



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



ACCOUNTS at a Glance

for the year
2022-23



GOVERNMENT OF SIKKIM



Sikkim Legislative Assembly

Accounts at a Glance for the year 2022-23

SENIOR DEPUTY ACCOUNTANT GENERAL (ACCOUNTS AND ENTITLEMENTS), SIKKIM



GOVERNMENT OF SIKKIM

Preface

The Annual Accounts of the State Government are prepared under the directions of the Comptroller and Auditor General of India (C&AG) in accordance with requirements of the Comptroller and Auditor General of India's (Duties and Powers and Conditions of Service) Act 1971 for being laid before the Legislature of the State.

The Annual Accounts consist of (a) Finance Accounts 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 gross expenditure against provisions approved by the 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 Annual Accounts of the Government of Sikkim.

'Accounts at a Glance' provides an overview of Governmental activities by highlighting important accounting information on the Finance Accounts and the Appropriation Accounts.

A combined reading of the Finance Accounts, the Appropriation Accounts, the State Finances Audit Report on State Finance and the Accounts at a Glance, will help the stakeholders to more effectively comprehend the various facets of the finances of the Government of Sikkim.

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



(JOHN K SELATE)

PRINCIPAL ACCOUNTANT GENERAL

Place: Gangtok

Date: 06th December 2023

Our Vision, Mission and Core Values

VISION

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 are recognised for independent, credible, balanced and timely reporting on public finance and governance.

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.

MISSION

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

CORE VALUES

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

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

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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 eight Treasuries (including the accounts in respect of 58 Public Works/Irrigation Divisions/Public Health Engineering Divisions and six Forest Divisions) and advices of the State Bank of Sikkim. Every month a Monthly Civil Account is presented by the office of the Senior Deputy Accountant General (Accounts and Entitlements), Sikkim to the Government of Sikkim. The office of the Senior Deputy Accountant General (Accounts and Entitlements), Sikkim also submits a Quarterly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The office of the Senior Deputy Accountant General (A&E) prepares the Finance Accounts and the Appropriation Accounts annually, which are placed before the State Legislature after audit by the Principal Accountant General (Audit), Sikkim and certification by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

1.2.1 Government Accounts are kept in three parts:

Structure of Government Accounts

● **Part 1** **CONSOLIDATED FUND**

All the revenue received by the Government including tax and non-tax revenues, loans raised and repayment of loans given (including interest thereon) form the Consolidated Fund.

All expenditures and disbursements of the Government, including release of loans and repayments of loans taken (and interest thereon) are met from this fund.

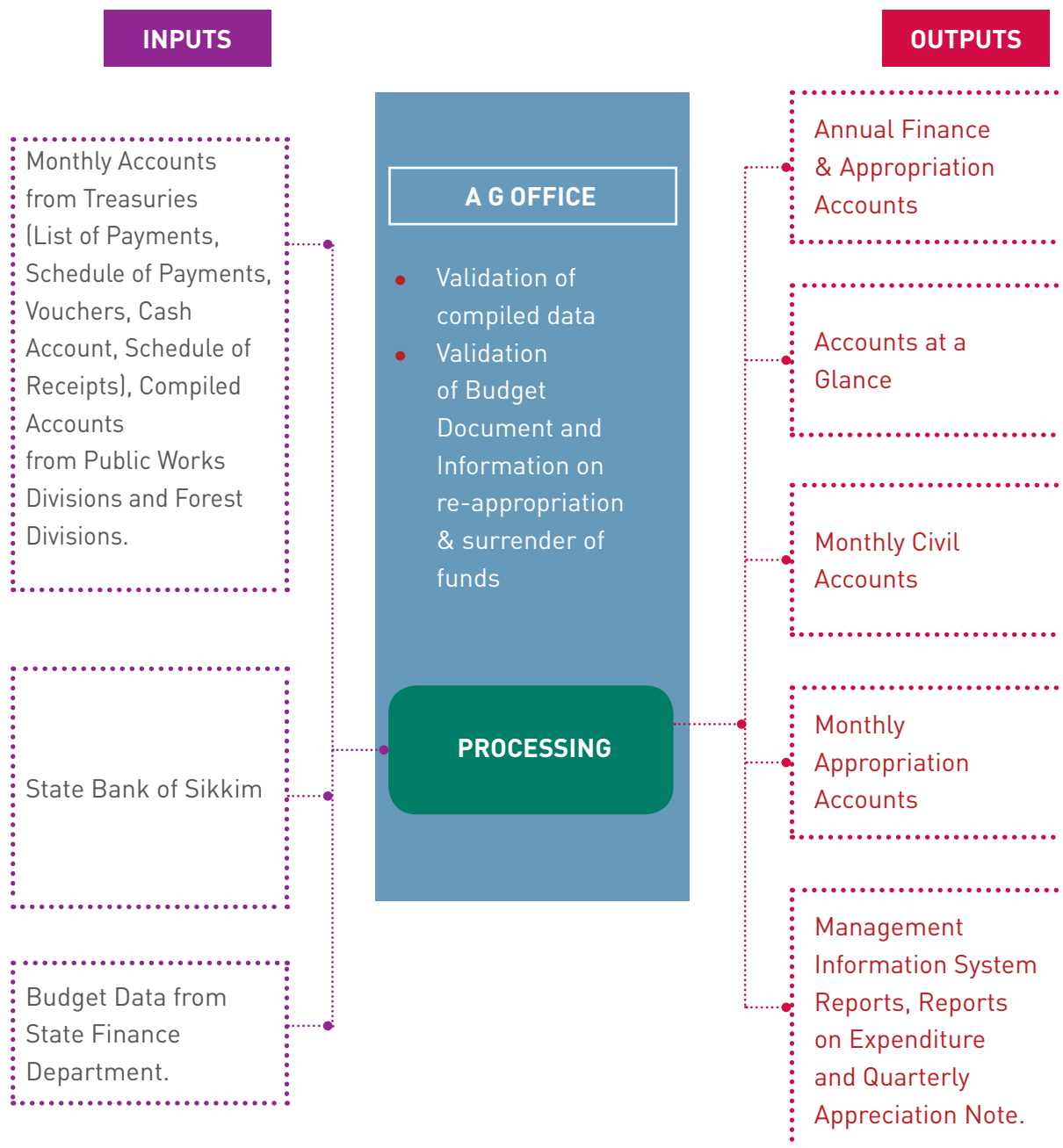
The Contingency Fund is in nature of imprest, intended to meet unforeseen expenditure, pending authorization by the Legislature. Such expenditure is recouped subsequently from the Consolidated Fund. The corpus of this fund for the Government of Sikkim is ₹ one crore.

● **Part 2** **CONTINGENCY FUND**

● **Part 3** **PUBLIC ACCOUNT**

All public moneys received, other than those credited to the Consolidated Fund, are accounted for under the Public Account. In respect of such receipts, the Government acts as a banker or trustee. The Public Account comprises: repayable like Small Savings and Provident Funds, Reserve Funds, Deposits and Advances, Suspense and Miscellaneous transactions (adjusting entries pending booking to final head of account), Remittance between accounting entities, and Cash Balance.

Flow diagram for Accounts Compilation



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. The Finance Accounts are prepared in two volumes, to make them more comprehensive and informative. Volume I of the Finance Accounts contains the certificate of the Comptroller and Auditor General of India, summarised statements of overall receipts and disbursements and 'Notes to Accounts' containing a summary of significant accounting policies, comments on quality of accounts and other items. Volume II contains detailed statements (Part-I) and appendices (Part-II).

In addition to expenditures approved for the year by the Sikkim Legislature, the Government of India Transfers substantially funds directly to State Implementing Agencies/ Non-Government Originations (NGOs) in the State for various schemes and programmes. Such transfers (amounting to ₹ 348 crore this year) are not reflected in the accounts of the State Government but have been shown in Appendix VI of Volume II of the Finance Accounts.

1.3.2 Financial highlights in year 2022-23

The following table provides the details of actual financial results vis-à-vis budget estimates for the year 2022-23.

(₹ in crore)

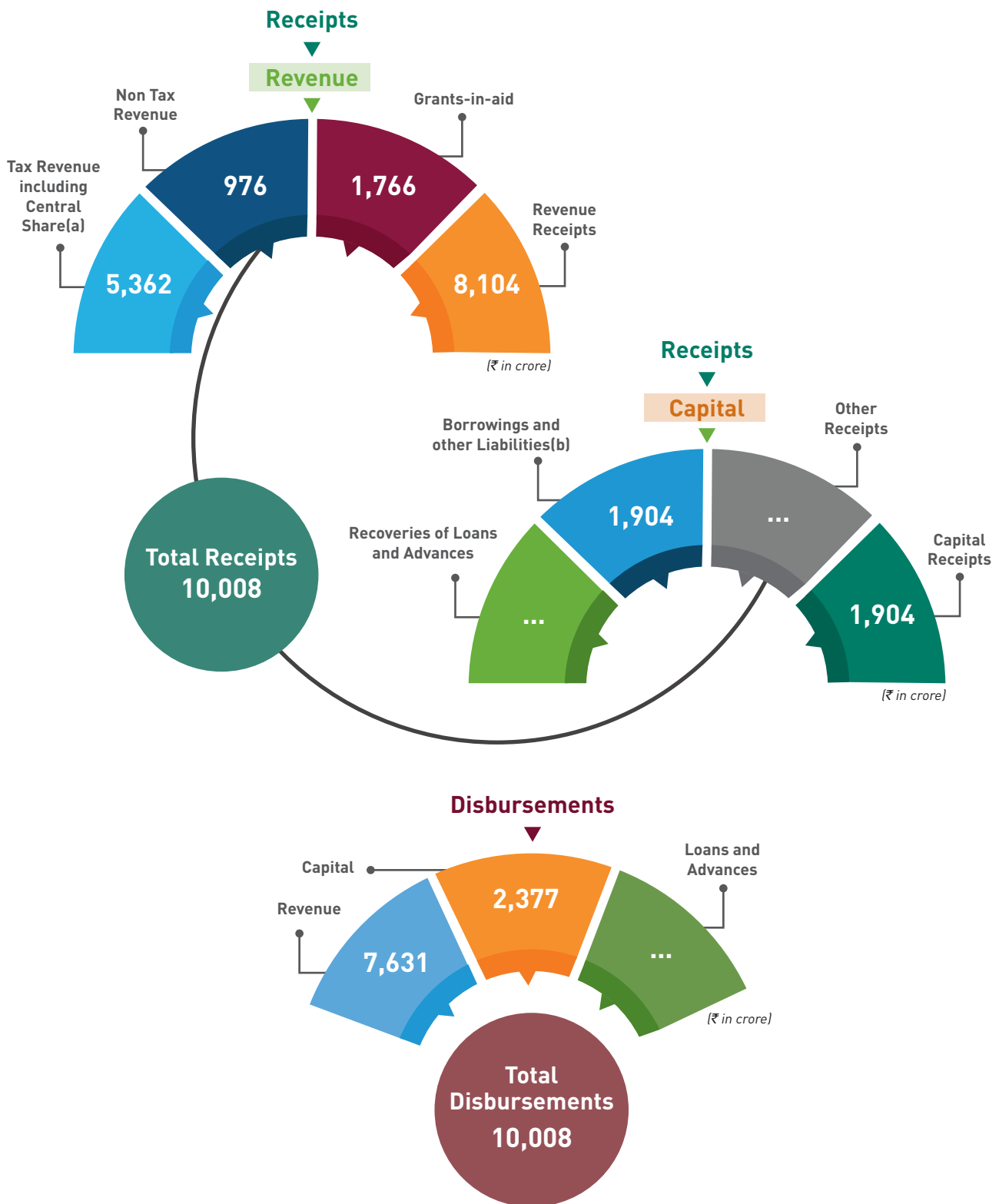
Sl. No.	Description	Budget Estimate 2022-23	Actuals	Percentage of Actual to B.E	Percentage of Actual to GSDP ^(#)
1.	Tax Revenue (including central share) ^(a)	4,505	5,362	119	13
2.	Non-Tax Revenue	990	976	99	2
3.	Grants-in-aid and Contributions	2,926	1,766	60	4
4.	Revenue Receipts (1+2+3)	8,421	8,104	96	19
5.	Recovery of Loans and Advances	...	...	...	...
6.	Other Receipts	...	...	...	...
7.	Borrowings and Other Liabilities ^(b)	3,743	1,904	51	4
8.	Capital Receipts (5+6+7)	12,164	1,904	16	4
9.	Total Receipts (4+8)	20,585	10,008	49	23
10.	Revenue Expenditure	8,796	7,631	87	18
11.	Expenditure on Interest Payments (out of Revenue Expenditure)	718	718	100	2
12.	Capital Expenditure	3,368	2,377	71	6
13.	Loans and Advances Disbursed	...	...	...	...
14.	Total Expenditure (10+12+13)	12,164	10,008	82	23
15.	Revenue Deficit (-) / Revenue Surplus (+) (4-10)	(-375)	473	(-126)	1
16.	Fiscal Deficit (4+5+6-14)	(-3,743)	(-1,904)	51	(-14)

(a) Includes share of net (tax) proceeds assigned to state amounting to ₹ 3,865 crore (State Government Own Tax receipts were ₹ 1,497 crore which was 4 per cent of (GSDP).

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursements) of Public Account + Net of opening and closing balance.

GSDP figures (₹ 42,756 crore) is taken from the Ministry of Statistics and Programme Implementation, Government of India.

Receipts and disbursement in year 2022-23



(a) Includes share of net (tax) proceeds assigned to state amounting to ₹ 3,865 crore (State Government Own Tax receipts were ₹ 1,497 crore which was 4 per cent of (GSDP).

(b) Borrowing and other Liabilities: Net (Receipts-Disbursement) of Public Debt + Net of Contingency Fund + Net (Receipts-Disbursements) of Public Account + Net of opening and closing balance.

1.3.3 Appropriation Accounts

Under Articles 204 & 205 of the Constitution of India, no expenditure can be incurred by the Government except with authorisation of the Legislature. Barring certain expenditure specified in the Constitution as 'Charged' on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be "voted". The Budget of the Sikkim has two Charged Appropriations and forty five Voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorised by the Legislature through the Appropriation Act of each year.

1.3.4 Efficiency on Budget preparation

At the end of the year, the actual expenditure of the Government of Sikkim against the budget ₹ 12,164 crore approved by the Legislature, showed a total savings of ₹ 1,988 crore in 46 Grants and excess expenditure of ₹ 9 crore in one Grant. The net saving was ₹ 1,979 crore.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances

Ways and Means Advances are taken from the Reserve Bank of India to make good the deficiency in the minimum cash balance which the State Government is required to maintain with the Reserve Bank of India. During the year 2022-23 there was no Ways and Means Advances of the State.

1.4.2 Overdraft from Reserve Bank of India

Overdraft is taken from the Reserve Bank of India while the limit of minimum cash balance falls below i.e. ₹ 0.55 crore, even after taking Ways and Means Advances which is required to be maintained with the Reserve Bank of India. During the year 2022-23 there was no Overdraft of the State.

1.4.3 Fund flow statement

The State had a Revenue surplus of ₹ 473 crore and a Fiscal Deficit of ₹ 1,903 crore as on 31 March 2023. The Fiscal Deficit was met from net Public Debt (₹ 1,869 crore), net decrease of opening and closing cash balance (₹ 19 crore) and net Public Account (₹ 15 crore). Around 67 per cent of the revenue receipts (₹ 8,104 crore) of the State Government was spent on committed expenditure like salaries (₹ 3,038 crore), interest payment (₹ 718 crore), pensions (₹ 1,150 crore), subsidies (₹ 5 crore) and wages (₹ 500 crore).

Sources and Application of Funds

(₹ in crore)

SOURCES	
Opening Cash Balance as on 01.04.2022	95
Revenue Receipts	8,104
Capital Receipts	...
Recovery of Loans and Advances	...
Public Debt	2,037
Small Savings, Provident Funds etc.	461
Reserves Fund & Sinking Funds	250
Deposits Received	372
Civil Advances Repaid	...
Suspense Account	*17,344
Remittances	2,951
Contingency Fund	...
TOTAL	31,614

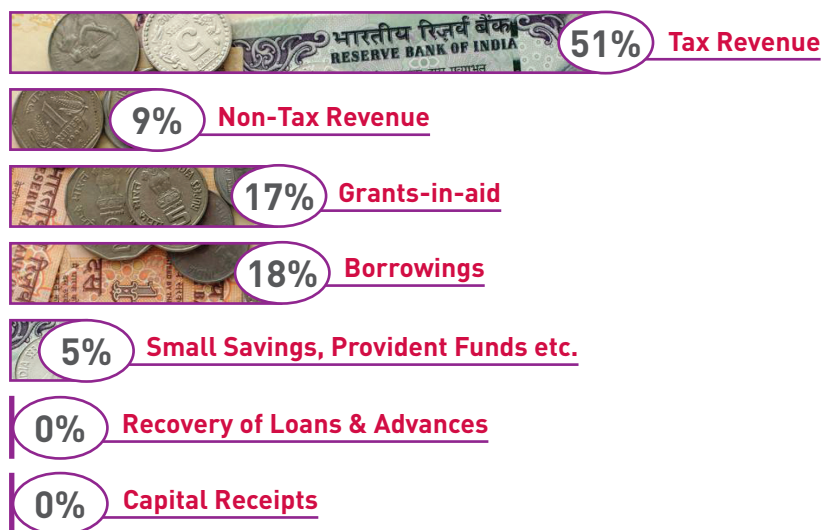
APPLICATION	
Revenue Expenditure	7,631
Capital Expenditure	2,377
Loans Given	...
Repayment of Public Debt	168
Small Savings, Provident Fund etc.	424
Reserves Fund & Sinking Funds	308
Deposits Repaid	385
Civil Advances Given	...
Suspense Account	**17,376
Remittances	2,869
Closing Cash Balance as on 31.03.2023	76
TOTAL	31,614

* Includes ₹ 9,910 crore on account of cash balance invested account.

** Includes ₹ 9,795 crore on account of cash balance invested account.

1.4.4 Where the ₹ came from

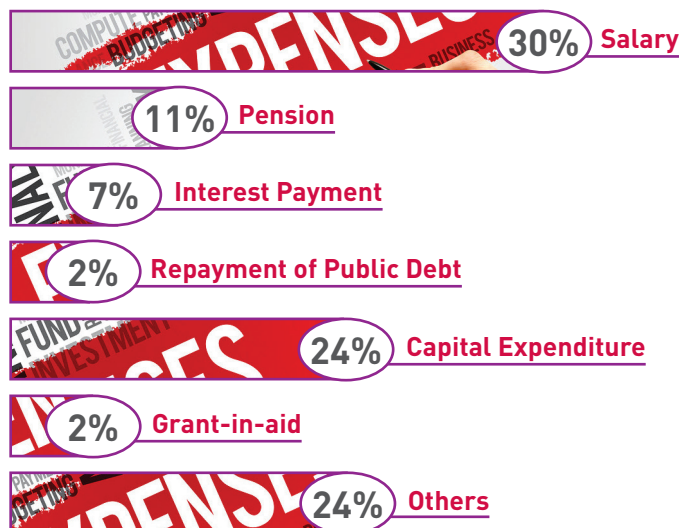
Actual Receipts



[Recovery of loans and advances and capital receipts was negligible hence value is shown as zero]

1.4.5 Where the ₹ went

Actual Expenditure



During the year 2022-23 revenue surplus of ₹ 473 crore (₹ 412 crore revenue surplus in 2021-22) and fiscal deficit of ₹ 1,903 crore (₹ 905 crore fiscal deficit in 2021-22) represent 1.1 *per cent* and 4.5 *per cent* of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 19 *per cent* of total expenditure.

What do the Deficits and Surpluses indicate?

DEFICIT

Refers to the gap between receipt and expenditure. The kind of deficit, how the deficit is financed, and application of funds are important indicators of prudence of financial management.

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.

REVENUE DEFICIT / SURPLUS

FISCAL DEFICIT / SURPLUS

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 and ideally should be invested in capital projects.

1.5 Fiscal Responsibility and Budget Management (FRBM) Act, 2010

The Government of Sikkim has enacted the Fiscal Responsibility and Budget Management (FRBM) Act 2010. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2022-23 against fiscal targets laid down in the Act and rules framed there under, were as follows:

Sr. No.	Financial Parameter	Actual (₹ in crore)	Ratio to GSDP ¹	
			Target	Achievement
1	Revenue Surplus	473	Maintain Revenue Surplus	1.1 per cent GSDP
2	Fiscal Deficit	1,903	4 per cent of GSDP	4.5 per cent GSDP
3	Debt and Other Obligation	12,697	28 per cent of GSDP	29.7 per cent GSDP
4	Outstanding Guarantees	4,534	The ceiling on the total outstanding Government guarantees as on the 1st day of April of any year shall not exceed thrice the State's Tax Receipt of the second preceding year. (Tax Receipts of ₹ 966.70 crore for the year 2020-21).	469 per cent exceeding the prescribed ceiling.

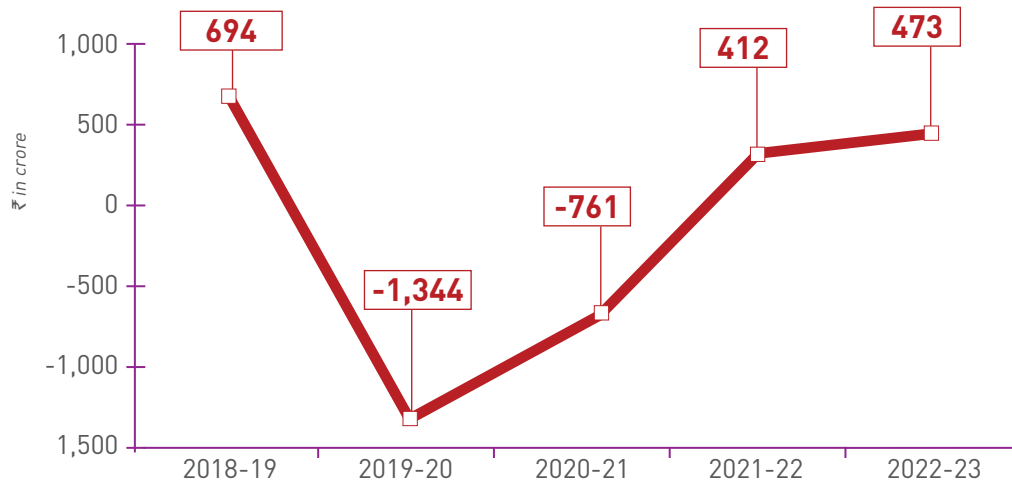
¹ GSDP of ₹ 42,756 crore for the year 2022-23 as information collected from Ministry of Statistics and Programme Implementation, Government of India.

The State Government had made disclosures to the Legislature required under the Sikkim Fiscal Responsibility and Budget Management Rules, 2010.

The State Government had revenue surplus of ₹ 412 crore in 2021-22 and revenue surplus of ₹ 473 crore during the year 2022-23 which was as per the target of FRBM Act. The fiscal deficit increased by ₹ 998 crore from ₹ 905 crore in 2021-22 to ₹ 1,903 crore in the current year and was to 4.5 per cent of GSDP which slightly exceeded the target of 4 per cent of FRBM Act.

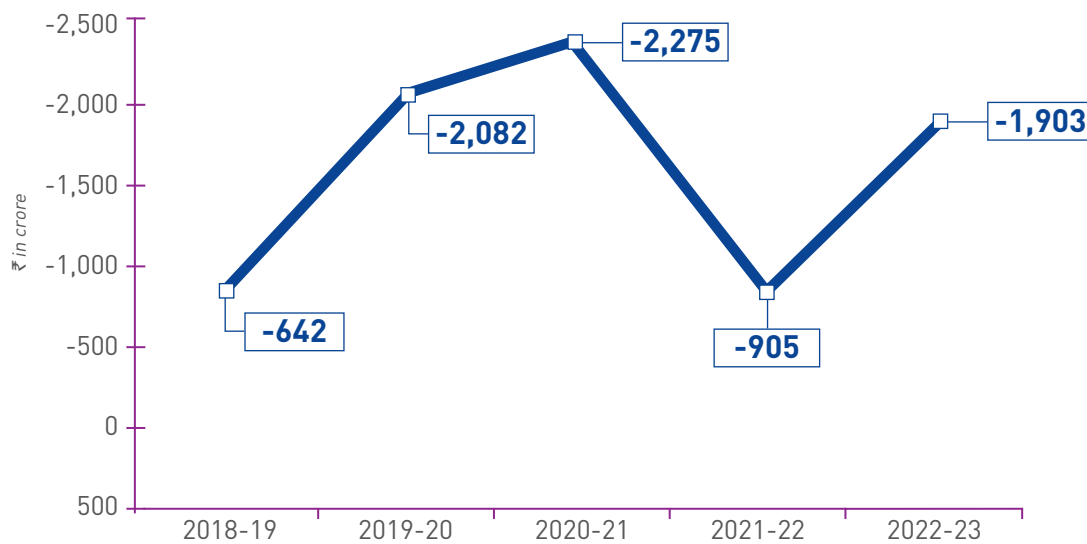
1.5.1 Trend of Revenue Deficit/ Surplus

Trend of Revenue Surplus/ Deficit



1.5.2 Trend of Fiscal Deficit

Trend of Fiscal Deficit/Surplus



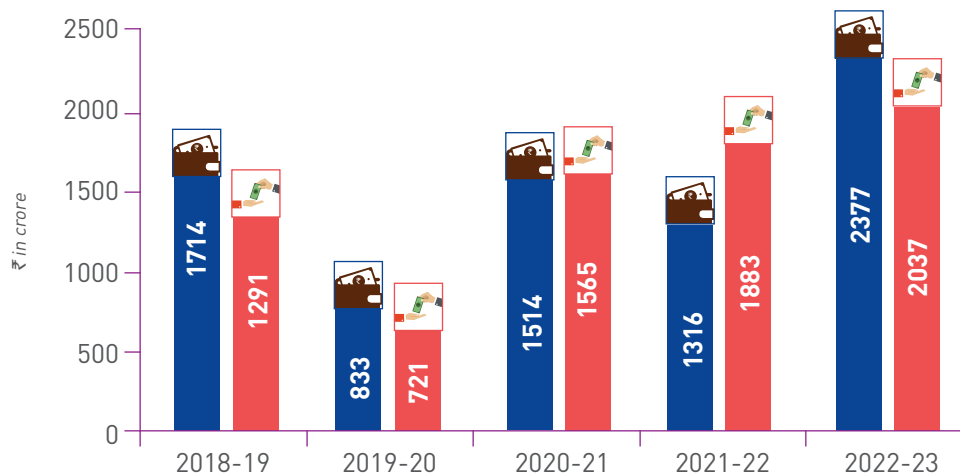
1.5.3 Proportion of borrowed funds spent on Capital Expenditure

The details of borrowings and capital expenditure made during the last 5 years is depicted below:

(₹ in crore)

Year	Borrowed Fund	Capital Expenditure
2018-19	1,714	1,291
2019-20	833	721
2020-21	1,565	1,514
2021-22	1,883	1,316
2022-23	2,037	2,377

Borrowed Funds vs Capital Expenditure



Capital Expenditure



Borrowed Funds

The governments usually run fiscal deficits and borrow funds from capital/assets formation or for the creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government's capital expenditure (₹ 2,377 crore) was more than the borrowings (₹ 2,037 crore) in the current year.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Revenue Receipts for 2022-23 was ₹ 8,104 crore.

2.2 Revenue Receipts

The revenue receipts of the government comprise three components viz. Tax Revenue, Non-tax Revenue and Grants-in-aid received from the Union Government.

● TAX REVENUE

Comprises taxes collected and retained by the State and State's share of Union Taxes under Article 280(3) of the Constitution.

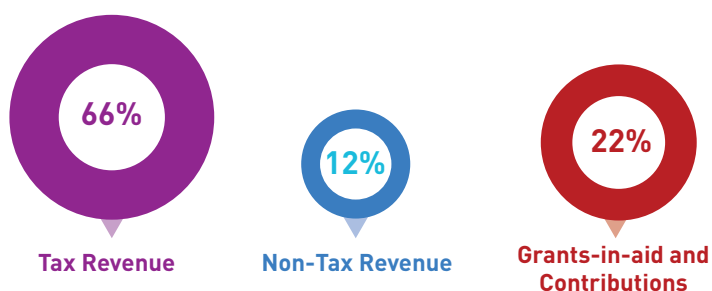
Includes interest receipts, dividends, profits, departmental receipts *etc.*

● NON-TAX REVENUE

● GRANTS-IN-AID

Grants-in-aid represent central assistance to the State Government from the Union Government. It also includes "External Grant Assistance" received from Foreign Government and channelised through the Union Government. In turn, the State Governments also give Grants-in-aid to institutions like Panchayati Raj Institutions, Autonomous bodies *etc.*

Revenue Receipts



2.2.1 Revenue Receipt Components (2022-23)

(₹ in crore)

Components	Actuals
A. Tax Revenue*	5,362
Goods and Service Tax	1,905
Taxes on Income and Expenditure	2,562
Taxes on Property, Capital and other transactions	35
Taxes on Commodities and Services	860
B. Non-Tax Revenue	976
Interest Receipts, Dividends and Profits	70
General Services	200
Social Services	28
Economic Services	678
C. Grants-in-aid & Contributions	1,766
Total – Revenue Receipts	8,104

* Includes share of net proceeds assigned to State received from the Government of India.

2.2.2 Trend of Revenue Receipts

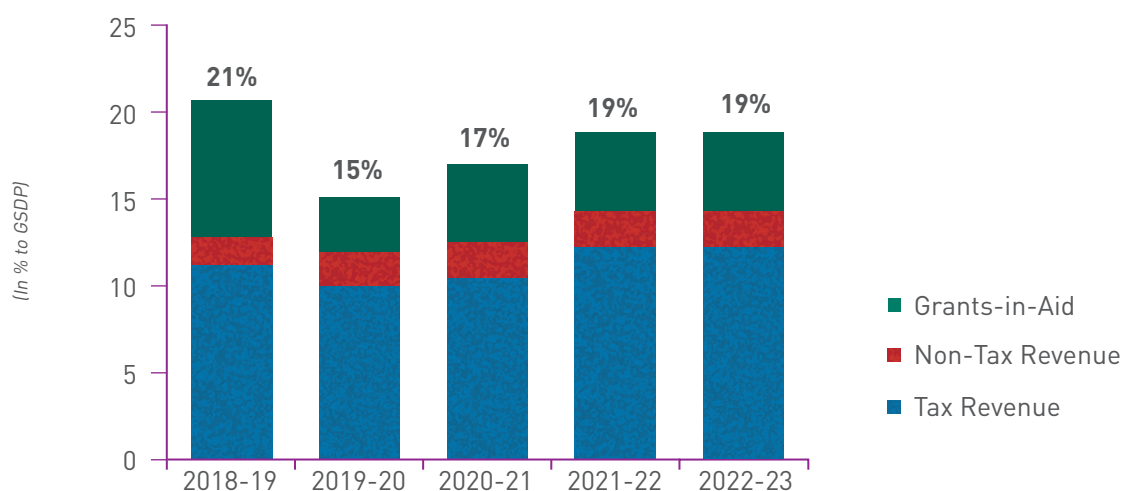
(₹ in crore)

	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Revenues	3,688 (13)	3,266 (10)	3,269 (10)	4,542 (12)	5,362 (13)
Non-Tax Revenues	658 (2)	693 (2)	662 (2)	681 (2)	976 (2)
Grants-in-Aid	1,575 (6)	882 (3)	1,677 (5)	1,858 (5)	1,766 (4)
Total Revenue Receipts	5,921 (21)	4,841 (15)	5,608 (17)	7,081 (19)	8,104 (19)
GSDP	28,402	31,441	33,018	37,557	42,756

Note: Figures in parentheses represent percentage to GSDP (Gross State Domestic Product)

During the year 2022-23 the GSDP increased by 13.8 per cent, Total revenue receipt was 14.4 per cent, tax revenue increased by 18.1 per cent, the non-tax increased by 43.3 per cent and grants-in-aid decreased by 5 per cent compared to previous year.

Trend of components of Revenue Receipts



2.3 Tax Revenue

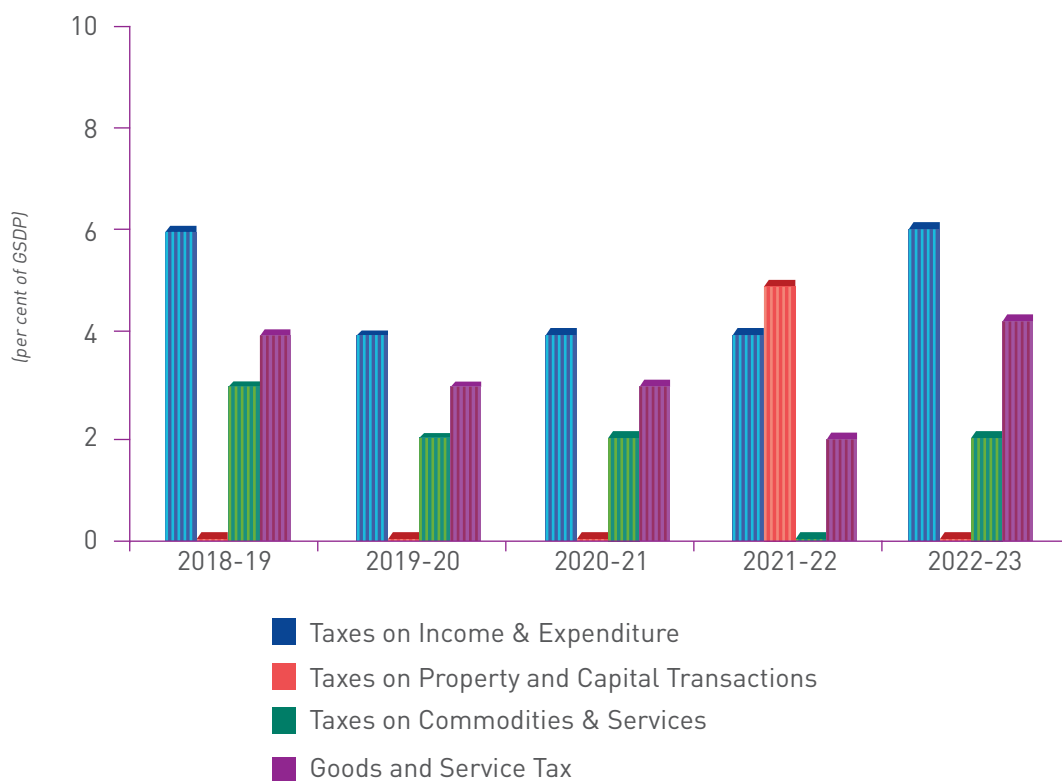
(₹ in crore)

Sector-wise Tax Revenue					
	2018-19	2019-20	2020-21	2021-22	2022-23
Goods and Service Tax	1,151	1,100	1,150	1,619	1,905
Taxes on Income and Expenditure	1,704	1,408	1,427	1,987	2,562
Taxes on Property and Capital Transactions	24	18	26	33	35
Taxes on Commodities and Services other than Goods and Service Tax	809	740	666	903	860
Total Tax Revenues	3,688	3,266	3,269	4,542	5,362
GSDP	28,402	31,441	33,018	37,557	42,756

Note: Figures in parentheses represent percentage to GSDP.

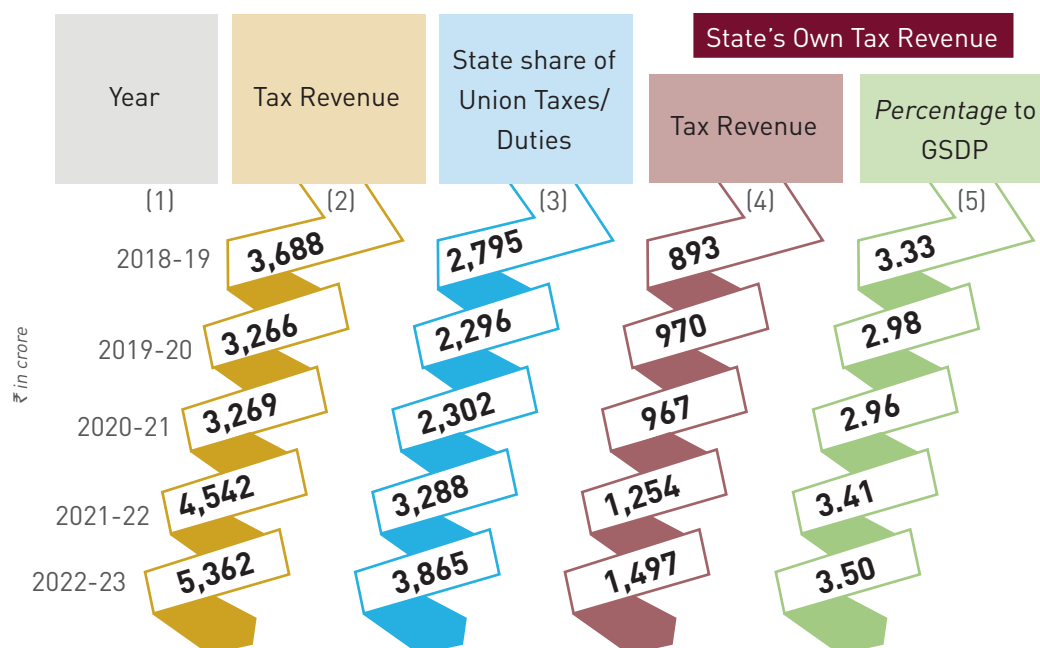
Increased in total tax revenue during 2022-23 was mainly due to increase in GST and sharable taxes from Government of India.

Trend of Major Taxes in proportion to Gross State Domestic Product (GSDP)



2.3.1 State's own Tax and State's share of Union Taxes

Tax Revenue of the State Government comes from two sources viz. State's own tax collections and devolution of Union Taxes.



Following table depicts the comparative position amount tax revenue received from the two sources over a period of five years:

(₹ in crore)

Description	2018-19	2019-20	2020-21	2021-22	2022-23
State's own Tax Collection	893	970	967	1,254	1,497
Devolution of Union Taxes	2,795	2,296	2,302	3,288	3,865
Total Tax Revenue	3,688	3,266	3,269	4,542	5,362
Percentage of State's own tax to total tax revenue	24	30	30	28	28

The proportion of State's own tax collection in overall tax revenue has shown an increasing trend since 2018-19. The share of tax revenue increased to 68 per cent as compared to 2018-19.

2.3.2 Trend in state's own Tax collection over the past five years

(₹ in crore)

Description	2018-19	2019-20	2020-21	2021-22	2022-23
State Goods and Service Tax	406	198	463	656	804
Taxes on Sales, Trade etc.	188	207	195	227	249
State Excise	183	41	210	249	298
Taxes on Vehicles	33	13	29	39	50
Stamp and Registration fees	15	4	13	23	26
Land Revenue	9	455	13	9	9
Other Taxes	59	52	44	51	61
Total State's own Taxes	893	970	967	1,254	1,497

2.4 Efficiency of Tax Collection

(₹ in crore)

Taxes	2018-19	2019-20	2020-21	2021-22	2022-23
1. Taxes on Sales, Trade etc.					
Revenue Collection	188	198	195	227	249
Expenditure on Collection	7	-	-	-	3
Cost of tax collection <i>per cent</i>	4%	0%	0%	0%	1%
2. State Excise					
Revenue Collection	183	287	210	249	298
Expenditure on Collection	8	9	7	8	10
Cost of tax collection <i>per cent</i>	4%	4%	3%	3%	3%
3. Taxes on Vehicles					
Revenue Collection	33	41	29	39	50
Expenditure on Collection	6	8	8	10	12
Cost of tax collection <i>per cent</i>	23%	20%	28%	26%	24%
4. Stamp and Registration Fee					
Revenue Collection	15	13	13	23	26
Expenditure on Collection	-	9	-	-	-
Cost of tax collection <i>per cent</i>	0%	69%	0%	0%	0%

2.5 Trend in State's Share of Union Taxes over the past five years

(₹ in crore)

Description	2018-19	2019-20	2020-21	2021-22	2022-23
Goods & Service Tax	745	646	687	964	1100
Corporation Tax	972	789	694	988	1284
Taxes on Income other than Corporation Tax	716	604	718	983	1260
Other Taxes on Income and Expenditure	5	NA*	NA*	NA*	NA*
Taxes on Wealth	NA*	NA*	NA*	NA*	NA*
Customs	198	150	118	217	156
Union Excise Duties	132	106	73	103	51
Service Tax	25	NA*	10	29	6
Other Taxes and Duties on Commodities and Services	2	1	2	4	6
State Share of Union Taxes/Duties	2,795	2,296	2,302	3,288	3,865
Total Tax Revenue	3,688	3,266	3,269	4,542	5,362
Percentage of Union Taxes to Total Tax Revenue	76	70	70	72	72

* Not applicable

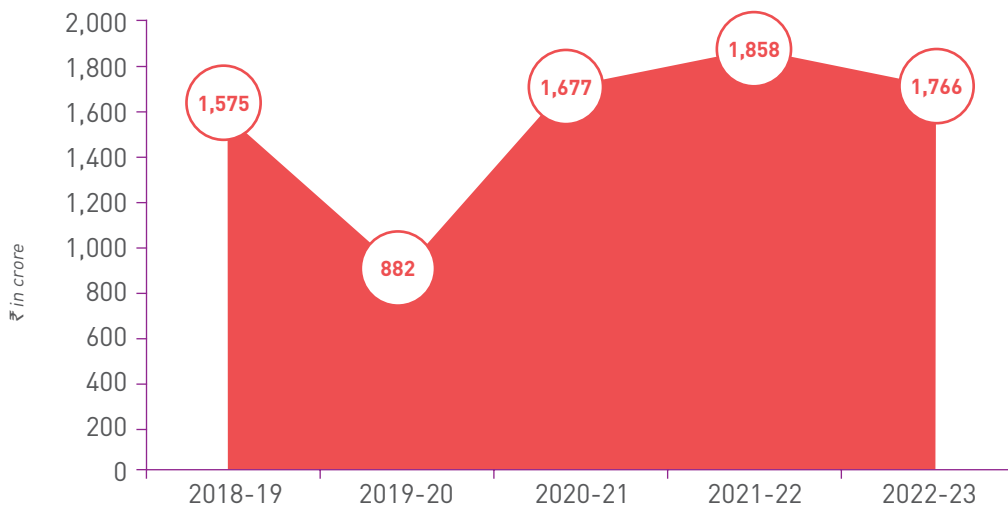
2.6 Grants-in-aid

Grants-in-aid represent assistance from the Government of India and comprise grants for State Plan Schemes and Central Plan Schemes approved by the NITI Aayog and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2022-23 under Grants-in-Aid were ₹ 1,766 crore as shown below:

Grants-in-aid

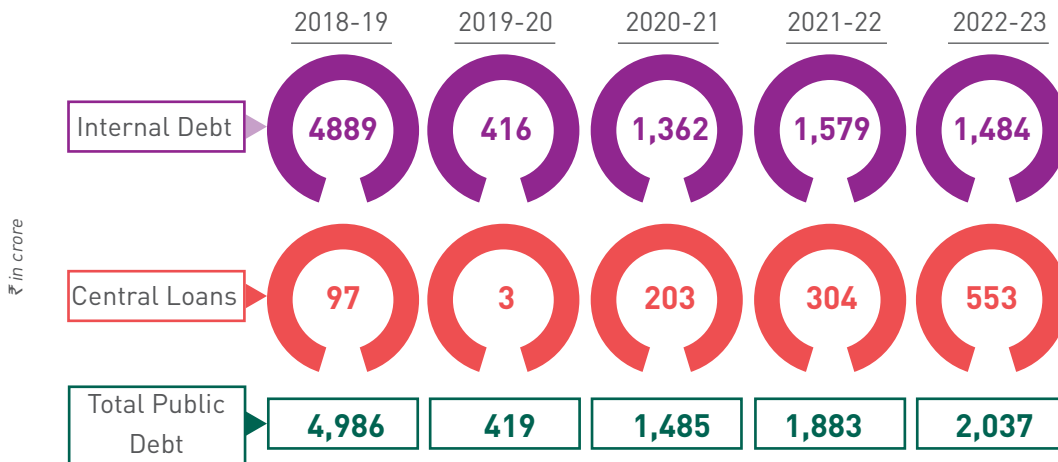


Trend of Grants-in-aid



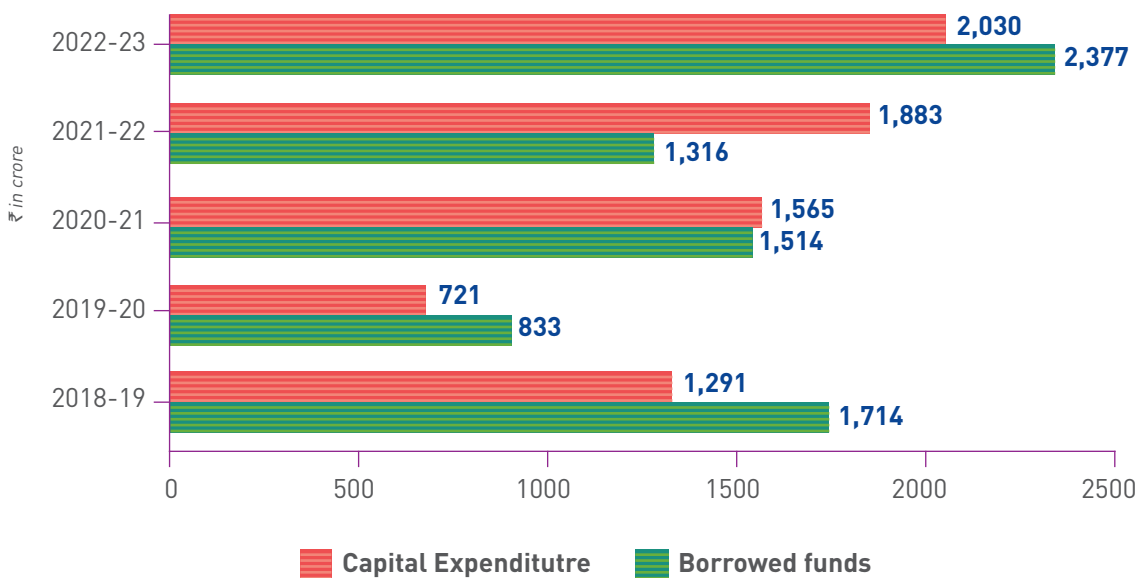
2.7 Public Debt

The trend of position of Public Debt over the past five years is depicted below:



During the year 2022-23 six loans totaling ₹ 1,414 crore were raised from the open market at interest rates varying from 7.82 per cent to 7.75 per cent and the same are redeemable during the period between 2022-33. In addition, the State Government raised loan of ₹ 70 crore from the financial institutions. Thus the total Internal Debt raised by the Government during the year 2022-23 aggregated to ₹ 1,484 crore. The Government also received ₹ 553 crore from Government of India as loans and advances.

Borrowed funds viz-à-viz Capital Expenditure



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 organisation. Capital expenditure is used to create permanent assets, or to enhance the utility of such assets, or to reduce permanent liabilities.

In Government accounts, the expenditure is classified at top level into three sectors: General Services, Social Services and Economic Services. The significant areas of expenditure covered under these sectors are mentioned in the table given below:

GENERAL SERVICES

Includes Justice, Police, Jail, PWD, Interest, Pension *etc.*

Includes Education, Health & Family Welfare, Water Supply *etc.*

SOCIAL SERVICES

ECONOMIC SERVICES

Includes Agriculture, Rural Development, Irrigation, Cooperation, Energy, Industries, Transport *etc.*

3.2 Revenue Expenditure

The excess/shortfall of revenue expenditure against budget estimates during the past five years are given below:

(₹ in crore)

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Budget Estimates	5,356	7,129	7,344	7,714	8,796
Actuals	5,227	6,185	6,369	6,669	7,631
Gap	(-)129	(-)944	(-)975	(-)1,045	(-)1,165
Percentage of variation of Actuals against BE	(-)2	(-)13	(-)13	(-)14	(-)13

Around 71 per cent of the revenue expenditure was incurred on committed expenses viz. on Salaries and Wages (₹ 3,538 crore), Interest payments (₹ 718 crore), Pensions (₹ 1,150 crore), Subsidies (₹ 5 crore) which is the committed liability of the State Government.

The position of committed and uncommitted revenue expenditure over the last five years is given below:

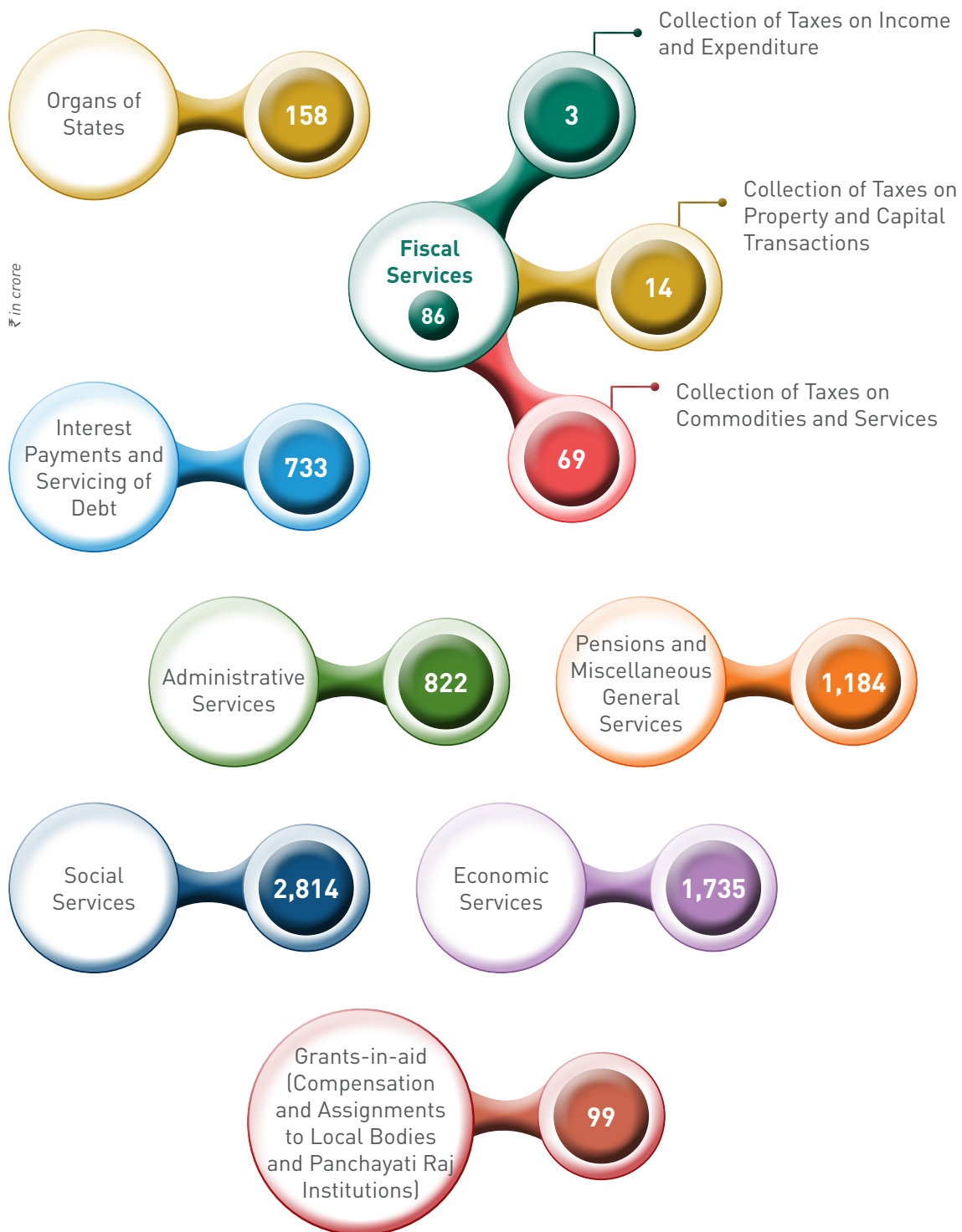
(₹ in crore)

Component	2018-19	2019-20	2020-21	2021-22	2022-23
Total revenue expenditure	5,227	6,185	6,369	6,669	7,631
Committed revenue expenditure*	3,556	4,619	4,495	4,889	5,411
Percentage of committed revenue expenditure to total revenue expenditure	68	75	71	73	71
Uncommitted revenue expenditure	1,671	1,566	1,874	1,780	2,220

* Committed revenue expenditure includes expenditure on Salaries & Wages, Interest Payments, Pensions and Subsidies.

It may be seen that the uncommitted revenue expenditure available for implementation of various schemes has increased during the year 2022-23. The total revenue expenditure increased by 46 per cent from ₹ 5,227 crore in 2018-19 to ₹ 7,631 crore in 2022-23 and committed revenue expenditure increased by 52 per cent over the same period.

3.2.1 Sectoral Distribution of Revenue Expenditure (2021-22)

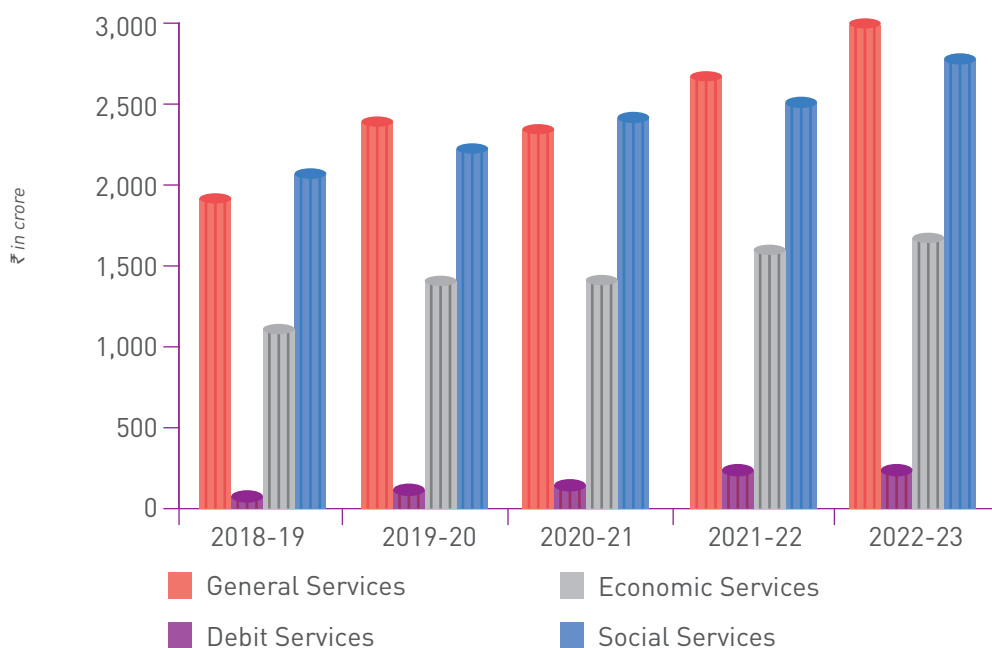


3.2.2 Major components of Revenue Expenditure 2018-19 to 2022-23

(₹ in crore)

Sector	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	1,960	2,420	2,416	2,558	2,983
Social Services	2,072	2,253	2,431	2,471	2,814
Economic Service	1,128	1,428	1,429	1,530	1,735
Grants-in-aid and Contribution	67	84	93	110	99

Trend of Major components of Revenue Expenditure



3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustained. Capital disbursements during 2022-23 amounting for ₹ 2,377 crore (5.56 per cent of GSDP) were less than Budget Estimates by ₹ 991 crore. The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2018-19 onwards. This can be seen from the table below:

(₹ in crore)

S. No.	Components	2018-19	2019-20	2020-21	2021-22	2022-23
1	Budget (B.E.)	2,235	2,032	2,459	2,565	3,368
2	Actual Expenditure#	1,291	721	1,514	1,316	2,377
3	Percentage of Actual Expenditure to BE	58	35	62	51	71
4	Yearly growth in Capital Expenditure	(-)14%	(-)44%	110%	(-)13%	81%
5	GSDP	28,402	31,441	33,018	37,557	42,756
6	Yearly growth in GSDP	9.36	10.70	5.02	13.75	13.84

Does not include expenditure on Loans and Advances

3.3.1 Sectoral distribution of Capital Expenditure

During 2022-23, the State Government has spent ₹ 120 crore on various water supply schemes, ₹ 339 crore on construction of roads & bridges.

3.3.2 Sectoral distribution of Capital Expenditure over the past five years

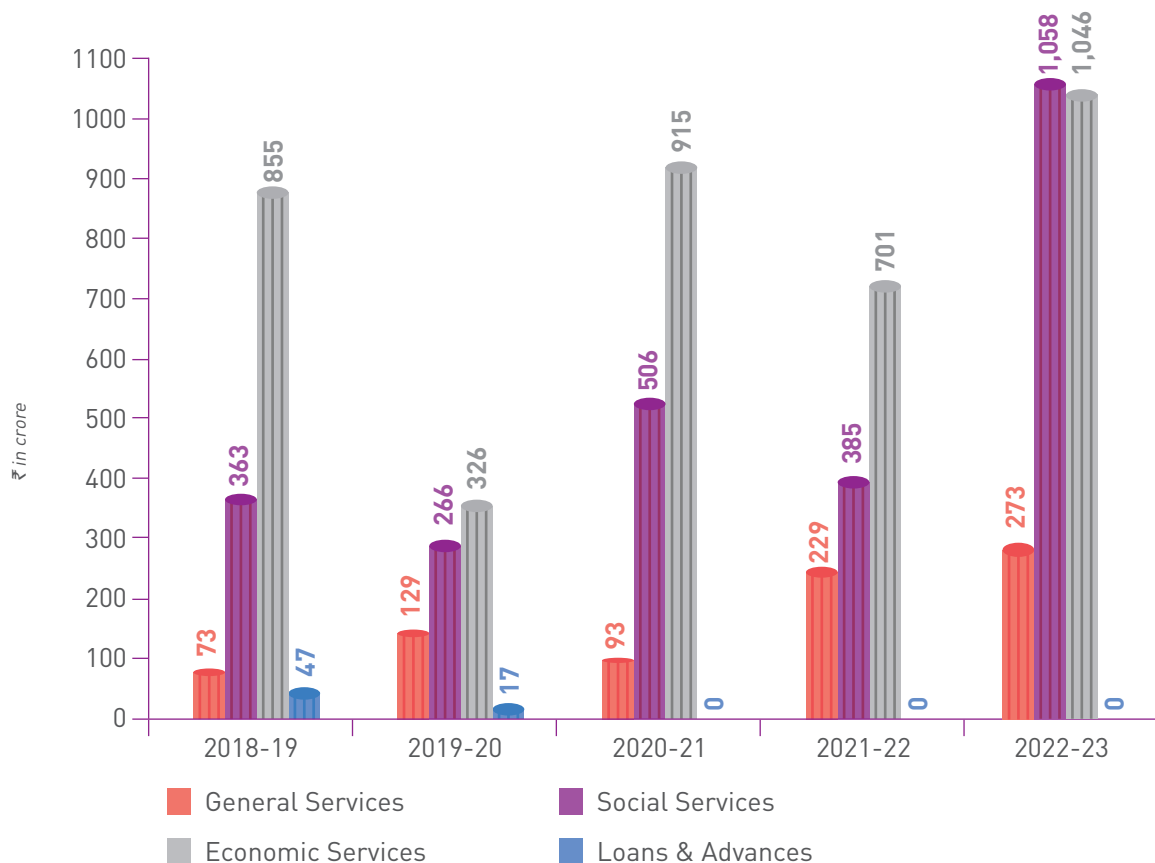
The sectoral distribution of capital expenditure during the last 5 years is depicted below:

(₹ in crore)

Sector	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	73 (5)	129 (17)	93 (6)	229 (17)	273 (11)
Social Services	363 (27)	266 (36)	506 (33)	385 (29)	1,058 (45)
Economic Service	855 (64)	326 (44)	915 (61)	701 (2)	1,046 (44)
Loans and Advances	47 (4)	17 (2)	00 (0)	01 (0)	00 (0)

Note: Figures in parentheses represent percentage to total capital expenditure

Trend of Sectoral Distribution of Capital Expenditure



3.3.3 Sectoral distribution of Capital Expenditure

The comparative sectoral distribution of capital and revenue expenditure over the past five years is illustrated below:

(₹ in crore)

Sl. No.	Description		2018-19	2019-20	2020-21	2021-22	2022-23
(A)	General Services	Capital	73	129	93	229	273
		Revenue	1,960	2,420	2,416	2,558	2,983
(B)	Social Services	Capital	363	266	506	385	1,058
		Revenue	2,072	2,253	2,431	2,471	2,814
(C)	Economic Services	Capital	855	326	915	701	1,046
		Revenue	1,128	1,428	1,429	1,530	1,735
(D)	Grants-in-aid and Contribution	Capital	NA*	NA*	NA*	NA*	NA*
		Revenue	66	84	93	110	99

*Not Applicable

Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2022-23

(₹ in crore)

Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Saving (-) Excess (+)	Surrender
Revenue Voted Charged	7,802 801	193 1	7,995 802	6845 786	(-)1150 (-)16	700 16
Capital Voted Charged	1,647 ...	1,553 ...	3,200 ...	2377 ...	(-)813 ...	609 ...
Public Debt Charged	168	...	168	168	...	...
Loans and Advances Voted	...	...	...	...	...	...
Appropriation to Contingency Fund Voted	...	...	...	...	...	...
Total	9,449 969	1,746 1	11,195 970	9,222 954	(-)1963 (-)16	1309 16

4.2 Trends of Saving/Excess during the past five years

(₹ in crore)

Year	Savings (-)/ Excess (+)				
	Revenue	Capital	Public Debt	Loans & Advances	Total
2018-19	(-) 879	(-) 466	(-) 1	*...	(-)1,346
2019-20	(-) 1,385	(-) 911	*...	(+)5	(-)2,191
2020-21	(-) 1,558	(-) 908	*...	(-)1	(-)2,467
2021-22	(-) 1,045	(-)1,249	*...	*...	(-) 2,294
2022-23	(-) 1,166	(-) 813	*...	*...	(-) 1,979

* Negligible amount

4.3 Significant Savings

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

Some grants with persistent and significant net savings are given below:

(₹ in crore)

Grant No.	Nomenclature	2018-19	2019-20	2020-21	2021-22	2022-23
01	Agriculture	14	85	79	96	52
02	Animal Husbandry and Veterinary Services	9	9	3	15	36
11	Food and Civil Supplies	2	3	4	8	3
12	Forest and Environment	34	115	79	115	141
19	Water Resources	92	12	89	165	25
22	Land Revenue and Disaster Management	28	73	169	153	204
29	Planning and Development	4	3	3	4	2
38	Social Justice and Welfare	25	58	72	82	257
39	Sports and Youth Affairs	...	...	3	2	2
41	Urban Development	13	190	91	164	44

During 2022-23, supplementary grants totaling ₹ 3,725 crore (5.10 per cent of total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against original allocations are given below:

(₹ in crore)

Grant No.	Nomenclature	Section	Original	Supplementary	Actual Expenditure
01	Agriculture	Revenue	216	24	167
02	Animal Husbandry and Veterinary Services	Revenue	122	48	97
07	Education	Revenue	137	37	132
12	Forest and Environment	Revenue	292	2	153
14	Home	Revenue	84	18	98
15	Horticulture	Revenue	129	...	87
19	Water Resources	Revenue	34	6	38
22	Land Revenue and Disaster Management	Revenue	375	1	171
30	Police	Revenue	570	3	547
31	Power	Revenue	399	10	405
35	Rural Development	Revenue	362	12	298
38	Social Justice and Welfare	Revenue	697	6	445
41	Urban Development	Revenue	92	1	49

Chapter V

Assets and Liabilities

5.1 Assets

The existing forms of accounts do not clearly depict valuation of Government assets like land, buildings etc., except 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.

Total investments as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 111 crore at the end of 2022-23. However, dividends received during the year was ₹ 4 crore (3.60 per cent) on investment. During 2022-23, an amount of ₹ 4 crore has been invested in Power Development Corporation and Sikkim Scheduled Castes, Scheduled Tribes & Other Backward Classes Development Corporation.

Cash Balance with State Bank of Sikkim and other banks stood at ₹ 76 crore on 31 March 2023. The position of cash balance and investment of cash balance is as under:

(₹ in crore)

Component	As on 1 April 2022	As on 31 March 2023	Net increases(+)/ decrease(-)
Cash Balances	95	76	(-)19
Investments from cash balance	2073	1958	(-)115
Other cash balances			
(a) Departmental Balances	1	1	...
(b) Permanent Cash Imprest	...	...	...
Investment from earmarked fund balances	619	647	28
(a) Guarantee Redemption Fund	68	71	3
(b) Other Funds	118	132	14
Interest realized*	3	3	...

* It includes interest on investments out of Guarantee Redemption Fund.

5.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limit up to which State Government can borrow from the market. The limit for 2022-23 was ₹ 2,204 crore. Against this Government of Sikkim has availed open market borrowing for ₹ 1,414 crore.

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

(₹ in crore)

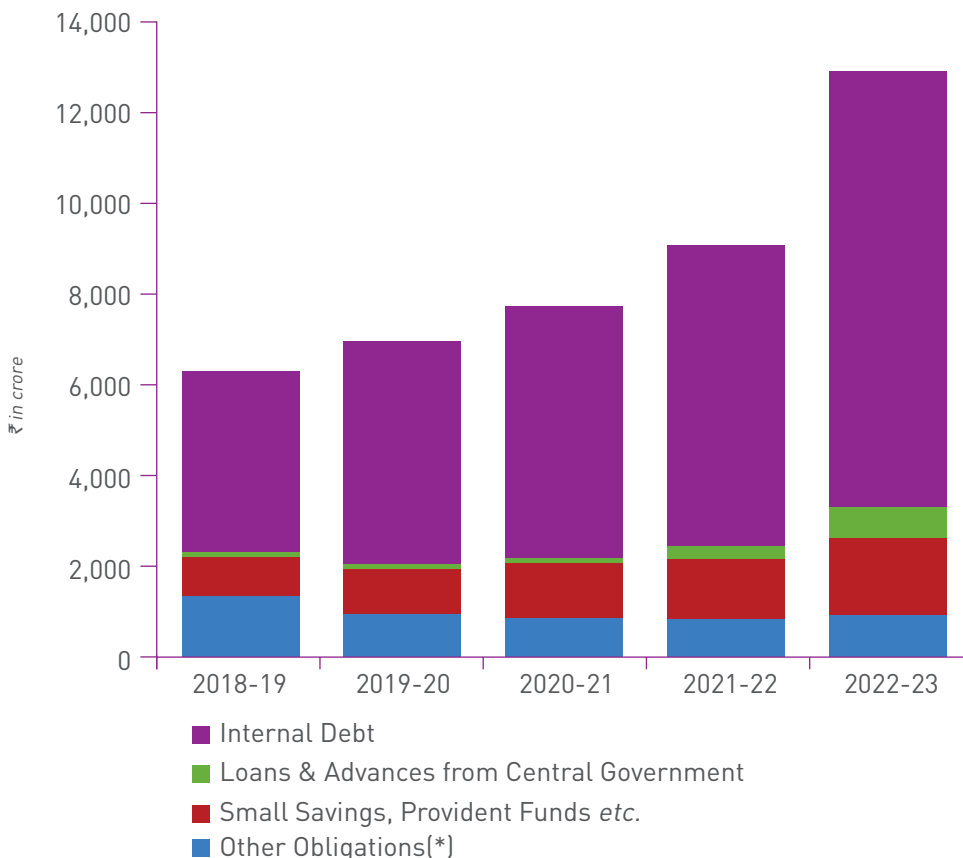
Year	Public Debt	Percentage to GSDP	Public Account*	Percentage to GSDP	Total Liabilities	Percentage to GSDP
2018-19	4,986	18	1,349	5	6,335	22
2019-20	5,406	17	1,996	6	7,402	24
2020-21	6,891	21	2,168	7	9,059	27
2021-22	8,654	23	2,209	6	10,863	29
2022-23	10,523	25	2,174	5	12,697	30

(*) Excludes Advances, Suspense and Miscellaneous and Remittance balances.

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

Public Debt and other liabilities showed a net increase of ₹ 1,834 crore (17 per cent) over the previous year.

Trend in Government Liabilities



(*) Other Obligations includes Reserve Funds and Deposits.

5.3 Guarantees

In addition to directly raising loans, the State Government also guarantees loans raised by Government companies and corporations from the market and financial institutions for implementation of various plan schemes and programs. These guarantees are projected outside the State Budget. The position of guarantees by the State Government for the re-payment of loans (payment of principal and interest thereon) raised by Statutory Corporations, Government Companies, Corporations, Co-operative Societies, etc., is given below:

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of the year	
		Principal	Interest
2018-19	3,849	3,351	104
2019-20	3,942	3,544	206
2020-21	4,527	3,844	263
2021-22	4,668	4,158	345
2022-23	5,043	4,534	345

Chapter VI

Other Items

6.1 Adverse Balances under Internal Debt

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, the State Government also guarantees loans raised by government companies and corporations from the market and financial institutions for implementation of various plan schemes and programs which are projected outside the State Budget. These loans are treated as receipts from the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government accounts, resulting in irreconcilable adverse balances and understatement of liabilities in Government accounts. As on 31 March 2023 no adverse balance is appearing in favor of Sikkim State.

6.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2022-23 was ₹ 253 crore. Out of these loans and advance to government corporation/ companies, non-government institutions and local bodies amounted to ₹ 0 crore. Recovery of principal aggregating in arrears at the end of 31 March 2023 (information regarding recoveries in arrears in respect of principal and interest is required to be furnished by the concerned departments every year to the Senior Deputy Accountant General by June) was not furnished by the department. Information relating to recovery of interest in arrears was not made available by the State Government. During 2022-23, only ₹ 0.44 crore has been received towards repayment of loans and advances, out of which ₹ 0.40 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

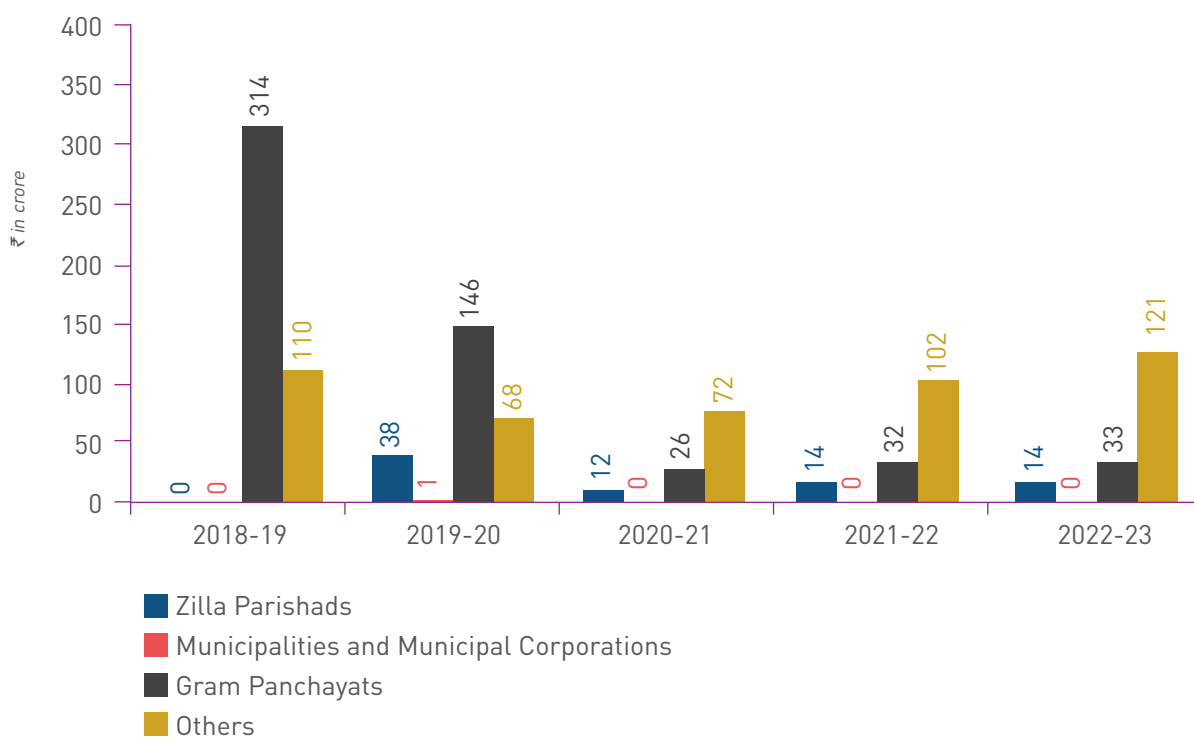
6.3 Financial Assistance to Local Bodies and Others

Grants-in-aid given to local bodies, autonomous bodies etc., decreased from ₹ 424 crore in 2018-19 to ₹ 168 crore in 2022-23. Grants to Zilla Parishads, Gram Panchayats and Municipalities (₹ 47 crore) represented 40 *per cent* of total grants given during the year.

Details of Grants-in-aid for the past five years are as under:

(₹ in crore)

S. No.		2018-19	2019-20	2020-21	2021-22	2022-23
1	ZillaParishads	...	38	12	14	14
2	Municipalities and Municipal Corporations	...	1	...	...	...
3	Gram Panchayats	314	146	26	32	33
4	Others	110	68	72	102	121
	Total	424	253	110	148	168



Grants-in-aid for Creation of Assets have not been formed in the State of Sikkim.

6.4 Reconciliation of Receipt and Expenditure

Chief Controlling Officers (CCOs)/ Controlling Officers (Cos) are required to reconcile the receipts and expenditure figures of the Government with the figures accounted for by the Senior Deputy Accountant General (A&E). Such reconciliation has been completed by all CCOs/Cos for such receipts and expenditures.

6.5 Submission of Accounts by Accounts rendering units

The accounts of receipts and expenditure of the Government of Sikkim have been compiled based on the initial accounts rendered by eight Treasuries, 58 Public Works/ Irrigation Divisions/ Public Health Engineering Divisions, six Forest Division and advice of the State Bank of Sikkim (SBS). The rendition of monthly accounts by the Accounts Rendering Units of the State Government was satisfactory and no accounts remained excluded at the end of the financial year.

6.6 Advance payments

Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money by preparing Abstract Contingent (AC) Bills by debiting service heads. They are required to present Detailed Countersigned Contingent (DCC) Bills containing vouchers in support of final expenditure within three months of the withdrawal of AC Bills. Non-submission of DCC Bills renders the expenditure under AC Bills opaque. Details of AC Bills outstanding as on 31 March 2023 are given below:

Year	No. of unadjusted AC Bills	Amount (₹ in crore)
Up to 2020-21	1,883	33.09
2021-22	104	1.89
2022-23	299	17.44
Total	2,286	52.42

6.7 Status of Suspense Balances and Remittances Balances

Details of outstanding balances under Major Head 8658-Suspenses Account is as under:

(₹ in crore)

Name of Minor Head	2018-19		2019-20		2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
(a) 8658 – Suspense Accounts										
101-PAO Suspense	21.48	20.57	5.20	1.05	8.35	5.43	5.41	4.91	4.18	5.89
Net	Dr 0.91		Dr 4.15		Dr 2.92		Dr 0.50		Cr 1.71	
102-Suspense Account (Civil)	28.66	29.56	2.46	2.98	14.46	13.83	13.18	13.14	13.34	13.31
Net	Cr 0.90		Cr 0.52		Dr 0.63		Dr 0.04		Dr 0.03	
112-Tax Deducted at Source	50.82	57.17	8.83	16.91	11.31	20.40	(-)5.16	11.24	0.93	12.32
Net	Cr 6.35		Cr 8.08		Cr 9.09		Cr 6.08		Cr 11.39	
123-AIS Suspense	0.01	0.33	0.01	0.33	0.01	0.34	(-)0.02	0.01	0.00	0.02
Net	Cr 0.32		Cr 0.32		Cr 0.33		Dr 0.03		Cr 0.02	
135-Cash Settlement between A.G. Sikkim and other States	2.83	2.75	0.31	0.09	0.86	0.19	0.87	0.78	0.54	0.19
Net	Dr 0.08		Dr 0.22		Dr 0.67		Dr 0.09		Dr 0.35	
(b) 8782 – Cash remittances and adjustments between rendering accounts to the same Accounts Office										
102-Public Works Remittances	2162.11	2416.17	3473.54	3622.89	1768.08	2282.71	1915.88	2289.62	1666.02	2133.36
Net	Cr 254.06		Cr 149.35		Cr 514.63		Cr 373.74		Cr 467.34	
103-Forest Remittances	33.22	49.90	120.38	130.61	47.47	48.80	70.13	70.31	47.47	42.05
Net	Cr 16.68		Cr 10.23		Cr 1.33		Cr 0.18		Dr 5.42	
108-Other Remittances	121.05	124.50	233.23	231.99	82.29	79.99	78.85	74.91	82.29	71.99
Net	Cr 3.45		Dr 1.24		Dr 2.30		Dr 3.94		Dr 10.30	

6.8 Status of Outstanding Utilisation Certificate

Details of outstanding Utilisation Certificate in respect of Grants sanctioned by the State Government as under:

Year	Number of UCs Outstanding	Amount (₹ in crore)
Upto2020-21	776	59.62
2021-22	26	2.89
2022-23	145	33.69
Total	947	96.20

6.9 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 1,350.71 crore as per Appendix IX in Volume II of the Finance Accounts was incurred up to the year 2022-23 by the State Government on various incomplete projects against an original estimated cost of ₹ 3,824.62 crore.

6.10 New Pension Scheme

State Government employees recruited with effect from 1 April 2006 are eligible for the New Pension Scheme which is a defined contributory pension scheme. In terms of the Scheme, the employee contributes 10 per cent of his monthly salary and dearness allowance, which is matched by the State Government as employer share, the entire amount is transferred to a designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

As per prescribed procedure, both the contributions are to be initially credited to the Public Account under Major Head 8342-Other Deposits 117-Defined Contribution Pension Scheme for Government Employees. Thereafter, the entire amount is to be transferred to the National Securities Depository Limited (NSDL)/Trustee Bank through the designated fund manager in the same year itself.

The Government of Sikkim, however, did not follow the above procedure in transferring Government contribution. The State Government transfers the employer's (Government's) contribution directly to NSDL/Trustee Bank without routing it through the Public Account. During 2022-23, the State Government deducted ₹ 114.57 crore towards employees' contribution and credited the same into Public Account. Thereafter, the State Government transferred ₹ 238.64 crore from the Public Account to the NSDL/Trustee Bank.

As on 1 April 2022, ₹ 68.49 crore representing employees' contribution, yet to be transferred to NSDL/Trustee Bank, was available in the Public Account under Major Head 8342-117. (The interest accruing on such retained balances which constitute liabilities of the State Government since the inception of the Scheme, has not been estimated. It has also not been possible to estimate whether the employees' contributions over the years under the Scheme have been correctly assessed). Against ₹ 290.85 crore (₹ 68.49 crore opening balance plus ₹ 222.36 crore deducted from the employees during the year), the State Government transferred ₹ 238.64 crore leaving a balance of ₹ 52.20 crore in the Public Account as on 31 March 2023. Uncollected, unmatched

and un-transferred amounts, with accrued interest, represent outstanding liabilities under the scheme besides erroneously enhancing the liquidity position of the State Government.

6.11 Personal Deposit Accounts

Personal Deposit (PD) accounts are operated by transferring amounts from the Consolidated Fund to be utilised for specific purposes and booked as final expenditure against the concerned service Major Heads without any actual cash flow. In Sikkim State Personal Deposit (PD) accounts are not operated up to the financial year 2022-23.

6.12 Investment

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. As per the accounts the investment of Government in 37 entities was ₹ 111.08 crore as on 31 March 2023. The Government received an amount of ₹ 4.12 crore was received as dividend/interest (i.e. 3.71 *per cent* of total invested amount). Out of these ₹ 2.67 crore was received from one Statutory Corporation i.e. State Bank of Sikkim wherein invested amount was ₹ 0.53 crore, received ₹ 1.45 crore from one Companies i.e. Sikkim Distilleries Ltd. wherein invested amount was ₹ 2.43 crore. No dividend/interest was received from Sikkim State Co-operative Bank Ltd. (SISCO) wherein the Government had invested ₹ 9.36 crore and rest of 35 wherein the Government had invested amount of ₹ 111.08 crore. Details are given in Statement 19 of Finance Accounts Vol. II. These figures, however, have not been reconciled with the figures of the investee organisations.

6.13 Rush of expenditure

The financial rules stipulate that rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. However, the expenditure incurred under ten Heads of Account during March 2023 ranged between 3 *per cent* and 93 *per cent* of the total expenditure during the year indicating a tendency to utilize the budget at the close of the financial year.

The flow of expenditure during the four quarters of 2022-23 in the above mentioned Heads was as below:

(₹ in crore)

Head of Account	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March	Percentage of 3/2022 w.r.t. total expenditure of 2022-23
2045	Other Taxes and Duties on Commodities and Services	0.76	0.59	0.53	35.17	37.05	34.75	93.79
2049	Interest Payment	135.41	173.27	137.94	271.56	718.18	179.36	24.97
2071	Pensions and Other Retirement Benefits	364.20	260.19	230.75	295.10	1150.24	128.88	11.20
2202	General Education	355.27	372.30	292.95	267.82	1288.44	72.77	5.65
2401	Crop Husbandry	86.45	44.83	47.47	61.83	240.59	33.58	13.96
2851	Village and Small Industries	9.41	15.46	9.90	18.10	52.88	6.82	12.90
4059	Capital Outlay on Public Works	2.87	15.58	64.55	188.55	271.56	182.55	67.22
4202	Capital Outlay on Education, Sports, Art and Culture	10.74	57.61	42.29	104.03	214.67	96.45	44.93
4801	Capital Outlay on Power Projects	60.93	19.32	16.37	128.85	225.46	128.23	56.87
5054	Capital Outlay on Roads and Bridges	28.47	113.84	50.47	146.01	338.78	8.92	2.63

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