

**Report of the  
Comptroller and Auditor General of India  
on State Finances  
for the year ended March 2012**

**GOVERNMENT OF SIKKIM**

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## PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this report contain audit findings on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2012.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives issued during the current year.
4. Audit observations on matters arising from performance reviews and audit of transactions in various departments including the Public Works and Irrigation Departments, audit of stores and stock, audit of autonomous bodies, audit of revenue receipts and departmentally run commercial undertakings for the year ended 31 March 2012 are included in a separate Report.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

# **Executive Summary**

# EXECUTIVE SUMMARY

## **Background**

This Report on the Finances of the Government of Sikkim is being presented to the State Legislature, along with the Finance and Appropriation Accounts, with a view to assess objectively the financial performance of the State during the year 2011-12. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the normative assessment made by the Finance Commission (XIII FC). A comparison has been made to see whether the State had given adequate fiscal priority to the developmental, social sector and capital expenditure and whether the expenditure had been effectively absorbed by the intended beneficiaries.

## ***The Report***

Based on the audited accounts of the Government of Sikkim for the year ended March 2012, 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 2012. It provides an insight into trends in committed expenditure, borrowing pattern and a brief account of Central funds transferred directly to the State implementing agencies through off budget route.

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

**Chapter III** is an inventory of Sikkim Government's compliance with various reporting requirements and financial rules. The Report also has an appendage of additional data collated from several sources in support of the findings.

## ***Audit findings and recommendations***

The fiscal position of the State viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit, etc. indicated that the State had maintained revenue surplus during the last five year period. However, while the State continued with fiscal deficit in all the five years, it showed downward trend, the primary deficit also continued to prevail. During the current year, the revenue surplus increased as the fiscal and primary deficits decreased as compared to the previous year.

### ***Revenue Receipts***

Revenue receipts showed progressive increase from ₹ 1,497.71 crore in 2007-08 to ₹ 2,345.37 crore in 2009-10 but decreased to ₹ 2,151.70 crore in 2010-11. However, the revenue receipts increased in 2011-12 by ₹ 720.41 crore (33.48 *per cent*) compared to previous year. The State's own resources contributed 18.73 *per cent* (₹ 537.96 crore) in the revenue receipts of the State during 2011-12. The balance (₹ 2334.15 crore) was transfers from Government of India in the form of State's share of taxes and grants-in-aid contributions.

There was an increase in the State's Share of Union taxes and duties in all components as compared to the previous year by ₹ 86.66 crore. Grants-in-aid from GOI increased from ₹ 1,105.02 crore in 2010-11 to ₹ 1,722.50 crore in 2011-12. The tax revenue exceeded the projection of TFC whereas non-tax revenue receipts was less by ₹ 78.60 crore (24.36 *per cent*) in comparison to TFC projections.

### ***Revenue and Capital expenditure***

The overall revenue expenditure of the State increased by 20.76 *per cent* from ₹ 2,011.92 crore in 2010-11 to ₹ 2,429.61 crore in 2011-12. While revenue expenditure constituting 78.51 *per cent* of the total expenditure grew by ₹ 417.69 crore over the previous year, the expenditure incurred under capital head which constituted 19.90 *per cent* of the total expenditure increased by ₹ 164.69 crore over the previous year.

Out of the total capital expenditure of ₹ 615.76 crore, there were 113 incomplete projects as on 31 March 2012 in which ₹ 348.31 crore were blocked, out of which 59 works (estimated cost: ₹ 301.85 crore and actual expenditure incurred as on 31 March 2012: ₹ 180.53 crore) were due to be completed by 31 March 2012.

Developmental expenditure of ₹ 1,135 crore in 2007-08 increased to ₹ 2,285.35 crore in 2011-12. Its share in total expenditure also increased from 72.65 *per cent* to 73.85 *per cent* during the period.

The share of committed expenditure in the Non-Plan revenue Expenditure was 74.14 *per cent* leaving meagre funds for developmental purposes.

**The State needs to continue to accord higher priority to its developmental expenditure and reduce its committed expenditure in the overall non-plan revenue expenditure. The State also needs to ensure timely and effective implementation of incomplete projects to avoid time and cost overrun.**

### ***Funds transferred directly from the Government of India to the State implementing agencies***

There is no single agency monitoring its use and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes

which are being implemented by State implementing agencies but are funded directly by the GOI.

### ***Government investment***

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

### ***Financial management and budgetary control***

There was savings of ₹ 1,430.60 crore and excess expenditure of ₹ 0.20 crore against 46 Grants/Appropriations during 2011-12. This excess expenditure of ₹ 19.58 lakh in 2011-12 compounded with an excess expenditure of ₹ 9.05 crore pertaining to 2007-11 requires regularisation by the Legislature under Article 205 of the Constitution of India. Out of a provision of ₹ 697.77 crore in 51 subheads, ₹ 556.75 crore (80 per cent) constituting 10 per cent of the total budget provision of the State were surrendered, which included cent per cent surrender in 18 schemes. A rush of expenditure was observed towards the end of the year. In respect of 29 Major Heads under 20 Grants and 16 major heads under 13 grants, more than 50 per cent of the total expenditure was incurred in the last quarter and last month of the year 2011-12 respectively, despite clear directions to the contrary. The Abstract Contingent Bills had not been adjusted for long periods of time. Failure to adjust these bills is fraught with the risk of misappropriation and therefore needs to be monitored closely.

**Budgetary controls should be strengthened in all the Government departments, particularly in the departments where savings/excess persisted for last five years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within sixty days from the date the amounts are drawn.**

### ***Financial Reporting***

There were deficiencies in furnishing utilisation certificates in time against grants/loans received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time. There was delay in placement of Separate Audit Reports to Legislature and arrears in finalisation of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments. An effective mechanism needs to be put in place to ensure timely placement of reports, finalisation of accounts and speedy settlement of cases relating to misappropriation and losses.

# **Finances of the State Government**

# CHAPTER – I

## FINANCES OF THE STATE GOVERNMENT

### Profile of Sikkim

Sikkim is a small sparsely populated State situated in the Eastern Himalayas. It became a part of the Indian Union on 16 April 1975. It has a total area of 7,096 sq. km which constitutes 0.22 *per cent* of the total geographical area of India. Sikkim being landlocked, National Highway 31 A is the only lifeline which connects the State with the rest of the country. Sikkim, categorised as a special category State<sup>1</sup>, has four districts and nine sub-divisions and has also been included in the North Eastern Council since December 2002.

According to the Census of India 2011, the population of Sikkim stood at 6.07 lakh and the percentage of rural population of the State (75 *per cent*) was more than the All India rural population (72 *per cent*). The literacy rate of Sikkim was 82.20 *per cent* as against the All India Literacy rate of 74.04 *per cent*. Similarly, the infant mortality rate at 34 per 1,000 live births was better than the All India Average of 53 per 1,000 births recorded in 2009 through the Sample Registration System of the Registrar General and Census Commissioner of India (**Appendix 1.1-Part A**).

### Gross State Domestic Product (GSDP)

The growth of GDP of the State is an important indicator of the State's economy. A trend analysis of growth of GSDP for a period of five years at current prices are shown below, which would indicate the performance of the Government in fiscal management of the State. The growth rate of State GDP for the period 2007-12 compared with the National GDP is presented in the table below:

**Annual growth rate of GDP and GSDP at current prices**

Year	2007-08	2008-09	2009-10	2010-11	2011-12
State GDP* (₹ in crore)	2,506.09	3,229.08	6,132.76	7,144.55	8,399.88
Growth in <i>per cent</i>	15.96	28.85	89.92	16.50	17.57
National GDP# (₹ in crore)	45,82,086	53,03,567	60,91,485	71,57,412	82,79,975
Growth in <i>per cent</i>	15.91	15.75	14.86	17.50	15.68

Source: \*Department of Economics, Statistics, Monitoring and Evaluation, Government of Sikkim and # Economic Survey 2011-12, Ministry of Finance, Government of India

The quantum of GDP (both State and National) is measured in terms of constant and current prices and as per their respective arithmetical calculations; these figures differ from each

<sup>1</sup>Special privileges given to Sikkim includes financial assistance from Government of India in the ratio of 90 *per cent* grant and 10 *per cent* loan unlike non-special category States which get Central Assistance in the ratio of 70 *per cent* grant and 30 *per cent* loan.

other every year. For comparison sake between both State and National GDPs, the GDP figure calculated on the basis of current price at factor cost with base year 2004-05 has been taken.

As can be seen from the above table, Sikkim achieved higher GSDP growth rate compared to National growth rate over the period 2007-12, except during 2010-11. Growth rate in respect of GSDP at current prices was 17.57 *per cent* compared to National growth rate of 15.68 *per cent* in 2011-12. The State also achieved higher growth rate during 2011-12 compared to national growth rate despite the year not being a normal year due to a devastating earthquake. The earthquake adversely affected the finances of the State in terms of the target fixed by the State Government in collection of own revenues and higher expenditure aimed at rehabilitation and reconstruction activities.

## 1.1 Introduction

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The new format of Finance Accounts introduced from the year 2009-10, has been divided into two Volumes: Volume I and II. Volume I represents the financial statements of the Government in a summarised form while Volume II represents detailed financial statements, the structure and layout of which are depicted in **Appendix 1.1-Part B**.

This chapter provides a broad perspective of the finances of the Government of Sikkim during 2011-12. It analyses important changes in the major fiscal indicators compared to the previous year keeping in view the overall trends during the last five years. The analysis is based on the Finance Accounts and information obtained from the State Government. The structure of the Government Accounts and the layout of the Finance Accounts have been explained in **Appendix 1.1-Parts B and C** and **Appendix 1.2** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2007-12.

## 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 2011-12 vis-à-vis the previous year.

Table 1.1: Summary of the fiscal transactions

₹ in crore)

Receipts			Disbursements				
	2010-11	2011-12		2010-11	2011-12		
Section-A: Revenue				Total	Non-Plan	Plan	Total
<b>Revenue Receipts<sup>2</sup></b>	3,047.31	<b>3,672.64</b>	<b>Revenue Expenditure<sup>3</sup></b>	2,907.53			<b>3,230.14</b>
Tax revenue	279.54	293.92	General services	1,580.55	1,517.95	35.02	1,552.97
Non-tax revenue	1,137.76	1,044.57	Social services	816.43	679.13	352.56	1,031.69
Share of union taxes/ duties	524.99	611.65	Economic services	497.61	253.21	360.80	614.01
Grants from Government of India	1,105.02	1,722.50	Grants-in-aid and contributions	12.94	31.47		31.47
<b>Section-B: Capital</b>							
<b>Misc. Capital receipts</b>	-	42.25	<b>Capital outlay</b>	451.07			615.76
<b>Recoveries of loans and advances</b>	<b>0.79</b>	0.03	<b>Loans and advances disbursed</b>	5.75			49.17
<b>Public debt receipts</b>	<b>95.03</b>	87.44	<b>Repayment of public debt</b>	73.23			48.66
<b>Contingency Fund</b>	<b>0.00</b>	0.10	<b>Contingency Fund</b>	0.10			0.00
<b>Public Account receipts</b>	<b>2,915.63</b>	3,808.95	<b>Public Account disbursements</b>	2,898.78			3,487.98
<b>Opening cash balance</b>	<b>1,028.01</b>	750.31	<b>Closing cash balance</b>	750.31 <sup>4</sup>			930.01
<b>Total</b>	<b>7,086.77</b>	<b>8,361.72</b>	<b>Total</b>	<b>7,086.77</b>			<b>8,361.72</b>

Source: Finance Accounts

The following are the significant changes during 2011-12 over the previous year:

Revenue receipts increased by ₹ 625.33 crore (20.52 per cent) over the previous year mainly due to increase in Grants from Government of India (₹ 617.48 crore). However, there was decrease in Non-tax revenue by ₹ 93.19 crore compared to previous year.

The share of Union Taxes and Duties increased by ₹ 86.66 crore (16.51 per cent) as compared to previous year.

Revenue expenditure increased by ₹ 322.61 crore (11.10 per cent) over the previous year due to increase in Social Services (₹ 215.26 crore), Economic Services (₹ 116.40 crore) and Grants-in-aid contribution (₹ 18.53 crore). However, there was marginal decrease in General Services by ₹ 27.58 crore.

Capital expenditure increased by ₹ 164.69 crore (36.51 per cent) over the previous year.

Public debt receipts and its repayments decreased by ₹ 7.59 crore (7.99 per cent) and ₹ 24.57 crore (33.55 per cent) respectively over the previous year.

The total outflow and inflow of the Government during the year 2011-12 was ₹ 7,431.71 crore and ₹ 7,611.41 crore respectively leading to increase in cash balance by ₹ 179.70 crore.

A total amount of ₹ 46.33 lakh was advanced during the year 2011-12 from contingency fund.

<sup>2</sup>Revenue receipts and Non-tax revenue are inclusive of gross receipt (₹ 844.15) from State Lotteries.

<sup>3</sup>Revenue expenditure and General Services (Non-plan) are inclusive of expenditure (₹ 800.53 crore) on State Lotteries.

<sup>4</sup>Differs by ₹ 3.50 crore from the Finance Accounts for 2010-11 due to proforma adjustment.

The same amount along with outstanding balance of ₹ 10 lakh of previous year was recouped at the end of the financial year 2011-12.

### 1.3 Fiscal reforms path in Sikkim

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

The Government of Sikkim enacted the FRBM Act in September 2010 and the Rules under the Act had been notified in March 2011. The Act aims to ensure fiscal stability and sustainability through maintaining 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 borrowing and achieving greater transparency in fiscal operation of the Government and conduct of fiscal policy in a medium term fiscal framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the State Government:

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

Revenue deficit and fiscal deficit may exceed the limits specified under the section due to 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 that can be attributed to the calamities.

Provided further that the ground or grounds specified in the above proviso shall be placed before the Legislative Assembly as soon as may be, after it becomes likely that such deficit amount may exceed the aforesaid limit, with an accompanying report stating the likely extent

of excess.

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

**Table 1.2: State Fiscal Outcome indicator**

*(As per cent to GSDP)*

Parameters	2010-11		2011-12		2012-13	2013-14	2014-15
	Projections	Achievement	Projections	Achievement	Projections	Projections	Projections
<b>Revenue Receipts<sup>5</sup>(a to d)</b>	<b>38.07</b>	<b>30.12</b>	<b>54.90</b>	<b>34.19</b>	<b>58.21</b>	<b>60.82</b>	<b>63.63</b>
<b>a. Own Tax Revenues</b>	<b>4.95</b>	<b>3.91</b>	<b>4.01</b>	<b>3.5</b>	<b>5.06</b>	<b>5.06</b>	<b>5.07</b>
<b>b. Own Non-Tax Revenues</b>	<b>4.28</b>	<b>3.39</b>	<b>4.09</b>	<b>2.91</b>	<b>4.22</b>	<b>4.32</b>	<b>4.42</b>
<b>c. Tax share</b>	<b>9.29</b>	<b>7.35</b>	<b>9.75</b>	<b>7.28</b>	<b>10.36</b>	<b>11.58</b>	<b>12.94</b>
<b>d. Grants-in-aid</b>	<b>19.55</b>	<b>15.47</b>	<b>37.05</b>	<b>20.51</b>	<b>38.56</b>	<b>39.86</b>	<b>41.21</b>
<b>Revenue Expenditure<sup>6</sup></b>	<b>35.60</b>	<b>28.16</b>	<b>41.74</b>	<b>28.92</b>	<b>40.69</b>	<b>43.00</b>	<b>45.47</b>
<b>Capital Expenditure</b>	<b>8.07</b>	<b>6.31</b>	<b>18.59</b>	<b>7.33</b>	<b>21.02</b>	<b>20.82</b>	<b>21.16</b>
<b>Revenue Deficit</b>	<b>-2.47</b>	<b>-1.96</b>	<b>-13.16</b>	<b>-5.27</b>	<b>-17.52</b>	<b>-17.82</b>	<b>-18.16</b>
<b>Fiscal Deficit</b>	<b>5.60</b>	<b>4.43</b>	<b>4.75</b>	<b>2.14</b>	<b>3.50</b>	<b>3.00</b>	<b>3.00</b>
<b>Primary Deficit</b>	<b>2.29</b>	<b>1.81</b>	<b>1.89</b>	<b>0.13</b>	<b>0.61</b>	<b>0.00</b>	<b>0.08</b>
<b>Outstanding Debt</b>	<b>42.99</b>	<b>0</b>	<b>41.75</b>	<b>0</b>	<b>41.03</b>	<b>39.88</b>	<b>38.85</b>

*N.B: Negative sign indicates revenue surplus*

*Source: Medium Term Fiscal Plan for Sikkim 2011-12 to 2014-15 presented to State Assembly on March 2011 and Finance Accounts, Government of Sikkim*

The State Government in their revised estimates for the year 2011-12, projected the fiscal deficit relative to GSDP at 4.75 per cent against the target of 3.50 per cent prescribed in the FRBM Act of the State. The year 2011-12, however, was not a normal year for the State. The earthquake that devastated part of the State adversely affected the finances of the State in terms of reduction in collection of own revenues and higher expenditure aimed at rehabilitation and reconstruction activities.

According to the Medium Term Fiscal parameters, Fiscal Deficit and Primary Deficit projected by the State Government during 2010-11 and 2011-12 were achieved. However, Revenue Surplus could not be maintained at the level projected during 2010-11 and 2011-12.

Further, according to the Sikkim Government Guarantee Act, 2000 (Act 21 of 2000) the ceiling on the total outstanding Government Guarantee in a year is restricted to three times of the State's tax revenue receipts of the second preceding year. The outstanding sums guaranteed by the State Government during 2010-11 was ₹ 246.69 crore, which was lower than the tax revenue of the State in the year 2008-09. However, the guarantee had increased to ₹ 310 crore in 2011-12 but remained within the permissible limit prescribed in the Guarantee Act 2000, when compared with the revenue receipts of the second preceding year (2009-10).

<sup>5</sup>Revenue Receipts in this column and henceforth in this Report are net of Lottery Receipts and Expenditure.

<sup>6</sup>Revenue Expenditure in this column and henceforth in this Report is excluding Lottery Expenditure.

### 1.3.1 Migration to New Pension Scheme (NPS)

The Government of India (GOI) introduced a defined, contribution based NPS with effect from 1 April 2004 to cover all new entrants to Government service. The interim Pension Fund Regulatory and Development Authority (PFRDA) was established by the GOI (October 2003) to promote old age income security by establishing, developing and regulating pension funds and to protect the interest of subscribers subscribing to the scheme of pension funds. PFRDA being the regulator for the NPS had been authorised by the GOI to appoint/establish various intermediaries in the system, such as Central Record Keeping Agency (CRA), Pension Funds (PFs) Trust for the NPS, Custodians Bank, etc. PFRDA appointed National Securities Depository Limited (NSDL) as the CRA for a period of 10 years from 1 December 2007 for performing the functions of record keeping, accounting, 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 the State vide Gazette Notification issued 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 CRA (NSDL) on 11 November 2011. To operationalise NPS, the following further procedures need to be adopted by the State Government:

**Table 1.3: New Pension Scheme outcome indicator**

Sl. No.	Procedure to be followed	Action taken as of September 2012
1	<b>Execution of Agreement with NPS Trust:</b> State Government in order to initiate the NPS proceedings will have to enter into an agreement with NPS Trust for availing the services of Pension Fund Managers (PFMs), Trustee Bank and Custodian.	State Government drew agreement with the NPS Trust on 6 March 2012 to initiate NPS proceedings.
2	<b>Oversight Authority for Implementation of NPS:</b> Directorate of Treasuries & Accounts (DTA) is required to register itself as an oversight office in CRA system. In addition, a circular regarding the NPS implementation in the State shall be issued to all nodal offices DTOs (District Treasury Offices)/DDOs (Drawing & Disbursing Officers) as well as for the subscribers.	Director, Pension, GIS&GPF (PGIPF) Cell, Finance, Revenue and Expenditure Department (FRED) had been nominated as Nodal Officer of NPS. All records are maintained by the PGIPF Cell. Director PGIPF Office had been registered under CRA as DTA (Registration No.3100554). FRED issued (March 2012) circular indicating that all the State Government employees appointed on or after 1 April 2006 come under NPS.
3	<b>Model of Interface with CRA for contribution upload:</b> The State Government shall intimate CRA about the model data and fund flow to be adopted i.e., Decentralised or Centralised or Quasi Centralised.	State Government adopted Centralised system for the model of data. However, the model of data and fund flow had not been prepared.

Sl. No.	Procedure to be followed	Action taken as of September 2012
4	<b>Creation of appropriate accounting heads for accounting of contribution deductions and fund transfer:</b> State Government needed to create appropriate head of accounts (Major head/Minor heads, etc.)	Accounting Head (8342-Other Deposit, 117-CPF contributions) had been created by the State Government for accounting of contribution deductions of employees and Government and for further transfer of NPS corpus to Trustee Bank, the Government created Major head/Minor head 2071-01-117-Government contribution.
5	<b>Registration of Nodal Offices (Director of Treasuries), Treasury Offices and Drawing &amp; Disbursement offices (DDOs) in the CRA system:</b> DTA was to be registered by submitting duly filled up N1 form to CRA. DTOs were to be registered by submitting duly filled up N2 form to CRA. DDOs were also to be registered by submitting N3 form to CRA.	Till date, one Director of Treasury Office (DTO) (Registration No.4013365) and one DDO were registered in the CRA system (Registration code: SGV142541C).
6	<b>Registration of NPS subscribers:</b> Once the above mentioned steps were completed, the process of registration of subscribers in the CRA system could commence.	State Government from the date of implementation of NPS (1 April 2006) appointed 5,022 employees till September 2012. Out of which, 540 employees were allotted PRA numbers by the CRA and remaining employees had not submitted required forms to the FRED. The Department had also not taken any action to submit duly filled up N1 forms by the subscriber in time for registration.
7	<b>Upload of Monthly Contribution:</b> Once the subscribers were registered, the State Government DTA (in case of centralised model of operations) shall commence upload of monthly subscriber contribution in the CRA system.	No contribution in respect of subscriber had been uploaded in the CRA system.
8	<b>Transfer of legacy data:</b> The reconciled legacy data needs to be uploaded in any one of the following manners: (i) Subscriber-wise month wise upload (can be uploaded as regular contribution) (ii) Subscriber-wise year wise upload (must be uploaded as arrear contribution) (iii) One bullet payment per subscriber (must be uploaded as arrear contribution)	No legacy data uploaded in the CRA system.
9	<b>Transfer of funds:</b> After successful upload of the Subscriber details (regular or legacy data) in the CRA System, the State Government shall remit the corresponding amount to the Trustee Bank (TB) in favour of State's 'NPS Trust Account' along with the details of the uploading office's registration number allotted by CRA as well as the Transaction IDs generated by the CRA System.	No fund transferred to the TB in favour of State's NPS Trust.

Sl. No.	Procedure to be followed	Action taken as of September 2012								
10	<p><b>Proportion of funds to be allocated to Pension Fund Managers (PFMs):</b> The ratio of allocation of funds (given below) across NPS fund managers was revised by the PFRDA for State and Central Government employees with effect from 1 July 2011.</p> <table border="1"> <thead> <tr> <th>Name of PFM of NPS</th> <th>Revised ratio decided by PFRDA for employees of State Government with effect from 1 July 2011</th> </tr> </thead> <tbody> <tr> <td>State Bank of India Pension Funds Private Limited</td> <td>31%</td> </tr> <tr> <td>Unit Trust of India Asset Management Company Limited</td> <td>35.5%</td> </tr> <tr> <td>Life Insurance Corporation Pension Fund Limited</td> <td>33.5%</td> </tr> </tbody> </table>	Name of PFM of NPS	Revised ratio decided by PFRDA for employees of State Government with effect from 1 July 2011	State Bank of India Pension Funds Private Limited	31%	Unit Trust of India Asset Management Company Limited	35.5%	Life Insurance Corporation Pension Fund Limited	33.5%	No funds allocated to PFMs.
Name of PFM of NPS	Revised ratio decided by PFRDA for employees of State Government with effect from 1 July 2011									
State Bank of India Pension Funds Private Limited	31%									
Unit Trust of India Asset Management Company Limited	35.5%									
Life Insurance Corporation Pension Fund Limited	33.5%									
11	<p><b>Billing for CRA charges:</b> As mentioned in the contract agreement executed between Government of Sikkim and CRA, the bill for the CRA charges with regard to the services rendered for the employees of the State Government shall be raised quarterly against the designated nodal office of the State Government i.e., Director, PGIPF. The necessary accounting heads were to be created for payment of the bills to CRA.</p>	Creation of debit head of account for CRA charges was under process as proposal for the creation of head was submitted to Budget Cell by Pension Cell of FRED.								

Source: Departmental records

Further, for improving transparency in Government accounts, the Thirteenth Finance Commission recommended ₹ 5 crore as a grant to Sikkim State for creating a database of employees and pensioners. Creation and maintenance of an accurate and up to date employee and pension database aid the State Government to forecast the requirement of salary and pension and to focus on development expenditure.

The GOI, during 2010-11, released ₹ 2.50 crore to the State Government without any pre-conditions to commence work in 2010-11 and the work was to be completed within three years. As of September 2012, the State Government had spent the entire amount towards purchase of computers, collection of data, repairing and renovation of offices, etc. The works relating to creating database i.e., survey and data collection was completed and revalidation and authentication was under progress.

### 1.3.2 Power Sector-Financial support by the Government

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

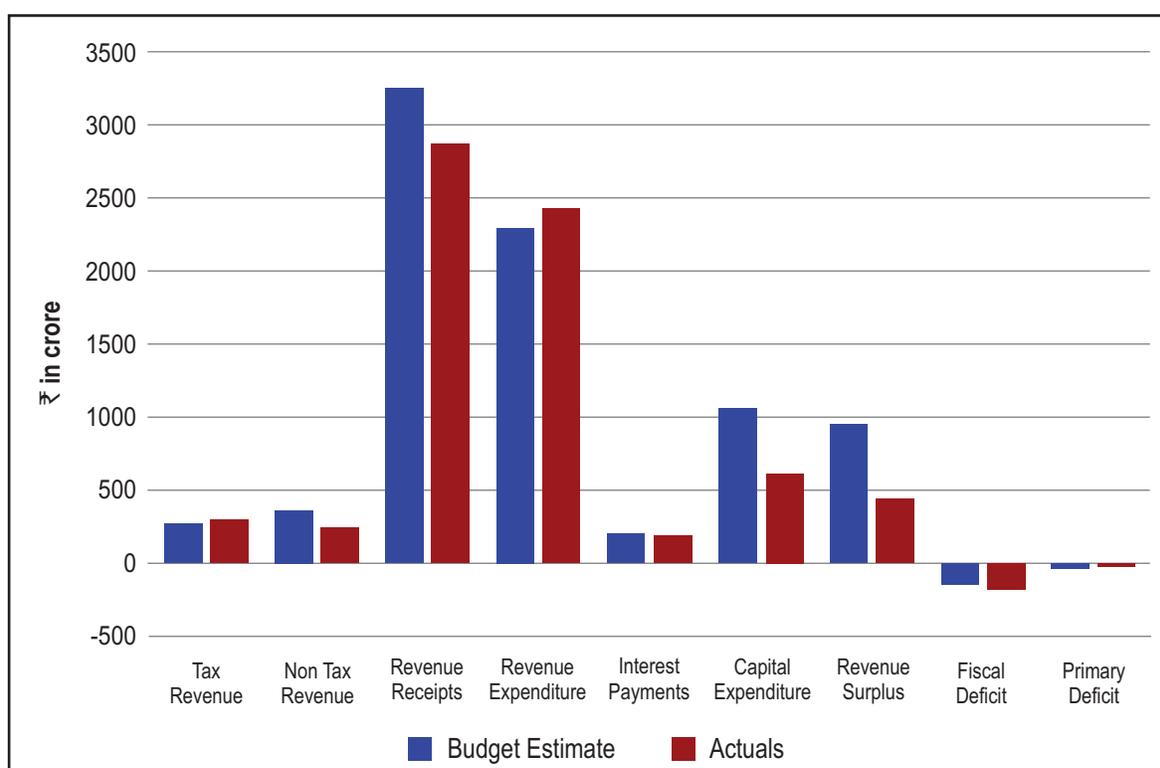
## 1.4 Budget 2011-12

### 1.4.1 Actuals vis-à-vis budget estimates

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

**Chart 1.1** presents the budget estimates and actuals of some important fiscal parameters for the year 2011-12.

**Chart 1.1 : Selected fiscal parameters : Budget estimates vis-a-vis actuals in 2011-12**



Source: Finance Accounts

The Tax Revenue exceeded the budget provision by 9.19 per cent (₹ 24.73 crore). However, Non-tax revenue was less than the budget provision by 32.64 per cent (₹ 118.27 crore). Revenue receipts was lower than budget provision by 11.50 per cent (₹ 373.11 crore) and Revenue expenditure was higher than budget provision by 5.98 per cent (₹ 137.17 crore). As a result, Revenue Surplus was 53.56 per cent lower than the projection in the budget estimate. Capital Expenditure was less than the budget estimate by 41.67 per cent.

Sikkim's own tax revenue increased by 5.14 per cent from ₹ 279.54 crore in 2010-11 to ₹ 293.92 crore in 2011-12. Although, the revenue from sales tax contributed to the major share of tax revenue (42.25 per cent) the tax revenue from sales tax, trade, etc. compared to previous

year, was lower by ₹ 18.55 crore (12.99 *per cent*). State Excise duty increased by ₹ 25.62 crore, Taxes on vehicles increased by ₹ 5.90 crore and other taxes increased by ₹ 1.64 crore. However, there was decrease in Land Revenue by ₹ 2.72 crore.

The Non-tax revenue which constituted 8.50 *per cent* of total revenue receipts, had increased by ₹ 1.89 crore from ₹ 242.15 crore in 2010-11 to ₹ 244.04 crore in 2011-12 but was lower than the budget projection by ₹ 118.27 crore (32.64 *per cent*). The main components which resulted in increase were Police (₹ 3.32 crore), Road Transport (₹ 6.13 crore) and Other Administrative Services (₹ 1.96 crore). However, there was decrease in some of the components of Non-tax revenue like Power (₹ 8.16 crore) and Dividends (₹ 2.37 crore).

The State's share of Union taxes and duties stood at ₹ 611.65 crore, an increase of ₹ 86.66 crore over the previous year due to increase in the State's share in Corporation Tax by ₹ 35.54 crore, ₹ 13.85 crore in Taxes on Income other than Corporation Tax, ₹ 0.51 crore in Wealth Tax, ₹ 14.26 crore in Customs, ₹ 1.83 crore in Union Excise duties and Service Tax by ₹ 20.67 crore.

Grants-in-aid from Centre to the State, a discretionary component of Central transfers, is considered an integral element of the revenue receipts of the State which has an impact on the consolidated revenue deficit of the State. The grants-in-aid increased by ₹ 617.48 crore (55.88 *per cent*) from ₹ 1,105.02 crore in 2010-11 to ₹ 1,722.50 crore in 2011-12. The increase in components were Non-Plan Grants (₹ 224.42 crore), State Plan Schemes (₹ 345.14 crore), Grants for Centrally Sponsored Plan Schemes (₹ 22.45 crore), Grants for Special Plan Schemes (₹ 27.21 crore) offset by decrease in the component of Central Plan Schemes (₹ 1.74 crore).

Revenue expenditure increased by ₹ 417.69 crore (20.76 *per cent*) over the previous year due to increase in General Services (₹ 67.50 crore), Social Services (₹ 215.26 crore), Economic Services (₹ 116.40 crore) and Grants-in-aid (₹ 18.53 crore).

Capital expenditure assumes importance as it has a lasting impact on growth as compared to revenue expenditure. If spent efficiently, it also ensures a more productive economy and enhances the government's net worth arising from augmented revenues. During 2011-12, the Capital expenditure of the State was ₹ 615.76 crore out of which ₹ 180.53 crore were blocked in 59 incomplete works due to be completed by 31 March 2012. The increase of ₹ 164.69 crore in capital outlay in 2011-12 was due to increase in Social Services (₹ 111.26 crore). Major components were Education, Sports, Arts and Culture (₹ 23.51 crore), Health and Family Welfare (₹ 65.73 crore) and Water Supply, Sanitation, Housing and Urban Development (₹ 21.21 crore). In Economic Services, the increase was ₹ 84.81 crore. The major components of increase were Transport (₹ 43.73 crore), Rural Development (₹ 13.03 crore) and Agriculture and Allied Activities (₹ 11.27 crore). The increase of capital outlay in Social and Economic Sectors was offset by decrease in General Services by ₹ 31.38 crore. The components of decrease were noticed in Public Works (₹ 36.76 crore) offset by increase in Police (₹ 5.38 crore).

### 1.4.2 Gender Budgeting

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

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

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

Notwithstanding the Constitutional mandate and Government of India's commitments in the international forums, Gender Budgeting in Sikkim had not been formulated. In response to the issue, DPER and NECAD stated (November 2012) that although separate budget head had not been created, gender equity and empowerment of women were being done through the women centric programmes and all the departments were being sensitised to incorporate gender budgeting in the annual plan documents.

### 1.4.3 Policy initiatives of Budget 2011-12

For socio-economic and cultural development of Sikkim, various policy initiatives were taken up in the Budget 2011-12. However, many of those initiatives were not adequately followed through, some of which are summarised below:

**Table 1.4: Policy initiatives taken up**

Sector	Major Policy Initiatives of the State Budget 2011-12	Action Taken
	₹ 1 crore to be set aside towards funding innovative projects, exhibitions and documentation to elevate Sikkim as the number one State in India.	Originally a provision of ₹ 1 crore was made in the budget, but it was revised to ₹ 0.43 crore. However, no expenditure was incurred during the year on the programme and the entire amount was reappropriated.
	₹ 0.50 crore to be set aside for preparation of a New Human Development Report in the year.	Originally a provision of ₹ 0.50 crore was made in the budget, but it was revised to ₹ 9.55 lakh. However, an amount of ₹ 9.54 lakh was incurred during the year on the programme.
	₹ 1 crore to be set aside for establishment of Mukhya Mantri Jyestha Nagrik Sewa Samman Kendra in the State.	Though a provision was made for ₹ 1 crore in the year, it was made 'nil' in the revised estimate and hence, this scheme was not implemented during the year.

Sector	Major Policy Initiatives of the State Budget 2011-12	Action Taken
Social	₹ 2.50 crore to be set aside for providing free uniform for the Integrated Child Development Services children in the State.	Neither any budget provision was made nor was any expenditure incurred for the purpose during 2011-12.
	Proposal to start giving monthly honorarium of ₹ 3,000 each to the ASHA workers under Health Department.	Neither any budget provision was made, nor was any expenditure incurred for the purpose during 2011-12.
	₹ 315 crore was being obtained for targeted intervention in the identified backward areas for the economic upliftment of the poor and eradication of poverty in Sikkim.	Originally a provision of ₹ 50 crore was made in the budget, but it was revised to ₹ 1 crore which was incurred during the year on the programme.
	₹ 3 crore to be set aside for Special Exposure Training Programme for batch of officers comprising 5 officers each from every Service in the State, to be organised in reputed Institute in the Country and abroad at regular intervals.	Neither any budget provision was made nor was there any expenditure for the purpose during 2011-12.
Economic	₹ 264.62 crore to be provided under 'Mukhya Mantri Awas Yojna Kutcha House Free Sikkim' campaign. Each house would cost approximately ₹ 4.40 lakh and in the first phase 6,000 units were to be built all over the State for those genuine households. ₹ 100 crore was to be set aside under this programme.	Neither any budget provision was made, nor was any expenditure incurred for the purpose during 2011-12.
	₹ 1 crore to be set aside for construction of Statue of Sleeping Buddha at Singhik.	Though the budget provision was made for ₹ 1 crore, the same was re-appropriated to other head and no expenditure was incurred during the year.
	₹ 3 crore to be set aside for construction of Kali Mandir at Gadi in Pendam.	Originally a provision of ₹ 3 crore was made in the budget, but it was revised to ₹ 0.11 crore and an amount of ₹ 0.12 crore was incurred during the year on the programme.
	₹ 1 crore to be set aside for construction of Pedestrian Flyovers in the Capital.	Originally a provision of ₹ 1 crore was made in the budget, but it was revised to ₹ 1.88 crore and an amount of ₹ 1.84 crore was incurred during the year on the programme.
	₹ 2 crore to be set aside for development of Fashion Street along the identified stretch from Deorali to Gangtok.	Originally a provision of ₹ 2 crore was made in the budget but it was revised to ₹ 0.50 crore. No expenditure was incurred during the year on the programme and entire amount was re-appropriated.
Fiscal	To levy parking tax on an annual basis at the time of renewal of documents for all vehicles parked along the national highway and state highways.	No such parking tax was either notified or collected during the year 2011-12.
	Proposed to impose environment cess on incoming tourists.	No such environment cess was either notified or collected from incoming tourists during the year 2011-12.
	Proposed to revise power tariff for domestic and commercial consumption.	Power tariff was revised with effect from 1 April 2012 (notified on 22 May 2012).

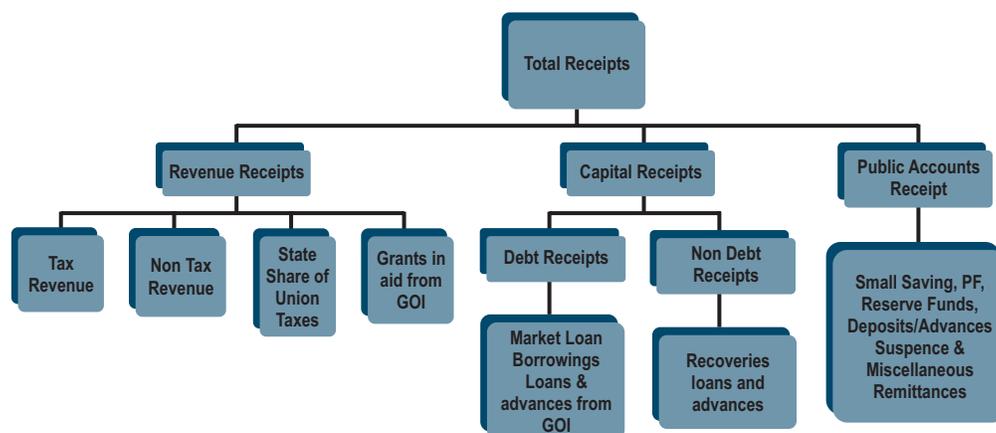
Source: Budget documents 2011-12 and records of the departments

## 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 on its resources and the quantum of resources in any particular financial year determines the expenditure threshold of the Government. The components of the State's receipts have been categorised in **Chart 1.2**.

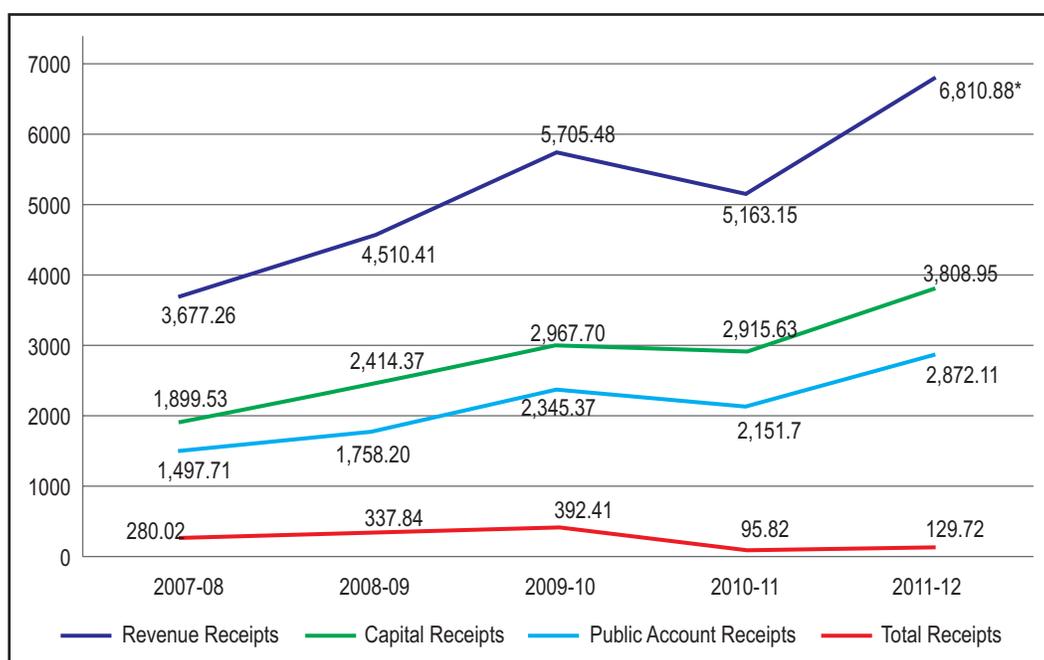
**Chart 1.2: Components and sub-components of Resources**



**Table 1.1** depicting *inter-alia* the receipts of the State during 2011-12, as recorded in Finance Accounts, may also be referred to at page 3.

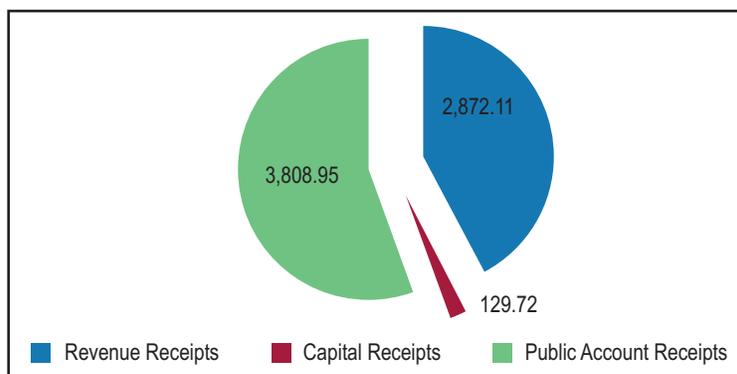
**Chart 1.3** depicts the trends in components of receipts during 2007-12, while **Chart 1.4** depicts the composition of resources of the State during the current year.

**Chart 1.3 : Trends in receipts**



\*Includes contingency fund receipt of ₹ 0.10 crore

Chart 1.4 : Composition of receipts during 2011-12



Source : Finance Accounts

Total receipts increased by 85.22 per cent from ₹ 3,677.26 crore in 2007-08 to ₹ 6,810.88 crore in 2011-12. Further, there was an increase of total receipts over the previous year by ₹ 1,647.73 crore (31.91 per cent).

Public Account receipts refer to those receipts for which the Government acts as a banker/trustee for the public money. It constitutes the single largest component of total receipts. On an average it constituted between 44 and 56 per cent of the total receipts during 2007-12. Public Account receipts which totalled ₹ 1,899.53 crore in 2007-08 increased to ₹ 3,808.95 crore in 2011-12. Public Account receipts grew by 30.64 per cent as compared to the previous year. The growth was maximum in Remittances (52.88 per cent) followed by Suspense and Miscellaneous (11.56 per cent), Small Savings/Provident Fund, etc. (20.08 per cent) and Reserve Fund (456.70 per cent).

The share of Revenue Receipts in total receipts which was 41.67 per cent in 2010-11 increased to 42.17 per cent in 2011-12.

Capital receipts increased by 35.38 per cent from ₹ 95.82 crore in 2010-11 to ₹ 129.72 crore in 2011-12. Capital Receipts constituted 3.53 per cent of the total receipts. Though debt receipts which mainly constituted Capital receipts, decreased by ₹ 7.59 crore from the previous year, its share was 99.97 per cent of capital receipts which was lower by 0.79 per cent over the previous year (99.18 per cent).

Apart from debt receipts, capital receipts include non-debt receipts such as recovery of loans and advances. During 2011-12, non-debt capital receipts showed negative growth (-) 96.20 per cent over the previous year due to less recovery of loan and advances.

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

Government of India transferred an approximate amount of ₹ 414.01 crore during 2011-12 directly to the State Implementing Agencies (SIA)<sup>7</sup> for implementation of various

<sup>7</sup>State Implementing Agencies include Organisations/Institutions including Non-Governmental Organisation which are authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g., State Health Society for NRHM, etc.

schemes/programmes in social and economic sectors, recognised as critical, as against the transfer of ₹ 231.79 crore and ₹ 335.07 crore during 2009-10 and 2010-11, which was an increase of 45.40 *per cent* in 2010-11 and 23.56 *per cent* in 2011-12. As these funds were not routed through the State budget/State treasury system, Finance Accounts do not capture flow of these funds. Details of funds released in respect of major Central plan schemes are furnished in the table below:

**Table 1.5: Funds transferred directly to the State implementing agencies for major plan schemes**

(₹ in crore)

Sl. No.	Programme/scheme	Implementing agency in the State	Funds released by GOI			Funds received by SIAs during 2011-12	Closing balance as on 31 March 2012
			2009-10	2010-11	2011-12		
1	Sarva Shiksha Abhiyan	Sarva Shiksha State Mission Authority	17.36	44.69	40.23	40.23	5.19
2	MG-NREGA	Rural Management & Development Department.	88.57	44.49	100.79	100.79	0.10
3	PMGSY	Sikkim Rural Roads Development Agency	21.80	79.38	80.00	80.00	0.37
4	National Rural Drinking Water Programme	State Water & Sanitation Mission (Rural Management and Development Department)	10.80	23.20	69.19	69.19	1.03
5	NRHM	State Health Society (Health care, Human Services & Family Welfare Department)	25.75	21.27	25.19	21.11	18.10
6	MPLAD Scheme	Land Revenue and Disaster Management Department	3.00	4.00	10.00	10.00	6.54
7	Off Grid DRPS	Sikkim Renewable Energy Development Agency	0.46	0.71	10.33	10.33	5.97
8	National Afforestation Programme	Forest, Environment and Wildlife Management Department	8.86	11.99	6.75	11.00	0.02
		<b>Total</b>	<b>176.60</b>	<b>229.73</b>	<b>342.48</b>	<b>342.65</b>	<b>37.32</b>

Source: Central Plan Scheme monitoring system portal in 'Controller General of Accounts' website and information from State Government departments.

Above table shows that an amount of ₹ 342.48 crore (82.72 *per cent* of the total funds transferred) was given for (i) Pradhan Mantri Gram Sadak Yojana (19.32 *per cent*), (ii) Mahatma Gandhi National Rural Employment Guarantee programme (24.34 *per cent*), (iii) Sarva Shiksha Abhiyan (9.72 *per cent*), (iv) National Rural Health Mission (6.08 *per cent*), (v) National Rural Drinking Water Programme (16.71 *per cent*), (vi) Member of Parliament Local Area Development Scheme (2.42 *per cent*), (vii) Off Grid DRPS (2.50 *per cent*) and (viii) National Afforestation Programme (1.63 *per cent*) during 2011-12, out of which ₹ 37.32 crore remained unutilised in these eight programmes. With transfer of an approximate amount of ₹ 414.01 crore directly by GOI to Implementing Agencies, the total availability of State

resources during 2011-12 had increased from ₹ 7,611.41 crore to ₹ 8,025.42 crore.

Analysis revealed that ₹ 4.08 crore released by GOI was not received under NRHM. Under National Afforestation Programme, the SIA had received ₹ 4.25 crore more than the amount shown in CPSMS. In 7 cases<sup>8</sup>, a sum of ₹ 477.06 lakh released by the Ministries under 20 sanction orders were not received by the SIAs. Letters were issued (September 2012) to Ministries concerned with copy to SIAs and Finance, Revenue and Expenditure Department, Government of Sikkim for reconciliation and intimation of factual position, which was awaited (January 2013).

In one case, involving ₹ 2.63 lakh released (Sanction Order dated 22 March 2012) by Ministry of Culture, the existence of the recipient (Himalayan Heritage, Research and Development Society) could not be traced in audit. Accordingly, the concerned Ministry was issued letter from Audit for intimation of exact address of the Society. However, the information was awaited (January 2013). Further, 4 SIAs (Zilla Panchayat, East: ₹ 86.17 lakh, Zilla Panchayat, West: ₹ 67.18 lakh, Sikkim Express, Gangtok: ₹ 0.03 lakh and Muyal Liang Trust, Pelling: ₹ 31.87 lakh) did not furnish the requisite information about the receipt and utilisation of the funds. Hence, receipt and utilisation of ₹ 185.25 lakh could not be ascertained.

To present a holistic picture on availability of aggregate resources, funds directly transferred to SIAs are presented in **Appendix 1.4**. It is evident from the Appendix that there was no single agency monitoring the funds directly transferred by the GOI and there was no readily available data on how much was actually spent in any particular year on major flagship schemes and other important schemes being implemented by the SIAs and funded directly by the GOI.

An analysis of two such schemes i.e., 'State Medicinal Plant Board (SMPB)' and 'Off Grid DRPS' are indicated below:

➤ ***State Medicinal Plant Board***

State Medicinal Plant Board (SMPB), Gangtok was constituted in July 2007 to look after policy formulation, coordination between departments/organisations ensuring sustained availability of medicinal plants and to coordinate all matters relating to their development and sustainable use as requested by the National Medicinal Plant Board (NMPB), New Delhi.

To fulfil these objectives, NMPB provides grants-in-aid on the basis of proposal of various projects by SMPB.

Details of funds released and expenditure incurred by SMPB are given below:

<sup>8</sup>Sikkim Consultancy Centre (₹ 9.84 lakh), State Health Society (₹ 49.84 lakh), State Health Society (₹ 180.33 lakh), State Health Society (₹ 177.60 lakh), Centre for Research & Training in Informatic (₹ 26.74 lakh), Sikkim Handloom & Handicraft Development Society (₹ 10.35 lakh) and Sikkim State Aids Control Society (₹ 22.36 lakh).

Table 1.6: Funds received and expenditure incurred by SMPB

(₹ in lakh)

Sl. No.	Name of Scheme	Total outlay & period	OB as on 1 April 2009	Receipts during 2009-10 to 2011-12	Expenditure during 2009-10 to 2011-12	CB as on 31 March 2012
1	Resonance Energy Transfer (RET) Scheme	507.00 (2009-10 to 2011-12)	Nil	403.09	402.98	0.11
2	National Amla Scheme	88.00 (2010-11 to 2012-13)	Nil	50.00	49.95	0.05
3	Tree Species	80.00 (2007-08 to 2011-12)	10.62	25.00	35.62	Nil
4	Nucleus Centre	7.39	Nil	7.39	Nil	7.39
5	Foundation for Revitalisation & Local Health Tradition (FRLHT)	11.50 (2011-12)	Nil	11.50*	11.50	Nil
6	RET Scheme (New)	550.86 (2011-12 to 2015-16)	Nil	214.00	Nil	214.00

\*₹10 lakh was paid as advance to FRLHT, Bangalore whose detailed expenditure remained to be obtained.

Source: Departmental records

The implementation of the scheme was marked by various inconsistencies. A sum of ₹ 6.24 lakh was sanctioned and sent (3 November 2008) by the NMPB which the SMPB became aware of only during June 2010. Under Nucleus Centre Scheme, although grant was credited into account of SMPB in April 2011, the Board became aware that the funds were in their bank account only in July 2012.

#### ➤ **Off Grid Decentralised Renewable Power Scheme**

Off Grid Decentralised Renewable Power Scheme, a plan scheme of Jawaharlal Nehru National Solar Mission, aims at application of solar technology in rural and urban areas through domestic home lighting, street light, drinking water supply, irrigation pump in lift irrigation and cattle water supply in rural areas and installation of standalone Solar Photovoltaic Power Plants (SPPs) for conservation of energy in urban areas.

Details of funds released and expenditure incurred by SREDA are given below:

Table 1.7 Funds released and expenditure incurred by SREDA

(₹ in lakh)

Sl No	Component of Scheme	Amount sanctioned & GOI share	Scheduled date of completion	Receipts during 2009-10 to 2011-12	Expenditure during 2009-10 to 2011-12	CB as on 31.3.12	Revised date of completion	Remarks
1*	Solar Photo voltaic programme	93.99	NA	93.99	93.99	Nil	Completed	Completed
2	Solar power programme	91.37	31.03.12	20.00	20.00	Nil	30.11.11 UC 31.7.12	Under progress
3	530KW power plant	1,293.56	31.10.12	600.00	330.60	269.40	30.04.2012	--do--
4	5000 Solar home light (Earthquake)	510.00	31.03.12	250.00	Nil	250.00	31.12.12	--do--
5	Preparation of DPR of 3 MHP	6.00	NA	3.00	2.35	0.65	31.03.2012	-do-

\*The details of schedule date of completion and CB could not be furnished by agency.

♦NA -Information not available with the Department

Source: Departmental records

The implementation of the Scheme was delayed due to delay in release of grants, irregular distribution in terms of beneficiaries selection criteria, wanting acknowledgement, improper documentation, non-deposit of sale proceeds of solar lamps, non-contribution by beneficiaries, delay in release of State share, absence of systematic arrangements to ensure effective utilisation of funds, absence of regular submission of Monthly and Quarterly Progress Reports (MPR and QPR) leading to poor monitoring of the Scheme. In some cases, there was misreporting in progress report and utilisation certificate. Ministry of Non-renewable Energy (MNRE) had entrusted one organisation for monitoring the scheme, but in the absence of report, its impact could not be ascertained. Maintenance of assets was deficient as asset register were not maintained and proper documentation were not made. There was absence of system to report interest earned on funds.

The component-wise details of irregularities are as under:

**Solar photovoltaic (SPV) programme:** Under this scheme, 750 solar home lights, 800 solar lanterns and 30 solar street lighting systems were to be distributed and one solar plant was to be installed. In the absence of stock register, receipt of full quantity of materials could not be ascertained. In the utilisation certificate submitted (October 2010) to MNRE, complete beneficiary-wise record of system installed under SPV programme was certified to have been compiled. However, as per records and as verified in Audit (October 2012), 46 solar home lights and 153 solar lamps were not found distributed. Reason for misreporting in progress report/UC was not stated. 30 solar street lights and one KW power plant were shown as installed but information about installed place and organisation who would take initiative for maintenance was not on record. Proper maintenance of assets could not be ensured as no complaint register was maintained for maintenance required to be done. Acknowledgement from beneficiaries in support of distribution was not obtained.

It was observed that though the SREDA asked Reshmi Enterprises, Kolkata to replace 176 Solar lantern batteries, 6 Solar home light batteries, 41 Luminaries, 54 Charge controllers due to defective supply, no replacement was made as no such receipt of material was found on records.

**Solar Power Programme:** Under this project, 10 street light systems, 512 Home lights and 1280 Solar lanterns were required to be installed/distributed by 31 March 2012 failing which MNRE was to impose penalty at the rate of 2 *per cent* of Central Financial Assistance if the delay was beyond four months. Due to non-completion (only 463 Solar home lights and 213 Solar lanterns were distributed) of work till October 2012, imposition of penalty by GOI cannot be ruled out.

Thus, due to non-maintenance of stock register, absence of beneficiaries selection norms, non-obtaining of beneficiaries' acknowledgement, non-submission of periodical progress reports, distribution of materials in instalments and free distribution, etc., the implementation got adversely impacted in the areas of monitoring, evaluation and planning process.

**5,000 Solar home light for earthquake:** The home lights had not been supplied by the supplier.

**Monitoring:** MNRE had entrusted monitoring of Scheme to M/s. Medhraj Techno Ltd., New Delhi, but its report was not on record. Therefore, the impact of the scheme could not be assessed.

## 1.6 Revenue Receipts

The trends and composition of revenue receipts over the period 2007-12 are presented in **Appendix 1.5** and **1.6** and are also depicted in **Charts 1.5** and **1.6** respectively.

Revenue receipts showed progressive increase from ₹ 1,497.71 crore in 2007-08 to ₹ 2,345.37 crore in 2009-10 but decreased to ₹ 2,151.70 crore in 2010-11. However, the revenue receipts increased in 2011-12 by ₹ 720.41 crore (33.48 *per cent*) compared to previous year. The State's own resources contributed 18.73 *per cent* (₹ 537.96 crore) in the revenue receipts of the State during 2011-12. The balance was transfers from Government of India in the form of State's share of taxes and grants-in-aid contributions.

State's own resources consist of tax revenue and non-tax revenue. The share of tax revenue in revenue receipts was 10.23 *per cent* (₹ 293.92 crore) and non-tax revenue was 8.50 *per cent* (₹ 244.04 crore) during the year. Both tax revenue and non-tax revenue showed increase in 2011-12 compared to previous year.

Chart 1.5 : Trends in Revenue Receipts

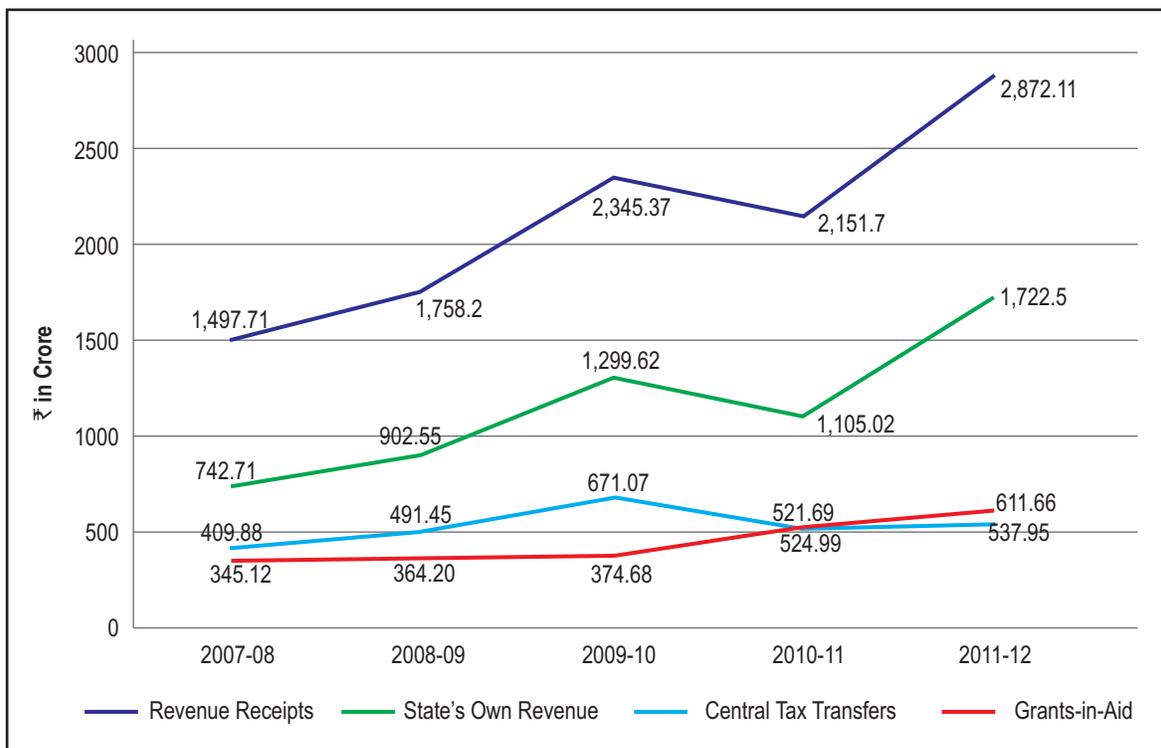
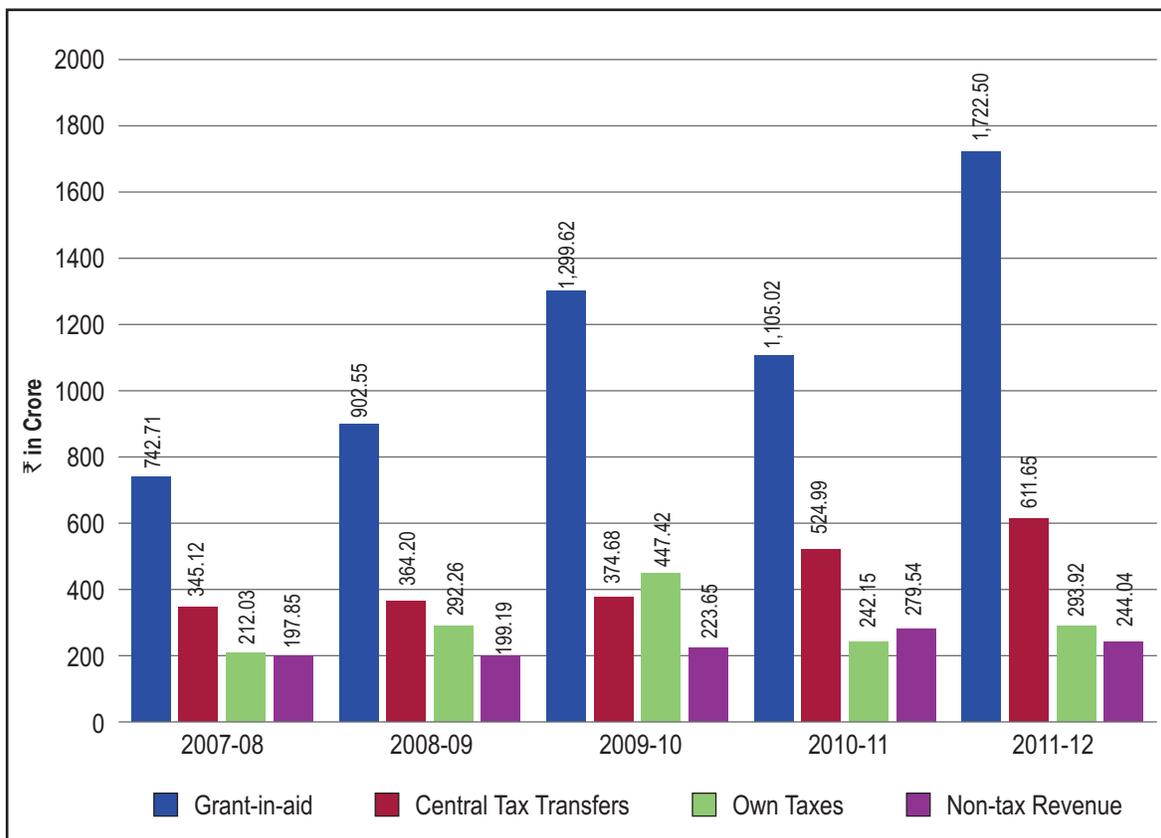


Chart 1.6 : Composition of Revenue Receipts



Source : Finance Accounts

The trends in revenue receipts relative to GSDP are presented in **Table 1.8**.

**Table 1.8: Trends in revenue receipts relative to GSDP**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue receipts (RR) (₹ in crore)	1,497.71	1,758.20	2,345.37	2,151.70	2,872.11
GSDP (₹ in crore)	2,506.09	3,229.08	6,132.76	7,144.55	8,399.88
Rate of growth of GSDP ( <i>per cent</i> )	15.96	28.85	89.92	16.50	17.57
Rate of Growth of RR ( <i>per cent</i> )	24.47	17.39	33.40	(-) 8.26	33.48
Rate of Growth of State's own tax ( <i>per cent</i> )	14.25	0.68	12.28	24.99	5.14
RR/GSDP ( <i>per cent</i> )	59.76	54.44	38.24	30.11	34.19
<b>Buoyancy ratios<sup>9</sup></b>					
Revenue buoyancy w.r.t. GSDP	1.53	0.60	0.37	(-) 0.50	1.91
State's own tax buoyancy w.r.t. GSDP	0.89	0.02	0.13	1.51	0.29
Revenue buoyancy w.r.t. State's own taxes	1.72	25.57	2.72	(-) 0.33	6.51

Source : Finance Accounts

The rate of growth of revenue receipts during 2011-12 had increased by 33.48 *per cent* as compared to previous year. Revenue buoyancy widely fluctuated during the period due to fluctuations in the growth rate of revenue receipts. Revenue buoyancy which was lowest during 2010-11 increased to 1.91 in 2011-12 due to increase in the growth rate of revenue receipts.

The tax revenue of the State during 2011-12 increased marginally by 5.14 *per cent* as compared to the previous year.

### 1.6.1. State's own resources

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

The State's actual tax and non-tax receipts for the year 2011-12 vis-à-vis assessment made by XIII FC and Medium Term Fiscal Plan (2009-13) are given in **Table 1.9**.

**Table 1.9: XIII FC recommendations vis-à-vis the actuals**

(₹ in crore)

Receipts	XIII FC projection	Budget Estimates	MTFP projections		Actuals
			Amount	(% to GSDP)	
Tax Revenue	228.38	269.19	336.84	4.01	293.91
Non-Tax Revenue	322.64	362.31	343.55	4.09	244.04

The State exceeded the target set by XIII FC in respect of Tax Revenue by ₹ 65.53 crore but fell short of target in respect of Non-Tax Revenue by ₹ 78.60 crore in the current year. However, the State failed to achieve the target set by the MTFP relative to GSDP percentage both in tax and non-tax revenue by 0.51 and 1.18 *per cent* respectively. Further, the State could not

<sup>9</sup>Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.7 implies that revenue receipts tend to increase by 0.7 percentage points, if the GSDP increases by one per cent.

achieve the target set as per budget estimates in respect of non-tax revenue which was lower by ₹ 118.27 crore. The tax revenue was more by ₹ 24.72 crore than the budget estimate during the year. As per MTFP, the relative share in the revised estimates for the year 2011-12 had considerably declined due to the disruption experienced to business and trade activities due to the earthquake in the State.

### **Tax Revenue**

Taxes on sales, trade, etc. were the main sources of the State's tax revenue with a contribution of 42.25 per cent followed by State Excise (32.75 per cent), Taxes on vehicles (5.63 per cent), Stamps and Registration Fees (2.81 per cent), Land Revenue (1.57 per cent) and Taxes on Income other than Corporation Tax (1.65 per cent). The trends in the major constituents of tax revenue during the period 2007-12 are shown in **Table 1.10**.

**Table 1.10: Tax Revenue**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Taxes on sales, trade, etc.	81.32	101.14	121.07	142.74	124.19
Rate of growth	8.18	19.59	16.46	15.18	(-)13.00
State Excise	37.94	46.47	57.27	70.64	96.26
Rate of Growth	12.20	18.35	18.85	18.92	36.27
Stamps & Registration Fees	4.26	4.35	4.48	5.70	8.27
Rate of Growth	40.84	2.06	2.90	21.60	45.09
Taxes on vehicles	6.22	6.94	7.88	10.66	16.56
Rate of Growth	4.34	10.37	11.92	26.07	55.35
Land Revenue	2.75	1.95	2.71	7.33	4.61
Rate of Growth	252.56	(-)29.09	38.97	170.48	(-)37.11

Source : Finance Accounts

The rate of growth of taxes on sales, trade, etc., during 2011-12 declined by 13 per cent (₹ 18.55 crore) due to decrease in receipts under Central Sales Tax, State Sales Tax and Trade Tax (SVAT) as compared to previous year. The growth rate of State Excise stood at 36.26 per cent (₹ 25.62 crore) as compared to previous year due to increase in collection in foreign liquors & spirits and medicinal & toilet preparations containing alcohol, opium, etc.

Stamps and Registration Fees had shown increase by 45.09 per cent (₹ 2.57 crore) due to increase in sale of Judicial Stamps. Taxes on vehicles had shown 55.35 per cent increase in 2011-12 due to increase in receipts under the State Motor Vehicles Taxation Acts whereas Land Revenue had decreased by 37.11 per cent due to less collection of Land Revenue.

### **Cost of collection**

The gross collection of taxes on motor vehicles, taxes on sales, trade, etc., stamp duty and registration and State excise, expenditure incurred on their collection and its percentage to gross collection during the years 2009-12 along with their all India average cost of collection for the year 2010-11 are indicated in **Table 1.11**.

Table 1.11: Details of cost of collection

(₹ in crore)

Receipt	Year	Gross Collection	Expenditure on collection	Percentage of cost of collection to gross collection	All India average percentage for 2010-11
Motor vehicles	2009-10	7.88	1.34	17.01	3.71
	2010-11	10.66	1.13	10.60	
	2011-12	16.56	1.32	7.97	
Taxes on sales, trade, etc.	2009-10	121.07	3.75	3.10	0.75
	2010-11	142.74	3.28	2.30	
	2011-12	124.19	6.08	4.90	
Stamp duty and registration	2009-10	4.48	0.38	8.48	1.60
	2010-11	5.70	0.20	3.51	
	2011-12	8.27	0.13	1.57	
State excise	2009-10	52.27	3.62	6.32	3.05
	2010-11	70.64	3.93	5.56	
	2011-12	96.26	3.87	4.02	

Source : Finance Accounts

The percentage of expenditure on collection during 2011-12, as compared to the corresponding all India average percentage for 2010-11, was much higher except in case of Stamp duty and registration.

### Non-tax revenue

During 2007-12, on an average, interest receipts, dividends and profits contributed 2.43 per cent in non-tax revenue and receipts (gross) from lotteries and fees, fines, etc., contributed 79.97 and 5.54 per cent respectively. User charges from Social and Economic Services contributed 0.36 and 13.13 per cent respectively on an average in non-tax revenue and the rest came from other receipts.

Table 1.12: Composition of non-tax revenue

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Average percentage composition during 2007-12	
						Interest, dividends, user charges, fees, fines	Others
<b>Interest receipts, dividends and profits</b>	15.78 (1.12)	27.25 (2.26)	44.64 (3.29)	30.51 (2.68)	29.39 (2.81)	2.43	
<b>General services</b>							
Receipts (gross) from State Lotteries	1,232.55 (87.18)	957.00 (79.40)	949.92 (70.03)	938.15 (82.46)	844.15 (80.81)		79.97
Other general receipts	25.19 (1.78)	17.80 (1.48)	22.58 (1.66)	22.04 (1.94)	22.12 (2.12)	1.80	
Relief under DCRF	-	-	-	-	-	-	
Fees, fines, etc.	2.59 (0.18)	3.16 (0.26)	7.71 (0.57)	4.80 (0.42)	9.44 (0.90)	5.54	
<b>Economic services</b>	131.22	192.34	322.57	117.13	131.19		
Write-back from Public Account	-	-	-	-	-		
Pooling of cess collection	-	-	-	-	-		

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	Average percentage composition during 2007-12	
						Interest, dividends, user charges, fees, fines	Others
Other receipts	17.86 ( 1.26)	19.20 ( 1.59)	15.71 ( 1.16)	3.61 (0.32)	19.47 (1.86)		1.23
User charges	113.36 (8.02)	173.14 ( 14.36)	306.86 (22.62)	113.52 (9.98)	111.72 (10.70)	13.14	
<b>Social services</b>							
User charges	3.66 ( 0.26)	4.50 (0.37)	4.35 ( 0.32)	4.73 (0.42)	4.85 (0.46)	0.37	
Other receipts	2.75 ( 0.19)	3.26 (0.27)	4.67 (0.34)	20.41 (1.79)	3.43 (0.33)		0.58
<b>Total</b>	<b>1,413.74</b>	<b>1,205.31</b>	<b>1,356.44</b>	<b>11,37.75</b>	<b>1,044.57</b>		

Source: Finance Accounts

Figures in brackets indicate percentage on total receipts

The trend of non-tax revenue was fluctuating during all the years. During 2008-09, the non-tax revenue decreased by ₹ 208.43 crore (14.74 per cent) and increased during 2009-10 by ₹ 151.13 crore (12.54 per cent) and again decreased during 2010-11 and 2011-12 by ₹ 218.69 crore (19.22 per cent) and by ₹ 93.18 crore (8.19 per cent) respectively. There was positive growth of 0.36 per cent in General Services and 12.97 per cent in Economic Services during the year.

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 & Family Welfare, Water Supply & Sanitation and Irrigation during 2011-12 are given in **Table 1.13**.

**Table 1.13: 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 per cent)
Education, sports, art and culture	1.35	301.75	0.45
Health and family welfare	1.27	73.90	1.72
Water supply and sanitation	2.90	9.50	30.53
Irrigation	0.28	2.22	12.61

Source: Finance Accounts

Cost recovery in respect of Education, Sports, Art and Culture during the year was 0.45 per cent being the lowest and the highest was 30.53 per cent pertaining to Water supply and sanitation. In respect of Health & Family Welfare and Irrigation, the cost recovery remained at 1.72 and 12.61 per cent respectively.

### 1.6.2 Grants-in-aid from GOI

Grants-in-aid from GOI increased from ₹ 1,105.02 crore in 2010-11 to ₹ 1,722.50 crore in 2011-12 as shown in **Table 1.14**.

**Table 1.14: Grants in aid from GOI**

(₹ in crore)

Grants	2007-08	2008-09	2009-10	2010-11	2011-12
Non-Plan Grants	27.46	66.61	28.79	121.32	345.74
Grants for State Plan schemes	455.22	635.23	1,026.19	799.88	1,145.02
Grants for Central Plan Schemes	4.51	4.20	4.63	5.30	3.56
Grants for Centrally Sponsored Plan Schemes	160.22	168.06	187.14	146.08	168.53
Grants for Special Plan Schemes (NEC)	35.74	28.44	52.87	32.44	59.65
<b>Total</b>	<b>683.15</b>	<b>902.54</b>	<b>1,299.62</b>	<b>1,105.02</b>	<b>1,722.50</b>

Source: Finance Accounts

The GOI grants increased by ₹ 617.48 during 2011-12 over the previous year due to increase in non-plan grants (₹ 224.42 crore), State Plan schemes (₹ 345.14 crore), Grants for Centrally Sponsored Plan Schemes (₹ 22.45 crore), and Grants for Special Plan Schemes (NEC) (₹ 27.21 crore). However, there was marginal decline of ₹ 1.74 crore in Grants for Central plan schemes. During 2011-12, grants-in-aid included Plan grants under XIII Finance Commission (FC) of ₹ 24.72 crore towards Environment related Grant (Forest) (₹ 5.07 crore) and State's Specific Grants (₹ 19.65 crore).

### 1.6.3 Central tax transfers

There was an increase in the State's Share of Union taxes and duties in all components as compared to the previous year, viz., Corporation Tax of ₹ 35.54 crore (17.32 per cent), Taxes on Income other than Corporation Tax of ₹ 13.85 crore (12.77 per cent), Wealth tax of ₹ 51.00 crore (121.42 per cent), Customs of ₹ 14.26 crore (15.54 per cent), Union Excise duties of ₹ 1.83 crore (2.74 per cent) and Service Tax of ₹ 20.67 crore (39.45 per cent).

### 1.6.4 Optimisation of XIII FC

The Commission had recommended ₹ 55.09 crore as transfer to the State in the areas indicated in the Table below during 2010-11:

Table 1.15 Funds received from GOI

(₹ in crore)

Sl No.	Transfers	Total Grant recommended by XIII FC for 5 years (2010-11 to 2014-15)	Recommendation of FC for 2010-11	Actual release	Expenditure under relevant revenue heads of account	Unutilised amount
<b>1</b>	<b>Local Bodies</b>					
	(i) General Basic Grant					
	(a) PRI	120.71	17.16	8.58	8.58	Nil
	(b) ULB	1.69	0.24	0.12	0.12	Nil
	(ii) General Performance Grant					
	(a) PRI	63.90	Nil	Nil	Nil	Nil
	(b) ULB	0.90	Nil	Nil	Nil	Nil
<b>2</b>	<b>Disaster Relief</b>					
	(i) Central Share (90%)	113.14	20.48	10.24	10.24	Nil
	(ii) State Share	12.56	2.27	2.27	2.27	Nil
	(iii) Capacity Building for disaster response	5.00	1.00	1.00	1.00	Nil
<b>3</b>	<b>Elementary Education</b>	5.00	1.00	1.00	1.00	Nil
<b>4</b>	<b>Improving outcome grants</b>					
	(i) Improvement in Justice Delivery	21.80	4.35	*4.36	0.52	3.84
	(ii) Incentives for issuing UIDS	1.10	0.22	0.11	Nil	0.11
	(iii) District Innovation Fund	4.00	Nil	Nil	Nil	Nil
	(iv) Statistical System Improvement	4.00	0.80	Nil	Nil	Nil
	(v) Employee & Pension Data Base	5.00	2.50	2.50	0.71	1.79
<b>5</b>	<b>Environment related grant</b>					
	(i) Forest	40.56	5.07	5.07	5.04	0.03
	(ii) Water Sector Management (Irrigation)	4.00	Nil	Nil	Nil	Nil
<b>6</b>	<b>Maintenance of Roads &amp; Bridges</b>	68.00	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>471.36</b>	<b>55.09</b>	<b>35.25</b>	<b>29.48</b>	<b>5.77</b>

\*₹ 0.01 crore received in excess

As of March 2011, the State Government had received grants aggregating ₹ 35.24<sup>10</sup> crore against recommendation of ₹ 55.09 crore. The balance (₹ 19.85 crore), pertaining to General Basic Grant (PRI) (₹ 8.58 crore), ULB (₹ 0.12 crore), Disaster Relief (Central share) (₹ 10.24 crore), Incentives for issuing UIDS (₹ 0.11 crore) and Statistical System Improvement (₹ 0.80 crore) was not received. Against the said release, ₹ 5.77 crore remained unutilised.

Similarly, Commission had recommended ₹ 180.93 crore (including State Specific Grant) as transfer to the State in the areas indicated in **Tables 1.16** and **1.17** during 2011-12.

<sup>10</sup>Excluding ₹ 0.01 crore received in excess in respect of 'Improvement in Justice Delivery'

Table 1.16: Grant received from GOI for the Specific areas

(₹ in crore)

Sl No.	Transfers	Recommendation of FC for 2011-12	Actual Release	Expenditure under relevant revenue heads of account	Unutilised amount
<b>1</b>	<b>Local Bodies</b>				
	(i) General Basic Grant				
	(a) PRI	19.92	21.73**	18.35	3.38
	(b) ULB	0.28	Nil	Nil	Nil
	(ii) General Performance Grant				
	(a) PRI	6.80	1.06	Nil	1.06
	(b) ULB	0.10	0.02	Nil	0.02
<b>2</b>	<b>Disaster Relief</b>				
	(i) Centre Share (90%)	21.50	21.50	21.50	Nil
	(ii) State Share	2.39	2.39	2.39	Nil
	(iii) Capacity Building for disaster response	1.00	1.00	0.47	0.53
<b>3</b>	<b>Elementary Education</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>Nil</b>
<b>4</b>	<b>Improving outcome grants</b>				
	(i) Improvement in Justice Delivery	4.35	Nil	Nil	Nil
	(ii) Incentives for issuing UIDS	0.22	Nil	Nil	Nil
	(iii) District Innovation Fund	2.00	2.00	1.85	0.15
	(iv) Statistical System Improvement	0.80	0.80	Nil	0.80
	(v) Employee & Pension Data Base	0.50	Nil	Nil	Nil
<b>5</b>	<b>Environment related grant</b>				
	(i) Forest	5.07	5.07	5.02	0.05
	(ii) Water Sector Management (Irrigation)	1.00	Nil	Nil	Nil
<b>6</b>	<b>Maintenance of Roads &amp; Bridges</b>	<b>14.00</b>	<b>14.00</b>	<b>13.86</b>	<b>0.14</b>
	<b>Total (A)</b>	<b>80.93</b>	<b>70.57</b>	<b>64.44</b>	<b>6.13</b>

Table 1.17: State Specific Grant

(₹ in crore)

Sl No.	Transfers	Recommendation of FC for 2011-12	Actual Release	Expenditure under relevant revenue heads of account	Unutilised amount
1	<b>Sky Walk at Bhalay Dhunga</b>	50.00	50.00	Nil	50.00
2	<b>Development of Village Tourism</b>	20.00	20.00	Nil	20.00
3	<b>Repairs and Renovation</b>				
	(i) Suspension Bridges (North Sikkim)	8.75	8.75	5.42	3.33
	(ii) Upgradation of Namchi Water Supply and overhauling of Changay source for Gayalzing and Rabdentse Water supply	5.00	5.00	5.00	Nil
4	<b>Police Training and Infrastructure</b>				
	(i) Police Training Centre at Yangang	2.50	2.40	1.64	0.76
	(ii) Residential and Non-residential building for Police force	3.75	3.50	1.24	2.26
5	<b>Border Area Development</b>				
	(i) Additional storage facilities for commodities	1.50	1.58**	Nil	1.58
	(ii) Reinforcement of existing security infrastructure new checkpost, improving road, security equipment, etc.	3.75	7.95**	Nil	7.95
6	<b>Establishment of a State Capacity Building Institute at Burtuk</b>	2.50	Nil	Nil	Nil
7	<b>Conservation of Heritage and Culture</b>	2.25	Nil	Nil	Nil
	<b>Total (B)</b>	<b>100.00</b>	<b>99.18</b>	<b>13.30</b>	<b>85.88</b>
	<b>Grand Total(A+B)</b>	<b>180.93</b>	<b>169.75</b>	<b>77.74</b>	<b>92.01</b>

\*\*₹ 6.09 crore received in excess.

As of March 2012, the State Government had received grants aggregating ₹ 163.66<sup>11</sup> crore including State Specific Grant of ₹ 99.18 crore as against recommendation of ₹ 180.93 crore. The balance (₹ 17.27 crore) pertaining to General Basic Grant (ULB) (₹ 0.28 crore), General Performance Grant (PRI) (₹ 5.74 crore) and ULB (₹ 0.08 crore), Incentives for issuing UIDS (₹ 0.22 crore), Improvement in Justice Delivery (₹ 4.35 crore), Employee and Pension Database (₹ 0.50 crore), Water Sector Management (₹ 1.00 crore), Police Training Centre (₹ 0.10 crore), Residential and Non-residential Building for Police Force (₹ 0.25 crore), Establishment of Capacity Building (₹ 2.50 crore) and Conservation of Heritage and Culture (₹ 2.25 crore) was not received. Against the said release, ₹ 92.01 crore remained unutilised.

<sup>11</sup>Excluding ₹ 6.09 crore received in excess in respect of i) General Basic Grant PRI, ii) Additional storage facilities for commodities and iii) Reinforcement of existing security infrastructure, new checkpost, improving road, security improvement, etc.

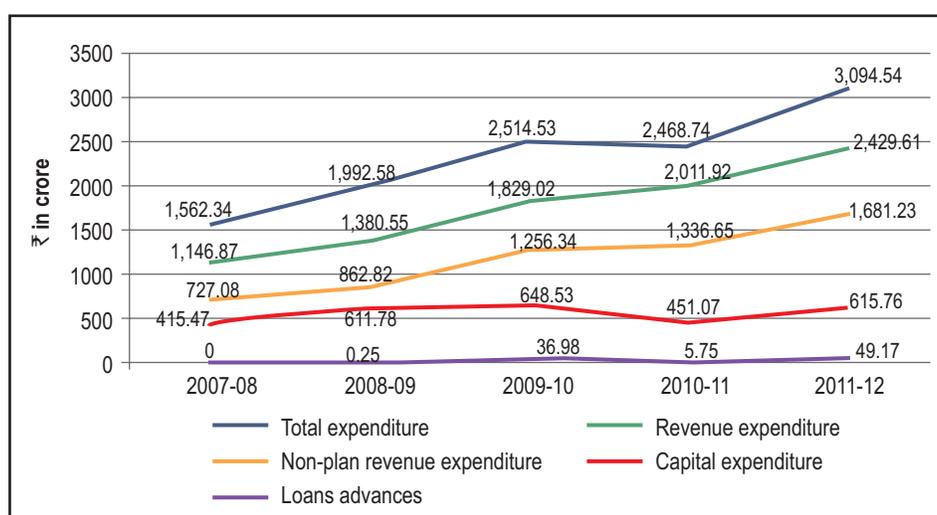
## 1.7 Application of resources

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 expenditure, especially expenditure directed towards development and social sectors.

### 1.7.1 Growth and composition of expenditure

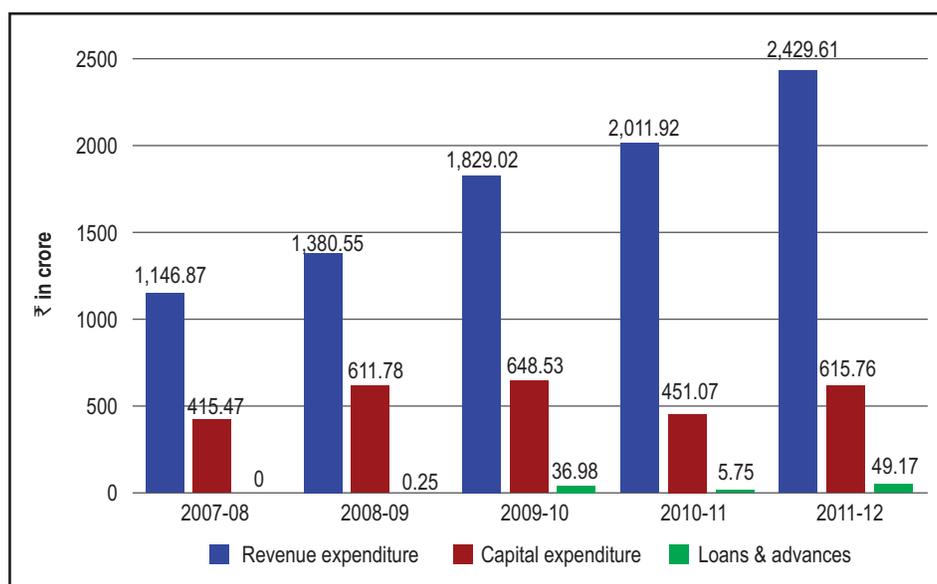
**Chart 1.7** presents the trends in total expenditure under revenue, capital and loans and advances while **Chart 1.8** exhibits the share of these components in total expenditure.

**Chart 1.7 : Total expenditure trends and compositions**



Source : Finance Accounts

**Chart 1.8 : Total expenditure: Trends in share of its components**



Total expenditure increased by 98.07 *per cent* from ₹ 1,562.34 crore in 2007-08 to ₹ 3,094.54 crore in 2011-12 due to increase in revenue expenditure (₹ 1,282.74 crore), Capital outlay (₹ 200.29 crore) and disbursement of loan and advances (₹ 49.17 crore).

During the period 2007-12, on an average, 75 *per cent* of the total expenditure was revenue expenditure. The share of revenue expenditure in the total expenditure decreased from 73 *per cent* in 2007-08 to 69 *per cent* in 2008-09 and after recording increase during 2009-10 and 2010-11, it decreased to 79 *per cent* in 2011-12 from 81 *per cent* of 2010-11. The share of capital expenditure had been fluctuating during all the years. The expenditure on capital sector during 2010-11 decreased by ₹ 197.46 crore and again it increased by ₹ 164.69 crore during the current year.

## 1.7.2 Buoyancy of expenditure

### *Buoyancy of total expenditure*

Growth rates of total expenditure during 2007-12, its ratio and buoyancy with reference to GSDP and revenue receipts are presented in **Table 1.18**.

**Table 1.18: Total expenditure - Basic parameters**

(₹ in crore, ratio in per cent)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Total Expenditure (TE)	1,562.34	1,992.58	2,514.53	2,468.74	3,094.54
Rate of Growth (in <i>per cent</i> )	20.10	27.54	26.19	(-1.82)	25.35
GSDP	2,506.09	3,229.08	6,132.76	7,144.55	8,399.88
TE/GSDP (ratio)	62.34	61.71	41.00	34.55	36.84
Revenue receipts/TE (ratio)	95.86	88.23	93.27	87.16	92.81
Revenue expenditure	1,146.87	1,380.55	1,829.02	2,011.92	2,429.61
Rate of Growth (in <i>per cent</i> )	17.71	20.37	32.48	9.99	20.76
Revenue Receipts	1,497.71	1,758.20	2,345.37	2,151.70	2,872.11
Rate of Growth (in <i>per cent</i> )	24.47	17.39	33.40	(-) 8.26	33.48
Capital expenditure	415.47	611.78	648.53	451.07	615.76
Rate of Growth (in <i>per cent</i> )	21.43	32.08	5.66	(-)30.45	36.51
Buoyancy of TE with					
GSDP (ratio)	1.26	0.95	0.29	0.11	1.44
Revenue Receipts (ratio)	0.82	1.58	0.78	0.22	0.76
<b>Buoyancy of revenue expenditure with</b>					
GSDP	1.11	0.71	0.69	0.52	1.18
Revenue Receipts	0.72	1.17	0.97	(-)1.21	0.62
Buoyancy of Capital expenditure with					
GSDP	1.34	1.11	0.12	(-)1.58	2.08
Revenue receipts	0.87	1.84	0.16	(-)38.71	1.09

Source : Finance Accounts

During the period 2007-12, the growth rate of total expenditure was highest (27.54 *per cent*) in 2008-09 and lowest (-1.82 *per cent*) in 2010-11. The growth rate of total expenditure which was at (-) 1.82 *per cent* increased to 25.35 *per cent* in 2011-12.

In 2011-12, total expenditure was 1.08 times the revenue receipts. The buoyancy ratio of total expenditure to revenue receipts was around 0.76 *per cent* and the growth rate of total expenditure was less than the growth rate of revenue receipts by 1.32 times.

The growth rate of total expenditure (25.35 per cent) in 2011-12 was higher than the growth rate of GSDP (17.57 per cent) and the buoyancy of total expenditure to GSDP was 1.44 per cent in 2011-12 as compared to 0.11 per cent in 2010-11. Revenue receipts as a percentage of total expenditure stood at 92.81 per cent which meant that 92.81 per cent of the total expenditure could be met out of revenue receipts.

### ***Buoyancy of revenue expenditure***

The growth in revenue expenditure was lower than the growth of revenue receipts in 2011-12 and the growth of revenue expenditure was higher than the growth of GSDP. For every one per cent growth in GSDP revenue expenditure grew by 1.18 per cent.

### ***Buoyancy of capital expenditure***

During 2008-12, the growth in capital expenditure was higher than the growth rate of GSDP but was less than the revenue receipts in 2007-08. In 2008-09, the capital expenditure growth was higher than the growth of revenue receipts but was less than the growth of GSDP. During 2011-12, the growth rate of capital expenditure was higher than the revenue receipts and GSDP.

### **1.7.3 Plan and non-plan expenditure**

Finance Accounts provide a further classification of expenditure into plan and non-plan. Plan expenditure normally relates to incremental developmental expenditure on new projects or schemes and involves both revenue and capital expenditure. In order to maintain the level of services already achieved, non-plan expenditure is normally utilised. **Table 1.19** presents the growth and composition of plan and non-plan expenditure over the last five years.

**Table 1.19: Growth in plan and non-plan expenditure**

(₹ in crore)

Expenditure	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Plan	Revenue	419.79	517.73	572.68	675.27	748.38
	Capital	415.47	611.78	648.53	451.07	615.76
	Loan	Nil	0.25	36.98	5.75	49.17
	<b>Total</b>	<b>835.26</b>	<b>1,129.76</b>	<b>1,258.19</b>	<b>1,132.09</b>	<b>1,413.31</b>
	Percentage of plan to total expenditure	53	57	50	46	46
Non-plan	Revenue	727.08	862.82	1256.34	1336.65	1681.23
	Capital	-	-	-	-	-
	Loan	-	-	-	-	-
	<b>Total</b>	<b>727.08</b>	<b>862.82</b>	<b>1,256.34</b>	<b>1,336.65</b>	<b>1,681.23</b>
	Percentage of non-plan to total expenditure	47	43	50	54	54
<b>Total Expenditure</b>	<b>1,562.34</b>	<b>1,992.58</b>	<b>2,514.53</b>	<b>2,468.74</b>	<b>3,094.53</b>	

Source : Finance Accounts

The share of plan expenditure in the total expenditure, exhibiting increasing trend since 2007-08, indicates productive quality of expenditure.

During the period 2007-12, while the plan expenditure increased by 69.20 per cent from ₹ 835.26 crore in 2007-08 to ₹ 1,413.30 crore in 2011-12, non-plan expenditure increased by 131.23 per cent from ₹ 727.08 crore to ₹ 1,681.23 crore.

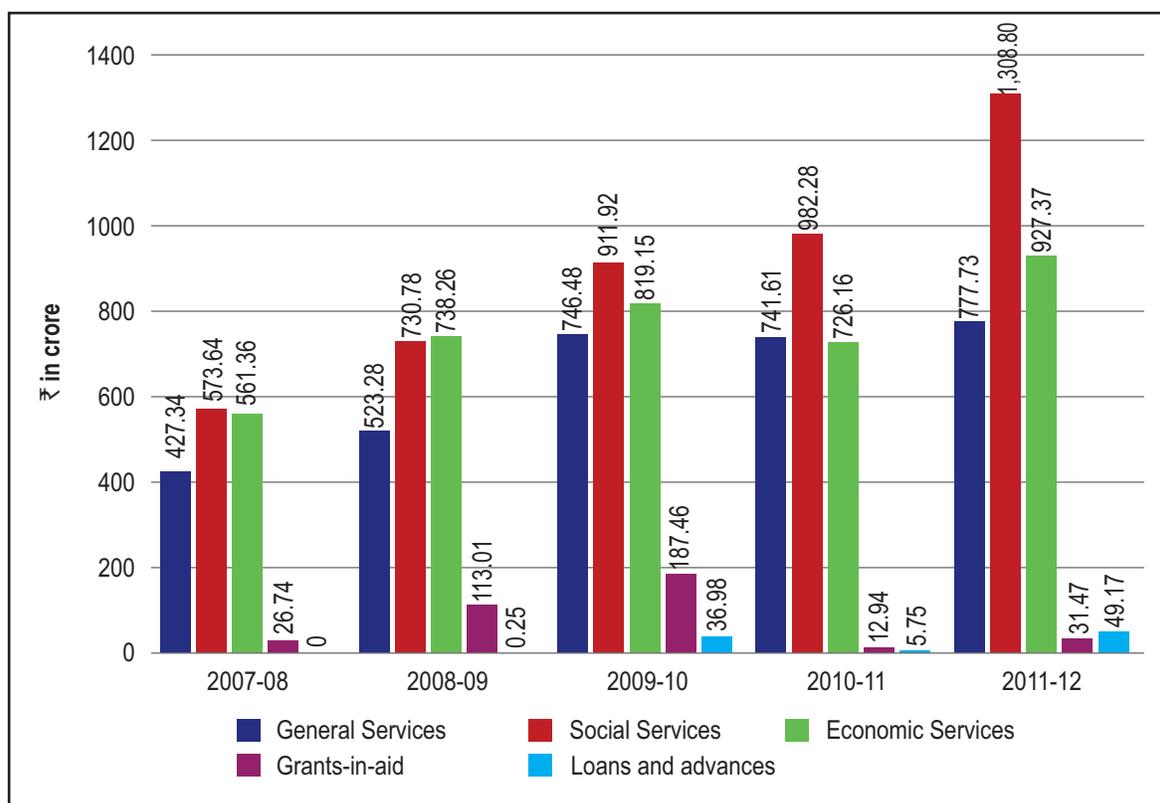
The NPRE increased by ₹ 344.58 crore (25.78 per cent) compared to previous year comprising General Services ₹ 53.06 crore, Social Services ₹ 229.14 crore and Economic Services ₹ 62.38 crore.

The share of salary expenditure (under social services) in total revenue expenditure in 2011-12 was 26.53 per cent as compared to 31.95 per cent in 2010-11 which was a decrease of 5.42 per cent.

### 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 and 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**.

**Chart 1.9 : Total expenditure: Trends in activities**



Source : Finance Accounts

The expenditure on general services and interest, which are considered as non-developmental, together contributed 25.13 per cent in 2011-12 as against 30.04 per cent in 2010-11 and 27.35 per cent in 2007-08. On the other hand, developmental expenditure i.e., expenditure on social and economic services together accounted for 55.10 per cent in 2011-12 as against 59.45 per

cent in 2010-11 and 63.28 per cent in 2007-08. This indicates that the non-developmental expenditure had decreased by 2.22 per cent as compared to 2007-08 and the developmental expenditure decreased by 8.18 per cent over the same period.

### 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 make payment for past obligations and as such does not result in any addition to the State's infrastructure and services network.

Revenue expenditure increased by 111.85 per cent from ₹ 1,146.87 crore in 2007-08 to ₹ 2,429.61 crore in 2011-12. The revenue expenditure of the State increased by 20.76 per cent from ₹ 2,011.92 crore in 2010-11 to ₹ 2,429.61 crore in 2011-12. The Non-Plan Revenue Expenditure (NPRE) constituted 69.20 per cent of the revenue expenditure and had increased by ₹ 344.58 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 73.10 crore from ₹ 675.27 crore in 2010-11 to ₹ 748.38 crore in 2011-12.

The buoyancy of revenue expenditure with reference to GSDP was 1.18 per cent whereas the buoyancy of revenue expenditure with reference to receipts was 0.62 per cent during 2011-12.

NPRE was a major component (69.20 per cent) during 2011-12. Only 30.80 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 1.20** and **Chart 1.10** present the trends in the expenditure on these components during 2007-12.

**Table 1.20: Committed expenditure**

(₹ in crore)

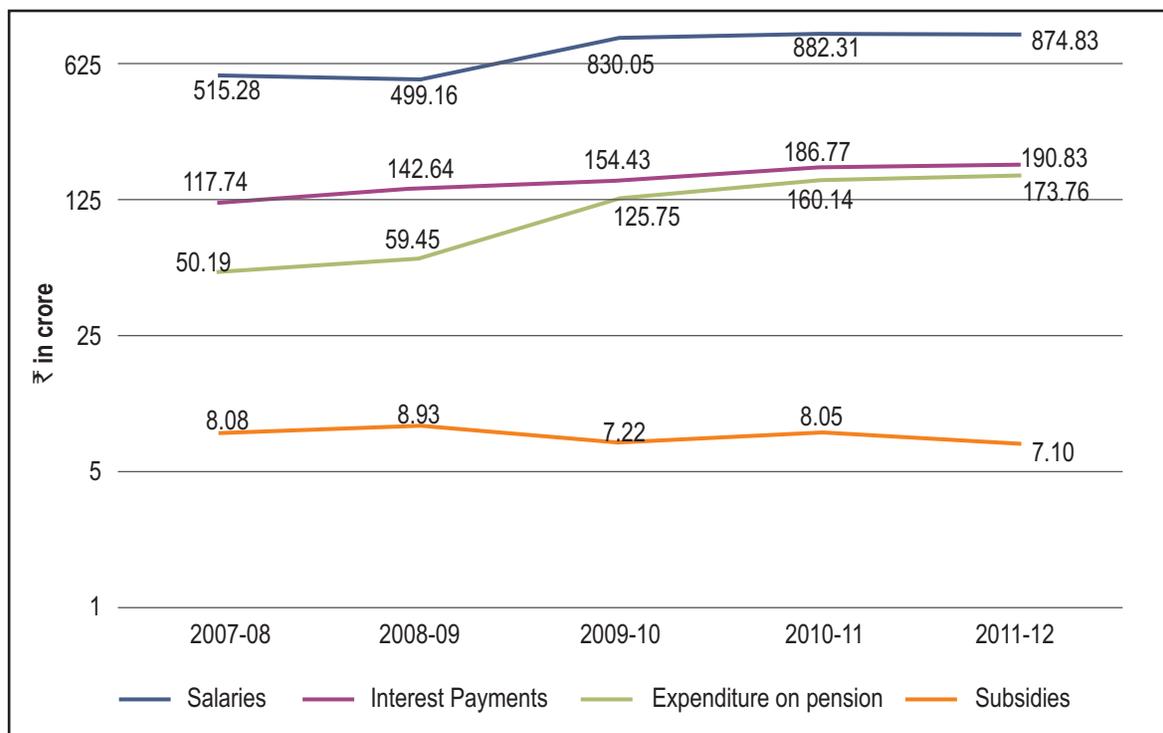
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Salaries, of which	515.28 (70.87)	499.16 (57.85)	830.05 (66.07)	882.31 (66.01)	874.83 (52.03)
Non-plan head	373.07	358.62	646.68	629.64	642.14
Plan head*	142.21	140.54	183.37	252.68	232.69
Interest payments	117.74 (16.19)	142.64 (16.53)	154.43 (12.29)	186.77 (13.97)	190.83 (11.35)
Expenditure on pension	50.19 (6.90)	59.45 (6.89)	125.75 (10.01)	160.14 (11.98)	173.76 (10.33)
Subsidies	8.08 (1.11)	8.93 (1.03)	7.22 (0.57)	8.05 (0.60)	7.10 (0.42)
<b>Total</b>	<b>691.29</b>	<b>710.18</b>	<b>1,117.45</b>	<b>1,237.27</b>	<b>1,246.52</b>
<i>As per cent of Revenue Receipts</i>					
Salaries	34.40	28.39	35.39	41.01	30.45
Interest Payments	7.86	8.11	6.58	8.68	6.64
Pension	3.35	3.38	5.36	7.44	6.04
Subsidies	0.54	0.51	0.003	0.37	0.24

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

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

Source: Finance Accounts

Chart 1.10 : Committed expenditure during 2007-12



### *Expenditure on salaries*

Salaries alone accounted for 30.45 *per cent* of revenue receipts of the State during the year. Salaries decreased by 0.85 *per cent* from ₹ 882.31 crore in 2010-11 to ₹ 874.83 crore in 2011-12. The expenditure on salaries was 36.01 *per cent* of the revenue expenditure.

### *Pension payments*

Pension payments increased by ₹ 13.62 crore from ₹ 160.14 crore in 2010-11 to ₹ 173.76 crore in 2011-12. Increase in pension payment during the year was due to increase of 587 pensioners in the State. Pension payment accounted for 6.04 *per cent* of the revenue receipts.

### *Interest payments*

Interest payments increased by 2.17 *per cent* from ₹ 186.77 crore in 2010-11 to ₹ 190.83 crore in 2011-12. Interest payments of ₹ 190.83 crore in 2011-12 consisted of internal debt & market loans (₹ 137.18 crore), Small Savings, Provident Fund, etc. (₹ 43.57 crore) and loans received from Central Government (₹ 10.08 crore). The interest payments during 2011-12 exceeded the normative projections of XIII FC by ₹ 40.08 crore.

**Table 1.21: XIII FC recommendation vis-à-vis the actual of Non-Plan Revenue Expenditure during 2011-12**

Sectors	XIII FC	Actuals
Salary	600.26	642.14
Interest Payments	150.75	190.83
Pension	85.97	173.76
Other General Services	69.60	97.07
Social Services	57.53	445.58
Economic Services	34.79	100.38
Grants in aid	Nil	31.47
<b>Total</b>	<b>998.90</b>	<b>1,681.23</b>

The table indicates that the State failed to contain its NPRE to the level recommended by the XIII FC. During 2011-12, NPRE was 68.31 *per cent* (₹ 682.33 crore) more than the XIII FC recommendation.

### **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.

Finance Accounts (Appendix III) showed an explicit subsidy of ₹ 8.07 crore (2007-08), ₹ 8.93 crore (2008-09), ₹ 7.22 crore (2009-10), ₹ 8.05 crore (2010-11) and ₹ 7.10 crore (2011-12) during the last five years. Subsidy payments during the year were mainly for Food (₹ 7.10 crore). The details are given in **Box 1**.

Food, Civil Supplies and Consumer Affairs Department stated that the increase in Food subsidy was due to the Government policy of introducing a new scheme, allocating 15 kgs of rice to the 16,000 BPL families having more than 5 family members in addition to the normal quota of 35 kgs of rice per family.

### **BOX 1**

#### **Major subsidies**

##### **Horticulture**

During 2008-09, a subsidy of ₹ 2.50 crore (₹ 200 lakh for Minimum Support Price (MSP) and ₹ 50 lakh for Transport Subsidy (TS)) was allocated for providing price support and subsidy to the vegetable, fruit and flower growers in the State. Out of ₹ 2.50 crore, the Department transferred (September 2008) an amount of ₹ 2 crore to the four district offices at the rate of ₹ 50 lakh. Besides, out of the Transport Subsidy of ₹ 50 lakh, an amount of ₹ 2.37 lakh was utilised and the balance of ₹ 47.63 lakh surrendered to the Government.

The Finance Accounts (2008-09) and departmental figure showed the expenditure on

subsidy (both Minimum Support Price and Transport Subsidy) during 2008-09 as ₹ 2.02 crore. However, scrutiny of records revealed the expenditure to be ₹ 40.84 lakh only. As such, balance under MSP subsidy fund at the end of year 2008-09 in the joint bank account worked out to ₹ 1.62 crore.

In spite of availability of ₹ 1.62 crore in the bank accounts, ₹ 50 lakh and ₹ 1 crore was allocated for MSP in the budget of 2009-10 and 2010-11 respectively. Out of this, ₹ 0.97 lakh was spent on TS and the balance of ₹ 49.03 lakh was surrendered in 2009-10 and the entire amount was reappropriated during 2010-11. An amount of ₹ 62.61 lakh was spent as of September 2010 on account of MSP.

### ***Co-operation***

Subsidy in the co-operative sector predominantly represented transport and marketing subsidy given to Multi-Purpose Co-operative Societies (MPCS) and Sikkim State Co-operative Supply & Marketing Federation (SIMFED). Such subsidies aggregated to ₹ 133.70 lakh during 2007-12.

The Government of Sikkim approved (September 2010) the proposal of SIMFED for a margin money assistance from National Cooperative Development Corporation, New Delhi to the tune of ₹ 5 crore comprising of 75 *per cent* Loan (₹ 3.75 crore) and 25 *per cent* Subsidy (₹ 1.25 crore) to strengthen the working capital base of consumer business and to strengthen the operations of consumer business by tying up with manufacturers and authorised agencies thereby providing consumer goods at the most effective price. Though the SIMFED certified that the subsidy of ₹ 1.25 crore was utilised during 2010-11 and 2011-12, the detailed records for expenditure on subsidy could not be made available to audit.

A subsidy of ₹ 7.25 lakh was given during 2007-08 as a 50 *per cent* financial assistance to the Sikkim Consumer Cooperative Society (SCCS) over the total project cost of ₹ 14.50 lakh for computerisation of the Society's office.

### ***Food***

Food subsidy is given to meet the differential cost of food grains under Public Distribution System (PDS). The Food, Civil Supplies and Consumer Affairs Department, under the PDS implemented six different rice subsidy schemes during 2007-12 for various categories of people as tabled below:

**Table 1.22: Implementation of different rice subsidy schemes under PDS**

Sl. No.	Scheme	Categories of beneficiaries	Rice entitlement
1	BPL Scheme	BPL	35 kg per month per family @ ₹ 4/ kg
2	Mukhya Mantri Antodaya Annadan Yojana	Poorest of the poor	35 kg per month per family free of cost
3	Expanded Antodaya Annadan Yojana	Poor	35 kg per month per family @ ₹ 3/kg
4	Annapura Scheme	Helpless aged people above 65 who have no one to support	10 kg per head free of cost
5	Mukhya Mantri Khadya Suraksha Abhiyan	Marginal BPL families	35 kg per month per family @ ₹ 4/kg
6	Welfare Institutions/ Nariniketan Scheme	Welfare Institutions, Orphanages, Monastic Schools where inmates/residents are provided with free meals	5 kg per inmate per month @ ₹ 4/kg

The Department provided subsidised rice to 47,434 General Caste families, 11,704 Scheduled Tribe families, 2,899 Scheduled Caste families and 2,278 inmates/persons under the Welfare Institutions, etc., during 2007-12 at a cost of ₹ 53.37 crore including ₹ 11.02 crore for 2011-12. Further, during 2011-12, the Government implemented a scheme by providing additional 15 kg of rice to the 16,000 BPL families having more than 5 family members and incurred an amount of ₹ 56.59 lakh.

### *Investment to the Co-operative Societies*

The Co-operation Department invested in the Co-operative Societies during the last five years. Against the cumulative investment of ₹ 2.20 lakh in Multi-Purpose Co-operative Societies, no dividend had accrued to the Government till 2011-12.

**Table 1.23: Investment to the Co-operative Societies***(₹ in lakh)*

Year	Name of Society	Investment during the year	Up to date investments	Interest/ dividend received	Rate of interest/ dividend per cent
2007-08	Smalick Marchak MPCs Ltd., East Sikkim.	0.30	0.30	Not received.	-
	Burtuk Chandmari MPCs Ltd., East Sikkim.	0.30	0.30	Not received	-
	Ravong Sangmo MPCs Ltd., South Sikkim.	0.30	0.30	Not received	-
	Dhupidara Narkhola MPCs Ltd., West Sikkim.	0.30	0.30	Not received	-
2008-09	Nil				
2009-10	Kewzing MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	Tingrihang MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	Nagi Phampok MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	Niya Manzing MPCs Ltd., South Sikkim	0.10	0.10	Not received	-
2010-11	Nil	Nil	Nil	Nil	-
2011-12	Nil	Nil	Nil	Nil	-
	<b>Total:</b>	<b>2.20</b>	<b>2.20</b>		

The Department had not produced the records relating to the terms and conditions of the investments made in the Societies and also failed to pursue the matter with the concerned

Societies regarding interest dividend.

### **Subsidies to Statutory Corporations/Banks/Government Companies/Co-operatives**

**Table 1.24** presents the trend of investment made in the Statutory Corporations and Government Companies for the last five years. The return on investments was ₹ 4.82 crore as under:

**Table 1.24: Subsidies to SCs/GCs**

(₹ in crore)

Year	Investment during the year	Up to date investment	Interest/Dividend received	Per cent of interest/Dividend to investment	Rate of interest
2007-08	0.01	83.41	0.68	0.82	*5%
2008-09	2.18	85.59	1.31	1.53	
2009-10	3.72	89.31	0.46	0.52	
2010-11	1.00	90.31	2.37	2.62	
2011-12	7.11	97.42	Nil	0	
<b>Total</b>			<b>4.82</b>		

*\*To enhance financial viability of State public sector undertakings, XIII FC recommended a minimum of five per cent dividend from all such enterprises. The same has been adopted for Government Companies/Statutory Corporations.*

### **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, relative to the previous years, is presented in **Table 1.25**.

**Table 1.25: Financial assistance to local bodies and other institutions**

(₹ in crore)

Financial Assistance to Institutions	2007-08	2008-09	2009-10	2010-11	2011-12
Educational Institutions (Non-Government Aided School, etc.)	0.81	0.76	0.67	1.31	0.00
Panchayati Raj Institutions	24.13	110.85	182.05	242.94	248.22
Cooperative societies	1.36	0.53	3.72	1.25	1.19
Other Institutions and bodies (including statutory bodies)	0.44	0.87	1.02	0.30	0.33
Assistance to Municipalities/ Municipal Councils	-	-	-	0.70	0.25
Assistance to Local Bodies Corporations, Urban Development	-	-	-	1.36	1.18
Farmers					1.22
<b>Total</b>	<b>26.74</b>	<b>113.01</b>	<b>187.46</b>	<b>247.86</b>	<b>252.39</b>
Assistance as percentage of Revenue Expenditure	2.33	8.19	10.25	12.32	10.39

Source : Finance Accounts

The total assistance at the end of the year 2011-12 had increased by 1.83 per cent over the previous year mainly due to increase in assistance to farmers, local bodies, Corporations and Urban Development. The assistance to farmers was given for purchase of farming equipment and inputs whereas the assistance to Panchayat Raj institutions were for developmental works.

### **1.7.8. Local Bodies**

The position regarding major issues related to Local Bodies, i.e. Panchayati Raj Institutions (PRIs) are summarised in the following paragraphs.

### 1.7.8.1 An overview of Local Bodies (Panchayat 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 73<sup>rd</sup> Constitutional Amendment. The system envisaged elected bodies at village (Gram Panchayats (GPs)) and district level (Zilla Panchayats (ZP)). The Act extended to the whole of Sikkim except 12 small towns. As of March 2012, there were 4 ZPs<sup>12</sup> and 165 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, Zilla Panchayats for Zilla Panchayat and District 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 2011-12 revealed the following:

- Despite the recommendation of the Commission for amendment of the Sikkim Panchayat Act 1993 and related Rules for levy and collection of taxes, the GPs had neither initiated any steps to levy taxes in the identified areas nor collected any revenue except for two GPs (Melli-dara and Lunchok Kamrang).
- 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 11<sup>th</sup> schedule of the Constitution to the PRIs, only 15 subjects were actually transferred to PRIs.
- Scrutiny of records in 69 GPs revealed that basic records and registers were not maintained properly as required under Sikkim Panchayat Rules 2004.
- Despite provision under Sikkim Panchayat Act 1993, none of the PRIs had maintained asset registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Requirement of Annual Physical Verification of assets as required under the Sikkim Financial Rules were also not carried out in any of the GPs/ZPs.

## 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 provision for providing public

<sup>12</sup>North, East, South and West.

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

### 1.8.1 Adequacy of public expenditure

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

**Table 1.26** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure in 2008-09 and the current year 2011-12.

**Table 1.26: Fiscal priority of the State in 2008-09 and 2011-12**

(in per cent)

Fiscal priority of the State	AE/GSDP	DE*/AE	SSE/AE	CE/AE	Education/AE	Health/AE
Sikkim's Average (Ratio) 2008-09	61.71	77.61	36.68	30.70	14.31	8.80
Sikkim's Average (Ratio) 2011-12	36.84	75.68	42.29	19.90	15.28	7.26

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

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

**Table 1.26** shows the fiscal priority given by the Sikkim Government to various expenditure heads in 2008-09 and the current year viz., 2011-12. The AE/GSDP ratio of the Government of Sikkim had come down to 36.84 per cent i.e., reduction of 24.87 per cent as compared to the year 2008-09.

The ratio of development expenditure as a proportion to aggregate expenditure decreased marginally by 1.93 per cent in 2011-12 as compared to the year 2008-09.

In Social Sector, Sikkim Government's expenditure as a percentage of AE had gone up by 5.61 per cent in the year 2011-12 as compared to the year 2008-09 indicating that the Sikkim Government was giving more emphasis on Social Sector. The expenditure on Capital Sector had come down by 10.80 per cent in 2011-12 as compared to 2008-09 indicating that the State Government was not giving enough emphasis to capital expenditure during the years.

### 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

goods.<sup>13</sup> Apart from improving the allocation towards development expenditure<sup>14</sup>, 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 these components to total expenditure, the better would be the quality of expenditure. **Table 1.27** presents the trends in development expenditure relative to the aggregate of the State during the current year vis-à-vis that of the previous years. **Table 1.28** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

**Table 1.27: Development expenditure**

(₹ in crore)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Development expenditure (DE)	1,135.00	1,469.04	1,768.05	1,714.19	2,285.35
Percentage of DE to total expenditure	72.65	73.72	70.31	69.20	73.85
<b>Composition of DE</b>					
Revenue	758.81 (66.86)	934.39 (63.60)	1171.41 (66.25)	1314.04 (76.66)	1645.71 (72.01)
Capital	376.19 (33.14)	534.65 (36.39)	559.66 (31.65)	394.40 (23.00)	590.47 (25.84)
Loans and advances	-	0.25 (0.01)	36.98 (2.10)	5.75 (0.34)	49.17 (2.15)

Figures in brackets indicate percentage to aggregate expenditure

Source: Finance Accounts

Development expenditure comprising revenue expenditure, capital outlay and loans and advances on socio-economic services increased from ₹ 1,135 crore in 2007-08 to ₹ 2,285.35 crore in 2011-12. As a percentage of total expenditure, it increased from 72.65 per cent in 2007-08 to 73.85 per cent in 2011-12. In the current year, development expenditure increased by 33.32 per cent as compared to previous year due to increase in development loans disbursed and other components. On an average, 70 per cent of the development expenditure was on revenue account while capital expenditure including loans and advances accounted for the balance during the years.

In 2011-12, development revenue expenditure included, *inter alia* expenditure on salary (₹ 874.83 crore), subsidy (₹ 7.10 crore) and financial assistance to local bodies and other institutions (₹ 252.39 crore).

<sup>13</sup>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.

<sup>14</sup>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.

**Table 1.28: Efficiency of expenditure use in selected social and economic services**
*(Ratio in per cent)*

Particulars	2010-11		2011-12	
	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
<b>Social Services (SS)</b>				
Education, sports, art and culture	1.59	13.60	2.03	10.15
Health and family welfare	1.28	4.66	3.15	3.83
Water supply, sanitation, housing and urban development	1.09	0.80	3.68	0.66
Others	2.35	12.89	0.09	11.89
<b>Total (SS)</b>	<b>6.31</b>	<b>31.95</b>	<b>8.95</b>	<b>26.53</b>
<b>Economic Services (ES)</b>				
Agriculture & allied activities	0.25	4.94	0.56	3.92
Irrigation & flood control	0.21	0.26	0.09	0.21
Power & Energy	1.33	2.07	1.21	1.57
Transport	3.99	2.01	4.60	1.73
Others	2.08	2.64	3.66	2.05
<b>Total (ES)</b>	<b>7.86</b>	<b>11.92</b>	<b>10.12</b>	<b>9.48</b>
<b>Total (SS+ES)</b>	<b>14.17</b>	<b>43.87</b>	<b>19.07</b>	<b>36.01</b>

Source: Finance Accounts

TE: Total expenditure; CE: Capital expenditure; RE: Revenue expenditure

### ***Expenditure on social services***

Capital expenditure on social services increased from ₹ 165.85 crore in 2010-11 to ₹ 277.11 crore in 2011-12 and there was increase in ratio of capital to total expenditure by 2.64 per cent as compared to the previous year.

The share of salary expenditure under social services in revenue expenditure was 31.95 per cent in 2010-11 which decreased to 26.53 per cent in 2011-12.

### ***Expenditure on economic services***

Capital expenditure on economic services increased from ₹ 228.55 crore in 2010-11 to ₹ 313.36 crore in 2011-12 with a growth rate of 37.10 per cent. The priority sectors identified by the Government in respect of economic services were Agriculture, Rural Development, Special Area Development Programme, Power & Energy and Transport. In 2011-12, Capital outlay on Agriculture, Rural Development, Special Area Development Programme, Power & Energy and Transport was more by ₹ 11.27, ₹ 13.03, ₹ 6.53, ₹ 4.73 and ₹ 43.73 crore respectively compared to the previous year.

The share of salary expenditure which was 11.92 per cent of revenue expenditure in 2010-11 had decreased to 9.48 per cent during 2011-12.

## **1.9 Analysis of Government expenditure and investments**

In the post-MTFP framework, the Government is expected to keep its fiscal deficit (borrowing) not only at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, the State Government needs to initiate

measures to earn adequate return on its investments and recover cost of borrowed funds rather than bearing the same in its budget in the form of implicit subsidy and also needs to take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other capital expenditure undertaken by the Government during the current year vis-à-vis previous years.

### 1.9.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2012 is given in **Table 1.29**.

**Table 1.29: Department wise profile of incomplete projects**

(₹ in crore)

Department	No. of incomplete projects	Initial budgeted cost	Revised total Cost	Cost overrun	Actual expenditure as on 31 March 2012
Building and Housing	13	90.79	129.28	38.48	59.78
Energy and Power	18	136.16	158.34	22.18	65.25
Health Care, Human Services & Family Welfare	04	400.84	400.84	-	126.07
Irrigation & Flood Control	33	8.79	8.79	-	5.12
Tourism & Civil Aviation	45	166.91	166.91	-	92.09
<b>Total</b>	<b>113</b>	<b>803.49</b>	<b>864.16</b>	<b>60.66</b>	<b>348.31</b>

Source : Finance Accounts

As per information received from the State Government, there were 113 incomplete projects as on 31 March 2012 in which an expenditure amounting to ₹ 348.31 crore had been incurred, out of which 59 works (estimated cost: ₹ 301.85 crore and actual expenditure incurred as on 31 March 2012: ₹ 180.53 crore) were due to be completed by 31 March 2012. Out of 59 works, the cost of 8 incomplete projects was revised and increased by 52.90 *per cent* i.e., ₹ 43.86 crore (Building and Housing Department: seven works involving ₹ 38.48 crore and Energy and Power Department: one work involving ₹ 5.38 crore) leading to blocking up of funds to the tune of ₹ 180.53 crore and cost overrun of ₹ 43.86 crore.

### 1.9.2 Investment and returns

As of March 2012, Government had invested ₹ 97.42 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives as detailed in succeeding paragraphs and in **Table 1.33**. The return on this investment was 2.62 *per cent* in 2010-11 and the return during the current year was 'Nil' as detailed in **Table 1.30** below:

**Table 1.30: Return on investment**

(₹ in crore)					
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Investment at the end of the year (₹ in crore)	83.41	85.59	89.31	90.31	97.42
Return (₹ in crore)	0.68	1.31	0.46	2.37	Nil
Return (per cent)	0.82	1.53	0.52	2.62	Nil
Average rate of interest on Government borrowings (per cent)	8.83	8.40	8.35	9.00	9.00
Difference between interest rate and return (per cent)	8.01	6.87	7.83	6.38	9.00

Source : Finance Accounts

Out of the total investment of ₹ 97.42 crore up to the end of 2011-12, investments of ₹ 8.26 crore were made in three Statutory corporations, viz. State Bank of Sikkim (₹ 0.53 crore), Sikkim Mining Corporation (₹ 6.12 crore) and State Trading Corporation (₹ 1.61 crore) and 21 Companies, viz. Sikkim Time Corporation Ltd. (₹ 13.72 crore), Sikkim Industrial Development and Investment Corporation Ltd. (₹ 16.83 crore), Sikkim Livestock Development Corporation Ltd. (₹ 0.22 crore), Sikkim Livestock Development and Processing Corporation Ltd. (₹ 0.35 crore), Sikkim Tourism Development Corporation Ltd. (₹ 7.05 crore), Sikkim Power Development Corporation Ltd. (₹ 11.35 crore), Sikkim SC/ST/OBC Finance Development Corporation Ltd. (₹ 4.55 crore), Sikkim Jewels Ltd. (₹ 11.54 crore), Sikkim Distilleries Ltd. (₹ 2.42 crore), Star Cinema (₹ 0.01 crore), Denzong Cinema (₹ 0.01 crore), Sikkim Flour Mills Limited (₹ 2.44 crore), Cold Storage (₹ 0.28 crore), Indian Telephone Industries (₹ 0.26 crore), Ginger Processing Plant (₹ 0.01 crore), BOG Limited (₹ 0.14 crore), Chandmari Workshop and Automobiles Ltd. (₹ 0.30 crore), Sikkim Precision Industries Ltd. (₹ 4.30 crore), Sikkim Himalayan Orchid Ltd. (₹ 0.16 crore), Sikkim Flora Ltd. (₹ 0.15 crore) and Sikkim Handloom & Handicrafts (₹ 1.02 crore) and in 8 Banks and Co-operative Societies, viz. State Bank of India (₹ 0.02 Crore), Sikkim Consumers Co-operative Society (SIMFED) (₹ 0.99 crore), Multipurpose Co-operative Society (₹ 1.14 crore), Sikkim State Co-operative Bank (SISCO) (₹ 9.35 crore), Sikkim Dairy Co-operative Society (Sikkim Milk Union) (₹ 0.03 crore), Joint Ventures (₹ 0.51 crore), Wood Working Centre, Singtam (₹ 0.01 crore) and Sang Martam Tea Growers Co-operative Societies Ltd (₹ 0.01 crore). The investment includes ₹ 29.56 crore in the following Government Companies incurring perennial loss<sup>15</sup> (Table 1.31).

**Table 1.31: Investment in Government Companies under perennial loss**

(₹ in crore)				
Sl. No	Name of the Government Company	Investment upto 2011-12	Cumulative loss(**)	Year of accounts approved by Board
1	Sikkim Jewels Limited (SJL)	11.54	14.39	2010-11
2	Sikkim Time Corporation Limited (SITCO)	13.72	19.21	2010-11
3	Sikkim Precision Industries Limited (SPIL)	4.30	1.10	2008-09
	<b>TOTAL</b>	<b>29.56</b>	<b>34.70</b>	

(\*\*) Accumulated loss upto the latest annual accounts approved by Board.

<sup>15</sup> Loss made during last five approved accounts

During the year 2011-12, the Government of Sikkim had discontinued the operations of SJL, SITCO and SPIL and paid ₹ 10.93 crore, ₹ 9.62 crore and ₹ 4.45 crore respectively towards severance package. The operations of these PSUs were discontinued and the employees were relieved w.e.f. May 2011, due to continuous losses.

Against eight working Companies/Corporations wherein State Government had invested ₹ 37.67 crore, four<sup>16</sup> were earning profit, as per their latest finalised annual accounts, while remaining had incurred losses. Of the four profit earning Companies/Corporations, three had accumulated losses and hence, no dividend had been declared. However, State Trading Corporation of Sikkim, which had accumulated profit of ₹ 7.79 crore, had not declared any dividend.

Two undertakings<sup>17</sup> of Government departments performed activities of quasi commercial nature. According to their latest accounts furnished by these two undertakings, the State Government's investment was ₹ 3.69 crore. The total loss incurred by these undertakings was ₹ 0.41 crore, as detailed below:

**Table 1.32: Loss incurring undertakings**

(₹ in crore)

Sl. No	Name of the Departmental undertaking	Year upto which accounts finalised	Capital	Accumulated profit/loss(-)	Profit/Loss(-)
1	Government Fruit Preservation Factory	2010-11	2.92	(-)1.54	(-)0.03
2	Temi Tea Estate	2010-11	0.77	2.34	(-)0.38
<b>Total</b>			<b>3.69</b>		<b>(-)0.41</b>

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

### 1.9.3 Departmental undertakings

#### *Investments in Statutory Corporations/Government Companies*

The following Table presents the trend of investment made in the Statutory Corporations and Government Companies for the last ten years as per Accounts of the Corporations and Companies. The figures differ from those in Finance Accounts for which reconciliation is required.

<sup>16</sup>Sikkim Industrial Development and Investment Corporation Limited – ₹ 1.13 crore (2010-11), Sikkim Tourism Development Corporation Limited – ₹ 0.08 crore (2009-10), State Bank of Sikkim – ₹ 11.84 crore (2007-08) and State Trading Corporation of Sikkim – ₹ 0.62 crore (2007-08)

<sup>17</sup>Temi Tea Estate (Commerce and Industries Department) and Government Fruit Preservation Factory (Agriculture Department)

**Table 1.33: Investment made in Statutory Corporations/Government Companies**

(₹ in crore)

Year	Investment during the year*		Up to date investment	Interest/Dividend received	Per cent of Interest/Dividend to investment	Rate of interest #	Implicit Subsidy
	Equity & loans	Subsidy/Grants					
2002-03	3.85	-	55.76	-	-	5	2.60
2003-04	5.84	-	60.48	-	-	5	2.73
2004-05	1.17	-	61.65	-	-	5	3.02
2005-06	4.82	-	66.47	-	-	5	3.08
2006-07	0.30	-	68.94	-	-	5	3.43
2007-08	0.00	-	68.94	-	-	5	3.45
2008-09	3.05	1.21	81.20	1.00	1.23	5	2.90
2009-10	2.10	3.22	87.74	1.00	1.14	5	3.18
2010-11	0.96	1.79	88.65	-	-	5	4.30
2011-12	0.00	2.31	97.91	-	-	5	4.78

\*Does not include investment in other Joint Stock Companies, Banks and Co-operatives.

# To enhance financial viability of State public sector's undertaking, XIII FC recommended a minimum of five per cent dividend from all such enterprises. The same has been adopted for Government Companies/Statutory Corporations.

As of March 2012, the Government of Sikkim had invested ₹ 97.91 crore, which includes, ₹ 79.10 crore in 12 Government Companies and ₹ 8.26 crore in three Statutory Corporations.

#### **State PSUs-finalisation of accounts and enhancing financial viability**

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

The finalisation of 32 Annual Accounts in respect of 15 PSUs pertaining to the year 2008-09 to 2011-12 are in arrears as of October 2012, due to delay in completion/adoption of accounts by the Board of Directors of the respective PSUs as detailed below:

**Table 1.34: Delay in completion/adoption of accounts by the Board of Directors**

Sl. No.	Name of PSUs	Years for which annual accounts to be finalised	Number of Accounts
1	Sikkim Industrial Development and Investment Corporation Limited	2011-12	1
2	Sikkim Scheduled Caste, Scheduled Tribe and Other Backward Class Development Corporation Limited	2010-11, 2011-12	2
3	Sikkim Tourism Development Corporation Limited	2010-11, 2011-12	2
4	Sikkim Power Development Corporation Limited	2011-12	1
5	Sikkim Poultry Development Corporation Limited	2009-10, 2010-11, 2011-12	3
6	Sikkim Hatcheries Limited	2009-10, 2010-11, 2011-12	3
7	Sikkim Livestock Processing and Development Corporation Limited	2008-09, 2009-10, 2010-11, 2011-12	4
8	Sikkim Jewels Limited	2011-12	1
9	Sikkim Times Corporation	2011-12	1
10	Sikkim Precision Industries Limited	2009-10, 2010-11, 2011-12	3
11	State Bank of Sikkim	2008-09, 2009-10, 2010-11, 2011-12	4
12	State Trading Corporation of Sikkim	2008-09, 2009-10, 2010-11, 2011-12	4
13	Sikkim Mining Corporation	2011-12	1
14	Government Fruit Preservation Factory	2011-12	1
15	Temu Tea Estate	2011-12	1
	<b>Total</b>		<b>32</b>

Source: Data collected from Commercial Audit Cell

The share capital subscribed by the State Government initially during setting up of the Sikkim Power Development Corporation (SPDCL) was ₹ 3.40 crore. The State Government decided to restructure SPDCL by inducting strategic partner in 2010-11. After restructuring, the grant to the tune of ₹ 16.90 crore provided to SPDCL over a period of time by the State Government for development of five hydro-electric projects, viz. Rongli HEP, Mangley HEP, Lachung HEP Stage-II, Rellichu HEP and Chatten HEP was converted to equity and consequently the total share capital of SPDCL stood at ₹ 20.30 crore. After signing of Share Transfer Agreement (STA), Athena Project Private Limited paid a sum of ₹ 42.25 crore to State Government for 49 per cent share holding in SPDCL. The sum of ₹ 42.25 crore consisted of ₹ 30 crore as goodwill amount of association with the Government and ₹ 12.25 crore as 49 per cent of the valuation of SPDCL. The entire sum of ₹ 42.25 crore had been deposited in government treasury under Statement of Receipts (Consolidated Fund).

#### 1.9.4 Loans and advances by the State Government

In addition to investments in Companies, Corporations and Co-operative Institutions, Government also provided loans and advances to many Institutions/Organisations. **Table 1.35** presents the position of outstanding loans and advances as of March 2012 and interest receipts vis-à-vis interest payments during the last five years.

**Table 1.35: Average interest received on loans advanced by the State Government**

(₹ in crore)					
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Opening balance</b>	<b>5.50</b>	<b>5.12</b>	<b>4.99</b>	<b>41.67</b>	<b>46.63</b>
Amount advanced during the year	Nil	0.25	36.98	5.75	*49.18
Amount repaid during the year	0.38	0.38	0.30	0.79	0.03
<b>Closing balance</b>	<b>5.12</b>	<b>4.99</b>	<b>41.67</b>	<b>46.63</b>	<b>95.78</b>
Net addition	(-)0.38	(-)0.13	(+)36.68	(+)4.96	(+)49.15
Interest receipts	NIL	Nil	Nil	Nil	Nil
Interest receipts as <i>per cent</i> to outstanding loans and advances	NIL	Nil	Nil	Nil	Nil
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	6.56	6.62	5.59	6.68	6.04
Difference between interest payments and interest receipts ( <i>per cent</i> )	6.56	6.62	5.59	6.68	6.04

Source: Finance Accounts

\*Rupees one lakh added to round up for adjustment.

Interest received was 'NIL' during the financial year 2007-12 due to the poor performance of the Statutory Corporations/Government Companies/Co-operative Societies.

Loans outstanding as of March 2012 aggregated ₹ 95.78 crore. However, interest received during 2007-12 was 'Nil' primarily due to the failure of the Statutory Corporations/Government Companies/Co-operative Societies to pay the interest on Government loans.

Out of balance ₹ 95.78 crore, old outstanding loans amounting to ₹ 41.03 lakh remained unrecovered for the periods ranging from 20 to 27 years as of March 2012. Although the matter was reported in Audit Report for the year ended 31 March 2001, as of September 2012, no

action was taken by the departments to recover the loans, as detailed below:

**Table 1.36: Old outstanding loans remained unrecovered**

Sl. No	Particulars of the loan	Amount outstanding (₹ in lakh)	Administrative Department	Year from which outstanding
1	Dairy Development	13.13	Animal Husbandry, Livestock, Fisheries and Veterinary Services	1987-88
2	Poultry Development	3.26	-do-	1984-85
3	Piggery Development	4.16	-do-	1987-88
4	Agriculture loan to cultivators	16.00	Food Security & Agriculture	1987-88
5	Fisheries Development	4.48	Forest, Environment & Wildlife Management	1991-92
	<b>Total</b>	<b>41.03</b>		

In fact, the administrative departments, which disbursed the loans, and the Finance Department, which maintains accounts of the Government, do not even have the information relating to details of the loanees, actual dates of loans, terms and conditions of the loans, schedule of recovery, rate of interest, penal interest for default in repayment, fulfilment of objectives for which the loans were given, etc. Under such circumstances, there is little chance of recovery and the amount of ₹ 41.03 lakh which constitutes only the principal amount outstanding, is not only a potential loss to the State Government but also casts doubt about their utilisation for the purposes for which those loans were granted.

### 1.9.5 Cash balances and investment of cash balances

**Table 1.37** depicts the cash balances and investments made therefrom by the State Government during the year.

**Table 1.37: Cash balances and investment of cash balances**

(₹ in crore)

Particulars	As of 31 March 2011	As of 31 March 2012	Increase (+)/ decrease(-)
Cash Balances <sup>18</sup>	155.34	129.21	(-) 26.13
Investment held in cash balances (a to d)			
a. GOI Treasury Bills	-	-	-
b. GOI Securities	-	-	-
c. Other Securities	-	-	-
d. Other Investments	440.00	565.00	125.00
Fund-wise Break-up of Investment from Earmarked balances (a to c)			
a. Sinking fund	126.12	138.12	12.00
b. State Disaster Response Fund	17.13	83.96	70.32
c. Guarantee Redemption Fund	11.72	13.72	2.00
Interest realised	24.78	27.56	2.78

Source : Finance Accounts

<sup>18</sup>Including cash with departmental officers and permanent advances for contingent expenditure with departmental officers.

Under a resolution passed in the year 1968-69, the State Bank of Sikkim was vested with the responsibility by the Government of Sikkim for receiving money on behalf of Government and making all Government payments and keeping custody of the balances of Government in current account as well as fixed deposits which could be made through the branches of the Bank. The cash balances as on 31 March 2012 was ₹ 129.21 crore which was less than the balance as compared to previous year.

As per the Finance Accounts 2011-12, there was a balance of ₹ 128.60 crore with the State Bank of Sikkim as on 31 March 2012. But as per the records of the State Bank of Sikkim, the cash balance of the State Government stood at ₹ 128.76 crore leaving an un-reconciled balance of ₹ 0.16 crore.

### ***Unspent balances in the accounts of the implementing agencies***

The State Government provides funds to State/District level Autonomous Bodies and Authorities, Societies, Non-Governmental Organisations, etc., for implementation of centrally sponsored schemes (State Share) and State schemes. Since the funds were not spent fully by the implementing agencies, during 2011-12, ₹ 137.54 crore were lying as unspent balances in the bank accounts of the implementing agencies.

Further, there was unspent balance of ₹ 70.59 crore lying with the various implementing Authorities who received funds directly from Government of India as detailed in **Appendix 1.4**.

## **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 2012 compared with the corresponding position as on 31 March 2011.

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

The growth rate of components of assets and liabilities are summarised in the **Table 1.38**.

**Table 1.38: Summarised position of Assets and Liabilities**

(₹ in crore)

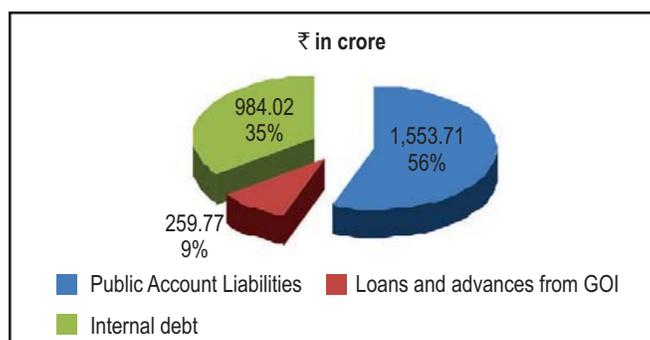
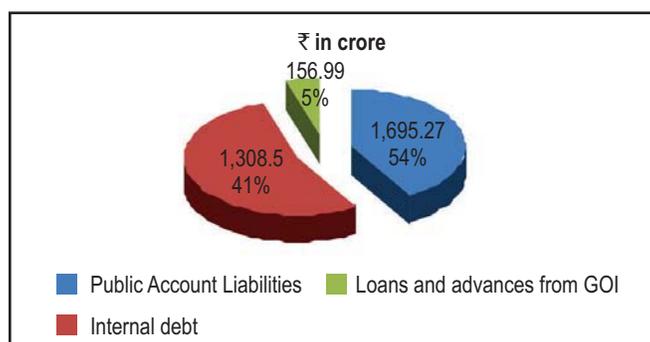
Liabilities	2010-11	2011-12	Assets	2010-11	2011-12
<i>Consolidated Fund</i>			<i>Consolidated Fund</i>		
a. Internal Debt	1,553.71	1,695.27	i) Gross Capital outlay	5,018.75	5,592.25
b. Loans and advances from GOI	259.77	156.99	ii) Loans and advances	46.64	95.78
<i>Public Account</i>			<i>Advances</i>		
a. Small savings, Provident funds, etc.	510.28	578.80	Cash Less Suspense & Miscellaneous Balances	746.81	930.01
b. Reserve Funds	172.15	254.22		(-)/77.51	(-)/115.31
c. Deposits	85.40	103.32	Contingency Fund	0.10	
d. Contingency Fund	1.00	1.00			
Surplus on Government Accounts	2,875.05	3,014.82			
Revenue Surplus	139.78	442.50			
Remittance Balance	138.68	256.84			
<b>Total</b>	<b>5,735.82</b>	<b>6,503.76</b>		<b>5,735.82</b>	<b>6,503.76</b>

Source : Finance Accounts

The growth rate of assets was 13.39 per cent in 2011-12.

### 1.10.2 Fiscal liabilities

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

**Chart 1.11**

**Chart 1.12**


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 1.39**.

**Table 1.39: Fiscal liabilities-basic parameters**

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Fiscal liabilities (₹ in crore)	1,795.82	2,155.70	2,762.35	2,797.50	3,160.76
Rate of growth (per cent)	21.01	20.04	8.14	1.27	12.99
<b>Ratio of fiscal liabilities to</b>					
GSDP	0.71	0.67	0.45	0.39	0.38
Revenue receipts	1.20	1.23	1.18	1.30	1.10
Own resources	9.08	10.82	12.35	10.01	10.75
<b>Buoyancy ratio of fiscal liabilities to</b>					
GSDP	1.32	0.69	0.09	0.08	0.74
Revenue receipts	0.86	1.15	0.24	0.15	0.39
Own resources	1.47	29.47	0.66	0.05	2.53

Source : Finance Accounts

Fiscal liabilities of the State increased by ₹ 363.26 crore (12.99 per cent) from ₹ 2,797.50 crore in 2010-11 to ₹ 3,160.76 crore in 2011-12 comprising Public Account Liabilities of ₹ 1,695.27 crore (54 per cent), Internal Debt of ₹ 1,308.50 crore (41 per cent) and Loans and Advances of ₹ 156.99 crore (5 per cent).

The fiscal deficit remained at 2.14 per cent of the GSDP during the current year. However, the outstanding fiscal liabilities of the State increased by 12.99 per cent as compared to previous year. The growth rate of outstanding fiscal liabilities which was 1.27 per cent in 2010-11 increased to 12.99 per cent in 2011-12. The ratio of fiscal liabilities to GSDP stood at 0.38 per cent at the end of 2011-12.

The increase in components of revenue receipts and State's own resources was rather low as compared to increase in outstanding fiscal liabilities during all the years.

### 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 fund is initially accounted 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 fund is transferred to the Public Account Fund through an operation of deduct entry in accounts. The Funds may be further classified as 'Funds carrying interest' and 'Funds not carrying interest'. Generally, the Reserve Funds are classified under the following three categories based on the sources from which they are fed:

- 1 Funds accumulated from grants made by another Government and at times aided by public subscriptions.
- 2 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.

- 3 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. Analysis of transaction of these funds is enumerated in the subsequent paragraphs:

#### ***Sikkim Transport Infrastructure Development Fund (STIDF)***

The Government of Sikkim enacted STIDF Act in 2004 and the Rules under the Act was also notified in 2004 and further amended in June 2009. The STIDF was constituted in the Public Account and classified under the head “8235-General and Other Reserve Fund, 200-Other Funds” in the accounts of the Government. The receipts to the fund shall initially be credited to the receipt head “0045-Other Taxes and Duties on Commodities and Services 112-Receipts from Cesses under Other Acts, Receipt under STIDF Act”. In order to transfer the amount to the Fund, the State Government shall make suitable budget provision on the expenditure side of the budget under the Head “2045-Other Taxes and Duties on Commodities and Services, 797-Transfer to Reserve Fund/Deposit Account, Transfer to the STIDF”. The Fund shall be operated by the Finance, Revenue and Expenditure Department (FRED). Income Tax and Commercial Tax Division (IT & CT) of the FRED shall collect the receipts and maintain the books of accounts. A Committee consisting of the Financial Commissioner/Principal Secretary, FRED as Chairman and the Secretary, Roads and Bridges Department; Secretary, Transport Department and the Controller of Accounts as members shall administer the Fund. The Additional Commissioner, IT & CT Division of the FRED shall be the Member Secretary of the Committee. On receipt of the deposits, IT & CT Division shall take action for investment of the receipts. The Fund shall be utilised for (a) the creation, development, maintenance or improvement of transport infrastructure, including roads, bridges and flyovers, (b) the improvement of traffic operations and road safety and (c) the purposes of such other projects as may be prescribed relating to transport infrastructure development with the approval of the Government. As of March 2012, total STIDF collection was ₹ 56.89 crore, out of which ₹ 45.66 crore was transferred to three departments, viz., Roads and Bridges Department (RBD), Transport Department (SNT) and Rural Management and Development Department (RMDD). The fund of ₹ 37.25 crore was utilised by the RBD for construction and maintenance of roads, ₹ 2 crore by the RMDD for maintenance of PMGSY road and ₹ 6.41 crore by the SNT for construction/installation of weighbridge at Rangpo and Melli, purchase of four trucks and one tanker, etc. The main object of the fund was to be utilised for creation, development, maintenance or improvement of transport infrastructure. However, funds of ₹ 75.61 lakh was utilised for the purchase of five chassis, four Truck bodies and one Tanker by the SNT which could not be justified to audit.

#### ***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 materials to the State of Sikkim with whatsoever purpose, would be levied environmental cess at the rate of one *per cent* of total turnover on sale price and in respect of hotels, resorts and lodges, it would be levied at the rate of five *per cent*.

The broad objective of this fund was to protect and improve the quality of environment, control and reduce environment pollution and to take measures for restoration of ecological balance of the State. During 2007-08 to 2011-12, State Government collected Ecology Fund of ₹ 56.72 crore and incurred ₹ 9.83 crore during 2009-10 to 2011-12. Out of this, ₹ 20 lakh was incurred towards construction of view point, walls for the monastery, etc., which did not fall within the ambit of SEF.

### ***Sinking Fund***

The State Government created (1999-2000) a Fund called 'Government of Sikkim Consolidated Sinking Fund Scheme 1999' with the objective to utilise accrued interest as an amortisation fund for redemption of the open market loans of the Government commencing from the year 2004-05. The said scheme was revised during 2007-08 and renamed as 'Consolidated Sinking Fund Scheme' with the objective to utilise accrued interest as an amortisation fund for redemption of the outstanding liabilities of the Government commencing from the financial year 2011-12. Since creation of this Fund, an amount of ₹ 12 crore per annum had been contributed to this fund and till 2011-12, an amount of ₹ 215.76 crore (including an interest of ₹ 65.99 crore) was available in the fund. However, it was seen that though the State Government had been managing repayment of loans and its interest from their other sources, the accrued interest amount of ₹ 65.99 crore was withdrawn during 2011-12 and paid to Commerce and Industries Department (₹ 40.98 crore for repayment of balance loan raised from SBI Capital Market for purchase of land and ₹ 0.46 crore for payment of salary of employees of two sick companies) and Energy and Power Department (₹ 24.55 crore for payment to Sikkim Power Development Corporation to take over certain liabilities and assets before its restructuring).

From the above, it could be seen that out of the above payment of ₹ 65.99 crore, payment of ₹ 25.01 crore (₹ 0.46 crore + ₹ 24.55 crore) was beyond the scope and ambit of the scheme objectives and led to diversion of funds for other purposes.

### ***State Disaster Response Fund***

As per recommendations of the Thirteenth Finance Commission, the State Government was to constitute State Disaster Response Fund (SDRF) from 1 April 2010. As per guidelines from the GOI, State Government was required to issue appropriate notification(s) establishing SDRF as per Section 48(1) (a) of the Disaster Management Act 2005 and all balances under the Calamity Relief Fund (CRF) as on 31 March 2010 was to be transferred under SDRF. Further, as per guidelines, the accretions to the SDRF together with the income earned on the investment of the SDRF were to be invested in one or more of instruments viz., Central Government dated securities, auctioned treasury bills and interest earning deposits and

certificates of deposits with Scheduled Commercial Banks. While 75 per cent of the contribution was to be from GOI, and balance 25 per cent was to be contributed by the State Governments under general category States, whereas 90 per cent of the contribution was to be from GOI and balance 10 per cent was to be contributed by the State Governments under special category States like Sikkim.

It was seen that though SDRF was constituted from 1 April 2010, no notification(s) establishing SDRF was issued which was required under the guidelines. After creation of a specific detailed head under Major Head 8121 by the GOI on 21 April 2010, the balance under the CRF as on 31 March 2010 amounting to ₹ 18.94 crore was transferred to the SDRF account. Under SDRF, during the period 2010-11 to 2011-12, an amount of ₹ 243.54 crore (₹ 41.98 crore as normal grant, ₹ 200.38 crore from National Disaster Response Fund and ₹ 1.18 crore from Prime Minister's Office) was received from the GOI, ₹ 4.66 crore (11.10 per cent) received as State share and ₹ 2.35 crore as interest on the fixed deposits. The contribution of State share to the SDRF was more than the prescribed rate (10 per cent) of normal contribution by the GOI to the SDRF of ₹ 41.98 crore as required under the guidelines. However, expenditure during the period 2010-11 to 2011-12 was ₹ 174.93 crore with closing balance of unspent amount of ₹ 94.56 crore as on 31 March 2012.

### **Guarantee Redemption Fund**

The State Government set up Guarantee Redemption Fund in the year 2000. The detail account of Fund as on 31 March 2012 is given below:

**Table 1.40: Guarantee Redemption Fund**

		(₹ in crore)
Sl. No.	Particulars	Amount
1	Opening Balance	11.72
2	Addition	2.00
3	Total	13.72
4	Amount met from the Fund for discharge of invoked guarantees (-)	Nil
5	Closing Balance	13.72
6	Amount of investment made out of the Guarantee Redemption Fund	13.72

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

### **1.10.4 Contingent liabilities**

#### **Status of guarantees**

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The details for last five years are given in **Table 1.41**.

Table 1.41: Guarantees given by the State Government

Particulars	₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Maximum amount guaranteed	84.40	75.00	75.00	246.69	163.72
Outstanding amount of guarantees (including interest)	75.00	75.00	77.58	276.42	164.21
Percentage of outstanding amount guaranteed to total revenue receipts of the second preceding year	6.89	6.23	5.18	15.72	7.00

Source : Finance Accounts

Government had guaranteed loans raised by State Finance Corporation to the tune of ₹ 128.79 crore and other Institutions to the extent of ₹ 34.93 crore. The Government had received ₹ 2.85 crore and ₹ 0.25 crore in the form of guarantee commission or fee in respect of above during the current 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 guaranteed 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 these programmes were to be met out of resources mobilised by these Companies/Corporations outside the State budget but in reality the borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings' and the Government had been repaying the loans availed of by these Companies/Corporations including interest through regular budget provision under capital account.

State Government had stood Government guarantee (March 2010) for drawal of loans of ₹ 285 crore for Sikkim Industrial Development and Investment Corporation (SIDICO) for payment of cost of land compensation for Sikkim University, cost of land compensation for acquisition of land at Pakyong, etc. Out of ₹ 285 crore, ₹ 49.91 crore for land compensation initially earmarked by the Chief Minister under Plan allocation was later removed and was to be funded under State Bank of India (SBI) Capital Market. Further, State Government stood Government guarantee of ₹ 25 crore for SISCO bank with a view to provide increased credit facilities to farmers. The total Government guarantee outstanding, as of March 2012, was ₹ 310 crore. However, the XIII Finance commission had recommended guarantee limit of ₹ 251 crore only. Further, limit prescribed by the Commission was also not incorporated in the Sikkim Ceiling on Government Guarantees Act 2000, so far.

### **1.11 Debt sustainability**

Efficient debt management is an essential part of cash management. Inefficiencies either way can lead to higher interest costs, whether it is accumulation of cash due to unnecessary borrowings or availing of ways and means advances. With reduced fiscal deficits, it is essential that State follows the practice of borrowing on requirement rather than on availability. Overall, there should be a directed effort by the State with large balances towards

utilising their existing cash balances before resorting to fresh borrowings.

Though it was seen that as per Annual Financial Statements and Finance Accounts of the State, at the end of the years 2009-10, 2010-11 and 2011-12, there was surplus cash balances of ₹ 114.99 crore, ₹ 154.79 crore and ₹ 128.76 crore respectively, reason for these surplus cash balances as stated (August 2012) by the FRED was due to cheques issued but not encashed as on 31 March.

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. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation, sufficiency of non-debt receipts, net availability of borrowed funds, burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of the State Government securities. **Table 1.42** analyses the debt sustainability of the State according to these indicators for the period 2007-12.

**Table 1.42: Debt sustainability: Indicators and trends**

Debt sustainability indicators	2007-08	2008-09	2009-10	2010-11	2011-12
Debt stabilisation (₹ in crore) (Quantum spread-/+ Primary deficit/surplus)	104.00	374.92	110.69	220.49	301.52
Sufficiency of incremental non-debt receipts (resource gap) (₹ in crore)	(+) 32.61	(-) 169.76	(+) 65.14	(+) 147.39	(+) 136.10
Net availability of borrowed Funds (₹ in crore)	120.32	160.73	196.97	106.64	359.75
Burden of interest payments (IP/RR Ratio)	7.86	8.11	6.58	8.68	6.64
Maturity profile of State debt (in years)					
0-1	NA*	76.28(4.88)	158.80(8.46)	141.34(7.49)	120.88(6.31)
1-3	NA	157.37(10.07)	141.72(7.55)	156.62(8.30)	162.15(8.48)
3-5	NA	127.55(8.17)	142.47(7.59)	239.05(12.67)	380.28(19.88)
5-7	NA	120.29 (7.70)	346.82 (18.47)	515.44 (27.32)	637.92 (33.35)
7 and above	NA	1,080.64 (69.18)	1,088.16 (57.94)	834.29 (44.22)	611.84 (31.98)

Source: Finance Accounts

\* Figures not available

### 1.11.1 Debt stability

Fiscal liabilities are considered sustainable if the Government is able to service these liabilities over the foreseeable future and the debt-GSDP ratio does not grow to unmanageable proportions. A necessary condition for stability is the Domar's Debt stability Equation. It states that if the rate of growth of economy exceeds the cost of borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are positive/zero/moderately negative. Primary

revenue balance is the difference between revenue receipts and primary revenue expenditure and indicates whether the balance of revenue receipts left out after meeting current revenue expenditure is sufficient for meeting the interest expenditure. During the current year, the primary revenue balance, although positive, was not sufficient to meet the expenditure on interest.

Interest spread is the difference between average lending rate and average borrowing rate. Quantum spread is a product of debt stock and interest spread. The interest spread and quantum spread will be positive/negative depending on whether the GSDP growth rate is more or less than the growth rate of interest payments. When the quantum spread and primary deficit are negative, debt-GSDP ratio will be high indicating unsustainable levels of public debt and when the quantum spread and primary deficit are positive, debt-GSDP ratio will be low indicating sustainable levels of public debt. During the current year, both interest and quantum spread were positive.

Stabilisation of debt is understood to mean debt as a constant *per cent* of GSDP which is a measure of the debt carrying capacity of the State. Even though the interest paid in 2011-12 was more than the previous year, the sum of the quantum spread and primary deficit was positive during the year resulting in a declining trend of debt-GSDP ratio thereby indicating a tendency towards debt stabilisation, which would eventually improve the debt stability of the State.

### 1.11.2 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 1.43**.

**Table 1.43: Indicator of incremental non-debt receipts**

(₹ in crore)						
Sl.No	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
1	Incremental Non-debt Receipts	294.06	260.49	587.09	(-) 193.18	761.89
2	Incremental Interest Payments	2.47	24.90	11.79	32.34	4.06
3	Incremental Primary expenditure	170.13	208.79	436.68	150.55	621.73
	<i>Resource Gap</i>	121.46	26.80	138.62	10.29	136.10

The resource gap had remained positive during 2007-12, and during the current year, the resource gap had shown upward trend in a positive way due to increase in revenue receipts over the previous year by 33.48 *per cent* thereby indicating less dependency on borrowed funds.

### 1.11.3 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.

#### 1.11.4 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 2012 shows that 32 per cent of the loans are in the maturity bucket of seven years and above.

The Public Debt of the State Government as on 1 April 2011 was ₹ 1,813.48 crore with addition during the year 2011-12 of ₹ 87.44 crore. After discharging/repayment of loan amount of ₹ 48.66 crore during the year (excluding an interest payment of ₹ 145.73 crore), there was a closing balance of ₹ 1,852.26 crore as on 31 March 2012. Details of the same are available in Statement-15 of Finance Accounts 2011-12 and can be seen in the table below:

**Table 1.44: Maturity profile: Indicators and trends**

(₹ in crore)

Sl. No.	Description of the Debt	Balance as on 1 April 2011	Additions during the year	Discharged / re- paid during the year	Balance as on 31 March 2012	Interest paid during the year
1	Internal Debt of the State Government	1,653.68	86.89	45.30	1,695.27	135.25
2	Loans and Advances from the Central Government					
	i. Non Plan Loans	0.57	0.00	0.10	0.47	0.05
	ii. Loans for State Plan Schemes	138.89	0.55	1.97	137.47	8.29
	iii. Loans for Centrally Sponsored Plan Schemes	17.35	0.00	1.07	16.28	1.80
	iv. Loans for Special Schemes	2.99	0.00	0.22	2.77	0.34
	<b>Total 2 (i to iv)</b>	<b>159.80</b>	<b>0.55</b>	<b>3.36</b>	<b>156.99</b>	<b>10.48</b>
	<b>Total (1+2)</b>	<b>1,813.48</b>	<b>87.44</b>	<b>48.66</b>	<b>1,852.26</b>	<b>145.73</b>

Maturity profile of the Internal Debt of the State Government showed that the repayment obligation of the State would increase manifold during the period 2015-16 to 2019-20 due to huge loans taken during 2005-06 to 2009-10.

Further, though the State Government had been contributing ₹ 12 crore per annum to the Sinking Fund (Paragraph 1.10.3), from the maturity profile as detailed in Statement-15 of the Finance Accounts 2011-12, it is seen that it may not be sufficient to clear its liabilities of future interest accrued. State Government may consider enhancing its contribution to the fund to enable them to clear future liabilities from the accrued interest portion of the fund.

### 1.11.5 Burden of interest payments

The ratio of interest payments to revenue determines the debt sustainability of the State. During the year, the interest payment was 6.79 *per cent* of the revenue receipts and was more by ₹ 40.08 crore (26.59 *per cent*) than the recommendation of XIII FC. The National Small Saving Fund (NSSF) accounts for around 9.95 *per cent* of the total interest payments during the year. ₹ 3.37 crore of interest was on Central Government loans on account of Plan schemes.

The XIII FC, on condition of enactment of the FRBM Act in the State, recommended benefit of interest relief on NSSF and Central Loans not consolidated in 2005-10 for Centrally Sponsored Schemes/Central Plan Schemes through Ministry, other than Ministry of Finance, as outstanding at the end of 2009-10 be written off. As Sikkim had not enacted the FRBM Act, it did not get the benefit of consolidation of loans during the award period of XII Finance Commission. However, the XIII FC recommended that this facility be extended during XIII FC award period (2010-11 to 2014-15) on the condition that the State put in place the FRBM Act. On meeting this condition, the loans contracted by Sikkim till 31 March 2004 and outstanding at the end of the year preceding the year of legislation of such Act, shall be consolidated as per the same terms and conditions as recommended by XII Finance Commission.

XII Finance Commission had recommended the following relief on payment of interest and repayments of loans to the State.

**Table 1.45: Burden of interest payments**

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10	Total (2005-10)
1. Restructuring & Rescheduling						
(I) Interest Payment	7.82	7.42	6.91	6.27	5.54	33.96
(ii) Loan Repayment	2.46	2.34	2.18	1.97	1.74	10.69
2. Fiscal Performance						
(i) Loan Repayment	9.61	9.61	9.61	9.61	9.61	48.05

Similar recommendation had been made by XIII FC as detailed below:

**Table 1.46: Projected benefit of interest relief**

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	Total (2010-15)
Interest Relief on NSSF Loans Base	0.84	0.80	0.75	0.70	0.65	3.74
Projected/assessed Fiscal Deficit	5.20	-	3.50	3.50	3.00	3.00
Projected/assessed Revenue Deficit	0.00	0.00	0.00	0.00	0.00	0.00

The Government of Sikkim enacted the FRBM Act in September 2010, but the Rules under the Act were notified only in March 2011. However, the proposal to avail the benefit of interest relief as above is under pursuance.

### 1.11.6 Cost of Borrowings

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

The Finance, Revenue and Expenditure Department (FRED) was responsible for obtaining borrowings for Government of Sikkim and their repayments. Though the FRED was having a separate Loans Wing which had been dealing with all loans and advances taken by the Government as well as by the employees of the State Government, the FRED was not maintaining any record for the cost of establishment of borrowings taken for the Government. However, interest paid on various Public Debt of the State Government during the period 2009-10 to 2011-12 was as under:

**Table 1.47: Trends of Public Debt of the State Government**

(₹ in crore)

Sl. No.	Description of the Debt	2009-10		2010-11		2011-12	
		Balance as on 31 March 2010	Interest paid during the year	Balance as on 31 March 2011	Interest paid during the year	Balance as on 31 March 2012	Interest paid during the year
1	<b>Internal Debt of the State Government</b>	<b>1,510.05</b>	<b>91.72</b>	<b>1,553.71</b>	<b>118.54</b>	<b>1,695.27</b>	<b>135.25</b>
2	<b>Loans and advances from the Central Government</b>						
	i. Non-Plan Loans	86.66	11.16	81.78	10.85	0.47	0.05
	ii. Loans for State Plan Schemes	170.55	18.85	155.35	17.28	137.47	8.29
	iii. Loans for Centrally Sponsored Plan Schemes	18.53	1.96	17.54	1.86	16.28	1.80
	iv. Loans for Special Schemes	3.17	0.39	2.95	0.37	2.77	0.34
	v. Pre-1984-85 Loans	2.72	0.21	2.15	0.20	0.00	0.00
	<b>Total 2 (i to v)</b>	<b>281.63</b>	<b>32.57</b>	<b>259.77</b>	<b>30.56</b>	<b>156.99</b>	<b>10.48</b>
	<b>Total (1+2)</b>	<b>1,791.68</b>	<b>124.29</b>	<b>1,813.48</b>	<b>149.10</b>	<b>1,852.26</b>	<b>145.73</b>

Source : Finance Accounts

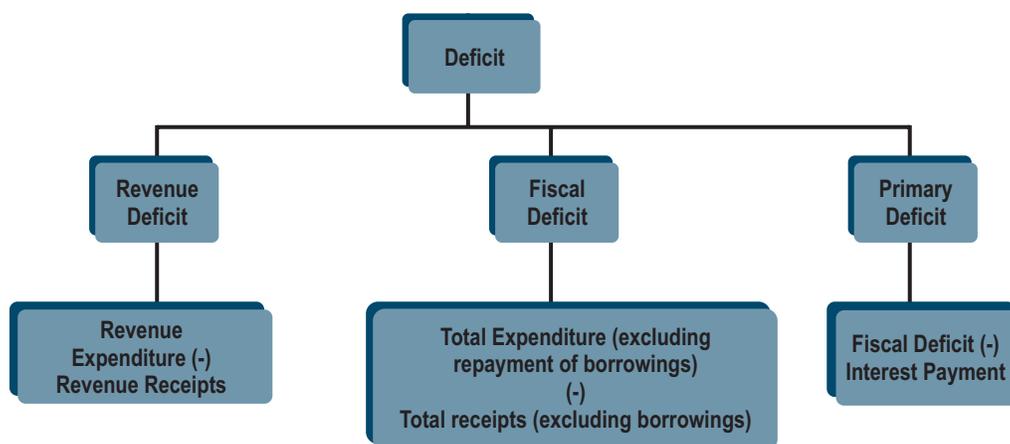
From the above table it is seen that at the end of the year 2009-10, Public Debt of the State Government was ₹ 1,791.68 crore which increased to ₹ 1,852.26 crore at the end of the year 2011-12 with an average borrowing of ₹ 1,819.14 crore during the period 2009-12. The cost of borrowings in terms of interest payment for the year 2009-10 was ₹ 124.29 crore which increased to ₹ 145.73 crore during the year 2011-12 with an average cost of borrowings of ₹ 139.71 crore during the period 2009-12.

### 1.12 Fiscal imbalances

In an emerging economy, balanced budget are rare and the Government resorts to borrowings to bridge the gap between expenditure requirements and inadequate non-debt receipts. The

gap between receipts and expenditure represents deficit. **Chart 1.13** gives an indication of the various kinds of deficits that occur if the Government borrows excessively to balance the budget.

**Chart 1.13: Type of deficits**

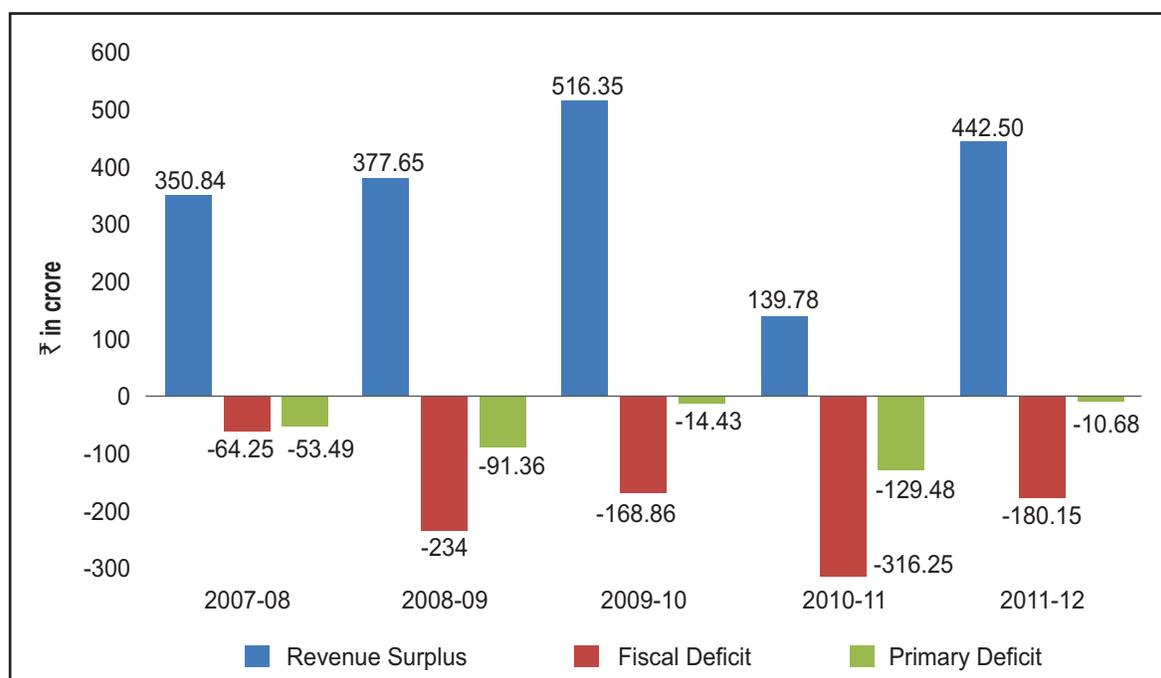


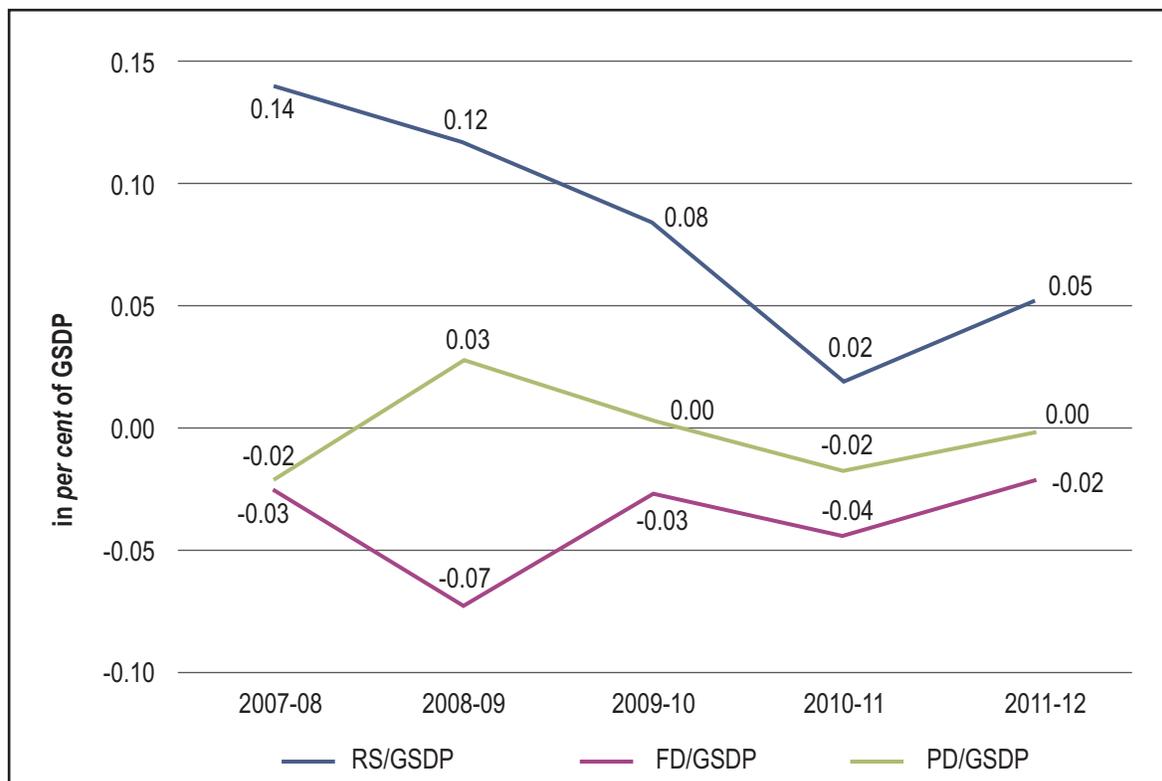
The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set for the financial year 2011-12.

### 1.12.1 Trends in deficits

**Charts 1.14** and **1.15** present the trends in deficit indicators over the period 2007-12.

**Chart 1.14 : Fiscal Imbalances**



**Chart 1.15 : Trends in deficit indicators relative to GSDP**


While the percentage of revenue deficit as compared to GSDP was negative, the percentage of fiscal deficit as compared to GSDP was positive during 2008-09 and was negative during 2010-11. However, the State had achieved the targets set by the XIII FC with regard to fiscal deficits.

### **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 2007-08 to 2011-12 with fluctuating trends during the years. The revenue surplus was highest in 2009-10 at ₹ 516.35 crore and lowest in 2010-11 at ₹ 139.78 crore. It increased by ₹ 302.72 crore (216.57 per cent) during 2011-12 as compared to the previous year due to increase in grants from Government of India and share of Union Taxes & duties.

### **Fiscal Deficit**

Fiscal deficit normally represents the net incremental liabilities of the Government or its additional borrowings. The shortfall could be met either by additional public debt (internal or external) or by the use of surplus funds from Public Account. Fiscal deficit trends along with the trends of the deficit relative to key components are indicated in **Table 1.48**.

Table 1.48: Fiscal deficit and its parameters

Period	Non-debt receipts	Total expenditure	Fiscal deficit	Fiscal deficit as <i>per cent</i> to		
				GSDP	Non-debt receipt	Total expenditure
<i>₹ in crore</i>						
2007-08	1,498.09	1,562.34	(-)64.25	2.56	4.29	4.11
2008-09	1,758.58	1,992.58	(-)234.00	7.25	13.31	11.74
2009-10	2,345.67	2,514.53	(-)168.86	2.75	7.20	6.72
2010-11	2,152.49	2,468.74	(-)316.25	4.43	14.69	12.81
2011-12	2,914.38	3,094.53	(-)180.15	2.14	6.18	5.82

Source : Finance Accounts

Fiscal deficit as a percentage of GSDP was least during 2011-12. For Non-debt receipts and total expenditure as a percentage to fiscal deficit, the lowest was during 2007-08.

### 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 is indicated in **Table 1.49**.

Table 1.49: Primary deficit and its parameters

(₹ in crore)

Period	Fiscal Deficit	Interest Payments	Primary Deficit
2007-08	64.25	117.74	(+)53.49
2008-09	234.00	142.64	(-)91.36
2009-10	168.86	154.43	(-)14.43
2010-11	316.25	186.77	(-)129.48
2011-12	180.15	190.83	(+)10.68

The primary deficit was highest during 2010-11. However, the deficit recorded was lowest during 2009-10 and recorded surplus during 2007-08 and 2011-12.

### 1.12.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in the **Table 1.50**. 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 1.50: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2007-08		2008-09		2009-10		2010-11		2011-12	
	Amount	Per cent of GSDP	Amount	Per cent of GSDP	Amount	Per cent of GSDP	Amount	Per cent of GSDP	Amount	Per cent of GSDP
<b>Decomposition of fiscal deficit</b>	64.25	2.56	234.00	7.25	168.86	2.75	316.25	4.43	180.15	2.14
1 Revenue Surplus	350.84		377.65		516.35		139.78		442.50	
2 Misc. Capital Receipts	-	-	-	-	-	-	-	-	42.25	0.50
3 Net capital expenditure	415.47	16.58	611.78	18.95	648.53	10.57	451.07	6.31	615.76	7.33
4 Net loans and advances	(-0.38)	0.02	(-0.13)	0.004	36.68	0.60	4.96	0.07	49.14	0.59
<b>Financing pattern of fiscal deficit*</b>										
1. Market borrowings	233.17	9.30	276.88	8.57	324.31	5.29	43.65	0.61	41.59	0.50
2. Loans from GOI	(-9.10)	(-) 0.36	(-15.71)	(-) 0.49	(-18.49)	(-) 0.30	(-21.86)	(-) 0.31	(-2.81)	0.03
3. Special securities issued to NSSF**	0	0	0	0	0	0	0	0	0	0
4. Loans from financial institutions	0	0	0	0	0	0	0	0	0	0
5. Small savings, PF, etc.	13.98	0.56	29.27	0.91	45.58	0.74	98.51	1.38	68.52	0.82
6. Deposits and advances	3.59	0.14	23.24	0.72	9.90	0.16	20.01	0.28	17.92	0.21
7. Suspense and misc.	31.28	1.25	-5.42	(-) 0.17	103.65	1.69	-97.71	(-) 1.37	37.80	0.45
8. Remittances	17.94	0.72	49.13	1.52	14.81	0.24	-28.26	(-) 0.40	118.16	1.41
9. Reserve funds	42.49	1.70	13.08	0.41	8.87	0.14	20.78	0.29	78.57	0.94
10. Increase (-)/ decrease (+) in cash balance	269.60	10.76	136.47	4.23	319.77	5.21	281.20	3.94	(-179.60)	2.14
11. Net of Contingency Fund transactions	0.10	0.003	0	0	0	0	0.10	0.001	0.00	0
<b>Total</b>	<b>64.25</b>		<b>234.00</b>		<b>168.86</b>		<b>316.25</b>		<b>180.15</b>	

\*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 alongwith market borrowings, loans from GOI, etc. The revenue surplus which showed downward trend during 2010-11 however, increased in 2011-12. The capital expenditure as well as net loans and advances increased during the current year as compared to previous year.

In order to finance fiscal deficit, the Government increased its share in suspense and miscellaneous, remittances and reserve funds. Even though, there was a revenue surplus of ₹ 442.50 crore during 2011-12, there was fiscal deficit of ₹ 180.15 crore due to increase in capital expenditure.

### 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 1.51**) 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 1.51: 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
2007-08	1,498.09	1,029.13	415.47	0.00	1,444.60	(+) 468.96	(+) 53.49
2008-09	1,758.58	1,237.92	611.78	0.25	1,849.95	(+) 520.66	(-) 91.36
2009-10	2,345.67	1,674.60	648.53	36.98	2,360.11	(+) 671.07	(-) 14.43
2010-11	2,152.49	1,825.15	451.07	5.75	2,281.97	(+) 327.34	(-) 129.48
2011-12	2,914.38	2,238.77	615.76	49.17	2,903.70	(+) 675.61	(+)10.68

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2007-12 reveals that the non-debt receipts were enough to meet the requirements of primary revenue expenditure and some receipts were left to meet capital expenditure. However, increase in revenue expenditure and also increase in revenue receipts resulted in primary deficit<sup>19</sup> of ₹ 10.68 crore in the current year.

### 1.13 Conclusion and recommendation

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. The revenue surplus which decreased by ₹ 376.57 crore in the previous year increased by ₹ 302.72 crore in the current year. This was due to increase in revenue receipts (33.48 *per cent*). Similarly, the revenue expenditure also increased by 20.76 *per cent* (₹ 417.68 crore). The share of committed expenditure in the NPRES was 74.14 *per cent* leaving not much funds for developmental purposes. Capital expenditure increased by ₹ 164.69 crore over the previous year. The fiscal deficit showed a downward trend from ₹ 316.25 to ₹ 180.15 crore in 2011-12. The primary deficit decreased by ₹ 118.80 crore during the current year.

The grants-in-aid component constituting 59.97 *per cent* of the State's revenue receipts during the year increased by ₹ 617.48 crore. The State continued to be dependent upon central

<sup>19</sup> Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transaction undertaken during the year.

transfers and grants-in-aid, which is evident from the fact that 81.26 *per cent* of the revenue receipts during the year came from the Government of India.

Developmental expenditure of ₹ 1,135 crore in 2007-08 increased to ₹ 2,285.35 crore in 2011-12 and its share in aggregate expenditure increased from 72.64 *per cent* in 2007-08 to 73.85 *per cent* in 2011-12. The ratio of development expenditure as a proportion to aggregate expenditure increased by 0.01 *per cent* as compared to the year 2007-08 but the share of development expenditure in aggregate expenditure had always been over 70 *per cent*.

As compared to the previous year, the revenue receipts of the State had increased and there was a marginal increase in tax and non-tax revenue which is a positive development.

The growth in revenue receipts was higher than the growth of revenue expenditure in 2011-12, but the growth of revenue expenditure was also higher than the growth of GSDP. For every one *per cent* growth in GSDP, revenue expenditure grew by 1.18 *per cent*.

There was 26.36 and 23.39 *per cent* growth of revenue expenditure under social sector and economic sector respectively over the previous year, while growth in revenue expenditure on general services was 9.85 *per cent*.

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

Nearly 20 *per cent* of the total expenditure constituted capital expenditure and as compared to the previous year capital expenditure increased by ₹ 164.69 crore (36.51 *per cent*).

Funds aggregating ₹ 180.53 crore remained blocked (31 March 2012) in incomplete projects. Effective steps need to be taken for expeditious completion of the projects to avoid further cost overrun and delay in achieving the objectives.

The debt-GSDP ratio decreased from 39.16 *per cent* in 2010-11 to 37.63 *per cent* in 2011-12. The ratio was much below the normative assessment made by the XIII FC for the current year. The fiscal liabilities stood at nearly 1.10 times of the revenue receipts and 5.88 times of the State's own resources at the end of 2011-12. The buoyancy of these liabilities with respect to GSDP during the year was 0.07 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.07 *per cent*.

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

# **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 budget. Appropriation Accounts, thus, facilitate management of finances and monitoring of budgetary provision and are, therefore, supplementary to the 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 actuals and control over expenditure, etc., had been laid down.

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

#### 2.2 Summary of Appropriation Accounts

##### 2.2.1 Summarised position of expenditure and provision

The summarised position of actual expenditure during 2011-12 against 46 grants/appropriations was as 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 (+)
Voted	I Revenue	3,045.70	670.02	3,715.72	3014.41	(-)701.31
	II Capital	1,138.94	230.95	1,369.89	664.76	(-)705.13
	III Loans and Advances	0.40	-	0.40	0.17	(-)0.23
<b>Total Voted</b>		<b>4,185.04</b>	<b>900.97</b>	<b>5,086.01</b>	<b>3,679.34</b>	<b>(-)1,406.67</b>
Charged	IV Revenue	219.52	0.56	220.08	217.51	(-)2.57
	V Capital	-	-	-	-	-
	VI Public Debt- Repayment	69.82	-	69.82	48.66	(-)21.16
<b>Total Charged</b>		<b>289.34</b>	<b>0.56</b>	<b>289.90</b>	<b>266.17</b>	<b>(-)23.73</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total</b>		<b>4,474.38</b>	<b>901.53</b>	<b>5,375.91</b>	<b>3,945.51</b>	<b>(-)1,430.40</b>

Source : Appropriation Accounts

The overall savings of ₹ 1,430.40 crore was the result of savings of ₹ 1,430.60 crore in 42 grants and two appropriations under Revenue Section, 27 grants under Capital Section and one grant (Public Debt-Repayments) under Loan Section, offset by excess of ₹ 0.20 crore in three grants under Revenue Section and one grant under Capital Section.

The savings/excess were intimated (July 2012) to the Controlling Officers requesting them to explain the significant variations. Out of 647 sub-heads, explanations for variation were not received (January 2013) in respect of 75 sub-heads (Saving: 59 sub-heads and Excess: 16 sub-heads).

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

As per Sikkim Financial Rules (SFR), every drawing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount of DC bills received during the period 2008-12 was only ₹ 124.45 crore against the amount of AC bills of ₹ 268.51 crore (₹ 80.56 crore (OB) + ₹ 187.95 crore) leading to an outstanding balance of DC bills of ₹ 144.06 crore as on 31 March 2012. Year-wise details are given in the following table.

**Table 2.2: Details of AC Bills**

(₹ in crore)

Year	Opening Balance	Addition during the year	Total Amount of AC Bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2007-08	80.56	41.39	121.95	5.19	4.26	116.76
2008-09	116.76	35.37	152.13	49.77	32.72	102.36
2009-10	102.36	36.30	138.66	1.88	1.36	136.78
2010-11	136.78	29.85	166.63	55.33	33.70	111.30
2011-12	111.30	45.04	156.34	12.28	7.85	144.06
<b>Total</b>		<b>187.95</b>		<b>124.45</b>		

Source: Voucher Level Computerisation data of Sr. DAG (A &amp; E)

Department-wise pending DC bills for the years up to 2011-12 are detailed in **Appendix 2.1**.

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

## 2.3 Financial accountability and budget management

### 2.3.1 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit reveals that in 24 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.2**). Against the total savings of ₹ 1,430.60 crore, savings of ₹ 1,163.86 crore (81 per cent)<sup>1</sup> occurred in 12 cases relating to 12 grants as indicated in **Table 2.3**.

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

(₹ in crore)

Sl. No.	No. and Name of Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	<b>REVENUE –VOTED</b>					
1	10 - Finance, Revenue and Expenditure	1,130.67	14.54	1,145.21	1,013.01	132.20
2	12 - Forestry and Environment Management	110.28	14.61	124.89	71.29	53.60
3	19 - Irrigation and Flood Control	108.97	8.41	117.38	40.54	76.84
4	22 - Land Revenue and Disaster Management	70.10	373.31	443.41	280.21	163.20
5	29 - Development Planning, Economic Reforms and North Eastern Council Affairs	68.46	1.09	69.55	10.74	58.81
6	38 - Social Justice, Empowerment and Welfare	117.88	25.68	143.56	76.24	67.32
7	43 - Panchayat Raj Institutions	310.73	18.24	328.97	278.46	50.51
	<b>CAPITAL –VOTED</b>					
8	33 - Water Security and Public Health Engineering	78.29	13.34	91.63	34.26	57.37
9	34 - Roads and Bridges	183.63	82.88	266.51	115.13	151.38
10	35 - Rural Management and Development	103.35	36.88	140.23	82.29	57.94
11	40 - Tourism	161.05	23.14	184.19	57.00	127.19
12	41 - Urban Development and Housing	222.78	2.07	224.85	57.35	167.50
	<b>Total</b>					<b>1,163.86</b>

Source : Appropriation Accounts

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI and (ii) non-completion of work.

<sup>1</sup>Exceeding ₹ 50 crore in each case.

### 2.3.2 Persistent savings

In five cases, during the last five years, there were persistent savings of more than ₹ 1 crore in each case and also by 10 *per cent* or more of the total grant (**Table 2.4**).

**Table 2.4: Lists of Grants indicating persistent savings during 2007-08 to 2011-12**

(₹ in crore)

Sl. No.	No. and Name of Grant	Amount of savings				
		2007-08	2008-09	2009-10	2010-11	2011-12
	<b>REVENUE –VOTED</b>					
1	19 Irrigation & Flood Control	3.77 (21.59)	34.70 (56.45)	15.07 (28.93)	28.05 (39.01)	76.84 (65.46)
2	29 - Development Planning, Economic Reforms and North Eastern Council Affairs	19.95 (72.07)	12.54 (61.81)	14.96 (60.96)	86.93 (91.32)	58.81 (84.55)
	<b>CAPITAL – VOTED</b>					
3	31 - Energy and Power	98.22 (71.65)	85.93 (62.23)	43.90 (30.31)	65.89 (66.72)	39.28 (51.76)
4	34 - Roads & Bridges	88.36 (58.34)	54.60 (26.62)	63.63 (45.87)	125.54 (58.80)	151.39 (56.80)
5	40 - Tourism	19.32 (37.77)	64.72 (58.82)	23.91 (32.77)	54.87 (52.81)	127.19 (69.05)

Source : Appropriation Accounts

(Figures in the bracket indicate percentage to total provision)

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI and (ii) non-receipt of claims.

### 2.3.3 Expenditure without provision

As per SFR, expenditure should not be incurred on a scheme/service without provision of funds. It was, however, noticed that expenditure of ₹ 9.41 crore was incurred in one case as detailed in **Table 2.5** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to that effect.

**Table 2.5: Expenditure incurred without provision during 2011-12**

(₹ in crore)

Number and Name		Head of Account	Amount of expenditure without provision	Reasons/Remarks
Grant	Appropriation			
16	-	4851-101 Industrial Estates	9.41	Reasons not intimated
		<b>Total</b>	<b>9.41</b>	

Source : Appropriation Accounts

### 2.3.4 Rush of expenditure

According to the SFR, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 1 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in respect of 16 heads and 29 heads during March 2012 and last quarter of the year 2011-12 respectively as listed in **Appendix 2.3**.

In seven and three cases, expenditure during the last quarter and March 2012 respectively, was up to 100 *per cent* of total provision during the year, which was contrary to the aforesaid provision.

### 2.3.5 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). However, the excess expenditure amounting to ₹ 9.05 crore for the years 2007-11 was yet to be regularised. The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.6**.

**Table 2.6: Excess over provision relating to previous years requiring regularisation**

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2007-08	03 (Grants Nos. 16,24,37)	-	0.38	Recommended by PAC for regularisation
2008-09	02 (Grant Nos. 33,10)	-	1.98	Not yet discussed by PAC
2009-10	04 (Grant Nos. 24,28,29,33)	-	5.10	-do-
2010-11	04 (Grant Nos.24,33,37,24)	-	1.59	-do-
<b>Total</b>		<b>9.05</b>		

Source : Appropriation Accounts

### 2.3.6 Excess over provision during 2011-12 requiring regularisation

**Table 2.7** contains the summary of total excess in four grants amounting to ₹ 19.58 lakh over authorisation from the Consolidated Fund of State during 2011-12 and requires regularisation under Article 205 of the Constitution.

**Table 2.7: Excess over provision requiring regularisation during 2011-12**

(₹ in lakh)

Sl.No	Number and title of Grant/ Appropriation		Total grant/appropriation	Expenditure	Excess
<b>A. Voted Grants -</b>					
1	16	Commerce and Industries	4,303.25	4,312.66	9.41
2	26	Motor Vehicles	307.98	310.50	2.52
3	42	Vigilance	410.58	411.64	1.06
<b>B. Charged Grants -</b>					
4	24	Legislature	55.34	61.93	6.59
<b>Total</b>					<b>19.58</b>

Source : Appropriation Accounts

### 2.3.7 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 281.21 crore obtained in 28 cases, (₹ 10 lakh or more in each case) during the year proved unnecessary as the expenditure did not come up to the level of original provision as detailed in **Appendix 2.4**.

### 2.3.8 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 15.73 crore in 12 sub-heads. There was excess of ₹ 6.19 crore in four sub-heads as detailed in **Appendix 2.5** and savings of ₹ 9.54 crore in eight sub-heads as detailed in **Appendix 2.6**.

### 2.3.9 Substantial surrenders

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 51 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from Government of India. Out of the total provision amounting to ₹ 697.77 crore in these 51 schemes, ₹ 556.75 crore (80 *per cent*) constituting 10 *per cent* of total budget provision (₹ 5,375.91 crore) were surrendered, which included *cent per cent* surrender in 18 schemes (₹ 60.96 crore). The details of such cases are given in **Appendix 2.7**.

### 2.3.10 Surrender in excess of actual savings

In three cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 139.18 crore, the amount surrendered was ₹ 153.34 crore resulting in excess surrender of ₹ 14.16 crore as indicated in **Table 2.8**.

**Table 2.8: 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
	<b>REVENUE -VOTED</b>				
1	10 - Finance, Revenue and Expenditure	1,145.21	132.20	134.54	2.34
2	10 - Finance, Revenue and Expenditure	204.15	1.32	12.60	11.28
3	35 - Rural Management and Development	61.64	5.66	6.20	0.54
	<b>Total</b>	<b>1,411</b>	<b>139.18</b>	<b>153.34</b>	<b>14.16</b>

Source : Appropriation Accounts

### 2.3.11 Anticipated savings not surrendered

As per SFR, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance, Revenue and Expenditure Department (FRED) as and when the savings are anticipated. At the close of the year 2011-12, there were, however, 16 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was ₹ 12.05 crore (0.84 *per cent* of the total savings) (**Appendix 2.8**).

Similarly, out of total savings of ₹ 1,430.60 crore, savings of ₹ 1 crore and above under 24 grants/appropriations were noticed aggregating ₹ 435.45 crore representing 30.44 *per cent* of

total savings in those grants/appropriation that were not surrendered, details of which are given in **Appendix 2.9**. Besides, in 48 cases, (surrender of funds in excess of ₹ 1 crore or more), ₹ 983.79 crore (**Appendix 2.10**) were surrendered (major departments involved were Social Justice, Empowerment and Welfare, Rural Management and Development, Finance, Revenue and Expenditure and Food Security and Agriculture Development) on the last two working days of March 2012 indicating inadequate financial controls and also the fact that these funds could not be utilised for other development purposes.

## 2.4 Contingency Fund

The Contingency Fund of the State has been established under the Contingency Fund Act 1957 in terms of provision of Articles 267 (2) and 283 (2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ 1 crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provision.

A total amount of ₹ 46.33 lakh was advanced during 2011-12 which was subsequently recouped alongwith outstanding balance of ₹ 10 lakh of previous year at the end of 2011-12.

## 2.5 Outcome of review of selected grants

### 2.5.1 Grant 38 -Social Justice, Empowerment & Welfare Department

A review on budgetary procedure and control over expenditure for the period 2007-08 to 2011-12 was conducted (August 2012) in respect of “Grant No.38 - Social Justice, Empowerment and Welfare Department (SJEWD), Government of Sikkim”. Important points noticed during review are detailed below:

#### 2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2007-08 to 2011-12 in respect of Demand No.38 pertaining to the SJEWD is given below:

**Table 2.9: Details of actual expenditure against grants received**

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Surrender
2007-08	Voted	Revenue	87.45	5.21	92.66	67.03	25.63(28)	24.78
		Capital	34.97	3.36	38.33	37.36	0.97(3)	0.90
2008-09	Voted	Revenue	84.69	7.51	92.20	87.34	4.86(5)	3.96
		Capital	52.40	1.26	53.66	41.56	12.10(23)	6.94
2009-10	Voted	Revenue	101.78	5.19	106.97	84.12	22.85(21)	14.43
		Capital	34.43	00	34.43	29.02	5.41(16)	8.22
2010-11	Voted	Revenue	116.20	3.59	119.79	57.15	62.64(52)	62.35
		Capital	10.34	00	10.34	4.25	6.09(59)	6.00
2011-12	Voted	Revenue	117.88	25.68	143.56	76.24	67.32(47)	64.28
		Capital	8.49	3.80	12.29	5.59	6.70(55)	2.05
Total		Revenue	508.00	47.18	555.18	371.88	183.30	169.80
		Capital	140.63	8.42	149.05	117.78	31.27	24.11

Source: Appropriation Accounts

Figures in brackets indicate percentage of savings to total provision.

### 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. However, review of Grant No. 38 in respect of SJEWD for the last five years from 2007-08 to 2011-12 revealed the following:

Against the additional requirement of ₹ 2.65 crore for 2008-09 under Revenue Head and ₹ 2.39 crore for 2007-08 under Capital Head, the supplementary grant of ₹ 7.51 crore and ₹ 3.36 crore were obtained, resulting in savings of ₹ 4.86 and ₹ 0.97 crore respectively. Similarly, supplementary grant of ₹ 5.21 crore, ₹ 5.19 crore, ₹ 3.59 crore and ₹ 25.68 lakh during the years 2007-08, 2009-10, 2010-2011 and 2011-12 respectively under Revenue Head and ₹ 1.26 crore and ₹ 3.80 crore during the years 2008-09 and 2011-12 under Capital Head were unnecessary as the final expenditure of ₹ 67.03 crore, ₹ 84.12 crore, ₹ 57.15 crore, ₹ 76.24 crore under Revenue Head and ₹ 41.56 crore and ₹ 5.59 crore were within the original provision.

Further, supplementary grant obtained during the period from 2007-08 to 2011-12 revealed that the supplementary grant of ₹ 39.67 crore under Revenue Head for 2007-08 and entire period from 2009-10 to 2011-12 and ₹ 4.16 crore under Capital Head for 2008-09 and 2011-12 was obtained in anticipation of higher expenditure. However, the final expenditure of ₹ 331.69 crore (Revenue + Capital Heads) was even less than the original grant of ₹ 485.04 crore (Revenue + Capital Heads). The savings of ₹ 197.24 crore under the grant, thus, exceeded the entire supplementary grant of ₹ 44.73 crore (Revenue + Capital Heads) indicating unnecessary allotment of additional funds in these cases as detailed below:

**Table 2.10: Details of actual expenditure against grants received**

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings
2007-08	Voted	Revenue	87.45	5.21	92.66	67.03	25.63
2008-09	Voted	Capital	52.40	1.26	53.66	41.56	12.10
2009-10	Voted	Revenue	101.78	5.19	106.97	84.12	22.85
2010-11	Voted	Revenue	116.20	3.59	119.79	57.15	62.64
2011-12	Voted	Revenue	117.88	25.68	143.56	76.24	67.32
		Capital	8.49	3.80	12.29	5.59	6.70
<b>Total</b>	<b>Revenue</b>		<b>423.31</b>	<b>39.67</b>	<b>462.98</b>	<b>284.54</b>	<b>178.44</b>
	<b>Capital</b>		<b>60.89</b>	<b>5.06</b>	<b>65.95</b>	<b>47.15</b>	<b>18.80</b>
<b>Total (Revenue + Capital)</b>			<b>484.20</b>	<b>44.73</b>	<b>528.93</b>	<b>331.69</b>	<b>197.24</b>

Source : Appropriation Accounts

### 2.5.1.3 Persistent savings

Savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned departments to overestimate the requirement of funds. Persistent and substantial savings ranging from 3 to 59 per cent of the provision were noticed both under Revenue and Capital Heads during the entire review period from 2007-08 to 2011-12 under Grant No. 38 as detailed in **Table 2.9**.

### 2.5.1.4 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of fund is made to discharge the payment thereto. Further analysis of budget provision and actual expenditure for the period (2007-08 to 2011-12) covered under review revealed that there were substantial savings both under Revenue and Capital Heads ranging from 22 to 59 *per cent* indicating inaccurate and unrealistic budget estimates. The cases of substantial savings (seven cases) involving more than 20 *per cent* of the final grant are indicated as detailed below:

**Table 2.11: Details of Substantial savings**

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings
2007-08	Voted	Revenue	87.45	5.21	92.66	67.03	25.62 (28)
2008-09	Voted	Capital	52.40	1.26	53.66	41.56	12.10 (23)
2009-10	Voted	Revenue	101.78	5.19	106.97	84.12	22.85 (21)
2010-11	Voted	Revenue	116.20	3.59	119.79	57.15	62.64 (52)
	Voted	Capital	10.34	00	10.34	4.25	6.09 (59)
2011-12	Voted	Revenue	117.88	25.68	143.56	76.24	67.33 (47)
	Voted	Capital	8.49	3.80	12.29	5.59	6.70 (55)

Figures in brackets indicate percentage of savings to total provision

### 2.5.1.5 Cases of irregular re-appropriation of funds

SFR enjoins that re-appropriation of funds shall be made only when it is known or anticipated that the re-appropriation from the unit from which funds are to be transferred will not be utilised in full. Audit analysis revealed non-observance of the Rules resulting in incorrect re-appropriation as shown in succeeding paragraphs:

- 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. Audit analysis revealed that while the total expenditure was within the grant, augmentation of funds by way of re-appropriation proved injudicious in the following cases:

**Table 2.12: Cases of irregular re-appropriation of funds**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Savings	Amount of re-appropriation
2007-08	2235-Social Security & Welfare (Plan)	1,232.69	1,170.60	62.09	8.50
2008-09	2236-Nutrition (Plan)	800.66	665.97	134.69	30.44
	2225-Welfare of SCs, STs and OBCs (Plan)	99.68	62.20	37.48	1.00
2009-10	2235-Social Security & Welfare (Plan)	2,206.28	1,683.15	523.13	101.00
2010-11	2225-Welfare of SCs, STs and OBCs (Plan)	228.10	208.35	19.75	4.55

- Further, it was noticed that the reduction of provision by way of re-appropriation was totally unnecessary while there was already excess expenditure over the final grant

resulting in irregular re-appropriation. The cases of re-appropriation in excess of savings available are indicated below:

**Table 2.13: Details of unnecessary re-appropriation of funds**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Excess	Amount of re-appropriation
2008-09	2235-Social Security & Welfare (Plan)	1,614.95	1625.32	10.37	31.83
	2215-Water Supply & Sanitation (Plan)	823.81	823.83	0.02	10.37

- Similarly, in the following cases, funds were withdrawn by way of re-appropriation in excess of available savings resulting in excess expenditure over the grants as detailed below:

**Table 2.14: Details of withdrawn by way of re-appropriation of funds in excess**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Savings	Amount of re-appropriation
2007-08	2225-Welfare of SCs, STs and OBCs (Plan)	805.00	813.59	8.59	8.90
2009-10	2225-Welfare of SCs, STs and OBCs (Non-Plan)	202.02	166.12	35.90	44.00

- Furthermore, in the following cases, funds were injudiciously augmented by way of re-appropriation of funds in excess of what was actually required to cover the excess expenditure over the final grant which ultimately resulted in savings as detailed below:

**Table 2.15: Injudiciously augmented by way of re-appropriation of funds**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Excess	Amount of re-appropriation
2009-10	2235-Social Security & Welfare (Non-Plan)	317.72	341.03	23.31	26.77
	2236-Nutrition (Non-Plan)	74.26	89.43	15.17	17.23
2011-12	5054-Roads & Bridges	84.00	170.74	86.74	99.49

#### 2.5.1.6 Substantial surrenders

Substantial surrenders were made in respect of 13 heads of account during the period of review (2007-12) either due to non-implementation or slow implementation of schemes/programmes. The percentage of surrender ranged from 50 to 98 *per cent* as shown below:

Table 2.16: Details of Substantial surrenders

(₹ in lakh)

Year	Major Head	Final grant	Amount of surrender	Percentage of surrender
2007-08	2210-Medical & Public Health (Plan)	150.00	110.00	73
	2217-Urban Development (Plan)	80.00	78.03	98
	2406-Forestry & Wild Life (Plan)	226.56	206.00	91
	2702-Minor Irrigation (Plan)	91.00	73.00	80
	3425-Other Scientific Reserve (Plan)	91.00	47.48	52
2008-09	4235-Social Security (Plan)	119.99	100.00	83
2009-10	3452-Tourism (Plan)	108.00	64.17	59
	2236-Nutrition (Plan)	924.97	656.37	71
	4059-Public Works (Plan)	400.00	300.56	75
2010-11	2225-Welfare of SC,ST & OBC (Plan)	1,035.10	628.01	61
2011-12	2401-Crop Husbandry (Plan)	300.00	200.00	67
	2515-Other Rural Development Programme (Plan)	50.00	25.00	50
	4235-Social Security (Plan)	119.99	100.00	83

### 2.5.1.7 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. 38 revealed that despite the savings, no funds were surrendered by the departments in the following cases:

Table 2.17: Details of Anticipated savings not surrendered

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Actual expenditure	Amount of re-appropriation	Savings	Amount surrendered
2007-08	2402-Crop Husbandry (Plan)	391.68	384.73	Nil	6.95	Nil
2008-09	2216-Rural Housing (Plan)	451.40	447.79	Nil	3.61	Nil
	2403-Animal Husbandry (Plan)	248.11	164.32	Nil	83.79	Nil
2009-10	2210-Medical & Public Health (Plan)	145.27	120.55	Nil	24.72	Nil
	2216-Rural Housing (Plan)	520.80	507.25	Nil	13.55	Nil
	2230-Labour & Employment (Plan)	13.00	Nil	Nil	13.00	Nil
	2406-Forestry & Wild Life (Plan)	80.00	57.50	13.75	8.75	Nil
	2852-Industries (Plan)	38.00	30.00	Nil	8.00	Nil
2010-11	2235-Social Security & Welfare (Non-Plan)	308.91	283.25	15.42	9.52	Nil
2011-12	5054-Roads & Bridges (Plan)	84.00	183.49	99.49	12.75	Nil
	4225-Welfare of SC,ST & OBC(Plan)	90.00	70.42	Nil	19.58	Nil
	4235-Social Security & Welfare (Plan)-(100% CSS)	428.75	Nil	Nil	428.75	Nil

### 2.5.1.8 Surrender in excess of anticipated savings

It was also noticed that in eight cases, the amount injudiciously surrendered was in excess of actual savings indicating lack of efficient and proper budgetary control. As against the available savings of ₹ 580.33 lakh, the amount surrendered was ₹ 1,233.40 lakh resulting in excess surrender of ₹ 653.07 lakh ranging from ₹ 3.20 lakh to ₹ 293.97 lakh as detailed below:

**Table 2.18: Details of surrender in excess of anticipated savings**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Amount of re-appropriation	Final grant	Actual expenditure	Savings available	Amount surrendered	Excess
2007-08	5054-Roads & Bridges (Plan)	798.72	Nil	798.72	780.22	18.50	21.70	3.20
2008-09	2225-Welfare of SCs, STs & OBCs (Plan)	963.54	(-)0.39	963.15	948.08	15.07	46.54	31.47
	2235-Social Security & Welfare (Plan)	1,614.95	31.83	1,646.78	1,625.32	21.46	47.05	25.59
2009-10	2225-Welfare of SC,ST & OBC (Plan)	1,586.86	(-)28.10	1,558.76	1,242.18	316.58	568.65	252.07
	4801-Power Projects (Plan)	615.00	Nil	615.00	608.97	6.03	300.00	293.97
	4225- Welfare of SC,ST & OBC (Plan)	124.02	Nil	124.02	102.41	21.61	30.46	8.85
2010-11	2215-Water Supply & Sanitation (Plan)	1,000.00	Nil	1,000.00	832.00	168.00	200.00	32.00
	2225-Welfare of SC,ST & OBC (Plan)	389.43	Nil	389.43	376.35	13.08	19.00	5.92
	<b>Total</b>					<b>580.33</b>	<b>1,233.40</b>	<b>653.07</b>

Further, in one case involving the MH-2215-Water Supply & Sanitation (Plan), the Department surrendered ₹ 21.35 lakh during 2008-09, although there was already excess expenditure of ₹ 10.39 lakh in the concerned head leading to injudicious surrender and consequent excess expenditure as indicated below:

**Table 2.19: Details of injudicious surrender and consequent excess expenditure**

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Amount of re-appropriation	Final grant	Actual expenditure	Savings available	Amount surrendered	Excess
2008-09	2215-Water Supply & Sanitation (Plan)	823.81	(-)10.37	813.44	823.83	Nil	21.35	31.74

### 2.5.1.9 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 ₹ 105.53 crore provided for various activities were not utilised as indicated below:

Table 2.20: Details of Non-utilisation of funds

(₹ in lakh)

Year	MH affecting the grant	Amount of grant	Expenditure
2007-08	2059-Public Works (Plan)	90.00	Nil
	2202-General Education	1,349.18	Nil
	3435-Ecology & Environment (Plan)	13.00	Nil
	4216-Rural Housing	30.34	Nil
2008-09	4235-Social Security & Welfare (Plan)	500.00	Nil
	5254-Tourism (Plan)	100.00	Nil
2009-10	2230-Labour & Employment (Plan)	13.00	Nil
2010-11	2702-Minor Irrigation (Plan)	3,571.00	Nil
	2705-Command Area Development (Plan)	29.00	Nil
	4059-Public Works (Plan)	100.00	Nil
	4235-Social Security & Welfare (Construction of Aganwadi Centre (100%CSS))	428.75	Nil
2011-12	2702-Minor Irrigation (Plan)	3,800.00	Nil
	5452-Tourism (Plan)	100.00	Nil
	4235-Social Security & Welfare (Plan)	428.75	Nil
	<b>Total</b>	<b>10,553.02</b>	

### 2.5.1.10 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the last quarter was noticed during the grant review. Rush of expenditure during March ranged from 21 to 66 per cent of the total expenditure as shown below:

Table 2.21: Trend of Rush of expenditure

(₹ in lakh)

Particulars	2008-09	2009-10	2010-11	2011-12
Expenditure during April to December	5,279.38	3,442.49	637.10	1,316.04
Expenditure during January to February	3,334.33	2,148.64	547.58	197.28
Expenditure during March (Percentage of expenditure during March to total expenditure in bracket)	3,052.40 (26)	3,364.26 (38)	2,269.18 (66)	404.49 (21)
<b>Total</b>	<b>11,666.11</b>	<b>8,955.39</b>	<b>3,453.86</b>	<b>1,917.81</b>

Note: Records for 2007-08 not available, hence not included in the above table

Further analysis revealed that rush of expenditure during closing month of the year ranging from 24 to 100 per cent of total expenditure were noticed in 29 Heads under Grant No. 38 as detailed in **Appendix – 2.11**.

## 2.6 Conclusion

Against the total provision of ₹ 5,375.91 crore during 2011-12, an expenditure of ₹ 3,945.51 crore was incurred. This resulted in an unspent provision of ₹ 1,430.40 crore (26.61 per cent). Excess expenditure of ₹ 9.05 crore relating to the period 2007-08 to 2010-11 required regularisation under Article 205 of the Constitution. Expenditure aggregating ₹ 9.41 crore in one case was incurred without any provision. While, supplementary provision of ₹ 281.21 crore in 28 cases was unnecessary, re-appropriation of funds in 12 cases was made injudiciously resulting in either un-utilised provision or excess over provision. In 48 cases,

₹ 983.79 crore was surrendered on the last two working days of the financial year. ₹ 144.06 crore drawn during 2007-12 as advances remained to be settled, distorting the amount of expenditure being shown as such.

## 2.7 Recommendations

Budgetary control should be strengthened in all departments to avoid cases of provision remaining unutilised. Excessive/unnecessary supplementary provision and re-appropriation of funds injudiciously should be avoided. Budget should be prepared keeping in view the actual requirement of funds and it should neither be under/over pitched. The re-appropriation of funds at the close of the financial year also requires attention. The departmental budgets should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided. Rush of expenditure during the last quarter of the financial year particularly in the month of March are required to be avoided. The departments should forecast the budget in close proximity to actual requirements and the FRED should take effective steps to prepare a Budget Manual enumerating detailed procedures for better financial management.

# **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 Non-submission of utilisation certificates

Sikkim Financial Rules (SFR) (Rule 116 (1)) states that every grant made for a specific object is subject to the implied conditions, (i) that the grant shall be spent upon the object within a reasonable time (which should ordinarily be interpreted to mean one year from the date of issue of the letter sanctioning the grant as per note below Rule 116), if no time limit has been fixed by the sanctioning authority; and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. However, 777 utilisation certificates (UCs) aggregating to ₹ 6.32 crore in respect of grants-in-aid paid up to 2011-12, were in arrears as of March 2012 as detailed in **Appendix 3.1**.

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

**Table - 3.1: Age-wise arrears of utilisation certificates**

(₹ in lakh)

Sl. No.	Range of Delay in Number of Years	Total grants released		Utilisation Certificates in arrears	
		Number	Amount	Number	Amount
1	9 & above	32	51.81	5	1.26
2	7-9	0	0	0	0
3	5-7	355	79.00	0	0
4	3-5	444	858.22	163	272.06
5	1-3	213	744.97	69	174.12
6	0-1	636	946.35	540	184.57
<b>Total</b>		<b>1,680</b>	<b>2,680.35</b>	<b>777</b>	<b>632.01</b>

Source: Information furnished by the State Government departments

Major cases of non-submission of UCs related to Ecclesiastical Department (85 per cent) and Cultural Affairs and Heritage Department (10 per cent). Non-submission of UCs defeats the very purpose of release of the money to the beneficiary organisations and also gives rise to possibility of misuse/ diversions.

#### 3.1.1 Review of grants

A detailed review on utilisation of grants in Cultural Affairs and Heritage Department revealed the following:

- The Notification No. 4/CA dated 7.12.2002 of Cultural Affairs and Heritage

Department (CHD), Government of Sikkim, Gangtok, laid down the general guidelines in respect of grants-in-aid and stipulated that Utilisation Certificates (UCs) should be submitted within three months from the date of release of grants.

Test check (August 2012) revealed that the CHD released grants of ₹ 10.49 crore (including ₹ 8.66 lakh paid from Other Charges head during 2010-11) to 500 numbers of units during the year 2007-08 to 2011-12. However, UCs in respect of 284 numbers for ₹ 4.67 crore were not received till the date of audit (November 2012) as detailed in **Appendix 3.2.**

- The grants for fairs and festivals should not exceed ₹ 1 lakh. However, the Department paid more than ₹ 1 lakh for fair and festivals in 16 cases (₹ 28.18 lakh) during 2007-08 to 2011-12 as detailed at **Appendix 3.3.**
- The grants for repair and renovation of religious/cultural institutions should be released 60 per cent in advance and remaining balance released after inspection of progress and satisfactory completion of the work. However, the Department paid ₹ 1 lakh (@ ₹ 20,000 each) in full to five units and inspection of progress was also not done.
- According to Sikkim Financial Rules, Institutions or Bodies receiving grants-in-aid exceeding ₹ 1 lakh per annum recurring or ₹ 5 lakh non-recurring were required to maintain subsidiary accounts of the Government grants and furnish to the Accountant General:
  1. A copy of the audited statement of their accounts; and
  2. A copy of their Constitution.

Test check revealed that against 26 cases of recurring grants above ₹ 1 lakh released during 2007-08 to 2011-12, in 14 cases involving ₹ 1.44 crore, no audited statement of accounts and copy of their Constitution (except Sikkim Academy and Namgyal Institute of Tibetology) was furnished as detailed at **Appendix 3.4.**

Similarly, in case of non-recurring grants exceeding ₹ 5 lakh, against 22 cases released during 2007-08 to 2011-12, in 8 cases involving ₹ 2 crore, no audited statement of accounts and copy of their Constitution (except Namgyal Institute of Tibetology) was furnished as detailed at **Appendix 3.5.**

- The State Government decided (August 2008) to provide financial assistance to all the ethnic communities of Sikkim for construction of their traditional houses to showcase their culture, tradition and also to facilitate them to organise such meetings and programmes on their own without having to spend their resources on hired premises. Each of these ethnic communities should have their own land for construction of traditional houses and the maximum financial assistance under this scheme was fixed at ₹ 50 lakh per house.

As per Cabinet sanction, 2<sup>nd</sup> installment of ₹ 25 lakh was to be released subject to the submission of Detailed Project Reports (DPRs) and UCs of the first installment.

Test-check revealed that the Department released grants of ₹ 2.50 crore to ten<sup>1</sup> communities (eight communities in 2008-09 and two communities in 2010-11) as 1<sup>st</sup> installment.

The Department released 2<sup>nd</sup> installment to all the ten communities for ₹ 2.50 crore (eight in 2010-11 and two in 2011-12) against which seven<sup>2</sup> communities were yet to submit the UCs of 2<sup>nd</sup> installment.

Audit scrutiny on release of 2<sup>nd</sup> installment of grants to these ten communities revealed that none of these communities had submitted the DPR. Thus, the release of 2<sup>nd</sup> installment of ₹ 2.50 crore was irregular. Further, analysis on annual accounts of these ten communities revealed that ₹ 95.86 lakh was irregularly diverted by eight<sup>3</sup> communities for acquisition of land. It was noticed that seven<sup>4</sup> of these communities were yet to start (June 2012) the construction. It was also noticed that the Bhujel Community, instead of utilising had invested the funds of ₹ 35.59 lakh (₹ 10 lakh + ₹ 25.59 lakh) in Fixed Deposits with the Bank.

The Department had not laid down the guideline as to the planning, mode of execution and completion of house/ monitoring of the progress. Thus, funds were also utilised irregularly and also parked with a bank thereby resulting in non-construction of community traditional houses in these cases.

- Watch Register is an important register to keep a watch and control on release of grants and its utilisation. The Department had not maintained the said register. Consequently, the Department could not keep a watch on the utilisation certificate for ₹ 98.91 lakh released in 2007-08.

During discussion, the Commissioner-cum-Secretary, Cultural Affairs and Heritage Department while admitting the fact on non-compliance with the Notification issued on 7 December 2002 stated (September 2012) that the Department would revisit the Notification as the amount prescribed in that notification needs changes and action would be taken to amend the same.

As with Traditional Houses, the Commissioner-cum-Secretary admitted the fact that there were irregularities on utilisation of funds on land and also investing in the Bank. However, it was stated that necessary action would be taken to ensure that the Communities completed the traditional houses from their own funds. It was further agreed that Watch Register was important and henceforth, Watch Register would be maintained.

<sup>1</sup>Chettri/Bahun, Newar, Tamang, Sunwar, Lepcha, Thami, Mangar, SC community, Limbu and Bhujel.

<sup>2</sup>Chettri/Bahun, Newar, Tamang, Sunwar, Lepcha, Thami and Limbu.

<sup>3</sup>SC community: ₹ 6.96 lakh, Bhujel: ₹ 4.50 lakh, Thami: ₹ 20.90 lakh, Chettri/Bahun: ₹ 25 lakh, Tamang: ₹ 5 lakh, Newar: ₹ 10 lakh, Sunwar: ₹ 50 lakh and Mangar: ₹ 16 lakh

<sup>4</sup>Bhujel, SC community, Chettri/Bahun, Newar, Tamang, Sunwar and Thami.

### 3.2 Non-submission/delay in submission of accounts

To identify the Institutions which attract Audit under Sections 14 and 15 of the CAG's (Duties, Powers and Conditions of Service) Act 1971, the Heads of the Government departments were required to furnish to Audit every year information about the Institutions to which financial assistance of ₹ 25 lakh or more was given, the purpose for which assistance was granted and the total expenditure of the Institutions.

Departments did not furnish information in respect of twenty seven Bodies and Authorities pertaining to grants received aggregating ₹ 25 lakh or more for the period ranging from two years to more than five years, as detailed in **Appendix 3.6**.

### 3.3 Status of submission of accounts of autonomous bodies and placement of audit reports before the State Legislature

Several Autonomous Bodies have 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 eight bodies in the State have been entrusted to the CAG. These 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.

Separate Audit Reports of two Autonomous Bodies for the years 2005-06 to 2007-08, one Autonomous Body for the years 2007-08 to 2009-10 and one Autonomous Body for the years 2006-07 to 2009-10 were yet to be placed before the State Legislature.

The status of entrustment of audit, rendering of accounts to Audit, issuing of Separate Audit Report and their placement before the State Legislature are indicated in **Appendix 3.7**.

### 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 Principal Accountant General for audit within a specified time frame. In respect of five undertakings which have been closed/transferred/converted into co-operative federation, proforma accounts were due from 2006-07. The position of arrears in preparation of proforma accounts by the undertakings is given in **Appendix 3.8**.

### 3.5 Misappropriation, losses, etc.

There were nine cases of misappropriation, losses, etc., involving Government money amounting to ₹ 2.39 crore at the end of 2011-12 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.9** and nature of these cases are given in **Appendix 3.10**. The age-profile of the pending cases with the number of cases pending in each category of theft, misappropriation/loss, etc. is given in **Table 3.2**.

**Table - 3.2: Profile of pending cases of misappropriation, loss, defalcation, etc.**

(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
16-20	2	12.96	Misappropriation/ Loss of material	8	239.33
11-15	1	42.63			
6-10	2	149.00			
0-05	3	34.74			

Source: Information from State Government Department

Around 70.40 per cent of the amount involved pertained to Transport Department.

### 3.6 Reconciliation of expenditure and receipts

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

Even though, non-reconciliation of departmental figures was being pointed out regularly in Audit Reports, lapses on the part of Chief Controlling Officers (CCOs) in this regard, were noticed during 2011-12. All the 33 CCOs for Receipt Heads had fully reconciled their receipt accounts. Also in respect of 48 CCOs for Expenditure Heads, reconciliation has been completed in all cases.

### 3.7 Comments on Accounts

#### Suspense and Remittances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of gross figures under major suspense heads for the last three years is given below:

## 8658-Suspense Accounts

**Table 3.3: Details of Suspense Accounts**

(₹ in lakh)

Minor Head	2009-10		2010-11		2011-12	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101-PAO-Suspense	556.76	147.35	453.16	0.11	763.17	468.14
<b>Net</b>	<b>Dr 409.41</b>		<b>Dr 453.05</b>		<b>Dr 295.03</b>	
102-Suspense Account (Civil)	224.63	182.08	90.64	(-)14.66	98.66	(-)13.15
<b>Net</b>	<b>Dr 42.55</b>		<b>Dr 105.30</b>		<b>Dr 111.81</b>	
112-Tax Deducted at Source	2.02	509.83	1,215.33	1,520.68	1,453.62	2,027.28
<b>Net</b>	<b>Cr 507.81</b>		<b>Cr 305.35</b>		<b>Cr 573.66</b>	
123-AIS Suspense	1.25	3.64	2.70	3.33	5.29	32.64
<b>Net</b>	<b>Cr 2.39</b>		<b>Cr 0.63</b>		<b>Cr 27.35</b>	
135-Cash Settlement between PAG, Sikkim and Other States	18.16	1.73	21.68	00	75.43	12.34
<b>Net</b>	<b>Dr 16.43</b>		<b>Dr 21.68</b>		<b>Dr 63.09</b>	

Source : Finance Accounts

### ➤ Pay and Accounts Office (PAO) Suspense

In the absence of any entitlement functions with the office of the Sr. DAG (A&E) Sikkim, this minor head was directly operated by the State Government for settlement of the pension disbursed to the Central Government pensioners and pensioners of other States (other than West Bengal and North-Eastern States). The pension disbursed by the State Government were booked as debit balance and on receipt of the reimbursement claim raised by the State Government, the debit balance was adjusted. The net debit balances under this head had been showing a fluctuating trend.

### ➤ Suspense Account (Civil)

This minor head was operated for accounting transactions due to absence of certain information/documents, viz. voucher, challans, etc., as they cannot be taken to the final receipt or expenditure head. This minor head was credited for recording receipts and debited for expenditure incurred. On receipt of requisite information/documents, etc., the minor head was cleared by minus debit or minus credit by per contra debit or credit to the concerned head of account. The net debit balances under this head had been showing an increasing trend during 2009-12.

### ➤ Tax deducted at Source

Consequent upon the implementation of the Central Income Tax in the State of Sikkim with effect from 16 June 2008, the tax deducted at source were credited under this minor head. The amount was directly remitted to the Government of India by the State Government giving per contra credit alongwith the necessary adjustment in the accounts. The net credit balance under this head was the amount to be remitted to the Government of India. The credit balance under this head had been showing a fluctuating trend.

### ➤ Accounts suspense

Contributions towards the Central Government Employees Group Insurance Scheme

recovered from the salaries of the All India Service Officers who were serving in the State of Sikkim were credited under this minor head. As and when the contributed amount was transmitted by the State Government to the Government of India, the balance would be debited with necessary adjustment in the accounts. The credit balance under this head had been showing a fluctuating trend.

➤ **Cash settlement between Principal Accountant General, Sikkim and other States**

This minor head was operated for the settlement of pension paid by the State Government in respect of the pensioners of West Bengal and North-Eastern States Government pensioners. On receipt of the claim alongwith the details of pension disbursed by the State Government, the claims were forwarded to the respective Accountants General and the amount was booked as debit balance under this minor head. On receipt of cheque/demand draft against the claim, the debit balance would be reduced by giving per contra debit adjustment in the accounts. The net debit balance under this head had been showing an increasing trend during 2009-12.

### 3.8 Conclusion

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

Gangtok  
The



(L. Angam Chand Singh)  
Principal Accountant General (Audit),  
Sikkim, Gangtok

Countersigned

New Delhi  
The



(Vinod Rai)  
Comptroller and Auditor General of India

# Appendices

**Appendix 1.1: Part A**  
**State Profile**  
*(Reference: Page 1)*

<b>A. General Data</b>			
<b>Sl. No</b>	<b>Particulars</b>		<b>Figures</b>
1	Area		7,096 sq. km
	Population		
2	a.	As per 2001 Census	5.40 lakh
	b.	As per 2011 Census	6.07 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 (All India Average = 27.5 per cent)		19.33 per cent*
5	a.	Literacy (2001 Census) (All India Average = 64.8 per cent)	69.68 per cent
	b.	Literacy (2011 Census) (All India Average = 74.0 per cent)	82.20 per cent
6	Infant mortality (per 1000 live births) (All India Average 53 per 1000 live births)		34**
7	Life expectancy at birth (All India Average 63.5 years)		Male: Female:
9	Gross State Domestic Product (GSDP) 2011-12 at current prices		₹ 8,399.88 crore
10	Per capita GSDP CAGR (2002-03 to 2011-12)	Sikkim	21.67 %
11	GSDP CAGR (2002-03 to 2011-12)	Sikkim	23.27 %
12	Population Growth (2002-2012)	Sikkim	12.43 %

\* As per Socio-economic survey 2005-06

\*\* As per SRS 2009

**Appendix 1.1: Part B**  
**Layout of Finance Accounts**  
*(Reference: Page 2)*

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

Statement number	Layout
1	Summarised Financial position of the State giving cumulative figures of assets and liabilities of the Government as at the end of 2011-12.
2	Summary of Receipts and Disbursements during the year in all the three parts of accounts of Government.
3	Summary of receipts under Consolidated Fund, grants from Government of India and Capital, Public Debt and Other receipts.
4	Summary of expenditure for the current year under various sector of Consolidated Fund of State.
5	Details of capital expenditure major head wise incurred during and to the end of 2011-12.
6	Summary of the debt position of the State including borrowing from internal debt, Government of India, other obligations and servicing of debt.
7	Summary of loans and advances given by the State Government during the year and repayments made, recoveries in arrears etc.
8	Summarised statement of Grants-in-aid given by Government both in cash and in kind and also grants released for creation of capital assets.
9	Summary of guarantees given by the government for repayment of loans etc., raised by statutory corporation, local bodies and other institutions.
10	Distribution of expenditure between charged and voted.
11	Detailed account of revenue and capital receipts by minor heads.
12	Detailed account of revenue expenditure by minor heads under non-plan, plan and centrally sponsored scheme separately.
13	Details accounts of capital expenditure by minor heads under non-plan, plan and centrally sponsored scheme separately during the year and total expenditure to the end of 2011-12.
14	Details of investments of the State Government in Statutory Corporations, Government companies, other joint stock companies, co-operative banks, societies etc., up to the end of 2011-12 and also giving the comparative summary of investment between the share capital and debentures.
15	Detailed account on borrowings and other liabilities showing public debt and other interest bearing obligation during and up to the end of 2011-12, maturity profile, repayment schedule and interest rate profile.
16	Detailed account of Loans and advances given by the Government of Sikkim, the amount of loan repaid during the year, the balance as on 31 <sup>st</sup> . March 2012 and also loans advanced during the year for plan purpose and centrally sponsored schemes.
17	Detailed account on sources and application of funds other than on revenue account.
18	Detailed account on contingency fund and public account transactions.
19	Detailed of earmarked balance of reserve funds.

**Appendix 1.1: Part C**  
**Structure of Government Accounts**  
*(Reference: Paragraph 1.1, Page 2)*

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

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

**Part II: Contingency Fund:** Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest 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 the Chapter I and basis for their calculation**

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
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)	$(\text{Current year Amount}/\text{Previous year Amount} - 1) * 100$
Average	Trend of growth over a period of 5 years
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest payment} / [(\text{amount of previous year's Fiscal Liabilities} + \text{current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth - Weighted Interest rates
Quantum spread	$\text{Debt stock} * \text{Interest Spread}/100$
Interest received <i>as per cent</i> to loans outstanding	$\text{Interest received} / [(\text{opening balance} + \text{closing balance of loans and advances})/2] * 100$
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.
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 percent.

**Appendix 1.2**  
**Time series data on the State Government finances**  
 (Reference: Paragraph 1.1, Page 2)

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Part A. Receipts</b>					
<i>1. Revenue Receipts</i>	1,497.71	1,758.20	2,345.37	2,151.70	2,872.11
(i) Tax Revenue	197.85 (13.21)	199.19 (11.33)	223.65 (9.54)	279.54 (12.99)	293.92 (10.23)
Taxes on Sales, Trade, etc.	81.32 (41.10)	101.14 (50.78)	121.07 (54.13)	142.74 (51.1)	124.19 (42.25)
State Excise	37.94 (19.18)	46.47 (23.33)	57.27 (25.61)	70.64 (25.27)	96.26 (32.75)
Taxes on Vehicles	6.22 (3.14)	6.94 (3.48)	7.88 (3.52)	10.66 (30.81)	16.56 (5.63)
Stamps and Registration fees	4.26 (2.15)	4.35 (2.18)	4.48 (2.00)	5.70 (2.04)	8.27 (2.81)
Land Revenue	2.75 (1.39)	1.95 (0.98)	2.71 (1.21)	7.33 (2.62)	4.61 (1.57)
Taxes on Income other than Corporation Tax	49.10 (24.82)	16.16 (8.11)	2.84 (1.26)	4.94 (1.77)	4.86 (1.65)
Other Taxes	16.26 (8.22)	22.18 (11.14)	27.40 (12.25)	37.52 (13.42)	39.17 (13.34)
(ii) Non Tax Revenue	212.03 (14.16)	292.26 (16.62)	447.42 (19.08)	242.15 (11.25)	244.04 (8.50)
(iii) State's share of Union taxes and duties	345.12 (23.04)	364.20 (20.71)	374.68 (15.98)	524.99 (24.40)	611.65 (21.30)
(iv) Grants in aid from Government of India	742.71 (49.59)	902.55 (51.33)	1,299.62 (55.41)	1,105.02 (51.36)	1,722.50 (59.97)
<i>2. Miscellaneous Capital Receipts</i>	-	-	-	-	42.25
<i>3. Recoveries of Loans and Advances</i>	0.38	0.38	0.30	0.79	0.03
<i>4. Total Revenue and Non debt capital receipts (1+2+3)</i>	<b>1,498.09</b> <b>(84.27)</b>	<b>1,758.58</b> <b>(83.90)</b>	<b>2,345.67</b> <b>(85.68)</b>	<b>2,152.49</b> <b>(95.77)</b>	<b>2,914.39</b> <b>(97.08)</b>
<i>5. Public Debt Receipts</i>	279.64 (16)	337.46 (16)	392.11 (14.32)	95.03 (4.23)	87.44 (2.91)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	274.08 (98.01)	337.01 (99.87)	391.86 (99.94)	94.96 (99.93)	86.89 (99.37)
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	5.56 (1.99)	0.45 (0.13)	0.25 (0.06)	0.07 (0.07)	0.55 (0.63)
<i>6. Total Receipts in the Consolidated Fund (4+5)</i>	<b>1,777.73</b>	<b>2,096.04</b>	<b>2,737.78</b>	<b>2,247.52</b>	<b>3,001.83</b>
<i>7. Contingency Fund Receipts</i>	-	-	-	-	0.10
<i>8. Public Account Receipts</i>	1,899.53	2,414.37	2,967.70	2,915.63	3,808.95
<i>9. Total Receipts of the State (6+7+8)</i>	<b>4,327.09</b>	<b>4,510.41</b>	<b>5,705.48</b>	<b>5,163.14</b>	<b>6,810.88</b>
<b>Part B. Expenditure/Disbursement</b>					
<i>10. Revenue Expenditure</i>	1,146.87	1,380.55	1,829.02	2,011.92	2,429.61
Plan	419.79	517.73	572.68	675.27	748.38
Non Plan	727.08	862.82	1,256.34	1,336.65	1,681.23
General Services (including interest payments)	388.06 (33.84)	446.15 (32.32)	657.61 (35.95)	684.94 (34.04)	752.44 (30.97)
Social Services	438.23	540.24	691.28	816.43	1,031.69 (42.46)
Economic Services	320.58	394.15	480.13	497.61	614.01 (25.27)
Grants -in-aid and contributions	26.74	113.01	187.46	12.94	31.47 (1.30)

	2007-08	2008-09	2009-10	2010-11	2011-12
<i>11. Capital Expenditure</i>	415.47	611.78	648.53	451.07	615.76
Plan	415.47	611.78	648.53	451.07	615.76
Non Plan	-	-	-	-	-
General Services	39.28	77.13	88.87	56.67	25.29 (4.11)
Social Services	135.41	190.54	220.64	165.85	277.11 (45)
Economic Services	240.78	344.11	339.02	228.55	313.36 (50.89)
<i>12. Disbursement of Loans and Advances</i>	-	0.25	36.98	5.75	49.17
<b>13. Total (10+11+12)</b>	<b>1,562.34</b>	<b>1,992.58</b>	<b>2,514.53</b>	<b>2,468.74</b>	<b>3,094.54</b>
<i>14. Repayments of Public Debt</i>	55.57	76.28	86.29	73.23	48.66
Internal Debt (excluding Ways and Means Advances and Overdrafts)	40.91	60.13	67.55	51.31	45.30
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	14.66	16.15	18.74	21.92	3.36
<i>15. Appropriation to Contingency Fund</i>	-	-	-	-	-
<i>16. Gross Expenditure on Lotteries</i>	1,201.71	913.05	909.02	895.61	800.53
<i>17. Total disbursement out of Consolidated Fund (13+14+15 +16)</i>	<b>2,819.62</b>	<b>2,981.91</b>	<b>3,509.84</b>	<b>3,437.58</b>	<b>3,943.73</b>
<i>18. Contingency Fund disbursements</i>	0	0	0	0.10	0
<i>19. Public Account disbursements</i>	1,789.75	2,305.07	2,784.90	2,898.78	3,487.98
<b>20. Total disbursement by the State (17+18+19)</b>	<b>4,609.37</b>	<b>5,286.98</b>	<b>6,294.74</b>	<b>6,339.96</b>	<b>7,431.71</b>
<b>Part C. Deficits</b>					
<i>21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)</i>	<b>350.84</b>	<b>377.65</b>	<b>516.35</b>	<b>139.78</b>	<b>442.50</b>
<i>22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)</i>	<b>-64.25</b>	<b>-234.00</b>	<b>-168.86</b>	<b>-316.25</b>	<b>-180.15</b>
<i>23. Primary Deficit (22-24)</i>	<b>-53.49</b>	<b>-91.36</b>	<b>-14.43</b>	<b>-129.48</b>	<b>-10.68</b>
<b>Part D. Other data</b>					
<i>24. Interest Payments (included in revenue expenditure)</i>	117.74	142.64	154.43	186.77	190.83
<i>25. Financial Assistance to local bodies etc.</i>	15.13	11.53	21.06	247.87	252.39
<i>26. Ways and Means Advances/Overdraft availed (days)</i>	-	-	-	-	-
<i>27. Interest on Ways and Means Advances/Overdraft</i>	-	-	-	-	-
<i>28 Gross State Domestic Product (GSDP)</i>	2,506.09	3,229.08	6,132.76	7,144.55*	8,399.88**
<i>29. Outstanding Fiscal liabilities (year end)</i>	1,795.82	2,155.70	2,762.35	2,797.50	3,160.76
<i>30. Outstanding guarantees (year end) (including interest)</i>	75.00	75.00	77.58	276.42	164.21
<i>31. Maximum amount guaranteed (year end)</i>	84.40	75.00	75.00	246.69	163.72
<i>32. Number of incomplete projects</i>	61.00	144.00	142.00	138.00	113
<i>33. Capital blocked in incomplete projects</i>	285.97	681.40	586.67	294.16	348.31
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilisation</b>					
Revenue Receipts/GSDP	0.60	0.54	0.38	0.30	0.34
Own Tax Revenue/GSDP	0.08	0.06	0.04	0.04	0.03
Own Non-Tax Revenue/GSDP	0.08	0.09	0.07	0.03	0.03
State's share in Central taxes and Duties/GSDP	0.14	0.11	0.06	0.07	0.07
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	0.62	0.62	0.41	0.35	0.37
Total Expenditure/Revenue Receipts	1.04	1.13	1.07	1.15	1.08
Revenue Expenditure/Total Expenditure	0.73	0.69	0.73	0.81	0.79
Expenditure on Social Services/Total Expenditure	0.37	0.37	0.36	0.40	0.42
Expenditure on Economic Services/Total Expenditure	0.36	0.37	0.33	0.29	0.30
Capital Expenditure/Total Expenditure	0.27	0.31	0.26	0.18	0.20

	2007-08	2008-09	2009-10	2010-11	2011-12
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.24	0.27	0.22	0.16	0.19
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	0.14	0.12	0.08	0.02	0.05
Fiscal deficit/GSDP	-0.03	-0.07	-0.03	-0.04	-0.02
Primary Deficit (surplus) /GSDP	-0.02	-0.03	-0.002	-0.02	-0.001
Revenue Deficit/Fiscal Deficit	-5.46	-1.61	-3.06	-0.44	-2.46
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	0.72	0.67	0.45	0.39	0.38
Fiscal Liabilities/RR	1.20	1.23	1.18	1.30	1.10
<b>V Other Fiscal Health Indicators</b>	-	-	-	-	-
Return on Investment	0.68	1.31	0.46	2.37	-
Balance from Current Revenue ( <i>Rupees in crore</i> )	126.66	71.17	169.80	-156.65	-173.89
Financial Assets/Liabilities	2.08	2.07	2.11	2.11	2.13

\* Provisional Estimate

\*\* Quick Estimate

### Appendix 1.3

#### Abstract of Receipts and Disbursements for the year 2011-12

(Reference: Paragraph 1.2, Page 2)

(₹ in crore)

Receipts				Disbursements					
2010-11			2011-12	2010-11		Non-Plan	Plan	Total	2011-12
	Section A: Revenue								
2,151.70	I-Revenue Receipts		2,872.11	2,011.92	I-Revenue Expdt.				2,429.61
279.54	Tax revenue	293.92		697.88	General services	748.89	35.02	783.91	
242.15	Non-tax revenue	244.04		816.43	Social Services	679.13	352.56	1,031.69	
524.99	State's share of Union Taxes	611.65		553.95	Education, Sports, Art and Culture.	301.75	187.79	489.54	
121.32	Non-Plan Grants	345.74		118.56	Health and Family Welfare	73.90	53.31	127.21	
799.88	Grants for State Plan Schemes	1145.02		67.05	Water Supply, Sanitation, Housing and Urban Development	18.41	57.68	76.09	
151.38	Grants for Central and Centrally Sponsored Plan Schemes	172.09		5.59	Information and Broadcasting	3.07	2.26	5.33	
32.44	Grants for Special Plan Schemes (North Eastern Council)	59.65		13.31	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	3.92	15.20	19.12	
				3.58	Labour and Labour Welfare	2.06	1.58	3.64	
				43.82	Social Welfare and Nutrition	258.11	34.75	292.86	
				10.57	Others	17.89	-	17.89	
				497.61	Economic Services	253.21	360.80	614.01	
				206.08	Agriculture and Allied Activities	96.33	126.64	222.97	
				41.72	Rural Development	1.44	79.54	80.98	
				0.46	Special Areas Programmes	-	0.48	0.48	
				43.57	Irrigation and Flood Control	2.22	37.90	40.12	
				77.03	Energy	62.71	35.27	97.98	
				20.82	Industry and Minerals	8.38	38.22	46.60	
				82.77#	Transport	75.08	22.71	97.79	

Receipts				Disbursements					
2010-11			2011-12	2010-11		Non-Plan	Plan	Total	2011-12
				2.65	Science Technology and Environment	-	2.82	2.82	
				22.51	General Economic Services	7.05	17.22	24.27	
	II-Revenue deficit carried over to Section- B	-		139.78	II-Revenue surplus carried over to Section-B	-	-	442.50	442.50
2,151.70			2,872.11	2,151.70					2,872.11
	Section-B								
1,028.01	III-Opening Cash balance including Permanent Advances and Cash Balance Investment		750.31	451.07	III-Capital Outlay				615.76
	IV-Miscellaneous Capital receipts		42.25	56.67	General services	-	25.29	25.29	
				165.85	Social Services	-	277.11	277.11	
				39.43	Education, Sports, Art and Culture	-	62.94		
				31.83	Health and Family Welfare	-	97.56		
				92.65	Water Supply, Sanitation, Housing and Urban Development	-	113.86		
				0.44	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	-	1.30		
				0.60	Social Welfare	-	0.20		
				0.90	Others	-	1.25		
				228.55	Economic Services		313.36	313.36	
				6.20	Agriculture and Allied Activities	-	17.47		
				22.74	Rural Development		35.77		
				11.34	Special Areas Programmes		17.87		
				5.29	Irrigation and Flood control		2.91		
				32.86	Energy		37.59		
				1.64	Industry and Minerals		2.13		
				98.56	Transport		142.29		
				0.20	Science and Environment		-		
				49.72	General Economic Services		57.33		
0.79	V-Recoveries of Loans and Advances		0.03	-	IV- Loans and Advances Disbursements				49.17
	From Power Projects				To Government Servants				
	From Government Servants and			5.75	To Others			49.17	
	From Others	0.03			V -Revenue deficit brought down				
139.78	VI-Revenue surplus brought down		442.50						
95.03	VH-Public debt receipts		87.44	73.23	VI-Repayment of Public Debt				48.66

Receipts				Disbursements					
2010-11			2011-12	2010-11		Non-Plan	Plan	Total	2011-12
	External debt				External debt				
94.96	Internal debt other than Ways and Means Advances and overdraft	86.89		51.31	Internal debt other than Ways and Means Advances and Overdraft	45.30			
	Net transaction under Ways and Means Advances including overdraft				Net transaction under Ways and Means Advances including overdraft				
0.07	Loans and Advances from	0.55		21.92	Repayment of Loans and	3.36			
	Central Government				Advances to Central Government				
-	VIII-Amount transferred to Contingency Fund	0.10	0.10	0.10	VII-Expenditure from Contingency Fund				
2,915.63	IX-Public Account Receipts		3,808.95	2,898.78	VHI-Public Account disbursements				3,487.98
162.67	Small Savings and Provident fund	195.35		64.16	Small Savings and Provident Funds	126.83			
59.56	Reserve funds	331.57		35.27	Reserve Funds	253.00			
1,966.87	Suspense and Miscellaneous	2,194.27		2,064.58	Suspense and Miscellaneous	2,156.47			
675.10	Remittance	1,032.07		703.35	Remittances	913.91			
51.43	Deposits and Advances	55.69		31.42	Deposits and Advances	37.77			
					IX- Cash balance at the end				930.01
				750.31	Cash in Treasuries and Local Remittances	122.62			
					Deposits with Reserve Bank/other Bank	6.14			
					Departmental Cash Balance including permanent Advances	0.45			
					Cash Balance Investment and Investment from Earmarked Funds.	800.80			
<b>4,179.24</b>	<b>Total</b>		<b>5,131.58</b>	<b>4,179.24</b>	<b>Total</b>				<b>5,131.58</b>

**Appendix 1.3 (Continued)**  
**Summarised financial position of the Government of Sikkim as on 31 March 2012**  
*(Reference: Paragraph 1.2, Page 2)*

(*₹ in crore*)

<b>Part B</b>			
<b>As on 31.03.2011</b>	<b>Liabilities</b>		<b>As on 31.03.2012</b>
1,553.71	Internal Debt -		1,695.27
1,235.53	Market Loans bearing interest	1,258.71	
	Market Loans not bearing interest	-	
95.64	Loans from Life Insurance Corporation of India	95.19	
222.54	Loans from other Institutions	341.37	
	Overdrafts from Reserve Bank of India	-	
259.77	Loans and Advances from Central Government -		156.99
2.15	Pre 1984-85 Loans	-	
81.78	Non-Plan Loans	0.47	
155.35	Loans for State Plan Schemes	137.47	
2.95	Loans for Central Plan Schemes & Special Schemes	-	
17.54	Loans for Centrally Sponsored Plan Schemes	16.27	
	Other Loans	2.78	
1.00	Contingency Fund		1.00
510.28	Small Savings, Provident Funds, etc.		578.80
85.40	Deposits		103.32
172.15	Reserve Funds		254.22
3,014.83	Surplus on Government Accounts		3,457.32
2,875.05	Last year balance	3,014.83	
139.78	Add Revenue Surplus	442.50	
138.68	Remittance Balances		256.84
<b>5,735.82</b>	<b>Total</b>		<b>6,503.76</b>
	<b>Assets</b>		
5,018.75	Gross Capital Outlay on Fixed Assets -		5,592.25
90.31	Investments in shares of Companies, Corporations, etc.	97.42	
4,928.44	Other Capital Outlay	5,494.83	
46.64	Loans and Advances -		95.78
35.00	Loans for Power Projects	35.00	
11.14	Other Development Loans	60.28	
0.50	Loans to Government servants and Miscellaneous loans	0.50	
0.10	Contingency Fund (un-recouped)	-	
	Reserve Fund Investments	-	
1.03	Advances		1.03
-77.51	Suspense and Miscellaneous Balances		-115.31
746.81	Cash-		930.01
21.32	Deposits with other Bank	6.14	
133.47	Cash in Treasuries and Local Remittances	122.62	
0	Deposits with Reserve Bank	-	
0.15	Departmental Cash Balance	0.05	
0.40	Permanent Advances	0.40	
440.00	Cash Balance Investments	565.00	
151.47	Earmarked funds Investment	235.80	
<b>5,735.82</b>	<b>Total</b>		<b>6,503.76</b>

**Appendix 1.4**

**Statement showing the funds transferred to the State Implementing Agencies under the programmes/schemes outside the State budget during 2011-12**

(Reference: Paragraph 1.5.2, Page 16)

(₹ in lakh)

Sl. No.	Name of the agency/ Organisation	Concerned Department	Name of the scheme	Total funds released by GOI during 2011-12	Funds received during 2011-12	Funds not received	Closing balance as on 31.03.2012
1	State Environment Agency	Forest, Environment & Wild life Management Department	Environment Information Education & Awareness	14.37	14.37	-	9.12
2	Sikkim Medicinal Plant Board	-Do-	National Medicinal plants Board	322.17	322.17	-	214.08
3	State Forest Development Agency	-Do-	National Afforestation programme	675.14	1,100.14	-	1.73
4	State Pollution Control Board)	-Do-	Pollution Abatement	5.12	5.12	-	-
5	State Agriculture Management & Extension Training Institute	Food Security & Agriculture Development Department	Support to state extension services for extension programme	249.26	249.26	-	101.16
6	-Do-	-Do-	National project on management of soil health & fertility	65.00	65.00	-	60.09
7	Small Farmers Agri-business Consortium (SFAC)	Horticulture & Cash Crops Development Department	National Mission on Medicinal plants	91.10	91.10	-	7.77
8	Horticulture & Cash Crops Development Department	-Do-	National Mission on Bamboo	350.00	350.00	-	7.68
9	State Micro Irrigation, Gangtokion Committee.	Food Security & Agriculture development Department	National Mission on Micro Irrigation.	400.00	400.00	-	242.78
10	State Mission Authority, Sarva Siksha Abniyan, Gangtok.	Human Resource & Development Department	Sarva Siksha Abhiyan	4,022.84	4,022.84	-	519.36
11	State Mission Authority, Rastriya Madhyamik Siksha Abhiyan.	Human Resource & Development Department	R M S A	692.07	692.07	-	532.98
12	Sikkim Government college	Human Resource & Development Department	Research & Development support SERC	10.05	10.05	-	2.16
13	Sikkim Consultancy Centre , a division of W. Bengal consultancy limited Kolkata,	Science & Technology Department.	Science & Technology programme for socio economic development.	9.84	-	9.84	-
14	North- District Milk Producers cooperative union Ltd , Mangan	Department of Animal Husbandry & Veterinary Services	Dairy development	34.24	34.24	-	-
15	Special Secretary, MG-NREGA	Rural Management & Development Department	MG-NREGA	10,079.77	10,079.77	-	9.85
16	Sikkim Rural Road Development Agency	Rural Management & Development Department	PMGSY	8,000.00	8,000.00	-	37.20
17	District Rural Development Agency (East) Sikkim	Rural Management & Development Department	Aajeevika	170.00	170.00	-	235.24
18	-Do-	-Do-	DRDA(Admn)	123.87	123.87	-	-
19	-Do-	-Do-	Rural housing (IAY)	501.54	501.54	-	136.38
20	State Water Sanitation Mission, Gangtok	-Do-	National Rural Drinking Water Programme	6,919.17	6,919.17	-	103.09
21	Sikkim Renewable Energy Development Agency, Gangtok.	-Do-	Information, publicity & extension	4.88	4.88	-	-
22	-Do-	-Do-	Off grid DRPS	1,033.00	1,033.00	-	597.00
23	-Do-	-Do-	Renewable energy fund application for all village.	12.54	12.54	-	-

Sl. No.	Name of the agency/ Organisation	Concerned Department	Name of the scheme	Total funds released by GOI during 2011-12	Funds received during 2011-12	Funds not received	Closing balance as on 31.03.2012
24	State Level Nodal Agency, Social Forestry Wing	Forest, Env & Wild Life Management Department	Integrated watershed management programme ( North & East)	115.02	115.02	-	115.02
25	Sikkim Rural Development Agency	Rural Management & Development Department	E-panchayats	60.86	60.86	-	-
26	-Do-	-Do-	Panchayat Mahila Evam Yuva Shakti Abhiyan	8.76	8.76	-	2.05
26	-Do-	-Do-	Panchayat empowerment & Accountability incentive scheme	132.74	132.74	-	131.00
27	State Health Society	Health Care, Human Services and Family Welfare Department	Health care for the Elderly	149.33	99.49	49.84	137.40
28	-Do-	-Do-	Tobacco control	12.39	12.39	-	12.39
29	-Do-	-Do-	National Programme for Prevention & control of Diabetes	405.41	225.08	180.33	261.54
30	-Do-	-Do-	National Cancer control program	88.79	88.79	-	81.87
31	-Do-	-Do-	Hospital & dispensaries under NRHM	217.47	217.47	-	217.47
32	-Do-	-Do-	NRHM Central Sector	14.50	14.50	-	2.30
33	-Do-	-Do-	NRHM Centrally sponsored	1,631.15	1,453.55	177.60	1,097.31
34	Centre for Research & Training in Informatics	Department of Information & Technology	Electronic governance	255.69	228.95	26.74	228.95
35	-Do-	-Do-	NE Areas	2.57	2.57	-	2.50
36	Computerisation of police society	Police Department	Directorate of forensic science	218.00	218.00	-	375.39
37	-Do-	-Do-	Crime & criminal tracking network system.	32.85	32.85	-	66.59
38	Sikkim State Council of Science & Technology	Science & Technology Department.	Sikkim state science & Technology Programme	68.00	68.00	-	-
39	-Do-	-Do-	Science & Technology Programme for Socio Economic Development	7.71	7.71	-	2.89
40	-Do-	-Do-	Technology Development Programme	1.72	1.72	-	1.36
	-Do-	-Do-	Research & Development Support (SERC)	58.00	58.00	-	-
41	-Do-	-Do-	Bio informatics	3.90	3.90	-	-
42	-Do-	-Do-	Environment information, education & awareness.	12.12	12.12	-	2.41
43	Sikkim Skill Development Mission Society.	Human Resource & Development Department	Skill development initiative.	2.00	2.00	-	2.00
44	Sikkim Handloom & Handicraft Development Society	Handicraft & Handloom Department Gangtok	Human Resource Development	5.00	5.00	-	-
45	Sikkim Handloom & Handicraft Development Society	-Do-	Marketing & export promotion scheme	50.53	50.53	-	-
46	Sikkim Handloom & Handicraft Development Society	-Do-	Marketing support and services and export promotion scheme	10.35	-	10.35	-
47	-Do-	-Do-	Baba Saheb Ambedkar Hasta Silpa Vikas Yojana.	49.03	49.03	-	49.03
48	-Do-	-Do-	Design & technical up gradation Scheme	21.80	21.80	-	13.00

Sl. No.	Name of the agency/ Organisation	Concerned Department	Name of the scheme	Total funds released by GOI during 2011-12	Funds received during 2011-12	Funds not received	Closing balance as on 31.03.2012
49	Institute of Hotel Management , Rumtek	Tourism Department.	Capacity building for service provider	27.27	27.27	-	14.27
50	Food Craft Institute Kuchidumira, Hamch	-Do-	-Do-	26.43	26.43	-	26.43
51	Managing Committee , Sangor chetsong Centre. Gangtok.	Ecclestial Affairs Department	Buddhist & Tibetan studies	2.50	2.50	-	-
52	Sikkim Namgyal Institute of Tibetology, Gangtok	-Do-	Buddhist & Tibetan Studies	63.50	63.50	-	-
53	Sikkim Buddhist Development Trust Rinchenpong.	-Do-	-Do-	3.00	3.00	-	-
54	Himalayan Heritage Research & Development Society	Cultural Affairs & Heritage Department.	Dissemination of art & culture	2.63	Not furnished	-	-
55	District Collector East	Land Revenue Department	MPLAD scheme	1,000.00	1,000.00	-	653.70
56	Sikkim Manipal University of Health, Medical and Technological science	Human Resource & Development Department	Marine, Research & technology development	1.50	1.50	-	1.58
57	-Do-	-Do-	Science & Technology programme for Socio Economic Development	4.00	4.00	-	2.51
58	Sikkim University Tadong.	Human Resource & Development Department	Grants for training.	3.50	3.50	-	-
59	Association for social health in India	S.J.E.& Welfare Department	Prevention of Alcoholic and Substance (Drugs ) abuse.	14.93	14.93	-	0.03
60	Human Development Foundation of Sikkim, GRBA road, Chogney tar, Gangtok	SJE & Welfare Department.	Grants in aid to NGOs for STs including allied schemes.	25.60	25.60	-	-
61	Sikkim State Aids Control Society	Health Care, Human Services and Family Welfare Department	National Aids Control programme including STD control.	507.43	485.07	22.36	46.07
62	Muyal Liang Trust	SJE & Welfare Department.	Grants in aid to NGOs for STs including allied schemes.	31.87	Not furnished	-	-
63	Nayuma Women Cooperative society Gangtok	Department of Handicraft & Handloom.	Marketing Support and Services & Export Promotion Scheme.	1.01	1.01	-	-
64	Zilla Panchayat(East)	Rural Management &Development Department	Integrated watershed management program(IWMP)	86.17	Not furnished	-	-
65	Zilla Panchayat(West)	Rural Management &Development Department	-Do-	67.88	Not furnished	-	-
66	Sikkim Tourism Development Corporation Ltd.	Tourism Department	NE Areas	149.82	149.82	-	149.82
67	Travel Agent Association of Sikkim	-Do-	NE Areas	27.90	27.90	-	-
68	National Research Centre for Orchid, Pakyong	Horticulture & Cash Crops Development Department	Horticulture Mission for North East & Himalayan states	800.00	800.00	-	347.49
69	Sikkim SC, ST, OBC Development Corporation limited	S.J.E. & Welfare Department.	Support to SC,ST,OBC finance Development Corporation Ltd.	300.00	300.00	-	-
70	Sikkim Express, Gangtok	Information & Public relation Department	NE Areas	0.03	Not furnished	-	-
71	Public Health & Engineering Department	Public Health & Engineering Department	National river conservation plan(NRCP)	930.00	930.00	-	196.83
	<b>Total</b>			<b>41,401.32</b>	<b>41,258</b>	<b>477.06</b>	<b>7,058.87</b>

**Appendix 1.5**  
**Tax and Non-Tax Revenue collected during 2006-12**  
*(Reference: Paragraph 1.6, Page 19)*

(₹ in crore)

Sl. No.	Head of Revenue	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Percentage of increase (+)/ decrease (-) in 2011-12 over 2010-11
	<b>Tax Revenue</b>							
1	Sales tax	74.66	81.32	101.14	121.07	142.74	124.19	(-) 13
2	Taxes on income other than corporation tax	46.71	49.10	16.16	2.84	4.94	4.86	(-) 1.61
3	State excise	33.31	37.94	46.47	57.27	70.64	96.26	36.27
4	Stamps and registration fees	2.52	4.26	4.35	4.48	5.70	8.27	45.09
5	Taxes on vehicles	5.95	6.22	6.94	7.88	10.67	16.56	55.20
6	Other taxes and duties on commodities and services	9.25	16.26	22.18	27.40	37.52	39.17	4.40
7	Land revenue	0.78	2.75	1.95	2.71	7.33	4.61	(-) 37.11
	<b>Total</b>	<b>173.18</b>	<b>197.85</b>	<b>199.19</b>	<b>223.65</b>	<b>279.54</b>	<b>293.92</b>	
	<b>Non-Tax Revenue</b>							
1	Interest receipts	5.34	15.10	25.94	44.18	28.14	29.39	4.44
2	Road transport	14.86	15.62	17.64	20.29	24.76	30.89	24.75
3	Plantations	1.95	2.10	2.35	1.80	2.90	2.59	(-) 10.69
4	Dividends & profits	0.76	0.68	1.31	0.46	2.37	0.08	(-) 96.62
5	Forestry and wild life	9.50	10.95	11.26	8.79	12.25	12.53	2.28
6	Tourism	0.87	1.18	2.11	1.62	3.00	1.84	(-) 38.66
7	Crop husbandry	0.50	1.64	0.71	0.40	0.51	0.46	(-) 9.80
8	Power	58.16	97.66	154.74	285.83	87.86	79.70	(-) 9.29
9	Printing & stationery	1.69	1.98	1.50	2.27	1.52	1.92	26.32
10	Medical and public health	0.60	1.14	0.96	1.02	0.72	1.27	76.39
11	Village & small industries	0.10	0.23	0.08	0.09	0.07	0.10	42.86
12	Public works	3.74	4.32	4.97	2.89	3.48	5.38	54.60
13	Police	13.90	14.64	11.68	14.52	9.57	12.89	34.69
14	Animal husbandry	0.39	0.43	0.30	0.32	0.38	0.48	26.31
15	Industries	0.02	0.01	0.25	0.18	0.27	0.54	100
16	State Lotteries#	50.01	30.84	43.95	40.90	42.54	43.62	2.54
17	Others	9.36	13.51	12.32	16.67	17.55	15.52	(-) 11.56
18	Contribution and Recoveries towards Pension and Other Retirement Benefits	-	0.19	5.19	4.26	-	4.84	13.62
	<b>Total</b>	<b>171.75</b>	<b>212.03</b>	<b>292.26</b>	<b>447.42</b>	<b>242.15</b>	<b>244.04</b>	0.78

# These figures denote net of receipts and expenditure from Lotteries for the years

**Appendix 1.6**  
**Budget estimates and actual**  
 (Reference: Paragraph 1.6, Page 19)

(₹ in crore)

Sl. No.	Head of revenue	BE	Actual	Variations excess (+)/ shortfall(-)	Percentage of variation
<b>A</b>	<b>Tax revenue</b>				
1	Sales tax(including VAT)	160.11	124.19	35.92	(-) 22.43
2	State excise	67.44	96.26	28.82	42.73
3	Other taxes and duties on commodities and services	22.47	39.17	16.70	74.32
4	Taxes on vehicles	10.00	16.56	6.56	65.60
5	Stamps and registration	3.26	8.27	5.01	153.68
6	Taxes on income other than corporation tax.	2.01	4.86	2.85	141.79
7	Land Revenue	3.82	4.61	0.79	20.68
	<b>Total</b>	<b>269.19</b>	<b>293.92</b>		
<b>B</b>					
8	Miscellaneous general services	70.00	43.30	26.70	(-) 38.14
9	Power	150.00	79.70	70.30	(-) 46.87
10	Police	39.29	12.89	26.40	(-) 67.19
11	Road transport	23.75	30.89	7.14	30.06
12	Forestry and wildlife	11.00	12.53	1.53	13.90
13	Interest receipts	13.92	29.39	15.47	111.13
14	Public works	3.80	5.38	1.58	41.57
15	Other administrative services	2.84	6.68	3.84	135.21
16	Water supply and sanitation	3.49	2.90	0.59	(-) 16.90
17	Public Service Commission	0.035	0.09	0.055	157.14
18	Medical and Public Health	0.56	1.27	0.71	126.78
19	Tourism	5.00	1.84	3.16	(-) 63.20
20	Dividends and profits	1.26	0.08	1.18	(-) 93.65
21	Urban Development	0.78	1.67	0.89	114.10
22	Education, Sports, Art and Culture	1.40	1.35	0.05	(-) 3.57
23	Contributions and recoveries towards pension	4.50	4.84	0.34	7.55
24	Housing	0.36	0.53	0.17	47.22
25	Information and Publicity	0.09	0.18	0.09	100
26	Other Social Services	0.04	0.19	0.15	375
27	Crop Husbandry	0.42	0.46	0.04	9.52
28	Animal Husbandry	0.38	0.48	0.10	26.31
29	Fisheries	0.03	0.05	0.02	66.66
30	Plantations	2.80	2.59	0.21	(-) 7.50
31	Food storage and warehousing	0.06	0.16	0.10	166.66
32	Cooperation	0.0016	-	0.0016	(-)100
33	Other Rural Development Programme	2.32	1.25	1.07	(-) 46.12
34	Minor Irrigation	0.31	0.28	0.03	(-) 9.68
35	Village and Small Industries	0.25	0.10	0.15	(-) 60.00
36	Labour and Employment	0.10	0.28	0.18	180
37	Industries	0.28	0.54	0.26	22.85
38	Stationery and Printing	1.51	1.92	0.41	27.15
39	Non-Ferrous, Mining & Metallurgical Industries	0.080	0.16	0.08	100
40	Other Social Security and Welfare Programme.	0.02	0.01	0.01	(-) 50
41	Other General Economic Services	0.10	0.14	0.04	40
42	Jails	0.03	-	0.03	-
	<b>Total</b>	<b>362.31</b>	<b>244.04</b>	<b>118.27</b>	<b>32.64</b>

**Appendix 2.1**  
**Statement showing the pending DC bills for the years up to 2011-12**  
*(Reference: Paragraph 2.2.2, Page 69)*

Grant No.	Department	Number of AC bills	Amount (₹ in lakh)
1	Food Security and Agriculture Development	187	1,713.22
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	132	539.53
3	Buildings	66	62.07
4	Co-operation	112	72.81
5	Cultural Affairs and Heritage	16	50.34
6	Ecclesiastical	39	112.92
7	Human Resources and Development	64	198.99
8	Election	25	68.03
9	Excise	68	35.49
10	Finance, Revenue and Expenditure	232	108.13
11	Food, Civil supplies and Consumer Affairs	35	13.32
12	Forestry and Environment Management	230	186.82
13	Health Care, Human Services and Family Welfare	709	608.51
14	Home	530	1,086.50
15	Horticulture and Cash Crops Management	261	1,297.65
16	Commerce and Industries	77	86.33
17	Information and Public Relation	85	148.42
18	Information Technology	42	108.24
19	Irrigation and Flood Control	86	34.58
20	Judiciary	209	157.42
21	Labour	108	654.92
22	Land Revenue & Disaster Management	160	319.38
23	Law	81	100.92
24	Legislature	27	32.07
25	Mines, Mineral and Geology	65	33.36
26	Motor Vehicles	19	5.22
27	Parliamentary Affairs	10	1.13
28	Personnel, Administrative Reforms, Training, Public Grievances,	74	540.42
29	Development Planning, Economic Reforms and North Eastern Council Affairs	151	520.84
30	Police	287	762.96
31	Energy and Power	6	4.90
32	Printing	6	0.56
33	Water Security and Public Health Engineering	62	48.35
34	Roads and Bridges	164	35.80
35	Rural Management and Development	361	569.65
36	Science and Technology	61	294.30
37	Sikkim Nationalised Transport	3	0.05
38	Social Justice, Empowerment and Welfare	193	1,227.56
39	Sports and Youth Affairs	169	440.45
40	Tourism	138	1,339.38
41	Urban Development and Housing	55	19.27
42	Vigilance	33	22.55
43	Panchayat Raj Institutions	43	658.54
44	Governor	120	54.38
45	Public Service Commission	24	29.90
	<b>Total</b>	<b>5,625</b>	<b>14,406.18</b>

**Appendix 2.2**

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

(Reference: Paragraph 2.3.1, Page 69)

(₹ in crore)

Sl. No.	Grant No	Name of Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
1	1	Food Security and Agriculture Development Capital-Voted	4.30	2.10	49
2	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services Capital-Voted	15.01	7.19	48
3	3	Buildings Capital-Voted	27.22	8.92	33
4	5	Cultural Affairs and Heritage Capital-Voted	23.25	6.97	30
5	10	Finance, Revenue and Expenditure Capital-Charged	69.82	21.16	30
6	11	Food, Civil supplies and Consumer Affairs Capital-Voted	2.43	1.50	62
7	12	Forestry and Environment Management Revenue-Voted	124.89	53.60	43
8	12	Forestry and Environment Management Capital-Voted	5.57	2.01	36
9	13	Health Care, Human Services and Family Welfare Capital-Voted	139.92	42.36	30
10	19	Irrigation and Flood Control Revenue-Voted	117.38	76.84	65
11	19	Irrigation and Flood Control Capital-Voted	6.21	3.30	53
12	22	Land Revenue & Disaster Management Revenue-Voted	443.41	163.20	37
13	22	Land Revenue & Disaster Management Capital-Voted	3.73	3.07	82
14	28	Personnel, Administrative Reforms and Training Revenue-Voted	30.38	6.52	21
15	29	Development Planning, Economic Reforms and North Eastern Council Affairs Revenue-Voted	69.55	58.81	85
16	30	Police Capital-Voted	13.00	7.17	55
17	31	Energy and Power Capital-Voted	75.88	39.28	52
18	33	Water Security and Public Health Engineering Capital-Voted	91.63	57.37	63
19	34	Roads and Bridges Capital-Voted	266.52	151.38	57
20	35	Rural Management and Development Capital-Voted	140.23	57.94	41
21	38	Social Justice, Empowerment and Welfare Revenue-Voted	143.56	67.32	47
22	38	Social Justice, Empowerment and Welfare Capital-Voted	12.29	6.70	55
23	40	Tourism Capital -Voted	184.19	127.19	69
24	41	Urban Development and Housing Capital-Voted	224.85	167.50	74
<b>TOTAL</b>				<b>1,139.40</b>	

**Appendix 2.3**  
**Statement showing the rush of expenditure**  
*(Reference: Paragraph 2.3.4, Page 70)*

(*₹ in crore*)

Sl. No.	Number and Name of Grants/ Appropriation	Head of Account	Expenditure incurred during Jan-March	Expenditure incurred in March	Total expenditure	% of total expenditure incurred during	
						Jan-March 2012	March 2012
1	1 Food Security and Agriculture Development	2435	25.97	19.55	36.15	71.84	54.08
		4401	2.20	0.66	2.20	100	-
2	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	2404	1.26	1.00	2.32	54.31	-
		4403	3.50	2.72	3.92	89.29	69.39
		4405	2.74	2.57	3.90	70.26	65.90
3	4 Co-operation	4425	1.70	0.08	1.70	100	-
4	5 Cultural Affairs and Heritage	2250	3.53	1.85	6.95	50.79	-
5	7 Human Resources and Development	4202	28.66	25.80	39.81	71.99	64.81
6	10 Finance, Revenue and Expenditure	2045	9.50	9.50	9.50	100	100
		2049	99.20	78.26	190.83	51.98	-
8	12 Forestry and Environment Management	2045	9.50	9.50	9.50	100	100
		4406	2.72	2.72	3.55	76.62	76.62
9	15 Horticulture and Cash Crops Management	2401	19.16	7.06	32.54	58.88	-
		4401	1.10	0.48	1.60	68.75	-
10	17 Information and Public Relation	4220	1.25	0.92	1.25	100	-
11	19 Irrigation and Flood Control	2711	4.34	0.34	5.65	76.81	-
12	22 Land Revenue & Disaster Management	2216	20.00	20.00	20.00	100	100
13	29 Development Planning, Economic Reforms and North Eastern Council Affairs	3451	3.68	2.70	6.24	58.97	-
14	30 Police	4055	5.83	3.88	5.83	100	66.55
15	31 Energy and Power	4801	23.40	22.62	36.60	63.93	61.80
16	33 Water Security & Public Health Engineering	4215	17.74	13.34	34.27	51.77	-
17	35 Rural Management and Development	4215	8.14	7.97	12.24	66.50	65.11
		5054	14.60	11.58	25.45	57.37	-
18	38 Social Justice, Empowerment and Welfare	2215	1.57	1.49	2.13	73.71	69.95
		2225	9.81	8.66	17.07	57.47	50.73
19	39 Sports and Youth Affairs	4202	4.44	3.93	6.63	66.97	59.28
20	41 Urban Development and Housing	2217	12.64	10.85	24.23	52.17	-
		4217	51.08	35.06	57.36	89.05	61.12
21	43 Panchayat Raj Institution	2015	1.21	1.12	1.82	66.48	61.54

**Appendix 2.4**
**Statement showing the cases where supplementary provisions (₹ 10 lakh or more in each case)  
proved unnecessary**

(Reference: Paragraph 2.3.7, Page 71)

(₹ in lakh)

Grant No	Name of Grant/Appropriation	Original	Actual expenditure	Savings out of Original provision	Supplementary
	<b>A REVENUE (VOTED)</b>				
10	Finance, Revenue and Expenditure	1,13,067.23	1,01,301.46	11,765.77	1,454.31
12	Forestry and Environment Management	11,027.86	7,129.47	3,898.39	1,461.16
14	Home	3,106.16	2,686.37	419.79	13.90
17	Information and Public Relation	589.71	544.32	45.39	28.75
19	Irrigation and Flood Control	10,896.90	4,053.99	6,842.91	840.86
20	Judiciary	813.44	769.59	43.85	33.00
28	Personnel, Administrative Reforms and Training	2,872.65	2,385.95	486.70	165.61
29	Development Planning, Economic Reforms and North Eastern Council Affairs	6,846.04	1,074.45	5,771.59	109.01
30	Police	21,094.67	17,896.99	3,197.68	37.80
38	Social Justice, Empowerment and Welfare	11,788.13	7,623.65	4,164.48	2,568.33
43	Panchayat Raj Institutions	31,072.90	27,846.58	3,226.32	1,824.33
	<b>TOTAL - REVENUE</b>	<b>2,13,175.69</b>	<b>1,73,312.82</b>	<b>39,862.87</b>	<b>8,537.06</b>
	<b>B CAPITAL (VOTED)</b>				
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	811.02	781.98	29.04	689.71
3	Buildings	1,903.05	1,829.66	73.39	818.66
5	Cultural Affairs and Heritage	1,647.00	1,628.15	18.85	678.34
11	Food, Civil supplies and Consumer Affairs	230.50	92.96	137.54	12.50
13	Health Care, Human Services and Family Welfare	13,882.00	9,755.79	4,126.21	110.00
21	Labour	10.00	0	10.00	15.00
22	Land Revenue & Disaster Management	83.95	66.43	17.52	289.00
29	Development Planning, Economic Reforms and North Eastern Council Affairs	1,900.00	1,786.92	113.08	150.00
30	Police	1,100.00	583.04	516.96	200.00
31	Energy and Power	7,272.39	3,659.63	3,612.76	315.54
33	Water Security and Public Health Engineering	7,828.64	3,426.57	4,402.07	1,334.29
34	Roads and Bridges	18,363.29	11,513.09	6,850.20	8,288.41
35	Rural Management and Development	10,335.15	8,229.10	2,106.05	3,688.24
38	Social Justice, Empowerment and Welfare	848.79	559.08	289.71	379.99
39	Sports and Youth Affairs	734.00	662.53	71.47	93.00
40	Tourism	16,104.60	5,700.00	10,404.60	2,314.65
41	Urban Development and Housing	22,277.62	5,735.54	16,542.08	207.04
	<b>TOTAL - CAPITAL</b>	<b>1,05,332.00</b>	<b>56,010.47</b>	<b>49,321.53</b>	<b>19,584.37</b>
	<b>GRAND TOTAL</b>	<b>3,18,507.69</b>	<b>2,29,323.29</b>	<b>89,184.40</b>	<b>28,121.43</b>

## Appendix 2.5

## Statement of insufficient re-appropriation of funds

(Reference: Paragraph 2.3.8, Page 72)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)
1	03	Building & Housing	2059.80.01.61	6.10	16.43
2	07	Human Resources Development Department	4202.001.201.70	40.00	364.27
3	10	Finance, Revenue and expenditure	2071.001.104.60	304.07	194.47
4	10	Finance, Revenue and expenditure	2071.001.105	364.42	43.90
<b>Total</b>					<b>619.07</b>

## Appendix 2.6

## Statement showing the excess/unnecessary re-appropriation of funds

(Reference: Paragraph 2.3.8, Page 72)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess (+)
1	10	Finance	2071.001.115	293.89	(-)131.56
2	12	Forestry	2402.01.13	9.18	(-)21.61
3	12	Forestry	2402.02.110	2.11	(-)185.06
4	13	Health	2210.001.01.60	42.05	(-)26.36
5	35	RMDD	2215.001.01.36	32.72	(-)12.32
6	38	Social Justice, Empowerment and Welfare	5054.04.796	99.49	(-)12.75
7	41	Urban Development	4217.03.51.78	11.11	(-)328.36
8	41	Urban Development	4217.03.51.79	20.00	(-)235.79
<b>Total</b>					<b>(-) 953.81</b>

**Appendix 2.7**
**Statement showing results of review of substantial surrenders made during the year**

(Reference: Paragraph 2.3.9, Page 72)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1	01 Food Security and Agriculture Development	Seed production 2401.103.61	5.00	5.00	100
<b>Surrendered due to non-receipt of funds from the GOI</b>					
2	01 Food Security and Agriculture Development	Organic Farming 2401.800.65	3.00	3.00	100
<b>Surrendered due to non-receipt of funds from the GOI</b>					
3	01 Food Security and Agriculture Development	Rural Godown Programmes 4408.02.101	100.00	100.00	100
<b>Surrendered due to non-receipt of funds from the GOI</b>					
4	07 Human Resources Development	Grants for Elementary Education (13 <sup>th</sup> F.C. Grant) 2202.01.800.86	100.00	100.00	100
<b>Surrendered due to non-receipt of funds from GOI</b>					
5	10 Finance	Motor conveyance to State Govt. Employees 7610.202.62	10.00	10.00	100
<b>Surrendered due to non-receipt of loan applications</b>					
6	29 Planning	Incentive for Issuing UID (Grant under 13 <sup>th</sup> Finance Commission) 3454.206.64	22.00	22.00	100
<b>Surrendered for implementation of the work after its enrolment</b>					
7	29 Planning	Improvement in Statistical System 3454.800.41	80.00	80.00	100
<b>Surrender was made due to non sanction of the grant</b>					
8	30 Police	Modernization of Fire Service (90:10% CSS) 2070.108.61	50.00	50	100
<b>Surrendered due to allocation of fund at the end of the financial year</b>					
9	30 Police	Construction 4055.207.72	375.00	375	100
<b>Surrendered due to non-receipt of funds from the GOI</b>					
10	31 Energy & power	Construction of D/C 132 kv transmission lines from LLHP to Nathula with LILO at Bulbuley (NLCPR) 4801.05.800.84	745.53	745.53	100
<b>Surrendered due to non-receipt of fund</b>					
11	31 Energy & power	Conversion of existing 11kv transmission line & 440 v.LT. distribution over the ad lines at Pelling in W.Sikkim (NEC) 4801.05.800.95	38.81	38.81	100
<b>Surrendered due to non-completion of work</b>					
12	31 Energy & power	Complete electrification of Lord Buddha Statue, conversion of overhead LT line at Rabong in South Sikkim 4801.05.800.97	312.12	312.12	100
<b>Surrendered due to non-receipt of fund</b>					
13	31 Energy & power	Rajiv Gandhi GrameenVidyutikaramYojna (RGGVY) 4801.06.800.63	154.70	154.70	100
<b>Surrendered due to non-receipt of fund</b>					
14	38 Social Justice Empowerment & Welfare	Special Component Plan for Schedule Castes 2702.01.789	800.00	800.00	100
<b>Surrendered due to non fulfilment of conditions laid down in the guidelines for utilization of this fund</b>					
15	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 2702.01.796	3,000.00	3,000.00	100
<b>Surrendered due to non fulfilment of conditions laid down in the guidelines for utilization of this fund</b>					
16	38 Social Justice Empowerment & Welfare	Social Welfare 4235.02.101.39	100.00	100.00	100
<b>Surrendered as advised by the Government (DPER&amp;NECAD)</b>					

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
17	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 5452.01.796	100.00	100.00	100
<b>Surrendered as advised by the Government (DPER&amp;NECAD)</b>					
18	38 Social Justice Empowerment & Welfare	Horticulture Department 2401.789.16	100.00	100.00	100
<b>Surrendered made for curtailment of Supplementary adjustment</b>					
19	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Veterinary Services and Animal Health 4403.101	420.00	418.61	99
<b>Surrendered due to non-receipt of funds from the GOI and non receipt of claims</b>					
20	19 Irrigation & FC	Integrated Development of Agriculture through Irrigation Facilities 2705.101	55.00	54.45	99
<b>Surrendered due to non-receipt of funds from the GOI</b>					
21	31 Energy & power	Schemes under Ministry of New and Renewable energy 4801.01.800.79	1,080.70	1,057.32	98
<b>Surrendered due to delay in obtaining the clearance from the Forest Department</b>					
22	14 Home	Improving Delivery of Justice 2014.800.41	436.00	421.86	97
<b>Surrendered due to non-receipt of proposals from Building and Housing Department</b>					
23	33 Water Security & PHE	Other Water Supply Schemes 4215.01.101.70	2,972.68	2,827.68	95
<b>Surrendered due to non-receipt of fund and non-sanction of the scheme</b>					
24	41 UDHD	Land Acquisition 4217.03.051.60	706.37	642.64	91
<b>Surrendered due to non-finalization of various proposals and as per the advise of the government</b>					
25	29 Planning	Planning & Development Department 3451.090.30	6,318.51	5,678.68	90
<b>Surrender made for the allocation of fund to other priority projects sanctioned by the Government.</b>					
26	40 Tourism	Other Development Projects 5452.01.101.61	7,575.95	6,713.14	89
<b>Surrendered due to non-completion of work</b>					
27	31 Energy & power	Design, Supply, erection, testing, commissioning of 66KV single circuit transmission of Rongli-I at Sisney 4801.05.800.53	214.62	184.37	86
<b>Surrendered due to non-completion of work due to earthquake and non-receipt of fund</b>					
28	38 Social Justice Empowerment & Welfare	Tribal sub plan Central Plan Schemes 2225.01.794.62	287.00	243.91	85
<b>Surrender due to non-completion of the schemes</b>					
29	13 Health Care, HS &FW	Construction of Drug Testing Laboratory under AYUSH 100% CSS 4210.04.107.60	110.00	93.38	85
<b>Surrendered due to non-receipt of claims</b>					
30	38 Social Justice Empowerment & Welfare	Integrated Child protection scheme (ICPS) (90:10%CSS) 2235.02.102.64	333.02	270.35	81
<b>Surrendered due to non-receipt of fund from the GOI</b>					
31	41 UDHD	ADP Project (EAP) 4217.03.051.75	3,500.00	2,765.15	79
<b>Surrendered due to non fulfilment of conditions laid down in the guidelines for utilization of this fund</b>					
16	38 Social Justice Empowerment & Welfare	Social Welfare 4235.02.101.39	100.00	100.00	100
<b>Surrendered as advised by the Government (DPER&amp;NECAD)</b>					
17	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 5452.01.796	100.00	100.00	100
<b>Surrendered as advised by the Government (DPER&amp;NECAD)</b>					
18	38 Social Justice Empowerment & Welfare	Horticulture Department 2401.789.16	100.00	100.00	100
<b>Surrendered made for curtailment of Supplementary adjustment</b>					

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
19	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Veterinary Services and Animal Health 4403.101	420.00	418.61	99
<b>Surrendered due to non-receipt of funds from the GOI and non receipt of claims</b>					
20	19 Irrigation & FC	Integrated Development of Agriculture through Irrigation Facilities 2705.101	55.00	54.45	99
<b>Surrendered due to non-receipt of funds from the GOI</b>					
21	31 Energy & power	Schemes under Ministry of New and Renewable energy 4801.01.800.79	1,080.70	1,057.32	98
<b>Surrendered due to delay in obtaining the clearance from the Forest Department</b>					
22	14 Home	Improving Delivery of Justice 2014.800.41	436.00	421.86	97
<b>Surrendered due to non-receipt of proposals from Building and Housing Department</b>					
23	33 Water Security & PHE	Other Water Supply Schemes 4215.01.101.70	2,972.68	2,827.68	95
<b>Surrendered due to non-receipt of fund and non-sanction of the scheme</b>					
24	41 UDHD	Land Acquisition 4217.03.051.60	706.37	642.64	91
<b>Surrendered due to non-finalization of various proposals and as per the advise of the government</b>					
25	29 Planning	Planning & Development Department 3451.090.30	6,318.51	5,678.68	90
<b>Surrender made for the allocation of fund to other priority projects sanctioned by the Government.</b>					
26	40 Tourism	Other Development Projects 5452.01.101.61	7,575.95	6,713.14	89
<b>Surrendered due to non-completion of work</b>					
27	31 Energy & power	Design, Supply, erection, testing, commissioning of 66KV single circuit transmission of Rongli-I at Sisney 4801.05.800.53	214.62	184.37	86
<b>Surrendered due to non-completion of work due to earthquake and non-receipt of fund</b>					
28	38 Social Justice Empowerment & Welfare	Tribal sub plan Central Plan Schemes 2225.01.794.62	287.00	243.91	85
<b>Surrender due to non-completion of the schemes</b>					
29	13 Health Care, HS &FW	Construction of Drug Testing Laboratory under AYUSH 100% CSS 4210.04.107.60	110.00	93.38	85
<b>Surrendered due to non-receipt of claims</b>					
30	38 Social Justice Empowerment & Welfare	Integrated Child protection scheme (ICPS) (90:10%CSS) 2235.02.102.64	333.02	270.35	81
<b>Surrendered due to non-receipt of fund from the GOI</b>					
31	41 UDHD	ADP Project (EAP) 4217.03.051.75	3,500.00	2,765.15	79
<b>Surrendered due to non-receipt of fund from the Ministry</b>					
32	41 UDHD	Jawaharlal Nehru National Urban Renewal Mission 4217.03.051.71	16,155.01	12,428.39	77
<b>Surrendered due to non-receipt of fund from the Planning Commission</b>					
33	19 Irrigation & FC	Original Works 2702.01.103.60	10,192.00	7,591.79	74
<b>Surrendered due to non-completion of work, non-release of fund and as advised by the Government (DPER&amp;NECAD)</b>					
34	30 Police	Construction of Non-Residential Building (State Specific Grant under 13 <sup>th</sup> Finance Commission) 4055.207.71	225.00	167.00	74
<b>Surrendered as per the actual work</b>					
35	11 Food, Civil Supplies and Consumer Affairs	Buildings 4408.02.101.60	210.00	150.00	71
<b>Surrendered due to non-finalization of the project</b>					
36	03 Buildings and Housing	Building and Housing Department 4059.60.051.03	1,202.93	840.29	70
<b>Surrendered as per the advice from the Government (DPER &amp; NECAD) and non completion of the ongoing work.</b>					

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
37	30 Police	India reserve Battalion 2055.104.66	2,353.26	1,602.05	68
<b>Surrender due to delay in recruitment, transfer of personnel and non-receipt of claims</b>					
38	41 UDHD	Parking place 4217.03.051.61	200.01	131.42	66
<b>Surrendered to keep the actual expenditure upto the requirement</b>					
39	33 Water Security & PHE	Schemes under 10% Lumpsum Provision for NE States including Sikkim (100%CSS) 4215.01.101.71	1,370.00	892.43	65
<b>Surrendered due to non-receipt of Central Share</b>					
40	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Other Livestock Breeding 2403.106.72	88.75	56.80	64
<b>Surrendered due to non-receipt of funds from the GOI</b>					
41	40 Tourism	Tourist Destination Projects 5452.01.101.62	2,436.23	1,550.93	64
<b>Surrendered due to non-completion of work</b>					
42	31 Energy & power	Misc distribution Schemes (East) State Plan 4801.05.800.63	200.00	125.00	63
<b>Surrendered as advised by the Government</b>					
43	29 Planning	Public finance Unit 3454.800.62	5.70	3.39	59
<b>Surrender was made due to minimization of the expenditure</b>					
44	19 Irrigation & FC	East District 4711.03.103.45	571.17	330.11	58
<b>Surrendered due to non-receipt of funds from the GOI</b>					
45	38 Social Justice Empowerment & Welfare	Grants-in-aid under 1 <sup>st</sup> proviso to Article 275(1) of the constitution of India 2225.01.796.71	504.00	281.65	56
<b>Surrendered under Article 275(1) of the Forest rights Act and non receipt of fund from GOI</b>					
46	33 Water Security & PHE	Gangtok Water Supply Schemes (East) (R) 4215.01.101.60	867.80	480.09	55
<b>Surrendered due to non-receipt of fund from the GOI</b>					
47	22 Land Revenue and Disaster Management	Capacity Building for Disaster Response 2245.102.62	100.00	52.96	53
<b>Surrendered due to non-receipt of funds from the GOI</b>					
48	35 RMDD	Rural Development Department 4515.101.36	2,638.66	1,348.36	51
<b>Surrendered was due to applying for supplementary provision under other heads</b>					
49	32 Printing	Construction of New Press Building 4059.60.051.61	100.00	50	50
<b>Surrendered as advised by the Government (DPER&amp;NECAD)</b>					
50	38 Social Justice Empowerment & Welfare	Tribal Areas Sub-plan 2401.796.16	200.00	100.00	50
<b>Surrendered made for curtailment of Supplementary adjustment</b>					
51	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 2515.796	50.00	25.00	50
<b>Surrendered was made to meet the expenditure under other heads</b>					
<b>TOTAL</b>			<b>69,776.53</b>	<b>55,675.36</b>	

**Appendix 2.8**

**Statement of various grants/appropriations in which savings occurred  
but no part of which had been surrendered**

(Reference: Paragraph 2.3.11, Page 72)

(₹ in lakh)

<b>I - Grant</b>			
<b>Sl. No.</b>	<b>Grant No.</b>	<b>Number and Name of grant/appropriation</b>	<b>Savings</b>
1	12	Forestry and Environment Management	201.21
2	15	Horticulture and Cash Crops Management	0.01
3	18	Information Technology	39.29
4	21	Labour	32.45
5	22	Land Revenue and Disaster Management	306.52
6	23	Law	0.16
7	24	Legislature	119.26
8	25	Mines Mineral and Geology	0.59
9	27	Parliamentary Affairs	0.04
10	29	Development Planning, Economic Reforms and North Eastern Council Affairs	263.08
11	36	Science and Technology	0.78
12	37	Sikkim Nationalised Transport	1.14
13	37	Sikkim Nationalised Transport	75.64
14	39	Sports and Youth Affairs	164.47
		<b>TOTAL</b>	<b>1,204.64</b>
<b>II - Appropriation</b>			
1		Governor	0.11
2		Public Service Commission	0.76
		<b>TOTAL</b>	<b>0.87</b>
		<b>Grant Total</b>	<b>1,205.51</b>

## Appendix 2.9

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

(Reference: Paragraph 2.3.11, Page 73)

(₹ in crore)

Sl. No	Number and Name of Grant/Appropriation	Capital/Revenue	Saving	Surrender	Saving which remained to be surrendered
1	01 Food Security and Agriculture Development	Revenue	12.27	11.00	1.27
2	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Revenue	3.22	2.13	1.10
3	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Capital	7.19	5.17	2.02
4	05 Cultural Affairs and Heritage	Capital	6.97	4.64	2.33
5	07 Human Resources and Development	Revenue	11.40	2.40	9.00
6	11 Food, Civil supplies and Consumer Affairs	Revenue	1.95	0.21	1.74
7	12 Forestry and Environment Management	Revenue	53.60	0.33	53.27
8	12 Forestry and Environment Management	capital	2.01	0.00	2.01
9	15 Horticulture & Cash Crops Management	Revenue	3.22	2.06	1.16
10	22 Land Revenue & Disaster Management	Revenue	163.20	1.52	161.68
11	22 Land Revenue & Disaster Management	Capital	3.07	0.00	3.07
12	24 Legislature	Revenue	1.19	0.00	1.19
13	28 Personnel, Administrative Reforms and Training	Revenue	6.52	5.49	1.03
14	29 Development Planning, Economic Reforms and North Eastern Council Affairs	Capital	2.63	0.00	2.63
15	31 Energy and Power	Capital	39.28	37.41	1.87
16	33 Water Security and Public Health Engineering	Capital	57.36	50.19	7.18
17	34 Roads and Bridges	Capital	151.39	20.96	130.42
18	35 Rural Management and Development	Capital	57.94	52.09	5.85
19	38 Social Justice, Empowerment and Welfare	Revenue	67.33	64.28	3.05
20	38 Social Justice, Empowerment and Welfare	Capital	6.70	2.05	4.65
21	39 Sports and Youth Affairs	Capital	1.64	0.00	1.64
22	40 Tourism	Capital	127.19	97.14	30.05
23	41 Urban Development and Housing	Capital	167.49	161.82	5.67
24	43 Panchayati Raj Institutions	Revenue	50.51	48.94	1.57
	<b>TOTAL</b>		<b>1,005.27</b>	<b>569.83</b>	<b>435.45</b>

**Appendix 2.10**

**Statement showing surrender of funds in excess of ₹ 1 crore on 30 and 31 March 2012**

(Reference: Paragraph 2.3.11, Page 73)

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
(1)	(2)	(3)	(4)	(5)
1.	1	2401	1.06	0.57
2.	1	2435	9.73	3.41
3.	1	4401	1.10	13.87
4.	1	4408	1.00	26.46
5.	2	2403	2.09	0.90
6.	2	4403	4.19	16.53
7.	3	4059	8.90	3.09
8.	5	4202	4.64	4.54
9.	7	2202	2.40	0.09
10.	7	4202	6.36	1.72
11.	10	2049	12.59	0.82
12.	10	2075	134.31	1.25
13.	10	6003	2.42	0.55
14.	10	6004	18.73	7.04
15.	11	4408	1.50	18.68
16.	13	2210	4.54	0.60
17.	13	4210	41.8	12.76
18.	14	2014	4.22	32.29
19.	15	2401	2.06	1.13
20.	19	2702	75.98	18.47
21.	19	4711	3.30	5.28
22.	20	2014	1.81	1.81
23.	29	3451	56.79	21.92
24.	29	3454	1.20	3.08
25.	30	2055	30.97	2.81
26.	30	2070	1.36	3.02
27.	30	4055	7.12	13.88
28.	31	4801	37.41	3.38
29.	33	4215	50.19	8.64
30.	34	5054	20.96	1.49
31.	35	2215	3.18	4.37
32.	35	2505	1.50	4.93
33.	35	4515	26.33	85.82
34.	35	4215	9.98	3.14
35.	35	4216	2.03	0.87
36.	35	5054	13.74	5.63
37.	38	2236	4.10	4.34
38.	38	2215	1.50	4.81
39.	38	2401	2.00	8.62
40.	38	2225	8.91	5.61
41.	38	2702	38.00	50.50
42.	38	2235	9.52	3.75
43.	38	4235	1.00	2.83
44.	38	5452	1.00	13.07
45.	40	5452	97.14	12.86
46.	41	2217	2.38	1.67
47.	41	4217	161.82	18.83
48.	43	2515	48.93	24.55
		<b>Total</b>	<b>983.79</b>	

**Appendix 2.11**  
**Statement showing rush of expenditure**  
*(Reference: Paragraph 2.5.1.10, Page 79)*

(₹ in lakh)

Year	Major/Sub-Major/Minor/Sub/Detailed Heads	Final grant	Expenditure upto previous month (February)	Expenditure during March	Total expenditure	Percentage of expenditure during last month to total expenditure
2008-09	2236-02-101-00,00-74 Malnutrition Free Sikkim	20.00	2.26	16.44	18.70	88
	2235-02-02-001 Direction & Administration	39.76	7.77	15.92	38.65	41
	2235-02-02-101 Welfare of Handicapped	150.74	3.11	85.83	147.30	58
	2235-03-101 National Social Assistance Programme (OAP) + NFBS	643.00	1.78	397.81	600.80	66
	2235-02-789-SCSP-00.00-Other Charges	54.00	27.82	26.03	53.85	48
	2235-03-102 National Family Benefit Scheme-61.00.71 IGWPS	13.05	4.89	8.16	13.05	63
	2235-03-102 National Family Benefit Scheme-61.00.72 IGNDPS	10.79	3.62	6.02	9.64	62
2009-10	2236-02-101-00,00-74 Malnutrition Free Sikkim	18.60	2.50	11.94	14.44	83
	2235-02-02-001 Direction & Administration	71.76	19.76	17.58	56.87	31
	2235-02-02-101 Welfare of Handicapped	14.52	8.63	7.39	16.02	46
	2235-03-101 National Social Assistance Programme (Old Age Pension + NFBS)	1155.00	134.67	474.76	609.43	78
	2235-03-101-60-00.71 Old Age Pension	1105.00	134.67	463.36	598.03	77
	2235-02-789-SCSP-00.00-Other Charges	54.00	7.68	46.31	53.99	86
	2235-02-796-TSP-00.00-Other Charges	191.00	39.55	151.43	190.98	79
	2235-60.00.72 NFBS	50.00	00	11.40	11.40	100
	2235-03-102 National Family Benefit Scheme-61.00.71 IGWPS	30.00	00	19.98	19.98	100
2235-03-102 National Family Benefit Scheme-61.00.74 IGNDPS	30.00	2.60	15.94	18.54	86	
2010-11	2235-02-02-001 Direction & Administration	70.23	53.59	16.64	70.23	24
	2235-02-02-101 Welfare of Handicapped	28.72	18.37	10.27	28.64	36
	2235-03-101 National Social Assistance Programme	1057.38	34.71	383.06	417.77	92
	2235-03-101-60-00.71 Old Age Pension	1027.38	33.81	378.66	412.47	92
	2235-60.00.72 NFBS	30.00	0.90	4.40	5.30	83
	2235-03-102 National Family Benefit Scheme-61.00.71 IGWPS	13.05	4.89	8.16	13.05	63
	2235-03-102 National Family Benefit Scheme-61.00.74 IGNDPS	10.79	3.62	6.02	9.64	62
2011-12	2235-02-02-001 Direction & Administration	102.93	59.11	41.40	100.41	41
	2235-02-02-101 Welfare of Handicapped	397.04	268.04	126.59	394.63	32
	2235-03-101-60-00.71 Old Age Pension	959.25	581.46	377.60	959.06	39
	2235-03-102 National Family Benefit Scheme-61.00.71 IGWPS	20.29	7.82	12.40	20.22	61
	2235-03-102 National Family Benefit Scheme-61.00.74 IGNDPS	14.46	5.78	8.59	14.37	60

Source : Monthly Expenditure Accounts

**Appendix 3.1**
**Utilisation Certificates outstanding as of March 2012**

(Reference: Paragraph 3.1, Page 81)

(Amount ₹ in lakh)

SI No	Name of the Department	Year of payment of Grant	Total Grants paid		Utilisation Certificate			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>I</b>	<b>Cultural Affairs &amp; Heritage Department (CAHD)</b>							
1	CAHD	2007-08	84	100.41	1	1.50	83	98.91
		2008-09	130	432.31	57	293.86	73	138.45
		2009-10	82	70.31	50	55.10	32	15.21
		2010-11	98	297.66	64	162.75	34	134.91
		2011-12	106	148.44	44	68.98	62	79.46
	<b>Total</b>		<b>500</b>	<b>1049.13</b>	<b>216</b>	<b>582.19</b>	<b>284</b>	<b>466.94</b>
<b>II</b>	<b>Urban Development and Housing Department (UDHD)</b>							
1	UDHD (Plan)	2011-12	4	200.00	4	200.00	-	-
1	UDHD (Non-plan)	2011-12	4	11.77	4	11.77	-	-
	<b>Total</b>		<b>8</b>	<b>211.77</b>	<b>8</b>	<b>211.77</b>	<b>0</b>	<b>0</b>
<b>III</b>	<b>Co-operation Department</b>							
	Co-operative Societies	1999-00	5	3.25	4	3.00	1	0.25
	Co-operative Societies	2001-02	9	19.04	8	18.24	1	0.80
	Co-operative Societies	2002-03	18	29.52	15	29.31	3	0.21
	Co-operative Societies	2005-06	4	11.00	4	11.00	0	0
	Co-operative Societies	2006-07	351	68.00	351	68.00	0	0
	Co-operative Societies	2007-08	197	132.00	194	117.00	3	15
	Co-operative Societies	2008-09	25	159.00	25	159.00	0	0
	Co-operative Societies	2009-10	33	377.00	30	353.00	3	24.00
	Co-operative Societies	2011-12	20	118.00	7	21.00	13	97.00
	<b>Total</b>		<b>662</b>	<b>916.81</b>	<b>638</b>	<b>779.55</b>	<b>24</b>	<b>137.26</b>
	Sikkim State Electricity Regulatory Commission (SSERC)	2011-12	1	200.00	1	200.00	-	-
	<b>Total</b>		<b>1</b>	<b>200.00</b>	<b>1</b>	<b>200.00</b>	<b>0</b>	<b>0</b>
<b>IV</b>	<b>Information Technology</b>							
	RMDD to ZillaParishads	2007-08/08-09	4	10.35	2	5.18	2	5.17
	RMDD to Gram Parishads	2007-08/08-09	4	24.15	2	9.62	2	14.53
	<b>Total</b>		<b>8</b>	<b>34.50</b>	<b>4</b>	<b>14.80</b>	<b>4</b>	<b>19.70</b>
V	Ecclesiastical Affairs	2011-12	492	1.14	28	0.03	464	1.11
	<b>Total</b>		<b>492</b>	<b>1.14</b>	<b>28</b>	<b>0.03</b>	<b>464</b>	<b>1.11</b>
VI	AH, LF & VS	2011-12	9	267.00	8	260.00	1	7.00
	<b>Total</b>		<b>9</b>	<b>267.00</b>	<b>8</b>	<b>260.00</b>	<b>1</b>	<b>7.00</b>
	<b>Grand Total</b>		<b>1680</b>	<b>2,680.35</b>	<b>903</b>	<b>2,048.34</b>	<b>777</b>	<b>632.01</b>

## Appendix 3.2

## Statement showing the grant released during last five years

(Reference: Paragraph 3.1.1, Page 82)

Year	Numbers of grant released	Amounts (in ₹)
2007-08	84	1,00,41,023
2008-09	130	4,32,30,844
2009-10	82	70,31,465
2010-11	98	2,97,66,000
2011-12	106	1,48,44,000
<b>Total</b>	<b>500</b>	<b>10,49,13,332</b>

## Statement showing the Utilisation Certificates received during last five years

Year	Numbers of UCs received	Amounts (in ₹)
2007-08	1	1,50,000
2008-09	57	2,93,86,500
2009-10	50	55,10,000
2010-11	64	1,62,75,000
2011-12	44	68,97,650
<b>Total</b>	<b>216</b>	<b>5,82,19,150</b>

## Statement showing the pending Utilisation Certificates as on August 2012

Year	Numbers of UCs pending	Amounts (in ₹)
2007-08	83	98,91,023
2008-09	73	1,38,44,344
2009-10	32	15,21,465
2010-11	34	1,34,91,000
2011-12	62	79,46,350
<b>Total</b>	<b>284</b>	<b>4,66,94,182</b>

**Appendix 3.3**

**Statement showing more than ₹ 1 lakh paid to organisations/institutions/clubs etc. for fair and festival**

(Reference: Paragraph 3.1.1, Page 82)

Sl. No.	Vr.No./date	Name of Festival	Particulars	Amount (in ₹)
1	1540/16.8.11	Bhanu Jayanti	Annual GIA to Nepali Shahitya Parishad,Gangtok	1,50,000
2.	1595/9.7.10	-do-	-do-	1,50,000
3.	2402/16.8.10	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
4.	3388/29.6.10	Baishakhi Festival	Paid to Nepali Sahitya Parishad,Gangtok.	1,50,000
5.	4167/29.7.09	Bhanu Jayanti	Annual GIA to Nepali Shahitya Parishad,Gangtok	1,50,000
6.	2688/19.8.09	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
7.	3386/22.6.09	BhanuBhakta	Financial Assistance for celebration of Bhanu Bhakta	2,50,000
8.	2399/21.8.09	Teej Festival	Financial Assist ance for celebration of Teej Festival	1,30,000
9.	941/3.9.09	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok .	2,00,000
10.	894/6.11.09	Namsoong Festival	Namprikdang Mela Committee, North Sikkim.	1,50,000
11.	4960/29.8.08	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok.	1,50,000
12.	982/21.1.09	Republic Day	Republic Day celebrated at Palzor Stadium by Sr. Sec. School, Samdong.	2,38,000
13.	4489/27.2.09	Ram Nawmi	Financial Assistance to Ram Nawmi Committee at Temi, South Sikkim.	2,50,000
14.	9245/31.3.08	Ram Nawmi	Financial Assistance to Ram Nawmi Mela Committee at Temi, South Sikkim.	2,50,000
15.	1685/11.7.07	Bhanu Jayanti	Annual GIA to Nepali Shahitya Parishad,Gangtok	1,50,000
16.	1042/7.8.07	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
<b>Total</b>				<b>28,18,000</b>

**Appendix 3.4**  
**Statement showing more than ₹ 1 lakh paid to organisations/institutions/clubs**  
**for recurring expenditure (UC not received)**  
*(Reference: Paragraph 3.1.1, Page 82)*

Sl. No.	Vr.No./date	Name of Festival	Particulars	Amount (in ₹)
1	746/4.10.07	Annual Grant	Annual GIA to NIT	20,00,000
2.	999/7.8.07	Annual Grant	Annual GIA to Sikkim Academy	20,00,000
3	3467/23.02.08	Annual Grant	Annual GIA to NIT	20,00,000
4.	1042/7.8.07	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
5.	2351/24.10.08	Annual Grant	Annual GIA to NIT	20,00,000
6.	3455/19.3.09	Annual Grant	Annual GIA to NIT	20,00,000
7.	1453/8.7.08	Annual Grant	Bhanu Janyanti at Gangtok	1,50,000
8.	12810/31.3.10	Annual Grant	Annual GIA to Sikkim Academy	3,00,000
9.	2346/23.1.10	Annual Grant	Annual GIA to Sikkim Academy	17,00,000
10.	4167/29.7.09	Bhanu Jayanti	Annual GIA to Nepali Shahitya Parishad, Gangtok	1,50,000
11.	2088/19.8.09	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
12.	3388/29.6.10	Baishakhi Festival	Paid to Nepali Sahitya Parishad, Gangtok.	1,50,000
13.	2535/24.8.11	Pang Lhabsol	Annual GIA to Pang Lhabsol Committee, Gangtok	1,50,000
14.	2482/10.3.12	Annual Grant	Annual GIA to Sikkim Academy	15,00,000
<b>Total</b>				<b>1,44,00,000</b>

**Appendix 3.5**

**Statement showing more than ₹ 5 lakh in non-recurring expenditure**

(Reference: Paragraph 3.1.1, Page 82)

Sl. No.	Vr.No./Date	Particulars	Amount (in ₹)	Documents
1.	2483/18.8.08	Pang Lhabsol Committee, Rabangla for State Functions	20,00,000	Submitted
2.	2315/16.8.08	Organisation International on the eve of Golden Jubilee at NIT	25,00,000	Not submitted
3.	1098/22.1.09	Manger Asso, Gangtok (1st Inst)	25,00,000	Submitted
4.	69/21.1.09	All Sikkim S.C. Asso. Gangtok (1 <sup>st</sup> install)	25,00,000	Submitted
5.	995/8.3.09	Bhujel Community (1 <sup>st</sup> inst)	25,00,000	Submitted
6.	1993/11.2.09	Chettri Bahun Community (1 <sup>st</sup> inst)	25,00,000	Submitted
7.	1097/22.1.09	Newar Guthi Community (1 <sup>st</sup> inst)	25,00,000	Submitted
8.	1100/22.1.09	Sikkim Tamang Buddhist Asso (1 <sup>st</sup> inst)	25,00,000	Submitted
9.	1994/11.2.09	Sunwar Community(1 <sup>st</sup> inst)	25,00,000	Submitted
10.	1099/22.1.09	Lepcha Community (1 <sup>st</sup> inst)	25,00,000	Submitted
11.	611/6.1.11	Akhil Sikkim Thami Sangh, Gangtok (1 <sup>st</sup> inst)	25,00,000	Submitted
12.	1686/17.1.11	Manger Asso, Gangtok (2 <sup>nd</sup> Inst)	25,00,000	Submitted
13.	1685/17.1.11	All Sikkim S.C. Asso. Gangtok (2 <sup>nd</sup> install)	25,00,000	Submitted
14.	8349/31.3.11	Bhujel Community (2 <sup>nd</sup> inst)	25,00,000	Submitted
15.	610/6.1.11	Limboo Community (1 <sup>st</sup> inst)	25,00,000	Submitted
16.	1668/17.1.11	Chettri Bahun Community (2 <sup>nd</sup> inst)	25,00,000	Not submitted
17.	1687/17.1.11	Newar Guthi Community (2 <sup>nd</sup> inst)	25,00,000	Not submitted
18.	8346/31.3.11	Sikkim Tamang Buddhist Asso (2 <sup>nd</sup> inst)	25,00,000	Not submitted
19.	8348/31.3.11	Sunwar Community(2 <sup>nd</sup> inst)	25,00,000	Not submitted
20.	8347/31.3.11	Lepcha Community (2 <sup>nd</sup> inst)	25,00,000	Not submitted
21.	6664/31.3.12	Akhil Sikkim Thami Sangh, Gangtok (2 <sup>nd</sup> inst)	25,00,000	Not submitted
22.	6665/31.3.12	Limboo Community (2 <sup>nd</sup> inst)	25,00,000	Not submitted

## Appendix 3.6

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

(Reference: Paragraph 3.2, Page 84)

Sl. No	Name of the Body/Authorities	Year for which Accounts had not been received	Grants received (₹ in crore)
1	Sikkim Institute of Rural Development, Karfactor	2011-12	Not furnished
2	Sikkim Illness Assistance Fund Association, Gangtok	2011-12	Not furnished
3	State Leprosy Officer, Gangtok	2009-10 to 2011-12	Not furnished
4	District Leprosy officer East, Gangtok	2009-10 to 2011-12	Not furnished
5	District Leprosy Officer, West District, Geyzing	2009-10 to 2011-12	Not furnished
6	District Leprosy Officer, North, Mangan	2009-10 to 2011-12	Not furnished
7	District Leprosy Officer, South, Namchi	2009-10 to 2011-12	Not furnished
8	State Health Society (NRHM)	2011-12	Not furnished
9	Director, Sikkim Renewal Energy Development Agency, Gangtok	2010-11 to 2011-12	Not furnished
10	Project Officer, National Aids Control Society, Gangtok	2011-12	Not furnished
11	Project Officer, Prevention & Control of Blindness, Gangtok	2011-12	Not furnished
12	Principal, Paljor Namgyal Girls SS School	2011-12	Not furnished
13	Principal, Tashi Namgyal Academy	2011-12	Not furnished
14	Director, Sikkim Institute of Technology, Deorali	2009-10 to 2011-12	Not furnished
15	Council of Science & Technology	2008-09, 2009-10, 2010-11, 2011-12	Not furnished
16	Sikkim Rural Development Agency	2010-11, 2011-12	Not furnished
17	Institute of Hotel Management	-	Not furnished
18	Sikkim Urban Development Agency	2008-09 to 2011-12	Not furnished
19	Small Farmers Agri Business Consortium (SFAC)	2010-11, 2011-12	Not furnished
20	Sikkim State Commission for Women	2010-11, 2011-12	Not furnished
21	Rajya Sainik Board	2007-08 to 2011-12	Not furnished
22	Sikkim Milk Producer Union	2011-12	Not furnished
23	Sikkim Housing Development Board	2007-08 to 2011-12	Not furnished
24	SIMFED	2011-12	Not furnished
25	State Legal Service Authority	--	Not furnished
26	Sikkim Khadi and Village Industries Board	2007-08 to 2011-12	Not furnished
27	Sikkim Livestock Development Board	-	Not furnished

**Appendix 3.7**
**Statement showing performance of the autonomous bodies**

(Reference: Paragraph 3.3, Page 84)

Sl. No.	Name of Body	Period of entrustment	Year upto which Accounts were rendered	Date of submission of accounts	Period upto which SAR issued	Placement of SAR	Period of delay in submission of accounts
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Sikkim Mining Corporation	2011-12 to 2016-17	2010-11	2007-08 April 2010	2006-07 (13.05.09)	2006-07 (30.7.2009)	1 year 6 months
				2008-09 April 2010	2007-08 (20.07.12)	2007-08, 2008-09 and 2009-10 (not yet placed)	6 months
				2009-10 March 2012	2008-09 (15.11.12)		1 year 5 months
				2010-11 May 2012	2009-10 (30.11.12)		7 months
2.	State Trading Corporation of Sikkim	2011-12 to 2016-17	2007-08	2005-06 March 2009	2004-05 (14.6.10)	2004-05 (12.01.2011) 2005-06, 2006-07 and 2007-08 (not yet placed)	2 years 5 months
				2006-07 March 2009	2005-06 (17.8.11)		1 year 5 months
				2007-08 March 2009	2006-07 (17.8.11) 2007-08 (17.8.11)		5 months
3.	State Bank of Sikkim	2008-09 to 2012-13	2007-08	2005-06 August 2007	2004-05 (21.4.09) 2005-06 (17.8.11)	2004-05 27.12.2010	4 years 2 months
				2006-07 December 2011			
				2007-08 March 2012	2006-07 (20.7.12) 2007-08 (30.11.12)	2005-06, 2006-07 and 2007-08 (not yet placed)	3 years 5 months
				2008-09 November 2012			
4.	State Legal Services Authority	19(2)	2010-11	---	2004-05 (13.3.06)	2004-05 (14.12.06)	---
				---	2005-06 (10.01.08)	2005-06 (29.07.2008)	
				---	2006-07 (14.06.10)	2006-07, 2007-08, 2008-09 and 2009-10 (not yet placed)	
				---	2007-08 (14.6.10)		
				---	2008-09 (01.12.11) 2009-10 (20.7.12)		
5	Sikkim Khadi and Village Industries Board	2005-06 to 2009-10	2005-06	2005-06 May 2009	NA	NA	3 years

## Appendix 3.8

## Statement of finalisation of accounts and the Government investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings

(Reference: Paragraph 3.4, Page 84)

Sl. No.	Name of the Undertakings	Accounts finalised upto	Investment as per the last Accounts finalized (₹ in crore)	Remarks/ Reasons for delay in preparation of Accounts
1.	Temi Tea Estate	2010-11	44.45	-
2.	Government Food Preservation Factory	2010-11	2.92	-

## Appendix 3.9

## Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc., where final action was pending as on 31 March 2012

(Reference: Paragraph 3.5, Page 85)

Sl No.	Name of the Department	Upto 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to more	Total no. of cases
1	Finance, Revenue and Expenditure	1 (0.26)	0	0	0	0	0	1 (0.26)
2	Food, Civil Supplies and Consumer Affairs	0	0	1 (42.63)	2 (12.96)	0	0	3 (55.59)
3	Sports and Youth Affairs	0	1 (15)	0	0	0	0	1 (15)
4	Transport (SNT)	2 (34.48)	1 (134)	0	0	0	0	3* (168.48)
	<b>Total</b>	<b>3 (34.74)</b>	<b>2 (149)</b>	<b>1 (42.63)</b>	<b>2 (12.96)</b>	<b>0</b>	<b>0</b>	<b>8 (239.33)</b>

(figures in bracket indicate rupees in lakh)

\*in one case, amount was not specified.

## Appendix 3.10

## Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

(Reference: Paragraph 3.5, Page 85)

Name of the Department	Theft cases		Misappropriation/loss of Government Material		Total	
	Number of cases	Amount (₹ in lakh)	Number of cases	Amount (₹ in lakh)	Number of cases	Amount (₹ in lakh)
Finance, Revenue and Expenditure	Nil	Nil	1	0.26	1	0.26
Food, Civil Supplies and Consumer Affairs	Nil	Nil	3	55.59	3	55.59
Sports and Youth Affairs	Nil	Nil	1	15	1	15
Transport (SNT)	Nil	Nil	3*	168.48	3*	168.48
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>8</b>	<b>239.33</b>	<b>8</b>	<b>239.33</b>

\*in one case, amount was not specified.