

TABLE OF CONTENTS

Paragraph	Particulars	Page No.
	<i>Preface</i>	v
	<i>Executive summary</i>	vii
Chapter I: Overview of State Finances		
1.1	Profile of the State	1
1.2	Basis and Approach to State Finances Audit Report	1
1.3	Report Structure	2
1.4	Overview of Government Account Structure and Budgetary Processes	2
1.5	Fiscal Balance: Achievement of deficit and total debt targets	8
1.6	Deficits and Total Debt after examination in audit	12
1.7	Conclusion	13
1.8	Recommendations	14
Chapter II: Finances of the State		
2.1	Major changes in Key fiscal aggregates in 2019-20 <i>vis-à-vis</i> 2018-19	15
2.2	Sources and Application of Funds	16
2.3	Resources of the State	17
2.3.1	Components of Receipts of the State	17
2.3.2	State's Revenue Receipts	18
2.3.3	Capital receipts	27
2.3.4	State's performance in mobilization of resources	28
2.4	Application of Resources	29
2.4.1	Growth and composition of expenditure	29
2.4.2	Revenue Expenditure	31
2.4.3	Capital Expenditure	36
2.4.4	Expenditure priorities	40
2.5	Public Account	41
2.5.1	Net Public Account Balances	41
2.5.2	Reserve Funds	42
2.5.3	Position of loans and advances and interest received/ paid by the State Government	48
2.6	Components of Fiscal Deficit and its financing pattern	48
2.7	Debt Management	50
2.7.1	Debt Profile: Components	50
2.7.2	Debt Profile: Maturity and Repayment	52
2.8	Debt Sustainability Analysis	53
2.8.1	Utilisation of Borrowed Funds	56
2.8.2	Status of Guarantees – Contingent Liabilities	56
2.8.3	Cash Balances	57

Paragraph	Particulars	Page No.
2.9	Conclusion	59
2.10	Recommendations	61
Chapter III: Budgetary Management		
3.1	Introduction	63
3.2	Budget Process	63
3.2.1	Summary of total provisions, actual disbursements and savings	64
3.2.2	Charged and voted disbursements	64
3.3	Appropriation Accounts	64
3.4	Comments on integrity of budgetary and accounting process	65
3.4.1	Unnecessary or excessive supplementary grants	65
3.4.2	Unnecessary or excessive re-appropriation	65
3.4.3	Unspent amount and surrendered appropriations and/ or large savings/ surrenders	66
3.4.4	Excess expenditure and its regularization	69
3.5	Comments on effectiveness of budgetary and accounting process	71
3.5.1	Budget projection and gap between expectation and actual	71
3.5.2	Supplementary budget and opportunity cost	72
3.5.3	Major policy pronouncements in budget and their actual funding for ensuring implementation	74
3.5.4	Rush of Expenditure	74
3.5.5	Review of selected grants	76
3.6	Conclusion	80
3.7	Recommendations	82
Chapter IV: Quality of Accounts and Financial Reporting Practices		
4.1	Funds outside Consolidated Fund or Public Account of the State	83
4.1.1	Unaccounted Revenue and Expenditure transactions	83
4.2	Off-budget borrowings	85
4.3	Funds transferred directly to State implementing agencies	87
4.4	Delay in submission of Utilisation Certificates of Grants-in-aid	87
4.5	Abstract Contingent bills	90
4.5.1	Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills	90
4.5.2	Outcome of review on pendency in submission of Detailed Contingent Bills in Department of Personnel and Sikkim Information Commission	93
4.6.1	Indiscriminate use of Minor head 800	96
4.6.2	Suspense and Remittances	97
4.7	Reconciliation of Receipts and Expenditure between CCOs and Sr. Deputy Accountant General (A&E)	99

Paragraph	Particulars	Page No.
4.8	Reconciliation of Cash Balances	99
4.9	Compliance with Accounting Standards	100
4.10	Submission of Accounts/Separate Audit Reports of Autonomous Bodies	100
4.11	Departmental Commercial Undertakings/Corporations/Companies	100
4.12	Non-submission/ delay in submission of accounts by Autonomous Bodies/ Authorities	101
4.13	Misappropriations, losses, thefts, <i>etc.</i>	102
4.14	Follow up action on State Finances Audit Report	103
4.15	Conclusion	103
4.16	Recommendations	104
Chapter V: Functioning of State Public Sector Enterprises (SPSEs)		
5.1	Introduction	107
5.2	Mandate	107
5.3	Working and non-working SPSEs	108
5.4	Investment in SPSEs	109
5.5	Budgetary assistance to SPSEs	110
5.6	Returns from Government Companies and Corporations	110
5.7	Long Term Debt of SPSEs	111
5.8	Operating Efficiency of SPSEs	111
5.9	Return on Capital Employed	112
5.10	Return on Equity (ROE)	113
5.11	SPSEs incurring Losses	113
5.12	SPSEs having complete erosion of capital	114
5.13	Audit of State Public Sector Enterprises	114
5.14	Appointment of statutory auditors of SPSEs by CAG	115
5.15	Submission of accounts by SPSEs	115
5.16	Timeliness in preparation of accounts by SPSEs	116
5.17	CAG's oversight - Audit of accounts and supplementary audit	116
5.18	Audit of accounts of Government Companies by Statutory Auditors	117
5.19	Supplementary Audit of accounts of Government Companies	117
5.20	Result of CAG's oversight role	118
5.21	Management Letters	119
5.22	Conclusion	120
5.23	Recommendations	121

LIST OF APPENDICES

Appendix	Title	Page No.
Appendix 1.1:Part A	State Profile	123
Appendix 1.1: Part B	Layout of Finance Accounts	124
Appendix 1.1: Part C	Structure of Government Accounts	125
Appendix 1.2	Time Series Data on the State Government Finances	127
Appendix 2.1A	Abstract of Receipts and Disbursements	130
Appendix 2.1 B	Summarised Financial Position of the Government of Sikkim	133
Appendix 2.2	Tax and Non-Tax Revenue collected during 2015-20	134
Appendix 2.3	Statement showing Investment at the end of 2019-20	136
Appendix 2.4	Delay in completion/adoption of Accounts by the Board of Directors Accounts pending finalisation as on September 2020	137
Appendix 2.5	Statement showing details of Year-wise Incomplete Works as on March 2020	138
Appendix 3.1	Statement showing cases where supplementary provisions proved unnecessary (₹ 50 lakh or more in each case)	152
Appendix 3.2	Statement of various list of Grants having large savings (savings above ₹ 1 Crore or more in each case)	153
Appendix 3.3	Summarised position of expenditure and savings for the period 2015-16 to 2019-20	154
Appendix 3.4	Statement showing results of review of substantial surrenders (50 per cent or more of Total provision) made during the year	155
Appendix 3.5	Details of surrender of funds in excess of ₹ one crore at the end of March 2020	161
Appendix 3.6	Statement showing details of incomplete projects more than one crore	163
Appendix 4.1	Statement showing funds transferred directly to the Implementing Agencies in the State under the Programmes/ Schemes Outside the State Budget during 2019-20	165
Appendix 4.2	Statement showing outstanding Utilisation Certificates in respect of various Departments upto 31 March 2020	167
Appendix 4.3	Statement showing pending DC bills for the years upto 2019-20	168
Appendix 4.4	Statement showing pending Abstract Contingent Bills of Department of Personnel	169
Appendix 4.5	Arrears of accounts of bodies and authorities	170
Appendix 4.6	Statement Showing names of Autonomous Bodies and Authorities, the Accounts of which had not been received under Section 14 (1) and 15 of CAG's DPC Act, 1971	171