

**Report of the  
Comptroller and Auditor General of India  
on State Finances  
for the year ended March 2013**

The Report has been laid on the table of  
the State Legislature Assembly on  
28-06-2014

**Government of Sikkim**

## CONTENTS

Paragraph	Particulars	Page no.
	<b>Preface</b>	iii
	<b>Executive summary</b>	v
<b>Chapter I: Finances of the State Government</b>		
1.1	Introduction	2
1.2	Summary of fiscal transactions	2
1.3	Fiscal reforms path in Sikkim	3
1.4	Budget 2011-12	7
1.5	Resources of the State	10
1.6	Revenue Receipts	16
1.7	Application of resources	23
1.8	Quality of Expenditure	34
1.9	Financial Analysis of Government expenditure and investments	36
1.10	Assets and liabilities	43
1.11	Debt Management	50
1.12	Review on market borrowings	55
1.13	Fiscal imbalances	70
1.14	Follow Up	74
1.15	Conclusion and recommendation	74
<b>Chapter – II: Financial Management and Budgetary Control</b>		
2.1	Introduction	77
2.2	Summary of Appropriation Accounts	77
2.3	Financial accountability and budget management	78
2.4	Contingency Fund	82
2.5	Outcome of review of selected grants	83
2.6	Conclusion	87
2.7	Recommendations	87
<b>Chapter – III: Financial Reporting</b>		
3.1	Non-submission of utilisation certificate	89
3.2	Non-submission/delay in submission of accounts	93
3.3	Status of submission of accounts of autonomous bodies and placement of Audit Reports before the State Legislature	93
3.4	Departmental Commercial Undertakings	93
3.5	Misappropriation, losses, etc.	94
3.6	Reconciliation of expenditure and receipts	94
3.7	Comments on Accounts	95
3.8	Conclusion	97



## LIST OF APPENDICES

Title	Appendix	Page
State Profile	1.1: Part A	99
Layout of Finance Accounts	1.1: Part B	100
Structure of Government Accounts	1.1: Part C	101
Time series data on the State Government finances	1.2	103
Abstract of Receipts and Disbursements for the year 2011-12	1.3	105
Summarised financial position of the Government of Sikkim as on 31 March	1.3 (Continued)	107
Statement showing the policy initiatives taken up in the Budget 2012-13	1.4	108
Statement showing the funds transferred to the State Implementing Agencies under the programmes/schemes outside the State budget during 2012-13	1.5	110
Tax and Non-Tax Revenue collected during 2008-13	1.6	113
Statement showing return on investment at the end of 2012-13	1.7	114
Statement showing the pending DC bills for the years up to 2012-13	2.1	115
Statement of various grants/appropriations where savings were more than ₹ 1 crore each and more than 20 per cent of the total provision	2.2	116
Statement showing the rush of expenditure	2.3	117
Statement showing the cases where supplementary provisions (₹ 10 lakh or more in each case) proved unnecessary	2.4	118
Statement of insufficient re-appropriation of funds	2.5	119
Statement of the excess/unnecessary re-appropriation of funds	2.6	119
Statement showing results of review of substantial surrenders made during the year	2.7	120
Statement of various grants/appropriations in which savings occurred but no part of which had been surrendered	2.8	124
Statement showing the details of saving of ₹ 1 crore and above not surrendered	2.9	124
Statement showing surrender of funds in excess of ₹ 1 crore on 30 and 31 March 2013	2.10	125
Statement showing rush of expenditure	2.11	126
Utilisation Certificates outstanding as of March 2013	3.1	127
Statement showing the details of Utilisation Certificates received by AHLFVS	3.2	128
Statement showing the details of Annual Accounts pending to various grantee units	3.3	128
Statement showing names of bodies and authorities, the accounts of which had not been received	3.4	129
Statement showing performance of the autonomous bodies	3.5	130
Statement of finalisation of <i>pro forma</i> accounts and the Government investment in Departmentally Managed Commercial and Quasi-Commercial Undertakings	3.6	131
Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc., where final action was pending as on 31 March 2013	3.7	131
Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material	3.8	131

## PREFACE

1. This Report has been prepared for submission to the Governor of Sikkim under Article 151 of the Constitution.
2. Chapters I and II of this report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2013. Information has been obtained from the Government of Sikkim wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments, audit of Statutory Corporations, Boards, Government Companies and Revenue Receipts are presented separately.

# Executive Summary

## Executive Summary

### **Background**

This Report on the Finances of the Government of Sikkim is being 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 2012-13. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the normative assessment made by the Finance Commission (XIII FC). A comparison has been made to see whether the State has given adequate fiscal priority to the developmental, social sector and capital expenditure and whether the expenditure has been effectively absorbed by the intended beneficiaries.

### ***The Report***

Based on the audited accounts of the Government of Sikkim for the year ended March 2013, 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 2013. It provides an insight into trends in committed expenditure, borrowing pattern and a brief account of Central funds transferred directly to the State implementing agencies through off budget route.

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

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

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

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

The fiscal position of the State is viewed in terms of key fiscal parameters – revenue surplus, fiscal deficit, primary deficit, etc. The State had maintained revenue surplus during the last five year period. The State witnessed fiscal deficit during the last five years but the deficit was steadily declining. The State however, maintained primary surplus during last two years. During the current year, the revenue surplus and primary surplus increased as the fiscal deficit 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 and again increased to ₹ 2,872.11 crore in 2011-12. It further increased by ₹ 416.25 crore (14.49 *per cent*) to ₹ 3,288.36 crore in 2012-13. The State's own resources contributed ₹ 737.48 crore (22.42 *per cent*) in the revenue receipts of the State during 2012-13. The balance 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 compared to previous year by ₹ 86.83 crore. Grants-in-aid from GOI increased from ₹ 1,722.50 crore in 2011-12 to ₹ 1,852.40 crore in 2012-13. The tax revenue (₹ 435.48 crore) exceeded the projection of TFC (₹ 254.86 crore), whereas non-tax revenue receipts (₹ 302 crore) was less by ₹ 120.61 crore (28.53 *per cent*) in comparison to TFC projections (₹ 422.61 crore).

### **Revenue and Capital expenditure**

The overall revenue expenditure of the State increased by 3.20 *per cent* from ₹ 2,429.61 crore in 2011-12 to ₹ 2,507.39 crore in 2012-13. While revenue expenditure constituting 75 *per cent* of the total expenditure grew by ₹ 77.78 crore over the previous year, the expenditure incurred under capital head which constituted 25 *per cent* of the total expenditure increased by ₹ 226.59 crore over the previous year.

There were 416 incomplete projects (Estimated cost: ₹ 2,694.95 crore) as on 31 March 2013 in which ₹ 1,135.55 crore were blocked, out of which 308 works (Estimated cost: ₹ 1,737.13 crore and actual expenditure incurred as on 31 March 2013: ₹ 910.79 crore) were due to be completed by 31 March 2013.

Developmental expenditure of ₹ 1469.04 crore in 2008-09 increased to ₹ 2367.72 crore in 2012-13. Its share in aggregate expenditure also decreased from 73.72 *per cent* to 70.58 *per cent* during the period.

The share of committed expenditure in the non-plan revenue expenditure was 82.71 *per cent* leaving meagre funds for creation of assets.

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

### **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.

**A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).**

#### ***Government investment***

The return from investment was 1.57 *per cent*. Some of the Companies/Corporations were under perennial loss. Effective steps need to be taken by the State Government either to revive the units or close down the units incurring losses to avoid further financial burden on the Government.

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

There was savings of ₹ 1447.59 crore and excess expenditure of ₹ 22.10 crore against 46 Grants/Appropriations during 2012-13. This excess expenditure of 2012-13 compounded with an excess expenditure of ₹ 8.87 crore pertaining to 2008-12 requires regularisation by the Legislature under Article 205 of the Constitution of India. Out of a provision of ₹ 946.23 crore in 62 subheads, ₹ 720.95 crore (76.19 *per cent*) constituting 13.45 *per cent* of the total budget provision of the State were surrendered, which included *per cent* surrender in 11 subheads. A rush of expenditure was observed towards the end of the year. In respect of 33 Major Heads under 22 grants and 16 Major Heads under 12 grants, more than 50 *per cent* of the total expenditure was incurred in the last quarter and last month of the year 2012-13, 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. An effective mechanism needs to be put in place to ensure timely placement of reports, finalisation of accounts.

# **Chapter I**

## **Finances of the State Government**

## CHAPTER I

### FINANCES OF THE STATE GOVERNMENT

#### Profile of Sikkim

Sikkim is a sparsely populated State situated in the Eastern Himalayas. It became a part of the Indian Union on 16 May 1975. 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 6.11 lakh and the percentage of rural population of the State (75 *per cent*) was more than the All India rural population (69 *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 24 per 1,000 live births was better than the All India Average of 42 per 1,000 births recorded in 2012 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 GDP for a period of five years at current prices indicates the performance of the Government in fiscal management of the State. The growth rate of State GDP for the period 2008-13 compared with the National GDP is presented in the table below:

Annual growth rate of GDP and GSDP at current prices

Year	2008-09	2009-10	2010-11	2011-12	2012-13
State GDP* (₹ in crore)	3,229.08	6,132.76	7,411.57	8,616.23	9,956.54
Growth in <i>per cent</i>	28.85	89.92	20.85	16.25	15.56
National GDP# (₹ in crore)	53,03,566	61,08,903	72,66,967	83,53,495	94,61,013
Growth in <i>per cent</i>	15.75	15.18	18.96	14.95	13.26

Source: \*Department of Economics, Statistics, Monitoring and Evaluation, Government of Sikkim  
#Economic Survey 2012-13, Ministry of Finance, GOI

The quantum of GDP (both State and National) is measured in terms of constant and current prices and as per their respective arithmetical calculations; these figures differ from each other every year. For comparison between both State and National GDPs, the 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 2008-13. Growth rate in respect of GSDP at current price was 15.56 *per cent* compared to National growth rate of 13.26 *per cent* in 2012-13. The State also achieved higher growth rate during 2012-13 compared to national growth rate

<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.



despite the year 2011-12 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 expenditures 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 2012-13. 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 2008-13.

## 1.2 Summary of fiscal transactions

**Table 1.1** and **Appendix 1.3** presents 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 2012-13 vis-à-vis the previous year.

**Table 1.1: Summary of the fiscal transactions**

(₹ in crore)

Receipts			Disbursements			
	2011-12	2012-13		2011-12	2012-13	
Section-A: Revenue				Total	Non Plan	Plan
Revenue Receipts <sup>2</sup>	3,672.64	3,793.32	Revenue Expenditure <sup>3</sup>	3,230.14		
Tax revenue	293.92	435.48	General services	1,552.97	1,341.80	44.03
Non-tax revenue	1,044.57	806.96	Social services	1,031.69	543.97	403.50
Share of union taxes/ duties	611.65	698.48	Economic services	614.01	292.85	362.99
Grants from Government of India	1,722.50	1,852.40	Grants-in-aid and contributions	31.47		
Misc. Capital receipts	42.25	0.00	Capital outlay	615.76		
Recoveries of loans and advances	0.03	0.90	Loans and advances disbursed	49.17		
Public debt receipts	87.44	196.81	Repayment of public debt	48.66		
Contingency Fund	0.10	0.00	Contingency Fund	0.00		
Public Account receipts	3,808.95	4,059.44	Public Account disbursements	3,487.98		
Opening cash balance	750.31	930.01	Closing cash balance	930.01		
<b>Total</b>	<b>8,361.72</b>	<b>8,980.48</b>	<b>Total</b>	<b>8,361.72</b>		

Source: Finance Accounts

The following are the significant changes during 2012-13 over the previous year:

<sup>2</sup> Revenue receipts and Non-tax revenue are inclusive of gross receipt (₹ 546.39 crore) from State Lotteries.

<sup>3</sup> Revenue expenditure and General Services (Non-plan) are inclusive of expenditure (₹ 504.96 crore) on State Lotteries.

Revenue receipts increased by ₹ 120.68 crore (3.29 *per cent*) over the previous year mainly due to increase in Tax Revenue by ₹ 141.56 crore, share of Union Taxes/duties by ₹ 86.83 crore and Grants from Government of India by ₹ 129.90 crore. However, there was decrease in Non-tax revenue by ₹ 237.61 crore compared to previous year mainly due to low realisation under Sikkim State Lotteries by ₹ 297.61 crore.

Revenue expenditure decreased by ₹ 217.79 crore (6.74 *per cent*) over the previous year due to decrease in General Services (₹167.14 crore), Social Services (₹ 84.22 crore) and Grants-in-aid (₹ 8.53 crore). However, there was marginal increase in Economic Services by ₹ 42.09 crore.

Capital expenditure increased by ₹ 226.59 crore (36.80 *per cent*) over the previous year.

Public debt receipts increased by ₹ 109.37 crore (125.08 *per cent*) and its repayment increased by ₹ 22.46 crore (46.16 *per cent*) over the previous year.

The total outflow and inflow of the Government during the year 2012-13 was ₹ 7,931.85 crore and ₹ 8,050.47 crore respectively leading to increase in cash balance by ₹ 118.62 crore.

### 1.3 Fiscal reforms path in Sikkim

In Sikkim, fiscal reforms and consolidation were brought to the forefront with the State Government formulating the first Medium 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 borrowings and achieving greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the State Government:

- (a) Maintain revenue 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 2010-16 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	2015-16
	Projections	Achievement	Projections	Achievement	Projections	Achievement	Projections	Projections	Projections
Revenue Receipts <sup>4</sup> (a to d)	38.07	30.12	54.90	34.19	58.21	33.03	60.82	63.63	46.25
a. Own Tax Revenues	4.95	3.91	4.01	3.50	5.06	4.37	5.06	5.07	4.19
b. Own Non-Tax Revenues	4.28	3.39	4.09	2.91	4.22	3.03	4.32	4.42	3.11
c. Tax share	9.29	7.35	9.75	7.28	10.36	7.02	11.58	12.94	9.31
d. Grants-in-aid	19.55	15.47	37.05	20.51	38.56	18.60	39.86	41.21	29.64
Revenue Expenditure <sup>5</sup>	35.60	28.16	41.74	28.92	40.69	25.18	43.00	45.47	34.90
Capital Expenditure	8.07	6.31	18.59	7.33	21.02	8.46	20.82	21.16	14.34
Revenue Deficit	-2.47	-1.96	-13.16	-5.27	-17.52	-7.84	-17.82	-18.16	-11.34
Fiscal Deficit	5.60	4.43	4.75	2.14	3.50	0.66	3.00	3.00	3.00
Primary Deficit	2.29	1.81	1.89	0.13	0.61	-1.34	0.00	0.08	0.89
Outstanding Debt	42.99	34.0	41.75	30.40	41.03	33.60	39.88	38.85	29.85

N.B: Negative sign indicates revenue/primary surplus

Source: Medium Term Fiscal Plan for Sikkim 2011-12 to 2014-15 and 2013-14 to 2015-16 presented to State Assembly on March 2011 and March 2013 respectively and Finance Accounts, Government of Sikkim

According to the Medium Term Fiscal parameters, Fiscal Deficit and Primary Deficit projected by the State Government during 2010-11, 2011-12 and 2012-13 were achieved. However, Revenue Surplus could not be maintained at the level projected during 2010-11, 2011-12 and 2012-13, due to non-achievement of projected Revenue Receipts.

<sup>4</sup> Revenue Receipts in this column and henceforth in this Report are net of Lottery Expenditure (including Salaries, Travel Expenses, Office Expenses and Rent, Rates & Taxes besides Prize payment).

<sup>5</sup> Revenue Expenditure in this column and henceforth in this Report is excluding Lottery Expenditure.

Major fiscal variables provided in the budget based on recommendations of the 13<sup>th</sup> Finance Commission and as targeted in the FRBM Act of the State is depicted in **Table 1.3** as given below:

**Table 1.3: Details of Fiscal variables**

Fiscal variables	2012-13			
	XIII FC targets for the State	Targets as prescribed in FRBM Act	Targets proposed in the Budget	Projections made in Five Year Fiscal plan/MTFP
Revenue Deficit (-) / Surplus (+) (₹ in crore)	0.00	1,222.54	1,222.89	1,222.89
Fiscal Deficit/GSDP (in per cent)	3.50	3.50	3.50	3.50
Ratio of total outstanding debt of the Government to GSDP (in per cent)	62.10	62.10	41.03	41.03

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

The Government of India (GOI) introduced (1 April 2004) a defined, contribution based NPS to cover all new entrants to Government service. The interim Pension Fund Regulatory and Development Authority (PFRDA) was established by 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 May 2006, it formally conveyed its decision to participate in the NPS in October 2007 and after a lapse of five year and seven months, the State Government finally drew an agreement with the CRA (NSDL) on 11 November 2011. To operationalise the NPS, the following required processes were still in progress:

**Table 1.4: New Pension Scheme outcome indicator**

Sl.	Procedure to be followed	Action taken as of August 2013
1	<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. DTO 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).
2	<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.	As of March 2013, 3667 subscribers had been registered with CRA. The Finance, Revenue and Expenditure Department had issued circular for filling up and submission of N1 form in April 2011. N1 form had already been filled up and DTA registration number obtained.
3	<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.	The office had uploaded contribution of 3397 subscribers as of August 2013 and further uploading of additional subscribers was under process of those whose PRAN had been generated.
4	<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)	Legacy data of 3,397 subscribers uploaded as on date in the CRA system and uploading of legacy data of 108 subscribers was under process.
5	<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.	₹ 33.81 crore had been transferred to NSDL and uploaded in favour of State's NPS Trust up to 24 August 2013. Further, transfer of ₹ 1.40 crore for 108 subscribers was under process.

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 Government of India (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. The State Government had spent the entire amount towards purchase of computers, collection of data, repairing and renovation of offices, etc. Further, during 2013-14 the GOI released ₹ 1 crore to the State Government out of which ₹ 0.71 crore was incurred as 50 per cent payment to the software developer. The Employees and Pensioners Database Committee had prepared required Database and submitted a report to the State Government. The Employees' and Pensioners' Database Certificate was issued (31 January 2013) by the Chairman and sent to the GOI.

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

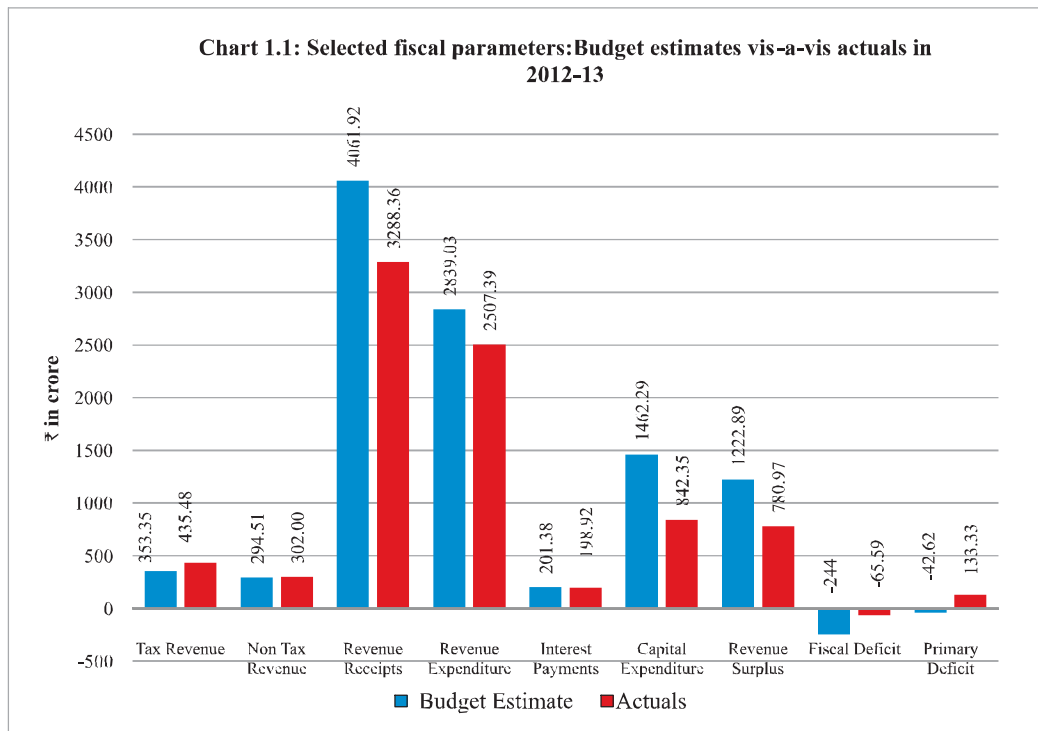
No financial support had been extended during the year by Government of Sikkim to the Sikkim Power Development Corporation Limited, being the only PSU under power sector.

## 1.4 Budget 2012-13

### 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 2012-13.



Source: Finance Accounts

The Tax Revenue exceeded the budget provision by 23.24 *per cent* (₹ 82.13 crore). Non-tax revenue exceeded the budget provision by 2.54 *per cent* (₹ 7.49 crore). Revenue receipts was lower than budget provision by 19.04 *per cent* (₹ 773.56 crore) and Revenue expenditure was also lower than budget provision by 11.68 *per cent* (₹ 331.64 crore). Further, the Revenue Surplus was 36.14 *per cent* lower than the projection in the budget estimate. Capital Expenditure was less than the budget estimate by 42.40 *per cent*.



Sikkim's own tax revenue increased by 48.16 *per cent* from ₹ 293.92 crore in 2011-12 to ₹ 435.48 crore in 2012-13. The revenue from sales tax contributed to the major share of tax revenue (52.14 *per cent*). State Excise duty increased by ₹ 14.86 crore, Land Revenue by ₹ 1.05 crore and other taxes increased by ₹ 23.99 crore. However, there was decrease in Taxes on vehicles by ₹ 0.18 crore and Stamps & Registration by ₹ 2.92 crore.

The Non-tax revenue which constituted 9.18 *per cent* of total revenue receipts, had increased by ₹ 57.96 crore from ₹ 244.04 crore in 2011-12 to ₹ 302 crore in 2012-13 and was higher than the budget projection by ₹ 7.49 crore (2.54 *per cent*). The main components which resulted in noticeable increase were Police (₹ 36.34 crore), Power (₹ 3.20 crore), Other Administrative Services (₹ 2.96 crore) and Plantations (₹ 1.39 crore). However, there was decrease in some of the components of Non-tax revenue like Urban Development (₹ 0.70 crore) and Public Works (₹ 0.68 crore).

The State's share of Union taxes and duties stood at ₹ 698.48 crore, an increase of ₹ 86.83 crore over the previous year due to increase in the State's share in Corporation Tax by ₹ 10.15 crore, ₹ 27.91 crore in Taxes on Income other than Corporation Tax, ₹ 10.00 crore in Customs, ₹ 10.25 crore on Union Excise duties and Service Tax by ₹ 29.02 crore. However, Share of net proceeds on Wealth Tax decreased by ₹ 0.50 crore during the current year.

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 ₹ 129.90 crore (7.54 *per cent*) from ₹ 1,722.50 crore in 2011-12 to ₹ 1,852.40 crore in 2012-13. The increase in components were State Plan Schemes (₹ 200.19 crore), Grants for Centrally Sponsored Plan Schemes (₹ 21.13 crore) offset by decrease in the component of Non Plan Grants (₹ 80.37 crore), Central Plan Schemes (₹ 2.53 crore) and Grants for Special Plan Schemes (₹ 8.52 crore).

Revenue expenditure increased by ₹ 77.78 crore (3.20 *per cent*) over the previous year due to increase in General Services (₹ 128.44 crore) and Economic Services (₹ 42.09 crore). However, Social Services and Grants in aid decreased by ₹ 84.22 crore and ₹ 8.53 crore respectively.

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 2012-13 the Capital expenditure of the State was ₹ 842.35 crore out of which ₹ 910.79 crore were blocked in 308 incomplete works due to be completed by 31 March 2013. The increase of ₹ 226.59 crore in capital outlay in 2012-13 was due to increase in General Services (₹ 58.02 crore). Major components of increase were in outlay on Public Works (₹ 56.98 crore), Police (₹ 1.04 crore). The major component of increase under Social Services (₹ 14.11 crore) was Water supply, Sanitation, Housing & Urban Development (₹ 12.36 crore). In Economic Services, the increase was ₹ 154.47 crore. The components of increase were Irrigation & Flood Control (₹ 4.21 crore), Power (₹ 6.07 crore), Industry (₹ 2.06 crore), Transport (₹ 173.61 crore) and Science & Technology (₹ 0.51 crore). However, the increase was offset by decrease in

Agriculture & Allied Services (₹ 8.10 crore), Rural Development (₹ 15.73 crore), Special Area Development Programme (₹ 0.47 crore) and General Economic Services (₹ 7.69 crore).

#### **1.4.2 Proposals for increasing the State's revenue receipts and reducing the revenue expenditure**

The State Government issued an Office Memorandum dated 25 June 2012 containing various austerity measures in order to curtail expenditure and raise revenue in the State and empowered the 'Austerity Committee' to monitor the implementation of these austerity measures and recommended for relaxation of the provisions contained in the memorandum as and when necessary. The 'Austerity Committee' met only once on 31 July 2012 and considered 25 such proposals of various departments. However, the FRED had not ensured/monitored austerity measures undertaken by the various departments.

#### **1.4.3 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, the FRED stated (August 2013) that although separate budget head had not been created, gender equity and empowerment of women were being done through the women centric programmes of the Government and all the departments were being sensitised to incorporate the needs of the women in their annual plan documents.

#### **1.4.4 Policy initiatives of Budget 2012-13**

For socio-economic and cultural development of Sikkim, some of the policy initiatives were taken up in the Budget 2012-13. It was noticed that most of the initiatives taken up were not adequately followed up as detailed in **Appendix 1.4**.

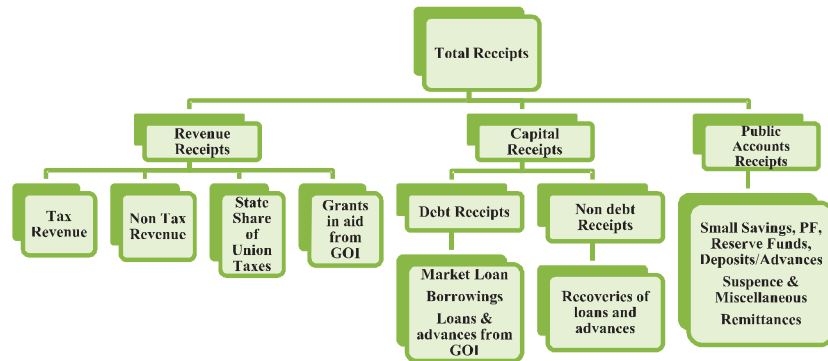


## 1.5 Resources of the State

### 1.5.1 Resources of the State as per Finance Accounts

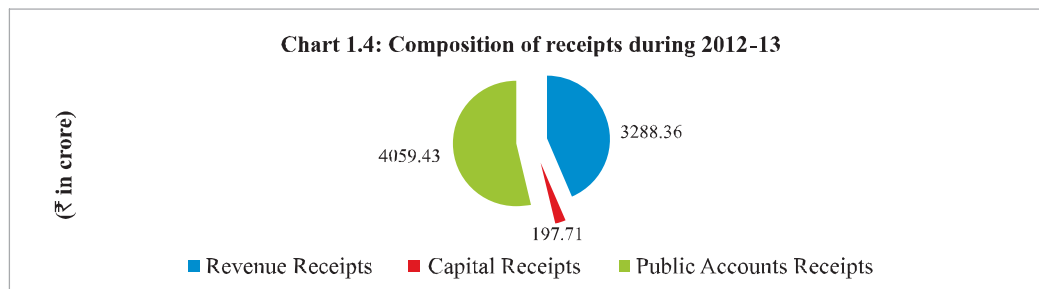
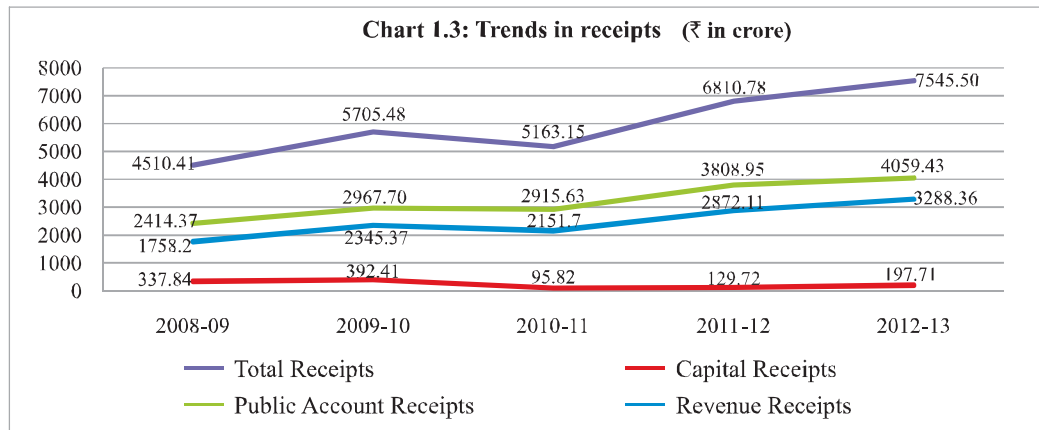
The progress of the Government's programmes depends on its resources and the quantum of resources in any particular financial year determines the expenditure threshold of the Government. The components of the State's receipts have been categorised in **Chart 1.2**.

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



**Table 1.1** depicting *inter-alia* the receipts of the State during the 2012-13, as recorded in Finance Accounts, may also be referred to at page 2.

**Chart 1.3** depicts the trends in components of receipts during 2008-13, while **Chart 1.4** depicts the composition of resources of the State during the current year.



Source: Finance Accounts

Total receipts increased by 67.27 *per cent* from ₹ 4,510.41 crore in 2008-09 to ₹ 7,545.51 crore in 2012-13. Further, there was an increase of total receipts over the previous year by ₹ 734.63 crore (10.79 *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 54 *per cent* of the total receipts during 2008-13. Public Account receipts which totalled ₹ 2,414.37 crore in 2008-09 increased to ₹ 4,059.44 crore in 2012-13. Public Account receipts grew by 6.58 *per cent* as compared to the previous year. The growth was maximum in Deposits & Advances (68.06 *per cent*), followed by Remittances (20.16 *per cent*), Small Savings/Provident Fund, etc. (12.58 *per cent*), Suspense and Miscellaneous (8.56 *per cent*). However, Reserve Fund decreased by 62.68 *per cent* as compared to previous year. The details are shown in Paragraph 1.6.8.

The share of Revenue Receipts in total receipts, which was 42.17 *per cent* in 2011-12, increased to 43.58 *per cent* in 2012-13.

Capital receipts increased by 52.42 *per cent* from ₹ 129.72 crore in 2011-12 to ₹ 197.71 crore in 2012-13. Capital Receipts constituted 2.62 *per cent* of the total receipts. The debt receipts which mainly constituted Capital receipts, increased by ₹ 109.37 crore from the previous year, its share was 99.54 *per cent* of capital receipts which was lower by 0.43 *per cent* over the previous year (99.97 *per cent*).

Apart from debt receipts, capital receipts include non-debt receipts such as recovery of loans and advances. Recovery of loans and advances, which had decreased in 2011-12 had positive growth by 2900 *per cent* from ₹ 0.03 crore in 2011-12 to ₹ 0.90 crore in 2012-13.

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

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies (SIA)<sup>6</sup> for implementation of various schemes/programmes in social and economic sectors, which are recognised as critical. In the present mechanism, these funds are not routed through the State Budget/State Treasury System and hence do not find mention in the Finance Accounts of the State. As such, the Annual Finance Accounts of the State does not provide a complete picture of the total funds received in the State during 2012-13. Government of India transferred an approximate amount of ₹ 413.13 crore during 2012-13 directly to the SIAs for implementation of various schemes/programmes in social and economic sectors, recognised as critical, as against the transfer of ₹ 231.79 crore, ₹ 335.07 crore and ₹ 414.01 crore during 2009-10, 2010-11 and 2011-12, which was an increase of 44.56 *per cent* in 2010-11 and 23.66 *per cent* in 2011-12 but decrease of 0.21 *per cent* in 2012-13. Details of funds released in respect of major Central plan schemes are furnished in the table below:

<sup>6</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, for e.g., State Health Society for NRHM, etc.

**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 2012-13	Closing balance as on 31 March 2013
			2009-10	2010-11	2011-12	2012-13		
1	Sarva Shiksha Abhiyan	Sarva Shiksha State Mission Authority	17.36	44.69	40.23	26.94	26.94	5.90
2	MG-NREGA	Rural Management & Development Department.	88.57	44.49	100.79	74.11	74.07	1.71
3	PMGSY	Sikkim Rural Roads Development Agency	21.80	79.38	80.00	193.62	193.61	158.48
4	National Rural Drinking Water Programme	State Water & Sanitation Mission (Rural Management and Development Department)	10.80	23.20	69.19	32.36	32.19	40.33
5	NRHM	State Health Society (Health care, Human Services & Family Welfare Department)	25.75	21.27	25.19	8.86	9.07	4.69
6	MPLAD Scheme	Land Revenue and Disaster Management Department	3.00	4.00	10.00	10.00	10.00	5.79
7	Off Grid DRPS	Sikkim Renewable Energy Development Agency	0.46	0.71	10.33	2.82	2.82	0.43
8	National Afforestation Programme	Forest, Environment and Wildlife Management Department	8.86	11.99	6.75	5.42	5.42	0.00
9	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	Human Resource Development Department	2.30	4.27	6.92	0.25	0.25	1.00
		<b>Total</b>	<b>178.90</b>	<b>234.00</b>	<b>349.40</b>	<b>354.38</b>	<b>354.37</b>	<b>218.33</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 ₹ 354.38 crore (85.80 per cent of the total funds transferred) was given for (i) Pradhan Mantri Gram Sadak Yojana (46.87 per cent), (ii) Mahatma Gandhi National Rural Employment Guarantee programme (17.94 per cent), (iii) Sarva Shiksha Abhiyan (6.52 per cent), (iv) National Rural Health Mission (2.14 per cent), (v) National Rural Drinking Water Programme (7.83 per cent), (vi) Member of Parliament Local Area Development Scheme (2.42 per cent), (vii) Off Grid DRPS (0.68 per cent), (viii) National Afforestation Programme (1.31 per cent) and (ix) Rashtriya Madhyamik Shiksha Abhiyan (0.06 per cent) during 2012-13, out of which ₹ 218.33 crore remained unutilised in these nine programmes. With transfer of an approximate amount of ₹ 413.13 crore directly by GOI to Implementing Agencies, the total availability of State resources during 2012-13 had increased from ₹ 8,050.47 crore to ₹ 8,463.60 crore.

Analysis revealed that ₹ 629.66 lakh released by GOI (Integrated Watershed Management Programme (IWMP): ₹ 61.83 lakh, Dairy development Project: ₹ 42.89 lakh, MG-NREGA:

₹ 4.47 lakh, PMGSY: ₹ 0.50 lakh, Panchayat Empowerment & Accountability Incentive Scheme: ₹ 1.44 lakh, National Rural Drinking Water Programme: ₹ 16.96 lakh, Integrated watershed management programmed (IWMP): ₹ 139.27 lakh, Hospital & dispensaries under NRHM (AYUSH): ₹ 23.40 lakh, NE Areas: ₹ 10 lakh, Crime & criminal tracking network and system (CCTNS): ₹ 147 lakh, Human Resource Development: ₹ 1.25 lakh, Marketing support and services and export promotion scheme: ₹ 23.15 lakh, Dissemination of art & culture: ₹ 1.50 lakh and National Mission on Food Processing: ₹ 156 lakh) were not received by the SIA.

Central grants of ₹ 6,454.30 lakh received (Horticulture Mission for North East & Himalayan States: ₹ 4,289.30 lakh and National River Conservation Plan: ₹ 2,165 lakh ) by the SIAs were not depicted as release in the portal.

Besides, ₹ 163.08 lakh (₹ 7 lakh under National AIDS Control Programme, ₹ 53.08 lakh under Marketing & Export Promotion Scheme, ₹ 40 lakh under NE Areas and ₹ 63 lakh under Buddhist & Tibetan Studies) was received in excess of the amount mentioned as released.

Further, details of receipts against release of ₹ 545.43 lakh ( ₹ 466.16 lakh under NIT which is a Central Implementing Agency, ₹ 22.99 lakh under IWMP- North, ₹ 46.28 lakh, under NE Areas-Travel Agents Association of Sikkim, ₹ 2.50 lakh under Buddhist & Tibetan Studies, another ₹ 2.50 lakh under Buddhist & Tibetan Studies and ₹ 5 lakh under Manpower Development, including Skill Development in IT-DIT ) and their utilisation could not be furnished by the Implementing Agencies. Hence, receipt and utilisation against them could not be ascertained.

Under MPLAD scheme, though the Portal shows the transfer of ₹ 1250 lakh, ₹ 250 lakh was erroneously transferred (July 2012) to the SIA which was subsequently returned (August 2012) to the GOI. Hence, actual transfer of funds was ₹ 1,000 lakh.

Again, analysis revealed that in 3 cases release of ₹ 320.63 lakh (₹ 34.72 lakh under Scheme for quality assurance, codex standard research, ₹ 138.91 lakh under Support to state extension programme for extension Reforms and ₹ 147 lakh under Crime & criminal tracking network and system (CCTNS)) made during the year which could not be received by the SIAs due to their release at the fag end of the year.

₹ 174.95 lakh released under Swarna Jayanti Sahari Rojgar Yojana was included in the State Budget 2012-13.

To present a holistic picture on availability of aggregate resources, funds directly transferred to SIAs are presented in **Appendix 1.5**. 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 three such schemes i.e., Rashtriya Madhyamik Shiksha Abhiyan (RMSA), Sarva Shiksha Abhiyan and Prime Minister Gramin Swarojgar Yojana (PMGSY) are indicated below:

➤ **Rashtriya Madhyamik Shiksha Abhiyan (RMSA)**

RMSA aims to make good quality education available, accessible and affordable to all young persons in the age group of 14-16 years. The main objectives of the scheme were – (i) to provide a secondary school within a reasonable distance of any habitation (ii) ensure universal access of secondary education (GER of 100 *per cent*) (iii) universal retention (iv) providing access to secondary education with special references to economically weaker sections of the society, the educationally backward, the girls and the disabled children residing in rural areas and other marginalised categories like SC, ST, OBC, etc. The guiding principles in this regard are; Universal Access, Equality and Social Justice, Relevance and Development and Curricular and Structural Aspects. Fund sharing pattern between Centre & State in respect of the State of Sikkim–Central Share: State Share = 90:10 (Special Category States).

The above goal translates into the following main objectives:

- (i) To ensure that all secondary schools have physical facilities, staff and supplies at least according to the prescribed standards through financial support in case of Government/Local Body and Government aided schools, and appropriate regulatory mechanism in the case of other schools
- (ii) To improve access to secondary schooling to all young persons according to norms – through proximate location/efficient and safe transport arrangements/residential facilities, depending on local circumstances including open schooling. As Sikkim's topography is hilly and large parts are difficult areas, the State has fixed norms with due consideration accordingly.
- (iii) To ensure that no child is deprived of secondary education of satisfactory quality due to gender, socio-economic, disability and other barriers.
- (iv) To improve quality of secondary education resulting in enhanced intellectual, social and cultural learning.
- (v) To ensure that all students pursuing secondary education receive education of good quality.

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

**Table 1.6: Funds received and expenditure incurred by State Mission Authority, Rashtriya Madhyamik Shiksha Abhiyan (RMSA)**

(₹ in lakh)

Opening Balance on 1 April 2012	Total Fund released by GOI during 2012-13	Fund received during 2012-13				Expenditure during 2012-13	Closing Balance on 31 March 2013
		GOI	State share	Interest	Total		
654.14	24.65	24.65	50.00	8.25	82.90	637.54	99.50

Audit scrutiny revealed that during 2012-13, out of total expenditure of ₹ 637.54 lakh the actual expenditure was ₹ 633.93 lakh & ₹ 3.61 lakh was paid as advance for the purpose of various meeting etc. which were found unadjusted (5 August 2013). Thus, advance of ₹ 3.61 lakh shown as final expenditure was irregular. Further, ₹ 22 lakh was paid as School Annual Grant to various schools (44 schools @ ₹ 50,000) during 2012-13, but Utilisation Certificates

against the expenditure were not obtained from the School Management Development Committee (SMDC) of the grantee schools.

➤ **Sarva Shiksha Abhiyan (SSA)**

The main goal of this program is that all the children should complete five years of primary education by the year 2007 and all the children of 6-14 years of age should complete eight years of schooling by 2010. The SSA centres are mainly targeted in areas which have lack of schools or where the schools are located in remote areas. The SSA plan covers the entire country with special emphasis on education of SC and ST children, children with special needs and girl child.

The National Curriculum Framework 2005 highlights the aims of education as “the aims of education simultaneously reflect the current needs and aspirations of a society as well as its lasting values and the immediate concerns of a community as well as broad ideas” (Para-1.7, NCF 2005). SSA was introduced in Sikkim in 2001 in West District and in 2002 in the remaining three Districts.

State Mission Authority, SSA the implementing agency in the State received ₹ 2,693.85 lakh from Government of India and spent ₹ 4,400.38 lakh during 2012-13. There was an increase in class rooms, electricity, girls toilets, boys toilets, boundary walls, appointment of teachers, and enrolments of children which may be seen in the Table below:

**Table 1.7: Improvement in the SSA Scheme**

Sl.	Particulars	As of 2009-10	As of 2012-13	Improvement percentage
1	Class rooms	5,927	6,059	2.27
2	Electricity	374	380	1.60
3	Girls toilets	612	746	21.90
4	Boys toilets	658	703	6.84
5	Boundary walls	163	188	15.34
6	Appointment of teachers	7,693	8,528	10.85
7	Enrolments of children	87,828	90,469	3.01

*Source: Departmental figure*

It shows overall improvement in enrolment of children, appointment of teachers and basic amenities. Further, there was noticeable improvement in increase of Girls toilets which are the basic needs of today's environment.

➤ **Pradhan Mantri Gram Sadak Yojana (PMGSY)**

Under the programme roads are constructed for connectivity of villages and employment at village level. Table 1.9 shows the development of village connectivity.

State Rural Roads Development Agency, implementing agency of PMGSY in the State received ₹ 19,361.50 lakh from Government of India and incurred expenditure of the same amount during 2012-13. There was an appreciable improvement in construction of village roads for connectivity between very remote villages which may be seen in the Table below:



**Table 1.8: Improvement in connectivity between villages by rural roads**

Sl.	Particulars	As on 31 March 2009		As on 31 March 2013	
		New connectivity (Stage-I)	New connectivity (Stage-II)	New connectivity (Stage-I)	New connectivity (Stage-II)
1	Total road length (in Km)	836.65	0	1,047.64	96.96
2	Total habitation covered (in numbers)	111		210	

It can be seen from the above Table that at the beginning of 2009-10 rural road length was 836.65 km with coverage of 111 habitations, which increased to 1,144.60 km roads covering 210 habitations. Increase in coverage of population by 99 habitations is a good sign in development of rural roads in such difficult mountainous region.

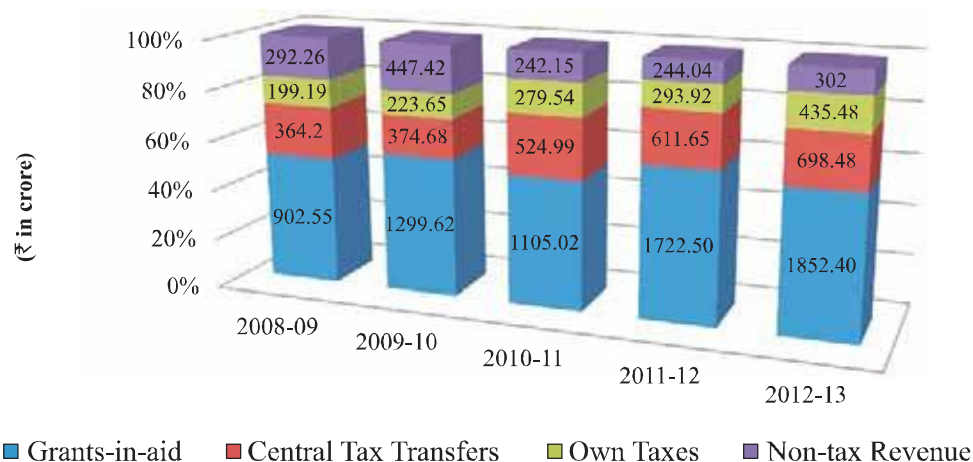
## 1.6 Revenue Receipts

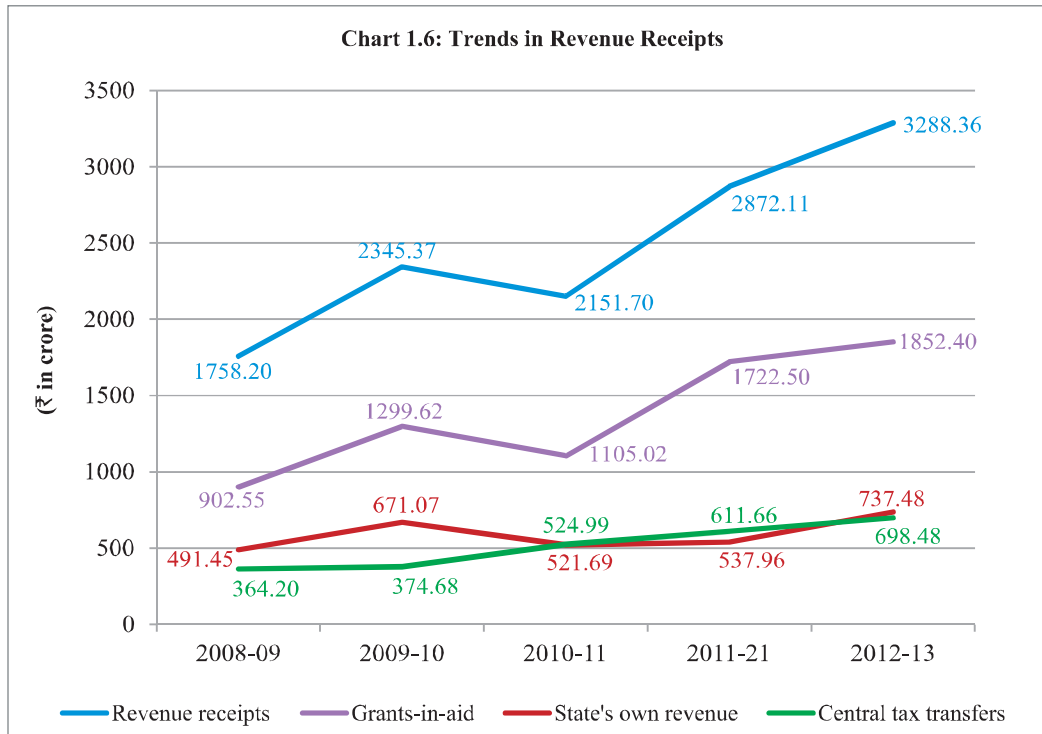
The trends and composition of revenue receipts over the period 2008-13 are presented in **Appendix 1.6** and are also depicted in **Charts 1.5** and **1.6** respectively.

Revenue receipts showed progressive increase from ₹ 1,758.20 crore in 2008-09 to ₹ 3,288.36 crore in 2012-13. The revenue receipts increased by ₹ 416.25 crore (14.49 *per cent*) over the previous year. The State's own resources, both tax and non-tax revenue contributed 22.42 *per cent* (₹ 737.48 crore) in the revenue receipts of the State during 2012-13. 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 13.24 *per cent* (₹ 435.48 crore) and non-tax revenue was 9.18 *per cent* (₹ 302.00 crore) during the year. Both tax revenue and non-tax revenue showed increase in 2012-13 compared to previous year.

**Chart 1.5: The Composition of Revenue Receipts during 2008-13**





Source: Finance Accounts

The trends in revenue receipts relative to GSDP are presented in Table 1.9.

**Table 1.9: Trends in revenue receipts relative to GSDP**

	₹ in crore				
	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue receipts (RR) (₹ in crore)	1,758.20	2,345.37	2,151.70	2,872.11	3,288.36
GSDP (₹ in crore)	3,229.08	6,132.76	7,411.57	8,616.23	9,956.54
Rate of growth of GSDP (per cent)	28.85	89.92	20.85	16.25	15.56
Rate of Growth of RR (per cent)	17.39	33.40	(-) 8.26	33.48	14.49
Rate of Growth of State's own tax (per cent)	0.68	12.28	24.99	5.14	48.16
RR/GSDP (per cent)	54.44	38.24	29.03	33.33	33.03
<b>Buoyancy ratios<sup>7</sup></b>					
Revenue buoyancy wrt GSDP	0.60	0.37	(-) 0.40	2.06	0.93
State's own tax buoyancy wrt GSDP	0.02	0.13	1.20	0.32	3.09
Revenue buoyancy wrt State's own taxes	25.57	2.72	(-) 0.33	6.51	0.29

Source: Finance Accounts

The rate of growth of revenue receipts during 2012-13 over the previous year was 14.49 per cent. Revenue buoyancy with respect to GSDP 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 2.06 per cent in 2011-12 but decreased to 0.93 per cent in 2012-13.

<sup>7</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.



### 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 2012-13 vis-à-vis assessment made by XIII FC and Medium Term Fiscal Plan (2011-14) are given in **Table 1.10**.

**Table 1.10: XIII FC recommendations vis-à-vis the actuals**

(₹ in crore)

	XIII FC projection	MTFP projections	Budget estimates	Actuals
Tax Revenue	254.86	362.41	353.35	435.48
Non-Tax Revenue	422.61	476.07	294.51	302.00

The State exceeded the target set by XIII FC in respect of Tax Revenue by ₹ 180.62 crore but fell short of target in respect of Non-Tax Revenue by ₹ 120.61 crore in the current year. Further, the State succeeded in achieving the target set as per budget estimates in respect of non-tax revenue which was higher by ₹ 7.49 crore. The tax revenue was more by ₹ 82.13 crore than the budget estimate during the year.

#### Tax Revenue

The main sources of State's tax revenue was Taxes on sales, trade, etc. with a contribution of 6.90 per cent in Revenue Receipts of the State followed by State excise (3.38 per cent), Taxes on vehicles (0.50 per cent), Stamps and Registration Fees (0.16 per cent), Land Revenue (0.17 per cent) and Taxes on Income other than corporation Tax (0.20 per cent). The trends in the major constituents of tax revenue during the period 2008-13 are shown in **Table 1.11**.

**Table 1.11: Tax Revenue**

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Taxes on sales, trade, etc.	101.14 (24.37)	121.07 (19.71)	142.74 (17.90)	124.19 (-13.00)	227.08 (82.85)
State Excise	46.47 (22.48)	57.27 (23.24)	70.64 (23.35)	96.26 (36.27)	111.12 (15.44)
Stamps & registration fees	4.35 (2.11)	4.48 (2.99)	5.70 (27.23)	8.27 (45.09)	5.35 (-35.31)
Taxes on vehicles	6.94 (11.58)	7.88 (13.54)	10.66 (35.28)	16.56 (55.35)	16.38 (-1.09)
Land Revenue	1.95 (-29.09)	2.71 (38.97)	7.33 (170.48)	4.61 (-37.11)	5.66 (22.78)
Taxes on goods and passengers	0.00	0.00	0.00	0.00	0.00
Other taxes	38.34 (44.99)	30.24 (-21.13)	42.47 (40.44)	44.03 (3.67)	69.89 (58.73)

Source: Finance Accounts

Figures in brackets indicate rate of growth in per cent

The rate of growth of taxes on sales, trade, etc., during 2012-13 was 82.85 per cent (₹ 102.89 crore) due to increase in receipts under Central Sales Tax, State Sales Tax and Trade Tax

(SVAT) as compared to previous year. The growth rate of State Excise was 15.44 *per cent* (₹ 14.86 crore) due to increase in collection pertaining to foreign liquors & spirits and medicinal & toilet preparations containing alcohol, opium, etc.

Stamps and Registration Fees had decreased by 35.31 *per cent* (₹ 2.92 crore) mainly due to decrease in sale of Judicial Stamps and fees for registering documents. Taxes on vehicles had decreased by 1.09 *per cent* due to less receipts under the State Motor Vehicles Taxation Acts during the year. Land Revenue had increased by 5.66 *per cent* due to increase in collection of other receipts of Land Revenue.

#### Non-tax revenue

During 2008-13, on an average, interest receipts contributed 0.58 *per cent* in the total receipts of the State. Similarly, dividends and profits contributed 0.18 *per cent* and the rest (4.71 *per cent*) came from other non-tax receipts.

**Table 1.12: Composition of non-tax revenue**

					(₹ in crore)
Revenue Head	2008-09	2009-10	2010-11	2011-12	2012-13
Interest Receipts	25.94 (0.56)	44.18 (0.77)	28.14 (0.55)	29.39 (0.43)	46.00 (0.61)
Dividends & Profits	1.31 (0.03)	0.46 (0.77)	2.37 (0.08)	0.00 (0.00)	1.53 (0.02)
Other non-tax receipts	265.01 (5.88)	402.78 (7.06)	211.64 (4.09)	214.65 (3.15)	254.47 (3.37)
<b>Total</b>	<b>292.26</b>	<b>447.42</b>	<b>242.15</b>	<b>244.04</b>	<b>302.00<sup>8</sup></b>

Source: Finance Accounts

Figures in brackets indicate percentage to total receipts

The trend of non-tax revenue was fluctuating during all the years. During 2009-10, the non-tax revenue increased by ₹ 155.16 crore (53.09 *per cent*). However, during 2010-11 the non-tax revenue decreased by ₹ 205.27 crore (45.88 *per cent*). The non-tax revenue during 2011-12 increased by ₹ 1.89 crore (0.78 *per cent*) and further increased by ₹ 57.96 crore (23.75 *per cent*) during 2012-13.

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 2012-13 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 <i>per cent</i> )
Education, sports, art and culture	1.37	376.88	0.36
Health and family welfare	1.50	84.38	0.18
Water supply and sanitation	2.74	20.21	0.14
Irrigation	0.20	2.42	12.10

Source: Finance Accounts.

<sup>8</sup> Excludes gross receipts of ₹ 546.39 crore from State Lotteries

Cost recovery in respect of Water Supply and Sanitation during the year was 0.14 *per cent* being the lowest and the highest was 12.10 *per cent* pertaining to Irrigation. In respect of Education, sports, art & culture and Health and family welfare, the cost recovery remained at 0.36 and 0.18 *per cent* respectively.

### 1.6.2 Grants-in-aid from GOI

Grants-in-aid from GOI increased from ₹ 1,722.50 crore in 2011-12 to ₹ 1,852.40 crore in 2012-13 as shown in Table 1.14.

Table 1.14: Grants in aid from GOI

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	66.61	28.79	121.32	345.74	265.37
Grants for State Plan Schemes	635.23	1,026.19	799.88	1,145.02	1,345.21
Grants for Central Plan Schemes	4.20	4.63	5.30	3.56	1.03
Grants for Centrally Sponsored Plan Schemes	168.06	187.14	146.08	168.53	189.66
Grants for Special Plan Schemes (NEC)	28.44	52.87	32.44	59.65	51.13
<b>Total</b>	<b>902.54</b>	<b>1,299.62</b>	<b>1,105.02</b>	<b>1,722.50</b>	<b>1,852.40</b>

Source: Finance Accounts

The GOI grants increased by ₹ 129.90 crore during 2012-13 over the previous year due to increase in State Plan Schemes (₹ 200.19 crore) and Grants for Centrally Sponsored Plan Schemes (CSS) (₹ 21.13 crore). However, there was decline of ₹ 80.37 crore in Non-Plan Grants, ₹ 2.53 crore in Grants for Central Plan Schemes and ₹ 8.52 crore in Grants for Special Plan Schemes (NEC). During 2012-13, grants-in-aid included Plan grants under XIII Finance Commission (XIII 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 ₹ 10.15 crore (4.22 *per cent*), Taxes on Income other than Corporation Tax of ₹ 27.91 crore (22.82 *per cent*), Customs of ₹ 10 crore (9.43 *per cent*), Union Excise duties of ₹ 10.25 crore (14.79 *per cent*) and Service Tax of ₹ 29.02 crore (39.72 *per cent*) but there was decrease of ₹ 0.50 crore (53.76 *per cent*) in Taxes on wealth.

### 1.6.4 Debt waiver under the debt consolidation and relief facilities

The 12<sup>th</sup> Finance Commission, on the condition of enactment of the FRBM Act in the State, recommended benefits of interest relief on National Small Savings Fund and Central loans not consolidated during 2005-10. The loans availed of under the Centrally Sponsored Schemes/Central Plan Schemes through the Ministries, other than the Ministry of Finance, which remained outstanding at the end of 2009-10 to the tune of ₹ 44.65 crore (₹ 33.96 crore as interest repayment and ₹ 10.69 crore as principal repayment) were to be written off.

Since Sikkim did not enact the FRBM Act, it could not get the benefit of consolidation of loans during the award period of 12<sup>th</sup> Finance Commission. However, the 13<sup>th</sup> Finance Commission recommended that this facility be extended during 13<sup>th</sup> Finance Commission

award period (2010-11 to 2014-15) on the condition that the State put in place the FRBM Act. On meeting this condition, the loans contracted by Sikkim till 31 March 2004 and outstanding at the end of the year preceding the year of legislation of such Act, shall be consolidated as per the same terms and conditions as recommended by the 12<sup>th</sup> Finance Commission. The State enacted the FRBM Act in September 2010 and could get the total benefit of ₹ 15.23 crore only instead of ₹ 44.65 crore. Thus, delay in enactment of the Act led to forgoing of waiver of interest and loan of ₹ 29.42 crore (₹ 44.65 crore - ₹ 15.23 crore).

### 1.6.5 Optimisation of XIII FC grants

The Commission had recommended ₹ 235.42 crore as transfer to the State in the areas indicated in the Table below during the period 2010-11 to 2012-13:

**Table 1.15: Funds received from GOI**

(₹ in crore)

Sl. No.	Transfers	Grant recommended by XIII FC			Actual Release by FC		Expenditure under relevant revenue heads		Unutilised amount as of 31 March 2013
		5 years (2010-15)	2010-13	2012-13	2011-13	2012-13	2010-13	2012-13	
1	<b>Local Bodies</b>								
	(i) General Basic Grant								
	(a) PRI	120.71	60.35	23.27	50.32	11.63	50.32	22.61	Nil
	(b) ULB	1.69	0.85	0.33	0.39	0.15	0.39	0.15	Nil
	(ii) General Performance Grant								
	(a) PRI	63.90	22.78	15.98	1.06	Nil	1.06	1.06	Nil
	(b) ULB	0.90	0.32	0.22	0.02	Nil	0.02	0.02	Nil
2	<b>Disaster Relief</b>								
	(i) Centre Share (90%)	113.14	64.55	22.57	64.55	22.57	74.39	13.11	(-) 9.84*
	(ii) State Share	12.56	7.17	2.51	7.17	2.51	7.17	2.31	Nil
	(iii) Capacity Building for disaster response	5.00	3.00	1.00	3.00	1.00	2.28	0.81	0.72
3	<b>Elementary Education</b>	5.00	3.00	1.00	2.00	Nil	2.00	1.00	Nil
4	<b>Improving Outcome Grants</b>								
	(i) Improvement in Justice Delivery	21.80	13.06	4.36	4.36	Nil	1.72	1.06	2.64
	(ii) Incentives for issuing UIDS	1.10	0.66	0.22	0.11	Nil	0.22	0.22	(-) 0.11
	(iii) District Innovation Fund	4.00	2.00	Nil	2.00	Nil	1.85	Nil	0.15
	(iv) Statistical System Improvement	4.00	2.40	0.80	1.60	0.80	0.80	0.80	0.80
	(v) Employee & Pension Data Base	5.00	4.00	1.00	2.50	Nil	2.50	0	Nil
5	<b>Environment Related Grant</b>								
	(i) Forest	40.56	20.28	10.14	20.28	10.14	12.53	2.47	7.75
	(ii) Water Sector Management (Irrigation)	4.00	2.00	1.00	0	0	0	0	Nil
6	<b>Maintenance of Roads &amp; Bridges</b>	68.00	29.00	15.00	29.00	15.00	28.98	15.12	0.02
	<b>Total</b>	<b>471.36</b>	<b>235.42</b>	<b>99.40</b>	<b>188.36</b>	<b>63.80</b>	<b>186.23</b>	<b>60.74</b>	<b>2.13</b>

\*The excess expenditure was from spill over balance of 2009-10

Source: Departmental figures

Similarly, Commission had recommended ₹ 200 crore of State Specific Grant as transfer to the State in the areas indicated in **Table 1.16** during the period 2010-11 to 2012-13.

**Table 1.16: Grant received from GOI for the Specific areas (State Specific Grant)**

(₹ in crore)

Sl. No.	Transfers	Recommendation of FC		Actual Release by FC		Expenditure under relevant revenue heads		Unutilised amount as on 31 March 2013
		2010-13	2012-13	2010-13	2012-13	2010-13	2012-13	
1	<b>Sky Walk at Bhalay Dhunga</b>	100.00	50.00	50.00	Nil	1.97	1.97	48.03
2	<b>Development of Village Tourism</b>	40.00	20.00	20.00	Nil	0.29	0.29	19.71
3	<b>Repair and Renovation</b>							
	(i) Suspension Bridges (North Sikkim)	17.50	8.75	8.75	Nil	8.75	3.33	Nil
	(i) Upgradation of Namchi Water Supply and overhauling of Changay source for Gayalzing and Rabdentse Water supply	10.00	5.00	17.99	12.99	16.60	11.60	1.39
4	<b>Police Training and Infrastructure</b>							
	(i) Police Training Centre at Yangang	5.00	2.50	4.90	2.50	2.45	0.81	2.45
	(ii) Residential and Non-residential building for Police force	7.50	3.75	7.25	3.75	2.62	1.38	4.63
5	<b>Border Area Development</b>							
	(i) Additional storage facilities for commodities	3.00	1.50	1.58		0.43	0.43	1.15
	(ii) Reinforcement of existing security infrastructure new check post, improving road, security equipment, etc.	7.50	3.75	7.95		1.77	1.77	6.18
6	<b>Establishment of a State Capacity Building Institute at Burtuk</b>	5.00	2.50	Nil	Nil	Nil	Nil	Nil
7	<b>Conservation of Heritage and Culture</b>	4.50	2.25	2.30	2.30	1.50	1.50	0.80
	<b>Total</b>	<b>200.00</b>	<b>100.00</b>	<b>120.72</b>	<b>21.54</b>	<b>36.38</b>	<b>23.08</b>	<b>84.34</b>

As the above two tables show, as of March 2013, the State Government had received grants aggregating ₹ 309.08 crore including State Specific Grant of ₹ 120.72 crore as against recommendation of ₹ 435.42 crore. The balance of ₹ 126.34 crore pertaining to General Basic Grant (PRI - ₹ 10.03 crore and ULB - ₹ 0.46 crore), General Performance Grant (PRI - ₹ 21.72 crore and ULB - ₹ 0.30 crore), Elementary Education - ₹1 crore, Improvement Outcome Grant (Improvement in Justice Delivery - ₹ 8.70 crore, Incentives for issuing UUIDS - ₹ 0.55 crore, Statistical System Improvement - ₹ 0.80 crore and Employee and Pension Database - ₹ 1.50 crore), Water Sector Management under Environment Related Grant - ₹ 2 crore, and under some areas of State Specific Grant - ₹ 79.28 crore was not received. Against the said release, ₹ 86.47 crore remained unutilised.

### 1.6.6 Capital Receipts

Table 1.17: Trends in growth and composition of Capital Receipts

(₹ in crore)					
Sources of State's Receipts	2008-09	2009-10	2010-11	2011-12	2012-13
Capital Receipts (CR)	337.84	392.41	95.82	129.72	197.71
Miscellaneous Capital Receipts	-	-	-	42.25	-
Recovery of Loans and Advances	0.38	0.30	0.79	0.03	0.90
Public Debt Receipts	337.46	392.11	95.03	87.44	196.81
Rate of Growth of non-debt capital receipts	0.00	(-) 21.05	163.33	(-) 96.20	2900
Rate of Growth of CR (per cent)	20.65	16.15	(-) 75.58	(-) 8.71	126.03

The Capital Receipts showed fluctuating trends over the period recording lowest rate of growth in 2010-11 and highest during current year. It increased by ₹ 67.99 crore in 2012-13 over the previous year. The recovery of loans and advances and public debt receipts recorded significant increase during current year. There was no Miscellaneous Capital Receipts over the period except in 2011-12 which was the result of disinvestment made by the Government.

### 1.6.7 Public Accounts Receipts

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

Table 1.18: Details of balances in Public Accounts

Resources under various heads	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Public Account balances</b>					
a. Small Savings, Provident Fund, etc.	366.19	411.76	510.25	578.80	624.15
b. Reserve Fund	142.50	151.37	172.15	254.22	246.00
c. Deposits and Advances	55.49	64.36	84.37	102.29	141.75
d. Suspense and Miscellaneous	71.57	175.22	77.51	115.31	157.34
e. Remittances	152.11	166.93	138.68	256.84	196.73
<b>TOTAL</b>	<b>787.86</b>	<b>969.64</b>	<b>982.96</b>	<b>1307.46</b>	<b>1365.97</b>

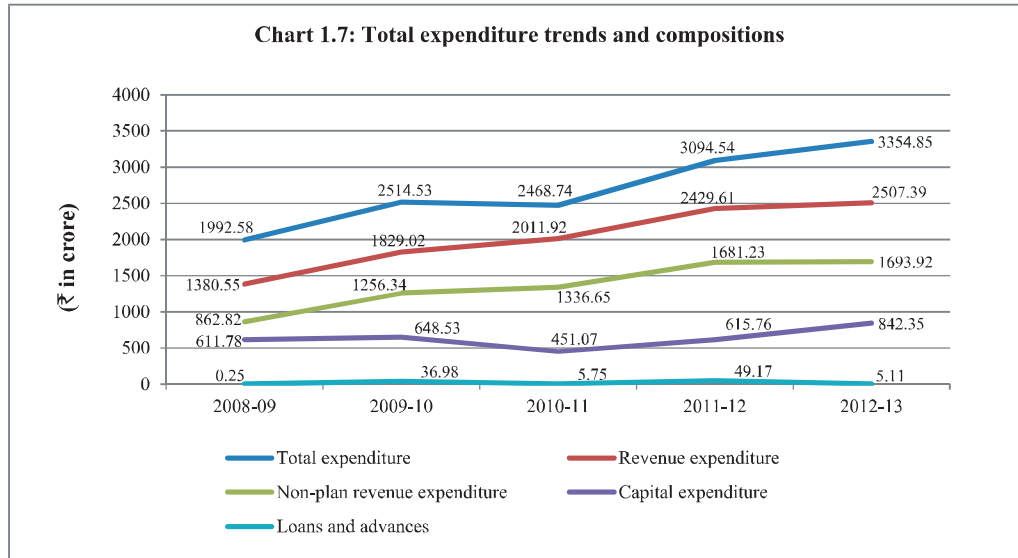
Source: Finance Accounts

## 1.7 Application of resources

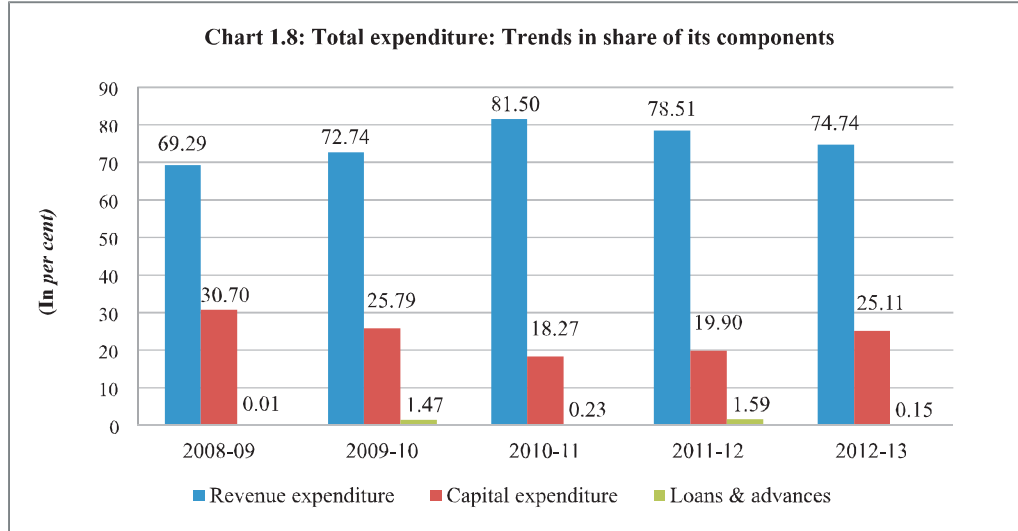
Analysis of the allocation of expenditure at the State Government level assumes significance as it is an important aspect of fiscal policy to achieve developmental goals. Within the framework of fiscal responsibility legislation, there are budgetary constraints in raising public expenditure financed 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.



Source: Finance Accounts



Total expenditure increased by 68.37 per cent from ₹ 1,992.58 crore in 2008-09 to ₹ 3,354.85 crore in 2012-13 due to increase in revenue expenditure (₹ 1,126.84 crore), Capital outlay (₹ 230.57 crore) and disbursement of loan and advances (₹ 4.86 crore). Disbursement of loan and advances decreased by ₹ 44.06 crore over the previous year.



During the period 2008-13, on an average, 75 per cent of the total expenditure was revenue expenditure. The share of revenue expenditure in the total expenditure increased from 69 per cent during 2008-09 to 73 per cent during 2009-10 and further increased to 81.50 per cent in 2010-11. The share of percentage slightly declined to 78.51 per cent during 2011-12 and further showed downward trend in 2012-13 at 74.74 per cent.

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 in 2011-12 and further increased by ₹ 226.59 crore in the current year.

## 1.7.2 Buoyancy of expenditure

### *Buoyancy of total expenditure*

Growth rates of total expenditure during 2008-13, its ratio and buoyancy with reference to GSDP and revenue receipts are presented in **Table 1.19**.

**Table 1.19: Total expenditure - Basic parameters**

	<i>(₹ in crore, ratio in per cent)</i>				
	2008-09	2009-10	2010-11	2011-12	2012-13
Total Expenditure (TE)	1,992.58	2,514.53	2,468.74	3,094.54	3,354.85
Rate of Growth (in per cent)	27.54	26.19	(-)1.82	25.34	8.41
GSDP	3,229.08	6,132.76	7,411.57	8,616.23	9,956.54
TE/GSDP (ratio)	61.71	41.00	33.31	35.92	33.69
Revenue receipts/TE (ratio)	88.23	93.27	87.16	92.81	98.01
Revenue expenditure	1,380.55	1,829.02	2,011.92	2,429.61	2,507.39
Rate of Growth (in per cent)	20.37	32.48	9.99	20.76	3.20
Revenue Receipts	1,758.20	2,345.37	2,151.70	2,872.11	3,288.36
Rate of Growth (in per cent)	17.39	33.40	(-) 8.26	33.48	14.49
Capital expenditure	611.78	648.53	451.07	615.76	842.35
Rate of Growth (in per cent)	32.08	5.66	(-)30.45	36.51	36.80
<b>Buoyancy of TE with</b>					
GSDP (ratio)	0.95	0.29	(-) 0.09	1.56	0.54
Revenue Receipts (ratio)	1.58	0.78	(-) 10.08	0.76	0.58
<b>Buoyancy of revenue expenditure with</b>					
GSDP	0.71	0.69	0.48	1.28	0.21
Revenue Receipts	1.17	0.97	(-)1.21	0.62	0.22
<b>Buoyancy of Capital expenditure with</b>					
GSDP	1.11	0.12	(-)1.46	2.25	2.37
Revenue receipts	1.84	0.16	(-)38.71	1.09	2.53

Source: Finance Accounts

During the period 2008-13, 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 25.34 per cent in 2011-12 decreased to 8.41 per cent in 2012-13.

In 2012-13, total expenditure was 1.02 times the revenue receipts. The buoyancy ratio of total expenditure to revenue receipts was 0.58 per cent.

The growth rate of total expenditure (8.41 per cent) in 2012-13 was lower than the growth rate of GSDP (15.56 per cent) and the buoyancy of total expenditure to GSDP was 0.54 per cent in 2012-13, which was 1.56 per cent in 2011-12. Revenue receipts as a percentage of total expenditure stood at 98.01 per cent, which meant that 98.01 per cent of the total expenditure could be met out of revenue receipts.



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

- **General Services:** Manifold increase was mainly due to payment of more voluntary retirement cases and more number of appointments in Government departments. The decrease was mainly caused by non-payment of prize money and for printing works.
- **Social Services:** Increase in award of scholarships, teachers training and higher education, AMC for Hospital equipment and expenditure incurred for treatment outside Sikkim, distribution of GCI sheets to Rural Poor and reconstruction of damaged collapsed Rural houses caused during earthquake and increase in assistance amount under Scholarship and stipend to Scheduled Castes, Scheduled Tribes and Other Backward class students. The decrease was due to non-availability of funds to conduct the tournament of Youth Welfare Programme, less assistance on special component plan for Scheduled Caste and Gram Panchayat, less expenditure on management of Natural Disaster, Repairs and Restoration of damaged Roads & Bridges and damaged water supply lines and less expenditure on Child Welfare Programme.
- **Economic Services:** Increase in assistance amount under the Panchayati Raj, more expenditure made for purchase of power, improvements to tourist centres and accommodation of tourists and promotion and publicity. The reasons for decrease were due to less expenditure incurred under promotion of sustainable forest management and re-appropriation of provision under salary head.

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

The growth in revenue expenditure was lower than the growth of revenue receipts in 2012-13 and the growth of revenue expenditure was lower than the growth of GSDP. For every one *per cent* growth in GSDP revenue expenditure grew by 0.21 *per cent*.

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

During 2012-13, the growth in capital expenditure was higher than the growth rate of GSDP as well as higher than the revenue receipts.

### **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 1.20** presents the growth and composition of plan and non-plan expenditure over the last five years.

Table 1.20: Growth in plan and non-plan expenditure

(₹ in crore)

Particulars		2008-09	2009-10	2010-11	2011-12	2012-13
Plan	Revenue	517.73	572.68	675.27	748.38	813.47
	Capital	611.78	648.53	451.07	615.76	842.35
	Loan	0.25	36.98	5.75	49.17	5.11
	Total	1,129.76	1,258.19	1,132.09	1,413.31	1,660.93
	Percentage of plan to total expenditure	57	50	46	46	49
Non-plan	Revenue	862.82	1,256.34	1,336.65	1,681.23	1,693.92
	Capital	-	-	-	-	-
	Loan	-	-	-	-	-
	Total	862.82	1,256.34	1,336.65	1,681.23	1,693.92
	Percentage of non-plan to total expenditure	43	50	54	54	51
Total Expenditure		1,992.58	2,514.53	2,468.74	3,094.53	3,354.85

Source: Finance Accounts

The share of plan expenditure in the total expenditure, exhibiting increasing trend during 2008-13 indicates productive quality of expenditure.

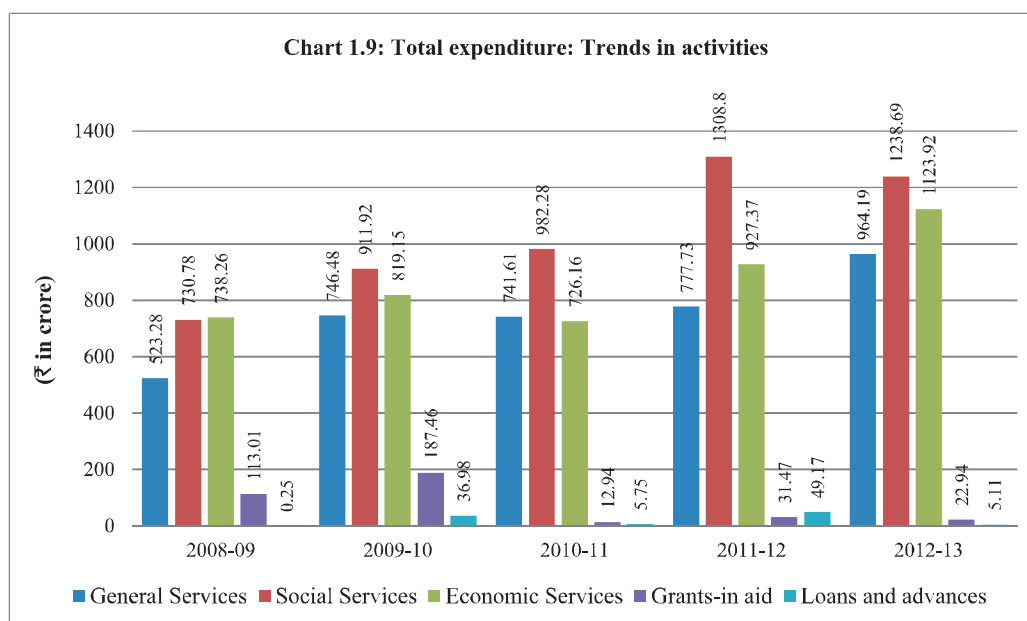
During the period 2008-13, while the plan revenue expenditure increased by 57.18 *per cent* from ₹ 517.73 crore in 2008-09 to ₹ 813.47 crore in 2012-13, non-plan revenue expenditure (NPRE) increased by 96.32 *per cent* from ₹ 862.82 crore to ₹ 1,693.92 crore.

The NPRE increased by ₹ 12.68 crore (0.93 *per cent*) compared to previous year comprising General Services ₹ 119.42 crore, Economic Services ₹ 36.95 crore but Social Services and Grants in aid decreased by ₹ 135.16 crore and ₹ 8.53 crore respectively.

The share of salary expenditure (under social services) in total revenue expenditure in 2012-13 was 11.71 *per cent* as compared to 26.53 *per cent* in 2011-12, which was a decrease of 14.82 *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**.



Source: Finance Accounts

The expenditure on general services and interest, which are considered as non-developmental, together contributed 28.74 *per cent* in 2012-13 as against 25.13 *per cent* in 2011-12 and 26.26 *per cent* in 2008-09. On the other hand, developmental expenditure i.e., expenditure on social and economic services together accounted for 70.42 *per cent* in 2012-13 as against 72.26 *per cent* in 2011-12 and 47.47 *per cent* in 2008-09. This indicates that the non-developmental expenditure in 2012-13 had increased by 84.26 *per cent* as compared to 2008-09 and the developmental expenditure had increased by 60.83 *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 81.62 *per cent* from ₹ 1,380.55 crore in 2008-09 to ₹ 2,507.39 crore in 2012-13. The revenue expenditure of the State increased by 3.20 *per cent* from ₹ 2,429.61 crore in 2011-12 to ₹ 2,507.39 crore in 2012-13. The Non-Plan Revenue Expenditure (NPRE) constituted 67.56 *per cent* of the revenue expenditure and increased by ₹ 12.68 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 65.09 crore from ₹ 748.38 crore in 2011-12 to ₹ 813.47 crore in 2012-13.

The buoyancy of revenue expenditure with reference to GSDP was 0.21 whereas the buoyancy of revenue expenditure with reference to revenue receipts was 0.22 during 2012-13.

NPRE was a major component (67.56 *per cent*) during 2012-13. Only 32.44 *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, pensions and subsidies. **Table 1.21** and **Chart 1.10** present the trends in the expenditure on these components during 2008-13.

**Table 1.21: Committed expenditure**

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Salaries, of which	499.16 (57.85)	830.05 (66.07)	882.31 (66.01)	874.83 (52.04)	971.01 (54.13)
Non-plan head	358.62	646.68	629.64	642.14	773.95
Plan head*	140.54	183.37	252.68	232.69	197.06
Interest payments	142.64 (16.53)	154.43 (12.29)	186.77 (13.97)	190.83 (6.64)	198.92 (11.09)
Expenditure on pensions	59.45 (6.89)	125.75 (10.01)	160.14 (11.98)	173.76 (6.04)	225.17 (12.55)
Subsidies	8.93 (1.03)	7.22 (0.57)	8.05 (0.60)	7.10 (0.24)	8.41 (0.47)
<b>Total</b>	<b>710.18</b>	<b>1117.45</b>	<b>1237.27</b>	<b>1246.52</b>	<b>1403.51</b>
<i>As per cent of Revenue Receipts</i>					
Salaries	28.39	35.39	41.01	30.45	29.53
Interest Payments	8.11	6.58	8.68	6.64	6.05
Pension	3.38	5.36	7.44	6.04	6.85
Subsidies	0.51	0.003	0.37	0.24	0.26

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

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

#### **Expenditure on salaries**

Salaries alone accounted for 29.53 per cent of revenue receipts of the State during the year. Salaries increased by 10.99 per cent from ₹ 874.83 crore in 2011-12 to ₹ 971.01 crore in 2012-13. The expenditure on salaries was 38.73 per cent of the revenue expenditure.

#### **Pension payments**

Pension payments increased by ₹ 51.41 crore from ₹ 173.76 crore in 2011-12 to ₹ 225.17 crore in 2012-13. Increase in pension payment during the year was due to increase of 649 pensioners in the State. Pension payment accounted for 6.85 per cent of the revenue receipts.

#### **Interest payments**

Interest payments increased by 4.24 per cent from ₹ 190.83 crore in 2011-12 to ₹ 198.92 crore in 2012-13. Interest payments of ₹ 198.92 crore in 2012-13 consisted of internal debt & market loans (₹ 138.06 crore), Small Savings, Provident Fund, etc. (₹ 48.38 crore) and loans received from Central Government (₹ 12.48 crore). The interest payments during 2012-13 exceeded the normative projections of XIII FC by ₹ 38.21 crore.

#### **Subsidies**

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

from social and economic services provided by the Government fall in the category of implicit subsidies.

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) ₹ 7.10 crore (2011-12) and ₹ 8.41 crore (2012-13) during the last six years. Subsidy payments during the year were mainly for Food Storage and Warehousing, Crop Husbandry and Co-operation (₹ 8.41 crore). The details are given in **Box 1**.

The 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 kg 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

##### *Crop Husbandry*

During 2012-13, a subsidy of ₹ 23.95 lakh towards Minimum Support Price (MSP) and Transport Subsidy (TS) was incurred towards providing price support and subsidy to the vegetable, fruit and flower growers in the State.

##### *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). Subsidies of ₹ 44.99 lakh was given during 2012-13.

##### *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 2008-13 for various categories of people as tabled below:

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

Sl	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	Annapurna Scheme	Helpless aged people above 65 who have no one to support	10 kg per month 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 month per inmate @ ₹ 4/kg

The Department provided subsidised rice to 46,880 General Caste families, 11,706 Scheduled Tribe families, 2,900 Scheduled Caste families and 2,278 inmates/persons under the Welfare Institutions, etc., during 2008-13 at a cost of ₹ 53.64 crore including ₹ 7.72 crore for 2012-13. Besides, since September 2011 onwards, the Government had been implementing a scheme by providing additional 15 kg of rice to the 16,000 BPL families having more than 5 family members and had incurred an amount of ₹ 1.76 crore during 2011-13.

Further, the Government incurred an expenditure of ₹ 56.45 crore on implicit subsidies during 2008-13. Out of which, ₹ 15.71 crore was incurred during 2012-13 as given in Table below:

Table 1.23: Implicit Subsidies given in 2008-13

(₹ in lakh)

Name of the scheme	Expenditure incurred during 2008-13	Expenditure incurred during 2012-13
Free supply of uniforms, shoes and socks to school children	2,139.29	418.70
Free supply of school bags, rain coats and pullovers to school children	646.15	268.88
Free supply of text books to school children	1,592.88	484.22
Free supply of exercise copies to school children	416.71	85.80
Free distribution of sheep/goat to the persons living below poverty line	337.18	132.23
Free distribution of milch cows to each family living below poverty line	51.58	5.50
Free distribution of piglets to each family living below poverty line	188.45	88.45
Free distribution of buffaloes to each family living below poverty line	4.50	4.50
Power subsidy upto 50 units to rural consumers	268.23	82.50
<b>Total</b>	<b>5,644.97</b>	<b>1,570.78</b>

Source: Departmental figures

### Investment to the Co-operative Societies

The Co-operation Department invested an amount of ₹ 2.20 lakh in Multi-purpose Co-operative Societies during the last six years against which no dividend had accrued to the Government till 2012-13.

Table 1.24: 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	Nil	Nil	--	--
2009-10	Kewzing MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	Tingrithang MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	NagiPhampok MPCs Ltd., South Sikkim	0.30	0.30	Not received	-
	NiyaManzing MPCs Ltd., South Sikkim	0.10	0.10	Not received	-
2010-11	Nil	Nil	Nil	--	-
2011-12	Nil	Nil	Nil	--	-
2012-13	Nil	Nil	Nil	--	-
<b>Total</b>		<b>2.20</b>	<b>2.20</b>		

Source: Departmental figures

The Department had not produced the records relating to the terms and conditions of the investments made to the Societies and failed to pursue the matter with the concerned Societies regarding interest/dividend.

### ***Subsidies to Statutory Corporations/Banks/Government Companies***

**Table 1.25** presents the trend of investment made in the Statutory Corporations (SCs) and Government Companies (GCs) for the last five years. The return on investments was ₹ 5.67 crore as under:

**Table 1.25: 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
2008-09	2.18	85.59	1.31	1.53	*5%
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	0.00	0	
2012-13	0.00	97.42	1.53	1.57	
		<b>Total</b>	<b>5.67</b>		

Source: Finance Accounts 2012-13

\*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 1.26**.

**Table 1.26: Financial assistance to local bodies and other institutions**

(₹ in crore)

Financial Assistance to Institutions	2008-09	2009-10	2010-11	2011-12	2012-13
Educational Institutions (Non-Government Aided School, etc.	0.76	0.67	1.31	0.00	0.60
ZilaParishads and Other Panchayat Raj Institutions	110.85	182.05	242.94	248.22	220.66
Cooperative societies	0.53	3.72	1.25	1.19	2.33
Other Institutions and bodies (including statutory bodies	0.87	1.02	0.30	0.33	2.07
Assistance to Municipalities/Municipal Councils	-	-	0.70	0.25	0.00
Assistance to Local Bodies Corporations, Urban Development	-	-	1.36	1.18	0.00
Farmers	-	-	-	1.22	2.23
<b>Total</b>	<b>113.01</b>	<b>187.46</b>	<b>247.86</b>	<b>252.39</b>	<b>227.89</b>
Assistance as percentage of Revenue Expenditure	8.19	10.25	12.32	10.39	9.09

Source: Finance Accounts

The total assistance at the end of the year 2012-13 had decreased by 9.71 per cent over the previous year mainly due to decrease in assistance to Corporations, Urban Development and Municipalities. The assistance to farmers was given for purchase of livestock and inputs whereas the assistance to other institutions like Zilla Parishads and Panchayati Raj 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 paragraph.

#### 1.7.8.1 An overview of Local Bodies (Panchayati Raj Institutions)

The Sikkim Panchayat Act, 1993 was enacted to establish a two tier PRIs 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 (ZPs)). The Act extended to the whole of Sikkim except 12 small towns. As of March 2013, there were 4 ZPs<sup>9</sup> and 176 GPs in the State.

The PRIs are solely funded by the Government through grants-in-aid from Central and State Governments for general administration as well as development activities. Funds are initially reflected in the State budget against the outlay of various administrative departments under grants-in-aid. Individual departments thereafter transfer the funds to Sachiva, Zilla Panchayats for Zilla Panchayat and District Development Officers 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 2012-13 revealed the following:

- Despite the recommendation of the Third State Finance Commission for levy and collection of taxes, 126 GPs out of 176 GPs had neither initiated any steps to levy taxes in the identified areas nor collected any revenue.
- Absence of sound basis for transfer of funds to the PRIs by the departments constrained the PRIs to formulate their 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 83 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.

<sup>9</sup> North, East, South and West.

## 1.8 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (i.e., adequate provisions for providing public services); efficiency of expenditure use and the effectiveness of expenditure.

### 1.8.1 Adequacy of public expenditure

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

**Table 1.27** analyses the fiscal priority of the State Government with regard to development expenditure, social expenditure and capital expenditure in 2009-10 and the current year 2012-13.

**Table 1.27: Fiscal priority of the State in 2009-10 and 2012-13**

Fiscal priority of the State	(in per cent)					
	AE/GSDP	DE*/AE	SSE/AE	CE/AE	Education/AE	Health/AE
Sikkim's Average (Ratio) 2009-10	54.70	70.31	36.27	25.79	17.35	4.95
Sikkim's Average (Ratio) 2012-13	33.69	70.58	36.92	25.11	15.74	4.24

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 1.27** shows the fiscal priority given by the Sikkim Government to various expenditure heads during 2009-10 and 2012-13. The AE/GSDP ratio of the Government of Sikkim in 2012-13 had decreased by 18.01 *per cent* as compared to 2009-10.

The ratio of development expenditure as a proportion to aggregate expenditure increased marginally by 0.27 *per cent* in 2012-13 as compared to 2009-10 which indicates that the State had given priority to this category of expenditure during the current year.

In Social Sector, Sikkim Government's expenditure as a percentage of AE had increased by 0.65 *per cent* in the year 2012-13 as compared to 2009-10 indicating that the Sikkim Government had given emphasis on Social Sector. The expenditure on Capital Sector had decreased by 0.68 *per cent* in 2012-13 indicating that the State Government had given less emphasis to capital expenditure during the year.

### 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>10</sup>. Apart from improving the allocation towards development expenditure<sup>11</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 1.28** 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 1.29** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of selected social and economic services.

**Table 1.28: Development expenditure**

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Development expenditure (DE)	1,469.04	1,768.05	1,714.19	2,285.35	2,367.72
Percentage of DE to total expenditure	73.72	70.31	69.20	73.85	70.58
Composition of DE					
Revenue	934.39 (63.60)	1171.41 (66.25)	1314.04 (76.66)	1645.71 (72.01)	1603.57 (67.72)
Capital	534.65 (36.39)	559.66 (31.65)	394.40 (23.00)	590.47 (25.84)	759.04 (32.06)
Loans and advances	0.25 (0.01)	36.98 (2.10)	5.75 (0.34)	49.17 (2.15)	5.11 (0.22)

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 ₹ 1,469.04 crore in 2008-09 to ₹ 2,367.72 crore in 2012-13. As a percentage of total expenditure, it decreased from 73.72 per cent in 2008-09 to 70.58 per cent in 2012-13. In the current year, development expenditure decreased to 70.58 per cent as compared to previous year due to decrease in disbursement of developmental loans. On an average, 68 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 2012-13, development revenue expenditure included, *inter alia* expenditure on salary (₹ 971.01 crore), subsidy (₹ 8.41 crore) and financial assistance to local bodies and other institutions (₹ 227.89 crore).

10 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.

11 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 1.29: Efficiency of expenditure use

*(Ratio in per cent)*

Particulars	2011-12		2012-13	
	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	2.03	10.15	1.85	10.65
Health and family welfare	3.15	3.83	3.02	3.95
Water supply, sanitation, housing and urban development	3.68	0.47	3.76	0.51
Others	0.09	0.54	0.04	0.04
<b>Total (SS)</b>	<b>8.95</b>	<b>14.99</b>	<b>6.67</b>	<b>15.15</b>
<b>Economic Services (ES)</b>				
Agriculture & allied activities	0.56	3.92	0.28	4.24
Irrigation & flood control	0.09	0.21	0.21	0.24
Power & Energy	1.21	1.57	1.30	1.70
Transport	4.60	1.73	9.42	1.89
Others	3.66	0.13	2.74	0.14
<b>Total (ES)</b>	<b>10.12</b>	<b>7.56</b>	<b>13.95</b>	<b>8.21</b>
<b>Total (SS+ES)</b>	<b>19.07</b>	<b>22.55</b>	<b>20.62</b>	<b>23.36</b>

Source: Finance Accounts

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

**Expenditure on social services**

Capital expenditure on social services increased from ₹ 277.11 crore in 2011-12 to ₹ 291.22 crore in 2012-13. There was increase in ratio of capital to total expenditure by 2.28 *per cent* as compared to the previous year.

The share of salary expenditure under social services in Revenue Expenditure was 14.99 *per cent* in 2011-12, which increased to 15.15 *per cent* in 2012-13.

**Expenditure on economic services**

Capital expenditure on economic services increased from ₹ 313.36 crore in 2011-12 to ₹ 467.82 crore in 2012-13 with a growth rate of 49.29 *per cent*. The increase in Capital outlay was for Flood Control Programme, Village and Small Industries, Consumer Industries and Roads and Bridges schemes.

The share of salary expenditure under economic services which was 7.56 *per cent* of revenue expenditure in 2011-12 had increased to 8.21 *per cent* during 2012-13.

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

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

### 1.9.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2013 is given in **Table 1.30**.

**Table 1.30: 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 2013
Buildings & Housing	11	91.10	115.50	24.40	71.21
Health Care, Human Service & Family Welfare	02	400.50	400.50	0	224.76
Human Resource Development	90	249.10	249.10	0	66.11
Water Security & Public Health Engineering	28	360.30	360.30	0	207.56
Urban Development & Housing	38	311.78	311.78	0	82.40
Roads & Bridges	229	991.62	991.62	0	305.35
Rural Management & Development	08	249.63	269.72	20.09	161.02
Energy & Power	10	40.92	40.92	0	17.14
<b>Total</b>	<b>416</b>	<b>2,694.95</b>	<b>2,739.44</b>	<b>44.49</b>	<b>1,135.55</b>

Source: Finance Accounts

As per information received from the State Government, there were 416 incomplete projects (estimated cost: ₹ 2,694.95 crore) as on 31 March 2013 in which an expenditure amounting to ₹ 1,135.55 crore had been incurred, out of which 308 works (estimated cost: ₹ 1,737.13 crore and actual expenditure incurred as on 31 March 2013: ₹ 910.79 crore) were due to be completed by 31 March 2013. Out of 308 works, the cost of 6 incomplete projects was revised and increased by 22.05 *per cent* i.e., ₹ 44.49 crore (Building and Housing Department: four works involving ₹ 24.40 crore and Rural Management & Development Department: two works involving ₹ 20.09 crore) leading to blockage of funds to the tune of ₹ 910.79 crore and cost overrun of ₹ 44.49 crore. The benefits of the projects also did not reach the intended beneficiaries.

### 1.9.2 Investment and returns

As of March 2013, Government had invested ₹ 97.42 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives as detailed in succeeding paragraphs and in **Table 1.31**. While there was no return against the investment made during 2011-12, the return during the current year was 1.57 *per cent* as detailed in **Table 1.31** below:

**Table 1.31: Return on investment**

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Investment at the end of the year (₹ in crore)	85.59	89.31	90.31	97.42	97.42
Return (₹ in crore)	1.31	0.46	2.37	Nil	1.53
Return ( <i>per cent</i> )	1.53	0.52	2.62	Nil	1.57
Average rate of interest on Government borrowings ( <i>per cent</i> )	8.40	8.35	9.00	9.00	9.50
Difference between interest rate and return ( <i>per cent</i> )	6.87	7.83	6.38	9.00	7.93

Source: Finance Accounts

The details of investment of ₹ 97.42 crore up to the end of 2012-13 by the State Government in Statutory Corporations (3), Joint Stock Companies (21) and Banks and Co-operative Societies (8) are detailed in **Appendix 1.7**.

It was also seen that ₹ 97.42 crore included ₹ 29.56 crore in the following Government Companies incurring perennial loss<sup>12</sup> (**Table 1.32**).

**Table 1.32: Investment in Government Companies under perennial loss**

(₹ in crore)

Sl. No	Name of the Government Company	Investment upto 2012-13	Cumulative loss(**)	Year of accounts approved by Board
1	Sikkim Jewels Limited (SJL)	11.54	15.89	2012-13
2	Sikkim Time Corporation Limited (SITCO)	13.72	24.42	2012-13
3	Sikkim Precision Industries Limited (SPIL)	4.30	3.53	2012-13
	<b>TOTAL</b>	<b>29.56</b>	<b>43.84</b>	

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

The Government of Sikkim had discontinued the operations of SJL, SITCO and SPIL, during 2011-12 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 ₹ 57.07 crore, three<sup>13</sup> were earning profits, as per their latest finalised annual accounts, while remaining had incurred losses. Of the three profit earning Companies/Corporations, Sikkim Industrial Development and Investment Corporation Limited declared a dividend of ₹ 0.51 crore for the year 2011-12. Sikkim Tourism Development Corporation Limited had accumulated losses and hence, no dividend had been declared. However, State Trading Corporation of Sikkim, which had accumulated profit of ₹ 7.79 crore, had not declared any dividend.

Two undertakings<sup>14</sup> of Government departments performed activities of quasi commercial nature. According to their latest accounts furnished by those two undertakings, the State Government's investment was ₹ 3.69 crore. The total loss incurred by those undertakings was ₹ 0.41 crore, as detailed below:

**Table 1.33: 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>

<sup>12</sup> Loss made during last five approved accounts

<sup>13</sup> Sikkim Industrial Development and Investment Corporation Limited – ₹ 2.99 crore (2011-12), Sikkim Tourism Development Corporation Limited – ₹ 0.08 crore (2009-10) and State Trading Corporation of Sikkim – ₹ 0.62 crore (2007-08)

<sup>14</sup> Temi Tea Estate (Commerce and Industries Department), Government Fruit Preservation Factory (Agriculture Department)



The return from investment was meagre 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.

### 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.

**Table 1.34: 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	-	2.31	97.91	-	-	5	4.78
2012-13	1.87	-	99.78	0.32	0.33	5	

\*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 2013, the Government of Sikkim had invested ₹ 99.78 crore, which includes, ₹ 80.97 crore in 12 Government Companies and ₹ 8.25 crore in 3 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 30 Annual Accounts in respect of 12 SPSUs pertaining to the year 2008-09 to 2012-13 are in arrears as of October 2013 due to delay in completion/adoption of accounts by the Board of Directors of the respective SPSUs as detailed below:



**Table 1.35: 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 Livestock Processing and Development Corporation Limited	2008-09, 2009-10, 2010-11, 2011-12, 2012-13	5
2	Sikkim Poultry Development Corporation Limited	2009-10, 2010-11, 2011-12, 2012-13	4
3	Sikkim Hatcheries Limited	2009-10, 2010-11, 2011-12, 2012-13	4
4	Sikkim Tourism Development Corporation Limited	2010-11, 2011-12, 2012-13	3
5	Sikkim Scheduled Caste, Scheduled Tribe and Other Backward Class Development Corporation Limited	2011-12, 2012-13	2
6	State Bank of Sikkim	2011-12, 2012-13	2
7	State Trading Corporation of Sikkim	2011-12, 2012-13	2
8	Sikkim Mining Corporation	2011-12, 2012-13	2
9	Government Fruit Preservation Factory	2011-12, 2012-13	2
10	Temi Tea Estate	2011-12, 2012-13	2
11	Sikkim Industrial Development and Investment Corporation Limited	2012-13	1
12	Sikkim Power Development Corporation Limited	2012-13	1
<b>Total</b>			<b>30</b>

Source: Information obtained from Public Sector Undertakings

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 namely 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 being 49 *per cent* share holding in SPDCL. The sum of ₹ 42.25 crore consisted of ₹ 30.00 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 1.36** presents the position of outstanding loans and advances as of March 2013 and interest receipts vis-à-vis interest payments during the last five years.

**Table 1.36: Average interest received on loans advanced by the State Government**

Particulars	₹ in crore				
	2008-09	2009-10	2010-11	2011-12	2012-13
Opening balance	5.12	4.99	41.67	46.63	95.78
Amount advanced during the year	0.25	36.98	5.75	49.18	5.11
Amount repaid during the year	0.38	0.30	0.79	0.03	0.90
Closing balance	4.99	41.67	46.63	95.78	99.99
Net addition	(-) 0.13	(+) 36.68	(+) 4.96	(+) 49.15	(+) 4.21
Interest receipts	0.35	7.82	3.36	1.84	2.61
Interest receipts as <i>per cent</i> to outstanding loans and advances	7.01	18.77	7.21	1.92	2.61

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government.	6.62	5.59	6.68	6.04	5.95
Difference between interest payments and interest receipts (in <i>per cent</i> )	(-) 0.39	(-) 13.18	(-) 0.53	4.12	3.34

Source: Finance Accounts

Out of amount of ₹ 5.11 crore advanced during the year 2012-13, ₹ 5 crore was against the educational loans for higher studies in colleges and universities paid through Sikkim Industrial Development and Investment Corporation Limited (SIDICO). Against each loan, the SIDICO had executed Affidavit, Security Bond, Bond of Agreement, Deed of Mortgage, etc. with each loanee. Further, ₹ 0.11 crore was against loans and advances paid to various Government servants which were governed under the provisions of Sikkim Financial Rules.

Loans outstanding as of March 2013 aggregated to ₹ 99.99 crore. Though the interest received during the financial years 2008-11 was more than the interest payments as *per cent* to outstanding fiscal liabilities of the State Government, the same was less by 4.12 *per cent* and 3.34 *per cent* during the years 2011-12 and 2012-13.

Out of balance ₹ 99.99 crore, old outstanding loans amounting to ₹ 41.03 lakh remained unrecovered for the periods ranging from 21 to 28 years as of March 2013. Although the matter was reported in Audit Report for the year ended 31 March 2001, as of August 2013, no action was taken by the departments to recover the loans, as detailed below:

**Table 1.37: 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 Sciences	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 and Agriculture	1987-88
5	Fisheries Development	4.48	Forest	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 1.38 depicts the cash balances and investments made therefrom by the State Government during the year.

Table 1.38 (A): Cash balances

(₹ in crore)

	As of 31 March 2012	As of 31 March 2013	Increase (+)/ decrease(-)
Cash Balances	128.76	65.36	(-) 63.40
Investment held in cash balances(a to d)			
a. GOI Treasury Bills	-	-	
b. GOI Securities	-	-	
c. Other Securities	-	-	
d. Other Investments	565.00	750	(+) 185.00
Fund-wise Break-up of Investment from Earmarked balances (a to c)			
a. Sinking fund	138.12	203.12	(+) 11.65
b. State Disaster Response Fund	83.96	13.95	(+) 65.82
c. Guarantee Redemption Fund	13.72	15.72	(+) 2.00
Interest realised	27.56	43.39	

Source: Finance Accounts

Table 1.38 (B): Investment of cash balances

(₹ in crore)

	As of 31 March 2012	As of 31 March 2013
(a) General Cash Balance -	128.76	65.36
• Cash in Treasuries		
• Deposits with Reserve Bank		
• Deposits with other Banks		
• Remittances in transit - Local		
<b>Total</b>	128.76	65.36
Investments held in Cash Balance investment account	565.00	750.00
<b>Total (a)</b>	693.76	815.36
(b) Other Cash Balances and Investments		
Cash with departmental officers viz, Public Works Department Officers, Forest Department Officers, District Collectors	0.05	0.05
Permanent advances for contingent expenditure with departmental officers	0.40	0.41
Investment of earmarked funds	235.80	232.80
<b>Total (b)</b>	236.25	233.26
<b>Grand total (a)+ (b)</b>	930.01	1,048.62

Source: Finance Accounts

Under a resolution passed in the year 1968-69, the State Bank of Sikkim was vested with the responsibility by the Government of Sikkim for receiving money on behalf of Government and making all Government payments and keeping custody of the balances of Government in current account as well as fixed deposits which could be made through the branches of the Bank. The cash balances at on 31 March 2013 was ₹ 65.36 crore which was less than the balance as compared to previous year.

As per the Finance Accounts 2012-13, there was a balance of ₹ 19.50 crore with the State Bank of Sikkim as on 31 March 2013. But as per the records of the State Bank of Sikkim, the cash balance of the State Government stood at ₹ 65.36 crore leaving an un-reconciled balance of ₹ 45.86 crore.

***Outstanding balances under the head 'Cheques and Bills'***

The head is an intermediate account for initial record of transactions which are to be cleared eventually. Outstanding balance under the major head 8670-Cheques and Bills represents the amount of unencashed cheques. Under this head as on 1 April 2012, there was an opening balance of ₹ 114 crore. Further, during the year, there was receipts of ₹ 2,379.50 crore and disbursements of ₹ 2,340.16 crore with closing balance of ₹ 153.34 crore as on 31 March 2013 having a net increase of ₹ 39.34 crore during the year.

***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 2012-13, ₹ 42.58 crore were lying as unspent balances in the bank accounts of the implementing agencies.

Further, there was unspent balance of ₹ 324.88 crore lying with the various implementing Authorities who received funds directly from Government of India as detailed in **Appendix 1.5**.

The Finance, Revenue and Expenditure Department had not exercised any control over the cash balances lying with the implementing agencies except making mandatory for all the implementing agencies to provide the FRED with the name of the bank and the account number under which the fund was operated and also to provide with the details of closing balance under their bank account as on 31 March of the year ending. Despite this compulsion, till August 2013, against the maintenance of 162 bank accounts by 31 departments for implementation of various schemes, such details of 31 March 2013 were sent to FRED by only 20 departments against 83 bank accounts.

**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 2013 compared with the corresponding position as on 31 March 2012.

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 1.39**.

**Table 1.39: Summarised position of Assets and Liabilities**

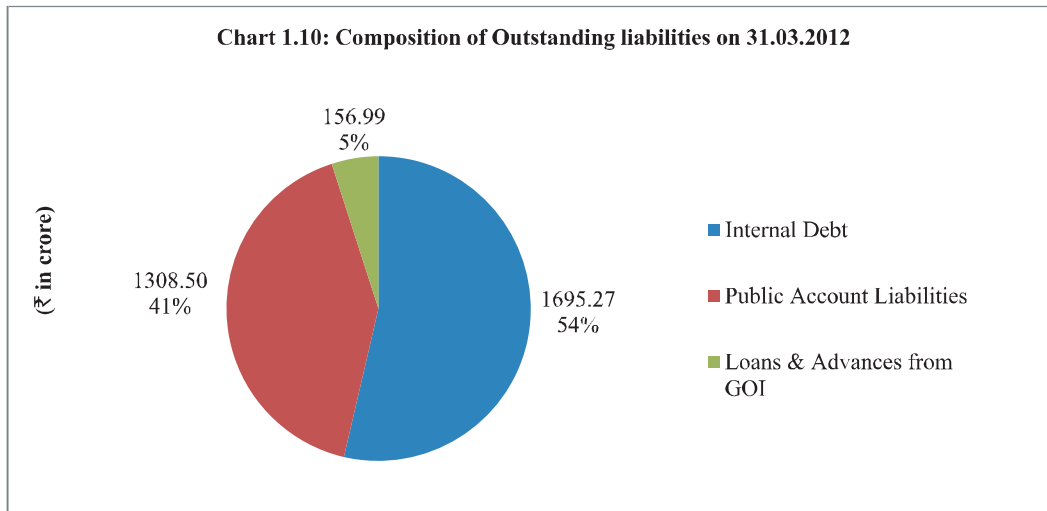
(₹ in crore)					
Liabilities	2011-12	2012-13	Assets	2011-12	2012-13
<i>Consolidated Fund</i>			<i>Consolidated Fund</i>		
a. Internal Debt	1695.27	1828.92	i) Gross Capital outlay	5,592.25	6,434.60
b. Loans and advances from GOI	156.99	149.04	ii) Loans and advances	95.78	100.00
<i>Public Account</i>			<i>Advances</i>	1.03	1.03
a. Small savings, Provident funds, etc.	578.80	624.15	Cash	930.01	1,048.63
b. Reserve Funds	254.22	246.00	Less Suspense & Miscellaneous Balances	(-)115.31	(-) 157.34
c. Deposits	103.32	142.79			
d. Contingency Fund	1.00	1.00	Contingency Fund		
Surplus on Government Accounts	3014.82	3457.32			
Revenue Surplus	442.50	780.97			
Remittance Balance	256.84	196.73			
<b>Total</b>	<b>6503.76</b>	<b>7426.92</b>		<b>6,503.76</b>	<b>7,426.92</b>

Source: Finance Accounts

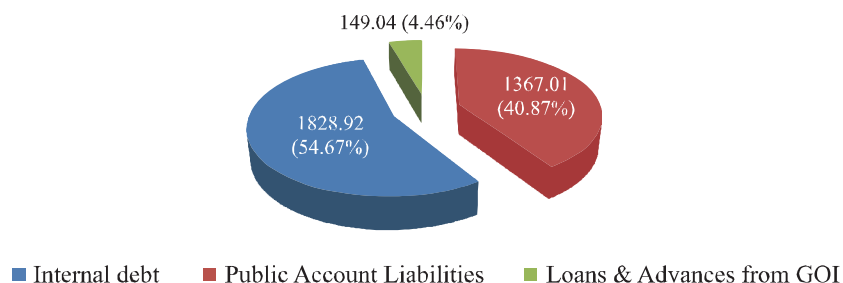
The growth rate of assets was 14.19 per cent in 2012-13.

### 1.10.2 Fiscal liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.2**. The composition of fiscal liabilities during the current year vis-à-vis the previous year, is presented in **Charts 1.10 and 1.11**.



**Chart 1.11: Composition of outstanding liabilities as on 31.03.2013**  
(₹ in crore)



Source: Finance Accounts

Fiscal liabilities of the State, their rate of growth, ratio of these liabilities to GSDP, revenue receipts and own resources as well as buoyancy of fiscal liabilities with respect to these parameters are brought out in **Table 1.40**.

**Table 1.40: Fiscal liabilities-basic parameters**

	2008-09	2009-10	2010-11	2011-12	2012-13
Fiscal liabilities (₹ in crore)	2,155.70	2,762.35	2,797.50	3,160.76	3,344.97
Rate of growth (per cent)	20.04	8.14	1.27	12.99	5.83
<b>Ratio of fiscal liabilities to</b>					
GSDP	0.67	0.45	0.38	0.37	0.34
Revenue receipts	1.23	1.18	1.30	1.10	1.02
Own resources	10.82	12.35	10.01	10.75	4.54
<b>Buoyancy ratio of fiscal liabilities to</b>					
GSDP	0.69	0.09	0.06	0.80	0.37
Revenue receipts	1.15	0.24	0.15	0.39	0.40
Own resources	29.47	0.66	0.05	2.53	0.16

Source: Finance Accounts

Fiscal liabilities of the State increased by ₹ 184.21 crore (5.83 *per cent*) from ₹ 3160.76 crore in 2011-12 to ₹ 3344.97 crore in 2012-13 comprising Public Account Liabilities of ₹ 1367.01 crore (40.86 *per cent*), Internal Debt of ₹ 1828.92 crore (54.68 *per cent*) and Loans and Advances of ₹ 149.04 crore (4.46 *per cent*).

The fiscal deficit remained at 0.66 *per cent* of the GSDP during the current year. However, the outstanding fiscal liabilities of the State increased by 5.83 *per cent* as compared to previous year. The growth rate of outstanding fiscal liabilities which was 12.99 *per cent* in 2011-12 decreased to 5.83 *per cent* in 2012-13. The ratio of fiscal liabilities to GSDP stood at 0.34 *per cent* at the end of 2012-13.

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

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

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

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

The Government of Sikkim enacted STIDF Act in 2004 and the Rules under the Act was also notified in 2004 and further amended in June 2009. The STIDF was constituted in the Public Account and classified under the head "8235-General and Other Reserve Fund, 200-Other Funds" in the accounts of the Government. The receipt to the fund shall initially be credited to the receipt head "0045-Other Taxes and Duties on Commodities and Services 112-Receipts from Cesses under Other Acts, Receipt under STIDF Act". In order to transfer the amount to the Fund, the State Government shall make suitable budget provision on the expenditure side of the budget under the Head "2045-Other Taxes and Duties on Commodities and Services, 797-Transfer to Reserve Fund/Deposit Account, Transfer to the STIDF". The Fund shall be operated by the Finance, Revenue and Expenditure Department (FRED). Income Tax and Commercial Tax Division (ITCT) of the FRED shall collect the receipts and maintain the books of accounts. A Committee consisting of the Financial Commissioner/Principal Secretary, FRED as Chairman and the Secretary, Roads and Bridges, Secretary Transport Department and the Controller of Accounts as members shall administer the Fund. The Additional Commissioner, ITCT Division of the FRED shall be the Member Secretary of the Committee. On receipt of the deposits, ITCT Division shall take action for investment of the receipts. The Fund shall be utilised for (a) the creation, development, maintenance or improvement of transport infrastructure, including roads, bridges and flyovers, (b) the improvement of traffic operations and road safety and (c) the purposes of such other projects as may be prescribed relating to transport infrastructure development with the approval of the Government. As of March 2013, total STIDF collection was ₹ 83.69 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) till March 2012. Further, during 2012-13 the fund of ₹ 11.00 crore was transferred to RBD for construction and maintenance of roads, with closing balance of ₹ 27.03 crore as on 31 March 2013 under the fund.

### ***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 abating environment pollution and to take measures for restoration of ecological balance of the State. During 2007-08 to 2012-13, State Government collected Ecology Fund of ₹ 86.07 crore and incurred ₹ 12.41 crore during 2009-10 to 2012-13. Out of this, during 2012-13, ₹ 3.60 lakh was incurred towards purchase of 1,000 plastic chairs 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 2012-13, an amount of ₹ 203.12 crore, including an interest of ₹ 53 crore earned during 2012-13 (interest of ₹ 65.99 crore earned till 2011-12 was utilised during 2011-12) was available in the fund.

### ***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 Government of India (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, 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 2012-13, an amount of ₹ 266.11 crore (₹ 64.55 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, ₹ 7.17 crore (11.11 per cent) received as State share and ₹ 3.02 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 ₹ 64.55 crore as required under the guidelines. However, expenditure during the period 2010-11 to 2012-13 was ₹ 277.10 crore with closing balance of unspent amount of ₹ 18.14 crore as on 31 March 2013.

#### Guarantee Redemption Fund

The State Government set up Guarantee Redemption Fund in the year 2000. The detail account of the Fund as on 31 March 2013 is given below:

Table 1.41: Guarantee Redemption Fund

(₹ in crore)		
Sl No.	Particulars	Amount
1	Opening Balance	13.72
2	Addition	2.00
3	Total	15.72
4	Amount met from the Fund for discharge of invoked guarantees (-)	Nil
5	Closing Balance	15.72
6	Amount of investment made out of the Guarantee Redemption Fund	15.72

Source: Finance Accounts

As per the Sikkim Government Guarantee Act 2000 (Act No. 21 of 2000), the ceiling on the total outstanding Government Guarantees as on the 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 of last five years are given in Table 1.42.

Table 1.42: Guarantees given by the State Government

(₹ in crore)					
	2008-09	2009-10	2010-11	2011-12	2012-13
Maximum amount guaranteed	75.00	75.00	246.69	163.72	186.42
Outstanding amount of guarantees (including interest)	75.00	77.58	276.42	164.21	187.72
Percentage of outstanding amount guaranteed to total revenue receipts of the second preceding year	6.23	5.18	15.72	7.00	8.72

Source: Finance Accounts

Government had guaranteed loans raised by State Finance Corporation to the tune of ₹161.42 crore and other Institutions to the extent of ₹ 25 crore. The Government had received ₹ 1.30 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 Government also extended guarantees against loans availed of by Government Companies/Corporations. These Companies/Corporations borrowed funds from the market/financial institutions for implementation of various State plan programmes envisaged from outside the State budget. Funds for those programmes were to be met out of resources mobilised by those Companies/Corporations outside the State budget but in reality the borrowings of those concerns ultimately turn out to be the liabilities of the State Government termed 'off-budget borrowings' and the Government had been repaying the loans availed of by those Companies/Corporations including interest through regular budget provision under capital account.

State Government had not resorted to any off-budget borrowings during 2012-13.

### **1.10.5 Analysis of Borrowings of Government**

Analysis of borrowings of the Government revealed that as on 1 April 2012 an amount of ₹ 2,431.05 crore was outstanding towards various loans and advances. Further, during the year 2012-13 there was an addition of ₹ 416.73 crore and payment/discharge of ₹ 245.68 crore with closing balance of ₹ 2,602.10 crore as on 31 March 2013. The increase in total outstanding loans and advance at the end of the year was seven *per cent*. An interest of ₹ 196.05 crore was also paid by the Government on various loans and advances. Further details are given below:

**Table 1.43: Detailed Statement On Borrowings And Other Liabilities**

(₹ in crore)

Description of Debt	Balance as on 1st April 2012	Additions during the year	Discharges during the year	Balance as on 31st March 2013	Net Increase(+)/ Decrease(-) (in percentage)	Interest Paid during the year
Market Loans	1,258.71	94.00	20.00	1,332.71	+6	99.13
Loans from Life Insurance Corporation of India	95.19	10.00	7.31	97.88	+3	8.10
Loans from General Insurance Corporation of India	0.12	0.00	0.02	0.10	-17	0.01
Loans from NABARD	154.10	75.01	21.76	207.35	+35	12.31
Compensation and other Bonds	19.12	0.00	4.78	14.34	-25	1.52
Loans from National Co-operative Development Corporation	2.25	0.00	0.75	1.50	-33	0.22
Loans from other Institutions	17.70	5.00	1.06	21.64	+22	2.45
Special Securities issued to National Small Savings Fund of the Central Government	148.07	11.21	5.89	153.39	+4	14.30
Non-plan loans from GOI	0.46	0.00	0.08	0.38	-18	0.04
Block Loans	35.36	1.59	3.44	33.51	-5	4.26
State Plan Loans consolidated in terms of recommendation of the 12th Finance Commission	102.10	0.00	5.67	96.43	-6	7.66

Description of Debt	Balance as on 1st April 2012	Additions during the year	Discharges during the year	Balance as on 31st March 2013	Net Increase(+)/ Decrease(-) (in percentage)	Interest Paid during the year
Loans for Centrally Sponsored Plan Schemes (Other loans)	16.28	0.00	0.13	16.15	-1	0.20
Loans for Special Schemes of North Eastern Council	2.78	0.00	0.22	2.56	-8	0.31
General Provident Funds	551.30	216.29	173.04	594.55	+6	42.94
State Government Insurance Fund	0.03	0.00	0.00	0.03	0.00	0.00
State Government Employees' Group Insurance Scheme	27.48	3.63	1.53	29.58	+8	2.60
<b>Total</b>	<b>2,431.05</b>	<b>416.73</b>	<b>245.68</b>	<b>2,602.10</b>	<b>+7</b>	<b>196.05</b>

Source: Finance Accounts

### 1.10.6 Inoperative Reserve Funds

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

## 1.11 Debt Management

Efficient debt management is an essential part of cash management. Inefficiencies either way can lead to higher interest costs, whether it is accumulation of cash due to unnecessary borrowings or availing of ways and means advances. With reduced fiscal deficits, it is essential that State follows the practice of borrowing on requirement rather than on availability. 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 2010-11, 2011-12 and 2012-13, there was surplus cash balances of ₹ 154.79 crore, ₹ 128.76 crore and ₹ 65.36 crore respectively, reason for these surplus cash balances as stated 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 1.44** analyses the debt sustainability of the State according to these indicators for the period 2008-13.

Table 1.44: Debt sustainability: Indicators and trends

Debt sustainability indicators	2008-09	2009-10	2010-11	2011-12	2012-13
Debt stabilisation (₹ in crore) (Quantum spread/+ Primary deficit/surplus)	374.92	110.69	220.49	301.52	(-)102.56
Sufficiency of incremental non-debt receipts (resource gap) (₹ in crore)	(-) 169.76	65.14	147.39	136.10	114.56
Net availability of borrowed Funds (₹ in crore)	160.73	196.97	106.64	359.75	193.66
Burden of interest payments (IP/RR Ratio)	8.11	6.58	8.68	6.64	6.12
Maturity profile of State debt (in years)					
0-1	76.28(4.88)	158.80(8.46)	141.34(7.49)	120.88(6.31)	163.17 (8.40)
1-3	157.37(10.07)	141.72(7.55)	156.62(8.30)	162.15(8.48)	411.13 (21.15)
3-5	127.55(8.17)	142.47(7.59)	239.05(12.67)	380.28(19.88)	669.56 (34.45)
5-7	120.29 (7.70)	346.82 (18.47)	515.44 (27.33)	637.92 (33.33)	402.07 (20.60)
(i) General Basic Grant					
7 and above	1080.64 (69.18)	1088.16 (57.94)	834.29 (44.22)	611.84 (31.98)	297.67 (15.32)

Source: Finance Accounts

### 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 th

y 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 2012-13 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 1.45**.

**Table 1.45: Indicator of incremental non-debt receipts**

Sl. No.		(₹ in crore)				
		2008-09	2009-10	2010-11	2011-12	2012-13
1	Incremental Non-debt Receipts	260.49	587.09	(-) 193.18	761.89	374.87
2	Incremental Interest Payments	24.90	11.79	32.34	4.06	8.09
3	Incremental Primary expenditure	208.79	436.68	150.55	621.73	252.22
	<i>Resource Gap</i>	26.80	138.62	10.29	136.10	114.56

Source: Finance Accounts

The resource gap had remained positive during 2008-13. However, during the current year though the resource gap declined as compared to the previous year, it remained positive 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 2013 shows that 15 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 2012 was ₹ 1,852.26 crore with addition during the year 2012-13 of ₹ 196.81 crore. After discharging/re-payment of loan amount of ₹ 71.12 crore during the year (excluding an interest payment of ₹ 150.54 crore), there was a closing balance of ₹ 1,977.96 crore as on 31 March 2013. Details of the same are available in Statement-15 of Finance Accounts 2012-13 and can be seen in the table below:



Table 1.46: Maturity profile: Indicators and trends

(₹ in crore)

Sl. No.	Description of the Debt	Balance as on 1 April 2012	Additions during the year	Discharged/ re- paid during the year	Balance as on 31 March 2013	Interest paid during the year
1	Internal Debt of the State Government	1,695.27	195.22	61.58	1,828.92	138.06
2	Loans and Advances from the Central Government					
	i. Non-Plan Loans	0.47	0.00	0.08	0.38	0.00
	ii. Loans for State Plan Schemes	137.47	1.59	9.11	129.95	4.57
	iii. Loans for Centrally Sponsored Plan Schemes	16.28	0.00	0.13	16.15	0.25
	iv. Loans for Special Schemes	2.77	0.00	0.22	2.56	7.66
	<b>Total 2 (i to iv)</b>	<b>156.99</b>	<b>1.59</b>	<b>9.54</b>	<b>149.04</b>	<b>12.48</b>
	<b>Total (1+2)</b>	<b>1,852.26</b>	<b>196.81</b>	<b>71.12</b>	<b>1,977.96</b>	<b>150.54</b>

Source: Finance Accounts

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 2012-13, it was 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 6.05 *per cent* of the revenue receipts and was more by ₹ 38.21 crore (23.78 *per cent*) than the recommendation of XIII FC. The National Small Savings Fund (NSSF) accounts for around 7.19 *per cent* of the total interest payments during the year. ₹ 4.83 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 1.47: 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 1.48: Projected/assessed benefits under FRBM**

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	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 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 1.49: Trends of Public Debt of the State Government**

(₹ in crore)

Sl. No.	Description of the Debt	2010-11		2011-12		2012-13	
		Balance as on 31 March 2011	Interest paid during the year	Balance as on 31 March 2012	Interest paid during the year	Balance as on 31 March 2013	Interest paid during the year
1	Internal Debt of the State Government	1,553.71	1,18.54	1,695.27	1,35.25	1,828.92	138.06
2	Loans and advances from the Central Government						
	i. Non-Plan Loans	81.78	10.85	0.47	0.05	0.38	0.00
	ii. Loans for State Plan Schemes	155.35	17.28	137.47	8.29	129.95	4.57
	iii. Loans for Centrally Sponsored Plan Schemes	17.54	1.86	16.28	1.80	16.15	0.25

Sl. No.	Description of the Debt	2010-11		2011-12		2012-13	
		Balance as on 31 March 2011	Interest paid during the year	Balance as on 31 March 2012	Interest paid during the year	Balance as on 31 March 2013	Interest paid during the year
	iv. Loans for Special Schemes	2.95	0.37	2.77	0.34	2.56	7.66
	v. Pre-1984-85 Loans	2.15	0.20	0.00	0.00	0.00	0.00
	<b>Total 2 (i to v)</b>	<b>259.77</b>	<b>30.56</b>	<b>156.99</b>	<b>10.48</b>	<b>149.04</b>	<b>12.48</b>
	<b>Total (1+2)</b>	<b>1,813.48</b>	<b>1,49.10</b>	<b>1,852.26</b>	<b>145.73</b>	<b>1,977.96</b>	<b>150.54</b>

Source: Finance Accounts

From the above table it is seen that at the end of the year 2010-11, Public Debt of the State Government was ₹ 1,813.48 crore which increased to ₹ 1,977.96 crore at the end of the year 2012-13 with an average borrowing of ₹ 1,881.23 crore during the period 2011-13. The cost of borrowings in terms of interest payment for the year 2010-11 was ₹ 149.10 crore which increased to ₹ 150.54 crore during the year 2012-13 with average cost of borrowings of ₹ 148.46 crore during the period 2010-13.

## 1.12 Review on Market Borrowings

### 1.12.1 Introduction

Fiscal deficit represents the borrowing requirements of the Government during the year. The borrowings are accounted for under the Consolidated Fund (E-Public Debt). The major divisions are Internal Debt of the State Government and Loans and Advances from the Central Government. The internal debt is further divided into Market Loans and Negotiated Loans. This review is on Market Borrowings and the Major and Minor Heads concerned are 6003-Internal Debt of the State Government-101 Market Loans with Sub-heads, Detailed and Object heads concerned.

Market borrowings are controlled by the Central Government and managed by the Reserve Bank of India (RBI). The States may not, without the consent of the Central Government, raise any loan. The State Governments issue dated securities, termed state development loans of various tenors. The 12<sup>th</sup> Finance Commission stated that with reduced fiscal deficits, it is essential that states follow the practice of borrowing on requirement rather than on availability. The issue of debt sustainability of the State Governments is related to prudent and desirable debt practices such as the setting of clear debt management objectives, duration and maturity of loans, debt expansion commensurate with capital expansion plan, investments in projects for durable assets with sustainable income generation capacity, etc., the states should endeavour to maintain the balance between revenue receipts and revenue expenditure and use capital receipts including borrowings only for generation of productive assets.

### 1.12.2 Scope of Audit

In-depth examination of Market Borrowings of the State Government covering the period 2008-09 to 2012-13 was carried out during 22 May to 4 July 2013 through test check of the records made available by the Finance, Revenue and Expenditure Department (FRED) and Finance Accounts and Appropriation Accounts of the Government of Sikkim.

### 1.12.3 Audit Objectives

The main objectives of the audit were to ascertain whether:

- The borrowing requirements of the State were need based and realistic;
- The system on which estimate of total borrowings was arrived at was in existence;
- The permission by the Government of India (GOI) for open market borrowings was accorded;
- The Department issued notification containing the objective of each tranche of market borrowing;
- The Department had examined the effect of borrowing on the annual targets set under FRBM;
- The amount was used for creation of capital nature durable assets with sustainable income generation capacity;
- There was any investment in treasury bills immediately after market borrowing;
- There was a mechanism for effective financial control and monitoring.

### 1.12.4 Audit Criteria

Audit findings were benchmarked against the criteria derived from the following sources:

- Constitution of India;
- Medium Terms Fiscal Plans of the State Government formulated under FRBM Act;
- Orders and instructions issued by the GOI, Finance Commissions and Reserve Bank of India (RBI) from time to time;
- Report of the 12<sup>th</sup> and 13<sup>th</sup> Finance Commissions;
- Market borrowing documents maintained by the Government;
- Finance Accounts and Appropriation Accounts of the Government of Sikkim; and
- Prescribed monitoring mechanism.

### 1.12.5 Acknowledgement

The office of the Principal Accountant General (Audit), Sikkim, Gangtok appreciates the co-operation extended by the officers and staff of the FRED during the course of review.

The results of the review are discussed in the succeeding paragraphs.

### 1.12.6 Audit Findings

#### 1.12.6.1 Overall Position

**1.12.6.1.1 Debt sustainability indicators:** Debt sustainability indicators of the State Government for 2008-13 were as under:

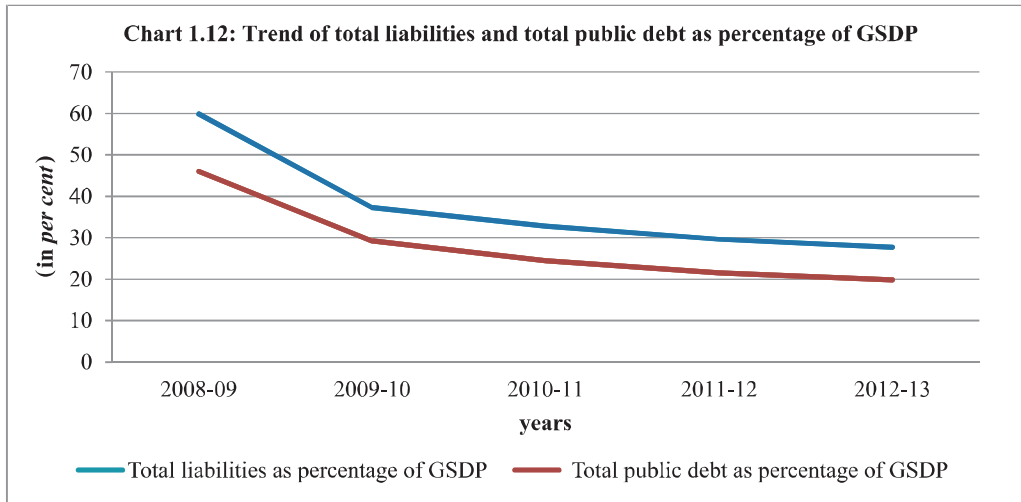
Table 1.50: Debt sustainability indicators

Description	2008-09	2009-10	2010-11	2011-12	2012-13	Remark with reference to statutory norms
Total liabilities including off budget borrowings (₹ in crore)	1933.06	2284.76	2429.85	2552.82	2758.10	
Total public debt (₹ in crore)	1485.86	1791.68	1813.48	1852.26	1977.96	
Total market loans (₹ in crore)	989.64	1266.64	1235.43	1258.71	1332.71	
Percentage of market loans to total liabilities	51.20	55.44	50.84	49.31	48.32	
Percentage of market loans to total public debt	66.60	70.70	68.12	67.96	67.38	
Weighted average interest rate on market loans	7.89	7.85	7.78	7.77	7.85	
Interest paid on market loans (₹ in crore)	66.69	75.06	97.93	95.66	100.66	
GSDP growth rate and interest rate ratio	0.27	0.09	0.47	0.44	0.70	
Gross interest payments to Revenue Receipt ratio	0.05	0.05	0.06	0.05	0.04	
Primary surplus/ deficit (₹ in crore)	91.36	14.43	129.48	-10.68	-133.33	
Revenue surplus/ deficit (₹ in crore)	-377.65	-516.35	-139.78	-442.50	-780.97	The State maintained revenue surplus throughout the period of 2008-09 to 2011-12. It has achieved the recommendations of the 13 <sup>th</sup> FC as well as the stipulations under the State FRBM Act enacted in September 2010 and Rules made thereunder in March 2011 in this respect.
Fiscal deficit (₹ in crore)	234.01	168.87	316.26	180.05	65.59	Fiscal Deficit was less than 3 per cent of GSDP only in 2009-10 and 2011-12 which was 13 <sup>th</sup> FC norm.
Percentage of total liabilities to SGDP	59.87	37.25	32.78	29.63	27.70	Although the State's debt-GDP ratio (27.70 per cent) was marginally higher than the All India average (25.50 per cent), the increase in outstanding liabilities was 5.06 per cent which was lower than the All India average of 9.60 per cent during 2011-12.
Outstanding guarantees (excluding interest) (₹ in crore)	74.30	75.00	246.69	163.72	186.42	The outstanding guarantee was within Sikkim Government Guarantee Act 2000 norm which is: the outstanding guarantee on 1 <sup>st</sup> day of April shall not exceed thrice the State's Tax Receipt of the second preceding year.

Source: Finance Accounts, State Finance Report and departmental figures

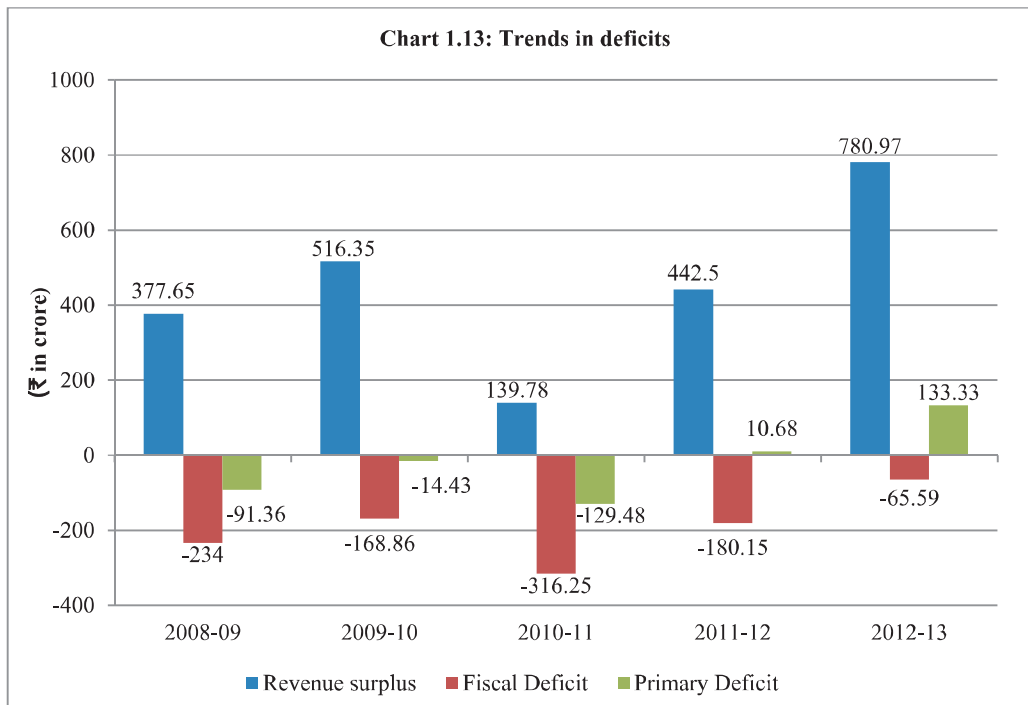
Overall liabilities of the State increased from ₹ 1,933.06 crore in 2008-09 to ₹ 2,758.10 crore in 2012-13, showing an increase of 42.68 per cent over the period. Market loans as a percentage of total liabilities decreased from 51.20 per cent in 2008-09 to 48.32 per cent in 2012-13. This showed that the State's reliance on market borrowings was gradually decreasing. However, market loan as a percentage of total public debt increased from 66.60 per cent in 2008-09 to 67.38 per cent in 2012-13. Though the debt-GDP ratio of the State was more than the target fixed under 13<sup>th</sup> Finance Commission, it had declined from 59.87 per cent in 2008-09 to 27.70 per cent in 2012-13 which was close to the target of 25.50 per cent.

Trend of total liabilities as percentage of GSDP and total public debt as percentage of GSDP is shown in the graph below:



Source: Finance Accounts

It can be seen from the above graph that the total liabilities as a percentage of GSDP decreased from 59.87 per cent in 2008-09 to 27.70 per cent in 2012-13. Similarly, total public debt as a percentage of GSDP decreased from 46.01 per cent in 2008-09 to 19.86 per cent in 2012-13.



Source: State Finance Report and departmental figures

### 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 2008-09 to 2012-13 with fluctuating trends during the years. The State was able to attain revenue surplus due to the receipt of Grants-in-Aid from the GOI as the State's own revenue was meagre compared with the revenue expenditure for the above period.

### **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 use of surplus funds from Public Account.

**Table 1.51: Fiscal deficit**

Description	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Fiscal deficit</b>	234.01	168.86	316.26	180.05	65.59
<b>As a percentage of GSDP</b>	7.25	2.75	4.27	2.09	0.66

Source: State Finance Report and departmental figures

Fiscal deficit as a percentage of GSDP was 7.25 per cent in 2008-09 which got reduced to 0.66 per cent in 2012-13.

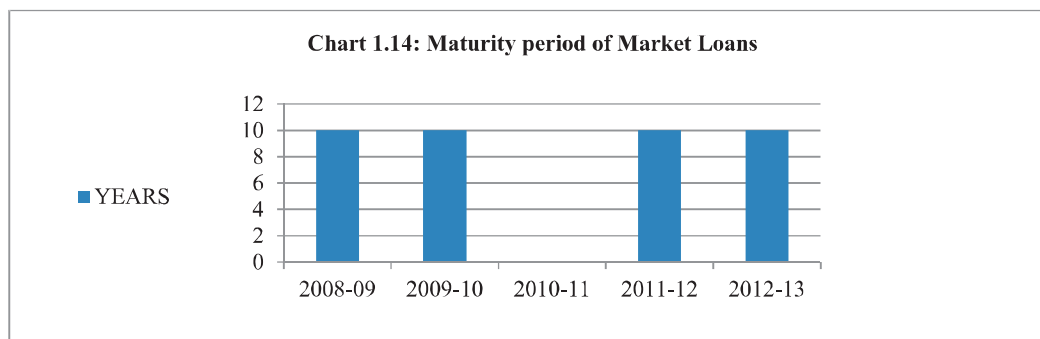
**1.12.6.1.2 Profile of market loans:** Profile of market loans of the State Government for 2008-13 was as under:

**Table 1.52: Profile of market loans**

Details	Amount of loan raised (₹ in crore)					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total
< 7 years	-	-	-	-	-	-
> 7 years	293.12	328.01	-	40.00	94.00	755.13
<b>Total loan during the year</b>	293.02	328.01	-	40.00	94.00	-
<b>Total outstanding loan as on 31 March</b>	989.64	1,266.64	1,235.43	1,258.71	1,332.71	-
<b>Percentage of loan raised during the year to total outstanding</b>	29.62	25.90	-	3.18	7.05	-

Source: Finance Accounts

It could be seen from the above table that the State had resorted to long term market borrowings as the loans raised for the review period 2008-13 had the maturity period of ten years as could be seen from the graph below also:



Further, details of market loans taken, discharged and outstanding during 2008-13 was as under:

**Table 1.53: Profile of market loans taken, discharged and outstanding**

(₹ in crore)

Year	Opening balance 1 <sup>st</sup> April	Additions during the year	Discharges during the year	Closing balance 31 <sup>st</sup> March	Net increase (+)/ Decrease (-) in percentage
2008-09	741.68	293.12	45.16	989.64	33
2009-10	989.64	328.01	51.01	1,266.64	28
2010-11	1,266.64	0.00	31.11	1,235.43	- 2
2011-12	1,235.43	40.00	16.72	1,258.71	2
2012-13	1,258.71	94.00	20.00	1,332.71	6
<b>Total</b>	<b>5,492.10</b>	<b>755.13</b>	<b>164.00</b>		

Source: Finance Accounts and departmental figures

The outstanding market loans had increased by 34.67 per cent from ₹ 989.64 crore during 2008-09 to ₹ 1,332.71 crore during 2012-13. However, market loans raised during the year as a percentage of total outstanding had reduced drastically from 29.62 per cent during 2008-09 to 7.05 per cent during 2012-13. This was mainly due to the limits set by the 13<sup>th</sup> Finance Commission on raising of market loans by the State. Further, during the period under review, the State had not raised any additional market borrowings in view of shortfall in NSSF and also there was no instance where the GOI had allowed the State to borrow from open market by swapping with negotiated loan.

**1.12.6.1.3 Weighted average interest rate:** The weighted average of interest rate of market loans raised by the State Government during 2008-13 was as under:

**Table 1.54: Weighted average interest rate on market loans**

Year	Amount of Loan (₹ in crore) (A)	Rate of interest (in per cent) (B)	A x B
<b>2008-09</b>	293.12	7.00	2051.14
<b>2009-10</b>	188.01	8.44	1586.80
	140.00	8.35	1169.00
	<b>328.01</b>	Weighted Average of interest= 8.40% for 2009-10	<b>2755.80</b>
<b>2010-11</b>	Nil	Nil	Nil
<b>2011-12</b>	40.00	8.78	351.20
<b>2012-13</b>	35.00	8.92	312.20
	35.00	8.81	308.35
	24.00	8.54	204.96
	<b>94.00</b>	Weighted Average of interest=8.78% for 2012-13	<b>825.51</b>
<b>Total</b>	<b>755.13</b>		<b>5983.65</b>

The weighted average interest of the market borrowings of the State Government for the period from 2008-09 to 2012-13 was 8.37 per cent.

**1.12.6.1.4 Maturity trend:** Analysis of redemption profile of the State was made to ascertain the redemption pressure on the State on account of market borrowings. Maturity trend of market loans of the State Government was as under:



Table 1.55: Maturity trend of market loans

Maturity year	Maturity amount (₹ in crore)	As a percentage of outstanding loans
2013-14	16.57	1.24
2014-15	22.42	1.70
2015-16	100.53	7.77
2016-17	169.76	14.23
2017-18	268.39	26.22
2018-19	293.02	38.81
2019-20	328.01	71.00
2020-21	0	-
2021-22	40.00	29.85
2022-23	94.00	100.00

Source: Finance Accounts

The above table revealed that ₹ 16.57 crore of market loans was required to be discharged during 2013-14 (1.24 per cent of total outstanding loans) which would increase to ₹ 328.01 crore during 2019-20 (71 per cent of total outstanding loans) and then ease out to ₹ 94 crore in 2022-23. To meet repayment requirements, the State had created (1999-2000) a Sinking Fund and since creation of the Fund, an amount of ₹ 12 crore per annum had been contributed to the fund and till 2012-13, an amount of ₹ 203.12 crore, including an interest of ₹ 53 crore earned during 2012-13 (interest of ₹ 65.99 crore earned till 2011-12 had already been utilised during 2011-12) was available in the fund.

**1.12.6.1.5 Interest rate profile:** Interest rate profile of the loans raised by the State Government for 2008-13 was as under:

Table 1.56: Interest rate profile

Rate of interest (percentage)	Market loans raised during the year (₹ in crore)					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Below 5	-	-	-	-	-	-
5 to 5.99	-	-	-	-	-	-
6 to 6.99	-	-	-	-	-	-
7 to 7.99	293.02	-	-	-	-	293.12
8 to 8.99	-	328.01	-	40.00	94.00	462.01
9 to 9.99	-	-	-	-	-	-
10 to 10.99	-	-	-	-	-	-
Total loan during the years and average interest rate	293.02 (7.00 %)	328.01 (8.40 %)	-	40.00 (8.78 %)	94.00 (8.76 %)	755.13
Total Outstanding as on 31 March and its average rate of interest	989.64 (8.27 %)	1266.64 (7.92 %)	1235.43 (7.74 %)	1258.71 (7.24 %)	1332.71 (7.46 %)	

Source: Finance Accounts and departmental figures

From the above it could be seen that the average interest rate on outstanding market loans had decreased from 8.27 per cent in 2008-09 to 7.46 per cent in 2012-13 leading to easing out of interest rates.

**1.12.6.1.6 Interest payment:** Details of interest payment by the State Government during 2008-13 was as under:

**Table 1.57: Interest payment and percentage of revenue receipts**

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Interest payment (₹ in crore)	66.69	75.06	97.93	95.66	100.66
Percentage of revenue receipts (excluding expenditure on lotteries)	3.79	3.20	4.55	3.33	2.44
Percentage of market loans to total liabilities	51.20	55.44	50.84	49.31	48.32

Source: Finance Accounts and departmental figures

From the above table, it can be seen that the interest payments had increased from ₹ 66.69 crore in 2008-09 to ₹ 100.66 crore in 2012-13. The interest payment had increased by 50.94 *per cent* from ₹ 66.69 crore during 2008-09 to ₹ 100.66 crore during 2012-13 due to increase in outstanding market loan by 34.67 *per cent* during the review period though the percentage of market loans to total outstanding had decreased by 2.88 *per cent* during the review period. However, interest payments to the percentage of revenue receipts had decreased from 3.79 *per cent* during 2008-09 to 2.44 *per cent* during 2012-13 due to increase in revenue receipts.

#### **1.12.6.2 Basis of Borrowings**

**1.12.6.2.1 Projection of resources:** The Planning Department had been preparing department-wise and sector-wise detailed requirement of total plan funds every year. However, in the records of the Planning Department as well as FRED, nothing was available as to whether requirements of total plan funds were ever placed before the Government along with projected source of their funding before placing it to the Planning Commission. Only statements relating to projections of source of their funding including budget estimates for the total borrowings for each financial year, which were placed before the Planning Commission, were available on the records. However, the FRED stated (June and August 2013) that annual plans including total borrowings which comprised of market borrowings also for each year were finalised in the meeting of the Chief Minister with the Deputy Chairman of the Planning Commission which was a part of the annual plan financing. The FRED further stated (September 2013) that the Para 5(1)(b) of the FRBM Act stated that: 'The Government shall reduce the fiscal deficit to 3.5 *per cent* of the estimated GSDP in each of the financial year starting from 2011-12 and reduce the fiscal deficit to not more than 3 *per cent* of the estimated GSDP at the end of 31 March 2014 and adhere to it thereafter' and based on the formula prescribed in the said Act, the GOI had been fixing the limit every year on the quantum of total borrowings that could be done by the State. Scrutiny of approved State annual plans for the years 2008-13 revealed that entire plan size for each year was finalised taking into account mostly various Central assistances and borrowings (including market borrowings). Further, revenue receipts were not having any impact on market borrowings as the total revenue receipts were part of financing non-plan budget whereas market borrowings were done for financing State annual plans.

**1.12.6.2.2 Consent of the GOI:** The FRED had been taking consent of the GOI for each tranche of market borrowing before requesting RBI to raise the loan. However, the GOI had been giving their consent to the extent of limit fixed/recommended by the 13<sup>th</sup> Finance

Commission for each year of market borrowings. In the cases where consent letters were not available on record, the FRED stated (July and August 2013) that no market loan could be released by the RBI without the consent of the GOI which sometimes were directly communicated to the RBI from the GOI. The details of amount of market borrowings finalised/fixed by the Planning Commission, amount recommended/fixed by the 13<sup>th</sup> Finance Commission, amount for which consent given by the GOI and amount of market borrowings raised by the State Government during 2008-13 were as under:

Table 1.58: Details of market borrowings

(₹ in crore)

Year	Market borrowing finalised/ fixed by the Planning Commission	Market borrowing recommended/ fixed by the 13 <sup>th</sup> Finance Commission	Amount for which consent given by the GOI	Month of consent	Amount of loan raised through RBI	Date of raising
2008-09	335.75	335.75	293.02	November 2008	293.12	11.12.2008
2009-10	335.50	335.50	188.01	January 2010	188.01	03.02.2010
			147.49	March 2010	140.00	30.03.2010
2010-11	315.27	110.00	110.00	-	0.00	-
2011-12	102.82	102.82	40.00	December 2011	40.00	20.12.2011
2012-13	112.26	112.26	35.00	August 2012	35.00	18.09.2012
			35.00	October 2012	35.00	23.10.2012
			24.00	March 2013	24.00	19.03.2013
<b>Total</b>	<b>1,201.60</b>	<b>996.33</b>	<b>872.52</b>		<b>755.13</b>	

Source: Finance Accounts and departmental figures

From the above table, it could be seen that although the Planning Commission had accorded approval of ₹ 1,201.60 crore as market borrowing, the 13<sup>th</sup> Finance Commission approved only ₹ 996.33 crore during the period under review. Based on the above approval of the 13<sup>th</sup> Finance Commission, the Ministry of Finance, GOI gave consent for ₹ 872.52 crore. However, the State raised a total of ₹ 755.13 crore only during the review period. This indicated that the market borrowings were mainly resorted to on need basis rather than on its availability.

**1.12.6.2.3 Calendar of borrowings:** The FRED had normally been taking market borrowings either in the 3<sup>rd</sup> quarter or in the 4<sup>th</sup> quarter of each year after assessing their exact requirements when funds from all sources were about to be exhausted. The RBI had been asking for the calendar on market borrowings on quarterly basis which the FRED had been sending regularly and especially when the market borrowings were required.

**1.12.6.2.4 Issue of notification:** The FRED had been issuing notifications<sup>15</sup> for each tranche of market borrowing stating that it would be used for generating productive assets. However, the FRED was unable to assess as to whether amount of market borrowings were used for generating productive assets because the borrowings were done to finance approved State annual plans to fulfil the deficit gap and entire funds received from all sources for State plan were kept under one pool from where all State plan expenditures were made.

<sup>15</sup> Notifications for raising of loans of ₹ 188.01 crore and ₹ 140 crore during the year 2009-10 were not available on records/ produced to Audit.

Further, there was no pre-payment clause in the terms and conditions for each tranche of market borrowing during the period under review.

**1.12.6.2.5 Budget and actuals under revenue, market borrowing etc:** Details of budget and actuals under revenue, market borrowing, repayments, interest expenses and debt balances of the State Government for 2008-13 were as under:

**Table 1.59: Budget and actuals under revenue, market borrowing, etc.**

(₹ in crore)

Year	Particular	Revenue receipt				Market borrowings	Repayment of Market borrowings	Interest expenses on Market borrowings	Debt balances
		Tax revenue	Non-tax revenue	Other revenue	Total				
2008-09	Estimated	568.16	1,188.14	1,216.15	2,972.45	279.71	45.16	68.19	
	Actual	563.39	1,205.31	902.55	2,671.25	293.12	45.16	66.69	989.64
2009-10	Estimated	557.76	1,322.71	1,619.27	3,499.74	279.71	51.01	97.35	
	Actual	598.38	1,356.44	1,299.62	3,254.44	328.01	51.01	75.07	1,266.64
2010-11	Estimated	758.28	1,162.34	1,659.37	3,579.99	279.38	5.98	117.88	
	Actual	804.58	1,137.75	1,105.02	3,047.35	Nil	31.11	97.93	1,235.53
2011-12	Estimated	863.50	1,197.19	2,323.95	4,384.64	81.32	16.72	103.27	
	Actual	905.57	1,044.57	1,722.50	3,672.64	40.00	16.72	95.66	1,258.71
2012-13	Estimated	1,068.77	1,026.24	2,700.27	4,795.28	87.48	20.00	106.06	
	Actual	1,133.96	806.96	1,852.40	3,793.32	94.00	20.00	100.66	1,332.71

Source: Annual Financial Statements and departmental figures

Though overall actual revenue receipts were less than the estimates during the period 2008-13, it was not having any impact on market borrowings as the total revenue receipts were part of financing non-plan budget whereas market borrowings were done for financing State annual plans.

### 1.12.6.3 Application of Borrowings

**1.12.6.3.1 Market borrowings and their utilisation:** Details of market borrowings and their utilisation by the State Government during 2008-13 were as under:

**Table 1.60: Market borrowings and their utilisation**

Year	Nature/ purpose of market borrowing	Date of borrowing	Amount (₹ in crore)	Purpose for which utilised
2008-09	For financing the annual plan of the State Government	11.12.2008	293.12	For financing the annual plan of the State Government
2009-10		03.02.2010	188.01	
		30.03.2010	140.00	
2010-11		-	0.00	
2011-12		20.12.2011	40.00	
2012-13		18.09.2012	35.00	
		23.10.2012	35.00	
		19.03.2013	24.00	

Source: Departmental figures

It could be seen from the above that market borrowings were done only for financing the annual plan of the State Government and entire funds received from all sources for State plan were kept under one pool from where all State plan expenditures were made. Further, there was no surplus/unutilised amount of market borrowings which could be transferred to various Reserve Funds in Public Account, Loan to PSU and other Bodies, Equity Contribution etc., as entire amount of market borrowings were utilised under requirements of State plan expenditure.

**1.12.6.3.2 Spending pattern of the market borrowings:** Details of spending pattern of the market borrowings by the Government during 2008-13 could not be provided by the FRED as the FRED stated that market borrowings were not earmarked for any particular scheme; rather, it was meant for financing the overall annual plans of the State Government. However, it was seen that capital expenditure from State plan was more than the amount of market borrowings made during the entire period under review as detailed below:

Table 1.61: Spending pattern of the market borrowings

(₹ in crore)

Year	Capital expenditure from State plan	Market borrowing during the year	Fiscal deficit
2008-09	500.15	293.12	234.01
2009-10	502.77	328.01	168.87
2010-11	371.84	0.00	316.26
2011-12	538.06	40.00	180.05
2012-13	766.22	94.00	65.59
<b>Total</b>	<b>2,679.04</b>	<b>755.13</b>	<b>964.78</b>

Source: Finance Accounts and budget documents

**1.12.6.3.3 Forecasting of exact requirement of funds:** Details of forecasting of exact requirement of funds and its release along with details relating to cash balances at the end of each financial year, total requirement of market borrowings and actual market borrowings by the Government during 2008-13 were as under:

Table 1.62: Forecasting of exact requirement of funds

(₹ in crore)

Year	Cash balance as on 31 March of the previous year	Total requirement of funds during the year (State plan)	Total market borrowings required during the year	Actual market borrowings during the year
2008-09	78.83	915.31	335.75	293.12
2009-10	95.68	1,045.00	335.50	328.01
2010-11	114.99	1,175.00	315.27	Nil
2011-12	154.79	1,400.00	102.82	40.00
2012-13	128.76	1,877.00	112.26	94.00

Source: Finance Accounts and departmental figures

Discussion with the departmental officers revealed that cash balances at the beginning of the year was not considered as cash balances were against committed liability, mainly due to cheques issued during March, but not encashed till 31 March. Further, receipt of funds for CSS at the fag end of the year remained to be utilised till 31 March with committed liability during the next year. However, market borrowings were made mainly at the end of the year when funds from all sources under State plan were about to be exhausted.

Further, a real-time assessment of cash balance, when the State had resorted to the market borrowing during 2008-13 was as under:

Table 1.63: Cash balances at the time of market borrowings

(₹ in crore)

Year	Market Borrowing	Date	Cash Balance as on the date (3) of Market Borrowings	Actual expenditure during the month of Market Borrowings	Cash balances under investment	Period of investment with date of investment
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008-09	293.12	11.12.2008	38.14	177.42	60.00	91 days from 13.12.2008
					30.00	30 days from 19.12.2008
2009-10	188.01	03.02.2010	36.71	177.21	200.00	36 days from 05.02.2010
	140.00	30.03.2010	284.36	624.15	40.00	303 days from 31.03.2010
2010-11	Nil	-	-	-	-	-
2011-12	40.00	20.12.2011	13.42	217.51	Nil	-
2012-13	35.00	18.09.2012	14.59	317.52	Nil	-
	35.00	23.10.2012	46.66	342.74	40.00	90 days from 30.10.2012
	24.00	19.03.2013	37.51	479.48	40.00	193 days from 20.03.2013
					40.00	193 days from 28.03.2013
					100.00	245 days from 30.03.2013

Source: Departmental figures

**1.12.6.3.4 Other points:**

- There was neither any surplus/unutilised amount of market borrowing nor was any amount of market borrowing transferred to any Reserve Fund in Public Account, Loan to PSU and Other Bodies, Equity Contribution, Releases towards Repayment of Debts by the Government Companies and Other Bodies etc.
- No amount of market borrowings was transferred to other departments/PSUs for incurring expenditure.
- No amount of market borrowings was converted into equity and vice-versa.
- No amount of market borrowings was given as loan to any department/implementing agency nor was there any arrear in repayment of principal and interest by the loanees.
- There was no investment of market borrowings in any treasury bill.

**1.12.6.4 Other Connected Issues**

**1.12.6.4.1 Sinking Fund and its investment:** The State Government created (1999-2000) a Fund called “Government of Sikkim Consolidated Sinking Fund Scheme 1999” with the objective to utilise the accrued interest as an amortisation fund for redemption of the open market loans of the Government commencing from the year 2004-05. The above scheme was revised during 2007-08 by Notification dated 18 August 2007 and renamed as “Consolidated Sinking Fund Scheme” with the changed objective of utilising the accrued interest as an amortisation fund for redemption of the outstanding liabilities<sup>16</sup> of the Government commencing from 2011-12. Since the creation of the above fund, an amount of ₹ 149.77

<sup>16</sup> The outstanding liabilities are defined to comprise of internal debt and public account liabilities of the Government.



crore (principal) had been allocated which were invested in the bank to earn interest. However, it was observed that although the State Government had been managing repayment of loans and its interest from their other sources, the accrued interest 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 Marketing by SIDICO on behalf of the Government for purchase of land and ₹ 0.46 crore for payment of salaries of employees of two sick PSUs) and Energy & Power Department (₹ 24.55 crore for payment to Sikkim Power Development Corporation Limited to take over certain liabilities and assets before its restructuring). It can be seen from the above that although repayment of ₹ 40.98 crore to SBI Capital Marketing can be considered to be for redeeming its internal debts which was acceptable as per the above scheme, payment of ₹ 25.01 crore (₹ 0.46 crore + ₹ 24.55 crore) was in contravention to the objective of the scheme i.e., to redeem the outstanding liabilities (internal debt and public account liabilities) of the Government which ultimately led to diversion of funds for other purposes. The FRED stated (August 2013) that the amount was released with the approval of the Cabinet in view of urgency of the matter and this was one time settlement only.

#### ***Imprudent investments out of the Sinking Fund***

➤ The FRED had without adequate analysis and assessment invested the funds in the banks at a lower rate of interest although some other nationalised banks were offering higher rate of interest at the same point of time. Further, it was seen that FRED had invested its funds in more than one bank at the same point of time at different rates. This had resulted in loss of interest income to the tune of ₹ 0.51 crore, which was admitted (August 2013) by the FRED.

**1.12.6.4.2 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 State guarantees loans availed of by Government Companies/Corporations. Those Companies/Corporations borrow funds from the market/financial institutions for implementation of various State plan programmes envisaged from outside the State budget. Funds for those programmes were to be met out of resources mobilised by those Companies/Corporations outside the State budget but in reality the borrowings of those concerns ultimately turn out to be the liabilities of the State Government termed “off-budget borrowings” and the Government had been repaying the loans availed of by those Companies/Corporations including interest through regular budget provision under capital account.

State Government had stood as “Government guarantee” (March 2010) for drawal of loans of ₹ 285 crore for the Sikkim Industrial Development and Investment Corporation (SIDICO) for cost of land compensation for acquisition of land at Pakyong, payment of land compensation for Sikkim University, etc.

According to the Sikkim Government Guarantee Act 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 2011-12 was ₹ 310 crore which remained within the permissible limit



prescribed in the Government Guarantee Act 2000, i.e., as compared with the revenue receipts of the second preceding year (2009-10). However, the 13<sup>th</sup> Finance commission had recommended guarantee limits to be under 5 *per cent* of the GSDP which amounted to ₹ 251 crore only (5 *per cent* of ₹ 5014 crore of 2009-10). Despite the fact that the State had exceeded the limits prescribed by the Commission, the Cabinet approved (2 March 2012) further guarantee of ₹ 25 crore to Sikkim State Co-operative Bank (SISCO). This was stated to be on the ground that the loan was meant for inclusive growth and development, targeting the farmer community for maximising rural lending and enhancement of credit outreach to the farmers in the State. This resulted in exceeding of Government Guarantee beyond the prescribed limits by ₹ 84 crore. Moreover, the limit prescribed by the Commission has also not been incorporated in the “Sikkim Ceiling on Government Guarantees Act 2000” till date. The FRED stated (August 2013) that though the guarantee of ₹ 25 crore was approved by the Government, the SISCO Bank eventually did not avail the loan and as such in real terms the guarantee was not invoked and as of now, the guarantee was within the limit prescribed under Sikkim Government Guarantee Act 2000.

**1.12.6.4.3 Enactment of FRBM Act and its benefits:** The 12<sup>th</sup> Finance Commission, on the condition of enactment of the FRBM Act in the State, recommended benefits of interest relief on NSSF and Central loans not consolidated during 2005-10. The loans availed of under the Centrally Sponsored Schemes/Central Plan Schemes through the Ministries, other than the Ministry of Finance which remained outstanding at the end of 2009-10 to the tune of ₹ 44.65 crore (₹ 33.96 crore as interest repayment and ₹ 10.69 crore as loan repayment) were to be written off.

Since Sikkim did not enact the FRBM Act, it could not get the benefit of consolidation of loans during the award period of 12<sup>th</sup> Finance Commission. However, the 13<sup>th</sup> Finance Commission recommended that this facility be extended during 13<sup>th</sup> Finance Commission award period (2010-11 to 2014-15) on the condition that the State put in place the FRBM Act. On meeting this condition, the loans contracted by Sikkim till 31 March 2004 and outstanding at the end of the year preceding the year of legislation of such Act, shall be consolidated as per the same terms and conditions as recommended by the 12<sup>th</sup> Finance Commission. The State enacted the FRBM Act in September 2010 and could get the total benefit of ₹ 15.23 crore only instead of ₹ 44.65 crore. Thus, delay in enactment of the Act led to forgoing of waiver of interest and loan of ₹ 29.42 crore (₹ 44.65 crore - ₹ 15.23 crore). The FRED stated (August 2013) that non-enactment of the FRBM Act during the period 2005-10 was due to substantial decrease in Non-plan deficit grant awarded by the 12<sup>th</sup> Finance Commission as compared to the award of the 11<sup>th</sup> Finance Commission and it was viewed that under such circumstances implementation of FRBM Act would restrain the Government from undertaking investment from infrastructure development in the State.

### 1.12.7 Conclusion

Overall liabilities of the State increased from ₹ 1,933.06 crore in 2008-09 to ₹ 2,758.10 crore in 2012-13, showing an increase of 42.68 *per cent* over the period. Market loans as a percentage of total liabilities decreased from 51.20 *per cent* in 2008-09 to 48.32 *per cent* in

2012-13. This showed that the State's reliance on market borrowings was gradually decreasing. However, market loan as a percentage of total public debt increased from 66.60 *per cent* in 2008-09 to 67.38 *per cent* in 2012-13. Though the debt-GDP ratio of the State was more than the target fixed under 13<sup>th</sup> Finance Commission, it had declined from 59.87 *per cent* in 2008-09 to 27.70 *per cent* in 2012-13 which was close to the target of 25.50 *per cent*. The outstanding market loans had increased by 34.67 *per cent* from ₹ 989.64 crore during 2008-09 to ₹ 1,332.71 crore during 2012-13. However, market loans raised during the year as a percentage of total outstanding had declined drastically from 29.62 *per cent* during 2008-09 to 7.05 *per cent* during 2012-13. The State had taken consent of the GOI for each tranche of market borrowing before requesting RBI to raise the loan. The market borrowings were mainly resorted to on need basis rather than on its availability. Though the FRED issued notifications that each tranche of market borrowings would be used for generating productive assets, it was unable to assess whether the amount of market borrowings were actually used for generating productive assets as the borrowings were done to finance approved State annual plans to fulfil the deficit gap and entire funds received from all sources for State plan were kept under one pool from where all State plan expenditures were made. However, it was seen that capital expenditure from State plan was more than the amount of market borrowings made during the entire period under review. It was stated that cash balances at the beginning of the year could not be considered while fixing requirement of market borrowings because the cash balances were actually committed liabilities and some amounts were on account of cheques issued during March which had not been encashed till 31 March and also due to receipt of funds for CSS at the end of the year and remaining un-utilised till 31 March. However, market borrowings were made mainly at the end of the year when funds from all sources under State plan were about to be exhausted. Payment of ₹ 0.46 crore to SIDICO for salaries of employees of two sick PSUs and ₹ 24.55 crore to Energy & Power Department for payment to Sikkim Power Development Corporation Limited to take over certain liabilities and assets before its restructuring from the accrued interest of Sinking Fund was in contravention to the objective of the Fund which ultimately led to diversion of funds for other purposes. The State exceeded Government Guarantee beyond the prescribed limits by ₹ 84 crore. Due to delay in enactment of the FRBM Act, the State could get waiver benefit of interest and loan relief of only ₹ 15.23 crore instead of ₹ 44.65 crore.

#### 1.12.8 Recommendations

The Government/ Department may ensure implementation of following recommendations:

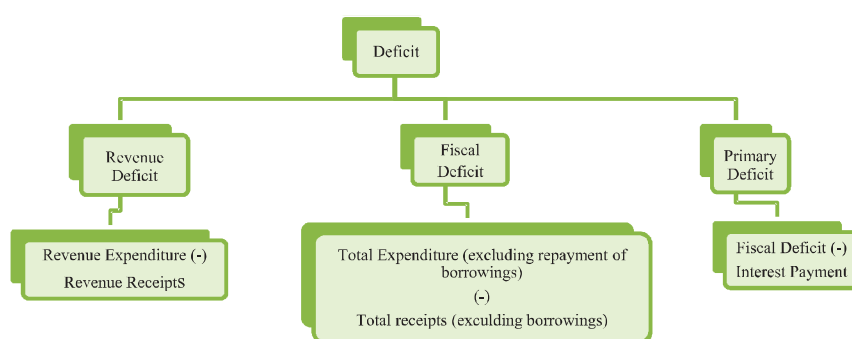
- The debt-GSDP ratio should be brought down to the target of 25.50 *per cent* fixed by the 13<sup>th</sup> Finance Commission;
- The FRED should ensure that consent letters of GOI and notifications issued for raising of the loans are well documented;
- The FRED should ensure that the interest accrued under Sinking Fund be utilised only as per the scheme guidelines and diversion from the Fund should be avoided;
- The FRED should ensure that the funds available under Sinking Fund are invested in a prudent manner to earn maximum interest ;

- The FRED should ensure that they may not exceed the limit prescribed by the 13<sup>th</sup> Finance Commission regarding Government guarantee.

### 1.13 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 1.15** gives an indication of the various kinds of deficits that occur if the Government borrows excessively to balance the budget.

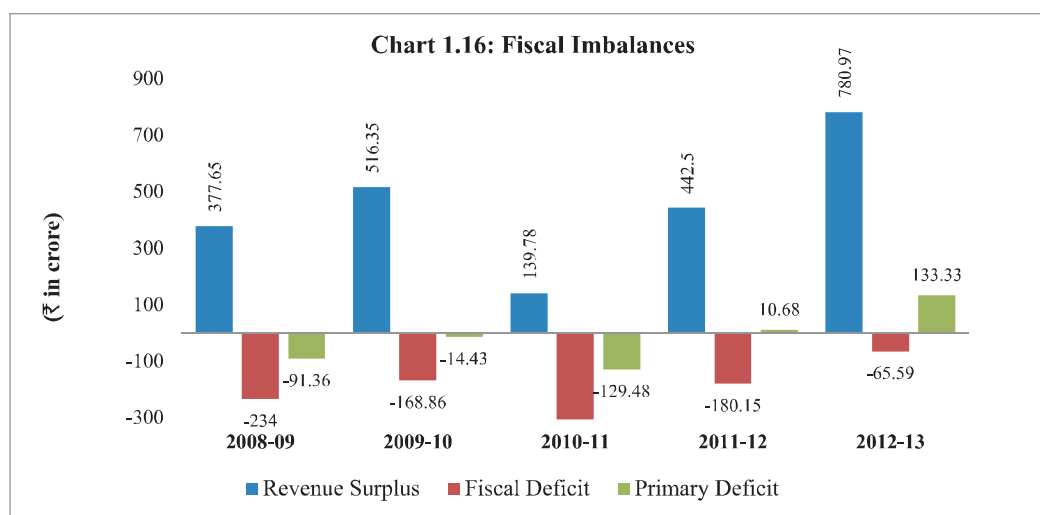
**Chart 1.15: Type of deficits**

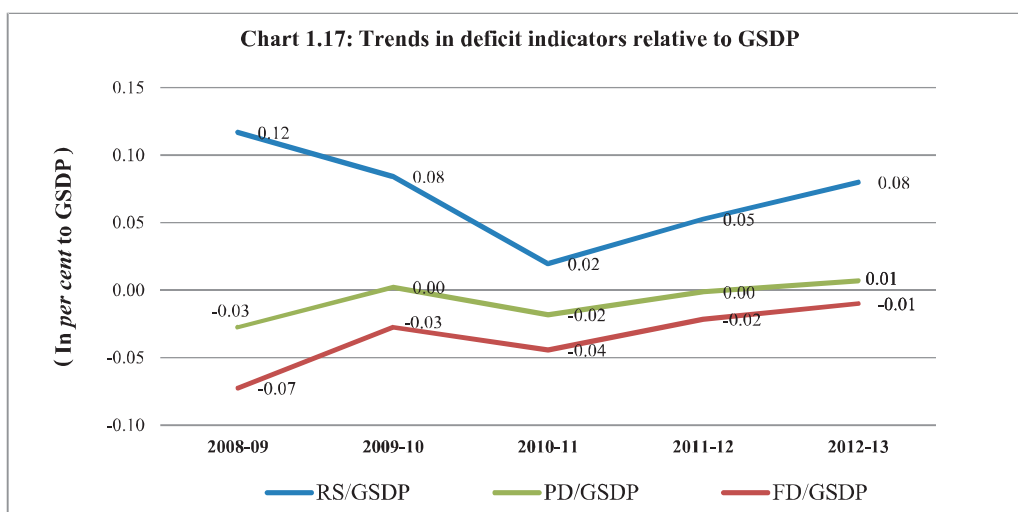


The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set for the financial year 2012-13.

#### 1.13.1 Trends in deficits

**Charts 1.16** and **1.17** present the trends in deficit indicators over the period 2008-13.





While the percentage of revenue deficit as compared to GSDP was negative, the percentage of fiscal deficit was positive during 2009-10 and was negative during 2011-12, the State had achieved the targets set by the XIII FC with regard to fiscal deficits during the current year.

#### 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 2008-09 to 2012-13 with fluctuating trends. The revenue surplus had remained highest during the current year at ₹ 780.97 crore and lowest in 2010-11 at ₹ 139.78 crore. It increased by ₹ 338.47 crore (76.49 per cent) during 2012-13 as compared to the previous year due to increase in revenue receipts, 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 1.64**.

**Table 1.64: 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
	₹ in crore					
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	4.27	14.69	12.81
2011-12	2,914.38	3,094.54	(-)180.15	2.09	6.18	5.82
2012-13	3,289.26	3,354.85	(-) 65.59	0.66	1.99	1.96

Source: Finance Accounts

Fiscal deficit as a percentage of GSDP had remained lowest during the current year. Similarly, Non-debt receipts and total expenditure as a percentage to fiscal deficit, was also lowest during the current year.

### Primary Deficit

While fiscal deficit represents the need for additional resources in general, a part of such resources may be needed to finance interest payments. Interest payments represent the expenditure of past obligations and are independent of current allocative priorities. To look at the imbalances of the current nature, these payments need to be separated and deducted from the total imbalances. The primary deficit and its parameters for the last five years is indicated in **Table 1.65**.

**Table 1.65: Primary deficit and its parameters**

(₹ in crore)

Period	Fiscal Deficit	Interest Payments	Primary Deficit (-)/ Surplus (+)
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
2012-13	65.59	198.92	(+)133.33

Source: Finance Accounts

The deficit recorded was lowest during 2009-10. However, there were surplus during the last two years and the highest was recorded in the current year.

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

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in the **Table 1.66**. 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 1.66: Components of fiscal deficit and its financing pattern**

(₹ in crore)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP
<b>Decomposition of fiscal deficit</b>	234.00	7.25	168.86	2.75	316.25	4.43	180.15	2.14	65.59	0.66
1 Revenue Surplus	377.65		516.35		139.78		442.50		780.97	7.84
2 Misc. Capital Receipts	-	-	-	-	-	-	42.25	0.50	0.00	
3 Net capital expenditure	611.78	18.95	648.53	10.57	451.07	6.31	615.76	7.33	842.35	8.46
4 Net loans and advances	(-)0.13	0.004	36.68	0.60	4.96	0.07	49.14	0.59	4.21	0.04
<b>Financing pattern of fiscal deficit*</b>										
1 Market borrowings	276.88	8.57	324.31	5.29	43.65	0.61	41.59	0.50	133.64	1.34
2 Loans from GOI	(-)15.71	(-) 0.49	(-)18.49	(-) 0.30	(-)21.86	(-) 0.31	(-)2.81	0.03	(-)7.95	-0.08
3 Special securities issued to NSSF**	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.	29.27	0.91	45.58	0.74	98.51	1.38	68.52	0.82	(-) 45.35	-0.46
6 Deposits and advances	23.24	0.72	9.90	0.16	20.01	0.28	17.92	0.21	0.00	
7 Suspense and misc.	-5.42	(-) 0.17	103.65	1.69	-97.71	(-) 1.37	37.80	0.45	41.02	0.41
8 Remittances	49.13	1.52	14.81	0.24	-28.26	(-) 0.40	118.16	1.41	(-) 60.11	-0.6
9 Reserve funds	13.08	0.41	8.87	0.14	20.78	0.29	78.57	0.94	(-) 8.22	-0.08
10 Increase (-)/decrease (+) in cash balance	136.47	4.23	319.77	5.21	281.20	3.94	(-)179.60	2.14	(-)118.62	-1.19
11 Net of Contingency Fund transactions	0	0	0	0	0.10	0.001	0.00	0.00	0.00	0
<b>Total</b>	<b>234.00</b>		<b>168.86</b>		<b>316.25</b>		<b>180.15</b>		<b>65.59</b>	<b>0.66</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 increased by ₹ 338.47 crore during the current year. The capital expenditure increased during the current year. However, the net loans and advances decreased during the current 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 ₹ 780.97 crore during 2012-13, there was fiscal deficit of ₹ 65.59 crore due to increase in capital expenditure.

### 1.13.3 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 1.67**) 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 1.67: 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
2012-13	3,289.26	2,308.47	842.35	5.11	3,155.93	(+) 980.79	(+) 133.33

Source: Finance Accounts

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2008-13 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>17</sup> of ₹ 133.33 crore in the current year.

### 1.14 Follow up

The preparation of standalone Report of the State Finances had been started since 2008-09 onwards and no Report of the State Finances had been discussed by the Public Accounts Committee (PAC) so far and hence, no recommendation by the PAC/Finance Commission

<sup>17</sup> Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.



had been made on the Reports of the State Finances and no assurances had been given by executive departments on those Reports.

### 1.15 Conclusion and Recommendations

The fiscal position of the State viewed in terms of key fiscal parameters-revenue surplus, fiscal deficit, primary deficit, etc., indicated that the State had been able to maintain revenue surplus during the last five years. The revenue surplus recorded increase (₹ 338.47 crore) for the second year in a row. This was due to increase in revenue receipts (14.49 *per cent*). Similarly, the revenue expenditure also increased by 3.20 *per cent* (₹ 77.78 crore). The share of committed expenditure in the NPRES was 82.85 *per cent* leaving not much funds for developmental purposes. Capital expenditure increased by ₹ 226.59 crore over the previous year. The fiscal deficit recorded a downward trend for the second year in a row showing decrease of ₹ 114.56 crore from ₹ 180.15 crore in 2011-12 to ₹ 65.59 crore in 2012-13. There was primary surplus of ₹ 133.33 crore in 2012-13.

The grants-in-aid component constituting 56.33 *per cent* of the State's revenue receipts during the year increased by ₹ 129.90 crore. The State continued to be dependent upon central transfers and grants-in-aid, which is evident from the fact that 77.58 *per cent* of the revenue receipts during the year came from the Government of India.

Developmental expenditure of ₹ 1,469.04 crore in 2008-09 increased to ₹ 2,367.72 in 2012-13 and its share in aggregate expenditure decreased from 73.72 *per cent* in 2008-09 to 70.58 *per cent* in 2012-13. The percentage of development expenditure to aggregate expenditure decreased by 3.14 as compared to 2008-09, but the share of development expenditure in aggregate expenditure had always been over 70 *per cent* during 2008-13 except 2010-11.

As compared to the previous year, the revenue receipts of the State had increased and there was increase in tax and non-tax revenue<sup>18</sup> which is a positive development.

The growth in revenue receipts was higher than the growth of revenue expenditure in 2012-13. The growth of revenue expenditure was lower than the growth of GSDP. For every one *per cent* growth in GSDP, revenue expenditure grew by 0.21 *per cent*.

There was 6.86 *per cent* and 17.07 *per cent* growth of revenue expenditure under Economic Sector and General Sector respectively while there was decrease in revenue expenditure under Social Sector by 8.16 *per cent*.

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

Nearly 25 *per cent* of the total expenditure constituted capital expenditure and as compared to the previous year capital expenditure increased by ₹ 226.59 crore (36.80 *per cent*).

Funds aggregating ₹ 910.79 crore remained blocked (31 March 2013) on 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.

<sup>18</sup> Net of Lottery expenditure.



The debt-GSDP ratio decreased from 36.68 *per cent* in 2011-12 to 33.60 *per cent* in 2012-13. The ratio was much below the normative assessment made by the XIII FC for the current year. The fiscal liabilities stood at nearly 0.98 times of the revenue receipts and 4.54 times of the State's own resources at the end of 2012-13. The buoyancy of these liabilities with respect to GSDP during the year was 0.37 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.37 *per cent*.

The return from investment was 1.57 *per cent* and some of the Companies/Corporations were under perennial loss. Effective steps need to be taken by the State Government either to revive the units or close down the units incurring losses to avoid further financial burden on the Government.

# **Chapter II**

## **Financial Management and Budgetary Control**

## CHAPTER II

### FINANCIAL MANAGEMENT AND BUDGETARY CONTROL

#### 2.1 Introduction

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

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

#### 2.2 Summary of Appropriation Accounts

##### 2.2.1 Summarised position of expenditure and provisions

The summarised position of actual expenditure during 2012-13 against 46 grants/appropriations is given in **Table 2.1**:

**Table 2.1: Summarised position of actual expenditure vis-à-vis original/supplementary provisions**

(₹ in crore)						
Nature of expenditure		Original grant/ appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	3,492.74	32.83	3,525.57	2,786.28	(-)739.29
	II Capital	1,478.59	49.61	1,528.20	847.35	(-)680.85
	III Loans and Advances	0.40	-	0.40	0.11	(-)0.29
Total Voted		4,971.73	82.44	5,054.17	3,633.74	(-)1420.43
Charged	IV Revenue	2,32.61	-	232.61	229.19	(-)3.42
	V Capital	-	-	-	-	-
	VI Public Debt-Repayment	72.76	-	72.76	71.12	(-)1.64
Total Charged		305.37	-	305.37	300.31	(-)5.06
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		5,277.10	82.44	5,359.54	3,934.05	(-)1,425.49

Source: Appropriation Accounts

The overall saving of ₹ 1,425.49 crore was the result of savings of ₹ 1,447.59 crore in 40 grants and one appropriation under Revenue Section, 31 grants under Capital Section and one grant (Public Debt-Repayments) under Loan Section, offset by excess of ₹ 22.10 crore in 18 grants/appropriations under Revenue Section.

The savings/excesses were intimated (July 2013) to the Controlling Officers requesting them to explain the significant variations. Out of 519 sub-heads, replies/explanations in respect of 215 savings and 106 excess cases were received, while replies/explanations for variation in respect of 144 savings and 54 excess were not received (October 2013).

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

As per Sikkim Financial Rule (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 Principal Accountant General. The total amount of DC bills received during the period 2009-2013 was only ₹ 172.21 crore against the amount of AC bills of ₹ 313.43 crore (₹ 116.76 crore (OB) + ₹ 196.67 crore) leading to an outstanding balance of DC bills of ₹ 141.22 crore as on 31 March 2013. 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
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
2012-13	144.06	50.11	194.17	52.95	27.33	141.22
		196.67		172.21		

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

Department-wise pending DC bills for the years up to 2012-13 is detailed in **Appendix 2.1**. As would be seen from the appendix, the defaulting departments were Land Revenue and Disaster Management (₹ 23.74 crore), Food Security and Agriculture (₹ 16.37 crore), Tourism (₹ 16.22 crore), Horticulture and Cash Crop Management (₹ 12.12 crore) and Home (₹ 10.07 crore).

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

## 2.3 Financial accountability and budget management

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

The outcome of the appropriation audit reveals that in 26 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 ₹ 1,447.59 crore, savings of ₹ 1,107.48 crore (76.50 per cent)<sup>1</sup> occurred in 9 cases relating to 9 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	1,018.43	0	1,018.43	769.50	248.93
2	12 Forestry and Environment Management	167.97	0.01	167.98	66.73	101.24
3	19 Irrigation and Flood Control	147.95	2.00	149.95	56.03	93.93
4	22 Land Revenue & Disaster Management	338.53	0.01	338.54	166.51	172.03
<b>CAPITAL - VOTED</b>						
5	22 Land Revenue & Disaster Management	217.11	0	217.11	147.25	69.86
6	31 Energy and Power	103.37	0	103.37	42.67	60.69
7	33 Water Security and Public Health Engineering	114.20	8.10	122.30	41.00	81.30
8	40 Tourism	151.89	4.75	156.64	48.50	108.15
9	41 Urban Development and Housing	218.02	2.74	220.76	49.41	171.35
<b>TOTAL</b>		<b>2,477.47</b>	<b>17.61</b>	<b>2,495.08</b>	<b>1,387.60</b>	<b>1,107.48</b>

Source: Appropriation Accounts

Reasons for savings were mainly due to (i) non-receipt of claims and (ii) less payment of interest.

### 2.3.2 Persistent savings

In six 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 2008-09 to 2012-13**

(₹ in crore)

Sl. No.	No. and Name of Grant	Amount of savings				
	REVENUE - VOTED	2008-09	2009-10	2010-11	2011-12	2012-13
1	19 - Irrigation & Flood Control	34.70 (56.45)	15.07 (28.93)	28.05 (39.01)	76.84 (65.46)	93.92 (62.64)
2	29 - Development Planning, Economic Reforms and North Eastern Council Affairs	12.54 (61.81)	14.96 (60.96)	86.93 (91.32)	58.81 (84.55)	09.60 (35.57)
3	22 - Land Revenue and Disaster Management	26.01 (38.34)	27.18 (40.78)	35.60 (54.63)	163.20 (36.81)	172.04 (50.81)
	CAPITAL - VOTED					
4	31 - Energy and Power	85.93 (62.23)	43.90 (30.31)	65.89 (66.72)	39.28 (51.76)	60.69 (58.71)
5	34 - Roads & Bridges	54.60 (26.62)	63.63 (45.87)	125.54 (58.80)	151.39 (56.80)	48.09 (20.07)
6	40 - Tourism	64.72 (58.82)	23.91 (32.77)	54.87 (52.81)	127.19 (69.05)	108.15 (69.03)

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.

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

### 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 ₹ 0.16 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 this effect.

**Table 2.5: Expenditure incurred without provision during 2012-13**

(₹ in crore)

Grant No.	Name	Head of Account	Amount of expenditure without provision	Reasons/Remarks
43	Panchayati Raj Institution	2515-101	0.16	Reasons not intimated
		<b>Total</b>	<b>0.16</b>	

Source: Appropriation Accounts

Expenditure without provision indicated inadequacy in internal control.

### 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 33 heads during March 2013 and last quarter of the year 2012-13 respectively as listed in **Appendix 2.3**.

In four and three cases, expenditure during the last quarter and March 2013 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 provisions relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure has been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). However, excess expenditure amounting to ₹ 8.87 crore for the years 2008-2012 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 provisions relating to previous years requiring regularisation**

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2008-09	02 (Grant Nos. 33,10)	-	1.98	Under examination 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-
2011-12	03 (Grant Nos. 16,26,42,24)		0.20	-do-
<b>Total</b>			<b>8.87</b>	

Source: Appropriation Accounts

### 2.3.6 Excess over provisions during 2012-13 requiring regularisation

**Table 2.7** contains the summary of total excess in 18 grants/appropriations amounting to ₹ 22.10 crore over authorisation from the Consolidated Fund of State during 2012-13 and requires regularisation under Article 205 of the Constitution.

Table 2.7: Excess over provisions requiring regularisation during 2012-13

(₹ in lakh)

Sl.No.	Number and title of Grant/Appropriation	Total grant/appropriation	Expenditure	Excess
<b>A. VOTED Grants -</b>				
1	3 Buildings	1,603.72	1,740.90	137.18
2	5 Cultural Affairs and Heritage	699.00	719.90	20.90
3	9 Excise	599.53	603.31	3.78
4	16 Commerce and Industries	2,238.21	2,354.32	116.11
5	17 Information and Public Relation	1,147.92	1,159.55	11.63
6	24 Legislature	1,175.81	1,185.37	9.56
7	25 Mines Mineral and Geology	304.69	314.78	10.09
8	26 Motor Vehicles	348.07	373.95	25.88
9	27 Parliamentary Affairs	111.36	111.66	0.30
10	31 Energy and Power	9,729.03	10,721.30	992.27
11	32 Printing	609.01	640.55	31.54
12	33 Water Security and Public Health Engineering	1403.04	1,524.21	121.17
13	34 Roads and Bridges	4690.28	4,879.77	189.49
14	35 Rural Management and Development	5228.09	5,608.70	380.61
15	36 Science, Technology and Climate Change	153.10	153.20	0.10
16	40 Tourism	1453.63	1,585.53	131.90
17	42 Vigilance	443.30	470.12	26.82
18	- Governor	533.56	533.92	0.36
<b>TOTAL</b>		<b>32,471.35</b>	<b>34,681.04</b>	<b>2209.69</b>

Source: Appropriation Accounts

**2.3.7 Unnecessary/excessive/inadequate supplementary provision**

Supplementary provision aggregating ₹ 67.64 crore obtained in 18 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 ₹ 3.31 crore in 05 sub-heads. There was excess of ₹ 0.96 crore in three sub-heads as detailed in **Appendix 2.5** and savings of ₹ 2.35 crore in two 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 62 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 ₹ 946.23 crore in those 62 sub-heads, ₹ 720.95 crore (76.19 *per cent*) constituting 13.45 *per cent* of total budget provision (₹ 5,359.54) were surrendered, which included cent *per cent* surrender in 11 schemes (₹ 22.99 crore). The details of such cases are given in **Appendix 2.7**.

**2.3.10 Surrender in excess of actual saving**

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 those departments. As against savings of ₹ 200.45 crore, the amount surrendered was ₹ 248.92 crore resulting in excess surrender of ₹ 48.47 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	1 Food Security and Agriculture Development	66.85	2.63	3.18	0.55
2	2 Animal Husbandry, Livestock, Fisheries and Veterinary Services	39.73	3.13	3.94	0.81
3	7 Human Resources and Development	328.96	28.54	42.08	13.54
4	19 Irrigation and Flood Control	149.95	93.93	94.78	0.85
5	43 Panchayat Raj Institutions	336.41	21.67	31.47	9.80
	<b>Total</b>	<b>921.90</b>	<b>149.9</b>	<b>175.45</b>	<b>25.55</b>
<b>REVENUE - CHARGED</b>					
6	10 Finance, Revenue and Expenditure	215.38	2.46	9.88	7.42
	<b>Total</b>	<b>215.38</b>	<b>2.46</b>	<b>9.88</b>	<b>7.42</b>
<b>CAPITAL - VOTED</b>					
7	34 Roads and Bridges	239.60	48.09	63.58	15.49
	<b>Total</b>	<b>239.6</b>	<b>48.09</b>	<b>63.58</b>	<b>15.49</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 2012-13, there were, however, five grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in those cases was ₹ 9.82 crore (0.69 per cent of the total savings) (**Appendix 2.8**).

Similarly, out of total savings of ₹ 1,447.59 crore, savings of ₹ 1 crore and above under 08 grants/appropriations were noticed aggregating ₹ 172.60 crore representing 11.92 per cent of total savings in those grants/appropriation that were not surrendered, details of which are given in **Appendix 2.9**. Besides, in 49 cases, (surrender of funds in excess of ₹ 1 crore or more), ₹ 1,192.90 crore (**Appendix 2.10**) were surrendered (major departments involved were Finance, Revenue and Expenditure, Irrigation and Flood Control, Urban Development and Housing, Tourism and Land Revenue & Disaster Management) on the last two working days of March 2013 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

**2.4 Contingency Fund**

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

A total amount of ₹ 8.01 lakh, advanced during 2012-13 was subsequently recouped during the end of the year 2012-13.

## 2.5 Outcome of review of selected grants

### 2.5.1 Grant 29 – Development Planning, Economic Reforms and North Eastern Council Affairs Department

A review on budgetary procedure and control over expenditure for the period 2008-09 to 2012-13 was conducted (May-June 2013) in respect of “Grant No. 29 – operated by two Departments namely (i) Development Planning, Economic Reforms and North Eastern Council Affairs (DPERNECA), Government of Sikkim (Major Head 2575, 3451 & 4575) and (ii) Department of Economics Statistics, Monitoring & Evaluation (DESME), Government of Sikkim (Major Head 3454)” respectively. Significant observations noticed during the review are detailed below:

#### 2.5.1.1 Summarised position

The summarised position of actual expenditure against grants during 2008-09 to 2012-13 in respect of Grant No.29 pertaining to the DPERNECA & DESME 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
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54 (62)	12.49
		Capital	4.22	6.37	10.59	10.27	0.32 (3)	Nil
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96 (61)	14.92
		Capital	10.00	Nil	10.00	11.79	Nil*	Nil
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93 (91)	85.22
		Capital	19.00	3.70	22.70	11.34	11.37 (50)	Nil
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81 (85)	57.98
		Capital	19.00	1.50	20.50	17.87	2.63 (13)	Nil
2012-13	Voted	Revenue	17.90	1.55	19.45	17.06	2.39 (12)	Nil
		Capital	19.00	8.00	27.00	17.40	9.60 (36)	Nil
Total		Revenue	223.85	5.16	229.01	53.39	175.63 (77)	172.77
		Capital	71.22	19.57	90.79	68.67	23.92 (26)	Nil

Source: Appropriation Accounts.

Figures in brackets indicate percentage of savings to total provisions.

\* ₹ 1.79 crore (excess expenditure)

#### 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, it was noticed that against the additional requirement of ₹ 6.05 crore for 2008-09 under the Capital Head, the supplementary grant of ₹ 6.37 crore was obtained, resulting in savings of ₹ 0.32 crore. Similarly, supplementary grant of ₹ 0.69 crore, ₹ 0.96 crore, ₹ 0.87 crore, and ₹ 1.09 crore during the years 2008-09, 2009-10, 2010-11 and 2011-12 respectively under Revenue Head and ₹ 3.70 crore, ₹ 1.50 crore and ₹ 8 crore during the years 2010-11, 2011-12 and 2012-13 respectively under Capital Head were unnecessary as the final expenditure of ₹ 7.75 crore, ₹ 9.58 crore, ₹ 8.26 crore and ₹ 10.74 crore under Revenue Head and ₹ 11.34 crore, ₹ 17.87 and ₹ 17.40 crore under Capital Head were within the original provision.

Further, supplementary grant obtained during the period from 2008-09 to 2012-13 revealed that the supplementary grant of ₹ 3.61 crore under Revenue Head for 2008-09 to

2011-12 and ₹ 5.20 crore under Capital Head for 2010-11 and 2011-12 was obtained in anticipation of higher expenditure. However, the final expenditure of ₹ 65.54 crore (Revenue + Capital Heads) was even less than the original grant of ₹ 243.95 crore (Revenue + Capital Heads). The savings of ₹ 187.24 crore under the grant, thus, exceeded the entire supplementary grant of ₹ 8.81 crore (Revenue + Capital Heads) indicating unnecessary allotment of additional funds in those 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
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93
		Capital	19.00	3.70	22.70	11.34	11.37
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81
		Capital	19.00	1.50	20.50	17.87	2.63
		Revenue	205.95	3.61	209.56	36.33	173.24
		Capital	38.00	5.20	43.20	29.21	14.00
<b>Total (Revenue + Capital)</b>			<b>243.95</b>	<b>8.81</b>	<b>252.76</b>	<b>65.54</b>	<b>187.24</b>

Source: Appropriation Accounts

### 2.5.1.3 Persistent savings

Persistent 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 91 per cent of the provision were noticed both under Revenue and Capital Heads during the entire review period from 2008-09 to 2012-13 under Grant No. 29 as detailed in **Table 2.9**.

### 2.5.1.4 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment thereto. Further, analysis of budget provision and actual expenditure for the period 2008-09 to 2012-13 covered under review revealed that there were substantial savings both under Revenue and Capital Heads ranging from 50 to 91 per cent indicating inaccurate and unrealistic budget estimates. The cases of substantial savings (five cases) involving more than 50 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
2008-09	Voted	Revenue	19.60	0.69	20.29	7.75	12.54 (62)
2009-10	Voted	Revenue	23.58	0.96	24.54	9.58	14.96 (61)
2010-11	Voted	Revenue	94.31	0.87	95.18	8.26	86.93 (91)
		Capital	19.00	3.70	22.70	11.34	11.37 (50)
2011-12	Voted	Revenue	68.46	1.09	69.55	10.74	58.81 (85)

Source: Appropriation Accounts

Figures in brackets indicate percentage of savings to total provisions.

### 2.5.1.5 Substantial surrenders

Substantial surrenders were made in respect of 8 heads of accounts during the period of review (2008-13) either due to non-implementation or slow implementation of schemes/programmes. The percentage of surrenders ranged from 26 to 96 per cent as shown below:

Table 2.12: Details of substantial surrenders

(₹ in lakh)

Year	Major Head	Final grant	Amount of surrender	Percentage of surrender
2008-09	2575 –Other Special Areas Programmes (Plan)	150.00	122.53	82
	3451 –Secretariat Economic Services (Plan)	1,496.00	1,126.09	75
2009-10	2575 –Other Special Areas Programmes (Plan)	150.00	105.30	70
	3451 –Secretariat Economic Services (Plan)	1,842.00	1,386.80	75
2010-11	2575 –Other Special Areas Programmes (Plan)	100.00	52.04	52
	3451 –Secretariat Economic Services (Plan)	8,782.00	8,442.24	96
2011-12	3451 –Secretariat Economic Services (Plan)	6,276.76	5,678.68	90
	3454 –Census Survey & Statistics (Non Plan)	149.62	80.00	53
2012-13	3451 –Secretariat Economic Services (Plan)	703.94	180.00	26

Source: Appropriation Accounts

**2.5.1.6 Anticipated savings not surrendered**

In terms of SFR, the spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant 29 revealed that despite the savings, no funds were surrendered by the departments in the following cases:

Table 2.13: Details of anticipated savings not surrendered

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Savings	Amount surrendered
2008-09	2575 –Other Special Areas Programmes (Plan)	31.89	29.33	Nil	2.56	Nil
	3451 –Secretariat Economic Services (Plan)	369.91	369.64	Nil	0.27	Nil
	3454 –Census Survey & Statistics (Plan)	193.00	192.50	Nil	0.50	Nil
	3451 –Secretariat Economic Services (Non Plan)	21.54	20.22	Nil	1.32	Nil
	3454 –Census Survey & Statistics (Non Plan)	106.25	105.90	Nil	0.35	Nil
	3454 –Census Survey & Statistics (CSS)	57.07	56.96	Nil	0.11	Nil
	4575 –Capital Outlay on Other Special Areas Programme.	1,059.15	1,026.57	Nil	32.58	Nil
2009-10	2575 –Other Special Areas Programmes (Plan)	44.70	44.50	Nil	0.20	Nil
	3451 –Secretariat Economic Services (Plan)	395.20	392.48	Nil	2.72	Nil
	3454 –Census Survey & Statistics (Plan)	256.57	255.99	Nil	0.58	Nil
	3454 –Census Survey & Statistics (CSS)	82.93	82.64	Nil	0.29	Nil
2010-11	2575 –Other Special Areas Programmes (Plan)	47.96	46.48	Nil	1.48	Nil
	3451 –Secretariat Economic Services (Plan)	339.77	331.79	Nil	7.98	Nil
	3454 –Census Survey & Statistics (Plan)	328.19	247.49	Nil	80.70	Nil
	3451 –Secretariat Economic Services (Non Plan)	40.37	40.10	Nil	0.27	Nil
	3454 –Census Survey & Statistics (Non Plan)	160.86	80.80	Nil	80.06	Nil
	3454 –Census Survey & Statistics (CSS)	79.40	79.23	Nil	0.17	Nil
	4575 –Capital Outlay on Other Special Areas Programme.	2,270.50	1,133.84	Nil	1,136.67	Nil
2011-12	2575 –Other Special Areas Programmes (Plan)	100.00	48.36	Nil	51.64	Nil
	3451 –Secretariat Economic Services (Plan)	598.09	582.34	Nil	15.75	Nil
	3454 –Census Survey & Statistics (Plan)	207.06	206.25	Nil	0.81	Nil
	3454 –Census Survey & Statistics (CSS)	140.05	126.22	Nil	13.83	Nil

Year	MH affecting the grant	Total grant (Original + Supplementary)	Actual expenditure	Amount of re-appropriation	Savings	Amount surrendered
	Statistics (CSS)					
	4575 –Capital Outlay on Other Special Areas Programme.	2,050.00	1,786.92	Nil	263.08	Nil
2012-13	3451 –Secretariat Economic Services (Plan)	523.94	522.51	Nil	1.43	Nil
	3454 –Census Survey & Statistics (Plan)	838.46	819.41	Nil	19.05	Nil
	4575 –Capital Outlay on Other Special Areas Programme.	2,809.50	2,591.81	Nil	217.69	Nil

Source: Appropriation Accounts

### 2.5.1.7 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 ₹ 66.11 crore provided for various activities were not utilised as indicated below:

Table 2.14: Details of non-utilisation of funds

		(₹ in lakh)	
Year	MH affecting the grant	Amount of grant	Expenditure
2008-09	3451 –Minor Works (Plan)	11.50	Nil
	3451 –Capacity Building/Training (Plan)	7.80	Nil
2009-10	3451 –Minor Works (Plan)	0.14	Nil
	3451 –Lumpsum provision for revision of pay (Plan)	62.84	Nil
	3454 - Lumpsum provision for revision of pay (Plan)	30.00	Nil
	3451 - Lumpsum provision for revision of pay (Plan)	34.40	Nil
2010-11	3451 –Area Specific Development (ACA) (Plan)	800.00	Nil
	3451 –Proverty Free Sikkim (Plan)	4,361.00	Nil
	3454 –Unique Identification Scheme (Plan)	22.00	Nil
	3454 –Improvement in Statistical System (Plan)	80.00	Nil
	3454 –Improvement in Statistical System (Non Plan)	80.00	Nil
	3454 –Conduct of Survey of Non-Profit Institution in India (100% CSS)	6.00	Nil
2011-12	3451 –Area Specific Development (ACA) (Plan)	800.00	Nil
	3451 –Year of Innovation (Plan)	100.00	Nil
	3454 – Incentive for issuing UID (Plan)	22.00	Nil
	3454 –Improvement in Statistical System (Non Plan)	80.00	Nil
	3454 –Conduct of Economic Census (100% CSS)	10.00	Nil
	3454 –Urban Statistics for HR & Assessment Scheme (USHA) (100% CSS)	3.00	Nil
2012-13	3451 –Planning Resource Centres	100.00	Nil
Total		6,610.68	

Source: Appropriation Accounts

### 2.5.1.8 Rush of expenditure

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the last quarter was noticed in the grant under review. Rush of expenditure during March ranged from 8 to 40 per cent of the total expenditure as shown below:

Table 2.15: Trend of rush of expenditure

(₹ in lakh)					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditure during April to December	1,258.30	968.48	1,477.84	2,377.72	2,803.48
Expenditure during January to February	284.17	198.53	361.94	128.72	406.71
Expenditure during March (Percentage of expenditure during March to total expenditure in bracket)	252.59 (14)	780.02 (40)	171.54 (8)	539.78 (18)	637.99 (17)
Total	1,795.06	1,947.03	2,011.32	3,046.22	3,848.18

Source: Appropriation Accounts

Figures in brackets indicate percentage of expenditure in March to total expenditure

Further analysis revealed that rush of expenditure during the closing month of the year ranging from 25 to 100 *per cent* of total expenditure were noticed in 25 Heads under Grant No.29 as detailed in **Appendix –2.11**.

## 2.6 Conclusion

Against the total provision of ₹ 5,359.54 crore during 2012-13, an expenditure of ₹ 3,934.05 crore was incurred. This resulted in an unspent provision of ₹ 1,425.49 crore (26.60 *per cent*). Excess expenditure of ₹ 30.97 crore during 2008-09 to 2012-13 required regularisation under Article 205 of the Constitution. Expenditure aggregating ₹ 0.16 crore in one case was incurred without any provision. While supplementary provision of ₹ 47.21 crore in 18 cases was unnecessary, re-appropriation of funds in five cases was made injudiciously resulting in either un-utilised provision or excess over provision. In 49 cases, ₹ 1,192.90 crore was surrendered on the last two working days of the financial year. ₹ 141.22 crore drawn during 2008-13 as advances remained to be settled, distorting the amount of expenditure being shown as such.

## 2.7 Recommendations

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

# **Chapter III**

## **Financial Reporting**



## CHAPTER III

### FINANCIAL REPORTING

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

#### 3.1 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, 423 utilisation certificates (UCs) aggregating to ₹ 20.15 crore in respect of grants-in-aid paid up to 2012-13<sup>1</sup>, were in arrears as of March 2013 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	41	107.46	14	56.91
2	7-9	10	29.24	6	18.24
3	5-7	563	548.81	12	279.85
4	3-5	63	744.00	6	209.17
5	1-3	1	16.00	1	10.00
6	0-1	513	2,444.46	384	1,440.90
Total		1,191	3,889.97	423	2,015.07

Source: Information furnished by the State Government departments

Major cases of non-submission of UCs related to Health Care, Human Services and Family Welfare Department (28 per cent) and Ecclesiastical Department (22 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.

<sup>1</sup> Grants-in-aids paid during 2012-13, although not due for submission of UCs within 2012-13, were in arrears.

### 3.1.1 Review of grants

A detailed review on utilisation of grants in Animal Husbandry, Livestock, Fisheries and Veterinary Services Department (AHLFVSD) revealed the following:

➤ According to Sikkim Financial Rules (SFR), Institutions or Bodies receiving grants exceeding ₹ 1 lakh per annum recurring or ₹ 5 lakh non-recurring should be required to maintain subsidiary accounts of the Government grants and to furnish to the Principal Accountant General:

- A copy of the audited statement of its accounts; and
- A copy of their constitution.

Test check revealed (June 2013) that the AHLFVSD released ₹ 17.44 crore in the form of grants to various bodies<sup>2</sup> during the year 2008-09 to 2012-13. However, 52 UCs involving ₹ 4.38 crore were not received till June 2013 as detailed in **Appendix 3.2**. Similarly, annual accounts since 2008-09 had not been received from various grantee units as detailed in **Appendix 3.3**.

Audit scrutiny on release of grants to those various bodies revealed (June 2013) the following:

➤ Sachiva, ZPs and DDOs were released grants of ₹ 191.27 lakh (Sachiva, ZPs: ₹ 99.02 lakh<sup>3</sup> and DDOs: ₹ 92.25 lakh<sup>4</sup>) mainly for conducting of awareness camps, establishment of piggery breeding farms, distribution of equipment related to poultry farming and construction of veterinary dispensaries in East, North, West and South districts. However, those Sachivas, ZPs and DDOs concerned had neither submitted the UCs and annual accounts for the grants received, nor had the AHLFVSD insisted upon the same. Under the circumstances, audit could not vouchsafe as to whether the funds had been utilised and objectives of grants achieved. It may also be mentioned that the release of grants in subsequent years without the receipt of UCs of earlier grants was in violation of Rule 116 of SFR.

➤ Managing Director, Sikkim Poultry Development Corporation (SPDC) and Sikkim Hatcheries Limited (SHL) released grants of ₹ 668.67 lakh<sup>5</sup> for implementation of poultry mission, tribal sub-plan etc. However, the SPDC and SHL had not submitted the UCs and the annual accounts on the grants for the year 2008-09 for which the scrutiny on grant of ₹ 15 lakh could not be exercised. Similarly, for 2009-10, although the annual accounts was submitted, the UCs were submitted for only ₹ 95 lakh against the grants of ₹ 375 lakh. The SHL on its own had submitted only the annual accounts from 2010-11 to

<sup>2</sup> Sachiva; ZP of four districts; DDOs of four districts; SPDC & SHL; SCMPUL; NDMPUL; SARAH and Others.

<sup>3</sup> 2008-09: ₹ 13 lakh; 2009-10: ₹ 16.02 lakh and 2011-12: ₹ 70 lakh.

<sup>4</sup> 2008-09: ₹ 57.25 lakh and 2009-10: ₹ 35 lakh.

<sup>5</sup> 2008-09: ₹ 15 lakh; 2009-10: ₹ 375 lakh; 2010-11: ₹ 168.67 lakh; 2011-12: ₹ 100 lakh and 2012-13: ₹ 10 lakh.

2011-12 without any UC. Further, scrutiny on annual accounts as compared with the grants released as per Cash Book revealed that there were differences in accounting the grants in the annual accounts as shown below:

**Table-3.2: Differences between Cash Book and Annual Accounts**

(₹ in lakh)

Year	Figures as per Cash Book	Figures as per Annual Accounts	Differences (+) Excess and (-) Short
2009-10	375.00	225.00	(-) 150.00
2010-11	168.67	319.92 <sup>6</sup>	(+) 151.25

The inconsistencies in the figures were not reconciled.

Scrutiny of UCs along with annual accounts of SPDC for the year 2011-12 revealed that ₹ 10 lakh was shown as utilised for monitoring and evaluation on Poultry Mission Phase II. However, the expenditure figures in annual accounts did not show any expenditure against the same. Further, no report/document of having conducted the monitoring and evaluation of Poultry Mission Phase II could be shown to Audit.

Scrutiny of annual accounts of SPDC and SHL for the year 2011-12 revealed that the revenue of ₹ 12.82 lakh (₹ 9.51 lakh by SPDC and ₹ 3.31 lakh by SHL) towards VAT, Cess, royalty and Income Tax payable to the Government was irregularly retained in violation of SFR. Those receipts were retained since December 2009.

It was also noticed that an advance of ₹ 35.32 lakh (₹ 11.90 lakh and ₹ 23.42 lakh) was rendered to various officers/officials. These advances remained outstanding with progressive accumulation since 2009 without any effective step to adjust the same.

➤ Managing Director, Sikkim Co-operative Milk Producers' Union Limited (SCMPUL) released grants of ₹ 571.24 lakh for conducting of various activities under Intensive Dairy Development Programme (IDDP), Clean Milk Production (CMP), Rashtriya Krishi Vikas Yosana, etc. However, against the grants of ₹ 571.24 lakh, SCMPUL submitted UCs for ₹ 391.30 lakh leaving a balance of ₹ 179.94 lakh, for the year 2012-13.

Scrutiny of annual reports for the years 2009-10 to 2011-12 revealed that although the number of Dairy Co-operative Societies (DCS) increased from 287 to 303, the functional DCS decreased from 179 to 168 and non-functional DCS increased from 108 to 135. It indicated that the SCMPUL was primarily concerned with the increase in the number of Societies irrespective of the programme objective of increasing the milk production. This had led to formation of such DCS which were unviable as was evident from the increase in the number of non-functional DCS. It was also noticed that against the projection of 303 number of DCS involving 9,758 number of producer members, the SCMPUL had

<sup>6</sup> Includes: ₹ 5 lakh received by SHL

approved sanction (2011-12) to impart training to 8,000 farmers at a cost of ₹ 20 lakh under CMP, but the SCMPUL could impart training to only 228 number of farmers by spending ₹ 0.57 lakh, leading to non imparting of training to 7,772 number of farmers and non utilisation of funds to the extent of ₹ 19.43 lakh.

Scrutiny further revealed that the sundry debtors (unsecured) had increased from ₹ 33.90 lakh in 2008-09 to ₹ 67.52 lakh in 2011-12 and similarly, the unsecured loans and advances remained static at ₹ 18.45 lakh in 2009-10 to ₹ 18.47 lakh in 2011-12. The details of those sundry debtors and loans and advances had not been appended to the annual accounts, and hence analysis for ageing could not be done. Reasons for increase in sundry debtors (unsecured) and unsecured loans & advances and initiative not taken to contain those items could not be stated to Audit.

➤ Managing Director, North Dairy Milk Producers' Union Limited (NDMPUL) released grants of ₹ 160.35 lakh for conducting various activities under CMP, Border Area Development Programme etc. However, scrutiny revealed (June 2013) that although the NDMPUL submitted the UCs for complete grants of ₹ 160.35 lakh, UCs of ₹ 36.67 lakh submitted for the year 2011-12 was not supported by annual accounts, for which the details of expenditure could not be analysed. It was also observed that the grants of ₹ 80.20 lakh released from SCP to SC and TSP during 2009-10 had not been reflected in the annual accounts. ₹ 0.84 lakh advanced to Joint Director as plant expenses also remained outstanding during March 2009 to March 2011. The position ending March 2013 could not be examined as the NDMPUL was yet to prepare the annual accounts of 2011-12 and 2012-13.

➤ Chairman, Sikkim Anti-Rabies and Animal Health (SARAH) released grants of ₹ 152.58 lakh for conducting of anti-rabies and animal health camps in the State. However, against the grants of ₹ 152.58 lakh, SARAH submitted the UCs for ₹ 100.58 lakh leaving the balance of ₹ 52 lakh. It was also noticed that AHLFVSD irregularly diverted ₹ 8 lakh during 2010-11 from the State Plan Scheme 'Poultry Mission', and released this as grants to SARAH. SARAH also retained the revenue of ₹ 0.34 lakh (VAT: ₹ 29,686, Cess: ₹ 2,546 and professional tax: ₹1,500) payable to the Government, in violation of SFR.

➤ The AHLFVSD released grants of ₹ 0.15 lakh (₹ 0.10 lakh to President, Sikkim Amateur Swimming Association during 2008-09 and ₹ 0.05 lakh to President, All Sikkim SC Welfare Association, Gangtok during 2011-12) by diverting provision, under 'office expenses' and 'poultry mission'. However, neither any UC was submitted by those grantee units, nor was it insisted upon by the AHLFVSD.

➤ The Watch Register is an important document to keep a watch over the utilisation of grants. It was however noticed that the Department had not maintained the said register

for which it could not keep proper watch on the utilisation of 52 grants involving ₹ 4.38 crore released during the years 2008-09 to 2012-13.

During discussion, the Secretary, AHLFVSD assured (June 2013) that all the points as raised above would be attended to.

### 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 32 Bodies and Authorities pertaining to grants received, aggregating ₹ 25 lakh or more, for the period ranging from one year to more than five years, as detailed in **Appendix 3.4**.

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

Several Autonomous Bodies had been set up by the State Government in the field of Rural Development, Urban Development, Khadi and Village Industries, State Health and Family Welfare, Science and Technology, etc. The audit of accounts of eight Bodies in the State have been entrusted to the CAG. Those are audited with regard to their transactions, operational activities and accounts, conducting regulatory/compliance audit, review of internal management and financial controls, review of systems and procedures, etc.

Separate Audit Reports of one Autonomous Body (SBS) for the year 2005-06, one Autonomous Body (STCS) for the years 2005-06 to 2007-08 and one Autonomous Body (SLSA) for the years 2006-07 to 2010-11 were yet to be placed before the State Legislature.

The status of entrustment of audit, rendering of accounts to Audit, issuing of Separate Audit Reports and their placement before the State Legislature are indicated in **Appendix 3.5**.

### 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<sup>7</sup> which had been closed/transferred/converted into co-operative federation, *pro forma* accounts were due from 2006-07 onwards. The position of arrears in preparation of *pro forma* accounts by the undertakings is given in **Appendix 3.6**.

### 3.5 Misappropriation, losses, etc.

There were six cases of misappropriation, losses, etc., involving Government money amounting to ₹ 1.96 crore at the end of 2012-13 on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.7** and nature of those cases are given in **Appendix 3.8**. The age-profile of the pending cases with the number of cases pending in each category of theft, misappropriation/loss, etc. was as under:

**Table - 3.3: Profile of pending cases of misappropriation, loss, defalcation, etc.**

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
16-20	1	12.54	Misappropriation	6	196.28
11-15	0	0	Loss of material		
6-10	5	183.74			
0-05	0	0			

Source: Information from State Government Departments

Around 85.83 per cent of the amount involved pertained to the 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), Sikkim.

All the 59 CCOs<sup>8</sup> for Receipt Heads had fully reconciled their receipt accounts. Also in respect of 59 CCOs for Expenditure Heads, reconciliation had been completed in all cases during 2012-13.

<sup>7</sup> Sikkim Jewels Limited; Sikkim Time Corporation Limited; Sikkim Precision Industries Limited; Sikkim Flours Mills Limited and Chandmari Workshop and Automobiles Limited.

<sup>8</sup> Chief Controlling Officers

### 3.7 Comments on Accounts

#### Suspense and Remittances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under those 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:

Table - 3.4: Details of 8658-Suspense Accounts

Minor Head	2010-11		2011-12		2012-13	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101-PAO - Suspense	453.16	0.11	763.17	468.14	813.19	469.45
<b>Net</b>	<b>Dr 453.05</b>		<b>Dr 295.03</b>		<b>Dr 343.74</b>	
102-Suspense Account (Civil)	90.64	(-)14.66	98.66	(-)13.15	30.33	(-)22.29
<b>Net</b>	<b>Dr 105.30</b>		<b>Dr 111.81</b>		<b>Dr 52.62</b>	
112 – Tax Deducted at Source	1,215.33	15,20.68	1,453.62	2,027.28	1,453.62	2,290.77
<b>Net</b>	<b>Cr 305.35</b>		<b>Cr 573.66</b>		<b>Cr 837.15</b>	
123-AIS Suspense	2.70	3.33	5.29	32.64	6.16	32.35
<b>Net</b>	<b>Cr 0.63</b>		<b>Cr 27.35</b>		<b>Cr 26.19</b>	
135-Cash Settlement between PAG, Sikkim and other States	21.68	...	75.43	12.34	79.24	12.34
<b>Net</b>	<b>Dr 21.68</b>		<b>Dr 63.09</b>		<b>Dr 66.90</b>	

Source: Finance Accounts

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

In the absence of any entitlement functions with the office of the Senior Deputy Accountant General (Accounts & Entitlement), 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 from ₹ 453.05 lakh in 2010-11 to ₹ 295.03 lakh in 2011-12 and again to ₹ 343.74 lakh in 2012-13.

#### ➤ 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 decreased from ₹111.81 lakh during 2011-12 to ₹ 52.62 lakh during 2012-13 due to initiatives by the office of the Senior Deputy Accountant (Accounts & Entitlement), Sikkim in this regard.



➤ **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 was showing increasing trend from ₹ 305.35 lakh during 2010-11 to ₹ 837.15 lakh during 2012-13.

➤ **Accounts suspense (AIS 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 from ₹ 0.63 lakh in 2010-11 to ₹ 27.35 lakh in 2011-12 and again to ₹ 26.19 lakh in 2012-13.

➤ **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 was to be reduced by giving per contra debit adjustment in the accounts. The net debit balance under this head had been showing an increasing trend from ₹ 21.68 lakh during 2010-11 to ₹ 66.90 lakh during 2012-13.

**Other comments**

➤ **Interest adjustment on Small Savings, Provident Funds, etc.**

During 2012-13, an amount of ₹ 219.92 crore were received by the Government on account of Small Savings, Provident Funds, etc. The disbursement out of this fund was made to the extent of ₹ 174.57 crore which resulted in a net receipt of ₹ 45.35 crore.

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

During the year 2012-2013, an amount of ₹ 132.66 crore under 24 Revenue Receipts heads and ₹ 444.41 crore under 33 Expenditure heads had been classified under 800-Other Expenditure constituting 3 *per cent* of total revenue receipts of the State and 7 *per cent* of the total expenditure incurred under respective major heads.

**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.



**Gangtok  
The**

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

**Countersigned**



**New Delhi  
The**

**(Shashi Kant Sharma)  
Comptroller and Auditor General of India**

# Appendices

## Appendices

### Appendix 1.1: Part A

#### State Profile

(Reference: Page 1)

<b>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	6.11 lakh
3	a.	Density of Population (2001 Census) (All India Density = 325 person per sq. km)	77
	b.	Density of Population (2011 Census) (All India Density = 382 person per sq. km)	86
4	Population below poverty line (All India Average = 27.5 per cent)	As on March 2011	13.10 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 42 per 1000 live births)		24
7	Gross State Domestic Product (GSDP) 2012-13 at current prices		₹ 9956.54 crore
8	Per capita GSDP CAGR (2002-03 to 2012-13)	Sikkim	14.75 %
9	GSDP CAGR (2002-03 to 2012-13)	Sikkim	0.30 %
10	Population Growth (2002-2012)	Sikkim	13.15 %

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

Finance Accounts is prepared in two volumes with volume 1 presenting the summarised financial statements of Government and volume 2 presenting the detailed statements. The layout is detailed below. Further, volume 2 contains details such as comparative expenditure on salaries and subsidies by major head, grants in aid and assistance given by the State Government, externally aided projects, expenditure on plan scheme, direct transfer of Central scheme funds to implementing agencies, summary of balances, financial results of irrigation schemes, commitments on incomplete public works contracts and maintenance expenditure which are bought out in various appendices.

Statement	Layout
1	Summarised Financial position of the State giving cumulative figures of assets and liabilities of the Government as at the end of 2012-13
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 2012-13
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	Detailed 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 2012-13
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 2012-13 and also 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 2012-13, 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 March 2013 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	Details 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 Chapter I and basis for their calculation**

Terms	Basis of calculation
Buoyancy of a parameter	
Buoyancy of a parameter (X) with respect to another parameter	Rate of Growth of the parameter (X) /Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	(Current year Amount/Previous year Amount – 1) *100
Average	Trend of growth over a period of 5 years
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter In Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	Interest payment / [(amount of previous year's Fiscal Liabilities + current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth - Weighted Interest rates
Quantum spread	Debt stock * Interest Spread/100
Interest received <i>as per cent</i> to loans outstanding	Interest received / [(opening balance + closing balance of loans and advances)/2]* 100
Revenue deficit	Revenue receipt - revenue expenditure
Fiscal deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts
Primary deficit	Fiscal deficit - Interest payments
Balance from current revenue (BCR)	Revenue receipts <i>minus</i> plan grants and non-plan revenue expenditure excluding debits under 2048 - Appropriation for reduction or avoidance of debt.
Compound Annual Growth Rate (CAGR)	The compound annual growth rate Is calculated by taking the $n^{\text{th}}$ root of the total percentage growth rate, where n is the number of years in the period being considered. $CAGR = \left[ \frac{\text{Ending Value}}{\text{Beginning Value}} \right]^{(1/\text{no. of years})} - 1$
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
Buoyancy ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.7 implies that revenue receipts tend to increase by 0.7 percentage points, if the GSDP increases by one percent.

Terms	Basis of calculation
Core Public and Merit goods	<p>Core public goods are which all citizens enjoy in common in the sense that each individual's consumption of such goods lead to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air, other environmental good, road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.</p> <p>The analysis of expenditure data is disaggregated into developmental and non-developmental expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, the social and economic services constitute developmental expenditure, while expenditure on general services is treated as non-developmental expenditure</p>
Debt Sustainability	<p>The Debt sustainability is defined as the ability of the State to maintain a constant debt- GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.</p>
Debt Stabilisation	<p>A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate - interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.</p>
Non-debt receipts	<p>Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.</p>
Net availability of borrowed funds	<p>Defined as the ratio of the debt redemption (principal + interest payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.</p>



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

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>1,758.20</b>	<b>2,345.37</b>	<b>2,151.70</b>	<b>2,872.11</b>	<b>3,288.36</b>
(i) Tax Revenue	199.19 (11.33)	223.65 (9.54)	279.54 (12.99)	293.92 (10.23)	435.48 (13.24)
Taxes on Sales, Trade, etc.	101.14 (50.78)	121.07 (54.13)	142.74 (51.1)	124.19 (42.25)	227.08 (52.14)
State Excise	46.47 (23.33)	57.27 (25.61)	70.64 (25.27)	96.26 (32.75)	111.12 (25.52)
Taxes on Vehicles	6.94 (3.48)	7.88 (3.52)	10.66 (30.81)	16.56 (5.63)	16.38 (3.76)
Stamps and Registration fees	4.35 (2.18)	4.48 (2.00)	5.70 (2.04)	8.27 (2.81)	5.35 (1.23)
Land Revenue	1.95 (0.98)	2.71 (1.21)	7.33 (2.62)	4.61 (1.57)	5.66 (1.30)
Taxes on Income other than Corporation Tax	16.16 (8.11)	2.84 (1.26)	4.94 (1.77)	4.86 (1.65)	6.73 (1.55)
Other Taxes	22.18 (11.14)	27.40 (12.25)	37.52 (13.42)	39.17 (13.32)	63.16 (14.50)
(ii) Non Tax Revenue	292.26 (16.62)	447.42 (19.08)	242.15 (11.25)	244.04 (8.50)	302.00 (9.16)
(iii) State's share of Union taxes and duties	364.20 (20.71)	374.68 (15.98)	524.99 (24.40)	611.65 (21.30)	698.48 (21.25)
(iv) Grants in aid from Government of India	902.55 (51.33)	1,299.62 (55.41)	1,105.02 (51.36)	1,722.50 (59.97)	1,852.40 (56.33)
<b>2. Miscellaneous Capital Receipts</b>	-	-	-	42.25	-
<b>3. Recoveries of Loans and Advances</b>	0.38	0.30	0.79	0.03	0.90
<b>4. Total Revenue and Non debt capital receipts (1+2+3)</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>	<b>3,289.26</b> <b>(94.35)</b>
<b>5. Public Debt Receipts</b>	337.46 (16)	392.11 (14.32)	95.03 (4.23)	87.44 (2.91)	196.81 (5.65)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	337.01 (99.87)	391.86 (99.94)	94.96 (99.93)	86.89 (99.37)	195.22
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	0.45 (0.13)	0.25 (0.06)	0.07 (0.07)	0.55 (0.63)	1.59 (0.05)
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>2,096.04</b>	<b>2,737.78</b>	<b>2,247.52</b>	<b>3,001.83</b>	<b>3,486.07</b>
<b>7. Contingency Fund Receipts</b>	-	-	-	0.10	0.00
<b>8. Public Account Receipts</b>	2,414.37	2,967.70	2,915.63	3,808.95	4,059.44
<b>9. Total Receipts of the State (6+7+8)</b>	<b>4,510.41</b>	<b>5,705.48</b>	<b>5,163.14</b>	<b>6,810.88</b>	<b>7,545.51</b>
<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>1,380.55</b>	<b>1,829.02</b>	<b>2,011.92</b>	<b>2,429.61</b>	<b>2,507.39</b>
Plan	517.73	572.68	675.27	748.38	813.47
Non Plan	862.82	1,256.34	1,336.65	1,681.23	1,693.92
General Services (including interest payments)	446.15 (32.32)	657.61 (35.95)	684.94 (34.04)	752.44 (30.97)	880.88 (35.13)
Social Services	540.24	691.28	816.43	1,031.69 (42.46)	947.47 (37.79)
Economic Services	394.15	480.13	497.61	614.01 (25.27)	656.10 (26.17)
Grants -in-aid and contributions	113.01	187.46	12.94	31.47 (1.30)	22.94 (0.91)
<b>11. Capital Expenditure</b>	<b>611.78</b>	<b>648.53</b>	<b>451.07</b>	<b>615.76</b>	<b>842.35</b>
Plan	611.78	648.53	451.07	615.76	842.35
Non Plan	-	-	-	-	-
General Services	77.13	88.87	56.67	25.29 (4.11)	83.31 (9.89)
Social Services	190.54	220.64	165.85	277.11 (45)	291.22 (34.58)

Economic Services	344.11	339.02	228.55	313.36 (50.89)	467.82 (55.53)
12. Disbursement of Loans and Advances	0.25	36.98	5.75	49.17	5.11
<b>13. Total (10+11+12)</b>	<b>1,992.58</b>	<b>2,514.53</b>	<b>2468.74</b>	<b>3094.54</b>	<b>3354.85</b>
14. Repayments of Public Debt	76.28	86.29	73.23	48.66	71.12
Internal Debt (excluding Ways and Means Advances and Overdrafts)	60.13	67.55	51.31	45.30	61.58
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	16.15	18.74	21.92	3.36	0.22
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Gross Expenditure on Lotteries	913.05	909.02	895.61	800.53	504.96
<b>17. Total disbursement out of Consolidated Fund (13+14+15+16)</b>	<b>2,981.91</b>	<b>3,509.84</b>	<b>3437.58</b>	<b>3943.73</b>	<b>3930.93</b>
18. Contingency Fund disbursements	0	0	0.10	0	0
19. Public Account disbursements	2,305.07	2,784.90	2898.78	3487.98	4000.92
<b>20. Total disbursement by the State (17+18+19)</b>	<b>5,286.98</b>	<b>6,294.74</b>	<b>6339.96</b>	<b>7431.71</b>	<b>7931.85</b>
<b>Part C: Deficits</b>					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	377.65	516.35	139.78	442.50	780.97
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	-234.00	-168.86	-316.25	-180.15	-65.59
23. Primary Deficit (22-24)	-91.36	-14.43	-129.48	10.68	133.33
<b>Part D: Other data</b>					
24. Interest Payments (included in revenue expenditure)	142.64	154.43	186.77	190.83	198.92
25. Financial Assistance to local bodies etc.	11.53	21.06	247.87	252.39	227.89
26. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
27. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
28 Gross State Domestic Product (GSDP)	3,229.08	6,132.76	7,411.57	8,616.23*	9,956.54**
29. Outstanding Fiscal liabilities (yearend)	2,155.70	2762.35	2797.50	3160.76	3344.97
30. Outstanding guarantees (yearend) (including interest)	75.00	77.58	276.42	164.21	187.72
31. Maximum amount guaranteed (yearend)	75.00	75.00	246.69	163.72	186.42
32. Number of incomplete projects	144	142	138	113	416
33. Capital blocked in incomplete projects	681.40	586.67	294.16	348.31	794.93
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilisation</b>					
Revenue Receipts/GSDP	0.54	0.38	0.30	0.34	0.33
Own Tax Revenue/GSDP	0.06	0.04	0.04	0.03	0.04
Own Non-Tax Revenue/GSDP	0.09	0.07	0.03	0.03	0.03
State's share in Central taxes and Duties/GSDP	0.11	0.06	0.07	0.07	0.07
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	0.62	0.41	0.35	0.37	0.33
Total Expenditure/Revenue Receipts	1.13	1.07	1.15	1.08	1.02
Revenue Expenditure/Total Expenditure	0.69	0.73	0.81	0.79	0.76
Expenditure on Social Services/Total Expenditure	0.37	0.36	0.40	0.42	0.28
Expenditure on Economic Services/Total Expenditure	0.37	0.33	0.29	0.30	0.09
Capital Expenditure/Total Expenditure	0.31	0.26	0.18	0.20	0.19
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.27	0.22	0.16	0.19	0.23
<b>III Management of Fiscal Imbalances</b>					
Revenue deficit (surplus)/GSDP	0.12	0.08	0.02	0.05	0.08
Fiscal deficit/GSDP	-0.07	-0.03	-0.04	-0.02	-0.01
Primary Deficit (surplus) /GSDP	-0.03	-0.002	-0.02	0.001	0.01
Revenue Deficit/Fiscal Deficit	-1.61	-3.06	-0.44	-2.46	11.90
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	0.67	0.45	0.39	0.38	0.34
Fiscal Liabilities/RR	1.23	1.18	1.30	1.10	1.02
<b>V Other Fiscal Health Indicators</b>					
Return on Investment	1.31	0.46	2.37	-	-
Balance from Current Revenue (Rupees in crore)	71.17	169.80	-156.65	-173.89	19.41
Financial Assets/Liabilities	2.07	2.11	2.11	2.13	1.89

\* Provisional Estimate

\*\* Quick Estimate

**Appendix 1.3**  
**Abstract of Receipts and Disbursements for the year 2012-13**  
*(Reference: Paragraph 1.2, Page 2)*

(₹ in crore)

Receipts				Disbursements				
2011-12		2012-13	2011-12		Non-Plan	Plan	Total	2012-13
	Section A: Revenue							
2872.11	I-Revenue Receipts	3288.36	2429.61	I-Revenue Expenditure				2507.39
293.92	Tax revenue	435.48	783.91	General Services	1341.80	44.03	1385.83	
244.04	Non-tax revenue	302.00	1031.69	Social Services	543.97	403.50	947.47	
611.65	State's share of Union Taxes	698.48	489.54	Education, Sports, Art and Culture	376.88	151.45	528.33	
345.74	Non-Plan Grants	265.37	127.21	Health and Family Welfare	84.38	57.99	142.37	
1145.02	Grants for State Plan Schemes	1345.21	76.09	Water Supply, Sanitation, Housing and Urban Development	20.21	125.60	145.81	
172.09	Grants for Central and Centrally Sponsored Plan Schemes	190.69	5.33	Information and Broadcasting	3.31	8.18	11.48	
59.65	Grants for Special Plan Schemes (North Eastern Council)	51.13	19.12	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	4.38	15.60	19.98	
			3.64	Labour and Labour Welfare	2.71	1.49	4.20	
			292.86	Social Welfare and Nutrition	34.28	43.19	77.47	
			17.89	Others	17.82	-	17.82	
			614.01	Economic Services	293.12	362.98	656.10	
			222.97	Agriculture and Allied Activities	107.19	105.92	213.11	
			80.98	Rural Development	1.68	107.60	109.28	
			0.48	Special Areas Programmes	0.00	1.09	1.09	
			40.12	Irrigation and Flood Control	2.42	52.76	55.18	
			97.98	Energy	71.94	35.36	107.30	
			46.60	Industry and Minerals	12.52	12.77	25.29	
			97.79	Transport	85.49	21.75	107.24	
			2.82	Science Technology and Environment	0.01	1.60	1.61	
			24.27	General Economic Services	8.95	27.06	36.01	
	II-Revenue deficit carried over to Section- B	-	442.50	II-Revenue surplus carried over to Section-B	-	-	780.97	780.97
2872.11		3288.36	2872.11					3288.36
	Section-B							
930.01	III-Opening Cash balance including Permanent Advances and Cash Balance Investment	1048.63	615.76	III-Capital Outlay				648.35
	IV-Miscellaneous Capital receipts	0.00	25.29	General services	-	83.31	83.31	
			277.11	Social Services	-	291.22	291.22	
			62.94	Education, Sports, Art and Culture	-	62.19		
			97.56	Health and Family Welfare	-	101.37		
			113.86	Water Supply, Sanitation, Housing and Urban Development	-	126.22		
				Information & Broadcasting		0.74		

				1.30	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	-	0.70		
				0.20	Social Welfare	-	0.00		
				1.25	Others	-	0.00		
				313.36	Economic Services		467.83	467.83	
				17.47	Agriculture and Allied Activities	-	9.38		
				35.77	Rural Development		20.04		
				17.87	Special Arcas Programmes		17.40		
				2.91	Irrigation and Flood control		7.12		
				37.59	Energy		43.66		
				2.13	Industry and Minerals		4.19		
				142.29	Transport		315.89		
				-	Science and Environment		0.51		
				57.33	General Economic Services		49.64		
0.03	V-Recoveries of Loans and Advances		0.90	-	IV- Loans and Advances Disbursements				5.11
	From Power Projects				To Government Servants				
	From Government Servants and			49.17	To Others			5.11	
	From Others	0.90			V -Revenue deficit brought down				
442.42	VI-Revenue surplus brought down		1048.63						
95.03	VII-Public debt receipts		196.81	48.66	VI-Repayment of Public Debt				71.12
	External debt				External debt				
86.89	Internal debt other than ways and means Advances and overdraft	195.22		45.30	Internal debt other than Ways and Means Advances and Overdraft	61.58			
	Net transaction under Ways and Means Advances including over draft				Net transaction under Ways and Means Advances including overdraft				
0.55	Loans and Advances from Central Government	1.59		3.36	Repayment of Loans and Advances to Central Government	0.13			
-	VIII-Amount transferred to Contingency Fund	0.00	0.00	-	VII-Expenditure from Contingency Fund				
2915.63	IX-Public Account Receipts		4059.44	3487.98	VII-Public Account disbursements				4000.92
162.67	Small Savings and Provident fund	219.92		126.83	Small Savings and Provident Funds	174.57			
59.56	Reserve funds	123.75		253.00	Reserve Funds	131.97			
1966.87	Suspense and Miscellaneous	2382.07		2156.47	Suspense and Miscellaneous	2340.05			
675.10	Remittance	1240.11		913.91	Remittances	1300.21			
51.43	Deposits and Advances	93.59		37.77	Deposits and Advances	54.12			
					IX- Cash balance at the end				1048.63
				930.01	Cash in Treasuries and Local Remittances	51.40			
					Deposits with Reserve Bank/other Bank	13.96			
					Departmental Cash Balance including permanent Advances	0.47			
					Cash Balance Investment and Investment from Earmarked Funds.	982.80			
5131.58	Total		5774.13	5131.58	Total				5774.13

**Appendix 1.3 (Continued)**  
**Summarised financial position of the Government of Sikkim as on 31 March 2013**  
*(Reference: Paragraph 1.2, Page 2)*

(₹ in crore)

<b>Part B</b>			
<b>As on 31.03.2012</b>	<b>Liabilities</b>		<b>As on 31.03.2013</b>
1695.27	Internal Debt -		1828.92
1258.71	Market Loans bearing interest	1332.71	
	Market Loans not bearing interest	-	
95.19	Loans from Life Insurance Corporation of India	97.88	
341.37	Loans from other Institutions	398.33	
	Overdrafts from Reserve Bank of India	-	
156.99	Loans and Advances from Central Government -		149.04
-	Pre 1984-85 Loans	-	
0.47	Non-Plan Loans	0.38	
137.47	Loans for State Plan Schemes	129.95	
-	Loans for Central Plan Schemes & Special Schemes	-	
16.27	Loans for Centrally Sponsored Plan Schemes	16.15	
2.78	Other Loans	2.56	
1.00	Contingency Fund		1.00
578.80	Small Savings, Provident Funds, etc.		624.15
103.32	Deposits		142.79
254.22	Reserve Funds		246.00
3457.32	Surplus on Government Accounts		4238.29
3014.83	Last year balance	3457.32	
442.50	Add Revenue Surplus	780.97	
256.84	Remittance Balances		196.73
<b>6503.76</b>	<b>Total</b>		<b>7426.92</b>
<b>Assets</b>			
5592.25	Gross Capital Outlay on Fixed Assets -		6434.60
97.42	Investments in shares of Companies, Corporations, etc.	97.42	
5494.83	Other Capital Outlay	6337.18	
95.78	Loans and Advances -		100.00
35.00	Loans for Power Projects	35.00	
60.28	Other Development Loans	64.36	
0.50	Loans to Government servants and Miscellaneous loans	0.64	
	Contingency Fund (un-recouped)	-	
	Reserve Fund Investments	-	
1.03	Advances		1.03
-115.31	Suspense and Miscellaneous Balances		-157.34
930.01	Cash-		1048.63
6.14	Deposits with other Bank	13.96	
122.61	Cash in Treasuries and Local Remittances	51.42	
-	Deposits with Reserve Bank	-	
0.05	Departmental Cash Balance	0.05	
0.40	Permanent Advances	0.40	
565.00	Cash Balance Investments	750.00	
235.80	Earmarked funds Investment	232.80	
<b>6503.76</b>	<b>Total</b>		<b>7426.92</b>

### Appendix 1.4

#### Statement showing the policy initiatives taken up in the Budget 2012-13

(Reference: Paragraph 1.4.4, Page 9)

Sector	Major Policy Initiatives of the State Budget 2012-13	Action taken
Social	During 2012-13, a sum of ₹ 3.50 crore was proposed for construction of 'Community recreation center for rural public'.	Originally a provision of ₹ 3.50 crore was made in the budget, but an amount of ₹ 0.04 crore was re-appropriated to other head and balance of ₹ 3.46 crore was surrendered with no expenditure during the year on the project.
	To suitably accommodate all the aspiring students, Government. was to set up a new college in the State for which a sum of ₹ 1.50 crore was to be allocated during 2012-13.	Originally a provision of ₹ 2.03 crore was made in the budget, but it was revised to ₹ 1.01 crore which was incurred for the purpose during the year.
	In order to facilitate larger interactions and complimentary programmes among the students, Government decided to construct Vidyarthi Bhawan in the State and was to allocate a sum of ₹ 1 crore for the same during 2012-13.	Originally a provision of ₹ 1 crore was made in the budget, but it was surrendered and no expenditure was incurred for the purpose during the year..
	The existing colleges of Tadong, Namchi and Rhenock cater to the educational needs of a large number of students spread across the state. In order to overcome problems faced by the students Govt. was to provide additional 2 buses for Tadong college, one bus each for Namchi college and Rhenock college. For this a sum of ₹ 1 crore was allocated.	Neither any provision was made in the budget nor was any expenditure incurred for the purpose during the year.
	Decided to construct Majdoor Bhawan for which a sum of ₹ 1 crore was allocated during the year 2012-13.	Originally a provision of ₹ 1 crore was made in the budget, but it was surrendered and no expenditure was incurred during the year on the programme.
Economic	During the year 2011-12, the Government distributed milch cows to 285 beneficiaries in milk deficit villages across the State. This flagship programme was to continue during the year 2012-13 also with plans to distribute milch cows to another lot of 600 beneficiaries.	Only a provision of ₹ 0.10 crore was made for animal disease and rabies control programme in the budget which was incurred on the programme during the year.
	Effort was on to set up a Poultry Estate at Mangalbaria-West Sikkim, the first of its kind in the country, for broiler production on a co-operative basis. Besides, the AHVSD was also involved in promoting and propagating piggery and fishery as well as in providing veterinary services to thwart the ingress of dreadful animal diseases.	A provision of ₹ 0.40 crore was made in the supplementary budget which was incurred on the programme during the year.
	There was announcement that during 2012-13 Government shall be establishing one integrated Bee Development Centre in Berniok, South district, at a cost of ₹ 2.50 crore on the pattern of integrated Mushroom Development Centre already set up in Majitar, near Rangpo.	Neither any provision was made in the budget nor was any expenditure incurred during the year on the programme.
	In order to promote spiritual well being of Sikkimese people, Sant Kavir Bhawan at Lingmoo was to be constructed for which a sum of ₹ 0.30 crore was to be allocated during 2012-13.	Neither any provision was made in the budget nor was any expenditure incurred during the year on the programme.
	A sum of ₹ 5 crore was to be allocated for construction of Ramayana Busty at Barang, East Sikkim that include land acquisition.	A provision of ₹ 2.45 crore was made in the budget for land acquisition which was incurred for the same and a further provision of ₹ 2.55 crore was made for construction. The provision was revised to ₹ 0.25 crore and spent for the same.
	In the process of establishment of many unique pilgrimage projects, it was decided to construct Vrindavan with Gaushalla at Dentam for which a sum of ₹ 0.50 crore was to be allocated during 2012-13.	A provision of ₹ 0.50 crore was made in the budget which was incurred on the programme.

Sector	Major Policy Initiatives of the State Budget 2012-13	Action taken
	To locate Tantra-Mantra-Jantra Center in Sikkim to conserve and showcase for posterity the rich rituals, local incantation, religious products, beads, butter oil lamps and prayer wheels used by faith healers, a sum of ₹ 0.50 crore was to be allocated for the construction of the centre during 2012-13.	Originally a provision of ₹ 0.50 crore was made in the budget, but ₹ 0.10 crore only was incurred and the balance of ₹ 0.40 crore was surrendered.
	In order to perpetuate the memory of the last King of Lepcha Community immediately before the Namgyal Dynasty and to offer regards, it was decided to construct the statue of Puno Mun Solong at Passingdang in North Sikkim and a sum of ₹ 1 crore was allocated for the same during 2012-13.	Originally a provision of ₹ 1 crore was made in the budget, but ₹ 0.65 crore only was incurred and the balance of ₹ 0.35 crore was surrendered.
	To create a unique concept, the Govt. was going to install the statue of Reclining/ sleeping Buddha to add a new dimension to the understandings of Buddhist philosophy in the world. A sum of ₹ 0.50 crore was to be allocated for the same during 2012-13.	Neither any provision was made in the budget nor was any expenditure incurred during the year on the programme.
	In the process of establishing a best example of secularism duly respecting all religions followed by people and in order to facilitate installation of Prayer Tower there was a allocation of ₹ 0.60 crore as land compensation during the year 2012-13.	A provision of ₹ 0.60 crore was made in the budget which was incurred on the programme.
	In response to 42 days village to village tour of the Chief Minister and for implementation of schemes sanctioned during tour, a sum of over ₹ 24.09 crore was earmarked in the year 2012-13.	Originally a provision of ₹ 13.10 crore was made in the budget against various departments against which ₹ 9.21 crore was incurred and balance fund of ₹ 3.89 crore was either surrendered or re-appropriated to some other head.
Fiscal	Passed a policy resolution to create "Sikkim Earthquake Management and Rehabilitation Fund and Sikkim Land Policy for Private Sector Development, 2012" with a view to improve State resource base. Under this policy, all investors wanting to set up hydro power, hotels, industries etc. were required to contribute and deposit anywhere from ₹ 5 crore to ₹ 50 crore depending on the cost of the project, prior to allotment of the land. There was also a proposal for coming out with a legislation to levy Earthquake Cess to be utilised for repair and rebuilding of infrastructure damaged by the earthquake.	Originally a provision of ₹ 0.01 crore was made in the budget of revenue receipt by creating a revenue head but no realisation of any revenue was made during the year.
	Government was taking strong measures in terms of fiscal consolidation in the Budget 2012-13. One of the important aspects was to utilise the revenue received including various types of Cess Funds to plough back in the regular budgetary system duly amending the various Cess Acts in vogue appropriately.	Neither any such amendment notification was issued nor was any budget provision in the budget made for utilisation of Cess Fund towards other purposes during the year.



### Appendix 1.5

#### Statement showing the funds transferred to the State Implementing Agencies under the programmes/schemes outside the State budget during 2012-13

(Reference: Paragraph 1.5.2, Page 13)

(₹ in lakh)

Sl. No.	Name of the agency/ Organisation	Concerned Department	Name of the scheme	Total fund released by GOI during 2012-13	*Fund received during 2012-13	Fund not received	**Closing balance as on 31.03.2013
1	State Environment Agency(ENVIS Centre)	Forest, Environment & Wild life Management Department	Environment Information Education & Awareness	10.71	10.71	0.00	10.71
2	State Forest Development Agency	-Do-	National Medicinal plants Board	177.01	177.01	0.00	121.45
3	State Forest Development Agency	-Do-	National Afforestation programme (Afforestation & Forest Management)	541.65	541.65	0.00	0.00
4	State Pollution Control Board	-Do-	Pollution Abatement	26.83	26.83	0.00	11.42
5	State Level Nodal Agency (Social Forestry Wing)	-Do-	Integrated Watershed Management Programme(IWMP)	879.58	817.75	61.83	936.09
6	Silviculture and Research	-Do-	Scheme for quality assurance, codex standards research	34.72	0.00	34.72	0.00
7	State Agriculture Management & Extension Training Institute(SAMETI)	Food Security & Agriculture Development Department	Support to state extension programme for extension Reforms	243.52	104.61	138.91	15.39
8	-Do-	-Do-	National Food Security Mission	140.46	207.96	0.00	38.19
9	Small Farmers Agri-business Consortium (SFAC)	Horticulture & Cash Crops Development Department	National Mission on Medicinal plants	161.94	161.94	0.00	8.75
10	Horticulture & Cash Crops Development Department	-Do-	National Mission on Bamboo	150.00	160.40	0.00	0.00
11	State Micro Irrigation Gangtokian Committee	-Do-	National Mission on Micro Irrigation.	200.00	300.00	0.00	11.65
12	Horticulture Mission for North East & Himalayan States Committee	-Do-	Horticulture Mission for North East & Himalayan States	0.00	4289.30	0.00	262.55
13	Chief Coordinator, International Flower Show 2013	-Do-	NE Areas	50.00	50.00	0.00	0.00
14	State Mission Authority (SSA), Gangtok.	Human Resource & Development Department	Sarva Siksha Abhiyan	2693.85	3365.75	0.00	590.08
15	State Mission Authority, Rashtriya Madhyamik Siksha Abhiyan	-Do-	Rashtriya Madhyamik Shiksha Abhiyan(RMSA)	24.65	82.90	0.00	99.50
16	Sikkim Government college	-Do-	Conservation of Natural Resources and Ecosystem	1.92	1.92	0.00	0.00
17	Sikkim Livestock Development Board	Department of Animal Husbandry, Livestock, Fisheries & Veterinary Services	National Project for Cattle and Buffalo Breeding	113.65	113.65	0.00	108.35
18	North- District Milk Producers cooperative union Ltd , Mangan	-Do-	Dairy development Project	249.08	206.19	42.89	206.19
19	Special Secretary, MG-NREGA	Rural Management & Development Department	MG-NREGA	7410.98	7406.51	4.47	171.34
20	Sikkim Rural Road Development Agency	-Do-	PMGSY	19361.50	19361.00	0.50	15847.77
21	Sikkim Rural Development Agency ( Panchayat Cell)	-Do-	Panchayat Mahila Evan Yuva Shakti Abhiyan	0.00	0.00	0.00	2.05

22	-Do-	-Do-	Panchayat empowerment & Accountability incentive scheme	1.44	0.00	1.44	17.95
23	-Do-	-Do-	Resource Support to State	3.30	3.30	0.00	3.08
24	DRDA(East)	-Do-	Aajeevika	0.00	0.00	0.00	31.56
25	-Do-	-Do-	Rural housing( IAY)	348.25	348.25	0.00	44.21
26	State Water and Sanitation Mission, Gangtok	-Do-	National Rural Drinking Water Programme	3235.69	3218.73	16.96	4033.41
27	-Do-	-Do-	Central Rural Sanitation Programme	159.47	159.47	0.00	274.57
28	-Do-	-Do-	DRDA Administration	93.40	93.40	0.00	24.96
29	Zilla Panchayat(East)	-Do-	Integrated watershed management program(IWMP)	139.27	0.00	139.27	0.00
30	Zilla Panchayat(North)	-Do-	-Do-	22.99	Information not furnished	Information not furnished	Information not furnished
31	Sikkim Renewable Energy Development Agency, Gangtok.	-Do-	Information, publicity & extension	41.90	41.90	0.00	2.32
32	-Do-	-Do-	Off grid DRPS	281.63	281.63	0.00	42.69
33	-Do-	-Do-	Renewable energy for Rural application for all villages	37.04	37.04	0.00	0.00
34	State Health Society	Health Care, Human Services and Family Welfare Department	Health Care for Elderly	0.00	0.00	0.00	32.29
35	-Do-	-Do-	Tobacco Control	0.00	0.00	0.00	1.33
36	-Do-	-Do-	Deafness	6.43	6.43	0.00	5.80
37	-Do-	-Do-	National Programme for Prevention & control of Diabetes	480.00	480.00	0.00	679.53
38	-Do-	-Do-	Hospital & dispensaries under NRHM(AYUSH)	23.40	0.00	23.40	212.06
39	-Do-	-Do-	NRHM	885.88	906.97	0.00	469.39
40	State Mental Health Society	-Do-	Information, Education & Communication	35.00	35.00	0.00	0.00
41	Sikkim State AIDS Control Society	-Do-	National AIDS Control programme III	478.62	485.62	0.00	50.38
42	Sports & Youth Affairs Department	Sports & Youth Affairs Department	NEA	10.00	10.00	0.00	0.00
43	Urban Development & Housing Department	Urban Development & Housing Department	Swarna Jayanti Sahari Rojgar Yojana	174.95	174.95	0.00	76.25
44	Centre for Research & Training in Informatics	Department of Information & Technology	Electronics Governance	0.00	0.00	0.00	32.29
45	Centre for Research & Training in Informatics	-Do-	NE Areas	10.00	0.00	10.00	2.50
46	Computerization of Police Society(SK_COPS)	Police Department	Directorate of Forensic science	0.00	0.00	0.00	332.30
47	Computerization of Police Society(SK_COPS)	-Do-	Crime & criminal tracking network and system(CCTNS)	147.00	0.00	147.00	2.01
48	Sikkim State Council of Science & Technology	Science & Technology and Climate Change Department	State Science & Technology Programme	87.00	87.00	0.00	14.00
49	-Do-	-Do-	Science & Technology Programme for Socio Economic Development	0.84	0.84	0.00	2.89
50	-Do-	-Do-	Technology Development Programme	3.51	3.51	0.00	0.60
51	-Do-	-Do-	Bioinformatics	5.50	5.50	0.00	2.89
52	-Do-	-Do-	Environment information, education & awareness.	5.20	5.20	0.00	0.26
53	-Do-	-Do-	Research & Development Department of Biotechnology	5.67	5.67	0.00	0.59

54	Sikkim Handloom & Handicraft development Corporation Ltd.	Handicraft & Handloom Department Gangtok	Human Resource Development	1.25	0.00	1.25	0.00
55	-Do-	-Do-	Marketing & export promotion scheme	47.40	100.48	0.00	0.00
56	-Do-	-Do-	Marketing support and services and export promotion scheme	23.15	0.00	23.15	0.00
57	Institute of Hotel Management, Rumtek	Tourism Department.	Capacity building for service providers	5.24	5.24	0.00	4.71
58	Sikkim Tourism Development Corporation Ltd.	-Do-	NE Areas	15.00	55.00	0.00	46.32
59	Travel Agent Association of Sikkim	-Do-	NE Areas	46.28	Information not furnished	Information not furnished	Information not furnished
60	Sikkim Namgyal Institute of Tibetology, Gangtok	Ecclesiastical Affairs Department	Buddhist & Tibetan Studies	61.00	124.00	0.00	0.00
61	Sikkim Buddhist Development Trust Rinchenpong.	-Do-	-Do-	2.50	2.50	0.00	0.00
62	Dechhen Choiling Gumpa Committee	-Do-	-Do-	2.50	Information not furnished	Information not furnished	Information not furnished
63	Samten Choiling Gumpa North Sikkim	-Do-	-Do-	2.50	Information not furnished	Information not furnished	Information not furnished
64	Sikkim Namgyal Institute of Tibetology, Gangtok	-Do-	Manpower Development (including Skill development in IT) DIT	5.00	Information not furnished	Information not furnished	Information not furnished
65	Himalayan Heritage Research & Development Society	Cultural Affairs & Heritage Department.	Dissemination of art & culture	1.50	0.00	1.50	0.00
66	District Collector East	Land Revenue & Disaster Management Department	MPLAD scheme	1000.00	1000.00	0.00	578.67
67	Land Revenue & Disaster Management Department	-Do-	Scheme of NDMA	151.89	151.89	0.00	151.89
68	Sikkim Information Commission	Sikkim Information Commission	Propagation of RTI Act – Improving Transparency and Accountability	2.50	2.50	0.00	0.00
69	DDRC(NGO), Gangtok	S.J.E.& Welfare Department	Assistance to Disabled Persons for Purchase/Fitting	7.25	7.25	0.00	7.25
70	Sikkim Express, Sikkim Now, Gangtok	Information & Public relation Department	NE Areas	0.25	0.25	0.00	0.00
71	Vocational Training Projects Implementation Society of Sikkim	Labour Department	Enhancing Skill Development Infrastructures in NE States and Sikkim	96.32	96.32	0.00	104.59
72	Sikkim Skill Development Mission Society	-Do-	Skill Development	88.00	88.00	0.00	91.14
73	Sikkim Industrial Development & Investment Corporation Ltd. (SIDICO)	Commerce & Industries Department	National Mission on Food Processing	306.00	150.00	156.00	37.50
74	Sikkim Power Development Corporation Limited	Energy and Power Department	Grid Interactive Renewable Power MNRE	252.50	252.50	0.00	5053.82
75	Water Security & Public Health Engineering Department	Water Security & Public Health Engineering Department	National River Conservation Plan(NRCP)	0.00	2165.00	0.00	1578.26
	<b>Total</b>			<b>41313.46</b>	<b>47977.42</b>	<b>803.29</b>	<b>32487.74</b>

**Source:** Central Plan Scheme Monitoring System(CPSMS) Portal in 'Controller General of Accounts(CGA)' website and information from State Government departments.

\*Inclusive of State share & Bank interest, etc.

\*\*Inclusive of Opening Balance & State share & Bank interest, etc.

**Note:** As per CPSMS Portal (CGA) the total approximate transfer of funds made by Government of India during 2012.13 directly to State Implementing Agencies (SIA)<sup>1</sup> was ₹ 425.84 crore but after calculation it found to ₹ 421.57 crore and out of that ₹ 413.13 crore and ₹ 8.44 crore were for SIA and Central Implementing Agencies respectively.

**Appendix 1.6**  
**Tax and Non-Tax Revenue collected during 2008-13**  
*(Reference: Paragraph 1.6, Page 16)*

(₹ in crore)

Sl. No.	Head of Revenue	2008-09	2009-10	2010-11	2011-12	2012-13	Percentage of increase (+)/ decrease (-) in 2012-13 over 2011-12
	<b>Tax Revenue</b>						
1	Sales tax	101.14	121.07	142.74	124.19	227.08	82.85
2	Taxes on income other than corporation tax	16.16	2.84	4.94	4.86	6.73	46.71
3	State excise	46.47	57.27	70.64	96.26	111.12	15.44
4	Stamps and registration fees	4.35	4.48	5.70	8.27	5.35	(-) 35.31
5	Taxes on vehicles	6.94	7.88	10.67	16.56	16.38	(-) 1.09
6	Other taxes and duties on commodities and services	22.18	27.40	37.52	39.17	63.16	61.25
7	Land revenue	1.95	2.71	7.33	4.61	5.66	22.78
	<b>Total</b>	<b>199.19</b>	<b>223.65</b>	<b>279.54</b>	<b>293.92</b>	<b>435.48</b>	<b>48.16</b>
	<b>Non-Tax Revenue</b>						
1	Interest receipts	25.94	44.18	28.14	29.39	46.00	56.52
2	Road transport	17.64	20.29	24.76	30.89	29.01	(-) 6.09
3	Plantations	2.35	1.80	2.90	2.59	3.98	53.66
4	Dividends & profits	1.31	0.46	2.37	0.08	1.53	1812.50
5	Forestry and wild life	11.26	8.79	12.25	12.53	12.28	(-) 1.99
6	Tourism	2.11	1.62	3.00	1.84	2.13	15.76
7	Crop husbandry	0.71	0.40	0.51	0.46	0.71	54.35
8	Power	154.74	285.83	87.86	79.70	82.90	4.02
9	Printing & stationery	1.50	2.27	1.52	1.92	2.08	8.33
10	Medical and public health	0.96	1.02	0.72	1.27	1.50	18.70
11	Village & small industries	0.08	0.09	0.07	0.10	0.06	40
12	Public works	4.97	2.89	3.48	5.38	4.70	12.64
13	Police	11.68	14.52	9.57	12.89	49.23	281.92
14	Animal husbandry	0.30	0.32	0.38	0.48	0.72	50
15	Industries	0.25	0.18	0.27	0.54	0.85	57.41
16	State Lotteries#	43.95	40.90	42.54	43.62	41.43	(-) 5.02
17	Others	12.32	16.67	17.55	15.52	18.72	20.62
18	Contribution and Recoveries towards Pension and Other Retirement Benefits	5.19	4.26	-	4.84	4.72	(-) 2.48
	<b>Total</b>	<b>292.26</b>	<b>447.42</b>	<b>242.15</b>	<b>244.04</b>	<b>302.00</b>	<b>23.75</b>

#Net amount

**Appendix 1.7**  
**Return on investment at the end of 2012-13**  
*(Reference: Paragraph 1.9.2, Page 38)*

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

**Appendix 2.1**  
**Statement showing the pending DC bills for the years up to 2012-13**  
*(Reference: Paragraph 2.2.2, Page 78)*

Grant No.	Department	Number of AC bills	Amount (₹in lakh)
22	Land Revenue & Disaster Management	48	2,374.32
01	Food Security and Agriculture Development	177	1,637.37
40	Tourism	144	1,621.56
15	Horticulture & Cash Crops Management	172	1,211.94
14	Home	473	1,007.25
28	Personnel, Administrative Reforms, Training, Public Grievances	81	828.99
21	Labour	79	697.68
30	Police	232	602.60
35	Rural Management and Development	352	536.72
29	Development Planning, Economic Reforms and North Eastern Council Affairs	109	508.77
02	Animal Husbandry, Livestock, Fisheries and Veterinary	122	450.92
38	Social Justice, Empowerment and Welfare	188	404.72
06	Ecclesiastical	13	232.91
13	Health care, Human Services and Family Welfare	171	215.52
19	Irrigation and Flood Control	119	200.91
20	Judiciary	217	166.37
08	Election	22	155.55
11	Food, Civil supplies and Consumer Affairs	125	128.29
07	Human Resources and Development	61	125.83
16	Commerce and Industries	95	102.23
18	Information Technology	22	101.04
10	Finance, Revenue and Expenditure	179	100.00
39	Sports and Youth Affairs	49	80.22
17	Information and Public Relation	53	76.46
12	Forestry and Environment Management	136	71.24
03	Buildings	74	63.28
41	Urban Development & Housing	141	50.96
33	Water Security and Public Health Engineering	62	48.46
24	Legislature	37	46.37
25	Mines, Minerals and Geology	57	46.17
00	Governor	62	43.51
09	Excise	70	36.33
04	Co-operation	51	34.64
42	Vigilance	56	30.39
05	Cultural Affairs and Heritage	5	15.07
34	Roads and Bridges	34	13.15
00	Public Service Commission	21	12.53
43	Panchayati Raj Institutions	6	8.32
00	Null	1	8.01
23	Law	24	6.95
26	Motor Vehicles	17	6.61
36	Science and Technology	14	6.37
27	Parliament Affairs	20	2.91
31	Energy and Power	4	1.35
32	Printing	2	0.41
37	Sikkim Nationalised Transport	4	0.35
00	Null	1	0.30
<b>TOTAL</b>		<b>4,202</b>	<b>14,121.85</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 provision**  
(Reference: Paragraph 2.3.1, Page 78)

(₹ in crore)

Grant No.	Name of Grant/Appropriation	Total	Savings	Percentage of Savings to Provision
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services Capital- voted	14.63	11.77	80
3	Buildings- Capital- voted	36.74	7.73	21
5	Cultural Affairs and Heritage- Capital- voted	35.69	11.16	31
7	Human Resources and Development- Capital- voted	45.24	19.86	44
10	Finance, Revenue and Expenditure- Revenue- voted	1,018.43	248.93	24
11	Food, Civil supplies and Consumer Affairs- Capital- voted	4.33	3.78	87
12	Forestry and Environment Management- Revenue- voted	167.98	101.24	60
12	Forestry and Environment Management- capital- voted	3.30	2.25	68
16	Commerce and Industries- capital- voted	5.68	1.48	26
18	Information Technology- Capital- voted	1.00	1.00	100
19	Irrigation and Flood Control- Revenue- voted	149.95	93.93	63
19	Irrigation and Flood Control- Capital- voted	10.83	3.72	34
22	Land Revenue & Disaster Management- Revenue- voted	338.54	172.04	51
22	Land Revenue & Disaster Management- Capital- voted	217.11	69.86	32
29	Development Planning, Economic Reforms and North Eastern Council Affairs- Capital- voted	27.00	9.60	36
30	Police- Capital- voted	13.25	6.38	48
31	Energy and Power- Capital- voted	103.37	60.69	59
33	Water Security and Public Health Engineering- Capital- voted	122.30	81.30	66
34	Roads and Bridges- Capital- voted	239.60	48.09	20
35	Rural Management and Development- Capital- voted	105.56	34.93	33
38	Social Justice, Empowerment and Welfare- Revenue- voted	103.37	34.81	34
38	Social Justice, Empowerment and Welfare- Capital- voted	22.70	8.7675	39
39	Sports and Youth Affairs- Revenue- voted	9.26	2.01	22
39	Sports and Youth Affairs- Capital- voted	12.25	3.19	26
40	Tourism- Capital- voted	156.64	108.15	69
41	Urban Development and Housing- Capital- voted	220.76	171.35	78
	<b>TOTAL</b>		<b>1318.02</b>	



**Appendix 2.3**  
**Statement showing the rush of expenditure**  
*(Reference: Paragraph 2.3.4, Page 80)*

(₹ in crore)

Sl.No.	Number and Name of Grants/Appropriation	Head of Account	Expenditure incurred during Jan-March	Expenditure incurred in March	Total expenditure	Percentage of total expenditure incurred during	
						Jan-March 2013	March 2013
1	Food Security and Agriculture Development	2435	27.63	22.97	39.53	69.90	58.11
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	2404	1.96	0.92	2.99	65.55	-
		4405	1.57	1.48	2.01	78.11	73.63
3	Buildings	4216	1.15	1.15	2.12	54.25	54.25
4	Co-operation	4425	2.70	2.19	3.00	90.00	73.00
5	Cultural Affairs and Heritage	4202	14.89	11.16	24.53	60.70	-
6	Ecclesiastical	2250	12.75	10.75	17.44	73.11	61.64
7	Human Resources Development	4202	17.06	12.46	25.38	67.22	-
8	Finance, Revenue and Expenditure	2045	11.00	11.00	11.00	100.00	100.00
		2049	105.23	50.60	198.92	52.90	-
		6003	35.71	00	61.58	57.99	-
		8342	25.81	25.81	25.85	99.85	99.85
9	Forestry & Environment Management	2045	20.00	20.00	20.00	100.00	100.00
10	Health Care, Human Services and Family Welfare	4210	96.32	1.82	101.38	95.01	-
11	Commerce and Industries	4860	2.46	1.56	2.71	90.77	57.56
12	Information Technology	2852	1.75	0.98	3.21	54.52	-
13	Land Revenue and Disaster Management	2059	12.85	12.85	12.85	100.00	100.00
		2216	51.59	37.11	100.00	51.59	-
		2506	2.50	1.98	4.00	62.50	-
		4215	9.76	6.09	9.76	100.00	62.40
		5054	46.50	34.97	90.59	51.33	-
14	Development Planning, Economic Reforms and North Eastern Council Affairs	4575	9.69	8.86	17.40	55.69	50.92
15	Police	4055	4.31	3.23	6.87	62.74	-
16	Water Security and Public Health Engineering	4215	24.88	16.88	41.00	60.68	-
17	Rural Management and Development	4215	3.64	3.48	6.68	54.49	52.10
18	Social Justice, Empowerment and Welfare	2225	10.91	9.54	17.94	60.81	53.18
		2236	7.30	5.86	10.55	69.19	55.55
		4202	2.54	0.83	3.22	78.88	-
		5452	1.12	0.79	1.14	98.25	-
19	Sports and Youth Affairs	4202	6.90	6.87	9.06	76.16	75.83
20	Tourism	5452	25.28	21.12	48.50	52.12	-
21	Urban Development & Housing	2217	11.56	5.79	20.43	56.58	-
22	Panchayati Raj Institutions	3604	13.62	1.98	20.03	68.00	-

## 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 81)

(₹ in lakh)

Grant No.	Name of Grant/Appropriation	Original	Actual expenditure	Savings out of Original provision	Supplementary
<b>A REVENUE (VOTED)</b>					
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	3,789.68	3,660.06	129.62	183.54
7	Human Resources and Development	32,133.59	30,041.81	2,091.78	762.67
19	Irrigation and Flood Control	14,795.40	5,602.76	9,192.64	200.00
29	Development Planning, Economic Reforms and North Eastern Council Affairs	1,789.69	1,706.48	83.21	155.35
38	Social Justice, Empowerment and Welfare	9,925.72	6,855.95	3,069.77	410.96
39	Sports and Youth Affairs	872.95	724.73	148.22	53.00
41	Urban Development and Housing	2,661.58	2,556.08	105.50	117.26
43	Panchayat Raj Institutions	33,480.55	31,473.30	2,007.25	160.00
<b>TOTAL - REVENUE</b>		<b>99,449.16</b>	<b>82,621.17</b>	<b>16,827.99</b>	<b>2042.78</b>
<b>B – CAPITAL (VOTED)</b>					
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	1,432.72	285.97	1,146.75	30.00
3	Buildings	2,942.41	2,900.95	41.46	731.54
13	Health Care, Human Services and Family Welfare	11,290.08	10,137.55	1,152.53	12.70
29	Development Planning, Economic Reforms and North Eastern Council Affairs	1,900.00	1,739.72	160.28	800.00
30	Police	1,065.00	687.23	377.77	260.00
33	Water Security and Public Health Engineering	11,419.68	4,099.66	7,320.02	809.97
34	Roads and Bridges	23,367.87	19,150.46	4,217.41	591.91
35	Rural Management and Development	9,819.98	7,062.26	2,757.72	735.66
40	Tourism	15,189.37	4,849.73	10,339.64	474.99
41	Urban Development and Housing	21,801.50	4,941.24	16,860.26	274.28
<b>TOTAL - CAPITAL</b>		<b>1,00,228.61</b>	<b>55,854.77</b>	<b>44,373.84</b>	<b>4,721.05</b>
<b>GRAND TOTAL</b>		<b>1,99,677.77</b>	<b>1,38,475.94</b>	<b>61,201.83</b>	<b>6,763.83</b>

**Appendix 2.5**  
**Statement of insufficient re-appropriation of funds**  
*(Reference: Paragraph 2.3.8, Page 81)*

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess
1	01	Food, Security and Agriculture Development	2401.104.01	52	57.83
2	07	Human Resources Development	2202.81	1.12	8.73
3	40	Tourism	3452.01.102.60	1.72	29.83
<b>TOTAL</b>					<b>96.39</b>

**Appendix 2.6**  
**Statement of the excess/unnecessary re-appropriation of funds**  
*(Reference: Paragraph 2.3.8, Page 81)*

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Savings
1	13	Health Care, Human Services and Family Welfare	4210.02.103.60	5.56	50.30
2	41	Urban Development and Housing	4217.03.051.79	15	184.92
<b>TOTAL</b>					<b>235.22</b>

## Appendix 2.7

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

(Reference: Paragraph 2 3 9 Page 81)

Sl. No.	Number of title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1	07 Human Resources Development	Scheme for Infrastructure Development Private aided/unaided Minority Institute 2202.01.800.87	377.79	377.79	100
<i>Surrendered due to non-receipt of fund from GOI.</i>					
2	07 Human Resources Development	Scholarships 2202.05.80.107	26.35	26.35	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
3	07 Human Resources Development	Central scheme for upgradation of existing/setting up of new Polytechnics 4202.02.103.71	584.38	584.38	100
<i>Surrendered due to non-receipt of fund from GOI.</i>					
4	11 Food, Civil Supplies and Consumer Affairs	Buildings 5475.102.60	25.00	25.00	100
<i>Surrendered due to non-completion of construction proposals</i>					
5	13 Health Care, Human Services and Family Welfare	Construction of Pharmacy College (ACA) 4210.03.105.61	100.00	100.00	100
<i>Surrendered due to non-completion of work</i>					
6	19 Irrigation and Flood Control	Integrated Development of Agriculture through Irrigation Facilities 2705.101	200.00	200.00	100
<i>Surrendered due to non-fulfillment of required norms</i>					
7	21 Labour	Construction of MajdoorBhawan 4059.01.051.65	100.00	100.00	100
<i>Surrendered due to non-provision of fund</i>					
8	31 Energy and Power	Schemes under Ministry of New and Renewable Energy 4801.01.800.79	508.79	508.79	100
<i>Surrendered due to non-receipt of clearance from the Forest Department</i>					
9	35 Rural Management and Development	Rural Development 4515.103	302.42	302.42	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
10	38 Social Justice, Empowerment and Welfare	Integrated Child Protection Scheme (ICPS) 2235.02.64	402.17	402.17	100
<i>Surrendered due to non-receipt of fund from GOI</i>					
11	38 Social Justice, Empowerment and Welfare	Social Welfare 4215.02.101.39	50.00	50.00	100
<i>Surrendered due to non-completion of prescribed procedure</i>					
12	12 Forest, Environment and Wild Life Management	Conservation Programmes 3435.03.101	121.06	120.10	99
<i>Surrendered due to non-receipt of fund from GOI</i>					
13	21 Labour	Industrial Training Institute, Gyalshing 2230.03.101.62	45.50	45.00	99
<i>Surrendered due to non-regularization of M.R. Staff</i>					
14	10 Finance, Revenue and Expenditure	Others 2049.04.103.44	143.00	138.78	97
<i>Surrendered due to re-scheduling of loan</i>					
15	13 Health Care, Human Services and Family Welfare	Construction of Drug Testing laboratory under AYUSH 4210.04.107.60	110.00	103.48	94
<i>Surrendered due to non receipt of central fund and non receipt of claims</i>					

16	43 Panchayati Raj Institutions	General Performance Grant recommended by the 13 <sup>th</sup> FC 3604.200.94	1,597.60	1,491.60	93
<i>Surrendered due to non-receipt of fund from GOI</i>					
17	46 Municipal Affairs	General Performance Grant recommended by the 13 <sup>th</sup> FC 3604.200.94	22.40	20.74	93
<i>Surrendered by restricting the expenditure of fund received under the 13<sup>th</sup> FC</i>					
18	30 Police	Construction of Non-Residential Building 4055.207.71	225.00	206.74	92
<i>Surrendered due to non- completion of work</i>					
19	37 Sikkim Nationalised Transport	Tools and Plants 5055.103.62	50.01	45.99	92
<i>Surrendered due to non-finalization for the modernization and computerization of Depots</i>					
20	40 Tourism and Civil Aviation	Other Development Projects 5452.01.101.61	8,669.26	7,893.69	91
<i>Surrendered due to non completion of work</i>					
21	41 Urban Development and Housing	Other Expenditure 2217.05.800	111.48	100.00	90
<i>Surrendered due to non-receipt of fund from GOI</i>					
22	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Veterinary services and Animal Health 4403.101	757.40	672.66	89
<i>Surrender was stated to be mainly for availing of supplementary demand under other heads etc.</i>					
23	38 Social Justice, Empowerment and Welfare	Other Women's Welfare Programme 2235.02.103.64	139.63	123.68	89
<i>Surrendered due to non-receipt of fund from GOI</i>					
24	11 Food, Civil Supplies and Consumer Affairs	Buildings 4408.01.101.60	100.00	87.87	88
<i>Surrendered due to delay in finalization of acquisition of land</i>					
25	40 Tourism and Civil Aviation	Rural Tourism Projects 5452.01.101.63	2,145.81	1,884.42	88
<i>Surrendered due to non completion of work</i>					
26	35 Rural Management and Development	Rural Development Department 3054.80.799.36	50.00	43.45	87
<i>Surrendered due to non-receipt of claims</i>					
27	11 Food, Civil Supplies and Consumer Affairs	Buildings 4408.02.101.60	308.00	264.57	86
<i>Surrendered due to non-completion of work</i>					
28	41 Urban Development and Housing	JNNURM 4217.03.051.71	16,210.00	13,912.43	86
<i>Surrendered due to non-receipt of ACA fund</i>					
29	12 Forest, Environment and Wild Life Management	Schemes funded under Sikkim Ecology fund 3435.03.61	1,500.00	1,242.81	83
<i>Surrendered to keep the expenditure within the resource allocation</i>					
30	12 Forest, Environment and Wild Life Management	Forest Protection Scheme 2406.01.101.66	8,228.82	6,685.02	81
<i>Surrendered due to non-completion of work</i>					
31	33 Water Security and Public Health Engineering	Rural Water Supply 4215.01.102.34	818.75	641.64	78
<i>Surrendered due to non-receipt of Claims</i>					
32	14 Home	Improving Delivery of Justice 2014.800.41	436.00	329.94	76
<i>Surrendered due to non-receipt of proposals from the Buildings &amp; Housing Department</i>					
33	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Inland fisheries 4405.101	675.32	505.93	75

<i>Surrendered due to non-receipt of fund from GOI</i>					
34	41 Urban Development and Housing	ADP Project (EAP) 4217.03.051.75	3,000.00	2,263.77	75
<i>Surrendered due to less receipt of fund</i>					
35	31 Energy and Power	Construction of 66/11 KV 2X5 MVA sub-station at Perving, East Sikkim incld drawing of 11 KV Transmission lines for Power Evacuation & other works 4801.05.800.67	700.00	514.75	74
<i>Surrendered due to non-receipt of fund from GOI</i>					
36	35 Rural Management and Development	Rural Development Department 4215.01.102.36	1,680.17	1,201.75	72
<i>Surrendered due to non-receipt of fund from GOI</i>					
37	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Other Livestock Breeding 2403.106.72	58.96	40.56	69
<i>Surrendered due to non implementation of the scheme</i>					
38	33 Water Security and Public Health Engineering	Scheme under 10% Lumpsum Provision for NE States including Sikkim 4215.01.101.71	977.03	685.92	70
<i>Surrendered due to non-receipt of Central Share</i>					
39	19 Irrigation and Flood Control	Original Works 2702.01.103.60	13,400.00	9,278.00	69
<i>Surrendered due to non-receipt of fund from GOI</i>					
40	41 Urban Development and Housing	Projects/Schemes for the benefit of NE Region and Sikkim 4217.03.051.78	731.50	502.65	69
<i>Surrendered due to non completion of tender process by surrendering of actual balance</i>					
41	33 Water Security and Public Health Engineering	Pakyong Water supply scheme 4215.01.101.63	653.53	442.73	68
<i>Surrendered due to non-receipt of fund</i>					
42	30 Police	Construction 4055.207.72	375.00	250.22	67
<i>Surrendered due to non completion of work</i>					
43	22 Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18 <sup>th</sup> September Earthquake (SPA) 4059.051.75	13,711.00	9,021.69	66
<i>Surrendered due to non receipt of claims for the reconstruction work of Tashiling Secretariat and non-receipt of fund</i>					
44	12 Forest, Environment and Wild Life Management	Forest Protection schemes 4406.01.101.66	330.00	215.43	65
<i>Surrendered due to non-receipt of fund from GOI</i>					
45	10 Finance, Revenue and Expenditure	House building advance to AIS officers 7610.201.61	30.00	18.90	63
<i>Surrendered due to non receipt of requests for the respective loans</i>					
46	30 Police	Modernization of Police Force (Central Share)	590.00	363.39	62
<i>Surrendered due to non-completion of work</i>					
47	31 Energy and Power	Schemes under Non-lapsable Central Pool of Resources 4801.05.800.46	4,845.71	2,969.87	61
<i>Surrendered due to non-receipt of fund from GOI</i>					
48	38 Social Justice, Empowerment and Welfare	Special component plan for Schedule Castes 4202.01.789	100.67	61.90	61
<i>Surrendered due to non completion of work</i>					
49	19 Irrigation and Flood Control	East district 4711.03.103.45	583.47	351.08	60

<i>Surrendered due to non-receipt of NEC fund</i>						
50	33 Water Security and Public Health Engineering	Water supply scheme for West 4215.01.101.74	973.66	585.14	60	
<i>Surrendered due to non-receipt of Central Share</i>						
51	40 Tourism and Civil Aviation	Tourism Institutes 5452.01.101.64	140.43	84.50	60	
<i>Surrendered due to non completion of work and non-receipt of claims</i>						
52	31 Energy and Power	Complete electrification of Lord Buddha Statue 4801.05.800.97	312.17	183.95	59	
<i>Surrendered to keep the expenditure to the extent of fund released</i>						
53	33 Water Security and Public Health Engineering	Water supply scheme for East 4215.01.101.73	1,586.60	930.25	59	
<i>Surrendered due to non-receipt of Central Share</i>						
54	34 Roads & Bridges	Construction of Steel Bridge in South Sikkim 5054.04.101.68	729.77	420.54	58	
<i>Surrendered due to non-receipt of fund and non-completion of work</i>						
55	35 Rural Management and Development	Rural Development Department 5054.04.101.36	2,399.37	1,402.30	58	
<i>Surrendered due to non-receipt of fund</i>						
56	33 Water Security and Public Health Engineering	Water supply scheme for South 4215.01.101.72	1,032.49	581.73	56	
<i>Surrendered due to non-receipt of Central Share</i>						
57	22 Land Revenue and Disaster Management	Capacity building for disaster response 2245.80.102.62	201.43	111.67	55	
<i>Surrendered due to non completion of on-going project</i>						
58	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Prevention and Control of Animal diseases 2403.101.62	32.79	17.80	54	
<i>Surrendered due to non-receipt of fund</i>						
59	46 Municipal Affairs	General Basic Grant recommended by the 13 <sup>th</sup> FC 3604.200.93	32.63	17.63	54	
<i>Surrendered by restricting the expenditure to the extent of fund received under the 13<sup>th</sup> FC</i>						
60	20 Judiciary	Pensionary charges in respect of High Court judges 2071.01.106	61.30	32.42	53	
<i>Surrendered due to non-receipt of reimbursement claims from the GOI</i>						
61	21 Labour	Industrial Training Institute, Rangpo 2230.03.101.60	360.77	190.23	53	
<i>Surrendered due to non-regularization of MR staff.</i>						
62	02 Animal Husbandry, Livestock, Fisheries and Veterinary Services	Census, Survey and investigation 2403.113.75	125.03	64.81	52	
<i>Surrendered due to non-receipt of fund from GOI</i>						
63	36 Science, Technology and Climate Change	Setting up of Technology Demonstration/Transfer and Skill Development Centre for Schedule Tribe 5425.600.61	103.00	52.00	50	
<i>Surrendered due to non completion of work</i>						
<b>TOTAL</b>			<b>94,622.63</b>	<b>72,095.02</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 82)

(₹ in lakh)

<b>I - Grant</b>		<b>Name of grant/appropriation</b>	<b>Savings</b>
<b>Sl. No.</b>	<b>Grant No.</b>		
1	17	Information and Public Relation	21.35
2	23	Law	0.08
3	25	Mines Mineral and Geology	0.01
4	29	Development Planning, Economic Reforms and North Eastern Council Affairs	960.28
<b>TOTAL</b>			<b>981.72</b>
<b>II – APPROPRIATION</b>			
1		Public Service Commission	0.03
<b>TOTAL</b>			<b>0.03</b>
<b>GRAND TOTAL</b>			<b>981.75</b>

**Appendix 2.9**

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

(Reference: Paragraph 2.3.11, Page 82)

(₹ in crore)

<b>Sl. No.</b>	<b>Number and name of Grant/Appropriation</b>	<b>Capital/ Revenue</b>	<b>Saving</b>	<b>Surrender</b>	<b>Saving which remained to be surrendered</b>
1	12 Forest, Environment and Wild life Management	Revenue	101.24	82.24	19.00
2	22 Land Revenue & Disaster Management	Revenue	172.04	64.45	107.59
3	30 Police	Revenue	32.96	31.20	1.76
4	33 Water Security and Public Health Engineering	Capital	81.30	73.52	7.78
5	38 Social Justice, Empowerment and Welfare	Revenue	34.81	10.40	24.41
6	38 Social Justice, Empowerment and Welfare	Capital	8.77	1.94	6.83
7	40 Tourism	Capital	108.15	104.77	3.38
8	41 Urban Development and Housing	Capital	171.35	169.50	1.85
<b>Total</b>			<b>710.62</b>	<b>538.02</b>	<b>172.60</b>

## Appendix 2.10

## Statement showing surrender of funds in excess of ₹ 1 crore on 30 and 31 March 2013

(Reference: Paragraph 2.3.11, Page 82)

(₹ in crore)

Sl.No.	Grant No.	Major Head	Amount of Surrender	Percentage of Total Provision
1	01	2435	1.99	4.78
2	02	2403	3.74	11.44
3	02	4403	5.93	78.34
4	03	4059	6.84	19.80
5	07	2202	42.07	12.89
6	10	2049	9.88	4.91
7	10	2054	1.95	15.16
8	10	2071	14.02	5.88
9	10	2075	231.32	31.10
10	10	6004	1.06	10.14
11	11	2408	2.21	11.76
12	11	4408	2.68	65.69
13	12	2406	13.55	10.62
14	12	3435	13.65	82.08
15	12	4406	2.15	65.15
16	13	4210	7.63	6.75
17	14	2014	3.29	75.46
18	18	2852	1.07	26.42
19	19	2702	92.78	65.41
20	19	4711	3.51	32.41
21	20	2014	1.64	9.16
22	21	2230	1.43	21.83
23	21	4059	1.00	45.05
24	22	2216	47.15	29.47
25	22	2245	14.29	9.65
26	22	2506	3.00	42.86
27	22	4059	64.62	47.13
28	22	4215	5.24	34.93
29	30	2055	29.41	12.92
30	30	2070	1.29	14.64
31	31	4801	60.66	58.68
32	33	4215	73.52	60.11
33	34	5054	61.58	25.70
34	35	4215	12.02	64.24
35	35	4515	3.03	10.51
36	35	5054	14.02	34.04
37	38	2235	6.71	14.92
38	38	2236	3.69	25.93
39	39	2204	2.02	21.81
40	39	4202	2.78	22.69
41	40	5452	103.37	65.99
42	41	2217	2.15	9.52
43	41	4217	168.35	76.26
44	43	3604	26.56	57.02
45	02	4405	4.39	62.27
46	05	4202	7.74	21.69
47	07	4202	2.01	4.44
48	21	2230	1.34	20.46
49	30	4055	6.57	49.58
		<b>TOTAL</b>	<b>1,192.90</b>	

**Appendix 2.11**  
**Statement showing rush of expenditure**  
*(Reference: Paragraph 2.5.1.8, Page 87)*

*(₹ 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	3451 -30.00.13 Office Expenses	130.23	97.95	32.27	130.22	25
	3454 -800-60-SIU	51.50	21.96	29.49	51.45	57
	3454 -800-60-00-71 Trg. On M&E	4.40	Nil	0.91	0.91	100
2009-10	2575 -00-00.60-Dev. Activities in Border Areas	44.70	28.49	16.21	44.70	36
	3451 -30.00.13 Office Expenses	99.47	72.32	27.04	99.36	27
	3451 -30.00.50 Other Charges	32.72	0.26	32.46	32.72	99
	3454-02-112-EAS	65.25	39.63	25.62	65.25	39
	3454 -800-61-DSO	103.85	43.72	60.13	103.85	58
	3454 -800-62-PFU	6.24	3.24	3.00	6.24	48
	3454 -02-112-00-00-84-Pilot Survey (100%CSS)	5.68	2.62	3.06	5.68	54
	3454-02-00-00-83-USHA (100%CSS)	3.00	Nil	3.00	3.00	100
	3454-02-112-EAS (NP)	132.04	70.49	61.55	132.04	47
2010-11	4575 -00.00.71 - Construction in Border Areas	1000.00	529.00	471.00	1000.00	47
	3451 -30.00.13 Office Expenses	70.10	44.30	25.78	70.08	37
	3454-02-112-EAS	131.38	90.68	40.68	131.36	31
2011-12	3454-00.00.13 OE	1.46	Nil	1.45	1.45	100
	3451 -30.00.13 Office Expenses	73.25	48.62	24.62	73.24	34
	3451 -30.00.31 GIA to state planning Board	47.23	32.17	15.04	47.21	32
	3451 -30.00.85 Distt. Innovation Fund	200.00	Nil	184.50	184.50	100
2012-13	3451 -30.00.89 Preparation of Ethnographic Report	11.39	7.88	3.50	11.38	31
	3451 -30.00.13 Office Expenses	165.84	68.07	97.28	165.35	59
	3451 -30.00.87 Human Development Report	19.10	10.82	8.25	19.07	43
	3451 -30.00.89 Preparation of Ethnographic Report	26.20	18.85	7.30	26.15	28
	3454-02-00.00.81-Conduct of EC (100%CSS)	63.51	2.58	44.12	46.70	94
	3454-02.206-64-00-50-UID	22.00	Nil	22.00	22.00	100

Source: Monthly Expenditure Accounts

**Appendix 3.1**  
**Utilisation Certificates outstanding as of March 2013**  
*(Reference: Paragraph 3.1, Page 89)*

(₹ in lakh)

Sl. No	Name of the Department	Year of payment of Grant	Total Grants paid		Utilisation Certificate			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	Cultural Affairs & Heritage Department	2012-13	110	45.20	56	9.90	54	35.30
II	Urban Development and Housing Department	2012-13	14	16.66	14	16.66	0	0
III	Health Care, Human Services and Family Welfare Department	2001-02	4	4.05	0	0	4	4.05
		2002-03	2	24.50	0	0	2	24.50
		2003-04	3	27.10	0	0	3	27.10
		2004-05	3	7.67	0	0	3	7.67
		2005-06	3	10.57	0	0	3	10.57
		2006-07	3	14.31	0	0	3	14.31
		2007-08	4	300.00	2	69.18	2	230.83
		2008-09	4	200.00	1	14.25	3	185.75
		2009-10	1	8.00	1	8.00	0	0
		2010-11	1	6.00	1	6.00	0	0
		2011-12	2	230.00	2	230.00	0	0
		2012-13	3	15.00	3	15.00	0	0
	IV	Total		33	847.20	10	342.42	23
Department of Tourism and Civil Aviation		2012-13	12	631.80	3	424.00	9	207.80
V	Information Technology	2007-08	8	34.50	4	14.79	4	19.71
VI	Co-operation Department	1999-00	5	3.25	4	3.00	1	0.25
		2001-02	9	19.04	8	18.24	1	0.80
		2002-03	18	29.52	15	29.31	3	0.21
		2005-06	4	11.00	4	11.00	0	0
		2006-07	351	68.00	351	68.00	0	0
		2007-08	197	132.00	194	117.00	3	15.00
		2008-09	25	159.00	25	159.00	0	0
		2009-10	33	377.00	30	353.00	3	24.00
		2011-12	20	118.00	20	118.00	0	0
	2012-13	176	198.08	0	0	176	198.08	
Total			838	1114.89	651	876.55	187	238.34
VII	Government Industrial Training Institute, Rangpoo	2012-13	2	184.32	-	-	2	184.32
VIII	Human Resource Development Department	2012-13	29	180.00	29	180.00	-	-
IX	Ecclesiastical Affairs	2012-13	137	386.00	0	0	137	386.00
X	AHLFVS	2012-13	4	229.40	1	10.00	3	219.94
XI	Forest, Environment and Wildlife Management Department	2011-12	1	10.00	0	0	1	10.00
		2012-13	1	10.00	0	0	1	10.00
XII	Energy and Power Department	2012-13	2	200.00	0	0	2	200.00
	Grand Total		1,191	3,889.97	768	1,874.90	423	2,015.07

### Appendix 3.2

#### Statement showing the details of Utilisation Certificates received by AHLFVS

(Reference: Paragraph 3.1.1, Page 90)

(₹ in lakh)

Year	Grants-in-aid released		UCs received		UCs outstanding	
	Total number of GIA	Total amount	Total number of GIA	Total amount	Total Number of GIA	Total amount
2008-09	32	359.28	6	273.93	26	85.35
2009-10	36	620.40	17	557.38	19	63.02
2010-11	3	196.67	3	196.67	0	0
2011-12	13	337.97	9	267.92	4	70.05
2012-13	4	229.94	1	10.00	3*	219.94
<b>Total</b>	<b>88</b>	<b>1,744.26</b>	<b>36</b>	<b>1,305.90</b>	<b>52</b>	<b>438.36</b>

\*UCs have not been received till September 2013

### Appendix 3.3

#### Statement showing the details of Annual Accounts pending to various grantee units

(Reference: Paragraph 3.1.1, Page 90)

Name of grantee unit	Year for which annual accounts to be submitted	Annual accounts not submitted
Sachiva, ZPs	2008-09 to 2009-10 and 2011-12	2008-09 to 2011-12
DDOs		
SPDC	2008-09 to 2012-13	2012-13
SHL	2008-09 to 2012-13	2012-13
SCMPUL	2008-09 to 2009-10 and 2011-12 to 2012-13	2012-13
NDMPUL	2008-09 to 2012-13	2011-12 to 2012-13
SARAH	2008-09 to 2012-13	2012-13

Note: Two organisations i.e., Sikkim Amateur Swimming Association and All Sikkim SC Welfare Association, Gangtok receiving Grants-in-aid during 2008-09 (₹ 0.10 lakh) and 2011-12 (₹ 0.05 lakh) respectively, although not required to prepare Annual Accounts, have not submitted UCs.

## Appendix 3.4

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

(Reference: Paragraph 3.2, Page 93)

Sl. No.	Name of the Bodies/Authorities	Year for which Accounts have not been received	Grants received (₹ in crore)
1	Sikkim Institute of Rural Development( SIRD), Karfactor	2012-2013	Not furnished
2	Sikkim Illness Assistance Fund Association, Gangtok	2011-12 to 2012-13	Not furnished
3	State Leprosy Officer, Gangtok	2011-12 to 2012-13	Not furnished
4	District Leprosy Officer, East District, Gangtok	2011-12 to 2012-13	Not furnished
5	District Leprosy Officer, South District, Namchi	2011-12 to 2012-13	Not furnished
6	District Leprosy Officer, North District, Mangan	2011-12 to 2012-13	Not furnished
7	District Leprosy Officer West District, Gayzing	2011-12 to 2012-13	Not furnished
8	State Health & Family Welfare Society, Gangtok	2011-12 to 2012-13	Not furnished
9	District Health Society (NRHM), South District	2012-2013	Not furnished
10	District Health Society (NRHM), North District	2012-2013	Not furnished
11	District Health Society (NRHM), East District	2012-2013	Not furnished
12	District Health Society (NRHM), West District	2012-2013	Not furnished
13	Sikkim Renewable Energy Development Agency	2011-12 to 2012-13	Not furnished
14	Project Director, National Aids Control Society , Gangtok	2012-2013	Not furnished
15	Project Officer, Prevention & Control of Blindness, Gangtok	2012-2013	Not furnished
16	PrincialPaljorNamgyal Senior Secondary School, Gangtok	2011-12 to 2012-13	Not furnished
17	Principal, TashiNamgyal Academy, Gangtok	2011-12 to 2012-13	Not furnished
18	Director, Sikkim Institute of Tibetology, Gangtok	2011-12 to 2012-13	Not furnished
19	Member Secretary, Council of Science & Technology, Gangtok	2011-12 to 2012-13	Not furnished
20	Project Officer, Sikkim Rural Development Agency, Gangtok	2012-2013	Not furnished
21	Principal Institute of Hotel Management, Gangtok	2009-10 to 2012-13	Not furnished
22	Sikkim Milk Union, Gangtok	2012-2013	Not furnished
23	Sikkim Urban Development Agency( SUDA), Gangtok	2012-2013	Not furnished
24	Sikkim State Co operative Supply & Marketing Federation Ltd.	2012-2013	Not furnished
25	Sikkim Housing & Development Board , Gangtok	2007-2008 to 2012-13	Not furnished
26	Small Farmers Business Consortium, Gangtok	2012-2013	Not furnished
27	RajyaSainik Board, Gangtok	2007-08 to 2012-13	Not furnished
28	Sikkim State Commission for Women, Gangtok	2010-11 to 2012-13	Not furnished
29	State Legal Service Authority ( State Legal Aid Fund) , Gangtok	2012-2013	Not furnished
30	Director Khadi& Village Industries Board	2012-2013	Not furnished
31	CEO, Sikkim Livestock Development Board, Gangtok	2012-2013	Not furnished
32	Sikkim State Social Welfare Board, Gangtok	2009-10 to 2012-13	Not furnished

**Appendix 3.5**  
**Statement showing performance of the autonomous bodies**  
*(Reference: Paragraph 3.3; Page 93)*

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) 2007-08 (20.07.12) 2008-09 (15.11.12) 2009-10 (30.11.12)	2006-07 (30.7.2009) 2007-08, 2008-09 2009-10 and 2010-11 (5.10.2013)	1 year 6 months
				2008-09 April 2010			6 months
				2009-10 March 2012			1 year 5 months
				2010-11 May 2012			7 months
				2010-11 May 2013			1 year 8 months
2.	State Trading Corporation of Sikkim	2011-12 to 2016-17	2007-08	2005-06 March 2009	2004-05 (14.6.10) 2005-06 (17.8.11) 2006-07 (17.8.11) 2007-08 (17.8.11)	2004-05 (12.01.2011) 2005-06, 2006-07 and 2007-08 (not yet placed)	2 years 5 months
				2006-07 March 2009			1 year 5 months
				2007-08 March 2009			5 months
3.	State Bank of Sikkim	2013-14 to 2017-18	2010-11	2005-06 August 2007	2004-05 (21.4.09) 2005-06 (17.8.11) 2006-07 (20.7.12) 2007-08 (30.11.12)	2004-05 27.12.2010 2005-06 (not yet placed) 2006-07 and 2007-08 (5.10.2013)	4 years 2 months
				2006-07 December 2011			3 years 5 months
				2007-08 March 2012			2 years 7 months
				2008-09 November 2012			1 year 7 months
				2009-10 April 2013			1 year 7 months
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, (14.6.10) 2008-09 2009-10 and 2010-11 (not yet placed)	---
				---	2007-08 (14.6.10)		---
				---	2008-09 (01.12.11) 2009-10 (20.7.12) 2010-11 (13.05.13)		1 year 7 months
5	Sikkim Khadi and Village Industries Board	2005-06 to 2009-10	2005-06	2005-06 May 2009	NA	NA	3 years



## Appendix 3.6

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

(Reference: Paragraph 3.4; Page 94)

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 3.7

## Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc., where final action was pending as on 31 March 2013

(Reference: Paragraph 3.5; Page 94)

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	1 (0.26)
2	Food, Civil Supplies and Consumer Affairs	0	0	0	1 (12.54)	0	0	1 (12.54)
3	Sports and Youth Affairs	0	1 (15)	0	0	0	0	1 (15)
4	Transport (SNT)	0	3 (168.48)	0	0	0	0	3* (168.48)
	<b>Total</b>	<b>0</b>	<b>5 (183.74)</b>	<b>0</b>	<b>1 (12.54)</b>	<b>0</b>	<b>0</b>	<b>6 (196.28)</b>

(figures in bracket indicate rupees in lakh)

\*in one case, amount was not specified.

## Appendix 3.8

## 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 94)

Name of the Department	Theft cases		Misappropriation/loss of Government Material		Total	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Finance, Revenue and Expenditure	Nil	Nil	1	0.26	1	0.26
Food, Civil Supplies and Consumer Affairs	Nil	Nil	1	12.54	1	12.54
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>6</b>	<b>196.28</b>	<b>6</b>	<b>196.28</b>

\*in one case, amount was not specified.