



# GOVERNMENT OF SIKKIM

## ACCOUNTS AT A GLANCE

### 2010-2011



**SENIOR DEPUTY ACCOUNTANT GENERAL**  
**(ACCOUNTS AND ENTITLEMENTS) SIKKIM**



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(ACCOUNTS AND ENTITLEMENTS) SIKKIM**



**Sikkim Legislative Assembly**

## PREFACE

This is the Thirteenth issue of our annual publication 'Accounts at a Glance'.

The Annual Accounts of the State Government are prepared and examined under the directions of Comptroller and Auditor General of India in accordance with the requirement of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the Legislature of the State. The Annual Accounts consists of (a) Finance Accounts (Volume I and II) and (b) Appropriation Accounts. Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise expenditure against provision approved by State Legislature and offer explanations for variations between the actual expenditure and the funds provided. The Senior Deputy Accountant General (Accounts and Entitlements), Sikkim prepares the State Finance Accounts and the Appropriation Accounts.

'Accounts at a Glance' provides a broad overview of Governmental activities, as reflected in the Finance Accounts and the Appropriation Accounts. The information is presented through brief explanations, statements and graphs.

We look forward to suggestions that would help us in improving the publication.



**(DINESH BHARGAVA)**  
**ACCOUNTANT GENERAL, SIKKIM**

Place: Gangtok  
Date: 20/02/2012

## **Our Vision, Mission and Core Values**

**The vision of the institution of the Comptroller and Auditor General of India represents what we aspire to become**

We strive to be a global leader and initiator of national and international best practices in public sector auditing and accounting and recognized for independent, credible, balanced and timely reporting on public finance and governance.

**Our mission enunciates our current role and describes what we are doing today**

Mandated by the Constitution of India, we promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders – the Legislature, the Executive and the Public – that public funds are being used efficiently and for the intended purposes.

**Our core values are the guiding beacons for all that we do and give us the benchmarks for assessing our performance**

- |                |                           |
|----------------|---------------------------|
| ▪ Independence | ▪ Professional Excellence |
| ▪ Objectivity  | ▪ Transparency            |
| ▪ Integrity    | ▪ Positive Approach       |
| ▪ Reliability  |                           |



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# Chapter I

## OVERVIEW

### 1.1. Introduction

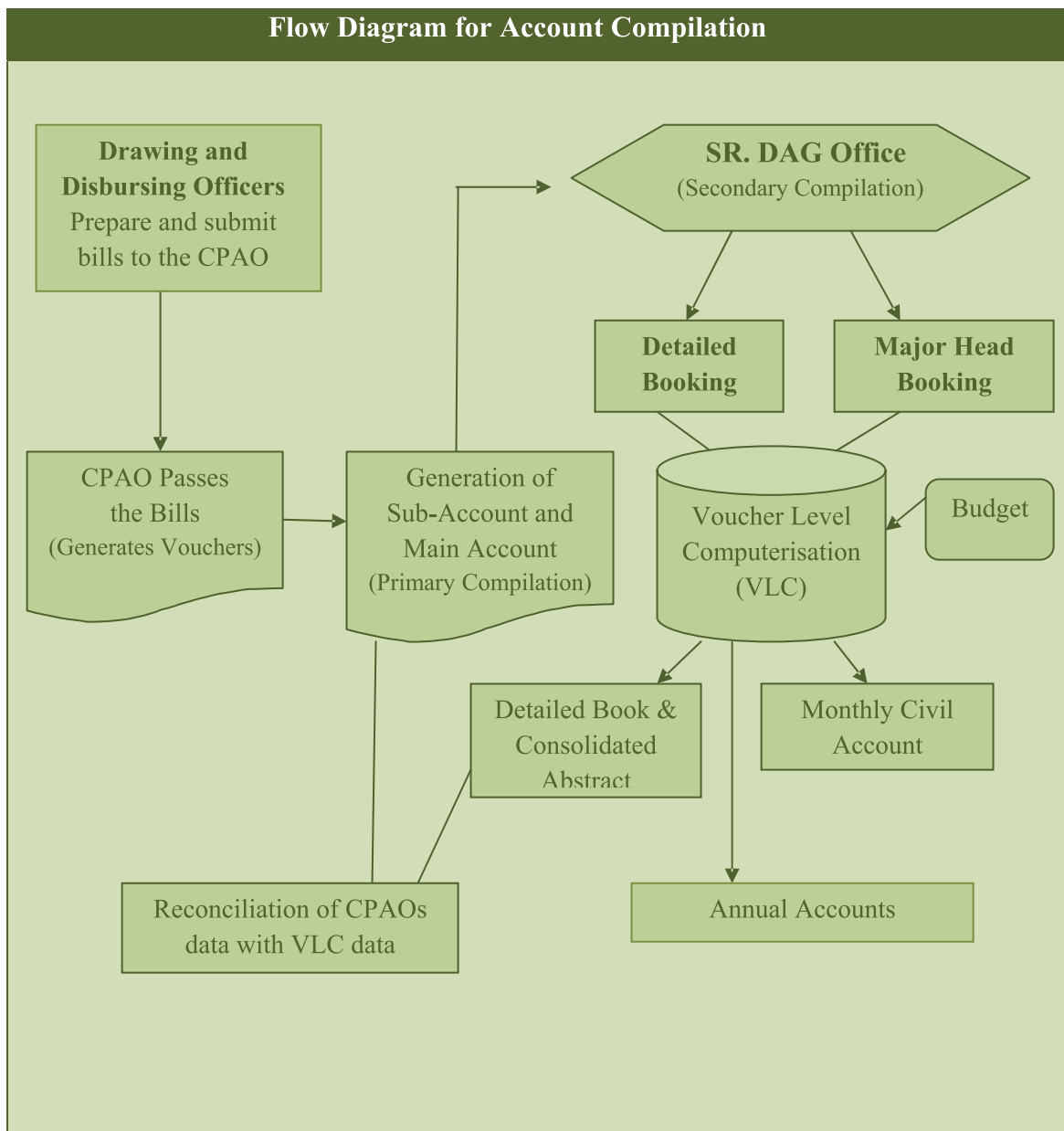
The Senior Deputy Accountant General (Accounts and Entitlements), Sikkim compiles the accounts of receipts and expenditure of the Government of Sikkim. This compilation is based on the initial accounts rendered by the Chief Pay and Accounts Offices, Public Works and Forest Divisions and PAO, Sikkim Legislative Assembly. Following such compilation, the Senior Deputy Accountant General (A&E) prepares, annually, the Finance Accounts and the Appropriation Accounts, which are placed before the State Legislature after audit by the Accountant General (Audit) Sikkim and certification by the Comptroller and Auditor General of India.

### 1.2. Structure of Accounts

#### 1.2.1. Government Accounts are kept in three parts:

<b>Part 1 Consolidated fund</b>	Receipts and Expenditure on Revenue and Capital Account, Public Debt and Loans and Advances.
<b>Part 2 Contingency fund</b>	Intended to meet unforeseen expenditure not provided for in the budget. Expenditure from this Fund is recouped subsequently from the Consolidated Fund.
<b>Part 3 Public Account</b>	Comprises of Debt, Deposits, Advances Remittances and Suspense transactions. Debt and Deposits represent repayable liabilities of the Government. Advances are receivables of the Government. Remittances and Suspense transactions are adjusting entries that are to be cleared eventually by booking to the final heads of account.

### 1.2.2. Compilation of Accounts



### 1.3. Finance Accounts and Appropriation Accounts

#### 1.3.1. Finance Accounts

The Finance Accounts depict the receipts and disbursements of the Government for the year, together with the financial results disclosed by the revenue and capital accounts, public debt and public account balances recorded in the accounts. From the last year, the Finance Accounts have been issued in two volumes, in a new format, to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller General of India, summarized statements of overall receipts and disbursements and 'Notes to accounts' containing summary of significant accounting policies, quality of accounts and other items; Volume II contains other summarized statements (Part-I), detailed statements (Part-II) and appendices (Part-III).

Receipts and disbursements of the government of Sikkim as depicted in the Finance Accounts 2010-11 are given below.

(₹ in Crore)			
<b>Receipts</b> (Total: 3,365)	<b>Revenue</b> (Total: 3,047)	Tax Revenue	804
		Non-Tax Revenue	1,138
		Grants-in-Aid	1,105
	<b>Capital</b> (Total: 318)	Recovery of Loans and Advances	1
		Borrowings and other Liabilities	317
<b>Disbursements</b> (Total: 3,365)	Revenue		2,908
	Capital		451
	Loans and Advances		6

\* Borrowings and other Liabilities: Net (Receipts-Disbursements) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursements) of Public Account + Net of Opening and Closing Cash Balance

The Union Government transfers substantial funds directly to State Implementing Agencies/NGOs for implementation of various schemes and programmes. This year, the Government of India directly released ₹ 332 crore (₹ 247 crore last year). Since these funds are not routed through the State Budget, they are not reflected in the accounts of the State Government. These transfers are now exhibited in Appendix VII of Volume II of the Finance Accounts.

### **1.3.2. Appropriation Accounts**

The Appropriation Accounts supplement the Finance Accounts. They depict the expenditure of the State Government against amounts ‘charged’ on the Consolidated Fund ‘voted’ by the State Legislature. There are 2 charged Appropriations and 44 voted Grants.

The Appropriation Act, 2010-2011, has provided for gross expenditure of ₹ 4,297 crore and reduction of expenditure (recoveries) of ₹ 60 crore. Against this, the actual gross expenditure was ₹ 3,439 crore and reduction of expenditure ₹ 149 crore, resulting in net savings of ₹ 859 crore (19.9 %) and an under-estimation of ₹ 89 crore (148 %) on reduction of expenditure. Reduction of expenditure, both revenue and capital, was far more than estimates, due to lapsing of unspent balance of deposits in March 2011, as detailed at para 1.6 of this publication. The expenditure includes ₹ 26 crore drawn on Abstract Contingent (AC) Bills, which is still outstanding at the end of the year for want of supporting Detailed Contingent (DC) bills.

During 2010-11, ₹ Nil was transferred from the Consolidated Fund to Personal Deposit (PD) Accounts under the Public Account, which are maintained by designated Administrators for specific purposes. Normally, unspent balances under PD accounts are to be transferred back to the Government at the end of the financial year. However, details of such transfers, if any, and outstanding balances in individual PD accounts are available only with the treasuries, since they are responsible for maintaining such records.

## **1.4. Sources and Application of Funds**

### **1.4.1. Ways and Means Advances**

The Ways and Means Advances (WMA) has not been introduced in this State due to non operation of Reserve Bank of India (RBI) functions.

### **1.4.2. Fund flow statement**

The State had a Revenue Surplus of ₹ 139 crore and a Fiscal Deficit of ₹ 317 crore representing 2 % and 6 % of the Gross State Domestic Product (GSDP)<sup>1</sup>. The Fiscal Deficit constituted 9 % of total expenditure. This deficit was met from Public Debt (₹ 21 crore), increase in Public Account (₹ 334 crore), un-recouped contribution from the Contingency Fund (₹ 10 lakh), and net opening and closing cash balance ( - ₹ 40 crore). Around 41 % of the revenue receipts (₹ 3,047 crore) of the State Government was spent on committed expenditure like salaries (₹ 882 crore), interest payments (₹ 199 crore) and pensions (₹ 160 crore).

<sup>1</sup> Except where indicated otherwise, GSDP figures used in this publication are adopted from the Department of Economics, Statistics, Monitoring & Evaluation, Government of Sikkim, Gangtok.

## Sources and Application of Funds

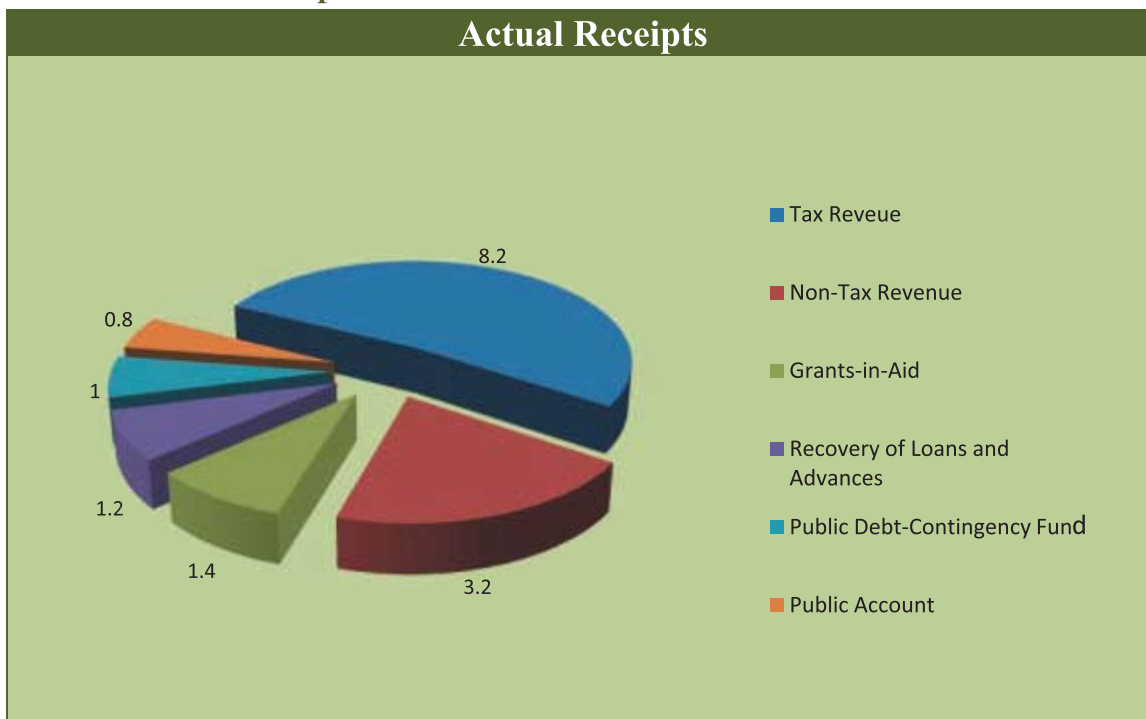
(₹ in crore)

	PARTICULARS	AMOUNT
	Opening Cash Balance as on 1.4.2010	115
	Revenue Receipts	3,047
	Recovery of Loans & Advances	1
	Public Debt	95
	Small Savings Provident Funds & Others	163
<b>SOURCES</b>	Reserves & Sinking Funds	60
	Deposits Received	51
	Civil Advances Repaid	-
	Suspense Account	3,046
	Remittances	675
	Contingency Fund	-
	<b>TOTAL</b>	<b>7,253</b>

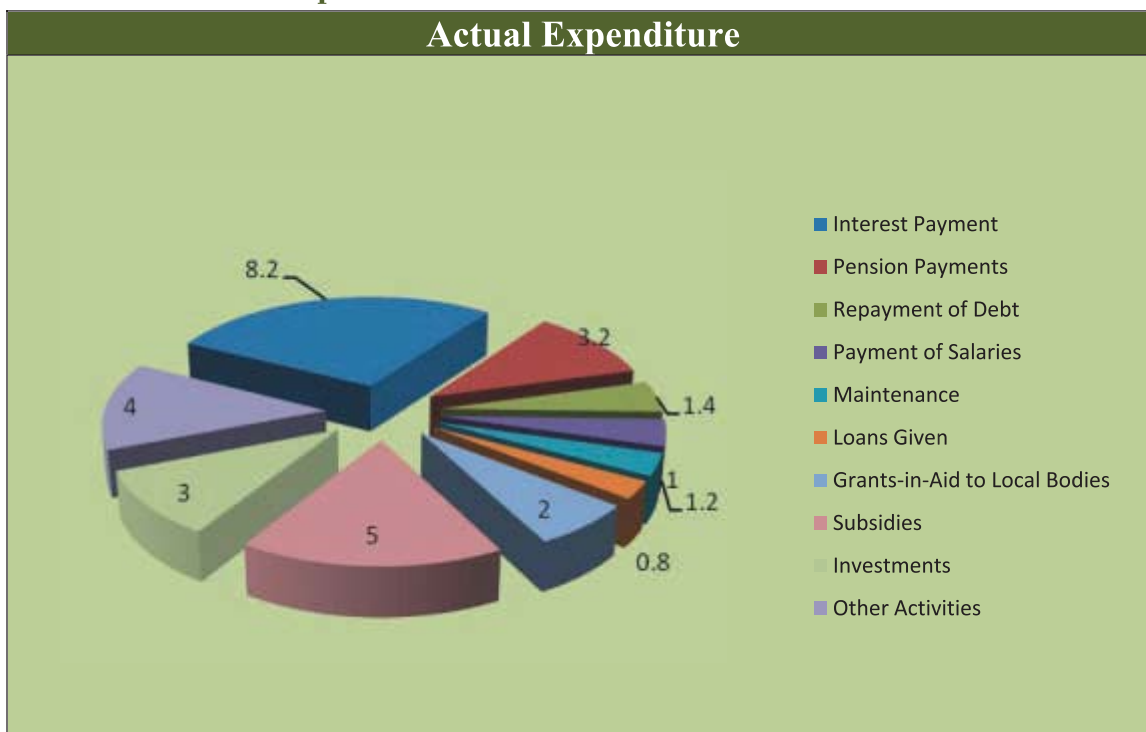
	Revenue Expenditure	2,908
	Capital Expenditure	451
	Loans Given	6
	Repayment of Public Debt	73
	Small Savings Provident Fund & Others	64
<b>APPLICATION</b>	Reserves & Sinking Funds	63
	Deposits Spent	31
	Civil Advances Given	-
	Suspense Account	2,799
	Remittances	703
	Closing Cash Balance as on 31.3.2011	155
	<b>TOTAL</b>	<b>7,253</b>



### 1.4.3. Where the Rupee came from



### 1.4.4. Where the Rupee went



### 1.5. Highlights of Accounts

	B.E 2010-11	Actuals	Percentage of actual to B.E	Percentage of actual to GSDP(\$)
1. Tax Revenue (@)	712	804	113	14
2. Non-Tax Revenue	1,275	1,138	89	20
3. Grants-in-aid & Contributions	1,599	1,105	69	20
4. Revenue Receipts (1+2+3)	3,586	3,047	85	54
5. Recovery of Loans and Advances	1	1	100	0
6. Borrowings & other Liabilities (A)	361	317	88	6
7. Capital Receipts (5+6)	362	318	88	6
8. Total Receipts (4+7)	3,948	3,365	85	60
9. Non-Plan Expenditure	2,237	2,238	100	40
10. NPE on Revenue Account	2,233	2,232	100	39
11. NPE on Interest Payments out of 10	196	199	102	4
12. NPE on Capital Account	4	6	150	0
13. Plan Expenditure	1,711	1,127	66	20
14. PE on Revenue Account	821	676	82	12
15. PE on Capital Account	890	451	51	8
16. Total Expenditure (9+13)	3,948	3,365	85	60
17. Revenue Expenditure (10+14)	3,054	2,908	95	52
18. Capital Expenditure (12+15) (#)	894	457	51	8
19. Revenue Surplus (4-17)	532	139	26	2
20. Fiscal Deficit (4+5-16)	361	317	88	6

(@) Includes State's share of Union Taxes of ₹ 525 crore.

(\$ ) GSDP figure of ₹ 5,652 crore adopted from the Department of Economics, Statistics, Monitoring & Evaluation, Government of Sikkim, Gangtok.

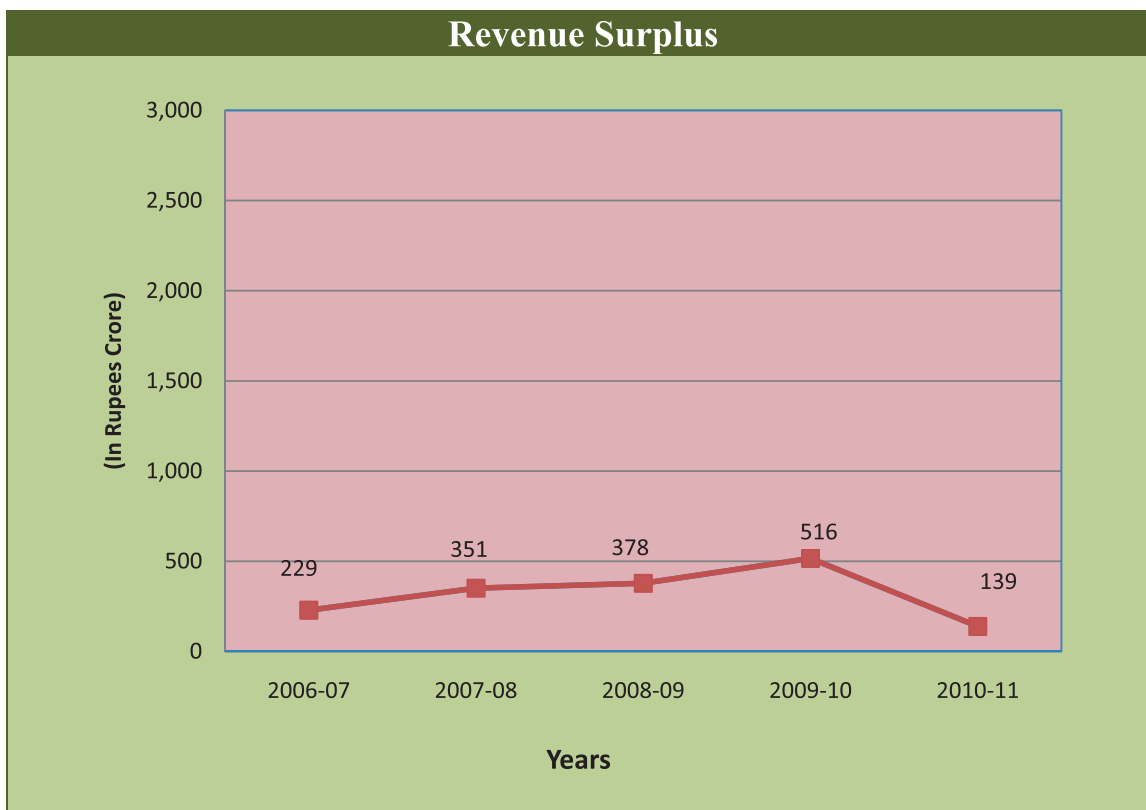
(#) Expenditure on Capital Account includes Capital Expenditure (₹ 451 crore) and Loans and Advances disbursed (₹ 6 crore).

### 1.6. What do the Deficits and Surpluses indicate?

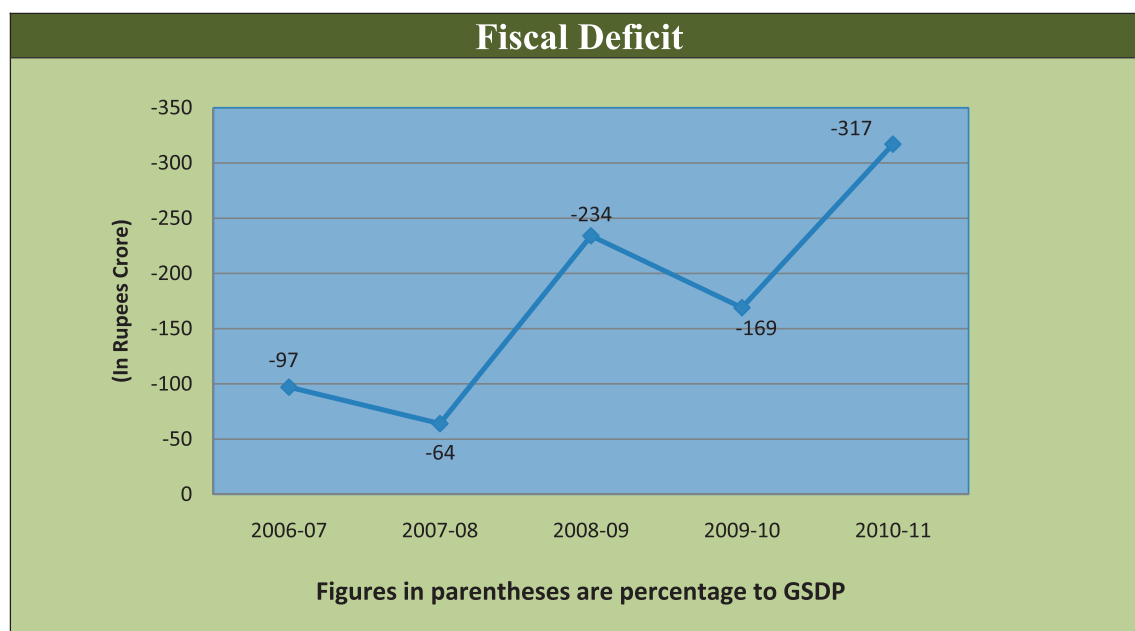
<b>Deficit</b>	Refers to the gap between Revenue and Expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence in Financial Management.
<b>Revenue Deficit/Surplus</b>	Refers to the gap between Revenue Receipts and Revenue Expenditure. Revenue Expenditure is required to maintain the existing establishment of Government and ideally, should be fully met from Revenue Receipts.
<b>Fiscal Deficit/Surplus</b>	Refers to the gap between Total Receipts (excluding borrowings) and Total Expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings. Ideally, the Borrowings should be invested in capital projects.

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. The 13<sup>th</sup> Finance Commission has recommended that the States achieve revenue balance by 2009-10 and reduce Gross Fiscal Deficit to 6 % of GSDP by 2010-11.

### 1.6.1. Trend of Revenue Surplus



### 1.6.2. Trend of Fiscal Deficit



## Chapter II

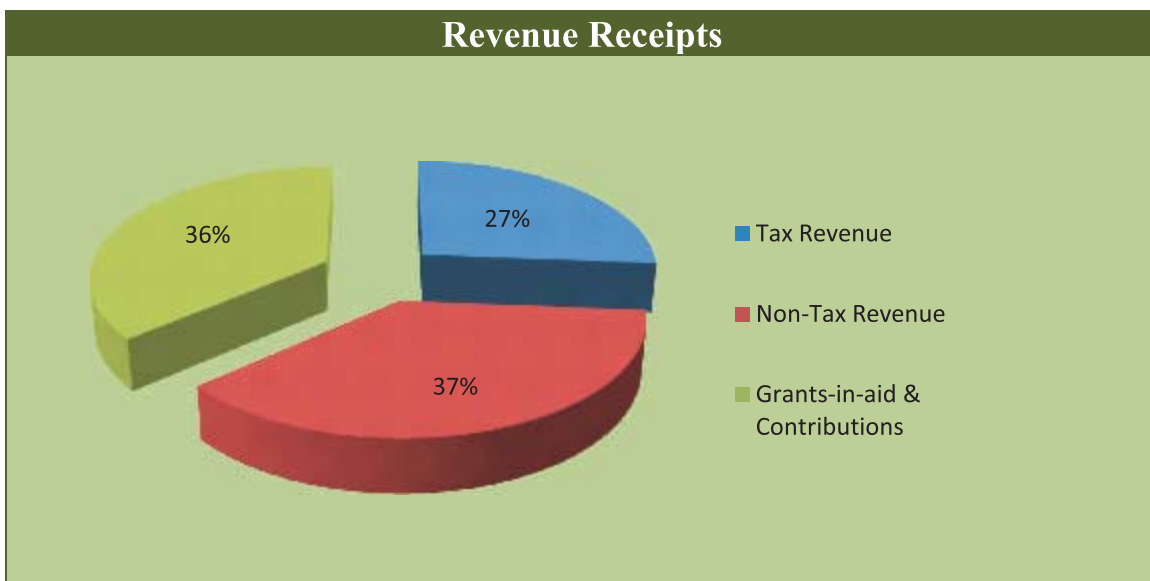
### RECEIPTS

#### 2.1. Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2010-11 were ₹ 3,365 crore.

#### 2.2. Revenue Receipts

<b>Tax Revenue</b>	Comprises taxes collected and retained by the State and State's share of Union taxes under Article 280(3) of the Constitution.
<b>Non-Tax Revenue</b>	Includes interest receipts, dividends, profits etc.
<b>Grants-in-Aid</b>	Essentially, a form of Central Assistance to the State Government from the Union Government. Includes 'External Grant Assistance' and 'Aid, Material & Equipment' received from foreign Governments and channelized through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies etc.



## Revenue Receipt Components (2010-11)

(₹ in Crore)

Components	Actuals
<b>A. Tax Revenue</b>	<b>804</b>
Taxes on Income & Expenditure	319
Taxes on Property & Capital Transactions	13
Taxes on Commodities & Services	472
<b>B. Non-Tax Revenue</b>	<b>1,138</b>
Interest Receipts, Dividends and Profits	31
General Services	965
Social Services	8
Economic Services	134
<b>C. Grants-in-aid &amp; Contributions</b>	<b>1,105</b>
<b>Total – Revenue Receipts</b>	<b>3,047</b>

### 2.3. Trend of Receipts

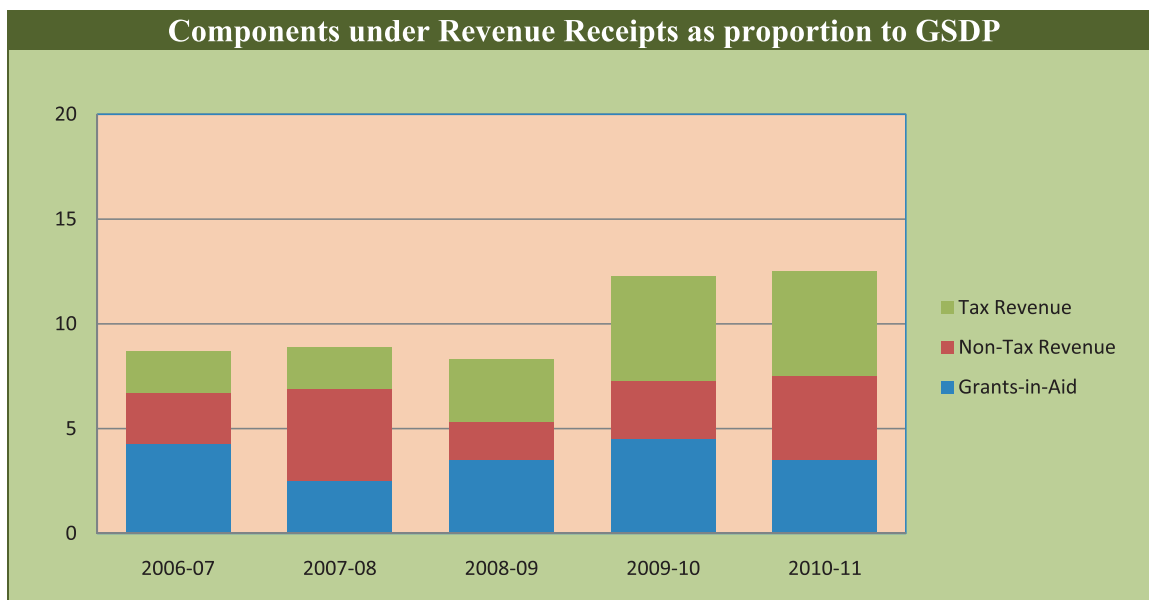
(₹ in Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Tax	396	543	563	598	804
Revenues	(20)	(23)	(22)	(23)	(14)
Non-Tax	1,085	1,414	1,205	1,356	1,138
Revenues	(53)	(60)	(46)	(52)	(20)
Grants-in-	636	743	903	1,300	1,105
Aid	(31)	(32)	(35)	(50)	(20)
Total	2,117	2,700	2,671	3,254	3,047
Revenue	(104)	(115)	(103)	(125)	(54)
Receipts					
GSDP	2,040	2,353	2,612	2,586	5,652

Note: Figures in parentheses represent percentage to GSDP

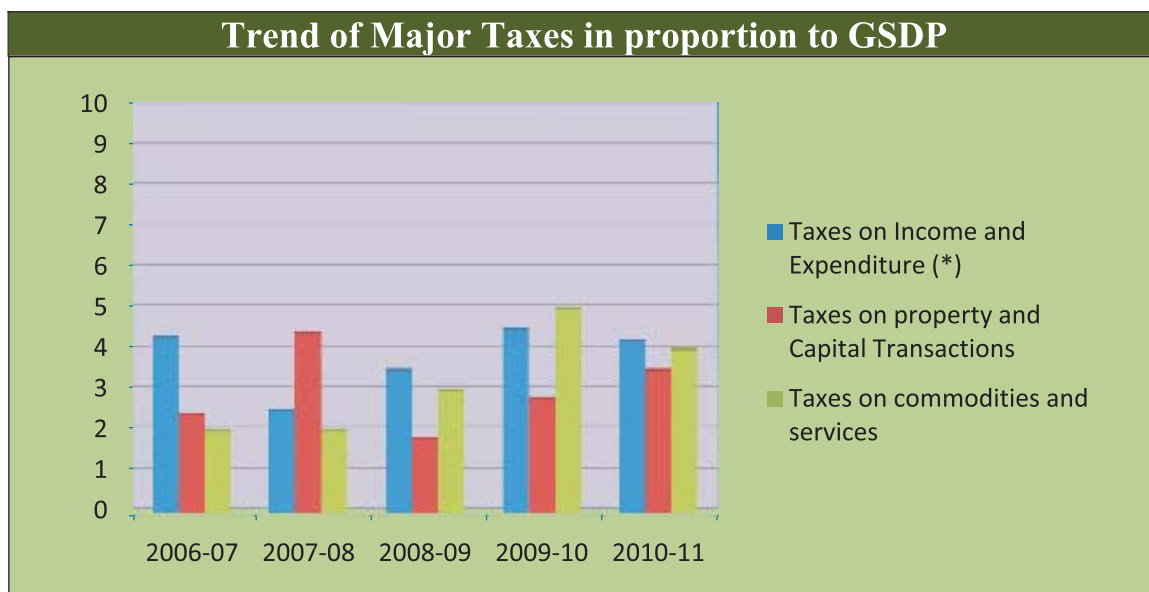
Though the GSDP increased by 119 % between 2009-10 and 2010-11, growth in revenue collection was only 2 %. While tax revenue increased by 46 %, non-tax revenues declined by 3 %.





#### Sector-wise Tax Revenue

	2006-07	2007-08	2008-09	2009-10	2010-11
Taxes on Income and Expenditure	133	232	210	243	319
Taxes on Property and Capital Transactions	3	7	6	8	13
Taxes on Commodities and Services	260	304	347	348	472
<b>Total Tax Revenues</b>	<b>396</b>	<b>543</b>	<b>563</b>	<b>599</b>	<b>804</b>



(\*) Primarily net proceeds of Central share to the State

## 2.4. Performance of State's own tax revenue collection

(₹ in Crore)

Year	Tax Revenue	State share of Union Taxes	State's Own Tax Revenue	
			Rupees	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2006-07	396	223	173	8.4 %
2007-08	543	345	198	8.4 %
2008-09	563	364	199	7.6 %
2009-10	598	375	223	8.6 %
2010-11	804	525	280	5.0 %

## 2.5. Efficiency of Tax Collection

### A. Taxes on Property and Capital Transactions

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	3	7	6	8	13
Expenditure on Collection	4	4	4	9	8
Efficiency of Tax Collection	(-) 33 %	57 %	67 %	(-) 13 %	1 %

### B. Taxes on Commodities and Services

(In ₹ Crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenue Collection	260	304	347	348	473
Expenditure on Collection	5	21	19	21	24
Efficiency of Tax Collection	2 %	7 %	5 %	6 %	5 %

Taxes on commodities and services form a major chunk of tax revenue. Tax collection efficiency is excellent. However, the collection efficiency of taxes on property and capital transactions can be improved.

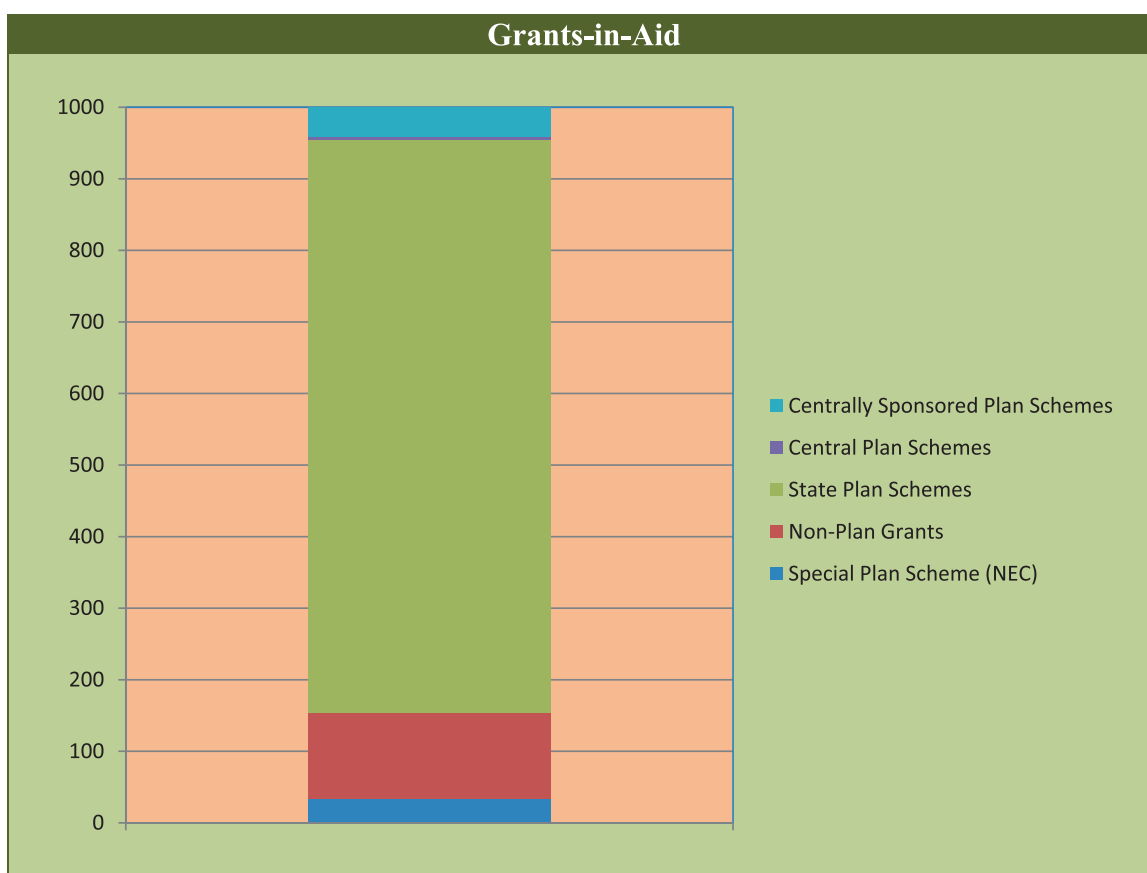
## 2.6. Trend in State's Share of Union Taxes over the past five years

(₹ in Crore)

Major Head description	2006-07	2007-08	2008-09	2009-10	2010-11
Corporation Tax	87	110	119	154	205
Taxes on Income other than Corporation Tax	-	74	75	86	109
Taxes on Wealth	-	-	-	-	-
Customs	53	65	70	53	92
Union Excise Duties	57	62	61	42	67
Service Tax	26	34	39	40	52
Other Taxes and Duties on Commodities and Services	-	-	-	-	-
State Share of Union Taxes	223	345	364	375	525
Total Tax Revenue	396	543	563	598	804
% of Union Taxes to Total Tax Revenue	56	64	65	63	65

## 2.7. Grants-in-Aid

Grants-in-Aid represent assistance from the Government of India, and comprise, Grants for State Plan Schemes, Central Plan Schemes and Centrally Sponsored Schemes approved by the Planning Commission and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2010-11 under Grants-in-Aid were ₹ 1,105 crore as shown below:



## 2.8. Public Debt

### Trend of Public Debt over the past 5 years

(₹ in crore)					
Description	2006-07	2007-08	2008-09	2009-10	2010-11
Internal Debt	106	233	277	324	44
Central Loans	(-) 2	(-) 9	(-) 16	(-) 19	(-) 22
Total Public Debt	104	224	261	305	22

Note: Negative figures indicate that repayment is in excess of receipts.

## Chapter III

### Expenditure

#### 3.1. Introduction

Expenditure is classified as Revenue Expenditure and Capital Expenditure. Revenue expenditure is used to meet the day-to-day running of the organization. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities. Expenditure is further classified under Plan and Non-Plan.

<b>General Services</b>	Includes Justice, Police, Jail, PWD, Pension etc.
<b>Social Services</b>	Includes Education, Health & Family Welfare, Water Supply, Welfare of SC-ST etc.
<b>Economic Services</b>	Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.

#### 3.2. Revenue Expenditure

Revenue Expenditure of ₹ 2,908 crore for 2010-11 fell short of budget estimates by ₹146 crore due to less disbursement.

The shortfall of expenditure against budget estimates under Revenue section during the past five years is given below:

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Budget Estimates	1923	2,380	2,237	2,567	3,054
Actuals	1,888	2,349	2,294	2,738	2,908
Gap	35	31	57	171	146
% of gap over BE	2	1	3	7	5

Compounding the shortfall (by 5%) of revenue receipts against budget estimates.



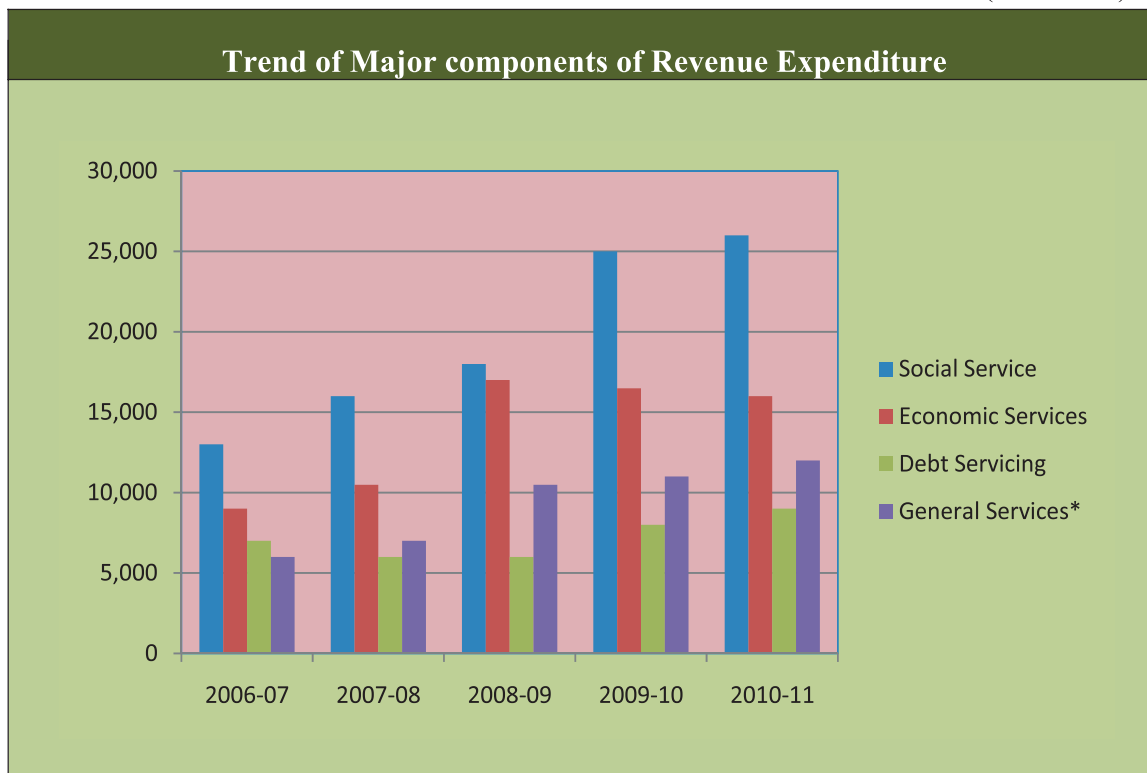
### 3.2.1. Sectoral distribution of Revenue Expenditure (2010-11)

(₹ in crore)

Components	Amount	Percentage
A. Fiscal Services		
(i) Collection of Taxes on Property and Capital transactions	8	-
(ii) Collection of Taxes on Commodities and Services	24	1
(iii) Other Fiscal Services	1	-
B. Organs of State	38	1
C. Interest Payments and Servicing of debt	199	7
D. Administrative Services	249	9
E. Pensions and Miscellaneous General Services	1,062	37
F. Social Services	816	28
G. Economic Services	498	17
H. Grants-in-Aid and Contribution	13	-
Total Expenditure (Revenue Account)	2,908	100

### 3.2.2. Major components of Revenue Expenditure (2006-2011)

(₹ in crore)



\* General Services excludes MH 2048 (Appropriation for reduction or avoidance of debt), MH 2049 (Interest payments) and includes MH 3604 (Compensation and assignment to Local Bodies and Panchayati Raj Institutions).

The expenditure on Economic Services (which includes important sectors like Rural Development, Agriculture and Irrigation) has gone down, as against a steady increase in other services.

### 3.3. Capital Expenditure

Capital disbursements for 2010-11 at 8 % of GSDP were less than Budget Estimates by ₹ 437 crore (less disbursement of ₹ 439 crore under Plan Expenditure and excess ₹ 2 crore under Non-Plan Expenditure).

#### 3.3.1. Sectoral distribution of Capital Expenditure

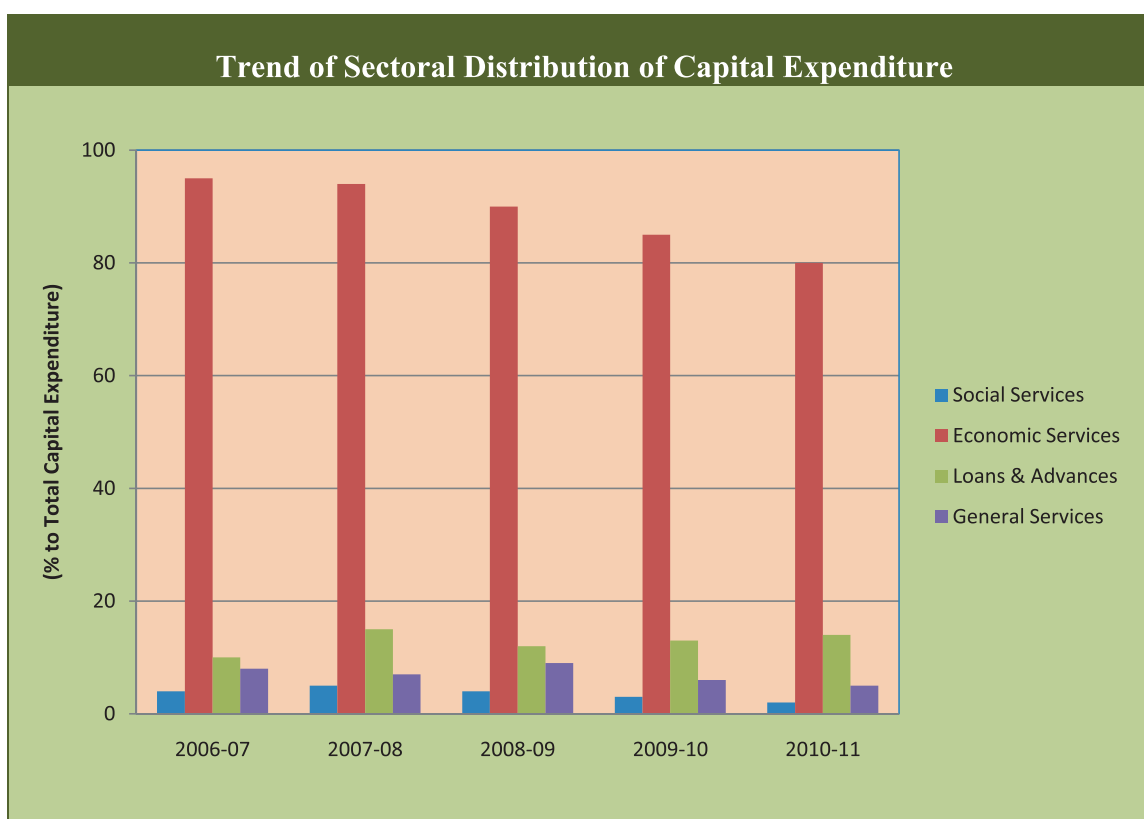
(₹ in crore)

Sl. No.	Sector	Amount	Percentage
1.	General Services – Police, Land Revenue etc.	57	13
2.	Social Services – Education, Health & Family Welfare, Water Supply, Welfare of SC/ST etc.	166	36
3.	Economic Services – Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport etc.	228	50
4.	Loans and Advances Disbursed	6	1
	<b>Total</b>	<b>457</b>	<b>100</b>

### 3.3.2. Sectoral distribution of capital expenditure over the past 5 years

(₹ in crore)

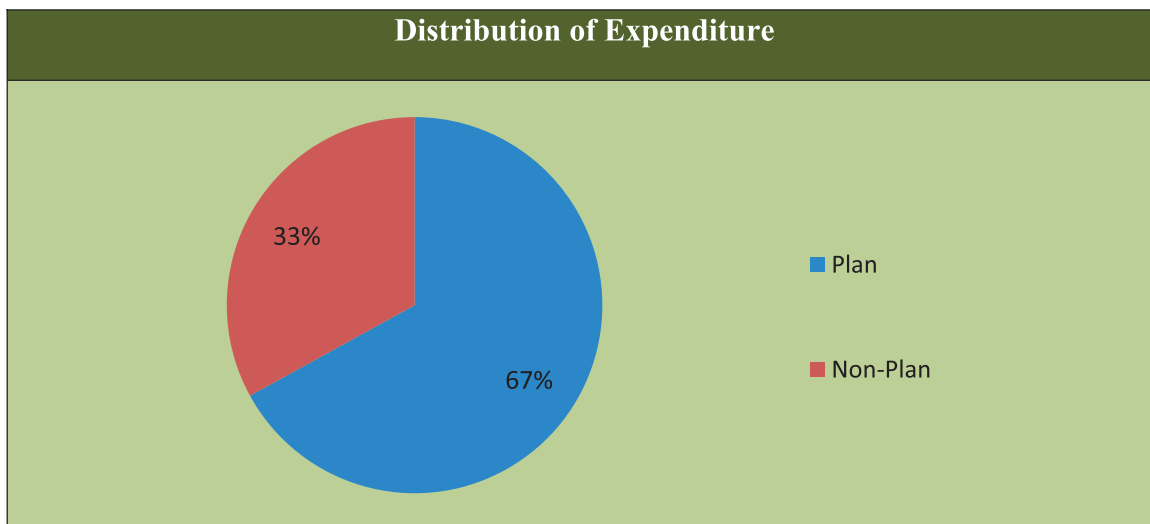
Sl. No.	Sector	2006-07	2007-08	2008-09	2009-10	2010-11
1.	General Services	21	39	77	89	57
2.	Social Services	120	135	191	221	166
3.	Economic Services	186	241	344	339	228
4.	Loans and Advances	-	-	-	37	6
	<b>Total</b>	<b>327</b>	<b>415</b>	<b>612</b>	<b>686</b>	<b>457</b>



## Chapter IV

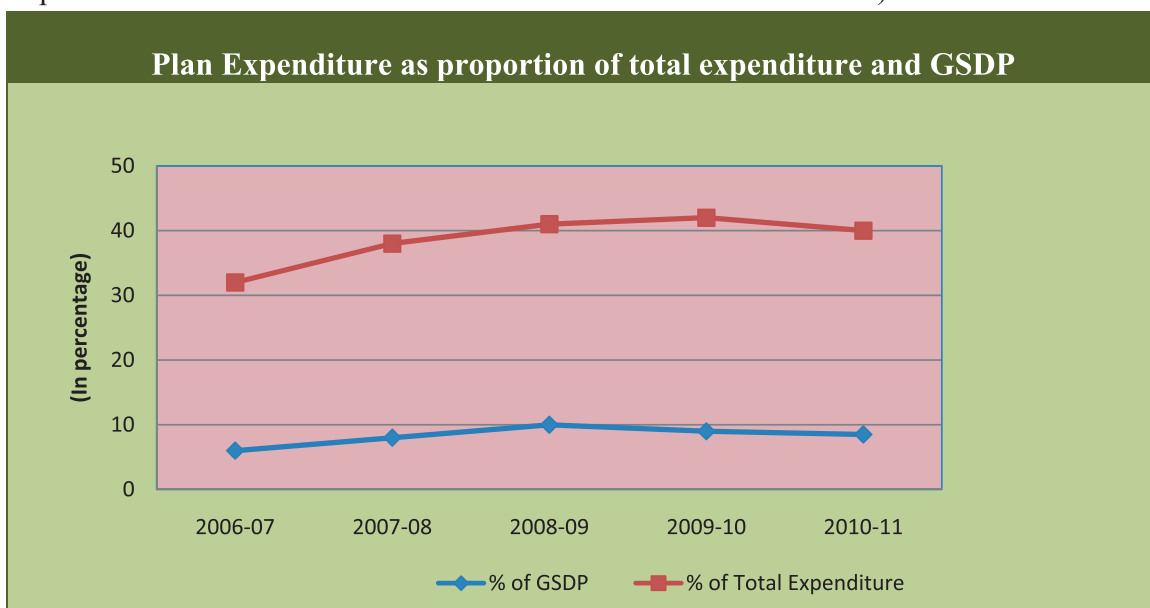
### PLAN & NON-PLAN EXPENDITURE

#### 4.1. Distribution of Expenditure (2010-11)



#### 4.2. Plan Expenditure

During 2010-11, Plan Expenditure, Representing 33 percent of total disbursements, was ₹ 1,127 crore (₹ 959 crore under State Plan, ₹ 167 crore under Centrally Sponsored Plan Schemes and ₹ 1 crore under Loans and Advances).



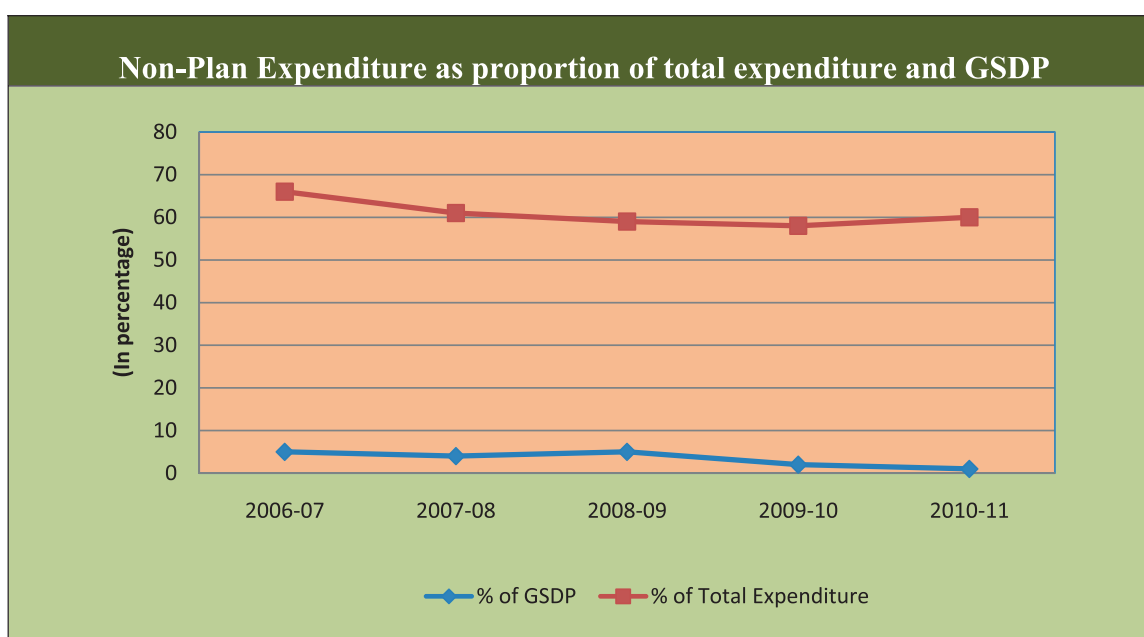
#### 4.2.1. Plan Expenditure under Capital Account

(₹ in crore)

	2006-07	2007-08	2008-09	2009-10	2010-11
Total Capital Expenditure	327	415	612	686	457
Capital Expenditure (Plan)	326	415	612	649	451
% of Capital Expenditure (plan) to Total Capital Expenditure	100	100	100	95	99

#### 4.3. Non-Plan Expenditure

Non-Plan Expenditure during 2010-11, representing 67 per cent of total disbursements, was ₹ 2,238 crore, (₹ 2,232 crore under Revenue and (-) ₹ 6 crore under Capital). Negative expenditure under non-plan capital is due to excess recoveries, not estimated in the Budget.



#### 4.4. Committed Expenditure



Component	2006-07	2007-08	2008-09	2009-10	2010-11
Committed Expenditure	603	661	672	1,106	1,241
Revenue Expenditure	1,888	2,349	2,294	2,738	2,908
% of committed expenditure to Revenue Receipts	28	24	25	34	41
% of committed expenditure to Revenue expenditure	32	28	29	40	43

The steep upward trend on committed expenditure leaves the government with lesser flexibility for developmental spending.

## Chapter V

### APPROPRIATION ACCOUNTS

#### 5.1. Summary of Appropriation Accounts for 2010-11

(₹ in crore)

Sl. No.	Nature of expendit-ure	Original grant	Supple-mentary grant	Re-appropriati on	Total	Actual expendit-ure	Savings (-) Excesses (+)
1	Revenue Voted Charged	2856.84	161.81	(-) 256.22	2762.43	2696.84	(-) 65.59
		222.58	0.21	(-) 19.02	203.77	212.19	(+) 8.42
2	Capital Voted Charged	930.74	48.80	(-) 472.26	507.28	454.82	(-) 52.46
		-	-	-	-	-	-
3	Public Debt Charged	73.86	-	(-) 0.63	73.23	73.23	-
4	Loans and Advances Voted	0.30	2.00	(-) 0.30	2.00	2.00	-
	<b>Total</b>	<b>4084.32</b>	<b>212.82</b>	<b>(-) 748.43</b>	<b>3548.71</b>	<b>3439.08</b>	<b>(-) 109.63</b>



## 5.2. Trend of Savings/Excess during the past five years

(₹ in crore)

Year	Savings (-)/Excess (+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2006-07	(-) 112.10	(-) 339.18	(-) 0.52	-	(-) 451.80
2007-08	(-) 120.05	(-) 285.89	-	(-) 0.25	(-) 406.19
2008-09	(-) 139.06	(-) 359.83	(-) 1.33	-	(-) 500.22
2009-10	(-) 154.59	(-) 344.49	-	-	(-) 499.08
2010-11	(-) 332.42	(-) 524.73	(-) 0.62	(-) 0.30	(-) 858.07

## 5.3. Significant Savings

Substantial savings under a grant indicates either non-implementation or slow implementation of certain schemes/programmes.

Some grants with persistent and significant savings are given below:

(Savings in %)

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
01	Food Security and Agriculture Development	4 %	8 %	36 %	11 %	19 %
12	Forest Environment & Wild Life Management	12 %	4 %	4 %	6 %	19 %
19	Irrigation & Flood Control	18 %	22 %	56 %	29 %	39 %

Grant	Nomenclature	2006-07	2007-08	2008-09	2009-10	2010-11
29	Development Planning, Economic Reforms & North Eastern Council Affairs	59 %	72 %	62 %	61 %	83 %
38	Social Justice, Empowerment & Welfare	15 %	28 %	5 %	21 %	52 %

During 2010-11, supplementary grants totaling ₹ 169.23 crore (4.92% of total expenditure) proved to be unnecessary in some cases, where there were significant savings at the end of the year even against original allocations. A few instances are given below:

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
01	Food Security and Agriculture Development	Revenue	57.29	8.61	53.38
02	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Capital	4.55	3.05	1.86
03	Building and Housing	Capital	20.68	10.36	18.71
06	Ecclesiastical	Revenue	10.73	0.39	10.21
07	Human Resource Development	Capital	23.00	4.33	19.80

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
10	Finance Revenue & Expenditure	Revenue	1094.56	0.07	1088.52
12	Forest, Environment and Wild Life Management	Revenue	77.23	5.31	66.71
13	Health Care, Human Services and Family Welfare	Revenue	121.85	2.10	119.67
14	Home	Revenue	26.47	0.86	23.32
15	Horticulture & Cash Crops Development	Revenue	31.02	0.77	27.79
16	Commerce and Industries	Revenue	41.81	3.45	19.93
16	Commerce and Industries	Capital	1.86	0.40	1.64
19	Irrigation and Flood Control	Revenue	71.50	0.42	43.86
22	Land Revenue & Disaster Management	Revenue	64.46	0.69	29.54

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
29	Development Planning, Economics Reforms and North Eastern Council Affairs	Revenue	94.31	0.87	8.26
29	Development Planning, Economics Reforms and North Eastern Council Affairs	Capital	19.00	3.71	11.34
31	Energy and Power	Capital	97.54	1.22	32.86
34	Roads and Bridges	Capital	194.36	19.16	87.98
38	Social Justice, Empowerment and Welfare	Revenue	116.20	3.59	57.15
39	Sports and Youth Affairs	Revenue	6.07	0.90	5.08
40	Tourism	Capital	98.11	5.79	49.03
41	Urban Development and Housing	Revenue	31.51	1.24	27.80

## Chapter VI

### ASSETS AND LIABILITIES

#### 6.1. Assets

The existing form of accounts do not easily depict valuation of Government assets like land, buildings etc., except in the year of acquisition/purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations except to the limited extent shown by the rate of interest and period of existing loans.

Total investments as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 90 crore at the end of 2010-11. However, dividends received during the year were ₹ 2 crore (i.e. 2.22 %) on investment. During 2010-11, investments increased by ₹ 1 crore, while dividend income increased by ₹ 2 crore.

Cash Balance with State Bank of Sikkim stood at ₹ 115 crore on 31<sup>st</sup> March 2010 and increased to ₹ 155 crore at the end of March 2011.

#### 6.2. Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund of the State within such limits, if any, as may be from time to time fixed by the State Legislature.

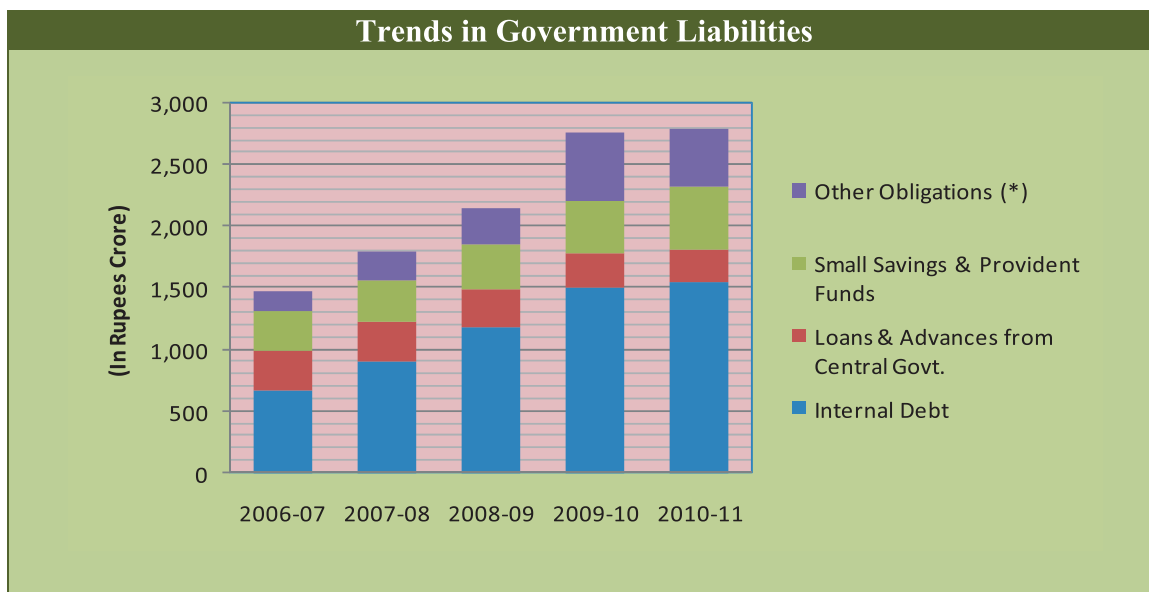
**Details of the Public Debt and total liabilities of the State Government are as under:**

Year	Public Debt	% to GSDP	Public Account (*)	% to GSDP	Total Liabilities	% to GSDP
2006-07	1,001	49	353	17	1,354	66
2007-08	1,225	52	391	17	1,616	69
2008-09	1,486	57	446	17	1,932	74
2009-10	1,792	69	500	19	2,292	88
2010-11	1,813	32	615	11	2,428	43

(\*) Excludes suspense and remittance balances.

Note: Figures are progressive balance to end of the year.

There is a net increase of ₹ 136 crore (6 %) in Public Debt and Other liabilities as compared to 2009-10.



(\*) Non-interest bearing obligations such as deposits of Local Funds, other earmarked funds etc.

Government of India determines, from time to time, the limits up to which State Governments can borrow from the market. This limit was decreased (by 100%), for the Government of Sikkim, from ₹ 328 crore in 2009-10 to ₹ 0 crore in 2010-11.

### 6.3. Guarantees

The position of guarantees by the State Government for the payment of loans and capital and payment of interest thereon raised by Statutory Corporations, Government Companies, Corporations, Cooperative Societies, etc. is given below:

At the end of the year	Maximum Amount Guaranteed (Principal only)	(₹ in crore)	
		Amount outstanding as on 31 <sup>st</sup> March 2011	
		Principal	Interest
2006-07	84	84	-
2007-08	84	75	-
2008-09	75	75	-
2009-10	75	75	3
2010-11	360	247	30

## Chapter VII

### OTHER ITEMS

#### 7.1. Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2010-11 was ₹ 47 crore. Of this, Loans and Advances to Government Corporations/Companies, Non-Government Institutes and Local Bodies amounted to ₹ 6 crore. Recovery of Principal aggregating to ₹ 1 crore at the end of 31<sup>st</sup> March 2011.

#### 7.2. Financial Assistance to local bodies and others

During the past five years, Grants-in-Aid to local bodies etc. increased from ₹ 210 crore in 2009-10 to ₹ 257 crore in 2010-11. Grants to Zillaparishads, Panchayat Samitis and Municipalities (₹ 243 crore) represented 95 per cent of total grants given during the year.

**Detail of Grants-in-Aid for the past 2 years are as under:**

(₹ in crore)

Year	Zillaparishads	Municipalities	Panchayat Samithis	Others	Total
2009-10	6	...	176	28	210
2010-11	4	2	237	14	257

### 7.3. Cash Balance and Investment of Cash Balance

(₹ in crore)

Component	As on 1 <sup>st</sup> April 2010	As on 31 <sup>st</sup> March 2011	Net increase (+) / decrease (-)
Cash Balances	115	155	40
Investments from cash balance (GOI Treasury Bills)	785	440	(-) 345
Investment from earmarked fund balances	127	151	24
(a) Sinking Fund	114	126	12
(b) Guarantee redemption Fund	12	14	2
(c) Other Funds	1	11	10

State Government had a positive closing cash balance at the end of 2010-11, despite utilizing its cash balances and earmarked fund balances towards investments.

### 7.4. Reconciliation of Accounts

Accuracy and reliability of accounts depend, among other things, on timely reconciliation of the figures available with the departments and the figures appearing in the accounts compiled by the Senior Deputy Accountant General (Accounts and Entitlements). This exercise is to be conducted by respective Heads of Departments. In 2010-11, 100 % of the total expenditure of ₹ 3,359 crore of the State Government was reconciled. Similarly, out of total receipts of ₹ 3047 crore, only 96 % (₹ 2,934 crore) was reconciled. The status of reconciliation of accounts in respect of the Chief Controlling Officers (CCO) of different departments is given below:

Particulars	Total No. of CCOs	Fully Reconciled	Partially Reconciled	Not reconciled
Expenditure	48	48	...	...
Receipts	32	30	...	2
Total	80	78	...	2



### **7.5. Submission of Accounts by Treasuries**

The rendition of initial accounts by the Treasuries is satisfactory. However, submission of accounts by the Pay and Accounts Officers (PAOs) of the Public Works and Forest Departments should improve.

### **7.6. Abstract Contingent (AC) Bills and Detailed Contingent (DC) Bills**

When money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to calculate the exact amounts required, they are permitted to draw money without supporting documents through AC bills. Such AC bills are required to be settled, within a maximum of 90 days, through submission of DC bills. The fact that to the end of 31<sup>st</sup> March 2011, 4,949 DC bills amounting to ₹ 111 crore was outstanding, indicates that these instructions have not been followed.