurred. This resulted in an unspent provision of ₹ 1,375.76 crore (23.40 per cent). Excess expenditure of ₹ 83.99 crore during 2010-11 to 2015-16 required regularisation under Article 205 of the Constitution of India. While supplementary provision of ₹ 158.21 crore in 28 cases was unnecessary, re-appropriation of funds in six cases was made injudiciously resulting in savings over provision. In 57 cases, ₹ 908.09 crore was surrendered on the last two working days of the financial year. An amount of ₹ 68.66 crore drawn during 2011-16 as advances remained unsettled distorting the amount of expenditure being shown as such.

A Budget Manual should be prepared immediately enumerating detailed procedures for better financial management.

The budget should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided.

CHAPTER-III: FINANCIAL REPORTING

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 Failure to submit Utilisation Certificates

Rule 116 (1) of the Sikkim Financial Rules (SFR) stipulates that every grant made for a specific object is subject to implied conditions: (i) that the grant shall be spent upon the object within a reasonable time of one year from the date of issue of the letter sanctioning grant and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. Utilisation Certificates (UCs) outstanding beyond that specified periods indicates absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final. The status of outstanding UCs as per the records of the AG, Sikkim is given below:

Table -3.1: Outstanding Utilisation Certificates

Year	Number of UCs awaited	Amount (in crore)
Upto 2013-14	2956	5,23.81
2014-15	230	2,69.23
2015-16*	419	3,38.80
Total	3,605	1,131.84

**419 UCs amounting to ₹ 338.80 crore though not due are outstanding*

It can be seen from the above table that 3,605 UCs amounting to ₹ 1,131.84 crore paid upto the year 2015-16 were outstanding.

Through the instrument of UCs, the Grantor obtains assurance about proper utilisation of the funds placed at the disposal of the Grantee for the sanctioned purpose and also gets a certificate from the Grantee that the intended list of works have been executed, the details of which are available with him/her. Any delay in furnishing UCs to the Grantor or any inaccuracy in such reporting essentially undermines this control mechanism designed to prevent the diversion and proper utilisation of grants.

3.1.1 Review of Grants-in-aid

A detailed review on utilisation of Grants-in-aid in Sports and Youth Affairs Department revealed the following:

3.1.1.1 Pendency in submission of Utilisation Certificates

Test check of records of Sports and Youth Affairs Department in respect of pendency in submission of UCs revealed that UCs aggregating to ₹ 1.88 crore for 137 grants against the release of 150 grants for ₹ 2.09 crore from 2002-03 till 2013-14 were pending as on 31 March 2016 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		UCs in arrears	
		Number	Amount	Number	Amount
1	>7	130	1.46	119	1.33
2	5 – <7	17	0.22	16	0.21
3	3 – <5	2	0.34	2	0.34
4	0 – <3	1	0.07	0	0
	Total	150	2.09	137	1.88

As seen from the above table, UCs to merely 13 grants amounting to ₹ 0.21 crores were obtained for the periods 2002-03 to 2013-14. The pendency of submission of UCs was mainly due to not adhering to the instructions as stipulated in the SFR by the Grantee units as well as by the Department itself and lack of follow-up action by the Department as detailed below:

- Rule 111(1) of the SFR states ‘unless in any case Government directs otherwise, every order sanctioning a grant shall indicate whether it is recurring or non-recurring in nature and specify the object for which it is given and the conditions, if any, attached to the grant’.
- Rule 112 of the SFR lays down ‘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.

Out of 150 cases of grants, 71 cases pertaining to the years 2002-03 (20), 2003-04 (26), 2005-06 (12) and 2006-07 (12) were test checked which revealed that the grants were neither indicated as recurring nor as non-recurring in nature. The object for which the grant was disbursed was not specified. The Department had also not imposed any condition on the Grantee for utilisation of the funds and the grants were released without any forwarding letter mentioning the conditions and the signature in acknowledgement of the receipt of the cheques were simply obtained in a payment voucher. Further, specific schemes were not drawn up in respect of any of the test-checked grant.

- Rule 113(1) stipulates that when recurring Grants-in-aid are sanctioned to the same institution for the same purpose, a certificate to the effect that the unspent balance of the previous grant has either been surrendered to Government or has been taken into

account in sanctioning the subsequent grant should be incorporated in the sanction letter in such cases.

Records revealed that while sanctioning recurring Grants-in-aid to the same institutions for the same purpose, the Department neither enquired about the unspent balance, if any, with the Grantee units of the previous year nor did the units produce the accounts. No records of surrender of the unspent balance of the previous grant or taking into account the balance in sanctioning the subsequent grant was found. Hence, Rule 113 (1) of the SFR had been clearly violated.

- Rule 114 *ibid* stipulates that the Grantee institutions or bodies receiving the grant is required to maintain subsidiary accounts of the Government grants and furnish to the AG (i) a copy of the audited statement of its accounts; and (ii) a copy of their constitution.

The Department never directed the Grantee institutions for maintaining of subsidiary accounts and submission of the audited statements to the AG. None of the Grantee institutions had ever submitted audited statements to the AG.

- Rule 116 (1) (i) *ibid* 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; and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. Further, Rule 116 (2) *ibid* provides that even in respect of unconditional Grants-in-aid, Government reserves the right to have the accounts of the recipient body audited by the Comptroller and Auditor General of India (CAG) on their own initiative, if and when occasion demands, to satisfy themselves regarding the manner in which the affairs of the recipient body are managed.

While sanctioning the grants, it was seen that the Department never made Grantee units aware of the time limit for spending of the grants as per the rule above. The Department had not even fixed any time limit. Hence, due to non-fixation of time limit and non-submission of the accounts by the Grantee units, the Department could not verify the expenditure or proper utilisation of the Grants-in-aid upon the specific object for which it had been sanctioned and within the reasonable time limit. Therefore, full and proper utilisation of the grants remained doubtful. No surrender of unspent balance was ever made.

Further scrutiny revealed that during 2003-04 (₹ 0.53 lakh) and 2005-06 (₹ 0.96 lakh) ₹ 1.49 lakh was spent from Grants-in-aid for refreshment to National Cadet Corps, purchase of mementos etc. Recipient of Grants-in-aid of ₹ 0.10 lakh during 2004-05 was not known in one case.

It was further seen that the Department released ₹ 2.09 crore involving 150 UCs in the form of grants to various associations, institutions etc. during the year 2002-03 to 2015-16.

However, 137 out of 150 UCs involving ₹ 1.88 crore were not received as of October 2016 as detailed in **Table 3.2**. This was mainly due to:

- Lack of monitoring and co-ordination between the Department and its Grantee units. There was nothing in the records produced to audit to show that the Department was doing any monitoring.
- Non-adherence of the prevailing rules and instructions by the Department itself and the Grantee units as well, and
- Absence of follow-up action by the Department.

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.

The substantially funded Autonomous Bodies/Authorities are required to submit their annual accounts for audit by the CAG under the provision *ibid*. A total of 50 annual accounts of 22 Autonomous Bodies/Authorities for the period from 2013-14 to 2015-16 had not been received by the AG till September 2016 as detailed in **Appendix 3.1**. 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	01
2	3-5	03
3	1-3	24
4	0-1	22
	Total	50

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the grants and expenditure have been properly accounted for and whether the purpose for which the grants were provided have actually been achieved.

3.3 Status of submission of accounts of autonomous bodies/Statutory Corporations 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.

Out of 16 bodies, 11 had not submitted its accounts for the period ranging from one to seven years as detailed in **Appendix 3.2**.

The audit of accounts of four Bodies in the State has been entrusted to the CAG for which Separate Audit Report (SAR) is prepared for placement before the Legislature. The details in this regard are given in **Appendix 3.3** which showed the following:

- SAR upto 2012-13 of State Legal Services Authority (SLSA) had been placed before the State Legislature. The SAR for 2013-14 was issued to the Government on 28 May 2015 but has not been placed in the State Legislature. SAR for 2014-15 though issued to the Government in February 2016 was under printing.
- SAR upto 2010-11 of State Bank of Sikkim (SBS) had been placed before the State Legislature. The SARs for the periods 2011-12 and 2012-13 though issued to the Government in February 2016 were under printing.
- The audit of Sikkim State Electricity Regulatory Commission (SSERC) was conducted for the first time for the years 2011-12, 2012-13, 2013-14 and 2014-15 and the SARs were issued to the Government in June 2016 and were under printing.
- SAR upto 2010-11 of State Trading Corporation of Sikkim (STCS) had been placed before the State Legislature. The SARs for the periods 2011-12, 2012-13 and 2013-14 though issued to the Government in June 2015 were under printing.

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 AG for audit within a specified time frame. The position of arrears in preparation of proforma 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	0.40 ¹	Delay in holding Board Meetings/AGM

3.5 Misappropriation, losses, etc.

There was one case of theft involving Government money amounting to ₹ 0.26 lakh in respect of FRED at the end of 2015-16 on which final action was pending. The break-up of pending case and age-wise analysis of theft case was under:

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

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
05-10	1	0.26	The person involved in the case is untraceable.	1	0.26

Source: Departmental figures

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 AG.

Reconciliation had been completed for all Revenue and Capital Expenditure heads (₹ 4,278.56 crore) and Revenue Receipt heads (₹ 3,784.29 crore) during 2015-16.

3.7 Other comments

Booking under Minor Head 800 - Other Receipts/Other Expenditure

Minor Heads 800-Other Expenditure/Other Receipts are intended to be operated only when the appropriate minor head has not been provided in the accounts. Routine operation of Minor Heads 800 is to be discouraged, since it renders the accounts opaque. During the year, the State Government classified under 800-Other Receipts/Expenditure, an amount of ₹ 748.98

¹ Plan fund from Government of Sikkim. All revenue earned by the Tea Estate is credited to Government Account and all expenditure incurred by the Tea Estate is borne by the Government of Sikkim.

crore under 30 Revenue Receipts heads and ₹ 301.14 crore under 32 expenditure heads, constituting 19.79 per cent of total revenue receipts and 7.04 per cent of the total Expenditure (Revenue and Capital) incurred under respective Major Heads.

3.8 Conclusion and Recommendations

During the year 2015-16, all the COs reconciled the Government receipts and expenditure with the figures in the books of the AG.

However, the practice of not furnishing UCs in time against grants received, not furnishing of detailed information about financial assistance given to various institutions and not submitting of accounts by 22 Autonomous Bodies/Authorities in time indicated that financial rules were not complied with. There were also delays in placement of SARs to Legislature.

There is a need to ensure that the Audit Reports of the Autonomous Bodies are placed in the Legislature on time and UCs are submitted by recipient of grants within the prescribed time.

Gangtok
The



(Vanlal Chhuanga)
Accountant General (Audit), Sikkim

Countersigned



New Delhi
The

(Shashi Kant Sharma)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1: Part A

State Profile

General Data						
Sl. No.	Particulars				Figures	
1	Area				7,096 sq. km	
	Population					
2	a.	As per 2001 Census			5.40 lakh	
	b.	As per 2011 Census			6.11 lakh	
3	a.	Density of Population (2001 Census) (All India Density = 325 person per sq.km)			77	
	b.	Density of Population (2011 Census) (All India Density = 382 person per sq.km)			86	
4	Population below poverty line(Report of the Expert Group (Rangarajan) to Review the Methodology for Measurement of Poverty, Planning Commission (June 2014) (All India Average = 29.5 per cent)				17.80 per cent	
5	Literacy (2011 Census) (All India Average = 73.0 per cent)				81.42 per cent	
6	Infant mortality (per 1,000 live births) (SRS Bulletin of September 2014,vol. 50 No.1 July 2016) (All India Average 39 per 1,000 live births)				19	
7	Gross State Domestic Product (GSDP) 2015-16 at current prices As per Ministry of Statics and programme implementation , GOI				₹ 16636.78 crore	
8	GSDP CAGR (2007-2016)		Sikkim		25.46 per cent	
9	GSDP CAGR (2006-2015)		Sikkim		24.01 per cent	
10	Per capital GSDP 2014-15		Sikkim		₹ 2.58 lakh	
11	Population Growth (2006-15)		Sikkim		11.03 per cent	
12	Financial Data					
	CAGR (in per cent)					
		CAGR (2006-07 to 2014-15)		Growth Rate (2014-15 to 2015-16)		
		Special category States	Sikkim	Special category States	Sikkim	
a.	Revenue Receipts	13.54	16.52	11.45	(-)7.42	
b.	Tax Revenue	15.47	14.94	19.80	7.45	
c.	Non Tax Revenue	5.62	8.25	(-)18.75	27.56	
d.	Total Expenditure	15.10	16.33	2.73	(-)1.34	
e.	Capital Expenditure	12.38	14.74	(-)6.26	(-)35.35	
f.	Revenue Expenditure on Education	17.28	16.72	1.24	6.04	
g.	Revenue Expenditure on Health	18.14	17.44	20.65	2.04	
h.	Salary and Wages	16.86	14.33	5.19	9.81	
i.	Pension	19.48	26.99	16.65	20.80	

Appendix 1.1: Part B

Layout of Finance Accounts

(Reference: Paragraph 1.1)

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)

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)	$(\text{Current year Amount}/\text{Previous year Amount} - 1) \times 100$.
Average	Trend of growth over a period of 5 years
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. $CAGR = [\text{Ending Value}/\text{Beginning Value}]^{(1/\text{no. of years})} - 1$
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.
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> .

Terms	Basis of calculation
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>
Non-debt receipts	<p>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.</p>
Net availability of borrowed funds	<p>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.</p>

Appendix 1.2

Time series data on the State Government Finances

(Reference: Paragraph 1.1)

(` in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Part A. Receipts					
1. Revenue Receipts	2,872.11	3,288.36	3,893.54 (99.98)	4,087.64 (99.98)	3784.29 (99.96)
(i) Tax Revenue	293.92 (10.23)	435.48 (13.24)	524.92 (13.48)	527.54 (12.91)	566.82 (14.98)
Taxes on Sales, Trade, etc.	124.19 (42.25)	227.08 (52.14)	286.33 (54.55)	282.10 (53.47)	325.72 (57.46)
State Excise	96.26 (32.75)	111.12 (25.52)	120.64 (22.98)	131.36 (24.90)	142.08 (25.07)
Taxes on Vehicles	16.56 (5.63)	16.38 (3.76)	18.52 (3.53)	19.42 (3.68)	22.36 (3.94)
Stamps and Registration fees	8.27 (2.81)	5.35 (1.23)	6.46 (1.23)	6.77 (1.28)	8.51 (1.50)
Land Revenue	4.61 (1.57)	5.66 (1.30)	3.39 (0.65)	6.15 (1.17)	1.85 (0.33)
Taxes on Income other than Corporation Tax	4.86 (1.65)	6.73 (1.55)	8.68 (1.65)	7.93 (1.50)	7.92 (1.40)
Other Taxes	39.17 (13.32)	63.16 (14.50)	80.90 (15.41)	73.81 (13.99)	58.38 (10.30)
(ii) Non Tax Revenue	244.04 (8.50)	302.00 (9.16)	361.59 (9.29)	323.77 (7.92)	412.99 (10.91)
(iii) State's share of Union taxes and duties	611.65 (21.30)	698.48 (21.25)	762.62 (19.59)	809.33 (19.80)	1870.28 (49.42)
(iv) Grants in aid from Government of India	1,722.50 (59.97)	1,852.40 (56.33)	2,244.41 (57.64)	2,427.00 (59.37)	934.20 (24.69)
2. Miscellaneous Capital Receipts	42.25	-	-	-	-
3. Recoveries of Loans and Advances	0.03	0.90	0.92 (0.02)	0.88 (0.02)	1.38 (0.04)
4. Total Revenue and Non debt capital receipts (1+2+3)	2,914.39 (97.08)	3,289.26 (94.35)	3,894.46 (92.93)	4,088.52 (90.85)	3785.67 (85.25)
5. Public Debt Receipts	87.44 (2.91)	196.81 (5.65)	296.32 (7.07)	411.79 (9.15)	654.88 (14.75)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	86.89 (99.37)	195.22	294.01 (99.22)	408.12 (99.11)	652.05 (99.57)
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	0.55 (0.63)	1.59 (0.05)	2.31 (0.78)	3.67 (0.89)	2.83 (0.43)
6. Total Receipts in the Consolidated Fund (4+5)	3,001.83	3,486.07	4,190.78	4,500.31 (46.92)	4440.55 (94.69)
7. Contingency Fund Receipts	0.10	0.00	1.00	0.00	0.00
8. Public Account Receipts(Gross)	3,808.95	4,059.44	4,683.55	5,090.42 (53.08)	7114.68
8A. Public Account Receipts(Net)(8-19)	320.97	58.52	81.33	202.98	248.80 (5.31)
9. Total Receipts of the State (6+7+8A)	6,810.88	7,545.51	8,875.33	9,590.73	11555.23
9A. Total Receipts of the State (net)(6+7+8A)	3,322.90	3,544.59	4,273.11	4,703.28	4689.35
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	2,429.61	2,507.39	3,025.06 (76.64)	3,356.64 (76.92)	3644.58 (84.65)
Plan	748.38	813.47	1053.13 (34.81)	1,136.72 (33.86)	1270.68 (34.86)
Non Plan	1,681.23	1,693.92	1,971.93 (65.19)	2,219.92 (66.14)	2373.9 (65.14)
General Services (including interest payments)	752.44 (30.97)	880.88 (35.13)	1035.10 (34.22)	1,214.12 (36.13)	1243.80 (34.13)
Social Services	1,031.69 (42.46)	947.47 (37.79)	1,276.36 (42.19)	1,279.72 (38.13)	1236.19 (33.92)
Economic Services	614.01 (25.27)	656.10 (26.17)	678.19 (22.42)	820.96 (24.46)	1125.79 (30.89)
Grants-in-aid and contributions	31.47 (1.30)	22.94 (0.91)	35.41 (1.17)	41.84 (1.25)	38.80 (1.06)
11. Capital Expenditure	615.76	842.35	911.94 (23.10)	980.71 (22.47)	633.98 (14.72)
Plan	615.76	842.35	911.94 (100.00)	980.71 (100)	633.98 (100)
Non Plan	0.00	0.00	0.00	0.00	0.00
General Services	25.29 (4.11)	83.31 (9.89)	169.52 (18.59)	109.52 (11.17)	63.97 (10.09)
Social Services	277.11 (45)	291.22 (34.58)	266.21 (29.19)	269.81 (27.51)	200.80 (31.67)
Economic Services	313.36 (50.89)	467.82 (55.53)	476.21 (52.22)	601.38 (61.32)	369.21 (58.24)
12. Disbursement of Loans and Advances	49.17	5.11	10.40 (0.26)	26.57 (0.61)	27.03 (0.63)

Audit Report on State Finances for the year ended 31 March 2016

13. Total (10+11+12)	3,094.54	3,354.85	3,947.40	4,363.92	4305.59 (95.64)
14. Repayments of Public Debt	48.66	71.12	88.74	87.03	196.13 (4.36)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	45.30	61.58	64.47	77.36	186.16 (94.92)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	3.36	0.22	24.27	9.67	9.97 (5.08)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Gross Expenditure on Lotteries	800.53	504.96	432.90	374.31	-
17. Total disbursement out of Consolidated Fund (13+14+15 +16)	3,943.73	3,930.93	4,469.04	4,725.26 (49.23)	4501.72 (39.60)
18. Contingency Fund disbursements	0	0	1.00	(-1.00 (-0.01))	0
19. Public Account disbursements	3,487.98	4,000.92	4,602.22	4,887.44 (50.78)	6865.88 (60.40)
20. Total disbursement by the State (17+18+19)	7,431.71	7,931.85	9,072.26	9,711.71	11367.60
Part C: Deficits					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	442.50	780.97	868.48	731.00	139.71
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-180.15)	(-65.59)	(-52.94)	(-275.40)	(-519.92)
23. Primary Deficit (-)/ Primary Surplus (+) (22-24)	10.68	133.33	156.22	(-35.85)	257.85
Part D: Other data					
24. Interest Payments (included in revenue expenditure)	190.83	198.92	209.16	239.55	262.07
25. Financial Assistance to local bodies etc.	252.39	227.89	262.36	278.82	317.78
26. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
27. Interest on Ways and Means Advances/Overdraft	-	-	-	-	-
28. Gross State Domestic Product (GSDP)	11,165.1	12,338.42	13,861.9	15,209.33*	16,636.78**
29. Outstanding Fiscal liabilities (yearend)	3,160.76	3,344.97	3,633.88	4,161.63	4869.20
30. Outstanding guarantees (yearend) (including interest)	164.21	187.72	122.09	112.14	89.17
31. Maximum amount guaranteed (yearend)	163.72	186.42	156.70	156.70	156.7
32. Number of incomplete projects	113	416	266	297	265
33. Capital blocked in incomplete projects	348.31	794.93	705.76	1,257.24	1,080.92
Part E: Fiscal Health Indicators					
I. Resource Mobilisation					
Revenue Receipts/GSDP	0.26	0.27	0.28	0.27	0.23
Own Tax Revenue/GSDP	0.03	0.04	0.04	0.03	0.03
Own Non-Tax Revenue/GSDP	0.02	0.02	0.03	0.02	0.02
State's share in Central taxes and Duties/GSDP	0.05	0.06	0.06	0.05	0.11
II. Expenditure Management					
Total Expenditure/GSDP	0.28	0.27	0.28	0.29	0.26
Total Expenditure/Revenue Receipts	1.08	1.02	1.01	1.07	1.14
Revenue Expenditure/Total Expenditure	0.79	0.76	0.77	0.77	0.85
Expenditure on Social Services/Total Expenditure	0.42	0.28	0.39	0.36	0.33
Expenditure on Economic Services/Total Expenditure	0.30	0.34	0.29	0.33	0.35
Capital Expenditure/Total Expenditure	0.20	0.25	0.23	0.22	0.15
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.19	0.23	0.19	0.20	0.13
III. Management of Fiscal Imbalances (in %)					
Revenue deficit (surplus)/GSDP	3.96	6.33	6.27	4.81	0.84
Fiscal deficit/GSDP	(-1.61)	(-0.53)	0.38	(-1.81)	(-3.13)
Primary Deficit (surplus) /GSDP	0.10	1.08	1.13	0.24	1.55
Revenue Deficit/Fiscal Deficit	(-245.63)	(-1190.68)	(-1640.50)	(-265.43)	26.87
IV. Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.28	0.27	0.26	0.27	0.29
Fiscal Liabilities/RR	1.10	1.02	0.93	1.02	1.29
V. Other Fiscal Health Indicators					
Return on Investment (₹ in crore)	-	-	0.55	0.87	12.70
Balance from Current Revenue (₹ in crore)	(-173.89)	19.41	(-162.54)	473.87	562.68
Financial Assets/Liabilities	2.07	2.27	2.41	2.40	2.23

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

* Provisional Estimate.

** Quick Estimate.

Appendix 1.3

Abstract of Receipts and Disbursements for the year 2015-16

(Reference: Paragraph 1.2)

(₹ in crore)

Receipts			Disbursements					
2014-15		2015-16	2014-15		Non-Plan	Plan	Total	2015-16
	Section A: Revenue							
4,087.64	I-Revenue Receipts	3,784.29	3,356.64	I-Revenue Expenditure				3644.58
527.54	Tax revenue	566.82	1214.12	General Services	1221.93	21.87	1243.80	
323.77	Non-tax revenue	412.99		Social Services				
809.33	State's share of Union Taxes	1,870.28	728.73	Education, Sports, Art and Culture.	482.89	289.83	772.72	
73.51	Non-Plan Grants	934.20	198.5	Health and Family Welfare	105.46	88.99	194.45	
1,738.54	Grants for State Plan Schemes		207.45	Water Supply, Sanitation, Housing and Urban Development	31.83	76.00	107.83	
580.71	Grants for Central and Centrally Sponsored Plan Schemes		10.44	Information and Broadcasting	4.24	2.10	6.34	
34.24	Grants for Special Plan Schemes (North Eastern Council)		27.31	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	4.96	25.96	30.92	
			5.07	Labour and Labour Welfare	2.18	3.02	5.20	
			94.2	Social Welfare and Nutrition	38.22	73.31	111.53	
			8.02	Others	7.19		7.19	
			0	Economic Services	676.97	559.21	1236.18	
			280.69	Agriculture and Allied Activities	140.86	168.17	309.03	
			166.48	Rural Development	3.27	142.20	145.47	
			1.37	Special Areas Programmes	0	0.40	0.40	
			18.13	Irrigation and Flood Control	2.95	31.01	33.96	
			137.13	Energy	172.2	44.57	216.77	
			39.87	Industry and Minerals	11.12	21.83	32.95	
			142.13	Transport	95.25	29.69	124.94	
			2.54	Science Technology and Environment	0	-13.41	-13.41	
			32.62	General Economic Services	10.56	265.13	275.69	
			41.84	Grants in Aid and Contribution	38.80	0.00	38.80	
	II-Revenue deficit carried over to Section- B	-	731.00	II-Revenue surplus carried over to Section-B				139.71
4,087.64		3,784.29	4,087.64					3784.29
	Section-B							
1,283.60	III-Opening Cash balance including Permanent Advances and Cash Balance Investment	1,536.94	980.71	III-Capital Outlay				633.98
0.00	IV-Miscellaneous Capital receipts		109.52	General services	0	63.97	63.97	
				Social Services			200.80	
			31.74	Education, Sports, Art and Culture	0	18.58		
			61.33	Health and Family Welfare	0	66.18		
			171.85	Water Supply, Sanitation, Housing and Urban Development	0	101.46		

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				2	Information & Broadcasting	0	0.10		
				1.4	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	0	3.67		
				1.5	Social Welfare	0	10.81		
				0	Others	0	0.00		
					<i>Economic Services</i>			369.21	
				11.61	Agriculture and Allied Activities	0	6.53		
				16.01	Rural Development	0	0.21		
				22.48	Special Areas Programmes	0	24.65		
				4.25	Irrigation and Flood control	0	1.15		
				32.42	Energy	0	37.50		
				7.06	Industry and Minerals	0	0.62		
				240.48	Transport	0	210.21		
				0.5	Science and Environment	0	0.00		
				266.56	General Economic Services	0	88.34		
0.88	V-Recoveries of Loans and Advances		1.38	26.57	IV- Loans and Advances Disbursements				27.03
	From Power Projects				To Government Servants		0.07		
	From Government Servants and				To Others		26.96		
	From Others				V -Revenue deficit brought down				
731.00	VI-Revenue surplus brought down		139.71						
411.79	VII-Public debt receipts		654.88	87.03	VI-Repayment of Public Debt				196.13
	External debt			0	External debt				
408.12	Internal debt other than ways and means Advances and overdraft	652.05		77.36	Internal debt other than Ways and Means Advances and Overdraft		186.16		
	Net transaction under Ways and Means Advances including over draft			0	Net transaction under Ways and Means Advances including overdraft		0.00		
3.67	Loans and Advances from Central Government	2.83		9.67	Repayment of Loans and Advances to Central Government		9.97		
	VIII-Amount transferred to Contingency Fund		0		VII-Expenditure from Contingency Fund				0.00
5090.42	IX-Public Account Receipts		7,114.68	4,887.44	VIII-Public Account disbursements				6,865.88
265.51	Small Savings and Provident fund	277.87			Small Savings and Provident Funds		240.21		
201.33	Reserve funds	138.01			Reserve Funds		127.24		
3070.33	Suspense and Miscellaneous	3,380.30			Suspense and Miscellaneous		3,284.08		
1461.51	Remittance	1,300.71			Remittances		1,218.20		
91.74	Deposits and Advances	2017.79			Deposits and Advances		1,996.15		
				1536.94	IX- Cash balance at the end				1,724.57
					Cash in Treasuries and Local Remittances				
				177.95	Deposits with Reserve Bank/other Bank		214.80		
				0.97	Departmental Cash Balance including permanent Advances		1.23		
				1358.02	Cash Balance Investment and Investment from Earmarked Funds.		1508.54		
7,518.69	Total		9,447.59	7,518.69	Total				9,447.59

Appendix 1.3 (Continued)

Summarised financial position of the Government of Sikkim as on 31 March 2016

(Reference: Paragraph-1.2 and 1.10.1)

(` in crore)

Part B			
As on 31.03.2015	Liabilities		As on 31.03.2016
2389.23	Internal Debt		2,855.13
	Market Loans bearing interest		
	Market Loans not bearing interest		
	Loans from Life Insurance Corporation of India		
	Loans from other Institutions		
	Overdrafts from Reserve Bank of India		
121.07	Loans and Advances from Central Government		113.93
	Pre 1984-85 Loans		
	Non-Plan Loans	0.79	
	Loans for State Plan Schemes	110.09	
	Loans for Central Plan Schemes and Special Schemes		
	Loans for Centrally Sponsored Plan Schemes	1.15	
	Other Loans	1.90	
1.00	Contingency Fund		1.00
710.19	Small Savings, Provident Funds, etc.		747.85
138.37	Deposits		160.01
430.61	Reserve Funds		441.38
158.75	Suspense and Miscellaneous Balances		254.99
213.40	Remittance Balances		295.91
5,106.77	Surplus on Government Accounts Last year balance		5,837.76
731.00	Add Revenue Surplus		139.71
10,000.39	Total		10,847.67
Assets			
8,327.25	Gross Capital Outlay on Fixed Assets		8,961.24
	Investments in shares of Companies, Corporations, etc.	97.42	
	Other Capital Outlay	8,863.82	
135.17	Loans and Advances -		160.83
	Loans for Power Projects		
	Other Development Loans		
	Loans to Government servants and Miscellaneous loans		
	Contingency Fund (un-recouped)		
	Reserve Fund Investments		
1.03	Advances		1.03
	Suspense and Miscellaneous Balances		
1,536.94	Cash -		1,724.57
	Deposits with other Bank		
	Cash in Treasuries and Local Remittances		
	Deposits with Reserve Bank		
	Departmental Cash Balance		
	Permanent Advances		
	Cash Balance Investments		
	Earmarked funds Investment		
10,000.39	Total		10,847.67

Appendix 1.4

Statement showing the funds transferred to the State Implementing Agencies under the programmes/schemes outside the State budget during 2015-16

(Reference: Paragraph 1.5.2)

(₹ in lakh)

Government of India Scheme	Implementing Agency	2015-16
Assistance to Voluntary Organisation for providing Social Defence Services	Association for Social Health in India	9.31
Assistance to Disabled persons for purchase/Fitting	DDRC, Gangtok, Sikkim	15.75
Comprehensive Scheme for Combating Trafficking	Subha Laxmi Social Organisation	10.51
Digital India Programme	Sikkim Manipal Institute of Technology	12.46
Grant-in-aid to Voluntary Organisation working for the Welfare of Scheduled Tribes	Human Development Foundation of Sikkim, GRBA Road Chongey Tar, Gangtok, East Sikkim	26.03
MPs Local Area Development Schemes MPLADS	District Collector East District.	1,000.00
National Medicinal Plants Board	State Forest Development Agency Sikkim	282.56
North Eastern Council	Sikkim State Forest Development Agency	169.88
Propogation of RTI Act - Improving Transparency & Accountability in Government	Sikkim Information Commission	2.46
Research and Development Support Serc	Sikkim Manipal Institute of Technology	25.50
Slscheme of Art and Culture and Centenary Celebrations (Others Missions, Schemes and Autonomous Organisation, Secretariat and Subordinate Offices	Lhakpa Lepcha	3.00
- do -	Pabitra Kumari Gautam	2.63
- do -	Serdup choiling Trust	10.00
- do -	Bhurum Puratan Sanskritik Evam Dharohar Sanrakshan Sangh	3.00
- do -	Himalayan Heritage Research and Development Society	2.63
- do -	Khachloed Pema Woeling Trust	10.00
- do -	The Tingkye Gonjang Nyingma Trust	15.00
- do -	Sikkim Manipal Institute of Technology	8.00
	Total	1,608.72

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 2011-16

(Reference: Paragraph 1.6)

(₹ in crore)

Sl. No.	Head of revenue	2011-12		2012-13		2013-14		2014-15		2015-16		Percentage of increase (+) or decrease (-) in 2015-16 over 2014-15	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Tax Revenue													
1	Sales Tax/Value Added Tax (VAT)	160.11	124.19	187.14	227.08	225.00	286.33	259.45	282.10	300	325.72	15.63	15.46
2	Taxes on Income and expenditure other than Corporation Tax	2.01	4.86	5.62	6.73	7.01	8.68	8.01	7.93	8.51	7.92	6.24	(-)0.13
3	State Excise	67.44	96.26	95.00	111.12	109.00	120.64	120.93	131.36	135.00	142.08	11.63	8.16
4	Stamps and Registration Fees	3.26	8.27	7.47	5.35	7.91	6.46	7.70	6.77	7.64	8.51	(-)0.78	25.70
5	Taxes on Vehicles	10.00	16.56	15.00	16.38	16.80	18.52	18.82	19.42	21.07	22.36	11.96	15.14
6	Other Taxes and Duties on Commodities and Services	22.47	39.17	37.63	63.16	53.40	80.90	75.60	73.81	81.26	58.38	7.49	(-)20.91
7	Land Revenue	3.82	4.61	5.48	5.66	6.56	3.39	6.89	6.15	6.89	1.85	0.00	(-)69.92
Total		269.11	293.92	353.34	435.48	425.68	524.92	497.40	527.54	560.37	566.82	12.66	7.45
1	Power	150.00	79.70	100.05	82.90	110.10	98.93	121.10	113.56	125.10	147.68	3	30
2	Interest receipts	13.91	29.39	21.15	46.00	28.85	67.02	31.05	66.44	31.21	72.52	1	9
3	Police	39.29	12.89	44.88	49.23	50.29	41.14	55.32	17.60	55.35	61.68	0	250
4	Road Transport	23.75	30.89	29.05	29.01	36.04	34.10	43.00	27.63	39.35	41.55	(-)8	50
5	Forestry and Wild Life	11.00	12.53	13.48	12.28	15.35	14.27	15.35	11.45	12.06	12.79	(-)21	12
6	Other Administrative Services	2.84	6.68	3.03	9.64	4.29	11.06	10.25	13.59	10.40	7.30	1	(-)46
7	Public Works	3.80	5.38	4.56	4.70	4.46	4.68	5.68	3.66	6.83	4.25	20	16
8	Plantations	2.80	2.59	3.20	3.98	3.50	3.62	5.00	2.31	5.18	3.86	4	67
9	Water Supply and Sanitation	3.49	2.90	3.40	2.74	3.87	3.17	3.91	3.25	3.99	3.80	2	17
10	Tourism	5.00	1.84	5.00	2.13	5.60	2.65	2.80	2.64	3.14	3.96	12	50
11	Medical and Public Health	0.56	1.27	1.27	1.50	1.27	2.19	2.50	1.97	2.50	2.15	0	9
12	Other Rural Development Programmes	2.32	1.25	2.32	1.46	1.50	2.13	1.50	1.65	1.50	0.94	0	(-)43
13	Stationery and Printing	1.51	1.92	1.51	2.08	1.81	2.05	1.90	1.75	2.03	1.83	7	5
14	Crop Husbandry	0.42	0.46	0.07	0.71	0.53	1.45	0.91	0.56	0.91	0.70	0	25
15	Education, Sports, Art and Culture	1.40	1.35	1.40	1.37	1.69	1.38	1.34	1.22	1.17	1.16	(-)13	(-)5
16	State Lotteries	1,010.78	844.15	780.99	546.39	776.03	474.37	787.23	418.64	--*	--*	--*	--*
		70.00	43.62	50.00	41.43	40.00	41.47	36.00	44.33	37.40	20.02	4	(-)55
17	Others	8.67	9.38	10.14	10.84	9.35	30.28	10.08	10.16	12.24	26.80	21	164
Total (with gross figures of State Lotteries)		1,281.54	1,044.57	1,025.50	806.96	1,054.53	794.49	1,098.92	698.08	350.36	412.99	-	-
Total (with net figures of State Lotteries)		340.76	244.04	294.51	302.00	318.50	361.59	347.69	323.77	350.36	412.99	0.77	27.56

Source: Finance Accounts and Estimates of Receipts. * Since gross figures of State Lotteries have not been reflected for the year 2015-16, percentage increase/decrease has not been calculated.

Appendix 1.6
Statement showing the investment at the end of 2015-16

(Reference: Paragraph 1.9.2)

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

(Reference: Paragraph .2.3.3)

(*₹ in crore*)

Sl. No	Grant No	Name of Grant/Appropriation	Total	Savings	% of Savings to Provision
1	1	Food Security and Agriculture Development - Revenue Voted	79.98	30.59	38
2	1	Food Security and Agriculture Development- Capital Voted	1.80	1.80	100
3	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services- Revenue Voted	58.13	14.35	25
4	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services- Capital Voted	4.31	2.79	65
5	3	Buildings- Capital Voted	58.43	40.43	69
6	5	Cultural Affairs and Heritage- Capital Voted	16.06	11.36	71
7	7	Human Resources and Development- Capital Voted	29.63	20.31	69
8	12	Forestry and Environment Management- Revenue Voted	208.74	126.55	61
9	12	Forestry and Environment Management- Capital Voted	6.42	3.30	51
10	13	Health Care, Human Services and Family Welfare- Capital Voted	120.97	54.79	45
11	19	Irrigation and Flood Control- Revenue Voted	104.54	70.44	67
12	19	Irrigation and Flood Control - Capital Voted	11.57	10.42	90
13	20	Judiciary- Revenue Voted	16.67	3.85	23
14	21	Labour- Revenue Voted	6.94	1.74	25
15	22	Land Revenue & Disaster Management- Revenue Voted	156.22	67.77	43
16	22	Land Revenue & Disaster Management- Capital Voted	104.03	54.33	52
17	29	Development Planning, Economic Reforms and North Eastern Council Affairs- Revenue Voted	399.21	149.81	38
18	31	Energy and Power- Capital Voted	97.74	60.25	62
19	33	Water Security and Public Health Engineering- Capital Voted	55.44	23.38	42
20	34	Roads and Bridges- Capital Voted	228.56	99.46	44
21	35	Rural Management and Development- Capital Voted	155.22	53.80	35
22	38	Social Justice, Empowerment and Welfare- Revenue Voted	174.65	68.68	39
23	38	Social Justice, Empowerment and Welfare- Capital Voted	41.03	26.55	65
24	39	Sports and Youth Affairs- Revenue Voted	10.68	2.36	22
25	39	Sports and Youth Affairs- Capital Voted	10.79	6.23	58
26	40	Tourism- Capital Voted	131.29	42.95	33
27	41	Urban Development and Housing- Revenue Voted	52.44	12.93	25
28	41	Urban Development and Housing- Capital Voted	78.56	37.93	48
29	46	Municipal Affairs- Revenue Voted	7.07	2.39	34
		Total	2,427.12	1,101.54	

Appendix 2.2
Statement showing the rush of expenditure
(Reference: Paragraph 2.3.5)

(₹ in crore)

Sl.No	Number & Name of Grants/Appropriation	Head of Account	Expenditure more than 50% during March 2016	Total expenditure	% of total expenditure incurred during March 2016
1	Food Security and Agriculture Development	2435	4.10	5.42	75.65
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	2404	5.00	5.43	92.08
3	Human Resources Development	4202	6.80	9.32	72.96
4	Finance, Revenue and Expenditure	2045	18.31	18.31	100.00
5	Forestry & Environment Management	2045	30.10	30.10	100.00
		2402	6.43	11.34	56.70
6	Home	2014	4.18	4.18	100.00
7	Commerce and Industries	2407	4.63	6.80	68.09
8	Information Technology	2852	3.26	6.42	50.78
9	Labour	6202	2.00	2.00	100.00
10	Development Planning, Economic Reforms and North Eastern Council Affairs	3451	184.95	238.15	77.66
11	Police	4055	4.00	4.94	80.97
12	Rural Management and Development	4216	4.45	4.45	100.00
13	Social Justice, Empowerment and Welfare	2236	6.53	11.15	58.57
		4235	10.81	10.81	100.00
Total			295.55	368.82	

Appendix 2.3.

Statement showing the cases where supplementary provisions (₹ 10 lakh or more in each case) proved unnecessary

(Reference: Paragraph 2.3.6)

(₹ in lakh)

Sl.no.	Grant No	Name of Grant/Appropriation	Original	Actual expenditure	Savings out of Original provision	Supplementary
A - REVENUE (VOTED)						
1	1	Food Security and Agriculture Development	7,543.32	4,938.97	2,604.35	454.18
2	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	5,792.62	4,377.38	1,415.24	20.00
3	4	Co-operation	1,191.49	1,149.46	42.03	12.50
4	5	Cultural Affairs and Heritage	969.90	931.97	37.93	60.38
5	10	Finance, Revenue and Expenditure	48,605.43	46,014.80	2,590.63	620.39
6	12	Forestry and Environment Management	20,862.43	8,218.38	12,644.05	11.30
7	13	Health Care, Human Services and Family Welfare	22,244.08	19,590.07	2,654.01	542.00
8	14	Home	4,966.70	4,432.88	533.82	418.00
9	16	Commerce and Industries	3,397.88	2,963.51	434.37	78.26
10	19	Irrigation and Flood Control	10,403.84	3,410.22	6,993.62	50.00
11	29	Development Planning, Economic Reforms and North Eastern Council Affairs	39,905.57	24,939.92	14,965.65	15.00
12	30	Police	27,748.28	27,093.96	654.32	38.37
13	33	Water Security and Public Health Engineering	2,433.38	2,337.47	95.91	65.00
14	35	Rural Management and Development	19,709.88	16,452.19	3,257.69	82.00
15	38	Social Justice, Empowerment and Welfare	16,990.33	10,596.36	6,393.97	474.50
16	39	Sports and Youth Affairs	1,044.96	831.79	213.17	23.20
17	40	Tourism	2,243.84	2,133.46	110.38	319.00
18	43	Panchayat Raj Institutions	38,829.35	36,419.82	2,409.53	916.00
Total - REVENUE			2,74,883.28	2,16,832.61	58,050.67	4,200.08
B - CAPITAL (VOTED)						
19	3	Buildings	4,001.71	1,799.83	2,201.88	1,841.00
20	7	Human Resources and Development	2,845.18	931.89	1,913.29	118.10
21	11	Food, Civil supplies and Consumer Affairs	202.47	189.39	13.08	29.62
22	31	Energy and Power	8,952.59	3,749.70	5,202.89	821.80
23	33	Water Security and Public Health Engineering	4,815.36	3,206.67	1,608.69	729.00
24	34	Roads and Bridges	16,688.85	12,909.96	3,778.89	6,167.50
25	35	Rural Management and Development	14,430.79	10,141.47	4,289.32	1,090.86
26	38	Social Justice, Empowerment and Welfare	4,071.03	1,448.03	2,623.00	32.02
27	40	Tourism	13,078.60	8,833.70	4,244.90	50.00
28	41	Urban Development and Housing	7,114.77	4,062.32	3,052.45	740.80
Total - CAPITAL			76,201.35	47,272.96	28,928.39	11,620.70
GRAND TOTAL			3,51,084.63	2,64,105.57	86,979.06	15,820.78

Appendix 2.4

Statement of the excess/unnecessary re-appropriation of funds

(Reference: Paragraph 2.3.7)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Savings (-)
1	8	Election	2015.103.08	54.09	46.77
2	10	Finance, Revenue and Expenditure	2071.01.104.60	1200	160.15
3	12	Forestry and Environment Management	2406.02.110.13	58.01	12.24
4	15	Horticulture & Cash Crops Management	2401.104.16	1.1	44.73
5	34	Roads and Bridges	3054.80.01.35	148.26	16.52
6	38	Social Justice, Empowerment and Welfare	2225.03.277.43	171.11	11.59
Total					292.00

Appendix 2.5

Statement showing results of review of substantial surrenders made during the year

(Reference: Paragraph 2.3.8)

Sl No	Number of title of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
			(₹ in lakh)	(₹ in lakh)	
1	1 Food Security and Agriculture Development	Agriculture Department 4401-104-01	180.00	180.00	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
2	7 Human Resources Development	Skill Development Mission 2070-003-29	214.00	214.00	100
<i>Surrendered due to non-receipt of sanction intimation during the year</i>					
3	10 Finance, Revenue and Expenditure	Motor Conveyance to State government employees 7610-202-62	10.00	10.00	100
<i>Surrendered due to less receipt of claims from conveyance loan from Government employees during the year</i>					
4	12 Forest Environment and Wild Life Management	Catalytic Development Programme for Sericulture 2406-01-102-48	200.00	200.00	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
5	12 Forest Environment and Wild Life Management	Public Gardens 4406-02-112	80.29	80.29	100
<i>Surrendered due to non-receipt of claims</i>					
6	14 Home	Strengthening of Judicial System 2014-800-42	554.00	554.00	100
<i>Surrendered due to non-completion of DPR</i>					
7	16 Commerce and Industries	Setting up of Heritage/handicraft museum at Namchi, South Sikkim (NEC) 2851-003-63	160.42	160.42	100
<i>Surrendered due to time constraint for obtaining of concurrence of DPER&NECAD</i>					
8	19 Irrigation and Flood Control	Civil works East district 4711-03-103-45	657.22	657.22	100
<i>Surrendered due to non-receipt of fund from NEC</i>					
9	22 Land Revenue and Disaster Management	National Scheme for Modernizing of Police and other forces 4059-80-051-19	52.41	52.41	100
<i>Surrendered due to non-receipt of bill for the supply of equipment from SIMFED</i>					
10	31 Energy and Power	Construction of 66/11 KV 2x5 MVA sub-station at Perving, East Sikkim incl. Drawing of 11 KV 4801-05-800-67	334.83	334.83	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
11	31 Energy and Power	Design, Supply, erection, testing, commissioning of 66 KV single circuit transmission line from 3.3/66 KV Sub-station of Rongli-I at Sisney including extension of line Bay at 66/11KV.. (NEC) 4801-05-800-53	46.29	46.29	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
12	31 Energy and Power	Construction of DC 132 KV Transmission lines from LLHP to Nathula with LILO at Bulbuley (NLCPR) 4801-05-800-84	658.07	658.07	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
13	33 Water Security and Public Health Engineering	Gangtok Water Supply Scheme (East) (R) 4215-01-101-60	37.09	37.09	100
<i>Surrendered due to non-receipt of Central Share</i>					
14	33 Water Security and Public Health Engineering	PHE Department 4215-01-102-34	173.69	173.69	100
<i>Surrendered due to non-receipt of bills in time</i>					
15	33 Water Security and Public Health Engineering	Drainage and Sewerage System in Gangtok 4215-02-106-61	164.52	164.52	100
<i>Surrendered due to non-receipt of bills in time</i>					
16	34 Roads and Bridges	Construction of Steel Bridge in South Sikkim 5054-04-101-68	184.48	184.48	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
17	34 Roads and Bridges	Construction of Bridge in West Sikkim 5054-04-101-70	190.20	190.20	100
<i>Surrendered due to non-receipt of fund from GoI</i>					
18	38 Social Justice, Empowerment and Welfare	Schemes for Development of OBC and Denotified Tribes (DNT) and Semi nomadic tribes 4225-03-800-43	400.00	399.82	100
<i>Surrendered due to non-completion of tender process</i>					
19	38 Social Justice, Empowerment and Welfare	National Mission of Empowerment of women including Indira Gandhi Mattritav Sahyog Yojana (IGMSY) 4235-02-103-53	1,000.00	1,000.00	100
<i>Surrendered due to non-commencement of work in time</i>					

SI No	Number of title of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
			(₹ in lakh)	(₹ in lakh)	
20	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Management Programme 2403-107-08	552.10	544.45	99
<i>Surrendered due to non-receipt of fund from GoI</i>					
21	38 Social Justice, Empowerment and Welfare	Tribal Sub-Plan State Plan Schemes 2225-02-794-63	479.00	475.80	99
<i>Surrendered due to delay in sanction of schemes</i>					
22	34 Roads and Bridges	District Roads 5054-05-337-60	1,801.55	1,761.27	98
<i>Surrendered due to non-receipt of fund from GoI</i>					
23	38 Social Justice, Empowerment and Welfare	National Mission of Empowerment of women including Indira Gandhi Mattritav Sahyog Yojana (IGMSY) 2235-02-103-53	692.00	677.33	98
<i>Surrendered due to non-completion of works as well as non-release of fund from GoI</i>					
24	03 Building and Housing	Building and Housing Department 2059-80-799-03	50.00	48.26	97
<i>Surrendered due to non-receipt of claims</i>					
25	38 Social Justice, Empowerment and Welfare	Social Welfare 4235-02-101-39	131.18	125.71	96
<i>Surrendered due to non-completion of tender process</i>					
26	12 Forest Environment and Wild Life Management	National Afforestation Programme (Green India Mission and forest Management) 2406-01-101-11	3,070.80	2,918.96	95
<i>Surrendered due to non-receipt of fund from GoI</i>					
27	35 Rural Management and Development	Rural Development Department 3054-04-799-36	50.00	47.58	95
<i>Surrendered due to non-receipt of bills</i>					
28	38 Social Justice, Empowerment and Welfare	Special Central Assistance for Scheduled Castes Component Plan 2225-01-277-793	666.96	635.26	95
<i>Surrendered due to non-receipt of fund from GoI</i>					
29	31 Energy and Power	Schemes under Ministry of New and Renewable energy (100%CSS) 4801-01-800-79	159.69	149.74	94
<i>Surrendered due to non-achievement of desired physical progress of works</i>					
30	12 Forest Environment and Wild Life Management	Conservation of Natural Resources and Eco-systems 3435-03-101-12	265.83	244.77	92
<i>Surrendered due to non-receipt of fund from GoI</i>					
31	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Health and disease control Programme 2403-001-101-07	122.24	111.73	91
<i>Surrendered due to non-receipt of fund from GoI</i>					
32	35 Rural Management and Development	Rural Development 4515-103	237.16	216.27	91
<i>Surrendered due to non-receipt of fund from GoI</i>					
33	38 Social Justice, Empowerment and Welfare	Destitute Homes 2235-02-104-66	22.82	20.50	90
<i>Surrendered due to non-receipt of claims</i>					
34	15 Horticulture and Cash Crops Development	Floriculture 2401-119-61	421.01	365.02	87
<i>Surrendered due to non-receipt of fund from GoI</i>					
35	19 Irrigation and Flood Control	Original Works 2702-01-103-60	7,970.60	6,948.38	87
<i>Surrendered due to non-receipt of fund from GoI</i>					
36	10 Finance, Revenue and Expenditure	House Building Advances to AIS Officers 7610-201-61	45.00	37.60	84
<i>Surrendered due to less receipt of claims of HBA loan from IAS officers during the year</i>					
37	41 Urban Development and Housing	Rajiv Awas Yojana (MOHUPA) 2217-05-800-21	133.50	112.01	84
<i>Surrendered due to non-receipt of fund from GoI</i>					
38	38 Social Justice, Empowerment and Welfare	Rajeev Gandhi Schemes for Empowerment of Adolescent Girls (RGSEAG) SABLA CSS 2235-02-102-54	190.00	157.46	83
<i>Surrendered due to non-receipt of fund from GoI</i>					

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SI No	Number of title of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
			(₹ in lakh)	(₹ in lakh)	
39	1 Food Security and Agriculture Development	National Oilseed and Oil Palm Mission 2401-001-103-04	84.00	68.72	82
<i>Surrendered due to non-receipt of central share and delay in implementation of scheme</i>					
40	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Scheme funded by National Fisheries Development Board 4405-101-71	33.09	26.74	81
<i>Surrendered due to non-completion of work</i>					
41	33 Water Security and Public Health Engineering	Water supply scheme for West district 4215-01-101-74	177.57	144.26	81
<i>Surrendered due to non-receipt of bills in time</i>					
42	7 Human Resources Development	Buildings 4202-01-201-70	516.19	414.67	80
<i>Surrendered due to low progress of work</i>					
43	19 Irrigation and Flood Control	Irrigation Department 2702-01-799-20	20.00	16.09	80
<i>Surrendered due to non-realization of materials</i>					
44	29 Development Planning, Economic Reforms and North Eastern Council	Border Area Development Programmes 2575-06-101	200.00	160.27	80
<i>Surrendered due to non-requisition of resource by the implementing departments</i>					
45	31 Energy and Power	Schemes under North Eastern Council (NEC) 4801-01-800-47	2,522.32	1,957.71	78
<i>Surrendered due to non-receipt of fund from GoI</i>					
46	33 Water Security and Public Health Engineering	Pakyong Water supply schemes (EAST) 4215-01-101-63	227.80	177.02	78
<i>Surrendered due to non-receipt of central share</i>					
47	38 Social Justice, Empowerment and Welfare	Education Support 2225-01-277-61	50.00	38.75	78
<i>Surrendered due to non-receipt of fund from GoI</i>					
48	1 Food Security and Agriculture Development	Agriculture Department 2435-60-800-02	1,898.00	1,426.57	75
<i>Surrendered due to less release of central share during the year</i>					
49	38 Social Justice, Empowerment and Welfare	Construction 4225-02-800-60	583.53	431.98	74
<i>Surrendered due to non-receipt of bills</i>					
50	1 Food Security and Agriculture Development	National Mission on Sustainable Agriculture 2401-107-03	1,011.65	735.73	73
<i>Surrendered due to delay in implementation of scheme</i>					
51	41 Urban Development and Housing	Schemes funded by NABARD 4217-03-051-72	180.01	129.2	72
<i>Surrendered due to non-receipt of fund from NABARD</i>					
52	35 Rural Management and Development	National Rural Livelihood Mission (NRLM) 2505-01-702-37	77.00	53.94	70
<i>Surrendered due to transfer of staff and non-submission of bills</i>					
53	41 Urban Development and Housing	Swachh Bharat Mission 2217-01-800-81	1,000.01	691.45	69
<i>Surrendered due to non-receipt of fund from GoI</i>					
54	1 Food Security and Agriculture Development	National Food Security Mission (NFSM) 2435-60-800-01	300.00	205.38	68
<i>Surrendered due to delay in implementation of scheme</i>					
55	3 Building and Housing	Development of Infrastructure Facilities for Judiciary including Gram Nayanalayas 4059-01-051-31	3,744.00	2,563.00	68
<i>Surrendered due to non-receipt of claims</i>					
56	35 Rural Management and Development	Rural Development Department 4215-01-102-36	1,738.55	1,148.69	66
<i>Surrendered due to non-receipt of fund from GoI</i>					
57	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Veterinary services and Animal Health 4403-101	291.98	185.50	64
<i>Surrendered due to excess budgetary earmarked with respect to actual requirement</i>					

SI No	Number of title of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
			(₹ in lakh)	(₹ in lakh)	
58	38 Social Justice, Empowerment and Welfare	Umbrella Scheme for Education of ST Student 4225-02-800-51	625.28	403.15	64
<i>Surrendered due to non-receipt of bills</i>					
59	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Livestock Health and disease control Programme 4403-101-07	104.98	65.67	63
<i>Surrendered due to excess budgetary earmarked with respect to actual requirement</i>					
60	40 Tourism and Civil Aviation	Infrastructure Development for Destinations and Circuits 5452-01-102-50	384.34	243.75	63
<i>Surrendered due to non-completion of work</i>					
61	7 Human Resources Development	Buildings 4202-01-202-70	1,433.53	886.93	62
<i>Surrendered due to non-receipt of fund from GoI</i>					
62	12 Forest Environment and Wild Life Management	Schemes funded under Sikkim Ecology Fund 3435-03-101-61	4,900.00	3,045.36	62
<i>Surrendered due to curtailment of fund by Cabinet and bills could not be paid due to delay in submission</i>					
63	39 Sports and Youth Affairs	Panchayat Yuya Kridaau Khel Abhiyan (PYKKA) 2204-104-57	273.12	165.76	61
<i>Surrendered due to non-submission of bills in time</i>					
64	38 Social Justice, Empowerment and Welfare	Pension Schemes 2235-03-102-61	625.35	372.69	60
<i>Surrendered due to non-receipt of fund from GoI</i>					
65	31 Energy and Power	Schemes under Non-Lapsable Pool of Central Resources (NLCPR)	4,724.74	2,644.27	56
<i>Surrendered due to non-receipt of fund from GoI</i>					
66	34 Roads and Bridges	Roads and Bridges Department 2059-60-799-35	100.00	55.55	56
<i>Surrendered due to less procurement of stock materials</i>					
67	22 Land Revenue and Disaster Management	National Land Record Management Programme (NLRMP) 2506-103-39	202.12	112.12	55
<i>Surrendered due to non-receipt of fund from GoI</i>					
68	13 Health Care, Human Services and Family Welfare	Construction 4210-02-104-60	1,197.87	645.87	54
<i>Surrendered due to non-receipt of fund from GoI</i>					
69	22 Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18th September Earthquake (SPA) 4215-01-101-75	347.55	182.64	53
<i>Surrendered due to part payment of works executed for re-construction of Tashiling Secretariat</i>					
70	22 Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18th September Earthquake (SPA) 5054-04-337-75	1,289.05	678.40	53
<i>Surrendered due to part payment of works executed for re-construction of Tashiling Secretariat</i>					
71	22 Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18th September Earthquake (SPA) 4059-80-051-75	8631.10	4518.23	52
<i>Surrendered due to part payment of works executed for re-construction of Tashiling Secretariat</i>					
72	41 Urban Development and Housing	Projects Schemes for the Benefit of NE Region and Sikkim (90:10% CSS) 4217-03-051-78	5,946.50	3,089.97	52
<i>Surrendered due to non-receipt of fund from GoI</i>					
73	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	National Plan for Dairy Development 2404-102-06	1,000.00	500.00	50
<i>Surrendered due to excess budgetary earmarked with respect to actual requirement</i>					
74	22 Land Revenue and Disaster Management	Gratuitous Relief 2245-02-101	800.00	400.00	50
<i>Surrendered due to non-occurrence of major calamity during the year</i>					
75	38 Social Justice, Empowerment and Welfare	Education Support 2225-03-277-61	190.00	95.02	50
<i>Surrendered due to non-receipt of fund from GoI</i>					
76	46 Municipal Affairs	Basic Grant recommended by the 14th Finance Commission 3604-200-96	479.00	239.49	50
<i>Surrendered due to non-receipt of fund from 14th Finance Commission</i>					
77	41 Urban Development and Housing	Scheme under Ministry of Urban Development and HUPA 2217-05-800-82	250.03	125.03	50
<i>Surrendered due to non-receipt of fund from GoI</i>					
Total			69,966.93	49,941.00	

Appendix 2.6

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

(Reference: Paragraph 2.3.10)

(₹ in crore)

Sl. No.	Name of Grant/Appropriation	Capital/Revenue	Saving	Surrender	Saving which remained to be surrendered
1	Buildings	Capital	40.43	25.85	14.58
2	Human Resources and Development	Revenue	60.65	40.97	19.68
3	Finance, Revenue and Expenditure	Revenue	32.11	24.69	7.42
4	Forestry and Environment Management	Revenue	126.55	74.37	52.18
5	Health Care, Human Services and Family Welfare	Revenue	31.96	28.94	3.02
6	Home	Revenue	9.52	8.16	1.36
7	Land Revenue & Disaster Management	Revenue	67.77	29.79	37.98
8	Development Planning, Economic Reforms and North Eastern Council Affairs	Revenue	149.81	136.20	13.61
9	Roads and Bridges	Revenue	5.37	1.14	4.23
10	Roads and Bridges	Capital	99.46	53.21	46.25
11	Rural Management and Development	Capital	53.80	50.68	3.12
12	Social Justice, Empowerment and Welfare	Revenue	68.68	63.14	5.54
13	Tourism	Revenue	4.29	1.24	3.05
14	Urban Development and Housing	Capital	37.93	35.93	2.00
	Total		788.33	574.31	214.02

Appendix 2.7

Statement showing surrender of funds in excess of ₹ 1 crore on 30 and 31 March 2016

(Reference: Paragraph 2.3.10)

(*₹ in crore*)

Sl.No.	Grant No.	Major Head	Total Provision	Amount surrendered	Percentage of Total Provision
1	1	4401	1.80	1.80	100
2	1	2401	162.57	6.43	3.96
3	1	2435	43.96	16.32	37.12
4	2	2403	42.56	5.44	12.79
5	2	2404	10.43	5.00	47.93
6	2	4403	3.97	1.85	46.73
7	3	4059	55.68	25.63	46.03
8	5	4202	16.06	4.05	25.22
9	7	2070	18.54	2.14	11.54
10	7	2202	2,013.22	28.35	1.41
11	7	4202	207.43	15.11	7.29
12	10	2049	546.53	10.83	1.98
13	10	6003	189.62	2.00	1.05
14	11	2408	44.55	3.93	8.83
15	12	3435	105.19	32.78	31.16
16	12	2406	700.15	35.94	5.13
17	12	4406	6.42	2.50	38.93
18	13	2210	812.51	18.33	2.26
19	13	4210	483.88	13.53	2.80
20	14	2014	9.72	5.54	57.00
21	15	2401	362.69	4.69	1.29
22	16	2851	26.51	1.60	6.05
23	19	2702	566.63	66.68	11.77
24	19	4711	46.29	8.08	17.46
25	20	2014	56.49	2.90	5.13
26	21	2230	6.94	1.01	14.53
27	22	2245	162.41	9.62	5.92
28	22	2506	2.02	1.12	55.47
29	22	2216	40.80	15.80	38.73
30	22	4059	173.67	45.18	26.02
31	22	4215	3.48	1.83	52.55
32	22	5054	13.72	6.78	49.45
33	29	3454	17.00	5.44	32.00
34	29	3451	760.42	126.95	16.70
35	29	2575	2.00	1.60	80.14
36	31	4801	1,466.16	52.81	3.60
37	33	4215	609.88	20.27	3.32
38	34	5054	3,199.89	36.48	1.14
39	35	2216	13.82	8.67	62.72
40	35	2505	104.78	17.77	16.96
41	35	4215	189.54	22.65	11.95
42	35	4515	2.37	2.16	91.19
43	35	5054	199.10	24.47	12.29
44	38	2225	264.96	20.32	7.67
45	38	2235	1,066.19	31.85	2.99
46	38	2236	15.04	3.64	24.20
47	38	4225	64.35	10.46	16.25
48	38	4235	74.83	14.13	18.88
49	39	2204	10.68	1.66	15.52
50	39	4202	21.59	5.06	23.43
51	40	5452	1,312.86	31.06	2.37
52	41	4217	864.11	35.41	4.10
53	41	2217	40.82	6.91	16.94
54	41	3475	4.39	1.63	37.19
55	43	2515	32.31	3.34	10.34
56	43	2202	986.38	19.00	1.93
57	46	3604	7.07	1.56	22.03
		Total	18,266.98	908.09	

Appendix 2.8

Statement showing the pending DC bills for the years up to 2015-16

(Reference: Paragraph 2.3.11)

Sl. No.	Grant No.	Department	Number of AC bills	Amount (₹ in lakh)
1	0	NULL	4	64.01
2	1	Food Security and Agriculture Development	22	476.46
3	2	Animal Husbandry, Livestock, Fisheries & Veterinary Services	33	173.07
4	3	Buildings	69	22.16
5	4	Co-operation	15	2.53
6	5	Cultural Affairs and Heritage	8	4.44
7	6	Ecclesiastical	7	67.90
8	7	Human Resource Development	74	62.61
9	8	Election	17	246.66
10	9	Excise	8	0.95
11	10	Finance, Revenue and Expenditure	83	27.07
12	11	Food, Civil Supplies & Consumer Affairs	13	53.02
13	12	Forestry & Environment Management	18	42.95
14	13	Health Care, Human Services and Family Welfare	175	92.91
15	14	Home	297	364.46
16	15	Horticulture & Cash Crops Management	19	610.35
17	16	Commerce and Industries	66	87.36
18	17	Information and Public Relation	10	3.01
19	18	Information Technology	22	38.86
20	19	Irrigation & Flood Control	118	174.34
21	20	Judiciary	63	36.70
22	21	Labour	89	698.76
23	22	Land Revenue and Disaster Management	31	9.10
24	23	Law	19	8.51
25	24	Legislature	98	106.25
26	25	Mines, Minerals and Geology	10	1.29
27	26	Motor Vehicles	31	12.94
28	27	Parliamentary Affairs	17	5.03
29	28	Personnel, Administrative Reforms, Training, Public Grievances, Career Options and Employment Skill Development and Chief Minister's Self Employment Schemes	91	525.04
30	29	Development Planning, Economic Reforms and North Eastern Council Affairs	104	510.65
31	30	Police	215	709.94
32	31	Energy and Power	13	8.00
33	32	Printing	1	0.17
34	33	Water Security and Public Health Engineering	46	26.11
35	34	Roads & Bridges	53	17.49
36	35	Rural Management and Development	182	180.99
37	36	Science and Technology	8	2.38
38	37	Sikkim Nationalised Transport	4	0.35
39	38	Social Justice, Empowerment and Welfare	169	577.15
40	39	Sports & Youth Affairs	39	148.70
41	40	Tourism	91	580.14
42	41	Urban Development & Housing	125	32.47
43	42	Vigilance	21	6.12
44	43	Panchayati Raj Institutions	5	7.69
45	44	Governor	32	15.56
46	45	Public Service Commission	22	23.15
Total				6,865.80

Appendix 2.9

Statement showing substantial surrenders in respect of Grant No. 19

(Reference: Paragraph 2.5.1.5)

(` in crore)

Year	Name of the Scheme	Original Provision	Amount of surrender	Expenditure	Percentage of surrender
2011-12	Anti Erosion/Flood Management Works (ACA) EAST	36.87	27.71	8.98	75.16
	Anti Erosion/Flood Management Works (State share)	3.40	2.40	2.45	70.59
	Anti Erosion/Flood Management Works (ACA) WEST	5.69	5.69	0.00	100.00
	Anti Erosion/Flood Management Works (ACA) NORTH	11.34	10.69	0.65	94.27
	Anti Erosion/Flood Management Works (ACA) SOUTH	11.34	10.40	0.94	91.71
	Anti Erosion/Flood Management Works (State share)	1.28	0.56	0.56	43.75
	AIBP (EAST)	13.36	8.45	4.89	63.25
	AIBP (WEST)	4.71	2.22	2.49	47.13
	AIBP (NORTH)	6.13	5.66	0.49	92.33
	AIBP (SOUTH)	3.53	1.14	2.39	32.29
Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	4.36	2.63	1.73	60.32	
2012-13	AIBP (E)	16.00	4.97	11.02	31.06
	AIBP (W)	5.00	2.34	2.66	46.80
	AIBP (N)	5.00	2.80	1.98	56.00
	AIBP (S)	3.00	1.86	1.2	62.00
	Anti Erosion/Flood Management Works (ACA) EAST	60.00	47.2	12.27	78.67
	Anti Erosion/Flood Management Works (ACA) WEST	10.00	10.00	0.00	100.00
	Anti Erosion/Flood Management Works (ACA) NORTH	10.00	9.40	0.60	94.00
	Anti Erosion/Flood Management Works (ACA) SOUTH	20.00	14.21	5.63	71.05
	Command Area Dev and Water Management (50:50 CSS)	2.00	2.00	0.00	100.00
	Jhora training work/Anti Erosion work outside the defined border at Namchi (NEC)	3.31	1.99	1.32	60.12
Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	1.75	0.75	1.00	42.86	
2013-14	AIBP (E)	16.00	13.95	2.05	87.19
	AIBP (W)	5.00	4.20	0.8	84.00
	AIBP (N)	5.00	2.23	2.76	44.60
	AIBP (S)	3.00	1.62	1.38	54.00
	Anti Erosion/Flood Management Works (ACA) EAST	60.00	42.38	17.62	70.63
	Anti Erosion/Flood Management Works (ACA) WEST	10.00	10.00	0.00	100.00
	Anti Erosion/Flood Management Works (ACA) NORTH	10.00	9.980	0.02	99.80
	Anti Erosion/Flood Management Works (ACA) SOUTH	20.00	20.00	0.00	100.00
	Command Area Dev and Water Management (50:50 CSS)	2.00	2.00	0.00	100.00
2015-16	AIBP (E)	4.00	2.17	1.83	54.25
	AIBP (W)	6.00	5.40	0.60	90.00
	AIBP (N)	4.00	2.72	1.28	68.00
	AIBP (S)	6.00	5.21	0.79	86.83
	Anti Erosion/Flood Management Works (ACA) EAST	32.10	29.72	2.38	92.59

Audit Report on State Finances for the year ended 31 March 2016

Year	Name of the Scheme	Original Provision	Amount of surrender	Expenditure	Percentage of surrender
	Anti Erosion/Flood Management Works (ACA) SOUTH	24.81	21.46	3.17	86.50
	National Hydrology Project under AIBP (ACA) EAST	0.70	0.70	0.00	100.00
	National Hydrology Project under AIBP (ACA) WEST	0.70	0.70	0.00	100.00
	National Hydrology Project under AIBP (ACA) NORTH	0.70	0.70	0.00	100.00
	National Hydrology Project under AIBP (ACA) SOUTH	0.70	0.70	0.00	100.00
	Scheme financed by NABARD (EAST)	3.50	2.56	0.94	73.14
	Scheme financed by NABARD (WEST)	1.30	1.16	0.14	89.23
	Scheme financed by NABARD (NORTH)	0.10	0.10	0.00	100.00
	Scheme financed by NABARD (SOUTH)	0.10	0.10	0.00	100.00
	Storm Water Drainage at Gangtok (NEC)	3.00	3.00	0.00	100.00
	Jhora training work/River training work at Sinotar, Temi, Phase I (NEC)	0.26	0.26	0.00	100.00
	Jhora training work/Anti Erosion work outside the defined border at Namchi (NEC)	0.70	0.70	0.00	100.00
	Jhora training work/Anti Erosion work at Tathangchu (NEC)	0.50	0.50	0.00	100.00
	Jhora training work/Anti Erosion work at Tumin Lingee (NEC)	1.36	1.36	0.00	100.00
	Jhora training work/Anti Erosion work Maghigoan (NEC)	0.75	0.75	0.00	100.00

Source: Appropriation Accounts.

Appendix 3.1

Statement showing names of bodies and authorities, the accounts of which had not been received under section 14 (1)

(Reference: Paragraph 3.2)

Sl. No.	Name of the Body/Authorities	Section under which audited	Accounts pending	Number of accounts pending
1	Sikkim Illness Assistance Fund Association, Gangtok	14(1)	2015-16	01
2	State Leprosy Officer, Gangtok	14(1)	2013-14 to 2015-16	03
3	District Leprosy officer East, Gangtok	14(1)	2015-16	01
4	District Leprosy Officer, West District, Gyalshing	14(1)	2015-16	01
5	District Leprosy Officer, North, Mangan	14(1)	2013-14 to 2015-16	03
6	District Leprosy Officer, South, Namchi	14(1)	2014-15 & 15-16	02
7	Member Secretary, Health & Family Welfare Society (NRHM)	14(1)	2011-12 to 15-16	05
8	District Health Society, South		2014-15 & 15-16	02
9	District Health Society, North	14(1)	2014-15 & 15-16	02
10	District Health Society, East	14(1)	2014-15 & 15-16	02
11	District Health Society, West	14(1)	2014-15 & 15-16	02
12	Director, Sikkim Renewal Energy Dev. Agency, Gangtok	14(1)	2015-16	01
13	Project Officer, Prevention & Control of Blindness, Gangtok	14(1)	2012-13 to 15-16	04
14	Council of Science & Technology	14(1)	2013-14 to 15-16	03
15	Sikkim Urban Dev. Agency	14(1)	2013-14 to 15-16	03
16	Small Farmers Agri-Business Consortium (SFAC)	14(1)	2013-14 to 15-16	03
17	Sikkim State Commission for women	14(1)	2015-16	01
18	Rajya Sainik Board	14(1)	2015-16	01
19	State Social Welfare Board	14(1)	2014-15 & 15-16	02
20	State Welfare Board (Building and other Construction Workers Act)	14(1)	2012-13 to 2015-16	04
21	State Institute of Capacity Building	14(1)	2015-16	01
22	IHCACT, Chemchey	14(1)	2013-14 to 15-16	03
Total				50

Appendix 3.2

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

(Reference: Paragraph 3.3)

Sl.no	Name of the unit	Audited under section of DPC Act	Accounts Due	No of Accounts due
1	SIDICO	19 (3) & 20 (1)	2015-16	1
2	SABCO	19 (3) & 20 (1)	2013-14 to 2015-16	3
3	STDC	19 (3) & 20 (1)	Nil	0
4	SPDCL	19 (3) & 20 (1)	2009-10 to 2015-16	7
5	SHL	19 (3) & 20 (1)	2009-10 to 2015-16	7
6	SPDC (Power)	19 (3) & 20 (1)	Nil	0
7	SLPDC	19 (3) & 20 (1)	2013-14 to 2015-16	3
8	SPICL	19 (3) & 20 (1)	Nil	0
9	SBS	19 (3) & 20 (1)	2013-14 to 2015-16	3
10	STCS	19 (3) & 20 (1)	Nil	0
11	SISCO	19 (3) & 20 (1)	2014-15 to 2015-16	2
12	SMU	19 (3) & 20 (1)	2015-16	1
13	SHDB	19 (3) & 20 (1)	2013-14 to 2015-16	3
14	SIMFED	19 (3) & 20 (1)	2015-16	1
15	Sikkim State Legal Services Authority	Audit entrusted as per section 18(2) of the SLSA Act 1987	Nil	0
16	Sikkim State Electricity Regulatory Commission	Audit entrusted as per section 104(2) of the Electricity Act 2003	2015-16	1
Total				32

Appendix 3.3

Statement showing placement of Separate Audit Report

(Reference: Paragraph 3.3)

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	Date of issue of SAR (in brackets year of SAR)	Placement of SAR	No of SAR Not placed before State Legislature
1	Sikkim State Legal Services Authority	Audit entrusted as per section 18(2) of the SLSA Act 1987	2015-16	07.09.2016	2014-15	28.05.2015 (2013-14) 25.02.2016 (2014-15)	SAR of 2011-12 and 2012-13 placed on 22.11.2014.	2
2	Sikkim State Electricity Regulatory Commission	Audit entrusted as per section 104(2) of the Electricity Act 2003	2014-15	08.09.2015	2014-15	20.06.2016 (2011-12, 2012-13, 2013-14 and 2014-15)		4
3	State Bank of Sikkim	2013-14 to 2017-18	2012-13	19.10.2015	2012-13	24.02.2016 (2011-12 and 2012-13)	SAR of 2008-09 to 2010-11 was placed on 23.03.2016	2
4	State Trading Corporation of Sikkim	2017-18 to 2021-22	2015-16	22.09.2016	2013-14	23.06.2015 (2011-12, 2012-13 and 2013-14)	SARs of 2008-09 to 2010-11 on 22.11.2014.	3

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