



सत्यमेव जयते

Report of the Comptroller and Auditor General of India on State Finances

for the year ended March 2018



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF SIKKIM
Report No. 1 of 2019

**Report of the
Comptroller and Auditor General of India
on State Finances
for the year ended March 2018**

Government of Sikkim

Report No. 1 of 2019

TABLE OF CONTENTS

Paragraph	Particulars	Page No.
	Preface	iii
	Executive summary	v-vii
Chapter I: Finances of the State Government		
1.1	Introduction	2
1.2	Summary of fiscal transactions	2
1.3	Fiscal reforms path in Sikkim	4
1.4	Budget 2017-18	6
1.5	Resources of State	8
1.6	Revenue Receipts	10
1.7	Application of resources	17
1.8	Quality of expenditure	24
1.9	Financial analysis of Government expenditure and investments	27
1.10	Assets and liabilities	33
1.11	Debt Management	39
1.12	Fiscal imbalances	43
1.13	Follow up	46
1.14	Conclusion	47
Chapter II: Financial Management and Budgetary Control		
2.1	Introduction	49
2.2	Summary of Appropriation Accounts	49
2.3	Financial accountability and budget management	50
2.4	Non-reconciliation of Departmental figure	54
2.5	Contingency Fund	58
2.6	Outcome of review of selected grants	58
2.7	Conclusion	61
Chapter III: Financial Reporting		
3.1	Failure to submit Utilisation Certificates	63
3.2	Non-submission/delay in submission of accounts	69
3.3	Status of submission of accounts of autonomous bodies/Statutory Corporations and placement of Separate Audit Reports before the State Legislature	70
3.4	Departmental Commercial Undertakings	71
3.5	Misappropriation, losses, etc.	72
3.6	Reconciliation of expenditure and receipts	73
3.7	Conclusion	73

LIST OF APPENDICES

Title	Appendix	Page No.
State Profile	Appendix 1.1: Part A	75
Layout of Finance Accounts	Appendix 1.1: Part B	76
Structure of Government Accounts	Appendix 1.1: Part C	77
Time series data on the State Government Finances	Appendix 1.2	79
Abstract of Receipts and Disbursements for the year 2017-18	Appendix 1.3 (A)	82
Summarised financial position of the Government of Sikkim as on 31 March 2018	Appendix 1.3 (B)	85
Statement showing funds transferred to the State Implementing Agencies under the programmes/ schemes outside the State budget during 2017-18	Appendix 1.4	86
Tax and Non-Tax Revenue collected during 2013-18	Appendix 1.5	87
Statement showing investment at the end of 2017-18	Appendix 1.6	88
Statement of various grants /appropriations where saving were more than ₹ 1 crore each and more than 20 per cent of the total provisional	Appendix 2.1	89
Statement showing Rush of Expenditure	Appendix 2.2	90
Statement showing cases where supplementary provisions (₹ 10 lakh or more in each case) proved unnecessary	Appendix 2.3	91
Statement showing results of review of substantial surrenders made during the year	Appendix 2.4	92
Statement showing details of savings of ₹ 1 crore and above not surrendered	Appendix 2.5	99
Statement showing surrender of funds in excess of ₹ one crore on 31 March 2018	Appendix 2.6	100
Statement showing pending DC bills for the years upto 2017-18	Appendix 2.7	103
Statement showing Annexure on Delay in submission of Utilisation Certificates by Ecclesiastical Affairs Department	Appendix 3.1	104
Statement showing names of Autonomous Bodies and Authorities, the accounts of which had not been received under Section 14 (1)	Appendix 3.2	107
Statement showing names of Autonomous Bodies and Authorities, the accounts of which has not been received	Appendix 3.3	109
Statement showing placement of Separate Audit Report	Appendix 3.4	109

PREFACE

1. This Report has been prepared for submission to the Governor of Sikkim under Article 151 (2) of the Constitution of India for being laid in the Legislature of the State.
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 2018. 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.



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Sikkim is being brought out with a view to assessing the financial performance of the State during the year 2017-18. 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 the performance of schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare with the normative assessment made by the XIV Finance Commission (XIV FC). A comparison has been made to see whether the State has given adequate fiscal priority to developmental as well as 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 2018, this Report provides an analytical review of the annual accounts of the State Government. The Report has 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 2018. 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 Government of Sikkim'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

Chapter-I: Finances of the State Government

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 and suffered fiscal deficit during 2017-18. Revenue

surplus recorded increase (₹ 238.72 crore) during the year as compared to the previous year. This was due to increase in Revenue Receipts by 13.07 *per cent* (₹ 602.49 crore) and increase in Revenue Expenditure of only 9.60 *per cent* (₹ 363.77 crore) during 2017-18 as compared to 2016-17. Further, fiscal surplus of ₹ 86.30 crore during 2016-17 turned to fiscal deficit of ₹ 461.88 crore during 2017-18.

➤ **Revenue Receipts**

Revenue Receipts increased by ₹ 602.49 crore (13.07 *per cent*) from ₹ 4,610.30 crore in 2016-17 to ₹ 5,212.79 crore in 2017-18. During 2017-18, 74.24 *per cent* of the Revenue Receipts were from Government of India as Central transfers in the form of State's share of taxes and Grants-in-aid contributions while only 25.76 *per cent* revenue was collected from State's own sources (*i.e.* Tax and Non-Tax Revenue). The Tax Revenue Receipts at ₹ 688.33 crore was lower by ₹ 942.67 crore than the projections made by XIV FC (₹ 1,631 crore). However, Non-Tax Revenue was higher by ₹ 256.38 crore.

➤ **Expenditure**

During 2017-18, the Total Expenditure increased by 25.42 *per cent* from ₹ 4,525.37 crore in 2016-17 to ₹ 5,675.58 crore during 2017-18. Revenue Expenditure constituted 73.15 *per cent*, Capital Expenditure constituted 26.55 *per cent* and loans and advances constituted 0.30 *per cent* of Total Expenditure during 2017-18. The expenditure on Social and Economic Sectors, which are considered as Development Expenditure, accounted for 69.02 *per cent* of Total Expenditure in 2017-18. Capital Expenditure increased by 109.19 *per cent* (₹ 786.49 crore) over the previous year.

➤ **Fiscal Correction Path**

Revenue surplus was higher than the budget estimate and the target fixed by XIV FC. There was fiscal deficit during the current year. Ratio of total outstanding debt of the Government to GSDP was higher than the target fixed by XIV FC but slightly lesser than the target proposed in budget proposal and projected in Five-year Fiscal Plan/MTFP.

➤ **Fiscal Liabilities**

Fiscal liabilities of the State increased by ₹ 1,019.61 crore (18.55 *per cent*) from ₹ 5,495.45 crore in 2016-17 to ₹ 6,515.06 crore in 2017-18.

The growth rate of outstanding fiscal liabilities which was 12.86 *per cent* in 2016-17 increased to 18.55 *per cent* in 2017-18

The buoyancy of the liabilities with respect to Gross State Domestic Product (GSDP) during the year was 1.66 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 1.66 *per cent*.

Debt-GSDP Ratio for the year 2017-18 was 24.50 *per cent* which was higher than the recommended target (19.66 *per cent*) of XIV FC.

➤ Investment and Returns

The return from investments was 2.85 *per cent*. However, some of the Companies/Corporations were incurring recurring losses.

State Government may review the working of the units which were incurring losses and take appropriate action to avoid further financial burden on the Government.

Chapter- II: Financial Management and Budgetary Control

The State Government had not framed a Budget Manual detailing the procedures for preparation of budget estimates, realisation of revenue, control over expenditure, *etc.* Against the total provision of ₹ 7,463.79 crore during 2017-18, an expenditure of ₹ 6,019.07 crore was incurred. This resulted in an unspent provision of ₹ 1,444.82 crore (19.36 *per cent*). Excess expenditure of ₹ 82.96 crore during 2012-13 to 2017-18 required regularisation under Article 205 of the Constitution. The supplementary provision of ₹ 269.33 crore in 32 cases was found to be unnecessary. In 51 cases, ₹ 868.47 crore was surrendered on the last working day of the financial year. An amount of ₹ 77.78 crore drawn during 2013-18 as advances remained unsettled distorting the amount of expenditure being shown as such.

A Budget Manual should be prepared immediately enumerating detailed procedures for better financial management.

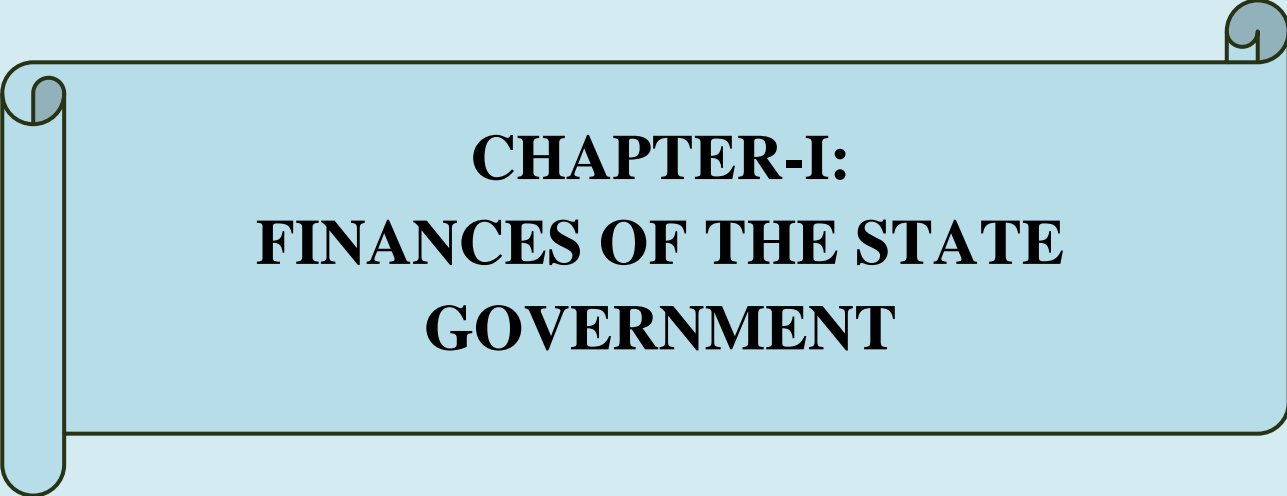
The Budget should be more realistic and cases of persistent non-utilisation of funds, excessive provision of funds should be avoided.

Chapter- III: Financial Reporting

During the year 2017-18, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Accountant General.

However, the practice of not furnishing Utilisation Certificates in time against grants received, irregular expenditure by diverting funds, release of grants without obtaining any Detailed Project Reports /Detailed Estimates by the Ecclesiastical Affairs Department which is in violation of the norms framed by the Department, of not furnishing of detailed information about financial assistance given to various Institutions and of not submitting of 72 annual accounts by 32 Autonomous Bodies/Authorities from 2010-11 to 2017-18 in time indicated that financial rules were not complied with. There were also delays in placement of Separate Audit Reports in the State Legislature.

There is a need to ensure that the Separate Audit Reports of the Autonomous Bodies are placed in the Legislature on time, Utilisation Certificates are submitted by recipient of grants within the prescribed time and expenditures are incurred in terms of norms framed by the Department and Government.



**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. The State is categorised as a Special Category State (SCS) on account of which certain special privileges are given by Government of India (GoI), for example, the State is entitled for 90 per cent grants and 10 per cent State share against 70 per cent grants and 30 per cent State share to General Category States under all the Centrally Sponsored Schemes (CSSs). 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 - 10 is the only lifeline which connects the State with the rest of the country. Sikkim has four districts and nine sub-divisions and has also been included in the North Eastern Council (NEC) 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 at 75 per cent was more than the all India average (69 per cent). The percentage of population below the poverty line at 8.20 per cent¹ is lower than the all India average of 21.9 per cent. The literacy rate of Sikkim was 81.40 per cent² as against the all India literacy rate of 73 per cent. Per capita Gross State Domestic Product (GSDP) for the year 2017-18 was ₹ 2,97,765 (*Appendix 1.1-Part A*).

Gross State Domestic Product

The growth of GSDP of the State is an important indicator of the State's economy. The trends in annual growth of Gross Domestic Product (GDP) of India and GSDP of the State at current prices and constant prices (Base year: 2011-12) are given in table below:

Table 1.1 Annual growth rate of GDP and GSDP at current as well as constant prices

Year	2013-14	2014-15	2015-16	2016-17	2017-18
All India GDP (₹ in crore)	1,12,33,522	1,24,67,959	1,37,64,037	1,52,53,114	1,67,73,145
Growth rate of GDP (in per cent)	12.97	10.99	10.40	10.82	9.97
GSDP of State at current prices (₹ in crore)	13,862	15,407	18,034	20,020*	22,248*
Growth rate of GSDP at current prices (in per cent)	12.35	11.14	17.05	11.02	11.13
GSDP of State at constant prices (₹ in crore)	12,114	13,071	14,370	15,339	16,390
Growth rate of GSDP at constant prices (in per cent)	6.07	7.90	9.93	6.75	6.85

Source: GDP/ GSDP figures issued by MoSPI dated 01.08.2017).* Provisional figures

¹ Economic Survey 2017-18.

² Economic Survey 2017-18.

1.1 Introduction

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Finance Accounts 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.

This chapter provides a broad perspective of the Finances of the State Government during 2017-18. 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 (Part-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 2013-18.

1.2 Summary of fiscal transactions

Table 1.2 and **Appendix 1.3 (A and B)** present the summary of the fiscal transactions of the State Government and provide details of Receipts and Disbursements as well as overall fiscal position respectively during 2017-18 *vis-à-vis* the previous year:

Table 1.2: Summary of the fiscal transactions

(₹ in crore)

Receipts			Disbursements		
	2016-17	2017-18		2016-17	2017-18
Section-A: Revenue					
Revenue Receipts	4,610.30	5,212.79	Revenue Expenditure	3,788.08	4,151.85
Tax Revenue	652.56	688.33	General Services	1,420.77	1,528.13
Non-Tax Revenue	451.64	654.38	Social Services	1,335.07	1,532.15
Share of Union taxes and duties	2,069.19	2,634.66	Economic Services	976.61	1,028.25
Grants from GoI	1,436.91	1,235.42	Grants-in-aid and contributions	55.63	63.32
Section-B: Capital					
Misc. Capital Receipts	0.00	0.00	Capital Outlay	720.29	1,506.78
Recoveries of loans and advances	1.37	0.91	Loans and advances disbursed	17.00	16.95
Public Debt Receipts	783.34	1,053.46	Repayment of Public Debt	246.26	342.63
Contingency Fund	0.00	0.00	Contingency Fund	0.31	(-) 0.31
Public Account Receipts ³	6,335.06	7,429.63	Public Account Disbursements ⁴	6,245.87	7,120.86
Opening cash balance	1,724.57	2,436.83	Closing cash balance	2,436.83	2,994.86
TOTAL	13,454.64	16,133.62		13,454.64	16,133.62

Source: Finance Accounts

The following are the significant changes during 2017-18 over the previous year:

Revenue Receipts increased by ₹ 602.49 crore (13.07 per cent) over the previous year mainly due to increase in share of Union taxes and duties by ₹ 565.47 crore, Non-Tax

³ Gross Public Accounts Receipts during the year.

⁴ Gross Public Accounts Disbursement during the year.

Revenue by ₹ 202.74 crore and Tax Revenue by ₹ 35.77 crore as compared to previous year. However, there was decrease in grants from GoI by ₹ 201.49 crore.

Revenue Expenditure increased by ₹ 363.77 crore (9.60 per cent) over the previous year as a result of increase in expenditure on Social Services (₹ 197.08 crore), General Services (₹ 107.37 crore), Economic Services (₹ 51.64 crore) and Grants-in-aid (₹ 7.69 crore).

Capital Expenditure increased by ₹ 786.49 crore (109.19 per cent) over the previous year.

Public Debt Receipts increased by ₹ 270.12 crore (34.48 per cent) and its repayment increased by ₹ 96.37 crore (39.13 per cent) over the previous year.

The total inflow and outflow of the Government after deducting the cash balances during the year 2017-18 was ₹ 13,696.79 crore and ₹ 13,138.76 crore respectively leading to increase in cash balance by ₹ 558.03 crore.

The trends of Revenue Receipts (RR)/Revenue Expenditure (RE)/Capital Expenditure (CE) relative to GSDP at current as well as constant prices are presented in table below:

Table 1.3: Trends in Revenue Receipt/ Revenue Expenditure/Capital Expenditure relative to GSDP

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue receipts relative to GSDP					
RR at current prices (₹ in crore)	3,894	4,088	3,784	4,610	5,213
Rate of growth of RR at current prices (in per cent)	18.40	4.98	(-) 7.44	21.83	13.08
RR at constant prices (₹ in crore)	3,386	3,464	3,127	3,688	4,041
Rate of growth of RR at constant prices (in per cent)	11.24	2.30	(-) 9.73	17.94	9.57
RR / GSDP	28.09	26.53	20.98	23.03	23.43
Revenue expenditure relative to GSDP					
RE at current prices (₹ in crore)	3,025	3,357	3,645	3,788	4,152
Rate of growth of RE at current prices (in per cent)	20.66	10.98	8.58	3.92	9.61
RE at constant prices (₹ in crore)	2,630	2,845	3,012	3,030	3,218
Rate of growth of RE at constant prices (in per cent)	13.31	8.17	5.87	0.60	6.20
RE/ GSDP	21.82	21.79	20.21	18.92	18.66
Capital expenditure relative to GSDP					
CE at current prices (₹ in crore)	912	981	633	720	1,507
Rate of growth of CE at current prices (in per cent)	8.26	7.57	(-) 35.47	13.74	109.31
CE at constant prices (₹ in crore)	793	831	523	576	1,168
Rate of growth of CE at constant prices (in per cent)	1.67	4.79	(-) 37.06	10.13	102.78
CE/ GSDP	6.58	6.37	3.51	3.60	6.77

As evident from the table above, revenue receipts, revenue expenditure and capital expenditure have increased from 2013-14 to 2017-18 (except for the year 2015-16) as a percentage of GSDP even after accounting for inflation.

1.3 Fiscal reforms path in Sikkim

The State Government enacted the Fiscal Responsibility and Budget Management (FRBM) Act in September 2010 and the Rules under the FRBM Act were notified in March 2011. The Act aims to ensure fiscal stability and sustainability through maintenance of 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 FRBM Act prescribed the following fiscal targets for the State Government:

- (a) Maintain revenue surplus from 2010 onwards;
- (b) Reduce the fiscal deficit to 3.50 *per cent* of the estimated GSDP 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 GSDP 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; and
- (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 on the ground(s) 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, provided further that the ground(s) specified in the above provision 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.

Major fiscal variables provided in the budget based on recommendations of the XIV Finance Commission (XIV FC) and as targeted in the FRBM Act of the State are depicted in **Table 1.4** as given below:

Table 1.4: Details of fiscal variables

Fiscal variables	2017-18				
	XIV FC targets for the State	Targets as prescribed in FRBM Act	Targets proposed in the budget	Projections made in Five Year Fiscal Plan/ Mid-Term Fiscal Plan	Actual
Revenue deficit (-)/ surplus (+) (₹ in crore)	1,057	-	712.84	-	1,060.94
Fiscal deficit/GSDP (in <i>per cent</i>)	3.50	3.50	2.79	2.79	2.08
Ratio of total outstanding debt of the Government to GSDP (in <i>per cent</i>)	19.66	25.00	24.95	24.95	24.50

Source: Information furnished by Finance, Revenue and Expenditure Department (FRED).

Revenue surplus was marginally higher than the target fixed by XIV FC as well as budget proposal. The fiscal deficit at 2.08 *per cent* was within the FRBM limit, XIV FC target as well as budget estimate. Ratio of total outstanding debt of the Government to GSDP was higher than the target fixed by XIV FC but less than the target proposed in budget proposal and projected in Five-year Fiscal Plan/MTFP.

1.3.1 Migration to New Pension Scheme

State Government employees recruited on and after 01 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 Basic Pay and Dearness Allowance, with a matching contribution by the State Government, and the entire amount is transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

The details of employee's share, Government contribution, interest accrued thereon and transfer to the trustee Bank/NSDL are given in **Table 1.5**.

Table No. 1.5: Details of contribution and transfers to NSDL under NPS

(₹ in crore)

Year	Opening Balance	Details of contribution by		Transfer to NSDL	Less transfer/ Closing Balance	Rate of Interest applicable ⁵	Interest due on Opening Balance**
		Employees	Government				
2013-14	36.98	14.61	14.86	36.42	30.03	8.80	3.25
2014-15	30.03	20.80	20.79	44.62	27.00	8.80	2.64
2015-16	27.00	27.81	27.74	59.10	23.45	8.80	2.38
2016-17	23.45	33.10	33.07	61.11	28.52	8.00	1.88
2017-18	28.52	38.09	40.70	79.63	27.68	7.60	2.17
TOTAL		134.41	137.15	280.88			12.32

Source: Data furnished by Government of Sikkim. ** Interest has been calculated on the estimation that the Opening Balance was not transferred during the year

During the year 2017-18, there was an opening balance of ₹ 28.52 crore and deposit of ₹ 78.79 crore under Major Head 8342-117-‘Defined Contribution Pension Scheme’ (employees’ contribution of ₹ 38.09 crore, Government contribution of ₹ 40.70 crore), aggregating to ₹ 107.31 crore. Out of this (₹ 107.31 crore), the State Government transferred ₹ 79.63 crore to NSDL/Trustee Bank, leaving a balance of ₹ 27.68 crore in the Fund as on 31 March 2018. The accumulated balance was due to persistent short transfer of funds to NSDL/Trustee Bank over the years. Over the last five years, the State Government has acquired the interest liability amounting to ₹ 12.32 crore on the amount not transferred to NSDL, as the above Major Head is classified as ‘Deposits bearing Interest’ in the Government Accounts.

Failure of the State Government to transfer the entire amount of pension contribution to NSDL would not only eventually deplete the NPS Corpus but also increase the liability of the State Government and increase the risk of failure of the scheme.

⁵ Estimated at GPF rate of interest during the respective year.

Recommendation: *The State Government needs to ensure that Government contribution is fully matched with that of the employees' contributions and the entire amount is transferred to NSDL in a timely manner.*

1.3.2 Power Sector-Financial support by the State Government

No financial support had been extended during the year by State Government to Public Sector Undertakings under power sector.

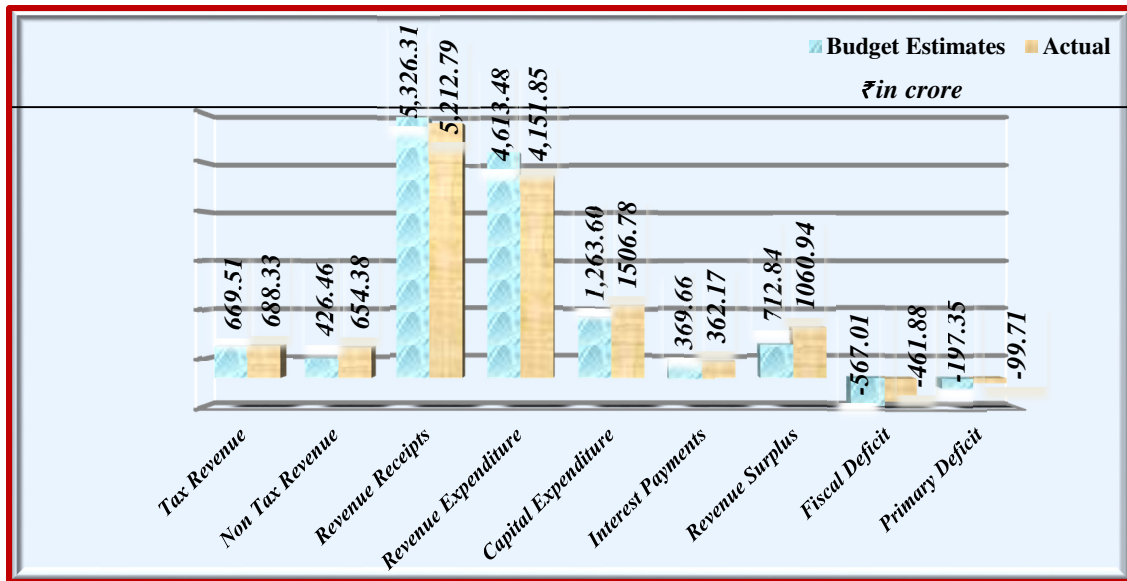
1.4 Budget 2017-18

1.4.1 Actual vis-à-vis Budget Estimates

Budget proposals 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.

Chart 1.1 presents the budget estimates and actuals of some important fiscal parameters for the year 2017-18:

Chart 1.1: Selected fiscal parameters: Budget estimates vis-à-vis actuals in 2017-18



Source: Finance Accounts, Estimate of receipts and Explanatory memorandum to the Annual Budget 2017-18

The Tax Revenue exceeded the budget provision by 2.81 per cent (₹ 18.82 crore) and Non-Tax Revenue also exceeded the budget provision by 53.44 per cent (₹ 227.92 crore).

Revenue Receipts was lower than budget provision by 2.13 per cent (₹ 113.52 crore) and Revenue Expenditure was also lower than budget provision by 10.01 per cent (₹ 461.63 crore). As against an estimated revenue surplus of ₹ 712.84 crore, the financial year ended with revenue surplus of ₹ 1,060.94 crore, an increase of 48.83 per cent (₹ 348.10 crore) over the budget provision. Capital Expenditure was more than the budget estimates by 19.25 per cent (₹ 243.18 crore).

Sikkim's Own Tax Revenue increased by 5.48 *per cent* (₹ 35.77 crore) from ₹ 652.56 crore in 2016-17 to ₹ 688.33 crore in 2017-18. The revenue from sales tax (including GST) contributed the major share of Tax Revenue (61.17 *per cent*) which increased by ₹ 56.23 crore. Taxes on vehicles increased by ₹ 4.47 crore, stamps and registration fees by ₹ one crore, Land Revenue by ₹ 1.05 crore and taxes on income other than Corporation tax and other taxes on Income and expenditure increased by ₹ 0.22 crore whereas State excise duty which contributed 21.86 *per cent* to the Own Tax Revenue decreased by ₹ 5.77 crore and other taxes, which consist of entertainment tax, receipts from cess, *etc.*, decreased by ₹ 21.42 crore.

The State's share of Union taxes and duties stood at ₹ 2,634.66 crore during 2017-18 and there was an increase of ₹ 565.47 crore over the previous year due to increase in taxes on income other than corporation tax by ₹ 202.36 crore (43.27 *per cent*), corporation tax by ₹ 197.03 crore (30.85 *per cent*), State's share of CGST & IGST of ₹ 284.84 crore and taxes and duties on commodities, tax on wealth by ₹ 0.39 crore (62.90 *per cent*) and other taxes and duties on commodities & services by ₹ 0.01 crore (100 *per cent*). However, the increase of State's share of Union taxes and duties was offset by ₹ 119.16 crore due to decrease of revenue under Union excise duties by ₹ 90.45 crore (25.71 *per cent*), taxes on customs by ₹ 17.54 crore (6.09 *per cent*) and Service tax by ₹ 11.17 crore (3.46 *per cent*).

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. Although, Grants-in-aid from GoI decreased by ₹ 201.49 crore from ₹ 1,436.91 crore in 2016-17 to ₹ 1,235.42 crore in 2017-18, the overall central transfers increased by ₹ 363.98 crore as compared to the previous year.

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 2017-18, the Capital Expenditure of the State was ₹ 1,506.78 crore and there was an increase of ₹ 786.49 crore in Capital Outlay in 2017-18 as compared to previous year which was due to increase in expenditure on Economic Services (₹ 416.60 crore), Social Services (₹ 291.32 crore) and General Services (₹ 78.58 crore).

1.4.2 Gender Budget

The Constitution of India has mandated equality for every citizen of the country as a Fundamental Right. Gender budgeting is a way for governments to promote equality through fiscal policy. It involves analysing a budget's differing impacts on men and women and allocating money accordingly, as well as setting targets. 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 increasing expenditure to meet those needs; (ii) supporting gender mainstreaming in macro-economics; (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, etc. However, it was seen that Gender Budget had never been formulated in Sikkim.

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

Chart 1.2: Components and sub-components of resources

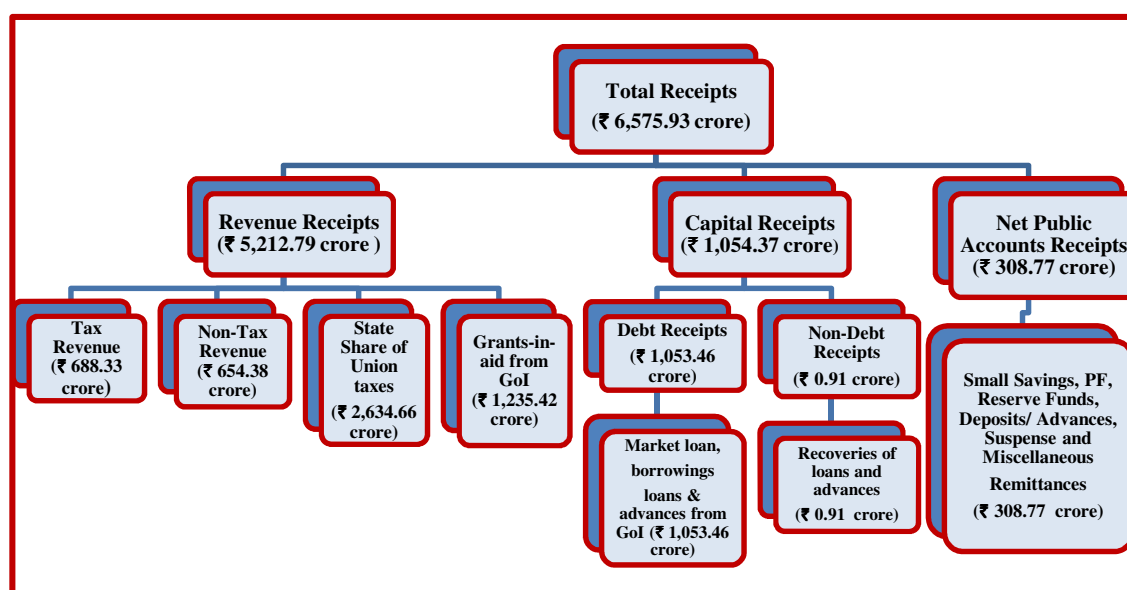
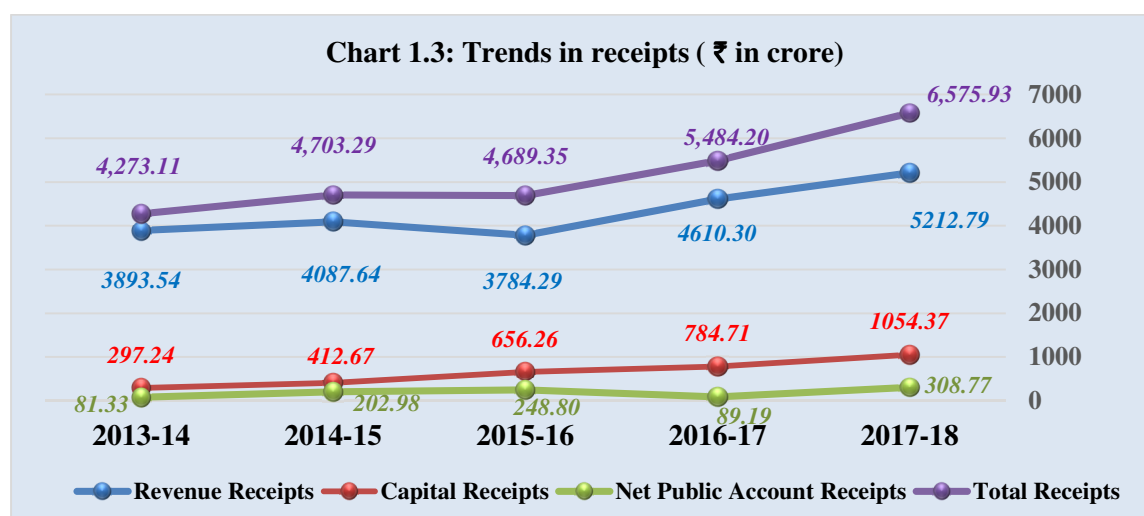


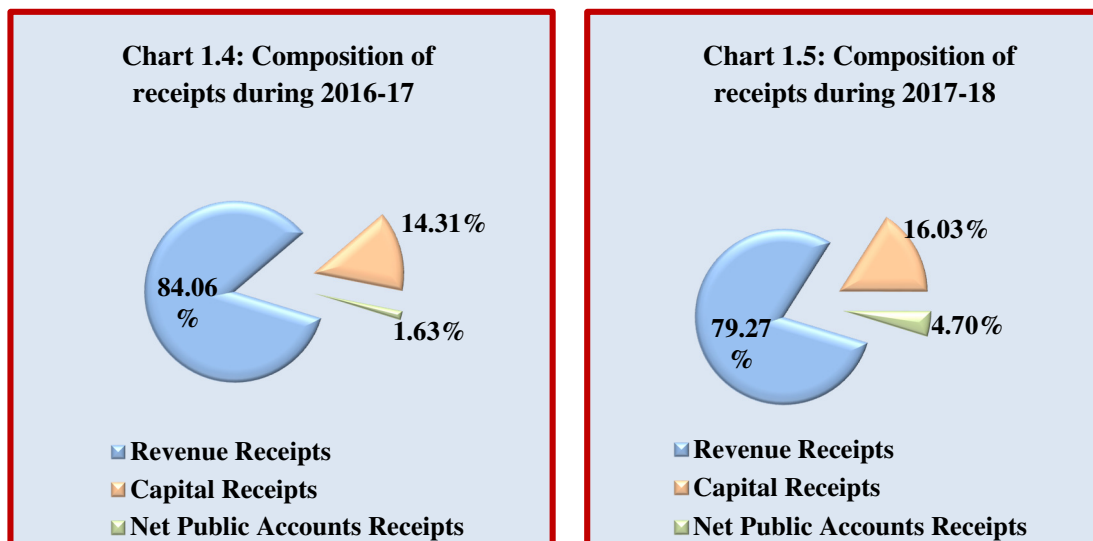
Chart 1.3 depicts the trends in components of receipts during 2013-18.



Source: Finance Accounts

Total receipts increased by 53.89 *per cent* from ₹ 4,273.11 crore in 2013-14 to ₹ 6,575.93 crore in 2017-18. There was also increase of total receipts over the previous year by ₹ 1,091.73 crore (19.91 *per cent*).

Chart 1.4 and **Chart 1.5** depict the composition of receipts during 2016-17 and 2017-18 respectively:



The share of Revenue Receipts in total receipts, which was 84.06 *per cent* in 2016-17, decreased to 79.27 *per cent* in 2017-18. Capital Receipts, consisting of Debt Receipts and Non-Debt Receipts such as recovery of loans and advances, increased from 14.31 *per cent* in 2016-17 to 16.03 *per cent* in 2017-18. Debt Receipts constituted 99.91 *per cent* of Capital Receipts and Non-Debt Receipts constituted 0.09 *per cent* during 2017-18. Debt Receipts increased by ₹ 270.12 crore from ₹ 783.34 crore during 2016-17 to ₹ 1,053.46 crore during 2017-18 and Non-Debt Receipts decreased by ₹ 0.46 crore from ₹ 1.37 crore during 2016-17 to ₹ 0.91 crore during 2017-18.

Public Accounts Receipts refer to those receipts for which the Government acts as a banker/ trustee for the public money. Net Public Account Receipts constituted 1.63 *per cent* of total receipts during 2016-17 as against 4.70 *per cent* of total receipts during 2017-18.

1.5.2 Funds transferred by Central Government to the State implementing agencies out-side the State budget

The Central Government had been transferring a sizeable quantum of funds directly to the State Implementing Agencies (SIA)⁶ for implementation of various schemes/ programmes in Social and Economic Sectors up to 2013-14. These funds were not being routed through the State budget/State Treasury System and hence, did not find mention in the Finance Accounts of the State due to which the Finance Accounts of the State were not providing a complete picture of the total funds received in the State. GoI decision to release all assistance directly to the State Government and not to the implementing agencies had

⁶ State Implementing Agencies include Organisations/Institutions such as Non-Governmental Organisation which are authorised by the State Government to receive the funds from the GoI for implementing specific programmes in the State.

reduced the direct transfer of funds from ₹ 16.09 crore during 2015-16 to ₹ 13.31 crore in 2016-17 which again increased to ₹ 29.89 crore in 2017-18.

Out of ₹ 29.89 crore, ₹ 12.50 crore (41.82 per cent of the total funds transferred) was transferred under MPLAD (Member of Parliament Local Area Development) Scheme, ₹ 11.64 crore (38.94 per cent of the total funds transferred) to Registrar General, High Court of Sikkim and ₹ 3.19 crore (10.67 per cent of the total funds transferred) to the State Forest Development Agency, Sikkim. The details in this regard are shown in **Appendix 1.4**. With the release of these funds directly to the Implementing Agencies in the State, the resources of the State during the year 2017-18 stood at ₹ 13,726.68 crore (including the net receipt of ₹ 13,696.79 crore in the State) as on 31 March 2018.

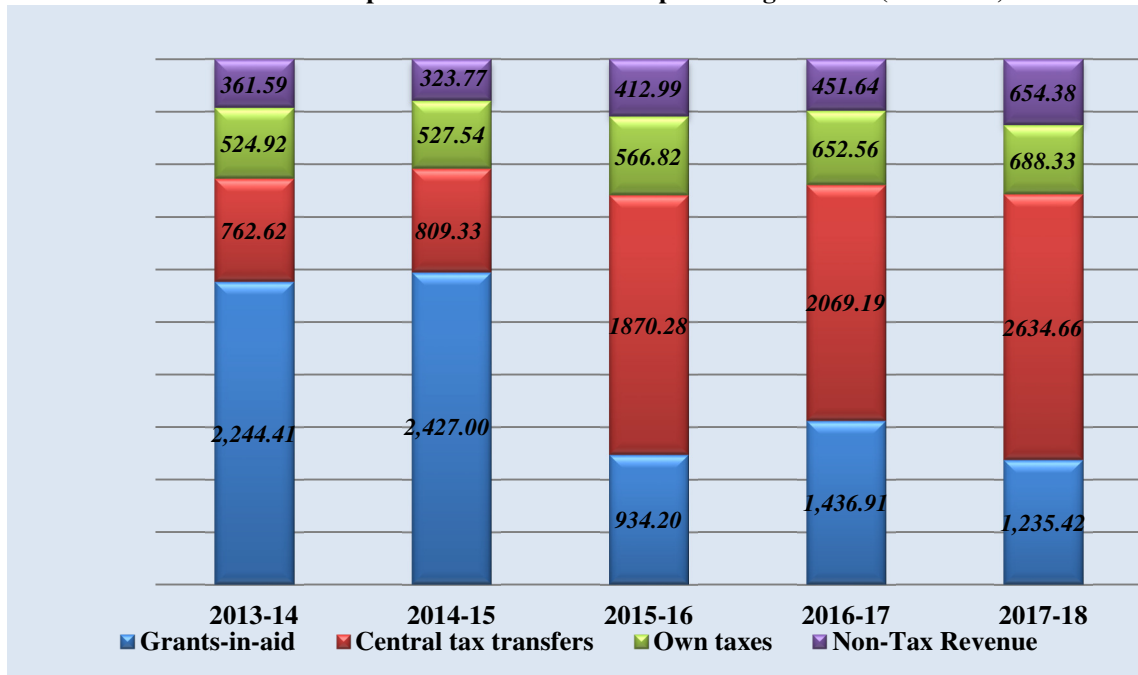
1.6 Revenue Receipts

The composition and trends of Revenue Receipts over the period 2013-18 are presented in **Appendix 1.5** and are also depicted in **Charts 1.6** and **1.7** respectively.

Revenue Receipts increased by ₹ 602.49 crore (13.07 per cent) from ₹ 4,610.30 crore in 2016-17 to ₹ 5,212.79 crore in 2017-18. The State's own resources, both Tax and Non-Tax Revenue contributed 25.76 per cent (₹ 1,342.71 crore) of the Revenue Receipts of the State during 2017-18. The balance was transferred from GoI in the form of State's share of taxes (₹ 2,634.66 crore) and Grants-in-aid contributions (₹ 1,235.42 crore).

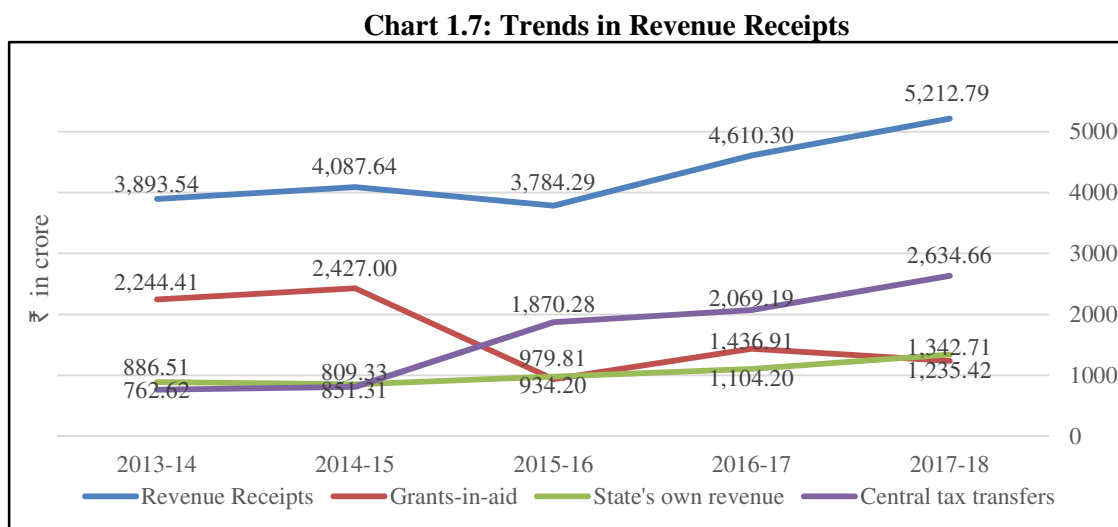
State's own resources consist of Tax Revenue and Non-Tax Revenue. The share of Tax Revenue in Revenue Receipts was 13.20 per cent (₹ 688.33 crore) and Non-Tax Revenue was 12.55 per cent (₹ 654.38 crore) during the year. Tax Revenue and Non-Tax Revenue both increased in 2017-18 compared to previous year. The compositions of Revenue Receipts during 2013-18 are depicted in **Chart 1.6**:

Chart 1.6: The composition of Revenue Receipts during 2013-18 (₹ in crore)



Source: Finance Accounts

Trends in Revenue Receipts during 2013-18 are depicted in **Chart 1.7**:



The trends in Revenue Receipts relating to GSDP are as reflected in the following **Table 1.6**:

Table 1.6: Trends in Revenue Receipts relative to GSDP

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue Receipts (RR)	3,893.54	4,087.64	3,784.29	4,610.30	5,212.79
Rate of growth of RR (<i>per cent</i>)	18.4	4.99	(-)7.42	21.83	13.07
GSDP	13,862	15,407	18,034	20,020	22,248
Rate of growth of GSDP (<i>per cent</i>)	12.35	11.14	17.05	11.01	11.13
Rate of growth of State's Own Tax (<i>per cent</i>)	20.54	0.50	7.45	15.13	5.48
RR/GSDP (<i>per cent</i>)	28.09	26.53	20.98	23.03	23.43
Buoyancy ratios⁷					
Revenue buoyancy wrt GSDP	1.49	0.45	(-)0.44	1.98	1.17
State's Own Tax buoyancy wrt GSDP	1.66	0.05	0.44	1.37	0.49
Revenue buoyancy wrt State's Own taxes	0.90	9.99	(-)1	1.44	2.39

Source: Finance Accounts

The Revenue Receipts exhibited buoyancy *vis-à-vis* GSDP of more than one during 2017-18 due to significant high growth rate of Revenue Receipts in comparison to the growth rate of GSDP during the year. During 2016-17, Revenue Receipts buoyancy was 1.98 which became 1.17 during 2017-18. Growth rate in respect of Revenue Receipts for Sikkim for 2017-18 was 13.07 *per cent* as against 11.3 *per cent* for General Category States and 10.4 *per cent* for Special Category States.

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; the State's performance in mobilisation of

⁷ 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*.

additional resources should be assessed in terms of revenue from its Own Tax and Non-Tax sources. The Tax and Non-Tax Revenue formed a major part of the States resources, and the performance of the State in mobilisation of Tax and Non-Tax is important in the long run for attaining self-sufficiency or reduced dependency on GoI.

The State's actual Tax and Non-Tax receipts for the year 2017-18 *vis-à-vis* assessment made by XIV FC are given in **Table 1.7:**

Table 1.7: XIV FC recommendations and budget estimates *vis-à-vis* the actual

(₹ in crore)			
Particulars	XIV FC projection	Budget Estimates	Actual
Tax Revenue	1,631	669.51	688.33
Non-Tax Revenue	398	426.46	654.38

The State exceeded the target set by XIV FC in respect of Non-Tax Revenue by ₹ 256.38 crore but fell short of target in respect of Tax Revenue by ₹ 942.67 crore in 2017-18. Further, the State succeeded in achieving the target set as per budget estimates in respect of Tax Revenue and Non-Tax Revenue.

Tax Revenue

The main sources of State's Tax Revenue were taxes on sales, trade, *etc.* including State Goods and Services Tax with a contribution of 8.08 *per cent* in Revenue Receipts of the State followed by State Excise (2.89 *per cent*), Other Taxes (1.27 *per cent*), taxes on vehicles (0.56 *per cent*), stamps and registration fees (0.26 *per cent*) and land revenue (0.14 *per cent*). The trends in the major constituents of Tax Revenue during the period 2013-18 are shown in **Table 1.8:**

Table 1.8: Tax Revenue

(₹ in crore)					
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Taxes on Sales, Trade etc.	286.33(26.09)	282.10(-1.48)	325.72(15.46)	364.82(12.00)	249.66 (-31.57)
State Goods & Service Tax (SGST)	0	0	0	0	171.39 (100)
State excise	120.64(8.57)	131.36(8.89)	142.08(8.16)	156.24(9.97)	150.47 (- 3.69)
Stamps and registration fees	6.46(20.75)	6.77(4.80)	8.51 (25.70)	12.57(47.71)	13.57(7.96)
Taxes on vehicles	18.52 (13.06)	19.42(4.86)	22.36 (15.14)	24.90(11.36)	29.37(17.95)
Land revenue	3.39(-40.11)	6.15(81.42)	1.85(-69.92)	6.39 (245.41)	7.44(16.43)
Taxes on goods and passengers	0.00	0.00	0.00	0.00	0.00
Other taxes	89.58 (28.17)	81.74(-8.75)	66.30(-18.89)	87.64(32.19)	66.43(- 24.20)
Total	524.92	527.54	566.82	652.56	688.33

Source: Finance Accounts. Figures in brackets indicate rate of growth in per cent.

Taxes on vehicles increased by 17.95 *per cent* due to increase in receipts under the motor vehicles. Similarly, taxes from land revenue and taxes on stamps & registration fees had increased by 16.43 *per cent* (₹ 1.05 crore) and 7.96 *per cent* (₹ 1.00 crore) respectively as compared to previous year. With the introduction of the Goods and Service Tax (GST) from July 2017, there was a new component in Tax Revenue of the State Goods & Service Tax (SGST) which was ₹ 171.39 crore.

The collection of taxes on sales, trade, *etc.*, decreased by 31.57 *per cent* (₹ 115.16 crore) during 2017-18 as compared to previous year due to implementation of GST. The collection of State Excise decreased by 3.69 *per cent* (₹ 5.77 crore) due to ban on sale of liquors in the State as well as on National Highways.

Other taxes had also decreased by 24.20 *per cent* (₹ 21.21 crore) due to decrease in receipts from cess under other Acts.

Growth rate in respect of Tax Revenue of Sikkim for the period 2016-17 to 2017-18 was 5.48 *per cent*. It was 12.2 *per cent* for General Category States and 49.3 *per cent* for Special Category States. Therefore, growth of Tax Revenue in Sikkim was lower than that of General Category and Special Category States. Moreover, Tax Revenue-GSDP ratio for the State was 3.09 *per cent* during 2017-18 as compared to 8.31 *per cent* for the Special Category States.

Non-Tax Revenue

The Non-Tax Revenue, which constituted 12.55 *per cent* of total Revenue Receipts, had increased by ₹ 202.74 crore from ₹ 451.64 crore in 2016-17 to ₹ 654.38 crore in 2017-18 and was also higher than the budget projection by ₹ 227.92 crore. The main components which resulted in noticeable increase were 'Power' (₹ 140.22 crore) due to increase in other receipts under Hydel Generation, 'Interest receipts' (₹ 36.38 crore) and 'Miscellaneous General Service' (₹ 13.69 crore).

The main components of Non-Tax Revenue raised in the State during 2013-14 to 2017-18 are given in **Table 1.9**:

Table 1.9: Composition of Non-Tax Revenue

Revenue Head	2013-14	2014-15	2015-16	2016-17	2017-18
Interest receipts	67.02 (1.60)	66.44 (1.48)	72.52 (1.92)	78.38 (1.70)	114.76 (2.20)
Dividends and Profits	0.55 (0.01)	0.87 (0.02)	12.70 (0.34)	2.01 (0.04)	2.92 (0.06)
Other Non-Tax Receipts	294.02 (7.02)	256.46 (5.70)	327.77 (8.66)	371.25 (8.05)	536.70 (10.29)
TOTAL	361.59	323.77	412.99	451.64	654.38

Source: Finance Accounts. Figures in brackets indicate percentage to total Revenue Receipts.

During 2013-18, on an average, interest receipts contributed 1.78 *per cent* in the total Revenue receipts of the State. Similarly, dividends and profits contributed 0.09 *per cent* while 7.95 *per cent* came from other Non-Tax Receipts.

During 2013-18, the Non-Tax Revenue had constantly increased except during 2014-15.

Cost recovery from Socio-Economic services

The ratio of Non-Tax Revenue to 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 Revenue Expenditure in respect of Education, Health and Family Welfare, Water Supply and Sanitation and Irrigation during 2017-18 are given in **Table 1.10**:

Table 1.10: Cost recovery from Socio-Economic Services

(₹ in crore)

Service	Non-Tax Revenue Receipts (NTR)	Revenue Expenditure (RE)	Cost recovery (ratio of NTR/RE in per cent)
Education, Sports, Art and Culture	2.03	843.79	0.24
Health and Family Welfare	2.11	237.67	0.89
Water Supply and Sanitation	4.88	232.70	2.10
Minor Irrigation	0.34	43.56	0.78

Source: Finance Accounts

Cost recovery in respect of Education, Sports, Art and Culture during the year was 0.24 per cent being the lowest and the highest was 2.10 per cent pertaining to Water Supply and Sanitation.

1.6.2 Grants-in-aid from GoI

Grants-in-aid from GoI decreased from ₹ 1,436.91 crore in 2016-17 to ₹ 1,235.42 crore in 2017-18 as shown in **Table 1.11**.

Table 1.11: Grants-in-aid from GoI

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	148.26	73.51	74.49	64.72	0.00
Grants for State Plan Schemes	1,803.20	1,738.54	321.57	684.64	6.26
Grants for Centrally Sponsored Schemes	--	--	--	0.31	919.17
Grants for Central Plan Schemes	0.20	2.91	2.32	0.00	0.00
Grants for Centrally Sponsored Plan Schemes	233.17	577.80	507.94	658.75	39.50
Grants for Special Plan Schemes	59.58	34.24	27.88	22.09	0.52
Grants under Finance Commission					70.52
Other Grants	-	-	-	6.40	199.45
TOTAL	2,244.41	2,427.00	934.20	1,436.91	1,235.42

Source: Finance Accounts

Grants-in-aid from GoI decreased by ₹ 201.49 crore (14.02 per cent) during 2017-18 over the previous year. Major component of Grants-in-aid from GoI were grants for Centrally Sponsored Schemes (₹ 919.17 crore) and Other Grants (₹ 199.45 crore).

1.6.3 Central tax transfers

There was an increase in the State's Share of Union taxes and duties in share of net proceeds on corporation tax, taxes on income other than corporation tax, wealth tax and other taxes and duties on commodities and services, as compared to the previous year. However, there was decrease in the State's Share of Union taxes and duties on customs, Union excise duties and service tax. There was new inclusion of Share of net proceeds on Central Goods and Service Tax (CGST) and Integrated Goods and Service Tax (IGST) with the implementation of GST.

Table 1.12: Central tax transfers

(₹ in crore)					
Share of net proceeds of taxes	2013-14	2014-15	2015-16	2016-17	2017-18
Central Goods and Service Tax (CGST)	-	-	-	-	35.28
Integrated Goods and Service Tax (IGST)	-	-	-	-	249.56
Corporation tax	256.44	282.58	592.56	638.61	835.64
Taxes on income other than corporation tax	168.86	201.79	415.18	467.69	670.05
Wealth tax	0.70	0.77	0.07	0.62	1.01
Customs	124.41	130.87	298.51	287.79	270.25
Union excise duties	87.87	73.90	245.23	351.79	261.34
Service tax	124.34	119.42	317.83	322.69	311.52
Other taxes and duties on commodities and services	-	-	0.90	0.00	0.01
TOTAL	762.62	809.33	1,870.28	2,069.19	2,634.66

Source: Finance Accounts

The Central tax transfers consist of share of corporation tax (₹ 835.64 crore), Taxes on income other than Corporation Tax (₹ 670.05 crore), Service Tax (₹ 311.52 crore), Union excise duties (₹ 261.34 crore), Customs (₹ 270.25 crore), Integrated Goods and Service Tax (IGST) (₹ 249.56 crore), Central Goods and Service Tax (CGST) (₹ 35.28 crore), wealth tax (₹ 1.01 crore) and Other Taxes and Duties on Commodities and Services (₹ 0.01 crore).

1.6.4 XIV Finance Commission grants

The core mandate of the Finance Commission, as laid out in Article 280 of the Constitution, is to make recommendations regarding the distribution between the Union and the States of the net proceeds of taxes and the principles which should govern the Grants-in-aid of the revenues of the States out of the Consolidated Fund of India. The XIV FC was constituted by the President under Article 280 of the Constitution on 2 January 2013 to make recommendations for the period 2015-20. The XIV FC has made its recommendations for the period 2015-16 to 2019-20. Comparative statement of award of XIV FC in respect of Sikkim are given in **Table 1.13**:

Table 1.13: Statement of release of award of XIV FC

(₹ in crore)			
Grants for	Amount released		
	2015-16	2016-17	2017-18
Share of Union taxes	1,870.28	2,069.19	2,634.66
Finance Commission Grants (a+b+c)	46.34	62.48	70.53
a) Local bodies Grant	18.44	27.91	36.63
b) General Performance Grant	-	4.87	3.30
c) Disaster relief and others	27.90	29.70	30.60
TOTAL	1,916.62	2,131.67	2,705.19

Source: Information furnished by Finance, Revenue & Expenditure Department (FRED)

As seen from the above table, there was increase in the State's Share of Union taxes and duties during 2017-18 as well as in Finance Commission Grants during 2016-17 and 2017-18 as compared to 2015-16. Actual release of State's share of Union taxes and duties increased by ₹ 198.91 crore (10.64 per cent) during 2016-17 and by ₹ 764.38 crore (40.87 per cent) during 2017-18 as compared to release during 2015-16. There was an overall increase of ₹ 8.05 crore (12.88 per cent) in 2017-18 in release of XIV FC grant against the release during 2016-17.

1.6.5 Capital Receipts

The Capital Receipts of the State include non-debt and debt receipts, whose composition is discussed in Para 1.5.1 (Chart 1.2). The Public Debt Receipts during 2017-18 (₹ 1,053.46 crore) comprised internal debt receipts of ₹ 1,050.93 crore (99.76 per cent) and Loans & Advances from GoI ₹ 2.53 crore (0.24 per cent). Trends in growth and composition of Capital Receipts are depicted in **Table 1.14** below:

Table 1.14: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sources of State's Receipts	2013-14	2014-15	2015-16	2016-17	2017-18
Capital Receipts (CR)	297.24	412.67	656.26	784.71	1,054.37
Miscellaneous Capital Receipts	-	-	--	-	-
Recovery of loans and advances	0.92	0.88	1.38	1.37	0.91
Public Debt Receipts	296.32	411.79	654.88	783.34	1,053.46
Growth rate of debt capital receipts (per cent)	50.56	38.97	59.03	19.62	34.48
Rate of growth of Non-Debt Capital Receipts (per cent)	2.22	(-) 4.35	56.82	(-) 0.72	(-) 33.58
Rate of growth of CR (per cent)	50.34	38.83	59.03	19.57	34.36
Public debt Repayments	88.74	87.03	196.13	246.26	342.63
Growth rate of debt repayments (per cent)	24.76	(-) 1.93	125.36	25.56	39.13

Source: Finance Accounts

As seen from the Table above, there was constant increase in Capital Receipts during 2013-14 to 2017-18 with an increase of ₹ 269.66 crore in 2017-18 over the previous year. The increase in growth rate of capital receipts was 34.36 per cent mainly due to increase in public debt over the previous year.

During 2017-18, the Public Debt Receipts recorded significant increase by 34.48 per cent (₹ 270.12 crore) and public repayment also increased by 39.13 per cent (₹ 96.37 crore) resulting in net increase of ₹ 173.75 crore in public debt receipts over the previous year. There was no miscellaneous Capital Receipt over the period.

1.6.6 Public Account 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 Accounts set up under Article 266 (2) of the Constitution of India 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. The details of balance in public account during 2013-18 is given in **Table 1.15**:

Table 1.15: Details of balances in Public Accounts

(₹ in crore)

Resources under various heads	2013-14	2014-15	2015-16	2016-17	2017-18
Public Accounts balances					
a. Small savings, Provident fund, etc.	685.64	710.19	747.85	831.15	911.72
b. Reserve fund	313.15	430.61	441.38	507.06	505.99
c. Deposits and Advances	145.18	137.34	158.98	239.09	263.25
d. Suspense and Miscellaneous	99.03	158.75	254.99	186.04	211.26
e. Remittances	204.31	213.40	295.91	224.95	404.84
TOTAL	1,447.31	1,650.29	1,899.11	1,988.29	2,297.06

Source: Finance Accounts

Public Account balances steadily increased from ₹1,447.31 crore in 2013-14 to ₹ 2,297.06 crore in 2017-18.

1.6.7 Collection of Revenue under State Goods and Services Tax

The Sikkim Goods and Services Tax (SGST) Act, 2017 came into effect from 01 July 2017. The Protected revenue of the State for the year 2017-18 in accordance with Section 6 of GST (Compensation to States) Act, 2017, was fixed at ₹ 318.99 crore with monthly average protected revenue at the rate of ₹ 26.58 crore per month for the period.

Accordingly, the protected revenue of the State during the period from July 2017 to March 2018 was worked out to ₹ 239.22 crore (₹ 26.58 crore × nine months) whereas the actual revenue received by the State under SGST including arrears of Pre-GST taxes⁸ (subsumed into the SGST) was ₹ 265.06 crore. Details of collection of revenue received by the State during the corresponding period are shown in the **Table 1.16**.

Table 1.16: Details of Revenue collection by

SI No.	Particulars	Amount *(₹ in crore)
1	State Goods and Service Tax (SGST)	171.39
2	Arrears Pre-GST Taxes	93.67
TOTAL		265.06

Source: Finance Accounts, *Provisional figures

It can be seen from the above table that the actual revenue collected by the Government of Sikkim was more than the protected revenue during the period (July 2017 to March 2018).

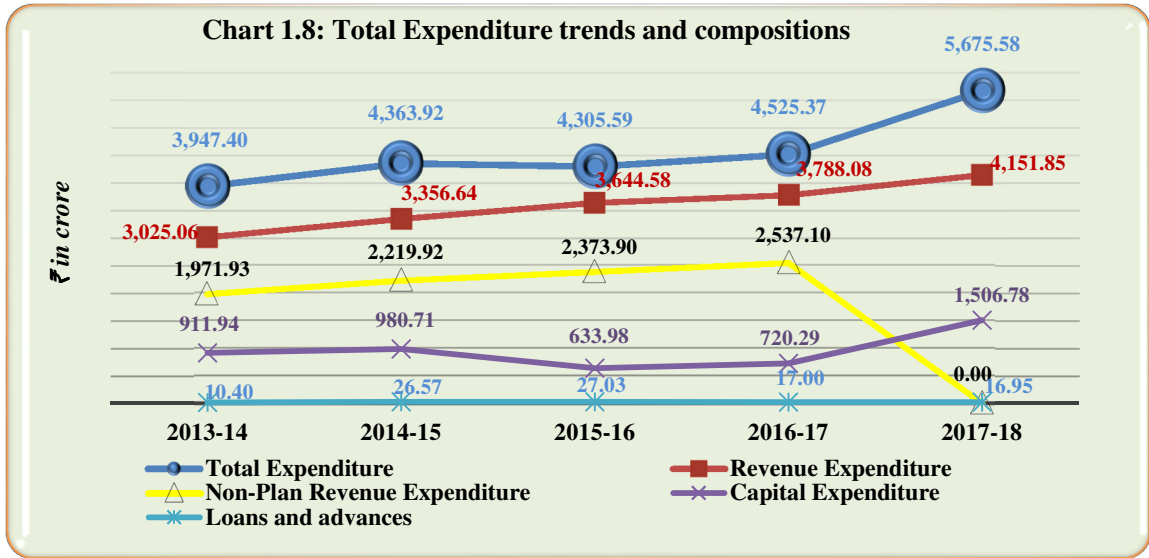
1.7 Application of resources

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 vital expenditure, especially expenditure directed towards Development and Social Sectors.

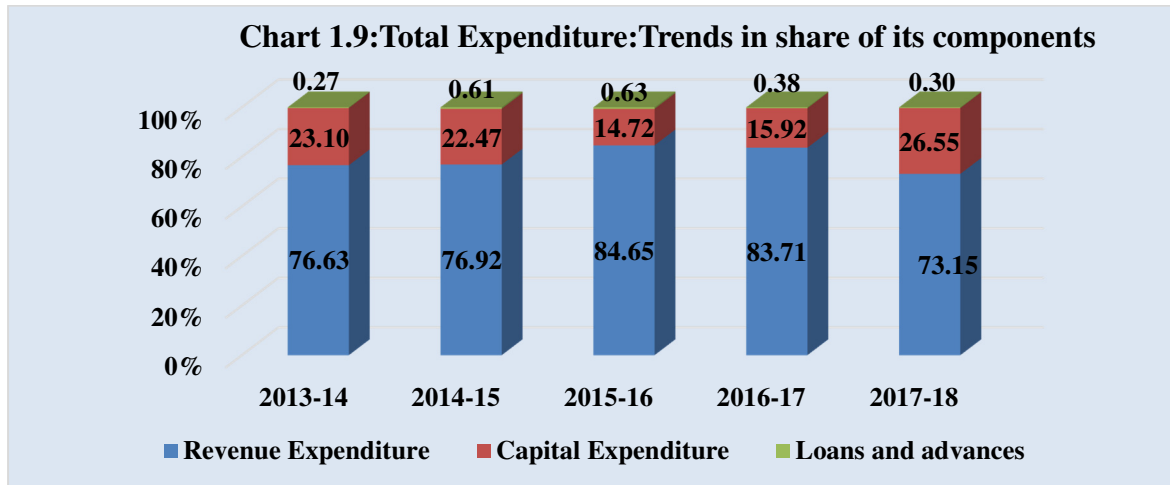
1.7.1 Growth and composition of expenditure

Chart 1.8 presents the trends in Total Expenditure under revenue, capital and loans and advances, while **Chart 1.9** exhibits the share of these components in Total Expenditure.

⁸ Value Added Tax, Central Sales Tax, Environment Cess and Medicine and Toilet Preparation are the revenue receipts subsumed to GST.



Source: Finance Accounts



Total Expenditure increased by 43.78 per cent (₹ 1,728.18 crore) from ₹ 3,947.40 crore in 2013-14 to ₹ 5,675.58 crore in 2017-18. Similarly, the total expenditure during 2017-18 increased by 25.42 per cent over the previous year.

During the period 2013-18, on an average, 79.01 per cent of the Total Expenditure was Revenue Expenditure. The share of Revenue Expenditure in the Total Expenditure constantly decreased from 84.65 per cent to 73.15 per cent during the last three years.

The share of Capital Expenditure in the Total Expenditure decreased from 23.10 per cent in 2013-14 to 15.92 per cent in 2016-17. However, it increased to 26.55 per cent in 2017-18.

Growth rate in respect of Total Expenditure for the State for the period 2016-17 to 2017-18 was 26.10 per cent. It was 4.7 per cent for the General Category States and 10.6 per cent for the Special Category States.

1.7.2 Buoyancy of expenditure

Buoyancy of Total Expenditure

Growth rates of Total Expenditure during 2013-18, its ratio and buoyancy with reference to GSDP and Revenue Receipts are presented in **Table 1.17**:

Table 1.17: Total Expenditure - Basic parameters

(₹ in crore, ratio in per cent)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Total Expenditure (TE)	3,947.40	4,363.92	4,305.59	4,525.37	5,675.58
Rate of growth (in per cent)	17.66	10.55	(-1.34)	5.10	25.42
GSDP	13,861.90	15,406.72	18,033.94	20,020.46	22,247.91
Rate of growth of GSDP (per cent)	12.35	11.14	17.05	11.02	11.13
TE/GSDP (ratio)	28.48	28.32	23.87	22.60	25.51
Revenue Receipts/TE (ratio)	98.64	93.67	87.89	101.88	91.85
Revenue Expenditure	3,025.06	3,356.64	3,644.58	3,788.08	4,151.85
Rate of growth (in per cent)	20.65	10.96	8.58	3.94	9.60
Revenue Receipts	3,893.54	4,087.64	3,784.29	4,610.30	5,212.79
Rate of growth (in per cent)	18.4	4.99	(-7.42)	21.83	13.07
Capital expenditure	911.94	980.71	633.98	720.29	1,506.78
Rate of growth (in per cent)	8.26	7.54	(-35.35)	13.61	109.19
Buoyancy of TE with					
GSDP (ratio)	1.43	0.95	(-)0.08	0.46	2.28
Revenue Receipts (ratio)	0.96	2.11	0.18	0.23	1.94
Buoyancy of Revenue Expenditure with					
GSDP	1.67	0.98	0.50	0.36	0.86
Revenue Receipts	1.12	2.20	(-)1.16	0.18	0.73
Buoyancy of Capital Expenditure with					
GSDP	0.67	0.68	(-)2.07	1.24	9.81
Revenue Receipts	0.45	1.51	4.76	0.62	8.35

Source: Finance Accounts

During the period 2013-18, the growth rate of Total Expenditure was highest (25.42 per cent) in 2017-18 and lowest (-1.34 per cent) in 2015-16.

In 2017-18, Total Expenditure was 1.09 times of the Revenue Receipts. The buoyancy ratio of Total Expenditure to Revenue Receipts was 1.94 per cent.

The growth rate of Total Expenditure (25.42 per cent) in 2017-18 was higher than the growth rate of GSDP (11.13 per cent). The buoyancy of Total Expenditure to GSDP was 2.28 per cent in 2017-18. Revenue Receipts as a percentage of Total Expenditure stood at 91.85 per cent in 2017-18.

Buoyancy of Revenue Expenditure

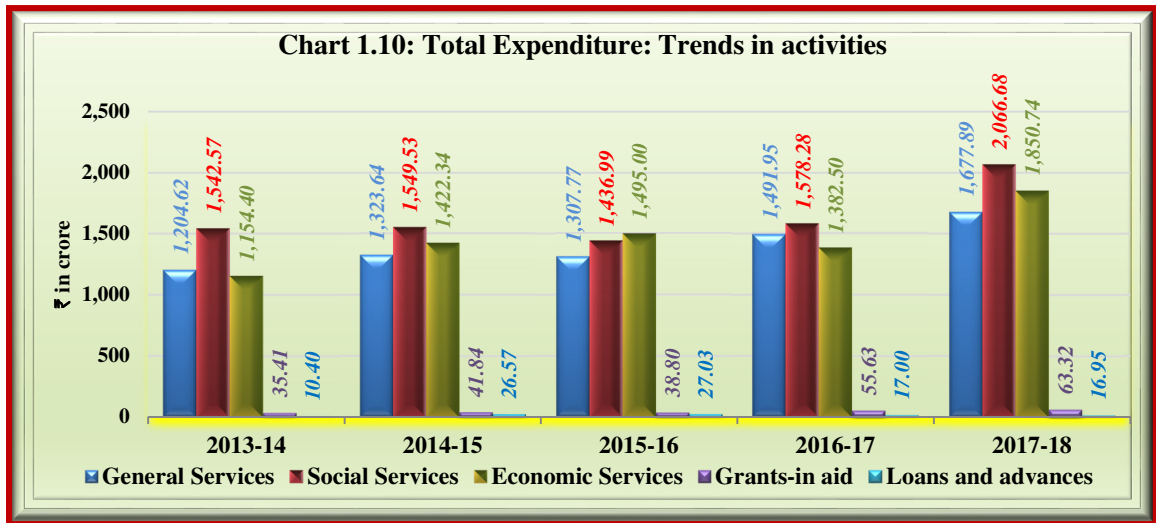
The growth in Revenue Receipts was higher than the growth of Revenue Expenditure in 2017-18. The growth of Revenue Expenditure (9.60 per cent) was lower than the growth of GSDP (11.13 per cent). However, growth of Revenue Receipts (13.07 per cent) was more than the growth of GSDP. For every one per cent growth in GSDP, Revenue Expenditure grew by 0.86 per cent.

Buoyancy of Capital Expenditure

During 2017-18, the Capital Expenditure increased by 109.19 *per cent* as compared to previous year which was higher than the GSDP growth. For every one *per cent* growth in GSDP, Capital Expenditure grew by 9.81 *per cent*.

1.7.3 Trends in expenditure by activities

In terms of activities, Total Expenditure is composed of expenditure on General Services (including interest payments), Social Services, 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 1.10**.



Source: Finance Accounts

The expenditure on General Services and interest together contributed 29.56 *per cent* in 2017-18 as against 32.97 *per cent* in 2016-17. On the other hand, expenditure on Social and Economic Services together accounted for 69.02 *per cent* in 2017-18 as against 65.43 *per cent* in 2016-17. The Grants-in-aid and loans and advances contributed 1.42 *per cent* during 2017-18 as against 1.60 *per cent* during 2016-17.

During 2017-18, expenditure on General Service, Social Services, Economic Services and Grants-in-aid increased against the previous year by ₹ 185.94 crore, ₹ 488.40 crore, ₹ 468.24 crore and ₹ 7.69 crore respectively. However, expenditure on Loans and advances decreased marginally by ₹ 0.05 crore over the previous year.

Some of the significant increases/ decreases in expenditure during 2017-18 are highlighted below:

- **General Services:** Increase in the services was mainly due to increase in expenditure under Public Works-Buildings (₹ 74.50 crore), Pension and retirement benefits (₹ 58.75 crore) and interest payment (₹ 37.78 crore)
- **Social Services:** Increase in the services was mainly due to increase in expenditure under Health and Family Welfare (₹ 179.76 crore), Water Supply (₹ 146.95 crore) and Education (₹ 126.26 crore).

- **Economic Services:** The increase was mainly due to increase in expenditure on Transport (₹ 410.37 crore).

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

Revenue Expenditure increased by 37.25 per cent from ₹ 3,025.06 crore in 2013-14 to ₹ 4,151.85 crore in 2017-18 and it increased by 9.60 per cent from ₹ 3,788.08 crore in 2016-17 to ₹ 4,151.85 crore in 2017-18.

1.7.5 Committed expenditure

Committed expenditure of the State Government on revenue account mainly consisted of interest payments, expenditure on salaries, pension and subsidies. **Table 1.18** presents the trends in the expenditure on these components during 2013-18:

Table 1.18: Committed expenditure

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Salaries, of which	1,093.88 (55.47)	1,236.37 (55.69)	1,357.66 (57.19)	1,423.47 (56.11)	1,478.98
Non-Plan head	822.10	936.51	1,029.80	1,068.52	0 ⁹
Plan head*	271.78	299.86	327.86	354.95	1,478.98
Interest payments	209.16 (10.61)	239.55 (10.79)	262.07 (10.09)	324.39 (12.79)	362.17
Expenditure on pension	260.63(13.20)	333.08(15.00)	402.35 (16.95)	446.43 (17.60)	505.18
Subsidies	15.60 (0.79)	14.78 (0.67)	8.03 (0.34)	2.24 (0.09)	2.21
Total	1,578.86	1,823.78	2,030.11	2,196.53	2,348.54
As per cent of Revenue Receipts					
Salaries	28.09	30.25	35.88	30.88	28.37
Interest payments	5.37	5.86	6.93	7.04	6.95
Pension	6.69	8.15	10.63	9.68	9.69
Subsidies	0.40	0.36	0.21	0.05	0.04
As per cent of Revenue Expenditure					
Salaries	36.16	36.83	37.25	37.58	35.62
Interest payments	6.91	7.14	7.19	8.56	8.72
Pension	8.62	9.92	11.04	11.79	12.17
Subsidies	0.52	0.44	0.22	0.06	0.05

Figures in the brackets indicate percentage to Non-Plan Revenue Expenditure except during 2017-18 where there was no Plan & Non Plan Head of accounts were operated.

*Plan head also includes the salaries and wages paid under Centrally Sponsored Schemes for the years 2013-14 to 2016-17.

⁹ During 2017-18, no Plan & Non Plan Head of accounts were operated.

Expenditure on salaries

Salaries alone consumed 28.37 *per cent* of Revenue Receipts of the State during 2017-18. Salaries increased by 3.90 *per cent* from ₹ 1,423.47 crore in 2016-17 to ₹ 1,478.98 crore in 2017-18. During 2017-18, the expenditure on salaries was 35.62 *per cent* of the Revenue Expenditure.

Pension payments

Pension payments increased by 13.15 *per cent* from ₹ 446.43 crore in 2016-17 to ₹ 505.18 crore in 2017-18. Pension payments take away 9.69 *per cent* of the Revenue Receipts and accounted for 12.17 *per cent* of Revenue Expenditure.

Interest payments

Interest payments increased by 11.65 *per cent* from ₹ 324.39 crore in 2016-17 to ₹ 362.17 crore in 2017-18. Interest payments of ₹ 362.17 crore in 2017-18 consisted of payments on internal debt and market loans (₹ 277.50 crore), small savings, provident fund, *etc.* (₹ 74.66 crore) and loans received from GoI (₹ 10.01 crore). The interest payments during 2017-18 were less than the assessment of XIV FC (₹ 378 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.

Table 1.18 shows that expenditure on payment of subsidies shows a marginal decrease of 1.34 *per cent* from ₹ 2.24 crore in 2016-17 to ₹ 2.21 crore during 2017-18. It constituted 0.05 *per cent* of Revenue Expenditure.

During 2017-18, out of total subsidies of ₹ 2.21 crore, ₹ 2.08 crore was granted as Food Subsidies, ₹ 0.03 crore was granted as Transport Subsidies and ₹ 0.10 crore was granted for Science Centre at Marchak.

1.7.6 Financial assistance to local bodies and others

The quantum of assistance provided by way of grants to local bodies and others during 2017-18, relating to the previous five years, is presented in **Table 1.19**:

Table 1.19: Financial assistance to local bodies and other institutions

(₹ in crore)

Financial Assistance to Institutions	2013-14	2014-15	2015-16	2016-17	2017-18
Educational Institutions (Non-Government Aided School, etc.)	0.05	0.05	0.00	0.00	0.00
Zilla Parishads and Other Panchayati Raj Institutions	260.51	276.10	314.38	256.91	278.80
Cooperative societies	1.17	0.24	1.37	1.38	0.00
Other Institutions and Bodies (including statutory bodies)	0.63	2.43	2.03	46.61	90.47
Assistance to Municipalities/Municipal Councils	0.00	0.00	0.00	0.00	0.00
Assistance to local bodies, Corporations, Urban Development	0.00	0.00	0.00	0.00	0.00
Farmers	0.00	0.00	0.00	0.00	0.00
TOTAL	262.36	278.82	317.78	304.90	369.27
Assistance as percentage of Revenue Expenditure	8.67	8.31	8.72	8.05	8.89

Source: Finance Accounts

The total assistance during 2017-18 increased by 21.11 per cent over the previous year mainly due to increase in assistance to Panchayati Raj Institutions (PRIs).

1.7.7 Local bodies

The position regarding major issues relating to local bodies, i.e., PRI are summarised in the following paragraphs:

Panchayati Raj Institutions

The Sikkim Panchayat Act, 1993 was enacted to establish a two tier PRI system at village and district levels in the State following the 73rd Constitutional Amendment. The system envisaged elected bodies at village (Gram Panchayats (GPs)) and district level (Zilla Panchayat (ZP)). As of March 2018, there were four ZPs 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 Panchayat for Zilla Panchayats and Additional District Collector (Development) 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 2017-18 revealed the following:

- As per the constitutional provisions, 29 functions, mentioned in the XI Schedule of the Constitution had to be transferred to the PRIs. The State Government through Notification dated 29 April 2008 had transferred only 20 functions to the PRIs. Remaining nine functions were still with the State Government. These functions were being discharged by the respective departments.
- Scrutiny of records in 88 GPs revealed that GPs had neither prepared Balance Sheet during the period under report nor maintained basic records and registers properly as required under Sikkim Panchayat Rules, 2004.
- The GPs had not initiated adequate steps to augment their revenue base despite having enabling provisions in Sikkim Panchayat Act, 1993 and recommendation of successive State Finance Commissions accepted by State Government.

- The Internal Controls in the GPs were not robust to ensure maintenance of accounts in appropriate format. Internal audit by Director, Local Fund Audit, supervision by Sachiva and Zilla Panchayat was also inadequate.
- Internal audit was inadequate as audit of only 47 GPs was undertaken against the plan for all the 176 GPs.

Urban Local Bodies

Government of Sikkim enacted the Sikkim Municipalities Act, 2007 empowering the Urban Local Bodies (ULBs) to function as institutions of self-government to accelerate economic development in urban areas in the State following 74th Constitutional Amendment. The ULBs were formed only in 2010-11 having three tier structure viz., Municipal Corporation, Municipal Councils and Nagar Panchayats. As of March 2018, there was one Municipal Corporation, three Municipal Councils and three Nagar Panchayats.

The ULBs are largely funded through Grants-in-aid from Central and State Governments for general administration as well as development activities. The ULBs, in turn, deposit their funds in the savings account maintained with the nationalised banks.

Audit of the ULBs during 2017-18 revealed the following:

- Out of 18 functions listed in the XII Schedule of the Constitution, only five functions were partially transferred by the State Government to the Gangtok Municipal Corporation; four functions were partially transferred by the State Government to the Rangpo Nagar Panchayat and three functions were partially transferred by the State Government to the five ULBs (Namchi Municipal Council, Naya Bazar – Jorethang Municipal Council, Gyalshing Municipal Council, Singtam Nagar Panchayat and Mangan Nagar Panchayat) as of March 2018.
- The State Government had not set up Property Tax Board as of March 2018 for realisation of property tax.
- Internal audit was inadequate as none of the seven planned ULBs was audited.

1.8 Quality of expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure. The improvement in the quality of expenditure basically involves three aspects, viz., adequacy of the expenditure (*i.e.*, adequate provision for providing public services), efficiency of expenditure 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 1.20 analyses the fiscal priority of the State Government with regard to Development Expenditure, Social Expenditure and Capital Expenditure in 2013-14, 2016-17 and the current year 2017-18:

Table 1.20: Fiscal priority of the State in 2013-14, 2016-17 and 2017-18

(in per cent)

Fiscal priority of the State	AE/GSDP*	DE/AE	SSE/AE	ESE/AE	CE/AE	Education/AE	Health/AE
Sikkim 2013-14	28.50	68.60	39.30	29.20	23.10	17.90	6.50
Sikkim 2016-17	22.60	65.80	34.90	30.90	15.90	18.10	6.20
Sikkim 2017-18	25.50	69.30	42.90	32.80	26.60	16.70	8.10
Special Category States' (SCS) Average 2013-14	23.50	64.00	37.60	29.30	13.80	18.30	5.40
SCS' Average 2016-17	27.40	61.40	34.20	30.00	13.60	16.60	5.40
SCS Average 2017-18	25.80	58.90	34.90	28.90	15.50	18.20	6.20

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure ESE: Economic Sector Expenditure, CE Capital Expenditure., Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and loans and advances disbursed. GSDP: Figures available on CSO website as on 1 August 2017, except Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland and Tripura where the figures have been provided by respective PAsG/AsG.

The fiscal priority given by the State Government to various expenditure heads during 2013-14, 2016-17 and 2017-18 as depicted in the table above is summarised below:

- The AE/GSDP ratio of the State Government in 2017-18 had decreased by three per cent as compared to 2013-14.
- The ratio of DE as a proportion to AE increased by 0.70 per cent and 3.50 per cent in 2017-18 as compared to 2013-14 and 2016-17 respectively which indicated that the State had given priority to this category of expenditure during 2017-18.
- Social Sector, expenditure as a percentage of AE during 2017-18, showed increase of 3.60 per cent and increase of eight per cent as compared to 2013-14 and 2016-17 respectively.
- In Economic Sector, expenditure as a percentage of AE had also increased by 1.90 per cent from 30.90 per cent in the year 2016-17 to 32.80 per cent in 2017-18.
- The percentage of Capital Sector expenditure to AE increased by 3.50 per cent and 10.70 per cent in 2017-18 as compared to 2013-14 and 2016-17 respectively indicating that the State Government had given more emphasis to Capital Expenditure during the year.
- The expenditure on education as a percentage of AE had decreased from 17.90 per cent in the year 2013-14 to 16.70 per cent in the year 2017-18 and the percentage of expenditure on health had increased from 6.50 per cent in 2013-14 to 8.10 per cent, an increase of 1.60 per cent in 2017-18.

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 goods¹⁰. Apart from improving the allocation towards Development Expenditure¹¹, 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 Social and Economic Services to Total Expenditure, the better would be the quality of expenditure. **Table 1.21** presents the trends in Development Expenditure relating to the aggregate of the State during 2017-18 *vis-à-vis* the previous years:

Table 1.21: Development Expenditure

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Total Expenditure (TE)	3,947.40	4,363.92	4,305.59	4,525.37	5,675.58
Development Expenditure (DE)	2,706.97	2,998.37	2,958.95	2,977.78	3,933.92
Percentage of DE to total expenditure	68.58	68.71	68.72	65.80	69.31
Composition of DE					
Revenue	1,954.55 (72.20)	2,100.68 (70.06)	2,361.98 (79.83)	2,311.68 (77.63)	2,560.40 (65.08)
Capital	742.42 (27.43)	871.19 (29.06)	570.01 (19.26)	649.10 (21.80)	1,357.02 (34.50)
Loans and advances	10.00 (0.37)	26.50 (0.88)	26.96 (0.91)	17.00 (0.57)	16.50 (0.42)

Source: Finance Accounts. Figures in brackets indicate percentage to aggregate expenditure (Development Expenditure).

Development Expenditure comprising Revenue Expenditure, Capital Outlay and loans and advances on Socio-Economic Services increased from ₹ 2,706.97 crore in 2013-14 to ₹ 3,933.92 crore in 2017-18 and also increased as compared to 2016-17 (32.11 *per cent*). As a percentage of Total Expenditure, it increased from 68.58 *per cent* in 2013-14 to 69.31 *per cent* in 2017-18. On an average, 73 *per cent* of the Development Expenditure was on revenue account while Capital Expenditure including loans and advances accounted for balance 27 *per cent* during the years.

In 2017-18, Development Revenue Expenditure included, *inter alia*, expenditure on salary (₹ 1,032.76 crore), subsidy (₹ 2.21 crore) and financial assistance to local bodies and other institutions (₹ 369.27 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 based on 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.

The efficiency of Government expenditure on selected parameters in some major areas under Social and Economic Services is depicted in **Table 1.22**:

Table 1.22: Efficiency of expenditure use

(Ratio in per cent)

Particulars	2016-17		2017-18	
	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
Social Services (SS)				
Education, sports, art and culture	5.62	50.48	10.32	48.07
Health and family welfare	25.85	66.33	52.85	60.43
Water supply, sanitation, housing and urban development	40.57	19.64	45.89	9.00
Others	4.82	21.55	6.66	23.33
Total (SS)	15.39	44.99	25.81	40.53
Economic Services (ES)				
Agriculture and allied activities	3.06	54.96	4.44	50.85
Irrigation and flood control	2.58	34.50	4.20	23.19
Power and energy	21.32	42.62	26.66	45.19
Transport	64.33	52.75	77.30	18.55
Others	19.58	21.32	25.67	41.28
Total (ES)	29.04	40.22	44.14	40.04
TOTAL (SS+ES)	21.80	42.97	34.50	40.34

Source: Finance Accounts. TE-Total Expenditure [(CE+RE of the sub-sectors)]; CE-Capital Expenditure (sub sector); RE-Revenue Expenditure (sub sectors).

Expenditure on Social Services

Capital Expenditure on Social Services increased from ₹ 243.21 crore in 2016-17 to ₹ 534.53 crore in 2017-18. There was increase in ratio of capital to Total Expenditure on Social Services by 10.42 *per cent* as compared to the previous year.

The share of salary expenditure under Social Services in Revenue Expenditure was 44.99 *per cent* in 2016-17, which decreased to 40.53 *per cent* in 2017-18.

Expenditure on Economic Services

Capital Expenditure on Economic Services increased from ₹ 405.89 crore in 2016-17 to ₹ 822.49 crore in 2017-18. There was increase in ratio of capital to Total Expenditure on Economic Services by 15.10 *per cent*.

The share of salary expenditure under Economic Services which was 40.22 *per cent* in 2016-17 had marginally decreased to 40.04 *per cent* of Revenue Expenditure in 2017-18.

1.9 Financial analysis of Government expenditure and investments

In the post-Mid Term Fiscal Plan (MTFP) framework, the Government is expected to keep its fiscal deficit (borrowing) not only at low levels but also to 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 2017-18 *vis-à-vis* previous years.

1.9.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2018 is given in **Table 1.23**:

Table 1.23: Department wise profile of incomplete projects

(₹ in crore)

Department	No. of incomplete projects as on 31 March 2018	Initial budgeted cost	Actual expenditure as on 31 March 2018	Projects scheduled to be completed within March 2018	
				No of Projects	Actual expenditure as on 31 March 2018
Human Resource Development	78	170.08	65.20	50	44.76
Urban Development and Housing	61	356.06	169.83	21	135.24
Building and Housing	07	102.18	67.93	07	67.93
TOTAL	146	628.32	302.96	78	247.93

Source: Finance Accounts

There were 146 incomplete projects (estimated cost ₹ 628.32 crore) as on 31 March 2018 on which an expenditure of ₹ 302.96 crore had been incurred. Out of 146 incomplete projects, 78 projects were due to be completed by 31 March 2018 and in case of 34 projects, target dates of completion were not furnished by the departments. Due to non-completion of projects in scheduled time, benefits of the projects did not reach the intended beneficiaries. Information from eight¹² departments were awaited (September 2018).

1.9.2 Investment and returns

As of March 2018, Government had invested ₹ 102.43 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives as detailed in succeeding paragraphs. The return during 2017-18 was 2.85 *per cent* as detailed in **Table 1.24** below:

Table 1.24: Return on investment

(₹ in crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Investment at the end of the year	97.42	97.42	97.42	97.42	102.43
Return	0.55	0.87	12.70	2.01	2.92
Return (<i>per cent</i>)	0.56	0.89	13.04	2.06	2.85
Average rate of interest on Government borrowings (<i>per cent</i>)	8.33	8.38	8.17	8.22	8.12
Difference between interest rate and return (<i>per cent</i>)	7.77	7.49	(-)4.87	6.16	5.27

Source: Finance Accounts

¹² Food, Civil Supplies & Consumer Affairs, Tourism & Civil Aviation, Rural Management & Development, Roads & Bridges, Energy & Power, Water Resources & River Development, Water Security & Public Health Engineering and Health Care, Human Service & Family welfare.

Returns during current year were due to receipt of dividend from companies and bank (State Bank of Sikkim: ₹ 1.33 crore, Sikkim Distilleries Limited: ₹ 1.45 crore, Denzong Cinema: ₹ 0.01 crore and Multipurpose Co-operative Society ₹ 0.13 crore).

Higher returns during 2015-16 was due to receipt of dividend from companies, bank and co-operatives (State Bank of Sikkim- ₹ 5.34 crore, Sikkim Distilleries Ltd- ₹ 7.24 crore, Denzong Cinema- ₹ 0.01 crore, Multipurpose Co-operative Society- ₹ 0.11 crore).

The details of investment of ₹ 102.43 crore up to the end of 2017-18 by the State Government in Statutory Corporations (three), Joint Stock Companies (21) and Banks and Co-operative Societies (eight) are detailed in **Appendix 1.6**.

It was noticed that the Government had invested ₹ 57.41 crore in the following Companies incurring recurring losses (**Table 1.25**):

Table 1.25: Investment in Government Companies under perennial loss

(₹ in crore)

Sl. No.	Name of the Government Company	Investment upto 2017-18		Cumulative loss*	Year of accounts approved by Board
		Equity and loans	Subsidy/ Grants		
1	Sikkim Power Investment Corporation Limited (SPICL)	0.01	Nil	782.84	2017-18
2	Sikkim Power Development Corporation (SPDC)	57.40	Nil	115.44	2017-18
	TOTAL	57.41	Nil	898.28	

Source: Financial Statements of the Companies

*Accumulated loss as per the latest Annual Accounts approved by the Board.

Against 19 working Companies/ Corporations wherein State Government had invested ₹ 2,321.54 crore (₹ 2,319.51 crore as equity and ₹ 2.03 crore as loan), eight¹³ companies/ corporations were earning profits as per their latest finalised annual accounts, while the remaining had incurred losses.

The aggregate net worth of the 19 PSUs was ₹ 2,813.53 crore as per their latest finalised accounts. The net worth in respect of two Companies¹⁴ was negative (-₹ 785.14 crore) as the accumulated losses had completely eroded the equity capital as well as the reserves.

1.9.3 State PSUs-finalisation of accounts and enhancing financial viability

The XIII FC recommended that all States should endeavour to ensure clearance of the accounts of all Public Sector Undertakings (PSUs).

Under Section 96 of the Companies Act, 2013, the Government Companies are also required to adopt their annual accounts within six months of the close of the financial year, i.e., by 30 September every year.

The Companies Act, 1956/Companies Act, 2013 as amended, has not been extended to the State of Sikkim. The Government Companies in Sikkim are registered under the

¹³ SC, ST & OBC Development Corporation, Sikkim Industrial Development & Investment Corporation, Sikkim Tourism Development Corporation, State Bank of Sikkim, Government Fruit Preservation Factory, Sikkim Milk Union, Sikkim State Co-operative Bank & Sikkim Marketing Federation.

¹⁴ Sikkim Power Investment Corporation & Government Fruit Preservation Factory.

Registration of Companies Act, Sikkim, 1961 while the Statutory Corporations are governed by the proclamation of the erstwhile Chogyal (King) of Sikkim. However, only four¹⁵ state PSUs (out of 19 working State PSUs) operating within Sikkim have been incorporated under the Companies Act 2013, having their registered offices outside the State. As on 30 September 2018, three accounts¹⁶ in respect of three out of the above mentioned four SPSUs are pending finalisation. Further, there are 52 arrear accounts pending finalisation in respect of the 14 SPSUs¹⁷ out of the 19 State PSUs due to delay in completion/adoption of accounts by the Board of Directors of the respective State PSUs as detailed below:

Table 1.26: Delay in completion/adoption of accounts by the Board of Directors

Sl. No.	Name of the PSUs	Year for which annual accounts to be finalised	Number of accounts
1	Sikkim Poultry Development Corporation Ltd.(SPDCL)	2009-10 to 2017-18	9
2	Sikkim Hatcheries Ltd.(SHL)	2009-10 to 2017-18	9
3	Sikkim Livestock Processing and Development Corporation Ltd.	2013-14 to 2017-18	5
4	Scheduled Caste, Scheduled Tribe and Other Backward Class Development Corporation Ltd. (SABCCO)	2014-15 to 2017-18	4
5	Sikkim Tourism Development Corporation	2017-18	1
6	State Bank of Sikkim	2017-18	1
7	State Trading Corporation of Sikkim	2017-18	1
8	Temi Tea Estate	2014-15 to 2017-18	4
9	Sikkim Milk Union	2014-15 to 2017-18	4
10	Sikkim Sate Co-operative Bank	2017-18	1
11	Sikkim Marketing Federation	2015-16 to 2017-18	3
12	Sikkim Industrial Development and Investment Corporation	2016-17 to 2017-18	2
13	Teesta Urja Limited	2017-18	1
14	Government Food Preservation Factory	2011-12 to 2017-18	7
TOTAL			52

Source: Compilation figures of the Commercial Section

There is need for State Government to engage domain experts to clear arrears of accounts for clear financial picture of companies.

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 Institutions/Organisations/Government servants. **Table 1.27** presents the position of outstanding loans and advances as of March 2018 and interest receipts *vis-à-vis* interest payments during the last five years:

¹⁵ Teesta Urja Limited, Teesta Valley Transmission Limited, Gangtok Smart City Development Limited (GSCDT) and Namchi Smart City limited (NSCL). The first accounts of NSCL and GSCDL were yet to be prepared.

¹⁶ Teesta Urja Limited, NSCL and GSCDL for the year 2017-18.

¹⁷ Excluding the first accounts of NSCL and GSCDL, which were yet to be prepared.

Table 1.27: Average interest received on loans and advances by the State Government

(₹ in crore)					
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Opening balance	99.99	109.48	135.17	160.83	176.46
Amount advanced during the year	10.40	26.57	27.03	17.00	16.95
Amount repaid during the year	0.91	0.88	1.37	1.37	0.92
Closing balance	109.48	135.17	160.83	176.46	192.49
Net addition	(+)9.49	(+)25.69	(+)25.66	(+)15.63	(+) 16.03
Interest receipts	4.18	1.76	*00	*00	*0.00
Interest receipts as <i>per cent</i> to outstanding loans and advances	3.82	1.30	*00	*00	*0.00
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	5.76	5.76	5.38	5.90	5.56
Difference between interest payments and interest receipts (in <i>per cent</i>)	1.94	4.46	5.38	5.90	5.56

Source: Finance Accounts. *No interest on loans & advances was received.

Out of amount of ₹ 16.95 crore advanced during the year 2017-18, ₹ 12.50 crore was loan for general financial institutions, ₹ 4.00 crore was advance as the educational loans for higher studies in colleges and universities, and ₹ 0.45 crore was towards house building advance to the Government servants.

Loans and advances outstanding as of March 2018 aggregated to ₹ 192.49 crore. No interest on loans and advances was received by the Government during the financial year 2017-18.

1.9.5 Cash balances and investment of cash balances

Table 1.28 depicts the cash balances and investments made therefrom by the State Government during the year:

Table 1.28: Investment of cash balances

(₹ in crore)		
Particulars	As of 31 March 2017	As of 31 March 2018
(a) General Cash Balance -		
• Cash in Treasuries		
• Deposits with Reserve Bank		
• Deposits with other Banks	112.17	597.16
• Remittances in transit - local	-	-
Total	112.17	597.16
<i>Investments held in Cash Balance investment account</i>	1,910.00	1,948.39
Total (a)	2,022.17	2,545.55
(b) Other Cash Balances and Investments		
Cash with departmental officers viz. Public Works Department Officers, Forest Department Officers, District Collectors	0.95	0.95
Permanent advances for contingent expenditure with departmental officers	0.43	0.44
Investment of earmarked funds	413.28	447.93
Total (b)	414.66	449.32
GRAND TOTAL (a)+(b)	2,436.83	2,994.87

Source: Finance Accounts

Under a resolution passed by the State Government in the year 1968-69, the State Bank of Sikkim (SBS) was vested with the responsibility of receiving money on behalf of Government and making all Government payments and keeping custody of the balances of

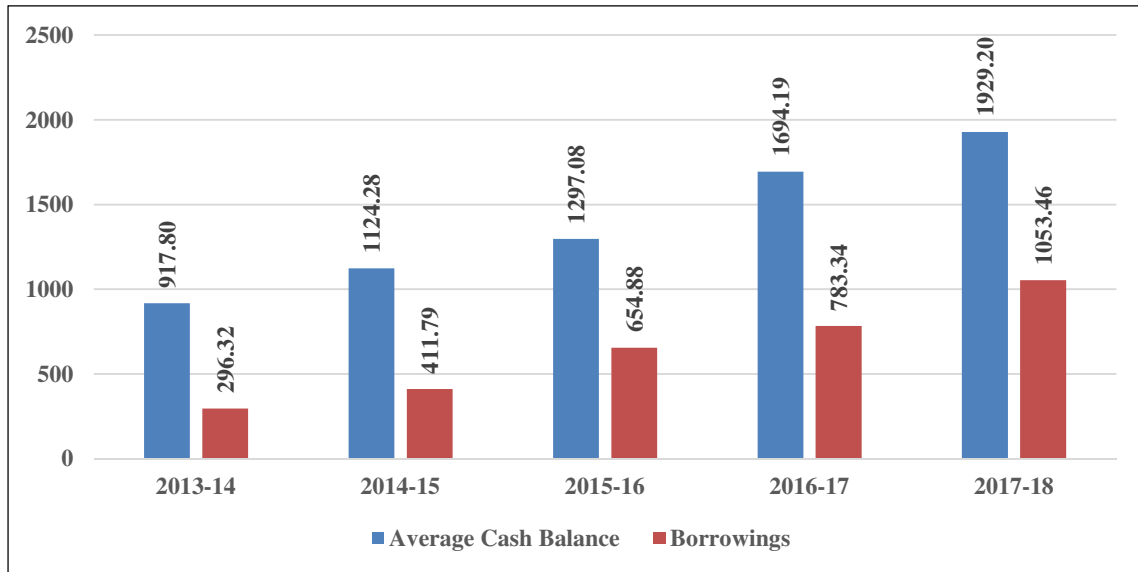
Government in current account as well as fixed deposits which could be made through the branches of the Bank. The arrangement continued after accession of Sikkim into the Indian Union. As per the Finance Accounts of 2017-18, there was a balance of ₹ 548.77 crore with the SBS as on 31 March 2018. However, as per the records of the SBS, the cash balance of the State Government stood at ₹ 514.56 crore leaving an un-reconciled balance of ₹ 34.21 crore.

It was noticed that the State Government’s opening general cash balance was ₹ 2,022.17 crore (‘Cash deposits with other Banks’- ₹ 112.17 crore and ‘Investments held in cash balance investment Account’- ₹ 1,910.00 crore) while the closing general cash balance showed an increase of 26 per cent (₹ 523.38 crore) and stood at ₹ 2,545.55 crore (‘Cash deposits with other Banks’- ₹ 597.16 crore and ‘Investments held in cash balance investment Account’- ₹ 1,948.39 crore). The increase in the general cash balance was mainly due to receipt of ₹ 530.81 crore into SBS in the month of March 2018. The State Government had earned an interest of ₹ 110.68 crore from the cash balance investments during 2017-18.

The average General cash balance *vis-à-vis* borrowings during the last five years is depicted in the **Chart 1.10 A**.

Chart 1.10A:-Average General Cash Balance *vis-à-vis* Borrowings

(₹ in crore)



The above Chart shows that the State Government resorted to borrowings despite having huge average general cash balances during the period 2013-14 to 2016-17. During the year 2017-18, despite having average general cash balance of ₹ 1,929.20 crore in ‘Investments held in cash balance investment Account’, the Government resorted to market borrowings to the tune of ₹ 1,053.46 crore. Audit analysis showed that the interest realised on the cash balance investment account was only 5.74 per cent¹⁸ while the Government paid an average interest of 8.12 per cent on its market borrowings during the year. Hence, it would have

¹⁸ Interest received on investment ÷ Average General Cash Balance x 100.

been prudent for the State Government to have utilised the available cash balance to minimise its borrowing.

Recommendation: *The State Government should consider restricting to need-based borrowings and utilising the existing cash balances before resorting to market borrowings at higher rates of interest¹⁹.*

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 un-encashed cheques. Under this head as on 1 April 2017, there was an opening balance of ₹ 183.35 crore. Further, during the year, cheques worth ₹ 4,230.25 crore were issued and cheques worth ₹ 4,204.31 crore were encashed leaving a closing balance of ₹ 209.29 crore as on 31 March 2018.

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 (B)** gives an abstract of such assets and liabilities as on 31 March 2018 compared with the corresponding position as on 31 March 2017.

Total liabilities, as defined, are the liabilities under the Consolidated Fund and the Public Accounts 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 1.29**:

Table 1.29: Summarised position of Assets and Liabilities

(₹ in crore)

Liabilities	2015-16	2016-17	2017-18	Assets	2015-16	2016-17	2017-18
<i>Consolidated Fund</i>				<i>Consolidated Fund</i>			
a. Internal Debt	2,855.13	3,395.68	4,114.12	i) Gross capital Outlay	8,961.24	9,681.52	11,188.30
b. Loans and advances from GoI	113.93	110.45	102.85	ii) Loans and advances	160.83	176.46	192.49
	2,969.06	3,506.13	4,216.97	Advances	1.03	1.03	1.03
<i>Public Accounts</i>							
a. Small savings, Provident funds, etc	747.85	831.15	911.72	Cash	1,724.57	2,436.83	2,994.87
b. Reserve Funds	441.38	507.06	505.99				
c. Deposits	160.01	240.12	264.28				
d. Remittance balance	295.91	224.95	404.84				
e. Suspense and Miscellaneous balances	254.99	186.04	211.26				

¹⁹ During 2017-18, average rate of interest on Government borrowings was 8.12 per cent.

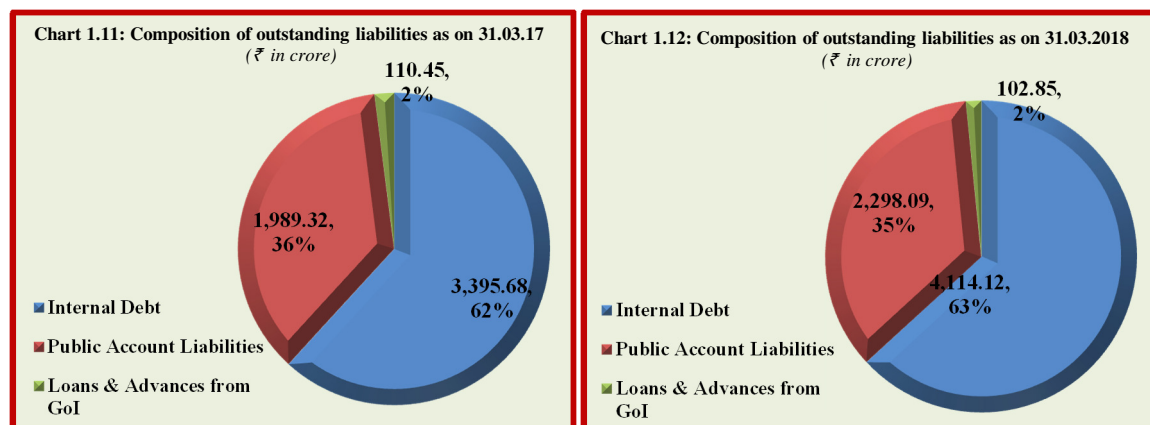
Liabilities	2015-16	2016-17	2017-18	Assets	2015-16	2016-17	2017-18
	1,900.14	1,989.32	2,298.09				
Total	4,869.20	5,495.45	6,515.06				
Surplus on Government Accounts	5,837.76	5,977.47	6,799.69				
Revenue surplus	139.71	822.22	1,060.94				
Contingency Fund	1.00	1.00	1.00	Contingency Fund		0.31	---
GRAND TOTAL	10,847.67	12,296.15	14,376.69		10,847.67	12,296.15	14,376.69

Source: Finance Accounts

The growth rate of assets was 16.92 per cent whereas the growth rate of liabilities excluding surplus on Government Accounts and Contingency Fund was 18.55 per cent in 2017-18 as compared to the previous year.

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 2017-18 vis-à-vis the previous year is presented in **Charts 1.11** and **1.12**:



Source: Finance Accounts (Statement -1)

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 1.30**:

Table 1.30: Fiscal liabilities-basic parameters

	2013-14	2014-15	2015-16	2016-17	2017-18
Fiscal liabilities(₹ in crore)	3,633.88	4,161.62	4,869.20	5,495.45	6,515.06
Rate of growth (per cent)	8.64	14.52	17.00	12.86	18.55
Revenue Receipts(₹ in crore)	3,893.54	4,087.64	3,784.29	4,610.30	5,212.79
Percentage of fiscal liabilities to					
GSDP	26.21	27.01	27.00	27.45	29.28
Revenue Receipts	93.33	101.81	128.67	119.20	124.98
Own resources	409.91	488.85	496.95	497.69	485.22
Buoyancy ratio of fiscal liabilities to					
GSDP	0.70	1.30	1.69	1.17	1.66
Revenue Receipts	0.47	2.91	(-) 2.29	0.59	1.42
Own resources	0.43	(-)3.66	1.13	1.01	0.86

Source: Finance Accounts

Fiscal liabilities of the State increased by ₹ 1,019.61 crore (18.55 *per cent*) from ₹ 5,495.45 crore in 2016-17 to ₹ 6,515.06 crore in 2017-18 comprising Public Account Liabilities of ₹ 2,298.09 crore (35.27 *per cent*), Internal Debt of ₹ 4,114.12 crore (63.15 *per cent*) and loans and advances of ₹ 102.85 crore (1.58 *per cent*).

The percentage of fiscal liabilities to GSDP stood at 29.28 *per cent* at the end of 2017-18. The growth rate of outstanding fiscal liabilities which was 12.86 *per cent* in 2016-17 increased to 18.55 *per cent* in 2017-18. The buoyancy of the liabilities with respect to GSDP during the year was 1.66 indicating that for each one *per cent* increase in GSDP fiscal liabilities grew by 1.66 *per cent*.

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 for 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 Accounts 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.

Analysis of transaction of reserve funds are enumerated in the subsequent paragraphs:

Consolidated Sinking Fund

The State Government constituted a Consolidated Sinking Fund for redemption of the open market loans of the Government commencing from 2004-05. As per guidelines, the Government is required to contribute to the fund at the rate of one to three *per cent* of the outstanding open market loans as at the end of the previous year. The scope of this fund has been extended to cover all outstanding liabilities of the Government through a notification by the State issued on 18 August 2007 on the basis of recommendations of the XII FC. The State Government had not adopted the recommendations of Reserve Bank of India (RBI) for minimum annual contribution of 0.5 *per cent* of outstanding liabilities. For the year 2017-18, the requirement for annual contribution was ₹ 23.37 crore (0.5 *per cent*

of outstanding liabilities of ₹ 4,674.18 crore) in terms of the guidelines of the RBI and ₹ 28.74 crore (at one *per cent* of outstanding open market loans of ₹ 2,873.94 crore) in terms of the guidelines of the State Government. During the year, Government transferred ₹ 12 crore to the fund against the minimum required contribution of ₹ 28.74 crore, as per its own guidelines, resulting in short contribution of ₹ 16.74 crore. Similarly, the shortfall in contribution as per the RBI guidelines worked out to ₹ 11.36 crore (₹ 23.36 crore - ₹ 12.00 crore). As on 31 March 2018, the fund had a balance of ₹ 386.79 crore (including ₹ 24.23 crore as accrued interest), which had been invested in fixed deposits in nationalised banks as per the directions of the RBI.

State Disaster Response Fund

The State Government replaced the Calamity Relief Fund with the State Disaster Response Fund (SDRF) in 2010-11 as per the recommendations of the XIII FC. In terms of the guidelines of the fund, the Centre, and Special Category States like Sikkim, are required to contribute to the fund in the proportion of 90:10. Further, if the State does not have adequate balance under SDRF, the GoI provides additional assistance from the National Disaster Response Fund (NDRF). At the beginning of 2017-18, the fund had a corpus of ₹ 24.95 crore, out of which, ₹ 21.00 crore was invested. During the year 2017-18, the State Government transferred ₹ 35.27 crore to the SDRF (Central share: ₹ 30.60 crore and State share of ₹ 3.40 crore and accrued interest of ₹ 1.27 crore). After meeting the expenditure of ₹ 46.90 crore during the year, the fund had a closing balance of ₹ 13.32 crore as on 31 March 2018, as shown in the following **Table 1.31**:

Table 1.31: State Disaster Response Fund

(₹ in crore)				
Opening Balance	Funds received including interest	Total	Expenditure	Closing Balance
24.95	35.27	60.22	46.90	13.32

Guarantee Redemption Fund

The State Government constituted a Guarantee Redemption Fund in the year 2005 for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Undertakings or other bodies. The Government is required to contribute an amount equal to at least one-fifth of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year. However, it is open to the Government to increase contribution to the fund at its discretion. During 2017-18, the State Government transferred ₹ 2 crore to the Guarantee Redemption Fund along with accrued interest of ₹ 2.90 crore. No guarantee was invoked during the year. The fund had a corpus of ₹ 46.89 crore at the end of the year which was entirely invested.

The detailed account of the fund as on 31 March 2018 is given below:

Table 1.32: Guarantee Redemption Fund

(₹ in crore)

Sl. No.	Particulars	Amount
1	Opening balance	41.99
2	Addition	2.00
3	Interest	2.90
	Total	46.89
4	Amount met from the fund for discharge of invoked guarantees (-)	Nil
5	Closing balance	46.89
6	Amount of investment made out of the Guarantee Redemption Fund	46.89

Source: Finance Accounts

1.10.4 Contingent liabilities

Status of guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee was extended. The details for the last five years are given in **Table 1.33**:

Table 1.33: Guarantees given by the State Government

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Maximum amount guaranteed	156.70	156.70	156.90	517.90	648.71
Outstanding amount of guarantees (including interest)	122.09	112.14	89.17	441.49	564.83
Maximum amount of guarantee as per criteria fixed by Sikkim Government Guarantee Act 2000	881.76	1,306.44	1,574.76	1,582.62	1,700.46

Source: Finance Accounts

The total guarantees (principal plus interest) outstanding as on 01 April 2017 was ₹ 441.49 crore, which was within the prescribed limit of thrice the total Tax Receipts of 2015-16 (₹ 566.82 crore × 3 = ₹ 1,700.46). During the year 2017-18, State Government extended guarantees of ₹ 123.98 crore. Against this, guarantee commission was not received by the Government. According to the Sikkim Government Guarantee Act, 2000 (Act No. 21 of 2000), the ceiling on the total outstanding Government Guarantees as on the first 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.

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 to repay 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 2017-18.

1.10.5 Analysis of Borrowings of Government

Analysis of borrowings of the Government revealed that as on 1 April 2017, an amount of ₹ 4,337.28 crore was outstanding towards various loans and advances. Further, during the year 2017-18, there was an addition of ₹ 1,363.13 crore and payment/ discharge of ₹ 571.72 crore with a closing balance of ₹ 5,128.69 crore as on 31 March 2018. The increase in total outstanding loans and advances at the end of the year was 18 per cent. An interest of ₹ 362.20 crore was also paid by the Government in 2017-18 on various loans and advances. Details are given below:

Table 1.34: Detailed Statement on Borrowings and Other Liabilities

(₹ in crore)

Description of Debt	Balance as on 1 April 2017	Additions during the year	Discharges during the year	Balance as on 31 March 2018	Net increase(+)/ decrease(-)(in percentage)	Interest paid during the year
Market loans	2,873.94	997.21	249.91	3,621.24	26	240.95
Loans from Life Insurance Corporation of India	93.54	0.00	10.20	83.34	(-) 11	8.08
Loans from General Insurance Corporation of India	0.02	0.00	0.01	0.01	(-) 50	0.02
Loans from NABARD	202.22	53.72	45.87	210.07	4	13.72
Loans from National Co-operative Development Corporation	2.55	0.00	0.80	1.75	(-) 31	0.32
Loans from other institutions	14.96	0.00	2.10	12.86	(-) 14	1.72
Special Securities issued to National Small Savings Fund of the Central Government	208.46	0.00	23.61	184.85	(-) 11	12.71
Non-plan loans from GoI	0.67	0.00	0.12	0.55	(-) 18	0.06
Block loans	33.34	2.54	4.00	31.88	(-) 4	4.11
State Plan loans consolidated in terms of recommendation of the XII FC	73.74	0.00	5.67	68.07	(-) 8	5.53
Loans for Centrally Sponsored Plan Schemes (Other loans)	1.02	0.00	0.12	0.90	12	0.13
Loans for Special Schemes of North Eastern Council	1.68	0.00	0.22	1.46	13	0.19
General Provident Funds	790.61	303.53	226.21	867.93	10	69.55
Insurance and Pension Funds	40.53	6.13	2.88	43.78	8	5.11
TOTAL	4,337.28	1,363.13	571.72	5,128.69	18	362.20

Source: Finance Accounts

1.10.6 Inoperative Reserve Funds

As mentioned under Paragraph 1.10.3, the Government was maintaining 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 deficit, it is essential that State follows the practice of borrowing on requirement rather than on availability.

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.

Debt sustainability

Debt sustainability refers to the ability of a State to secure its debt obligation in future. It is generally measured in terms of level of debt, primary deficit and interest cost in relation to nominal GSDP. It implies the State's ability to service the debt in future. Apart from the magnitude of debt of the State Government, it is important to analyse the various indicators that determine the debt sustainability of the State. The analysis of various debt sustainability indicators of the State for the period of five years beginning from 2013-14 is presented in **Table 1.35**:

Table 1.35: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2013-14	2014-15	2015-16	2016-17	2017-18
Outstanding Debt (₹ in crore)	3,633.88	4,161.63	4,869.20	5,495.45	6,515.06
Rate of growth of outstanding Debt (in per cent)	8.64	14.52	17.00	12.86	18.55
Rate of growth of GSDP (in per cent)	12.35	11.14	17.05	11.02	11.13
Debt/GSDP (in per cent)	0.26	0.27	0.27	0.27	0.29
Debt/RR (in per cent)	0.93	1.02	1.29	1.19	1.25
Average interest rate of outstanding debt (in per cent)	5.99	6.16	5.80	6.25	6.03
Burden of Interest payment in per cent (IP/RR)	5.23	5.87	6.92	7.03	6.94
Debt repayment/debt receipts	0.30	0.21	0.30	0.31	0.33
Public debt repayment/ tax revenue (in per cent)	16.91	16.50	34.60	37.74	49.78
Net Debt available to the State (₹ in crore)	79.75	288.20	445.50	301.86	657.44

Source: Finance Accounts of the State

The table above reveals that while outstanding debt increased from ₹ 3,633.88 crore in 2013-14 to ₹ 6,515.06 crore in 2017-18, the debt to GSDP ratio depicted a steady trend

from 0.26 *per cent* in 2013-14 to 0.27 *per cent* in 2016-17 with a marginal increase to 0.29 *per cent* during 2017-18. The ratio of outstanding debt to revenue receipt increased from 0.93 *per cent* in 2013-14 to 1.25 *per cent* in 2017-18, which is not a positive sign for the State.

The net funds available from borrowed funds after providing interest payment and repayment increased from ₹ 79.75 crore in 2013-14 to ₹ 445.50 crore in 2015-16. However, it decreased to ₹ 301.86 crore in 2016-17 and again increased to ₹ 657.44 crore in 2017-18. During the year 2017-18, Government raised internal debt of ₹ 1,050.93 crore, loans and advances from GoI of ₹ 2.54 crore and other obligations of ₹ 7,429.62 crore. The Government repaid internal debt of ₹ 332.49 crore, loans & advances ₹ 10.13 crore, discharged other obligation of ₹ 7,120.86 crore and paid interest of ₹ 362.17 crore resulting in net availability of debt receipts by ₹ 657.44 crore. It indicates an improvement in the debt sustainability of the State.

1.11.1 Debt-GSDP Ratio

The trend in the debt-GSDP Ratio is an important indicator which signifies sustainability of the Public Debt. In the State, debt-GSDP Ratio increased from 21.96 *per cent* during 2015-16 to 24.50 *per cent* during 2017-18. Debt-GSDP Ratio for the year 2017-18 was higher than the recommended target (19.66 *per cent*) of XIV FC as shown in **Table 1.36**:

Table 1.36: Debt-GSDP Ratio

Year	Total debt*	GSDP	XIV FC recommendation (%)		Debt-GSDP (%)
	(₹ in crore)		All States	Sikkim	
2015-16	3,961.14	18,033.94	21.90	20.63	21.96
2016-17	4,671.18	20,020.46	22.06	20.09	23.33
2017-18	5,451.04	22,247.91	22.21	19.66	24.50

* Total debt includes Public debt, Small Saving, Provident Fund, Reserved Fund and Deposit.

1.11.2 Interest payment

The trend in the interest payment (IP)-Revenue Receipts (RR) ratio is another important indicator which measures sustainability of the Public Debt. In the State, IP-RR ratio was 5.37 *per cent* during 2013-14 which increased to 6.95 *per cent* during 2017-18:

Table 1.37: Ratio of interest payment to Revenue Receipts

Year	Revenue Receipts (RR) (₹ in crore)	Growth over previous year (per cent)	Interest payment(IP) (₹ in crore)	Growth over previous year (per cent)	IP/RR (per cent)
2013-14	3,893.54	18.40	209.16	5.15	5.37
2014-15	4,087.64	4.99	239.55	14.53	5.86
2015-16	3,784.29	(-) 7.42	262.07	9.4	6.93
2016-17	4,610.30	21.83	324.39	23.78	7.04
2017-18	5,212.79	13.07	362.17	11.65	6.95

1.11.3 Buoyancy of assets to liabilities

The ratio of assets to aggregate fiscal liabilities could be considered a surrogate measure of quality of its application of borrowed funds. **Table 1.38** shows the buoyancy of assets with respect to liabilities:

Table 1.38: Buoyancy of Assets to Liabilities

(₹ in crore)

Year	Aggregate fiscal Liabilities	Aggregate Assets	Ratio of Assets to Liabilities	Annual Growth of fiscal Liabilities	Annual Growth of Assets	Buoyancy of Assets to Liabilities
2013-14	3,633.88	8,741.65	2.41	8.64	15.26	1.77
2014-15	4,161.62	10,000.39	2.40	14.52	14.40	0.99
2015-16	4,869.20	10,847.67	2.23	17.00	8.47	0.50
2016-17	5,495.45	12,296.15	2.24	12.86	13.35	1.04
2017-18	6,515.06	14,376.69	2.21	18.55	16.92	0.91

The growth rate of assets was higher than growth rate of liabilities during 2013-14 and 2016-17. However, it was lower during 2014-15, 2015-16 and 2017-18.

1.11.4 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 1.39**:

Table 1.39: Indicator of incremental Non-Debt Receipts

(₹ in crore)

Sl. No.	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1	Incremental Non-Debt Receipts	605.20	194.06	(-)302.85	826.00	602.03
2	Incremental Interest Payments	10.24	30.39	22.52	62.32	37.78
3	Incremental Primary Expenditure	582.31	386.13	(-)80.85	157.46	1112.43
<i>Resource gap</i>		12.65	(-)222.46	(-)244.52	606.22	(-) 548.18

Source: Finance Accounts

The resource gap had remained positive during 2013-14 and 2016-17 whereas during 2014-15, 2015-16 and 2017-18, it was negative.

1.11.5 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 2017-18 was positive with ₹ 657.44 crore and funds were available for meeting productive expenditure.

1.11.6 Maturity profile

The maturity profile of outstanding stock as on 31 March 2018 showed that 33 per cent of the loans were in the maturity bucket of less than seven years as shown in **Table 1.40**:

Table 1.40: Maturity profile

Maturity profile of State Public Debt (in years)	Year of maturity	Amount (₹ in crore)	Percentage
0 to 2	2017-18 to 2019-20	788.15	19
3 to 4	2020-21 to 2021-22	188.23	04
5 to 6	2022-23 to 2023-24	424.12	10
7 and above	2024-25 and onwards	2,816.47	67

Source: Finance Accounts

The Public Debt of the State Government as on 1 April 2017 was ₹ 3,506.13 crore and an amount of ₹ 1,053.47 crore was added during the year 2017-18. After discharging/ re-payment of loan amount of ₹ 342.63 crore during the year (excluding an interest payment of ₹ 287.51 crore), there was a closing balance of ₹ 4,216.97 crore as on 31 March 2018. Details of the same are summarised in the table below:

Table 1.41: Summary of Public Debt

(₹ in crore)

Description of the debt	Balance as on 1 April 2017	Additions during the year	Discharged/ repaid during the year	Balance as on 31 March 2018	Interest paid during the year
Internal Debt of the State Government – Total 1	3,395.68	1,050.93	332.49	4,114.12	277.50
Loans and advances from the Central Government					
<i>i. Non-plan loans</i>	0.67	0	0.12	0.55	0.05
<i>ii. Loans for State Plan Schemes</i>	107.08	2.54	9.67	99.94	9.64
<i>iii. Loans for Centrally Sponsored Plan Schemes</i>	1.02	0	0.12	0.90	0.13
<i>iv. Loans for Special Schemes</i>	1.68	0	0.22	1.46	0.19
Total 2 (i to iv)	110.45	2.54	10.13	102.85	10.01
TOTAL (1+2)	3,506.13	1,053.47	342.62	4,216.97	287.51

Source: Finance Accounts

The State Government had been contributing ₹ 12 crore per annum to the Sinking Fund (**Paragraph 1.10.3**) which had a balance of ₹ 386.79 crore at the end of March 2018. It was, therefore, evident that the funds shall be insufficient to clear the future liabilities. State Government may consider enhancing its contribution to the fund to enable them to clear future liabilities. As for the year 2017-18, the requirement for annual contribution was ₹ 23.36 crore (0.5 per cent of outstanding liabilities of ₹ 4,674.18 crore) in terms of the guidelines of the RBI with the shortfall in contribution as per the RBI guidelines working out to ₹ 11.36 crore (₹ 23.36 crore - ₹ 12.00 crore).

1.11.7 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 State Government and their repayments. Though 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, FRED was not

maintaining any record regarding the cost of establishment of borrowings taken for the Government. However, interest paid on various Public Debt of the State Government during the period 2015-16 to 2017-18 was as under:

Table 1.42: Trends of Public Debt of the State Government

(*₹ in crore*)

Sl. No.	Description of the debt	2015-16		2016-17		2017-18	
		Balance as on 31 March 2016	Interest paid during the year	Balance as on 31 March 2017	Interest paid during the year	Balance as on 31 March 2018	Interest paid during the year
1	Internal Debt of the State Government	2,855.13	57.01	3,395.68	241.66	4,114.12	277.50
2	Loans and advances from the Central Government						
	i. Non-Plan loans	0.79	0.08	0.67	0.07	0.55	0.06
	ii. Loans for State Plan Schemes	110.09	10.40	107.08	11.05	99.94	9.64
	iii. Loans for Centrally Sponsored Plan Schemes	1.15	0.16	1.02	0.14	0.90	0.13
	iv. Loans for Special Schemes	1.90	0.24	1.68	0.22	1.46	0.19
	Total 2 (i to v)	113.93	10.88	110.45	11.48	102.85	10.02
	TOTAL (1+2)	2,969.06	67.89	3,506.13	253.14	4,216.97	287.52

Source: Finance Accounts

From the above table it can be seen that at the end of the year 2015-16, Public Debt of the State Government was ₹ 2,969.06 crore which increased to ₹ 4,216.97 crore at the end of the year 2017-18. The cost of borrowings in terms of interest payment for the year 2015-16 was ₹ 67.89 crore which increased to ₹ 287.52 crore during the year 2017-18 with average cost of borrowings of ₹ 202.85 crore during the period 2015-18.

1.12 Fiscal imbalances

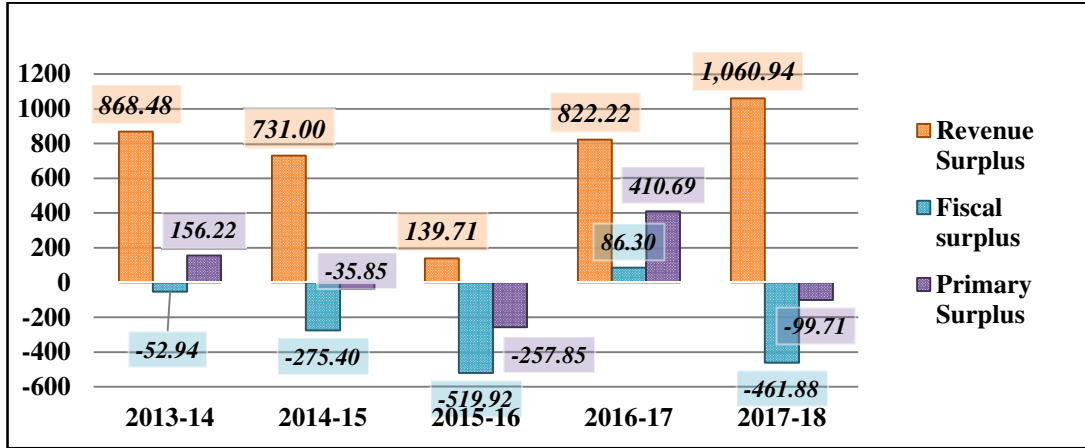
Three key fiscal parameters –Revenue, Fiscal and Primary Deficits- indicate the extent of overall fiscal imbalances in the finances of the State Government during a specified period. The nature and quantum of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to fiscal health. This section presents the trends, nature, magnitude and the manner of financing of these deficits and also the assessment of actual levels of revenue and fiscal deficit *vis-à-vis* targets set for the financial year 2017-18.

1.12.1 Trends in deficit

Charts 1.13 presents the trends in deficit indicators over the period 2013-18:

Chart 1.13: Fiscal Imbalances

(₹ in crore)



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 2013-14 to 2017-18 with fluctuating trends. Revenue surplus increased by ₹ 238.72 crore (29.03 per cent) during 2017-18 as compared to the previous year.

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 Accounts. Fiscal deficit trends along with the trends of the deficit relating to key components are indicated in **Table 1.43**:

Table 1.43: Fiscal deficit and its parameters

Period	Non-Debt Receipts	Total Expenditure	Fiscal surplus(+)/deficit(-)	Fiscal deficit/surplus as per cent to		
				GSDP	Non-Debt Receipt	Total Expenditure
₹ in crore						
2013-14	3,894.46	3,947.40	(-)52.94	-0.38	-1.36	-1.34
2014-15	4,088.52	4,363.92	(-)275.40	-1.79	-6.74	-6.31
2015-16	3,785.67	4,305.59	(-)519.92	-2.88	-13.73	-12.08
2016-17	4,611.67	4,525.37	(+)86.30	0.43	1.87	1.91
2017-18	5,213.70	5,675.58	(-) 461.88	-2.08	-8.86	-8.14

Source: Finance Accounts

There was fiscal surplus only in 2016-17.

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 are indicated in **Table 1.44**:

Table 1.44: Primary deficit and its parameters

(₹ in crore)

Period	Fiscal deficit	Interest payments	Primary deficit (-)/ Surplus (+)
2013-14	52.94	209.16	(+) 156.22
2014-15	275.40	239.55	(-) 35.85
2015-16	519.92	262.07	(-) 257.85
2016-17	(-) 86.30	324.39	(+) 410.69
2017-18	461.88	362.17	(-) 99.71

Source: Finance Accounts

There were primary surplus during 2013-14 and 2016-17. However, the primary deficit was recorded during 2014-15, 2015-16 and 2017-18.

1.12.2 Components of fiscal deficit and its financing pattern

The financing pattern of fiscal deficit has undergone a compositional shift as reflected in **Table 1.45**. 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 1.45: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars	2013-14		2014-15		2015-16		2016-17		2017-18	
	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP	Amount	% of GSDP
Decomposition of fiscal deficit	52.94	0.38	275.40	1.79	519.92	2.88	(-)86.30	(-)0.43	461.88	2.08
1 Revenue surplus	868.48	6.27	731.00	4.74	139.71	0.77	822.22	4.11	1,060.94	4.77
2 Misc. capital receipt	0	0.00	0	0	0	0	0	0.00	0	0
3 Net capital expenditure	911.94	6.58	980.71	6.37	633.98	3.52	720.29	3.60	1,506.78	6.77
4 Net loans and advances	9.48	0.07	25.69	0.17	25.65	0.14	15.63	0.08	16.04	0.07
Financing pattern of fiscal deficit*										
1 Internal Debt	229.54	1.66	330.76	2.15	465.89	2.58	540.56	2.70	718.43	3.23
2 Loans from GoI	(-)21.96	(-) 0.16	(-)6	(-)0.04	(-)7.14	(-) 0.04	(-)3.48	(-) 0.02	(-)7.60	(-) 0.03
4 Small savings, PF, etc.	61.49	0.44	24.55	0.16	37.65	0.21	83.30	0.42	80.57	0.36
5 Deposits and advances	3.43	0.02	(-)7.84	(-)0.05	21.64	0.12	80.11	0.40	24.17	0.11
6 Suspense and Miscellaneous	(-)58.31	(-) 0.42	59.72	0.39	(-) 5.42	0.03	(-) 827.70	(-) 4.13	(-)13.18	(-) 0.06
7 Remittances	7.58	0.05	9.09	0.06	82.51	0.46	(-)70.96	(-) 0.35	179.89	0.81
8 Reserve funds	67.14	0.48	117.45	0.76	(-) 38.35	(-) 0.21	9.55	0.05	(-)35.72	(-) 0.16
9 Increase (-)/ decrease (+) in cash balance	(-) 234.97	(-) 1.70	(-)253.34	(-)1.64	(-)36.86	0.20	102.63	0.51	(-) 484.99	(-) 2.18
10 Net of Contingency Fund transactions	(-)1	(-) 0.01	1	0.01	0	0	(-)0.31	0.00	0.31	0
TOTAL	52.94	0.38	275.40	1.79	519.92	2.88	(-)86.30	(-) 0.43	461.88	2.08

Source: Finance Accounts

*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 till 2017-18 except for the year 2016-17 along with market borrowing, loans from GoI, etc. The Fiscal surplus of ₹ 86.30 crore in 2016-17 turned to fiscal deficit of ₹ 461.88 crore in 2017-18.

1.12.3 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue and Capital Expenditure (including loans and advances) indicate the quality of deficit in the State's finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds are used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State is continuously shrinking and a part of borrowings (fiscal liabilities) are not having any asset backup. The bifurcation of the primary deficit (**Table 1.46**) 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 1.46: 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
2013-14	3,894.46	2,815.90	911.94	10.40	3,738.24	(+)1,078.56	(+)156.22
2014-15	4,088.52	3,117.09	980.71	26.57	4,124.37	(+)971.43	(-)35.85
2015-16	3,785.67	3,382.51	633.98	27.03	4,043.52	(+)403.16	(-) 257.85
2016-17	4,611.67	3,463.69	720.29	17.00	4,200.98	(+)1,147.98	(+)410.69
2017-18	5,213.70	3,789.68	1,506.78	16.95	5,313.41	(+) 1,424.02	(-)99.71

Source: Finance Accounts

Non-Debt Receipts of the State were enough to meet the primary expenditure requirements in the revenue account. But, the Non-Debt Receipts were not enough to meet the expenditure requirements under capital account resulting in primary deficit during 2014-15, 2015-16 and 2017-18.

1.13 Follow up

The preparation of Report on State Finances started in 2008-09 and the Reports for the years 2009-10 and 2010-11 had been discussed by the Public Accounts Committee (PAC). PAC recommended compliance with the recommendations as contained in the Report of the Comptroller and Auditor General of India on State Finances for 2009-10. In respect of the Report for the year 2010-11, the PAC stated that it would appreciate the setting up of a prudent financial management mechanism and that persistent planning may be required wherever there is need to do so. Reports on State Finances for the years 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 have not been discussed by the PAC.

1.14 Conclusion

Surplus/deficit

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 and fiscal surplus during 2016-17. Revenue surplus recorded increase of 29.03 *per cent* (₹ 238.72 crore) during the year 2017-18 as compared to the previous year. This was due to increase in Revenue Receipts by 13.07 *per cent* (₹ 602.49 crore) and increase in Revenue Expenditure by 9.60 *per cent* (₹ 363.77 crore) during 2017-18 as compared to 2016-17. Further, fiscal surplus of ₹ 86.30 crore during 2016-17 turned to fiscal deficit of ₹ 461.88 crore during 2017-18.

Revenue Receipts

Revenue Receipts increased by ₹ 602.49 crore (13.07 *per cent*) from ₹ 4,610.30 crore in 2016-17 to ₹ 5,212.79 crore in 2017-18. During 2017-18, 74.24 *per cent* of the Revenue Receipts was from GoI as Central transfers in the form of State's share of taxes and Grants-in-aid contributions while only 25.76 *per cent* revenue was collected from State's own sources (*i.e.* Tax and Non-Tax Revenue).

The State exceeded the target set by XIV FC in respect of Non-Tax Revenue by ₹ 256.38 crore but fell short of target in respect of Tax Revenue by ₹ 942.67 crore in 2017-18. However, the State succeeded in achieving the target set as per budget estimates in respect of Tax Revenue and Non-Tax Revenue.

Expenditure

The Total Expenditure increased by 25.42 *per cent* from ₹ 4,525.37 crore in 2016-17 to ₹ 5,675.58 crore during 2017-18. Revenue Expenditure constituted 73.15 *per cent*, Capital Expenditure constituted 26.55 *per cent* and loans and advances constituted 0.30 *per cent* of Total Expenditure during 2017-18. The expenditure on Social and Economic Sectors, which are considered as Development Expenditure, accounted for 69.31 *per cent* in 2017-18 of total expenditure. Capital Expenditure increased by ₹ 786.49 crore (109.19 *per cent*) over the previous year.

There were 146 incomplete projects (estimated cost ₹ 628.32 crore) as on 31 March 2018 on which an expenditure amounting to ₹ 302.96 crore had been incurred, out of which, 78 projects were due to be completed by 31 March 2018.

Though Capital Expenditure increased, the State needs to ensure effective implementation of the schemes/works and to devise effective monitoring mechanism to avoid the incidence of time over run.

Fiscal Correction Path

Revenue surplus was higher than the target fixed by XIV FC as well as budget proposal. There was fiscal deficit during the year. Ratio of total outstanding debt of the Government to GSDP was higher than the target fixed by XIV FC but less than the target proposed in budget proposal and projected in Five-year Fiscal Plan/ MTFP.

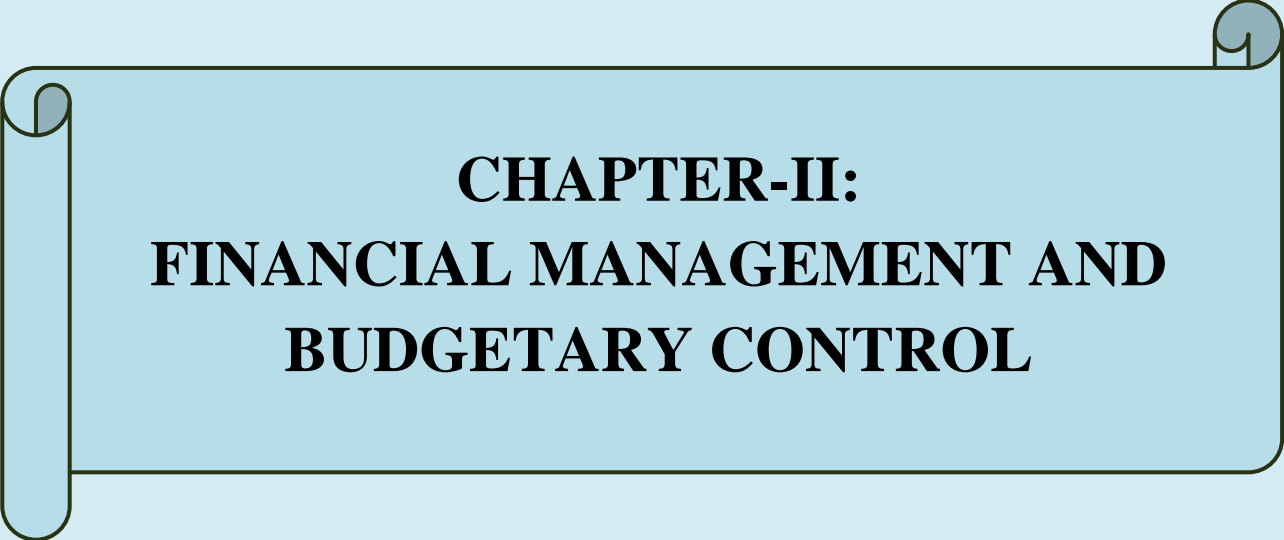
Fiscal Liabilities

Fiscal liabilities of the State increased by ₹ 1,019.61 crore (18.55 *per cent*) from ₹ 5,495.45 crore in 2016-17 to ₹ 6,515.06 crore in 2017-18. The growth rate of outstanding fiscal liabilities which was 12.86 *per cent* in 2016-17 increased to 18.55 *per cent* in 2017-18. The buoyancy of the liabilities with respect to GSDP during the year was 1.66 indicating that for each one *per cent* increase in GSDP fiscal liabilities grew by 1.66 *per cent*. The debt-GSDP Ratio for the year was higher than the recommended target of XIV FC.

Investment and Returns

The return from investments was only 2.85 *per cent* during 2017-18 and some of the Companies/Corporations were incurring recurring losses.

State Government may review the working of the units which were incurring losses and take appropriate action 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 depict 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 the budget. The 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 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 of India 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 provision

The summarised position of actual expenditure during the year 2017-18 against 47 grants/appropriations is given in **Table 2.1**:

Table 2.1: Summarised position of actual expenditure *vis-à-vis* Original/Supplementary provision

(₹ in crore)

Nature of expenditure		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) / Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered (Col. 7/6)
1		2	3	4	5	6	7	8	9
Voted	I Revenue	4,312.60	389.60	4,702.20	3,749.32	-952.88	742.92	678.75	77.90
	II Capital	1,311.10	693.81	2,004.91	1,523.28	-481.73	382.28	361.18	79.36
	III Loans/ advances	0.55	0	0.55	0.45	-0.10	0.10	0.10	100
Total Voted		5,624.25	1,083.41	6,707.66	5,273.05	-1,434.71	1,125.30	1,040.03	78.44
Charged	I Revenue	412.68	0.82	413.50	403.39	-10.11	10.08	3.08	99.70
	II Capital	327.10	15.53	342.63	342.63	0.00	0	0	0
	III Public Debt- Repayment					0.00	0	0	0
Total Charged		739.78	16.35	756.13	746.02	-10.11	10.08	3.08	99.70

Nature of expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Saving (-) / Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered (Col. 7/6)
Appropriation to Contingency Fund	0	0	0	0	0			
Grant Total	6,364.03	1,099.76	7,463.79	6,019.07	-1,444.82	1,135.38	1,043.11	

Source: Appropriation Accounts

The overall savings of ₹1,444.82 crore was the result of savings of ₹1,445.58 crore under 47 grants/appropriations, offset by excess of ₹ 0.76 crore in one grant under Revenue Section. The overall savings of ₹1,444.82 crore stood at 19.36 per cent of total grants/appropriations which showed poor financial management by the State. It also indicated that budget estimates were not prepared properly and the activities were not executed in a planned manner.

The savings/excess were intimated (4 July 2018) to the Controlling Officers requesting them to explain the significant variations. Out of 240 sub-heads, explanations in respect of only 191 savings and 25 excess cases were received upto 31 July 2018 and explanations regarding the balance 22 savings and two excess cases were received after 31 July 2018.

2.3 Financial accountability and budget management

2.3.1 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Although no time limit for regularisation of expenditure had been prescribed under the Article, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC). Appropriation Accounts upto 2011-12 had been discussed by the PAC. However, excess expenditure amounting to ₹ 82.20 crore for the years 2012-2017 had not been regularised (September 2018). The year-wise amount of excess expenditure pending regularisation for grants/appropriations is summarised in **Table 2.2:**

Table 2.2: Excess over provision requiring regularisation

(₹ in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2012-13	18 (Grant Nos. 3,5,9,16,17,24,25,26,27,31,32,33,34,35,36,40,42)	Governor	22.10	Under examination by PAC
2013-14	15 (Grant Nos. 3,5,7,8,9, 10, 16,24,26,30,31,32,34,35,42)	-	55.77	Under examination by PAC
2014-15	05 (Grant Nos 3,8,31,33,42)	-	4.28	Under examination by PAC
2015-16	01 (Grant no 36)	-	0.05	Under examination by PAC
2016-17	NIL			
TOTAL			82.20	

Source: Appropriation Accounts

2.3.2 Excess over provisions during 2017-18 requiring regularisation

Table 2.3 contains the summary of total excess in one grant amounting to ₹ 0.76 crore over authorisation from the Consolidated Fund of State during 2017-18 and requires regularisation under Article 205 of the Constitution:

Table 2.3: Excess over provisions requiring regularisation during 2017-18

(₹ in crore)

Sl. No.	Number and title of Grant/Appropriation		Total grant/appropriation	Expenditure	Excess
A. VOTED Grants -					
1	34	Roads and Bridges	94.87	95.63	0.76
TOTAL					0.76

Source: Appropriation Accounts

Such excess expenditure over grants approved by the Legislature are in violation of the will of the Legislature and the basic principle of democracy that not a rupee can be spent without the approval of the House of the People/State Legislative Assembly, and, therefore needs to be viewed seriously.

2.3.3 Appropriation vis-à-vis allocative priorities

The outcome of the appropriation audit revealed that in 29 cases, savings exceeded ₹ one crore in each case and also by more than 20 per cent of total provision (Appendix 2.1). Against the total savings of ₹ 1,444.72 crore in the State, savings of ₹ 706.62 crore (48.94 per cent)¹ occurred in nine cases relating to nine grants (six Revenue and three Capital) as indicated in Table 2.4:

Table 2.4: List of grants with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Original	Supplementary	Total	Actual expenditure	Saving
REVENUE - VOTED							
1	12	Forestry & Environment Management– Revenue Voted	215.86	1.50	217.36	119.34	98.02
2	15	Horticulture & Cash Crops Management– Revenue Voted	151.01	14.29	165.30	78.70	86.60
3	19	Water Resources& River Development Department Revenue Voted	158.41	19.02	177.43	43.63	133.80
4	22	Land Revenue and Disaster Management– Revenue Voted	129.02	8.88	137.90	81.85	56.05
5	35	Rural Management and Development - Revenue Voted	238.23	42.20	280.43	209.79	70.64
6	38	Social Justice, Empowerment and Welfare– Revenue Voted	155.89	19.23	175.12	118.48	56.64
CAPITAL – VOTED							
7	31	Energy and Power– Capital Voted	118.75	30.02	148.77	75.79	72.98
8	33	Water Security and Public Health Engineering– Capital Voted	119.45	13.41	132.85	58.59	74.26
9	40	Tourism– Capital Voted	96.90	25.52	122.42	64.79	57.63
TOTAL							706.62

Source: Appropriation Accounts

¹ Exceeding ₹ 50 crore in each case.

Savings were mainly due to i) Non-receipt of funds from Government of India (GoI), ii) Non-completion of the schemes, iii) Non release of resources by the Finance, Revenue and Expenditure Department (FRED), iv) Non-receipt of anticipated bills for payment and v) Adjustment of mobilisation advance by Pay and Accounts Office which was not communicated to FRED.

Recommendation: *The budget should be more realistic taking into account the funds received from GoI, progress of works, timely release of resources from FRED.*

2.3.4 Persistent savings

In ten cases, during the last five years, there were persistent savings of more than ₹ one crore in each case and also by 10 per cent or more of the total grant (**Table 2.5**):

Table 2.5: Lists of Grants indicating persistent savings during 2013-14 to 2017-18

(₹ in crore)

Sl. No.	No. and name of Grant	Amount of Savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
REVENUE – VOTED						
1	12 – Forestry and Environment Management	69.95 (38.40)	109.25 (38.39)	126.55 (60.63)	87.53 (40.05)	98.02 (45.09)
2	19 - Water Resource and River Development	106.75 (72.46)	130.36 (87.75)	70.44 (67.38)	131.36 (81.44)	133.80 (75.41)
3	22 –Land Revenue and Disaster Management	130.03 (33.12)	93.31 (33.04)	67.77 (43.38)	57.41 (34.18)	56.05 (40.65)
4	38 – Social Justice, Empowerment and Welfare	23.24 (23.05)	31.11 (26.43)	68.68 (39.33)	48.85 (33.24)	56.64 (32.34)
CAPITAL – VOTED						
5	2 – Animal Husbandry, Livestock, Fisheries and Veterinary	2.74 (42.15)	2.99 (66.47)	2.79 (64.72)	15.92 (82.26)	3.12 (62.78)
6	7 – Human Resource Development	20.20 (45.98)	21.02 (52.88)	20.31 (68.55)	21.72 (41.44)	24.47 (29.14)
7	31 - Energy and Power	24.24 (27.09)	37.40 (54.36)	60.25 (61.63)	53.14 (48.07)	72.97 (49.05)
8	34 - Roads and Bridges	77.87 (31.97)	146.79 (63.16)	99.46 (43.52)	161.61 (65.46)	57.58 (16.42)
9	40 – Tourism	108.37 (63.24)	154.54 (36.71)	42.95 (32.71)	12.14 (23.20)	57.63 (47.08)
10	41 – Urban Development and Housing	148.29 (70.98)	159.46 (69.34)	37.93 (48.28)	43.20 (50.69)	43.07 (33.94)

Source: Appropriation Accounts. Figures in the bracket indicate percentage to total provision.

Savings were mainly due to i) Delay in submission of bills, ii) Non-release of funds by GoI, iii) Progress of work not achieved, iv) Delay in process of land acquisition, v) Non-receipt of anticipated bills for payment and vi) Non-utilisation of funds due to release of funds in the end of the year.

Trends of persistent savings are being highlighted in the Report of the CAG on State Finances every year but no corrective measures had been taken by the departments concerned to correct the situation. We suggest strong action against the erring officials.

2.3.5 *Rush of expenditure*

As per Note 3 of Rule 84 of Sikkim Financial Rules, 1979 rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial regularity and should be avoided. Contrary to this, expenditure under 42 Major Heads (22 grants/appropriations) incurred during the month of March 2018 was ₹ 413.50 crore, which ranged between 52 and 100 *per cent* of the total expenditure under those MH as detailed in **Appendix 2.2**. In 14 cases, 100 *per cent* expenditure for the year 2017-18 was incurred in March, which was contrary to the extant rules. Rush of expenditure towards the end of the year is indicative of weak budgetary and monetary control.

Recommendation: Responsibility may be fixed against the Controlling Officers for breach of financial discipline.

2.3.6 *Unnecessary supplementary provision*

Supplementary provision aggregating ₹ 269.33 crore obtained in 32 cases (20 revenue grants and 12 capital grants) (₹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 2.3**.

2.3.7 *Substantial surrenders*

Substantial surrenders (the cases where more than 50 *per cent* of total provision was surrendered) were made in respect of 99 sub-heads mainly due to delay in implementation of schemes/programmes and non-receipt of funds from GoI. Besides this, the surrenders were made on account of non-completion of works, delay in selection of construction sites, less procurement of stock materials, late tendering of work, *etc.* Out of the total provision amounting to ₹ 841.03 crore in those 99 sub-heads, ₹ 665.32 crore constituting 79.11 *per cent* of total budget provision (₹ 841.03 crore) were surrendered, which included 100 *per cent* surrender in 38 sub-heads (₹ 139.72 crore). The details of such cases are given in **Appendix 2.4**.

2.3.8 *Anticipated savings not surrendered*

As per Rule 84 of the Sikkim Financial Rules, 1979 the spending departments are required to surrender the grants/appropriations or portion thereof to the FRED as and when the savings are anticipated. At the close of the year 2017-18, in 15 grants/appropriations (with savings of ₹ one crore and above in each case), out of total savings of ₹ 784.63 crore, only ₹ 548.78 crore were surrendered leaving ₹ 235.85 crore (30.06 *per cent*) un-surrendered, details of which are given in **Appendix 2.5**. Besides, in case of 51 Major Heads (27 Grants/Appropriations), (surrender of funds in excess of one crore or more), ₹ 868.47 crore (details given in **Appendix 2.6**) was surrendered (major department involved with surrender of more than 100 crore was Water Resources & River Development) on the last working day, *i.e.*, on 31 March 2018 indicating inadequate financial controls and also the fact that those funds could not be utilised for other development purposes.

Recommendation: Financial control may be strengthened so that anticipated savings may be surrendered well in time.

2.4 Non-reconciliation of Departmental figure

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

As per Sikkim Financial Rules, 1979, every drawing and disbursing officer has to certify in each abstract contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General. The total amount of DC bills received during the period 2013-18 was ₹ 101.55 crore against the amount of AC bills of ₹ 179.43 crore {₹ 28.44 crore (OB) + ₹ 150.89 crore} leading to an outstanding balance of DC bills of ₹ 77.78 crore as on 31 March 2018 as given in the following table:

Table 2.6: Details of AC Bills

(₹ in crore)

Year	Opening ² Balance (Nos.)	Addition during the year (Nos.)	Amount of adjustment (DC bills) (Nos.)	Outstanding AC bills (Nos.)
2013-14	28.44 (1,343)	42.78 (825)	41.38 (688)	29.84 (1,480)
2014-15	29.84 (1,480)	28.15 (879)	22.22 (795)	35.77 (1,564)
2015-16	35.77 (1,564)	15.52 (940)	11.39 (805)	39.90 (1,699)
2016-17	39.90 (1,699)	26.05 (1,264)	19.21 (953)	46.74 (2,010)
2017-18	46.74 (2,010)	38.39 (1,314)	7.35 (591)	77.78 (2,733)
Total		150.89 (5,222)	101.55 (3,832)	

Source: Voucher Level Computerisation data of Office of the Sr. Deputy Accountant General (Accounts & Entitlement).

Figures in parenthesis represent number of bills.

Department-wise pending DC bills for the years up to 2017-18 are detailed in **Appendix 2.7**. It would be seen from the Appendix that the main defaulting departments were Horticulture and Cash Crops Development (₹ 7.33 crore); Social Justice, Empowerment and Welfare (₹ 7.24 crore); Health Care, Human Services and Family Welfare (₹ 6.65 crore); Personnel, Administrative Reforms, Training, Public Grievances, Career Options and Employment Skill Development and Chief Minister's Self Employment Schemes (₹ 5.33 crore); Tourism (₹ 5.12 crore); Labour (₹ 4.77 crore) and Development Planning, Economic Reforms and North Eastern Council Affairs (₹ 4.03 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 also remained unascertained.

² The figure for Opening Balance and adjusted DC Bills will keep changing based on adjustment of figure for that year.

Recommendation: Monitoring mechanism may be put in place to ensure that DC Bills are submitted within the prescribed time. Disciplinary action should be initiated against the Drawing & Disbursing Officers and Treasury Officers for not complying with provisions of extant rules and allowing subsequent AC Bills without ensuring submission of DC Bills against already drawn AC Bills.

2.4.2 Outcome of Review on pendency in submission of DC bills in Social Justice, Empowerment and Welfare Department

The Social Justice, Empowerment and Welfare Department through its three Divisions, viz; Welfare Division, Women and Child Welfare Division and Nutrition Cell implements various schemes and programmes to uplift the vulnerable sections of the society especially the Scheduled Tribes, Schedules Caste, Other Backward Classes, women and children.

The review conducted (August 2018) on AC bills drawn during the period 2013-14 to 2017-18 revealed the following:

2.4.2.1 Discrepancies in Departmental figure against the figures maintained by the office of the Sr. DAG, A&E, Sikkim

According to Sub-Para 7.16 and 7.17 of Para 7 below Rule 227 of Sikkim Financial Rules, 1979, 'The Controlling Officer/Drawing and Disbursing Officer of the Department/Office is required to obtain the copy of statement regularly from Pay and Accounts Office (PAO) and the statement as obtained should be verified from his records kept in the Advance Register and reconcile with the PAO monthly and reconciliation of accounts done with the Office of the Accountant General, Sikkim at the time of reconciliation of accounts. After reconciliation with the Office of the Accountant General, Sikkim, a certificate of reconciliation and adjustment effected is to be obtained by the Department for record and references.

It was noticed that Voucher Level Computerisation (VLC) data maintained by the Office of the Senior Deputy Accountant General (Accounts & Entitlement), {Sr. DAG, (A&E)}, Sikkim showed ₹ 7.29 crore outstanding from 2000-01 to 2017-18 towards various advances, viz., Impersonal Advances (Contingency) - ₹ 7.25 crore and Personal Advances (Medical and Tour Advances) - ₹ 0.04 crore were lying unadjusted which did not match with the Department's figures, viz. Impersonal Advances (Contingency) - ₹ 4.89 crore and Personal Advances (Medical - ₹ 0.05 crore and Tour Advances - ₹ 0.04 crore) - ₹ 0.09 crore. In spite of the standing rule provision, the Department has not properly reconciled the figures leading to a difference of ₹ 2.31 crore. The year wise pendency of advances in respect of the Department with that of the figures maintained by the office of the Sr. DAG (A&E) office is shown in the table below:

Table 2.7: Details of Advances

(Amount in ₹)

Year	Figure of A&E office			Department figure			
	Contingency Advance	Medical/ TA advance	Total	Contingency Advance	Medical advance	TA advance	Total
2000-01	8,273	0	8,273	0	0	0	
2001-02	1,71,52,567	0	1,71,52,567	1,69,02,240	0	0	1,69,02,240
2002-03	1,25,586	0	1,25,586	5,59,214	0	0	5,59,214
2003-04	16,95,829	0	16,95,829	0	0	0	0
2004-05	12,54,796	0	12,54,796	0	0	0	0
2005-06	5,43,063	0	5,43,063	0	0	0	0
2006-07	95,646	0	95,646	0	0	0	0
2007-08	1,91,239	0	1,91,239	0	0	0	0
2008-09	52,02,683	0	52,02,683	51,12,000	0	0	51,12,000
2009-10	75,54,726	0	75,54,726	0	0	0	0
2010-11	47,728	0	47,728	0	50,000	90,000	1,40,000
2011-12	2,01,878	0	2,01,878	10,29,652	0	41,680	10,71,332
2012-13	77,762	0	77,762	7,180	0	20,000	27,180
2013-14	15,61,963	0	15,61,963	3,89,000	0	0	3,89,000
2014-15	16,73,988	50,000	17,23,988	3,990	0	1,22,000	1,25,990
2015-16	1,75,77,594	0	1,75,77,594	1,73,21,990	50,000	0	1,73,71,990
2016-17	1,13,78,247	2,20,000	1,15,98,247	42,30,396	2,00,000	35,000	44,65,396
2017-18	61,78,364	1,45,750	63,24,114	33,84,569	1,00,000	1,95,750	36,80,319
TOTAL	7,25,21,932	4,15,750	7,29,37,682	4,89,40,231	4,00,000	5,04,430	4,98,44,661

Source: Office of the Sr. DAG (A&E) and Departmental figures

Recommendation: Timely reconciliation may be done with figures of the PAO and AG's office to avoid discrepancies in accounts.

2.4.2.2 Delay in adjustment of outstanding AC bills

Rule 20 (5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 stipulates that 'The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under this rules and the balance, if any, recovered from the pay of the Government Servant concerned in ten equal monthly instalments'. Similarly, as per Rule 213 and 216 of Sikkim Financial Rules, the head of Department may with the concurrence of the Finance Department sanction a tour advance. The amount of advance granted under this section shall be adjusted immediately on the completion of the tour or by the 31 March whichever is earlier. Advances drawn in the month of March may, however, be adjusted on completion of the tour or by the 30th April whichever is earlier.

It was observed (August 2018) in audit that the Department neither initiated any action to adjust the advances nor did the Government servant submit the final bills to adjust the medical and tour advances amounting to ₹ 9.04 lakh pertaining to the years 2010-11 to 2017-18.

Further, contingency advances for supply and implementation of schemes amounting to ₹ 4.89 crore were also yet to be adjusted.

The details of outstanding advances are shown below:

Table 2.8: Details of year-wise outstanding advances

(Amount in ₹)

Period of Pendency	Nutrition Cell		Women & Child Welfare		Welfare Division		Total	
	Contingency advance	Personal advance	Contingency advance	Personal advance	Contingency advance	Personal advance	Contingency advance	Personal advance
More than 10 years	0	0	5,59,214	0	1,69,02,240	0	1,74,61,454	0
More than 5 years and less than 10 years	51,12,000	0	36,832	1,81,680	10,00,000	0	61,48,832	1,81,680
More than 2 years and less than 5 years	3,89,000	0	3,990	20,000	1,73,21,990	1,72,000	1,77,14,980	1,92,000
Upto 2 years	8,956	0	80,550	0	76,14,965	5,30,750	76,14,965	5,30,750
Total	55,09,956	0	6,80,586	2,01,680	4,27,49,689	7,02,750	4,89,40,231	9,04,430

It can be seen from the above table that the delay in adjustment of outstanding advances of ₹ 1.75 crore was more than ten years and an amount of ₹ 0.63 crore was lying unadjusted for five to ten years, ₹ 1.79 crore was lying unadjusted for two to five years and ₹ 0.81 crore was lying unadjusted for upto two years.

Recommendation: It may be ensured that the outstanding personal advances be recovered from the defaulters from their salaries and for other advances the DDOs may evolve a system for settlement of the advances in a timely manner.

2.4.2.3 Improper and non-maintenance of advance registers

Sub-Para 7.6 of Para 7 below Rule 227 of Sikkim Financial Rules, 1979 stipulates that the Advance Register should be reviewed by the Head of Department/Office at frequent intervals to ensure that the advances do not remain outstanding for more than the period stipulated for settlement. The Controlling Officer should ensure that every effort is made to get the work done or supplies completed against the advances expeditiously.

The Social Justice, Empowerment and Welfare Department is having three Divisions under its control, viz Welfare Division, Women and Child Welfare Division and Nutrition Cell which maintained separate advance registers till 2015-16. However, since 01 November 2015 the Department has maintained one combined Advance Register.

While verifying these Advance Registers, it was observed that the Advance Registers were never examined by the Head of the Department/Office to ensure that the advances did not remain outstanding for more than the period stipulated for settlement and to monitor the submission of detailed bills there-against. Further, the Department could produce Advance Registers to Audit only from 2014-15 onwards in respect of Welfare Division and Women and Child Welfare Division and from 2006-07 onwards in respect of Nutrition Cell. Hence, in the absence of Advance Registers prior to that period, the Audit could not exercise necessary checks.

Thus, non-adherence of the Rules and non-compliance with instructions resulted in accumulation of huge outstanding advances amounting to ₹ 7.29 crore. Non-settlement of

advances within the scheduled period indicated deficient financial management and lack of effective control and monitoring over expenditure by the Controlling Officers.

Recommendation: Advances should be monitored closely for effective control and action should be taken against officials who failed to adjust advances in a timely manner.

2.5 Contingency Fund

The Contingency Fund of the State had been established under the Contingency Fund Act, 1957 in terms of provision of Articles 267(2) and 283(2) of the Constitution of India. Advances from the fund are to be made only for meeting expenditure of an unforeseen and emergent character, postponement of which till its authorisation by the Legislature would be undesirable. The fund is in the nature of an imprest and its corpus is ₹ one crore. Funds drawn out of Contingency Fund are subsequently recouped to the fund through supplementary provisions. During 2017-18, an amount of ₹ 0.31 crore which was drawn as advance from the Contingency Fund during 2016-17, has been recouped from the Major Head 2015-Election.

2.6 Outcome of review of selected grants

2.6.1 Grant No. 19–Water Resources and River Development Department

An audit examination of the budgetary procedure and control over expenditure for the period 2013-14 to 2017-18 in respect of Grant No. 19-Water Resources and River Development Department, Government of Sikkim was conducted during August 2018. Audit findings are given below:

2.6.1.1 Summarised position

The summarised position of actual expenditure against grants during 2013-14 to 2017-18 in respect of Grant No. 19-Water Resources and River Development Department is given in **Table 2.9**:

Table 2.9 Summarised position of actual expenditure

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Excess(+) Savings(-)	Surrender	Remained to be surrendered
2013-14	Voted	Revenue	147.25	0.06	147.31	40.56	(-) 106.75(72)	107.37	00
	Voted	Capital	4.69	0.00	4.69	3.79	(-) 0.90 (19)	0.40	0.50
2014-15	Voted	Revenue	148.76	0.01	148.77	18.41	(-) 130.36 (88)	0	130.36
	Voted	Capital	5.70	0.00	5.70	4.25	(-) 1.45 (25)	0.00	1.45
2015-16	Voted	Revenue	104.04	0.50	104.54	34.10	(-) 70.44 (68)	70.28	0.16
	Voted	Capital	11.57	0.00	11.57	1.15	(-) 10.42 (90)	10.42	00
2016-17	Voted	Revenue	154.59	6.71	161.30	29.94	(-) 131.36 (81)	131.35	0.01
	Voted	Capital	10.00	0.44	10.44	0.79	(-) 9.65 (92)	9.65	00
2017-18	Voted	Revenue	158.41	19.02	177.43	43.63	(-) 133.80 (75)	133.72	0.08
	Voted	Capital	4.41	0.56	4.97	1.91	(-) 3.06 (62)	3.00	0.06

Source: Appropriation Accounts

Figures in brackets indicate percentage of savings/excess to total provision

The analysis of actual expenditure against the grants received revealed the following:

2.6.1.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It was noticed that supplementary grants of ₹ 6.00 lakh (2013-14), ₹ one lakh (2014-15), ₹ 50 lakh (2015-16), ₹ 6.71 crore (2016-17) and ₹ 19.02 crore (2017-18) under the Revenue Head and ₹ 44 lakh (2016-17) and ₹ 56.00 lakh (2017-18) under the Capital Head were unnecessary as the final expenditure under these heads were within the original provision.

2.6.1.3 Persistent savings

Persistent savings in the grants were indicative of inaccurate budget estimation and a tendency of the department concerned to overestimate the requirement of funds. Persistent and substantial savings during 2013-14 to 2017-18 ranged between 68 and 88 per cent of the provision were noticed under Revenue Heads. Similarly, there were persistent savings under Capital Heads which ranged between 19 and 97 per cent during the entire review period from 2013-14 to 2017-18 as detailed in the table above.

2.6.1.4 Surrender of funds less than actual savings

There was surrender of less than the actual savings during the review period (2013-14 to 2017-18). As against savings of ₹ 572.71 crore, the amount surrendered was only ₹ 442.72 crore³ and balance amount of ₹ 130.61 crore during 2013-14 to 2017-18 under Revenue Head was not surrendered. Similarly, under the Capital head, out of ₹ 25.48 crore, ₹ 23.47 crore was surrendered and balance of ₹ 2.01 crore was not surrendered indicating inadequate financial control.

2.6.1.5 Anticipated savings not surrendered

In terms Rule 84 of Sikkim Financial Rules, 1979, the spending departments are required to surrender the grants/appropriation or portion thereof to the FRED as and when the savings are anticipated. Audit analysis of Grant No- 19 revealed that despite the savings, no funds were surrendered in the following cases indicating inadequate financial controls (**Table 2.10**):

Table 2.10: Details of anticipated saving not surrendered

(₹ in lakh)

Year	Name of the scheme	Total grant	Actual expenditure	Savings
2013-14	Jhora Training work/ River Training Work at Sinotar, Temi (Phase I) (NEC)	54.79	24.78	30.01
	River Training Work along Rani Khola below Adampool (NEC)	40.00	19.59	20.41
2014-15	Minor Irrigation	14,289.00	1,382.69	12,906.31
	Water Sector Management (Grant under 13 FC)	100.00	45.06	54.94
	Jhora Training work / River Training Work at Sinotar, Temi	68.00	18.00	50.00
	RTW along Rani Khola below Adampool (NEC)	35.78	0.58	35.20
TOTAL		14,587.57	1,490.70	13,096.87

Source: Detailed Appropriation Accounts

Recommendation: Financial control needs to be strengthened so that anticipated savings may be surrendered well in time so that they may be utilised for other development purposes.

³ During 2013-14 there was excess of surrender by ₹ 0.62 crore under revenue head.

2.6.1.6 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 required for them. Analysis of budget provision and actual expenditure for the period 2013-14 to 2017-18 covered under review revealed that in six cases there were substantial savings (50 per cent and above) as detailed below (Table 2.11):

Table 2.11: Details of substantial savings

(₹ in lakh)					
Year	Name of the scheme	Total grant	Actual expenditure	Savings	% of savings
2013-14	Jhora Training Work/River Training Work at Sinotar, Temi (NEC)	54.79	24.78	30.01	55
	River Training Work along Rani Khola below Adampool (NEC)	40.00	19.59	20.41	51
2014-15	Minor Irrigation	14,289.00	1,382.69	12,906.31	90
	Water Sector Management (Grant under 13 FC)	100.00	45.06	54.94	55
	Jhora Training Work/River Training Work at Sinotar, Temi	68.00	18.00	50.00	74
	River Training Work along Rani Khola below Adampool (NEC)	35.78	0.58	35.20	98

Source: Detailed Appropriation Accounts

The reasons for the savings were not found on record.

2.6.1.7 Non-utilisation of funds

The estimates of expenditure should be as accurate as possible. An avoidable excess in an estimate is as much a financial irregularity as an excess in actual expenditure.

Test check of sub-heads for detailed analysis revealed that the Department did not utilise the entire budget provision (more than ₹ 50 lakh) and surrendered the budget allotment. Audit analysis on the review of the grant revealed that in respect of 13 cases consisting of four Major Heads, an amount of ₹ 193.51 crore provided for various activities was not utilised as indicated below (Table 2.12):

Table 2.12: Details of non-utilisation of funds

(₹ in lakh)		
Year	MH affecting the grant	Amount of Grant
2013-14	MH 2705 – Command Area Development & Water management	200.00
2015-16	MH 2701 – National Hydrology Project under Accelerated Irrigation Benefit Programme (AIBP) (ACA)	280.00
	MH 4711 – Storm Water Drainage at Gangtok (NEC)	300.60
	MH 4711 JTW/ AEW outside the defined boundary of Namchi (NEC)	70.00
	MH 4711 JTW/ AEW at Tathangchu (NEC)	50.00
	MH 4711 JTW/ AEW at TuminLingi (NEC)	136.00
	MH 4711 JTW/ AEW at Majhigoan (NEC)	75.00
2016-17	MH 2702 – Repair, renovation and rejuvenation under AIBP (ACA)	1,800.00
	MH 2702 - National Hydrology Project under AIBP (ACA)	300.00
	MH 2702 – Anti Erosion and Flood Management Works (ACA)	6,436.32
2017-18	MH 2702 – Pradhan Mantri Krishi Sinchai Yojana	3,600.00
	MH 2702 – Anti Erosion and Flood Management Works (ACA)	5,802.84
	MH 4711 JTW/ AEW at Tumin Lingi (NEC)	300.00
TOTAL		19,350.76

Source: Detailed Appropriation Accounts

Neither were the reasons for non-utilisation of funds on record nor furnished to Audit by the Department.

2.6.1.8 Excess over provision

Against the total grant of ₹ 35.35 crore under the Minor Irrigation during (MH-2702) 2013-14, there was an expenditure of ₹ 36.11 crore resulting in an excess of ₹ 0.76 crore over authorisation from the Consolidated Fund of State as detailed below (Table 2.13):

Table 2.13: Details of Excess over provision

(₹ in crore)

Year	Major Head affecting the grant	Total grant	Actual expenditure	Excess
2013-14	MH 2702 – Minor Irrigation	35.35	36.11	0.76
TOTAL				0.76

Source: Detailed Appropriation Accounts

2.6.1.9 Rush of expenditure

As per Note 3 under Rule 84 of Sikkim Financial Rules, 1979, 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 closing month of the financial year was noticed in the grant under review as shown below (Table 2.14):

Table 2.14: Statement showing the rush of expenditure

(₹ in crore)

Particular	2013-14	2014-15	2015-16	2016-17	2017-18
Expenditure during April to December	36.45	16.13	26.30	21.90	22.67
Expenditure during January to February	2.53	4.84	7.52	2.38	4.65
Expenditure during March	5.37	1.41	1.44	6.45	18.22
(Percentage of Expenditure during March)	12.11	6.30	4.08	20.99	40.01
TOTAL	44.35	22.38	35.26	30.73	45.54

Source: Departmental Figures

It can be seen from the above table that during the year 2017-18, the Department spent ₹ 18.22 crore (40.01 per cent) out of total expenditure of ₹ 45.54 crore during the month of March. The expenditure in the month of March incurred by the Department ranged from 4.08 to 40.01 per cent during 2013-14 to 2017-18.

2.7 Conclusion

The State Government had not brought out a Budget Manual detailing the procedures for preparation of budget estimates, realisation of revenue, control over expenditure etc. Against the total provision of ₹ 7,463.79 crore during 2017-18, an expenditure of ₹ 6,019.07 crore was incurred. This resulted in an unspent provision of ₹ 1,444.82 crore (19.36 per cent). Excess expenditure of ₹ 82.96 crore during 2012-13 to 2017-18 required regularisation under Article 205 of the Constitution of India. While supplementary provision of ₹ 269.33 crore in 32 cases was unnecessary, in 51 cases, ₹ 868.47 crore was surrendered on the last working day of the financial year. An amount of ₹ 77.79 crore drawn during 2013-18 as advances remained unsettled distorting the amount of expenditure being shown as spent.



**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. The 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 Failure to submit Utilisation Certificate

Rule 116 (1) of the Sikkim Financial Rules, 1979 stipulates that every grant made for a specific object is subject to implied conditions: (i) that the grant shall be spent upon the object within a reasonable time of one year from the date of issue of the letter sanctioning grant and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. Utilisation Certificates (UCs) outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final. The status of outstanding UCs as per the records of the office of the Senior Deputy Accountant General (Accounts & Entitlement) {(Sr. DAG) (A&E)} is given below:

Table 3.1: Outstanding Utilisation Certificates

(₹ in crore)

Year	Total Grant Paid		UCs Received		UCs Pending	
	No.	Amount	No.	Amount	No.	Amount
Up to 2015-16	8,225	1,521.68	7,062	1,460.52	1,163	61.16
2016-17	259	76.19	138	24.99	121	51.20
2017-18*	281	95.18	30	13.83	251	81.35
TOTAL	8,765	1,693.05	7,230	1,499.34	1,535	193.71

Source: Finance Accounts and VLC data

* Except where the sanction order states otherwise, utilisation certificates in respect of grants disbursed during 2017-18 become due only during 2018-19.

It can be seen from the above table that 1,535 UCs involving an amount of ₹ 193.71 crore were awaited as on 31 March 2018. Out of this, 251 UCs for ₹ 81.35 crore pertaining to 2017-18 were not due as per Rule 116 (1) (i) of the Sikkim Financial Rules.

Through the instrument of UCs, the Grantor obtains assurance about proper utilisation of the funds placed at the disposal of the Grantee for the sanctioned purpose and also gets a certificate from the Grantee that the intended list of works has been executed, the details of which are available with him/her. Any delay in furnishing UCs to the Grantor or an inaccuracy in such reporting essentially undermines the control mechanism designed to prevent the diversion from the intended utilisation of grants. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

Recommendation: The Government needs to enforce strict compliance to the timelines for submission of the UCs by the recipients and failure to comply with the timelines should be scrupulously dealt with. Action against erring officials needs to be initiated.

3.1.1 Review of Grants-in-aid

A detailed review on utilisation of Grants-in-aid in Ecclesiastical Affairs Department (EAD) for the period 2013-14 to 2017-18 was conducted during July-August 2018.

Test check of records (July-August 2018) relating to pendency in submission of UCs of EAD, Government of Sikkim, Gangtok revealed the following:

3.1.1.1 Pendency in submission of Utilisation Certificates

Sikkim Financial Rules 110 to 116 lay down various procedures to be followed at the time of sanctioning Grants-in-aid to any authority or body which *inter alia* include that while sanctioning grants, the specific terms and conditions for utilisation of such grant should be indicated. Thereafter, it is incumbent upon the grantor Department to watch over the utilisation of grants so released by obtaining UCs.

As per the records of the EAD, there were 106 UCs valuing ₹ 64.96 crore lying pending as on 31 March 2018. However, as per the records of the Office of the Sr. DAG, (A&E), Sikkim, 118 UCs amounting to ₹ 80.89 crore was outstanding as on 31 March 2018. Hence, there was a difference of 12 UCs amounting to ₹ 15.93 crore. The reason for the difference was due to failure on the part of the Department in not forwarding/submitting the UCs to the Office of the Sr. DAG (A&E), Sikkim. Year-wise details of pending UCs are shown in the table below:

Table 3.2: Statement showing pending utilisation certificates

(₹ in lakh)

Year	UCs outstanding against the bulk grants				Difference in bulk grants	
	As per Department		As per A&E office		Number	Amount
	Number	Amount	Number	Amount		
2010-11	1	0.18	1	0.18	--	--
2011-12	1	0.18	1	0.18	--	--
2012-13	2	206.68	2	206.68	--	--
2013-14	30	1,490.14	31	1,503.49	01	13.35
2014-15	10	120.68	10	120.68	--	--
2015-16	11	7.92	12	21.60	01	13.68
2016-17	06	1,560.00	11	3,124.05	05	1,564.05
2017-18	45	3,110.14	50	3,112.26	05	2.12
TOTAL	106	6,495.92	118	8,089.12	12	1,593.20

Sources: Department and Office of the Sr. DAG (A & E)

The pendency of submission of UCs was mainly due to non-adherence to the instructions as stipulated in the Sikkim Financial Rules and lack of follow-up action on the part of the Department as per the guidelines.

In reply, the Department accepted the audit contention and stated that UCs worth ₹ 3,204.95 lakh have already been received and UCs worth ₹ 1,771.91 lakh would be collected. The Department further assured Audit that UCs up to the year 2016-17 would be submitted to the Office of the Sr. DAG, (A&E), Sikkim in due course.

3.1.1.2 Delay in submission of UCs

Serial Number (A) 5 of the Office Memorandum dated 17 August 2001 of EAD, in respect of procedure and criteria for release of Grants-in-aid to religious institutions of the State, stipulates that the purpose of the grant and period within which such grant is to be utilised shall be specified in the sanction order by the grant releasing authority, *i.e.*, the UCs in respect of grant up to ₹ one lakh for Ecclesiastical Affairs shall be submitted within three months; UCs in respect of grants exceeding ₹ one lakh up to five lakh shall be submitted within six months and UCs in respect of grants exceeding ₹ five lakh shall be submitted within 12 months from the date of receipt of grants by the concerned religious institutions.

Test check of records in respect of the EAD revealed that these institutions did not submit the UCs as required under the memorandum *ibid* nor did the Department ensure timely receipt of UCs as per the sanction orders. Out of a total 118 bulk grants amounting to ₹ 80.89 crore released to grantee institutions during 2010-18, only 12 UCs in respect of ₹ 15.93 crore were received by the Department and 106 UCs in respect of ₹ 64.96 crore were yet to be received as detailed in **Appendix 3.1**. There was a delay in submission/settlement of UCs which ranged between six months to more than five years as given in the table below:

Table 3.3: Statement showing delay in submission of utilisation certificates

(₹ in lakh)

Range of delay	Total no. of bulk grants released		UCs received for the bulk grant		UCs not received for the bulk grant	
	Number	Amount	Number	Amount	Number	Amount
More than 5 years	8	244.34	0	0	8	244.34
3 years to 5 years	34	1,469.34	1	13.35	33	1,455.99
1 year to 3 years	15	139.13	1	13.68	14	125.45
More than 6 month but less than 1 year	4	1,010.00	2	550.00	2	460.00
less than 6 months	57	5,226.31	8	1,016.17	49	4,210.14
TOTAL	118	8,089.12	12	1,593.20	106	6,495.92

While accepting the audit comments, the Department stated that even after giving reminders to the religious institutions, they were not submitting UCs due to non-completion of works. The assertion of the Department was not in consonance with the provisions of Office Memorandum dated 17 August 2001.

Recommendation: It may be ensured that no further grants are released to the defaulting grantees which do not submit the UCs within the prescribed time.

3.1.1.3 Release of grants without Detailed Project Reports /detailed estimates

Serial No. (A) 3 of the Office Memorandum dated 17 August 2001 of EAD stipulates that for grants exceeding ₹ one lakh and above, a detailed estimate as per prevailing schedule of rates is a pre-requisite for release of Grants-in-aid in respect of civil works. Further, Sl. No. 1 of the Circular dated 22 July 1993 states that all religious institutions wanting financial assistance, will have to be physically inspected to see whether the amount requested for is justified.

Audit scrutiny revealed that 118 bulk grants as reflected in VLC, Office of the Sr. DAG (A&E), Sikkim, were further split into many Grants-in-aid by the Department for release to various religious institutions in the State. The year-wise split of bulk grants to Grants-in-aid is given in **Table 3.4:**

Table 3.4: Statement showing year-wise split of bulk grants to GIA

Year	Bulk Grant as per the VLC records	Grants-in-aid released by Department after splitting
2010-11	1	1
2011-12	1	1
2012-13	2	120
2013-14	31	223
2014-15	10	272
2015-16	12	12
2016-17	11	273
2017-18	50	619
TOTAL	118	1,521

Scrutiny of records revealed that out of a total of 1,521 Grants-in-aid, the Department released 592 Grants-in-aid each valuing ₹ one lakh and more to various religious institutions during 2013-14 to 2017-18. However, it was found that the Detailed Project Reports (DPRs)/Detailed Estimates (DEs) were submitted by the grantee institutions in respect of only 59 number of grants and remaining 533 Grants-in-aid were released without obtaining any DPRs/DEs by the Department which was in violation of the norms framed by the Department itself. The year-wise details are given in **Table 3.5.**

Table 3.5: Statement showing release of grants without DPRs/DEs

Year	Grants-in-Aid released to various religious institutions	No. of DPR/ DEs submitted by the Institution	No. of DPR/ DEs not submitted by the Institution
2013-14	222	Nil	222
2014-15	04	1	03
2015-16	06	Nil	06
2016-17	10	2	08
2017-18	350	56	294
TOTAL	592	59	533

The reasons for non-adherence of the rule were not found in the records.

While accepting the audit observation, the Department stated that only in few/rare cases, DPR/DEs were furnished by religious institutions.

Recommendation: *It may be ensured that a system of scrutiny of Detailed Project Reports/ Detailed Estimates is evolved before releasing of grants.*

3.1.1.4 Irregular expenditure

As per Rule 71 (2) of the Sikkim Financial Rules, 1979, the estimates shall also distinguish provision for expenditure on revenue account from that for other expenditure including expenditure on capital account, on loans by Government and for repayment of loans, etc. Rule 85 (8) further stipulates that the funds provided for revenue expenditure shall not be appropriated or re-appropriated to meet capital expenditure and funds provided for capital expenditure shall not be appropriated or re-appropriated to meet revenue expenditure.

Scrutiny of records (Contingent Audit Registers) of the EAD revealed that the Department was operating two separate head of accounts, viz. 2250-00-103-00-60-71-31-Grants-in-aid for expenditure towards release of grants to various Religious Institutions and 2250-00-103-00-60-71-35-Grants for creation of Capital Assets, to be spent on creation of capital assets. However, scrutiny showed that during 2013-14 to 2017-18, an amount of ₹ 122.31 lakh (out of a total release of ₹ 74.21 crore under Object Head-35) was irregularly spent on repairs/maintenance and other recurring nature of works from the accounting head which was meant for creation of Capital Assets in the State. The diversion of fund ranged from ₹ 14.55 lakh (2016-17 and 2017-18 each) to ₹ 51.30 lakh (2013-14). The year-wise details are given in the **Table 3.6:**

Table 3.6: Statement showing irregular expenditure by diverting funds

(₹ in lakh)

Year	Budget Provision	Expenditure	Amount Diverted	Number of works	Percentage of diversion
2013-14	2,675.00	2,675.00	51.30	21	1.92
2014-15	155.00	120.50	20.50	8	17.01
2015-16	36.00	21.42	21.42	11	100
2016-17	3,165.00	3,164.55	14.55	2	0.46
2017-18	1,389.89	1,334.10	14.55	2	1.09
TOTAL	7,420.89	7,315.57	122.32	44	

Thus, the diversion of ₹ 122.32 lakh towards expenditure on recurring nature of works instead of creating long term assets was in contravention of the accounting norms.

While accepting the observation, the Department (EAD) in their reply stated that funds were diverted after taking approval from the competent authority and due finance concurrence. The reply was not acceptable as no authority was competent to divert the funds meant for Capital expenditure towards spending on recurring nature under Rule 71 (2) of the Sikkim Financial Rules.

3.1.1.5 Non furnishing of quarterly returns to the Finance, Revenue and Expenditure Department (FRED)

As per the Office Memorandum dated 17 August 2001, the Department shall keep proper records of progress of work as well as utilisation of funds so released. A quarterly statement shall be sent to FRED showing the physical as well as financial target and achievements.

Scrutiny of records revealed that the Department did not maintain any records of progress of work and utilisation of Grants-in-aid released by them. Further, it was also found that no quarterly statements were ever sent to FRED till the date of audit (August 2018) which led to non-adherence to the norms framed by the Department. In the absence of the quarterly statements, there was no monitoring of targets and achievements by the FRED which ultimately resulted in delay in submission of UCs as well as delay in completion of works.

The reasons for not forwarding quarterly statement to the FRED were also not found on records of the Department.

The Department (EAD) accepted the audit observation and in its reply stated that the Department has instructed their officers to submit quarterly returns to FRED.

Recommendation: It may be ensured that a system of furnishing of quarterly returns is put in place for monitoring by the FRED.

3.1.1.6 Utilisation Certificates submitted without proper supporting documents by the religious institutions

Serial No. (C) 5 of the Office Memorandum dated 17 August 2001 of EAD states that Grants-in-aid sanctioned and released under this scheme are non-recurring. Institutions receiving grants exceeding ₹ five lakh shall maintain proper accounts for internal audit and Accountant General's Office for inspection as the case may be.

Test check of records in respect of UCs submitted by various religious institutions who were released Grants-in-aid above ₹ five lakh revealed that out of 21 UCs (furnished to audit) submitted by the grantee institutions after utilisation of Grants-in-aid for an amount of ₹ 17.73 crore, only five UCs amounting to ₹ 50 lakh were found to have been submitted along with supporting documents (vouchers, statement of account and certified copy of account by the Chartered Accountant) and the remaining 16 UCs valuing ₹ 17.23 crore were submitted without any documents to authenticate the expenditure shown as spent.

In reply, the Department stated that henceforth they would collect UCs certified by Chartered Accountants for grants above ₹ five lakh.

Recommendation: It may be ensured that a system of scrutiny of UCs is evolved before releasing of Grants-in-aid to the religious institutions.

3.1.1.7 Non-maintenance of Watch Registers

Serial No. 5 of the Circular dated 22 July 1993 also states that a separate register of the religious institutions would have to be maintained, duly indicating in the column the name of the project, location of the project, amount sanctioned, date of implementation and date of completion.

A watch register is a very important register to keep a watch and for control on release of grants and their utilisation. The Department had not maintained the register. Although the

Department maintained only one incomplete¹ issue register for Grants-in-aid which however did not have any details as required including the column for due date for submission of UCs. Consequently, the Department could not keep a watch on the UCs.

In reply, the Department stated that the field officers were directed to henceforth, maintain watch register as suggested by Audit.

3.1.1.8 Non-monitoring of the works by the Department

Office Memorandum dated 17 August 2001, Sl. No. (C) 1 of EAD stipulates that the EAD shall monitor all the sanctioned schemes through its field officers.

Audit scrutiny of records relating to monitoring and inspection by the departmental field officers after the release of Grants-in-aid involving 118 bulk grants amounting to ₹ 80.89 crore during 2010-18 to the various religious institutions revealed that there was lack of monitoring of works executed by the religious institutions. Records of the Department revealed that out of 592 works (work value) at more than rupees one lakh to various religious institutions, only 43 numbers (33 works in 2013-14, four works in 2014-15, two works in 2015-16 and four works in 2016-17) of works were found to have been physically inspected by the Departmental officers. There was no inspection of the works executed during 2017-18. In total, 549 works were never inspected by any of the departmental officers.

Thus, in the absence of proper monitoring and follow up by the Department, the quantum of pending UCs was very high as most of the works were still incomplete for which UCs were yet to be submitted.

In reply, the Department stated that shortage of field officers and release of huge number of Grants-in-aid after 2012-13 are the main reasons for non-monitoring of the works. The reply of the Department is not acceptable as the Department was supposed to optimally utilise the available manpower to carry out all important official works including monitoring of works.

Recommendation: Proper monitoring system should be in place to complete works in time as well as timely submission of UCs.

3.2 Non-submission/ delay in submission of accounts

In order to identify new institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) {C&AG (DPC)} Act, 1971, the State Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. None of the departments could submit the same though specifically called for.

¹ Department is releasing Grants-in-aid by operating two detailed heads 2250-00-103-00-60-71-31-Grants-in-Aid and 2250-00-103-00-60-71-35-Grants for creation of Capital Assets whereas the issue register is maintained for only one head i.e. 2250-00-103-00-60-71-31-Grants-in-aid and Grants-in-aid released under detailed head 2250-00-103-00-60-71-35 has not been maintained so far.

The substantially funded Autonomous Bodies/Authorities are required to submit their annual accounts for audit by the CAG under the provision, *ibid*. A total of 72 annual accounts of 32 Autonomous Bodies/Authorities for the period from 2010-11 to 2017-18 had not been received by the AG till September 2018 as detailed in **Appendix 3.2**. The age-wise delay is detailed in the table below:

Table 3.7: Statement showing age-wise non-furnishing of accounts

Sl. No.	Range of delays in number of years	Total number of accounts
1	5 years and above	13
2	3 years to 5 years	26
3	Above 1 year to 3 years	24
4	Upto 1 year	09
	TOTAL	72

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the grants and expenditure had properly been accounted for and whether the purpose for which the grants were provided had actually been achieved.

Besides, delay in finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provision of the respective legislations under which the Bodies were constituted.

Thus, there was a need for the Autonomous Bodies/ Authorities to submit their accounts to Audit in a timely Manner.

Recommendation: The Government should put in place an appropriate mechanism prescribing duties of these bodies and authorities and that of the departments/offices concerned to ensure necessary reporting and compliance to guard against the repetition of such lapses. Besides, an accountability mechanism also needs to be put in place to fix responsibility of persons found at fault.

3.3 Status of submission of Audit Reports of Autonomous Bodies/ Statutory Corporations and placement of Separate Audit Reports before the State Legislature

The audit of accounts of seven bodies² has been entrusted to the CAG under Section 19 (3) and 20 (1) of the C&AG (DPC) Act in the State. These bodies are audited with regard to their transactions, operational activities and accounts by conducting regulatory/compliance audit, review of internal management and financial controls, and review of systems and procedures.

Out of the seven bodies, one had not submitted its accounts pertaining to the period from 2013-14 to 2017-18; one had not submitted its accounts for the period between 2015-16 and 2017-18; one had not submitted its accounts for the period 2016-17 and 2017-18, and four had not submitted its accounts for the period 2017-18 as detailed in **Appendix 3.3**.

² (i) Sikkim Legal Services Authority (SLSA), (ii) Sikkim Housing and Development Board, (iii) Sikkim State Electricity Regulatory Commission (SSERC), (iv) Sikkim Milk Union, (v) Sikkim State Co-operative Supply and Marketing Federation (SIMFED), (vi) Sikkim Khadi & Village Industries Board (SKVIB) and (vii) SBOCWWB.

The audit of accounts of three bodies in the State has been entrusted to the CAG for which Separate Audit Reports (SARs) are prepared for placement before the Legislature.

SARs up to 2015-16 of State Legal Services Authority (SLSA) had been placed before the State Legislature while the SARs for 2016-17, issued on 19 December 2017 to the Government, was yet to be placed in the State Legislature.

SAR of Sikkim State Electricity Regulatory Commission (SSERC) for the year 2016-17 was issued to Government on 29 January 2018 but had not yet been placed before the Legislature. The details in this regard are given in **Appendix 3.4**.

Recommendation: *The Government needs to put in place necessary mechanism prescribing duties of persons/authorities concerned to ensure timely submission of accounts.*

3.4 Departmental Commercial Undertakings

The Companies Act, 1956/Companies Act, 2013 as amended, has not been extended to the State of Sikkim. The Government Companies in Sikkim are registered under the Registration of Companies Act, Sikkim, 1961 while the Statutory Corporations are governed by the proclamation of the erstwhile Chogyal (King) of Sikkim.

The departmental undertakings of certain Government departments performing activities of commercial and quasi-commercial nature are required to prepare *proforma* accounts annually in the prescribed format 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 remained 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 may also expose 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 AG for audit within a specified timeframe. The position of arrears in preparation of *proforma* accounts by the two undertakings are given below:

Table 3.8: Arrears in finalisation of *proforma* accounts and Government investment in departmentally managed commercial and quasi-commercial Undertakings

Sl. No.	Name of the Undertakings	Accounts finalised up to	Investment as per the last accounts finalised (₹ in crore)
1	Government Fruit Preservation Factory (GFPF), Singtam	2010-11	2.92
2	Temu Tea Estate	2013-14	0.40

It can be seen from the above table that despite significant investment, the two undertakings have failed to update their annual accounts in spite of regular reminders by the Accountant General, Sikkim. The delay in finalisation of accounts was fraught with the risk of fraud and leakage of public money. In view of the state of arrears of accounts, the actual

contribution of Departmental Commercial Undertaking (DCUs) to the State economy could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

Recommendation: *The Government may ensure timely preparation of accounts by Departmental Commercial Undertakings and carry out necessary amendments to Registration of Companies Act, Sikkim, 1961 to set timelines for finalisation and submission of accounts by Departmental Commercial Undertakings and monitor the same. Effective steps are required to be taken by the State Government for clearance of arrears of accounts.*

3.5 Misappropriation, losses, etc.

There were five cases of misappropriation involving Government money amounting to ₹ 106.44 lakh {Rural Management and Development Department (RMDD) (₹ 97.40 lakh), Transport Department (₹ 8.78 lakh) and Finance, Revenue and Expenditure Department (FRED) (₹ 0.26 lakh)} at the end of 2017-18 where the final action was pending. The department-wise break-up of pending cases and age-wise analysis of misappropriation cases are as under:

Table 3.9: Profile of pending cases of misappropriation, loss, defalcation, etc.

Age-profile of the pending cases				Nature of the cases	Action taken by the Department	Amount Received
Range in years	Number of cases	Name of the Department	Amount involved			
0-5	02	RMDD	₹ 7.99 lakh	Cash transaction was not recorded in the cash book	Action yet to be taken by the Department	Nil
		RMDD	₹ 89.41 lakh	Short supply of stock materials by Block Office to the Beneficiaries	Enquiry conducted by the O/o the ADC (Dev), Rabongla, South Sikkim	--
5-10	02	FRED	₹ 00.26 lakh	Cash embezzlement by staff	The person involved in the case is still untraceable.	Nil
		Transport Department	₹ 07.00 lakh	Shortage of POL during transportation in SNT tanker	Driver of the SNT tanker involved. Departmental enquiry under process	--
15-20	01	Transport Department	₹ 01.78 lakh	Shortage of POL during transportation in SNT tanker	Driver of the SNT tanker involved. Departmental enquiry under process	Nil
TOTAL	05		₹ 106.44 lakh			Nil

Source: Departmental and audited figures

Recommendation: *The Government should lodge First Information Report in all the cases of defalcation/mis-appropriation/ loss to the Government and it may be ensured that timely action is taken in all such cases also as a deterrent in preventing such cases in future.*

3.6 Reconciliation of expenditure and receipts

To enable the controlling officers to exercise effective control over expenditure and to keep the expenditure within the budget grants and ensure accuracy of their accounts, expenditure recorded in their books have to be reconciled every month during the financial year with those recorded in the books of the AG.


Reconciliation had been completed for all Revenue and Capital Expenditure heads (₹ 5,658.63 crore) and Revenue Receipt heads (₹ 5,212.79 crore) during 2017-18.

3.7 Conclusion

During the year 2017-18, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Sr. DAG (A&E).

However, the practice of not furnishing UCs in a timely manner resulted in pendency of large number of UCs. Non-furnishing of detailed information about financial assistance given to various institutions and non-submission of accounts by 32 Autonomous Bodies/ Authorities as per timelines indicated that financial rules were not fully complied with. There were also delays in placement of SARs to Legislature.

Gangtok:
The 29 April 2019


(RINA AKOLJAM)
Accountant General (Audit), Sikkim

Countersigned

New Delhi:
The 03 May 2019


(RAJIV MEHRISHI)
Comptroller and Auditor General of India

A light green scroll graphic with a dark green outline. The scroll is unrolled, showing a central area with the word "APPENDICES" in bold, black, serif capital letters. The left edge of the scroll is rolled up, and the right edge is also rolled up, with a small grey circle at the top right corner.

APPENDICES

Appendix 1.1: Part A State Profile

General Data					
Sl. No.	Particulars	Sikkim		All India	
1	Area in sq. Km	7,096		32,87,240	
2	Population in lakh (As per 2011 Census)	6.11		12,108.55	
3	Density of Population (2011 Census) ¹ (person per sq.km)	86		382	
4	Population below poverty line ²	8.20		21.9	
5	Literacy rate ³ (percentage)	81.40		73.0	
6	Infant mortality (per 1,000 live births) (SRS Bulletin of September 2014, vol. 50 No.1 July 2016) (Per 1,000 live births)	19		34	
7	Gini Coefficient ⁴ (measure of inequality of income among the population. Value rate is from Zero to one. Value close to zero indicates inequality is less and Vice versa (latest figures available for 2009-10 has been adopted)				
	a. Rural	0.27		0.29	
	b. Urban	0.19		0.38	
8	Gross State Domestic Product (GSDP) 2017-18 at current prices As per Ministry of Statics and Programme Implementation, GOI ₹ in crore	22,248		1,67,73,145	
9	Per capita GSDP CAGR (2008-2018) in percentage	22.60		11.50	
11	Per capital GSDP 2017-18 in ₹	2,97,765		1,29,800	
12	Population Growth (2007-16) in percentage	10.40		11.90	
13	Financial Data	CAGR in per cent			
		CAGR (2008-09 to 2016-17)		Growth Rate (2016-17 to 2017-18)	
		Special category States	Sikkim	Special category States	Sikkim
a.	Revenue Receipts	13.70	12.81	10.4	13.10
b.	Tax Revenue	16.00	16.00	49.3	5.40
c.	Non Tax Revenue	8.30	5.60	8	4.80
d.	Total Expenditure	13.70	11.50	10.6	26.10
e.	Capital Expenditure	7.80	2.10	19.6	109.20
f.	Revenue Expenditure on Education	16.60	13.20	15.8	9.70
g.	Revenue Expenditure on Health	18.00	12.40	20.5	13.90
h.	Salary and Wages	14.70	14.90	20.6	3.90
i.	Pension	18.80	28.80	28.1	13.10

¹ Census Info India 2011 Final population totals

² Economic Survey 2016-17 (August), Vol. II Page A 154

³ Economic Survey 2016-17 (August), Vol. II Page A 149

⁴ http://planningcommission.nic/data/data table/data_2312/DatabookDec2014%20106.pdf

**Appendix 1.1: Part B
Layout of Finance Accounts**

(Reference: Paragraph 1.1)

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

Statement	Layout
Volume-I	
1	Statement of Financial position
2	Statement of Receipts and Disbursement
3	Statement of receipts (Consolidated Fund)
4	Statement of expenditure (Consolidated Fund)
5	Statement of Progressive Capital expenditure
6	Statement of borrowing and Other liabilities
7	Statement of loans and advances given by the State Government
8	Statement of investments of the Government
9	Statement of guarantees given by the Government
10	Statement of Grants-in-aid given by Government
11	Statement of voted and charged expenditure.
12	Statement on Source and Application of Funds for Expenditure other than on Revenue Account
13	Summary of balances under Consolidated Fund, Contingency Fund and Public Accounts
Volume-II Part-I	
14	Detailed Statement of revenue and capital receipts by minor heads
15	Detailed Statement of revenue expenditure by minor heads
16	Detailed Statements of capital expenditure by minor heads and Sub-Heads
17	Detailed Statement of borrowings and other liabilities
18	Detailed statement on Loans and Advances given by the Government of Sikkim
19	Detailed Statement of Investments of the Government
20	Detailed Statement of Guarantees given by the Government
21	Detailed Statement on Contingency Fund and other Public Account transaction
22	Detailed Statement on Investment from Earmarked Balances
Volume-II Part-II Appendices	
I	Comparative Expenditure in Salary
II	Comparative Expenditure in Subsidy
III	Grants-in-aid/Assistance given by the State Government (Institution wise and Scheme-wise)
IV	Details of Externally Aided Projects
V	Plan Scheme Expenditure-A. Central Schemes (Centrally Sponsored Schemes and Central Plan Schemes),B. State Plan Schemes
VI	Direct transfer of Central Scheme funds to implementing Agencies in the State (Funds routed outside State Budgets) (Unaudited figures)
VII	Acceptance and Reconciliation of balances (As depicted in Statements 18 and 21)
VIII	Financial results of Irrigation Schemes
IX	Commitments of the Government – List of Incomplete Capital Works
X	Maintenance Expenditure with segregation of Salary and Non-Salary portion
XI	Major Policy Decisions of the Government during the year or new schemes proposed in the Budget

Appendix 1.1: Part C Structure of Government Accounts

(Reference: Paragraph 1.1)

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 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.

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)	$(\text{Current year Amount}/\text{Previous year Amount} - 1) \times 100$.
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
Interest received <i>as per cent</i> to loans outstanding	$\text{Interest received}/[(\text{opening balance} + \text{closing balance of loans and advances})/2] \times 100$.
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^{th} root of the total percentage growth rate, where n is the number of years in the period being considered. $\text{CAGR} = [\text{Ending Value}/\text{Beginning Value}]^{(1/\text{no. of years})} - 1$
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 <i>per cent</i> .

Terms	Basis of calculation
Core Public and Merit goods	<p>Core public goods are those 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>
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 indicates the extent to which the debt receipts are used in debt redemption and gives the net availability of borrowed funds.</p>

Appendix 1.2

Time series data on the State Government Finances

(Reference: Paragraph 1.1 and 1.10.2)

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18
Part A. Receipts					
1. Revenue Receipts	3,893.54 (99.98)	4,087.64 (99.98)	3,784.29 (99.96)	4,610.30 (99.97)	5,212.79 (99.98)
(i) Tax Revenue	524.92 (13.48)	527.54 (12.91)	566.82 (14.98)	652.56 (14.15)	688.33 (13.20)
Taxes on Sales, Trade, etc.	286.33 (54.55)	282.10 (53.47)	325.72 (57.46)	364.82 (55.91)	249.66 (31.57)
State Goods & Service Tax (SGST)	0	0	0	0	171.39 (100)
State Excise	120.64 (22.98)	131.36 (24.90)	142.08 (25.07)	156.24 (23.94)	150.47 (21.86)
Taxes on Vehicles	18.52 (3.53)	19.42 (3.68)	22.36 (3.94)	24.90 (3.82)	29.37 (4.27)
Stamps and Registration fees	6.46 (1.23)	6.77 (1.28)	8.51 (1.50)	12.57 (1.93)	13.57 (1.97)
Land Revenue	3.39 (0.65)	6.15 (1.17)	1.85 (0.33)	6.39 (0.98)	7.44 (1.08)
Other Taxes on Income and Expenditure	8.68 (1.65)	7.93 (1.50)	7.92 (1.40)	7.82 (1.20)	8.04 (1.17)
Other Taxes	80.90 (15.41)	73.81 (13.99)	58.38 (10.30)	79.82 (12.23)	58.40 (8.48)
(ii) Non Tax Revenue	361.59 (9.29)	323.77 (7.92)	412.99 (10.91)	451.64 (9.80)	654.38 (12.55)
(iii) State's share of Union taxes and duties	762.62 (19.59)	809.33 (19.80)	1,870.28 (49.42)	2,069.19 (44.88)	2,634.66 (50.54)
(iv) Grants in aid from Government of India	2,244.41 (57.64)	2,427.00 (59.37)	934.20 (24.69)	1,436.91 (31.17)	1,235.42 (23.70)
2. Miscellaneous Capital Receipts	-	-	-	-	-
3. Recoveries of Loans and Advances	0.92 (0.02)	0.88 (0.02)	1.38 (0.04)	1.37 (0.03)	0.91 (0.02)
4. Total Revenue and Non debt capital receipts (1+2+3)	3,894.46 (92.93)	4,088.52 (90.85)	3,785.67 (85.25)	4,611.67 (85.48)	5,213.70 (83.19)
5. Public Debt Receipts	296.32 (7.07)	411.79 (9.15)	654.88 (14.75)	783.34 (14.52)	1,053.46 (16.81)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	294.01 (99.22)	408.12 (99.11)	652.05 (99.57)	776.61 (99.14)	1,050.93 (99.76)
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-
Loans and Advances from Government of India	2.31 (0.78)	3.67 (0.89)	2.83 (0.43)	6.73 (0.86)	2.53 (0.24)
6. Total Receipts in the Consolidated Fund (4+5)	4,190.78 (47.21)	4,500.31 (46.92)	4,440.55 (38.43)	5,395.01 (45.99)	6,267.16 (45.76)
7. Contingency Fund Receipts	1.00 (0.01)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8. Public Account Receipts(Gross)	4,683.55 (52.77)	5,090.42 (53.08)	7114.68 (61.57)	6,335.06 (54.01)	7,429.63 (54.24)
8A. Public Account Receipts(Net)(8-19)	81.33	202.98	248.80	89.19	308.77
9. Total Receipts of the State (6+7+8)	8,875.33	9,590.73	11,555.23	11,730.08	13,696.79
9A.Total Receipts of the State (net)(6+7+8A)	4,273.11	4,703.28	4,689.35	5,484.20	6,575.93
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	3,025.06 (76.64)	3,356.64 (76.92)	3,644.58 (84.65)	3,788.08 (83.71)	4,151.85 (73.15)
Plan	1,053.13 (34.81)	1,136.72 (33.86)	1,270.68 (34.86)	1,250.98 (33.02)	-
Non Plan	1,971.93 (65.19)	2,219.92 (66.14)	2,373.9 (65.14)	2,537.10 (66.98)	-

Audit Report on State Finances for the year ended 31 March 2018

	2013-14	2014-15	2015-16	2016-17	2017-18
General Services (including interest payments)	1,035.10 (34.22)	1,214.12 (36.13)	1,243.80 (34.13)	1,420.77 (37.51)	1,528.13 (36.81)
Social Services	1,276.36 (42.19)	1,279.72 (38.13)	1,236.19 (33.92)	1,335.07 (35.24)	1,532.15 (36.90)
Economic Services	678.19 (22.42)	820.96 (24.46)	1,125.79 (30.89)	976.61 (25.78)	1,028.25 (24.77)
Grants-in-aid and contributions	35.41 (1.17)	41.84 (1.25)	38.80 (1.06)	55.63 (1.47)	63.32 (1.53)
11. Capital Expenditure	911.94 (23.10)	980.71 (22.47)	633.98 (14.72)	720.29 (15.92)	1,506.78 (26.55)
Plan	911.94 (100.00)	980.71 (100)	633.98 (100)	720.29 (100)	--
Non Plan	0.00	0.00	0.00	0.00	--
General Services	169.52 (18.59)	109.52 (11.17)	63.97 (10.09)	71.18 (9.88)	149.76 (9.94)
Social Services	266.21 (29.19)	269.81 (27.51)	200.80 (31.67)	243.21 (33.77)	534.53 (35.47)
Economic Services	476.21 (52.22)	601.38 (61.32)	369.21 (58.24)	405.89 (56.35)	822.49 (54.59)
12. Disbursement of Loans and Advances	10.40 (0.26)	26.57 (0.61)	27.03 (0.63)	17.00 (0.38)	16.95 (0.30)
13. Total (10+11+12)	3,947.40 (88.33)	4,363.92 (90.44)	4,305.59 (95.64)	4,525.37 (94.84)	5,675.58 (94.31)
14. Repayments of Public Debt	88.74 (1.99)	87.03 (1.80)	196.13 (4.36)	246.26 (5.16)	342.63 (5.69)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	64.47 (72.65)	77.36 (88.89)	186.16 (94.92)	236.05 (95.85)	332.49 (97.04)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	24.27 (27.35)	9.67 (11.11)	9.97(5.08)	10.21 (4.15)	10.14 (2.96)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Gross Expenditure on Lotteries	432.90 (9.69)	374.31 (7.76)	-	-	-
17. Total disbursement out of Consolidated Fund (13+14+15 +16)	4,469.04	4,825.26 (49.68)	4,501.72 (39.60)	4,771.63 (43.31)	6,018.21 (45.81)
18. Contingency Fund disbursements	1.00	(-)1.00 (-0.01)	0	0.31 (0.00)	(-) 0.31 (0.00)
19. Public Account disbursements	4,602.22	4,887.44 (50.33)	6,865.88 (60.40)	6,245.87 (56.69)	7,120.86(54.19)
20. Total disbursement by the State (17+18+19)	9,072.26	9,711.71	11,367.60	11,017.81	13,138.76
Part C: Deficits					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	868.48	731.00	139.71	822.22	1,060.94
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)52.94	(-)275.40	(-)519.92	86.30	(-) 461.88
23. Primary Deficit (-)/ Primary Surplus (+)(22-24)	156.22	(-)35.85	(-)257.85	410.69	(-) 99.71
Part D: Other data					
24. Interest Payments (included in revenue expenditure)	209.16	239.55	262.07	324.39	362.17
25. Financial Assistance to local bodies etc.	262.36	278.82	317.78	304.90	369.27
26. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	-
27. Interest on Ways and Means Advances/ Overdraft	-	-	-	-	-
28 Gross State Domestic Product (GSDP)	13,861.90	15,406.72	18,033.94	20,020.46	22,247.91

	2013-14	2014-15	2015-16	2016-17	2017-18
29. Outstanding Fiscal liabilities (yearend)	3,633.88	4,161.63	4,869.20	5,495.45	6,515.06
30. Outstanding guarantees (year end) (including interest)	122.09	112.14	89.17	441.49	565.03
31. Maximum amount guaranteed (yearend)	156.70	156.70	156.7	517.90	648.71
32. Number of incomplete projects	266	297	265	413	146
33. Capital blocked in incomplete projects	705.76	1,257.24	1,080.92	717.78	290.34
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Revenue Receipts/GSDP	0.28	0.27	0.21	0.23	0.23
Own Tax Revenue/GSDP	0.04	0.03	0.03	0.03	0.03
Own Non-Tax Revenue/GSDP	0.03	0.02	0.02	0.02	0.03
State's share in Central taxes and Duties/GSDP	0.06	0.05	0.11	0.10	0.12
II Expenditure Management					
Total Expenditure/GSDP	0.28	0.28	0.24	0.23	0.26
Total Expenditure/Revenue Receipts	1.01	1.07	1.14	0.98	1.09
Revenue Expenditure/Total Expenditure	0.77	0.77	0.85	0.84	0.73
Expenditure on Social Services/Total Expenditure	0.39	0.36	0.33	0.35	0.36
Expenditure on Economic Services/Total Expenditure	0.29	0.33	0.35	0.31	0.33
Capital Expenditure/Total Expenditure	0.23	0.22	0.15	0.16	0.27
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.19	0.20	0.13	0.14	0.24
III Management of Fiscal Imbalances (in per cent)					
Revenue deficit (surplus)/GSDP	6.27	4.74	0.77	4.11	4.77
Fiscal deficit/GSDP	-0.38	-1.79	-2.88	0.43	-2.08
Primary Deficit (surplus) /GSDP	1.13	-0.23	1.43	2.05	(-) 0.45
Revenue Deficit(surplus) /Fiscal Deficit	-1640.50	-265.43	-26.87	952.75	(-) 229.70
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.26	0.27	0.27	0.27	0.29
Fiscal Liabilities/RR	0.93	1.02	1.29	1.19	1.25
V Other Fiscal Health Indicators					
Return on Investment (₹ in crore)	0.55	0.87	12.7	2.01	2.92
Balance from Current Revenue (₹ in crore)	(-)162.54	473.87	562.68	713.01	NA**
Financial Assets/Liabilities	2.41	2.40	2.23	2.24	2.21

Note: Figures in brackets represent percentage to the total of each sub-heading.

* Provisional Estimate

** BCR for the year could not be calculated due to abolition of Plan and Non Plan heads

Appendix 1.3 (A)
Abstract of Receipts and Disbursements for the year 2017-18
(Reference: Paragraph 1.2)

(₹ in crore)

Receipts			Disbursements			
2016-17	Section A: Revenue		2017-18	2016-17	2017-18	Total
4,610.30	I-Revenue Receipts		5,212.79	3,788.08	I-Revenue Expenditure	4,151.85
652.56	Tax revenue	688.33		1,420.77	General Services	1,528.13
451.64	Non-tax revenue	654.38		1,335.07	Social Services	1,532.15
2,069.19	State's share of Union Taxes	2,634.66		769.2	Education, Sports, Art and Culture.	843.79
1,436.91	Grants-in-aid	1,235.42		209.05	Health and Family Welfare	237.67
64.72	Non-Plan Grants	0.00		168.25	Water Supply, Sanitation, Housing and Urban Development	232.70
684.64	Grants for State Plan Schemes	6.26		12.47	Information and Broadcasting	15.62
658.75	Grants for Centrally Sponsored Plan Schemes	39.50		29.11	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	34.92
22.09	Grants for Special Plan Schemes	0.52		6.38	Labour and Labour Welfare	6.55
0.31	Grants for Centrally Sponsored Schemes	919.17		101.85	Social Welfare and Nutrition	122.25
--	Grants for Finance Commission	70.52		38.77	Others	38.66
6.40	Other Grants	199.45		976.61	Economic Services	1,028.25
				268.75	Agriculture and Allied Activities	300.13
				236.48	Rural Development	175.66
				0.72	Special Areas Programmes	0.30
				29.8	Irrigation and Flood Control	43.56
				213.45	Energy	209.92
				31.53	Industry and Minerals	69.59
				142.31	Transport	183.75
				4.65	Science Technology and Environment	4.87
				48.91	General Economic Services	40.47
				55.63	Grants in Aid and Contribution	63.32
-	II-Revenue deficit carried over to	-		822.22	II-Revenue surplus carried over to Section-B	1,060.94
Section- B						
4,610.30			5,212.79	4,610.30		5,212.79
	Section-B					
1724.57	III-Opening Cash balance including Permanent Advances and Cash Balance Investment		2,436.83	720.29	III-Capital Outlay	1,506.78
0	IV-Miscellaneous Capital receipts			71.18	<i>General services</i>	149.76

Receipts				Disbursements			
2016-17	Section A: Revenue		2017-18	2016-17	2017-18	Total	
				243.21	Social Services	534.53	
				45.9	Education, Sports, Art and Culture	97.58	
				72.89	Health and Family Welfare	224.03	
				114.86	Water Supply, Sanitation, Housing and Urban Development	197.36	
				0.29	Information & Broadcasting	0	
				6.64	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	13.56	
				2.62	Social Welfare	2.00	
				0	Others	0	
				405.89	Economic Services	822.49	
				8.48	Agriculture and Allied Activities	13.96	
				9.66	Rural Development	12.67	
				30.35	Special Areas Programmes	25.07	
				0.79	Irrigation and Flood control	1.91	
				57.84	Energy	76.29	
				1.89	Industry and Minerals	2.10	
				256.64	Transport	625.57	
				0.06	Science and Environment	0	
				40.18	General Economic Services	64.92	
1.37	V-Recoveries of Loans and Advances		0.91	17.00	IV- Loans and Advances Disbursements		16.95
	From Power Projects				To Government Servants		
	From Government Servants and				To Others		
	From Others				V -Revenue deficit brought down		
822.22	VI-Revenue surplus brought down		1,060.94				
783.34	VII-Public debt receipts		1,053.46	246.26	VI-Repayment of Public Debt		342.63
	External debt				External debt		
652.05	Internal debt other than ways and means Advances and overdraft			236.05	Internal debt other than Ways and Means Advances and Overdraft	332.49	
	Net transaction under Ways and Means Advances including over draft			0	Net transaction under Ways and Means Advances including overdraft	0	
2.83	Loans and Advances from Central Government			10.21	Repayment of Loans and Advances to Central Government	10.14	
0	VIII-Amount transferred to Contingency Fund			00.31	VII-Expenditure from Contingency Fund	(-) 0.31	(-) 0.31
6,335.06	IX-Public Account Receipts		7,429.63	6,245.87	VIII-Public Account disbursements		7,120.86
304.68	Small Savings and Provident fund		309.66	221.39	Small Savings and Provident Funds	229.09	
156.87	Reserve funds		130.16	91.16	Reserve Funds	131.23	

Audit Report on State Finances for the year ended 31 March 2018

Receipts				Disbursements			
2016-17	Section A: Revenue		2017-18	2016-17	2017-18	Total	
3,730.99	Suspense and Miscellaneous		4,227.64	3,799.94	Suspense and Miscellaneous	4,202.43	
1,348.44	Remittance		2,247.47	1,419.40	Remittances	2,067.58	
794.08	Deposits and Advances		514.70	713.98	Deposits and Advances	490.53	
				2,436.83	IX- Cash balance at the end		2,994.87
					Cash in Treasuries and Local Remittances		
				112.17	Deposits with Reserve Bank/other Bank	597.16	
				1.38	Departmental Cash Balance including permanent Advances	1.39	
				2,323.28	Cash Balance Investment and Investment from Earmarked Funds.	2,396.32	
9,666.56	TOTAL		11,981.78	9,666.56	TOTAL		11,981.78

Appendix 1.3 (B) (Continued)
Summarised financial position of the Government of Sikkim as on 31 March 2018
(Reference: Paragraph-1.2 and 1.10.1)

(₹ in crore)

As on 31.03.2017	Liabilities		As on 31.03.2018
3,395.68	Internal Debt		4,114.12
2,873.94	Market Loans bearing interest	3,621.24	
--	Market Loans not bearing interest	-	
93.55	Loans from Life Insurance Corporation of India	83.34	
428.19	Loans from other Institutions	409.54	
--	Overdrafts from Reserve Bank of India	-	
110.45	Loans and Advances from Central Government		102.85
	Pre 1984-85 Loans		
0.67	Non-Plan Loans	0.55	
107.08	Loans for State Plan Schemes	99.94	
	Loans for Central Plan Schemes and Special Schemes		
1.02	Loans for Centrally Sponsored Plan Schemes	0.90	
1.68	Other Loans	1.46	
1.00	Contingency Fund		1.00
831.15	Small Savings, Provident Funds, etc.		911.72
240.12	Deposits		264.28
507.06	Reserve Funds		505.99
186.04	Suspense and Miscellaneous Balances		211.26
224.95	Remittance Balances		404.84
5,977.48	Surplus on Government Accounts Last year balance	6,799.69	7,860.63
822.22	Add Revenue Surplus	1,060.94	
12,296.15	Total		14,376.69
	Assets		
9,681.52	Gross Capital Outlay on Fixed Assets		11,188.30
97.42	Investments in shares of Companies, Corporations, etc.	102.43	
9,584.10	Other Capital Outlay	11,085.87	
176.46	Loans and Advances -		192.49
	Loans for Power Projects		
	Other Development Loans		
	Loans to Government servants and Miscellaneous loans		
0.31	Contingency Fund (un-recouped)	
	Reserve Fund Investments		
1.03	Advances		1.03
	Suspense and Miscellaneous Balances		
2,436.83	Cash		2,994.87
	Deposits with other Bank	597.16	
	Cash in Treasuries and Local Remittances		
	Deposits with Reserve Bank		
	Departmental Cash Balance	0.95	
	Permanent Advances	0.44	
	Cash Balance Investments	1,948.39	
	Earmarked funds Investment	447.93	
12,296.15	TOTAL		14,376.69

Appendix 1.4
Statement showing funds transferred to the State Implementing Agencies under
the programmes/schemes outside the State budget during 2017-18

(Reference: Paragraph 1.5.2)

(₹ in lakh)

Government of India Scheme	Implementing Agency	2017-18
Aid to Voluntary Organisations Working for the Welfare of Scheduled Tribes	Muyal Liang Trust (MLT)	64.79
-do-	Human Development Foundation of Sikkim, GRBA Road Chongey Tar, Gangtok, East Sikkim (HUMANSIKKIM)	26.03
Capacity Building and Publicity	Sikkim State Cooperative Union	9.90
CIC and RTI	Sikkim Information Commission	3.00
Disha Programme for Women in Science	College of Agricultural Engineering and Post Harvest Technology (CAU) Gangtok	5.25
e-Courts Phase II	Registrar General High Court of Sikkim	1,164.32
Establishment Expenditure AYUSH	State forest Development Agency, Sikkim	318.56
Kala Sanskriti Vikas Yojana	Lamoteng Charitable Trust	7.50
-do-	Himalayan Heritage Research and Development Society	0.52
-do-	Serdup Choiling Trust	20.00
-do-	Bikram Lepcha	3.75
-do-	Mr. Lapchen Lepcha	3.75
Member of Parliament Local Area Development Scheme (MPLAD)	District Collector East District	1,250.00
National Service Scheme	Sikkim State NSS Cell	92.79
Schemes for differently Abled persons	DDRC, Gangtok, Sikkim	3.00
Schemes of North East Council - Special Development Projects	Sikkim Manipal Institute of Technology	4.12
Science and Technology Institutional and Human Capacity Building	Sikkim Manipal Institute of Technology	11.47
Space Technology	Sikkim Manipal Institute of Technology	0.50
	TOTAL	2,989.25

Source: 'Public Financial Management System (PFMS)' portal of the Controller General of Accounts. These are unaudited figures.

Appendix 1.5
Tax and Non-Tax Revenue collected during 2013-18
(Reference: Paragraph 1.6)

(₹ in crore)

Sl. No.	Head of revenue	2013-14		2014-15		2015-16		2016-17		2017-18		Percentage of increase (+) or decrease (-) in 2017-18 over 2016-17	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
Tax Revenue													
1	Sales Tax/Value Added Tax (VAT) including		286.33	259.45	282.1	300	325.72	361	364.82	388.26	249.66	7.55	-31.57
2	Sikkim Goods & Services Tax	-	-	-	-	-	-	-	-	0	171.39		
3	Taxes on Income and expenditure other than Corporation Tax	7.01	8.68	8.01	7.93	8.51	7.92	9	7.82	10	8.04	11.11	2.81
4	State Excise	109	120.64	120.93	131.36	135	142.08	144.45	156.24	155	150.47	7.30	-3.69
5	Stamps and Registration Fees	7.91	6.46	7.7	6.77	7.64	8.51	7.64	12.57	7.82	13.58	2.36	8.04
6	Taxes on Vehicles	16.8	18.52	18.82	19.42	21.07	22.36	24	24.9	28.5	29.37	18.75	17.95
7	Other Taxes and Duties on Commodities and Services	53.4	80.9	75.6	73.81	81.26	58.38	93.07	79.82	72.84	58.4	-21.74	-26.84
8	Land Revenue	6.56	3.39	6.89	6.15	6.89	1.85	6.89	6.39	7.09	7.44	2.90	16.43
	Total	425.68	524.92	497.4	527.54	560.37	566.82	646.05	652.56	669.51	688.33	3.63	5.48
Non-tax Revenue													
1	Power	110.1	98.93	121.1	113.56	125.1	147.68	140.1	170.04	160.1	310.26	14.28	82.46
2	Interest receipts	28.85	67.02	31.05	66.44	31.21	72.52	37.21	78.38	50.41	114.76	35.47	46.41
3	Police	50.29	41.14	55.32	17.6	55.35	61.68	52.42	41.43	52.74	45.39	0.61	9.56
4	Road Transport	36.04	34.1	43	27.63	39.35	41.55	47	48.71	55	52.08	17.02	6.92
5	Forestry and Wild Life	15.35	14.27	15.35	11.45	12.06	12.79	12.06	16.02	13.5	14.21	11.94	-11.30
6	Other Administrative Services	4.29	11.06	10.25	13.59	10.4	7.3	2.38	9.32	4.83	5.3	102.94	-43.13
7	Public Works	4.46	4.68	5.68	3.66	6.83	4.25	4.22	8.65	4.37	15.38	3.55	77.80
8	Plantations	3.5	3.62	5	2.31	5.18	3.86	5.18	5.21	5.18	2.19	0.00	-57.97
9	Water Supply and Sanitation	3.87	3.17	3.91	3.25	3.99	3.8	4.26	4.04	5	4.88	17.37	20.79
10	Tourism	5.6	2.65	2.8	2.64	3.14	3.96	3.8	5.42	4.5	5.14	18.42	-5.17
11	Medical and Public Health	1.27	2.19	2.5	1.97	2.5	2.15	2.5	2.59	2.5	2.11	0.00	-18.53
12	Other Rural Development Programmes	1.5	2.13	1.5	1.65	1.5	0.94	1.5	0.51	1.5	0.91	0.00	78.43
13	Stationery and Printing	1.81	2.05	1.9	1.75	2.03	1.83	1.81	2.16	1.85	3.08	2.21	42.59
14	Crop Husbandry	0.53	1.45	0.91	0.56	0.91	0.7	0.91	0.57	0.91	0.34	0.00	-40.35
15	Education, Sports, Art and Culture	1.69	1.38	1.34	1.22	1.17	1.16	1.12	2.05	1.15	2.32	2.68	13.17
16	State Lotteries	Gross 776.03 Net 40	474.37 41.47	787.23 36	418.64 44.33	- 37.4	- 20.02	- 33.55	- 45	- 50	- 55.03	- 49.03	- 22.29
17	Others	9.35	30.28	10.08	10.16	12.2	26.79	12.24	11.54	12.92	21	5.56	81.98
	Total	1,054.53	794.49	1,098.92	698.08	350.36	412.98	362.26	451.64	426.46	654.38	17.72	44.89
	GRANT TOTAL	1,480.21	1,319.41	1,596.32	1,225.62	910.73	979.80	1,008.31	1,104.20	1,095.97	1,342.71	8.89	21.60

Appendix 1.6
Statement showing investment at the end of 2017-18
(Reference: Paragraph 1.9.2)

(₹ in crore)

Sl.No.	Name of the Companies/corporations	Amount
Statutory Corporations		
1	State Bank of Sikkim	0.53
2	Sikkim Mining Corporation	6.12
3	State Trading Corporation	1.61
Companies		
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.	16.36
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	0.02
14	Denzong Cinema	0.02
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
Banks and Co-operative Societies		
25	State Bank of India	0.00
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
TOTAL		102.43

Appendix 2.1
Statement of various grants /appropriations where saving were more than ₹ 1 crore
each and more than 20 per cent of the total provisional

(Reference: Paragraph 2.3.3)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Total	Saving	Percentage of Savings to Provision
1	1	Food Security and Agriculture Development – Capital Voted	4.97	3.32	66.80
2	1	Food Security and Agriculture Development – Revenue Voted	94.67	46.66	49.29
3	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services– Capital	8.47	3.12	36.84
4	6	Ecclesiastical Department – Revenue Voted	56.83	18.74	32.98
5	7	Human Resource Development– Capital Voted	84.03	24.47	29.12
6	11	Food, Civil Supplies & Consumer Affairs– Capital Voted	6.62	5.97	90.18
7	12	Forestry & Environment and Wildlife Management– Capital Voted	2.00	1.34	67.00
8	12	Forestry & Environment and Wildlife Management– Revenue Voted	217.37	98.02	45.09
9	15	Horticulture & Cash Crops Department– Revenue Voted	165.3	86.6	52.39
10	15	Horticulture & Cash Crops Department– Capital Voted	2.16	1.09	50.46
11	18	Information Technology– Revenue Voted	19.86	15.1	76.03
12	19	Water Recourses & River Development Department– Capital Voted	4.97	3.06	61.57
13	19	Water Recourses& River Development Department - Revenue Voted	177.43	133.8	75.41
14	20	Judiciary	20.22	4.78	23.64
15	22	Land Revenue and Disaster Management– Revenue Voted	137.9	56.05	40.65
16	29	Development Planning, Economic Reforms and North Eastern Council Affairs– Capital Voted	41.06	15.99	38.94
17	29	Development Planning, Economic Reforms and North Eastern Council Affairs– Revenue Voted	38.6	27.96	72.44
18	30	Police - Capital Voted	11.22	3.55	31.64
19	31	Energy and Power– Capital Voted	148.77	72.97	49.05
20	33	Water Security and Public Health Engineering– Capital Voted	132.86	74.26	55.89
21	35	Rural Management and Development - Revenue Voted	280.43	70.64	25.19
22	38	Social Justice, Empowerment and Welfare– Capital Voted	57.49	32.82	57.09
23	38	Social Justice, Empowerment and Welfare– Revenue Voted	175.13	56.64	32.34
24	39	Sports & Youth Affairs– Capital Voted	14.7	8.5	57.82
25	40	Tourism and Civil Aviation – Capital Voted	122.42	57.63	47.08
26	41	Urban Development & Housing– Capital Voted	126.89	43.07	33.94
27	42	Vigilance - Revenue Voted	9.18	2.39	26.03
28	47	Skill Development and Entrepreneurship Department– Revenue Voted	35.85	11.03	30.77
29	47	Skill Development and Entrepreneurship Department– Capital Voted	37.09	32.19	86.79
		TOTAL	2,234.49	1,011.76	

Appendix 2.2
Statement showing Rush of Expenditure

(Reference: Paragraph 2.3.5)

(₹ in crore)

Sl. No.	Grant No.	Number & Name of Grants/ Appropriation	Head of Account	Total Expenditure	Expenditure more than 50 % during March 2018	% of total expenditure incurred during March 2018
1.	1	Food Security and Agriculture	2435	10.06	7.32	72.76
2.		Development	4401	1.65	1.43	86.67
3.	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	4403	4.13	3.47	84.02
4.	3	Buildings and Housing	4059	85.03	57.68	67.83
5.	7	Human Resource Development	2203	7.94	6.12	77.08
6.			4202	59.55	44.03	73.94
7.	10		2045	21.58	21.58	100
8.		Finance, Revenue and Expenditure	7610	0.45	0.41	91.11
9.			2075	16.93	12.91	76.26
10.	11		4408	0.52	0.28	53.85
11.		Food, Civil Supplies & Consumer Affairs	5475	0.13	0.13	100
12.	12	Forestry & Environment and Wildlife	2045	31.09	31.09	100
13.		Management	4406	0.66	0.66	100
14.	13	Health Care, Human Services and Family Welfare	2216	0.47	0.26	55.32
15.	15	Horticulture & Cash Crops Department	4401	1.06	1.06	100
16.	16	Commerce and Industries	4860	2.10	1.53	72.86
17.			2851	59.87	40.54	67.71
18.			2216	3.80	3.80	100
19.	22	Land Revenue and Disaster Management	2506	8.74	7.97	91.91
20.			4215	0.31	0.31	100
21.	28	Personnel, Administrative Reforms, Training and Public Grievances	2052	6.75	3.83	56.74
22.	29	Development Planning, Economic Reforms and North Eastern Council Affairs	4575	25.07	13.66	54.49
23.	30		2059	0.26	0.21	80.77
24.		Police	2216	0.67	0.67	100
25.			4055	6.89	5.36	77.79
26.			4059	0.77	0.69	89.61
27.	31	Energy and Power	2810	1.82	1.82	100
28.		Energy and Power	4801	75.79	51.68	68.19
29.	35	Rural Management and Development	4515	12.67	8.17	64.48
30.	38		2215	1.00	1.00	100
31.			2236	9.05	5.17	57.13
32.		Social Justice, Empowerment and Welfare	4202	3.12	2.70	86.54
33.			4217	1.00	1.00	100
34.			4235	2.00	1.99	99.50
35.			4801	0.49	0.49	100
36.	40	Tourism and Civil Aviation	5452	64.79	33.79	52.15
37.	41	Urban Development & Housing	2216	4.90	2.80	57.14
38.			3475	3.19	2.54	79.62
39.	43	Panchayati Raj Institutions	3604	50.82	28.37	55.82
40.	--	Governor	2406	0.15	0.08	53.33
41.	47	Skill Development and Entrepreneurship	4059	0.90	0.90	100
42.			6202	4.00	4.00	100
			TOTAL	592.17	413.50	

Appendix 2.3
Statement showing cases where supplementary provisions
(₹10 lakh or more in each case) proved unnecessary
(Reference: Paragraph 2.3.6)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Original	Actual Expenditure	savings out of original provision	Supplementary
A – REVENUE (VOTED)						
1	1	Food Security and Agriculture Development	94.21	48.01	46.20	0.46
2	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	50.78	48.03	2.68	3.98
3	4	Cooperation	15.82	15.39	0.43	0.25
4	7	Human Resource Development	614.21	565.38	48.83	27.85
5	10	Finance, Revenue and Expenditure Department	643.26	573.49	69.77	0.45
6	12	Forestry, Environment Management	215.86	119.34	96.52	1.51
7	14	Home	56.63	50.65	5.98	3.65
8	15	Horticulture & Cash Crops Management	151.00	78.70	72.30	14.29
9	18	Information Technology	19.61	4.75	14.86	0.25
10	19	Water Resources & River Development Department	158.41	43.63	114.78	19.02
11	21	Labour & Employment	3.47	3.44	0.03	0.13
12	22	Land Revenue and Disaster Management	129.02	81.85	47.17	8.88
13	30	Police	310.36	296.53	13.83	5.86
14	31	Energy and Power	230.64	210.94	19.70	2.62
15	33	Water Security & Public Health Engineering	23.71	22.84	0.87	0.84
16	35	RM&DD	238.22	209.79	28.43	42.2
17	38	Social Justice, Empowerment and Welfare	155.89	118.48	37.41	19.23
18	42	Vigilance	9.04	6.79	2.25	0.14
19	43	PRI	409.83	344.82	65.01	0.89
20	47	Skill Development & Entrepreneurship	32.45	24.82	7.63	3.40
		Total – REVENUE	3,562.42	2,867.67	694.68	155.90
B -CAPITAL (VOTED)						
21	1	Food Security and Agriculture Development	4.67	1.65	3.02	0.30
22	11	Food	6.45	0.65	5.80	0.17
23	19	Water Resources & River Development Department	4.41	1.91	2.50	0.56
24	20	Judiciary	16.29	14.76	1.53	0.60
25	29	Development Planning	38.52	25.07	13.45	2.54
26	30	Police	9.52	7.66	1.86	1.70
27	31	Energy and Power	118.75	75.79	42.96	30.02
28	33	Water Security and Public Health Engineering	119.45	58.59	60.86	13.40
29	38	Social Justice, Empowerment and Welfare	53.94	24.67	29.27	3.55
30	39	Sports & Youth Affairs	11.55	6.20	5.35	3.15
31	40	Tourism & Civil Aviation	96.90	64.79	32.11	25.52
32	41	Urban Development & Housing	94.97	83.82	11.15	31.92
		Total – CAPITAL	575.42	365.56	209.86	113.43
		GRAND TOTAL	4,137.84	3,233.23	904.54	269.33

Appendix 2.4
Statement showing results of review of substantial surrenders made during the year
(Reference: Paragraph 2.3.7)

(₹ in lakh)

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
1	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Scheme Funded by National Fisheries Development Board	54.41	54.41	100.00
2	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Scheme Funded by Power Developers	67.70	67.70	100.00
<i>Surrender due to non - receipt of fund from Government of India</i>						
Surrender of anticipated provision by ₹28.44 lakh was stated to be due to non-procurement of materials.						
43	10	Finance, Revenue and Expenditure	Motor Conveyance to State Government Employees	10.00	10.00	100.00
<i>Surrendered due to non - receipt of claims for MCA</i>						
4	11	Food, Civil Supplies and Consumer Affairs	Procurement and supply	350.00	350.00	100.00
<i>Surrendered due to delay in obtaining approval and sanction of the Government for construction of food storage godowns</i>						
5	11	Food, Civil Supplies and Consumer Affairs	National food security Mission	245.00	245.00	100.00
<i>Surrendered due to non-receipt of resources from Government of India.</i>						
6	11	Food, Civil Supplies and Consumer Affairs	National Food Security Mission	0.05	0.05	100.00
<i>Entire provision was surrendered due to non-receipt of fund from Government of India</i>						
7	13	Health Care, Human Services and Family Welfare	National Health Mission including NRHM	100.00	100.00	100.00
<i>Reasons for surrender was due to delay in selection of the construction site</i>						
8	13	Health Care, Human Services and Family Welfare	National Mission on Ayush including Mission on Medicinal Plants	300.00	300.00	100.00
<i>The entire provision was surrendered due to late tendering for work</i>						
9	15	Horticulture and Cash Crops Development	National Mission on Sustainable Agriculture	6,000.00	6,000.00	100.00
<i>Surrendered due to non – receipt of fund from Government of India</i>						
10	16	Commerce & Industries	Setting up of Heritage/handicraft museum at Namchi	150.00	150.00	100.00
11	16	Commerce & Industries	Hand-made paper unit at Melli, South Sikkim (NEC)	150.00	150.00	100.00
<i>The above two cases were surrendered due to non-receipt of fund from NEC</i>						
12	16	Commerce & Industries	Modernization and Expansion of Govt. Food Preservation Fact (APEAD EDF under NER) (CSS)	40.00	40.00	100.00
<i>Surrendered due to non - receipt of fund from Government of India</i>						
13	18	Information Technology	National E- Governance Action Plan (NeGAP)	1,448.00	1,448.00	100.00
<i>Surrendered due to non - receipt of fund from Government of India</i>						
14	22	Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18th September Earthquake (SPA)	0.01	0.01	100.00
15	31	Energy and Power	Schemes under Ministry of New and Renewable Energy (100% CSS)	1,475.60	1,475.6	100.00

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
<i>Surrendered due to non-receipt of fund from Government of India</i>						
16	31	Energy and Power	Design, Supply, erection, testing, commissioning of 66 KV single circuit transmission line from 3.3/66 KV Sub-station of Rongli-I at Sisney including extension of line Bay at 66/11 KV (NEC)	36.58	36.58	100.00
17	31	Energy and Power	Construction of 66/11 KV 2X5 MVA sub-station at Perving, East Sikkim Includ. Drawing of 11 KV Transmission lines for Power Evacuation & other Allied Electrical Works in and Around Gangtok in East (NEC)	20.90	20.9	100.00
18	31	Energy and Power	Construction of D/C 132 KV Transmission Lines from LLHP to Nathula with LILO at Bulbuley (NLCPR)	92.72	92.72	100.00
19	31	Energy and Power	Complete Electrification of Lord Buddha Statue Conversion of Overhead LT line and reimbursement of Existing electrical Network at Rabong Bazar in South Sikkim (NLCPR)	7.16	7.16	100.00
20	31	Energy and Power	Drawing of New 66KV Double Circuit Transmission Line from LLHP to Tadong 66/11KV sub-station, East Sikkim (NLCPR)	161.99	161.99	100.00
21	31	Energy and Power	Installation of 1X15MVA Transmission and Extension Bay at 66/11 KV Sub-station at Mamring East Sikkim (NLCPR)	8.89	8.89	100.00
<i>Surrender of entire provision in the above cases was due to non-receipt of fund from Government of India</i>						
22	33	Water Security and Public Health Engineering	Gangtok Water Supply Schemes East	28.72	28.72	100.00
<i>Surrender was attributed to non-receipt of fund from government of India</i>						
23	33	Water Security and Public Health Engineering	Water supply scheme for West District	114.26	114.26	100.00
24	34	Roads & Bridges	Construction of Bridges in West Sikkim	187.20	187.2	100.00
<i>Surrender was attributed to non-receipt of fund from government of India</i>						
25	35	Rural Management and Development	Community Development	100.00	100.00	100.00
<i>Surrender of provision due to non-implementation of scheme</i>						
26	35	Rural Management and Development	Rural Development	170.56	170.56	100.00
<i>Surrender was attributed to non-receipt of fund from Government of India</i>						
27	38	Social Justice, Empowerment and Welfare	Education Support	13.25	13.25	100.00
<i>Surrendered due to non-receipt of fund from Government of India</i>						
28	38	Social Justice, Empowerment and Welfare	Umbrella Scheme for Education of ST Student	3.12	3.12	100.00
<i>Surrendered due to non-receipt of fund from Government of India</i>						

Audit Report on State Finances for the year ended 31 March 2018

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
29	38	Social Justice, Empowerment and Welfare	Educational Support	250.00	250.00	100.00
<i>Surrendered due to non - receipt of Central fund</i>						
30	38	Social Justice, Empowerment and Welfare	National Mission of Empowerment of women including Indira Gandhi Matritwa Sahyog	5.00	5.00	100.00
<i>The entire provision was surrendered due to non-receipt of bills</i>						
31	39	Sports and Youth Affairs	Youth Welfare Programme for Students	4.55	4.55	100.00
<i>Surrendered due to non-payment of NSS officers and staff salaries for SYA as 100% grant was given by the Government of India to implement NSS schools in the State</i>						
32	40	Tourism and Civil Aviation	Tourist Destination Projects	16.22	16.22	100.00
<i>Surrendered due to non - completion of works</i>						
33	432	Panchayat Raj Institutions	Conduct of Election to Municipal Bodies	6.00	6.00	100.00
<i>Surrender was attributed to no By--Election being conducted during the year</i>						
34	46	Municipal Affairs	Performance grant recommended by the 14th Finance Commission	221.00	221.00	100.00
<i>Surrender was made due to non-receipt of fund from Government of India</i>						
35	47	Skill Development & Entrepreneurship	Construction of Pharmacy Training Centre at ITI, Rangpo	270.00	270.00	100.00
36	47	Skill Development & Entrepreneurship	Construction of Centre of Excellence at Rangpo under Vocational Trg. Improvement project	18.00	18.00	100.00
37	47	Skill Development & Entrepreneurship	Construction of ITI at Chambung West Sikkim	855.00	855.00	100.00
38	47	Skill Development & Entrepreneurship	State Industry Integrated Training cum Production and service centre at Sokeythang	990.00	990.00	100.00
<i>Surrendered above mentioned four cases due to non-receipt of fund from Government of India</i>						
39	38	Social Justice, Empowerment and Welfare	Welfare of handicapped	500	499.43	99.89
<i>Surrendered due to non-completion of work</i>						
40	38	Social Justice, Empowerment and Welfare	Maternity Benefit Programme	270.21	265.55	98.28
<i>Surrender in the above two cases was reported to be due to non-release of fund by Government of India</i>						
41	1	Food Security and Agriculture Development	National Oilseed and Oil Palm Mission	127.27	124.56	97.87
<i>Surrender of amount was due to attributed to non - receipt of fund from Government of India</i>						
42	38	Social Justice, Empowerment and Welfare	Other Women's Programme	12.4	12.1	97.58
<i>Surrender was reported because of non-receipt of claims in time</i>						
43	40	Tourism and Civil Aviation	Infrastructure Development for Destinations and Circuits	194.37	189.37	97.43
<i>Surrendered on account of delay in progress of work in some cases and in other cases non-completion of works</i>						
44	19	Water Resources and River Development	Pradhan Mantri Krishi Sinchai Yojana-Har Khet dopani (central share)	3,800.00	3,700.00	97.37
<i>Surrendered due to non - receipt of fund from Government of India</i>						

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
45	16	Commerce& Industries	National Handloom Development Programme	148.3	143.55	96.80
<i>Surrender was made due to centre share of scheme being received directly by the implementing agency</i>						
46	41	Urban Development and Housing	Jawaharlal Nehru National Urban Renewal Mission	119.74	114.85	95.92
<i>Surrender was attributed to non-receipt of fund from Government of India</i>						
47	14	Home	Strengthening of Judicial System	915.00	847.42	92.61
<i>Surrendered due to non - receipt of proposal from either Hon'ble High Court or Building & Housing Department</i>						
48	19	Water Resources and River Development	Surface water	10,492.00	9,592.46	91.43
<i>Surrendered due to non - receipt of bills in time</i>						
49	7	Human Resource Development	National Education Mission	593.79	538.68	90.72
<i>Surrendered due to non - receipt of fund from Government of India</i>						
50	33	Water Security and Public Health Engineering	Schemes under 10% Lump sum Provision for NE States including Sikkim (100& CSS)	966.16	855.86	88.58
51	22	Land Revenue and Disaster Management	Capacity Building for Disaster Response	226.00	200.00	88.50
<i>Surrendered due to non - receipt of fund from Government of India</i>						
52	01	Food Security and Agriculture Development	National Food Security Mission (NFSM)	1,157.29	1,010.04	87.28
<i>Surrender was attributed to non-receipt of fund from Government of India</i>						
53	38	Social Justice, Empowerment and Welfare	Rajeev Gandhi Schemes for Empowerment of Adolescent Girls (RGSEAG)SABLA(CSS)	214.06	186.59	87.17
<i>Surrendered due to non-release of fund by Central</i>						
54	35	Rural Management and Development	Infrastructure Development for Destinations and Circuits	558	486.19	87.13
<i>Surrendered due to delay in completion of NLCPR works and non-receipt of fund from NEC</i>						
55	20	Judiciary	Pensionary charges in respect of High Court Judges	203.4	174.22	85.65
<i>Surrendered due to non - receipt of reimbursement claims from the Central Government in respect of monthly pension/family pension paid to retired judges/family members of deceased judges of Hon'ble High Court of Sikkim</i>						
56	38	Social Justice, Empowerment and Welfare	Destitute Homes	22.82	19.47	85.32
<i>Surrender of provision due to expenditure partly met up from ICPS fund</i>						
57	12	Forestry and Environment Management	Conservation of Natural Resources and Eco - systems	253.6	215.95	85.15
<i>Reasons for surrender was non receipt of fund from GOI</i>						
58	35	Rural Management and Development	Pradhan Mantri Yojana (PMAY)	850.00	716.51	84.30
<i>Surrender was due to non-receipt of fund from MoRD, Government of India</i>						
59	29	Development Planning, Economic Reforms and North Eastern Council Affairs	Planning & Development Department	3,104.99	2,612.09	84.13
<i>Surrendered mainly due to transfer of officers and staff, non-submission of bills</i>						
60	35	Rural Management and Development	Swachh Bharat Mission (Gramin) (SBM)	1,075.00	896.10	83.36
<i>Surrendered due to non-receipt of fund from MDWS, Government of India as per allocation and only State share was released</i>						

Audit Report on State Finances for the year ended 31 March 2018

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
61	28	Personnel, Administrative Reforms, Training and Public Grievances	Skill Development Mission	59.60	48.98	82.18
<i>Surrender was due to postponement of induction training</i>						
62	38	Social Justice, Empowerment and Welfare	Welfare of aged, infirm and destitute	500.00	405.88	81.18
63	12	Forestry and Environment Management	Integrated Water shed Management Programme	700.00	560.00	80.00
<i>Surrendered due to non - receipt of fund from Government of India</i>						
64	29	Development Planning, Economic Reforms and North Eastern Council Affairs	Border area Development Programmes	150.22	120.07	79.93
<i>Surrendered due to non-requisition of resource by the implementing departments</i>						
65	38	Social Justice, Empowerment and Welfare	Special Central Assistance for Scheduled Castes Component Plan	150.00	119.07	79.38
<i>Surrendered due to non-completion of scheme in time</i>						
66	28	Personnel, Administrative Reforms, Training and Public Grievances	Department of Personnel, AR and Training	140.00	111.06	79.33
<i>Surrender was made due to non-receipt of training programme outside the State</i>						
67	40	Tourism and Civil Aviation	Other Development Projects	3,632.73	2,853.89	78.56
<i>Surrender was reported because of non-receipt of claims in time</i>						
68	7	Human Resource Development	National Education Mission	612.5	475.71	77.67
<i>Surrender due to non - receipt of fund from Government of India and non-presentation of bills in time</i>						
69	40	Tourism and Civil Aviation	Infrastructure Development for Destinations and Circuits	2,575.53	1,992.86	77.38
<i>Surrender was due to non- completion of works</i>						
70	38	Social Justice, Empowerment and Welfare	Construction	513.88	392.36	76.35
<i>Surrendered due to non-completion of work</i>						
71	41	Urban Development & Housing	Schemes funded by NABARD	542	412.96	76.19
72	47	Skill Development & Entrepreneurships	Skill Development Mission	1,357.56	1,033.56	76.13
<i>Surrendered due to non-receipt of fund from Government of India</i>						
73	39	Sports and Youth Affairs	Stadium, Gymnasium and Playground	1,155.20	834.72	75.26
<i>Surrender was attributed to non-receipt of fund from Government of India</i>						
74	34	Roads & Bridges	Roads for interstate or Economic Importance	780.01	583.62	74.82
<i>Surrendered due to non-receipt of anticipated fund from Government of India</i>						
75	15	Horticulture and Cash Crops Development	Progeny Orchards	11.43	8.00	69.99
<i>Surrender was made due to retirement of officials</i>						
76	15	Horticulture and Cash Crops Development	Floriculture	691.88	482.43	69.73
<i>Surrendered due to non - receipt of fund from Government of India</i>						
77	41	Urban Development and Housing	ADP Project (EAP)	3,000.00	2,080.31	69.34
<i>Surrender was attributed to non-receipt of fund from Government of India</i>						

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
78	7	Human Resource Development	Construction of school building at various locations	1,087.07	749.43	68.94
<i>Surrendered due to non - receipt of fund from Government of India</i>						
79	22	Land Revenue and Disaster Management	National Land Record Management Programme	346.17	237.34	68.56
<i>Surrendered due to non - receipt of fund from Government of India</i>						
80	20	Judiciary	District and Session court, West (Gyalshing)	207.9	141.99	68.30
<i>Surrendered due to non - appointment of personnel against vacant posts, decrease in training programme of Judicial Officers outside the State, non - procurement of office furniture, library books etc</i>						
81	19	Water Resources and River Development	Drainage	441.08	300.05	68.03
<i>Surrendered due to non - receipt of fund from North East Council (NEC)</i>						
82	38	Social Justice, Empowerment and Welfare	Working Women's Hostel, Deorali	5	3.39	67.80
<i>Surrendered of provision due to incomplete work</i>						
83	12	Forestry and Environment Management	National Afforestation Programme (National Mission for Green India)	200	134	67.00
<i>Surrender was due to delay in selection of the construction site</i>						
84	38	Social Justice, Empowerment and Welfare	Multi Sectoral Development Programme for Minority	750	499.84	66.65
85	38	Social Justice, Empowerment and Welfare	Schemes for Development of OBC and Denotified Tribes (DNT) and Semi nomadic tribes	1,295	846.87	65.40
<i>Surrender in the above four cases due to non - completion of work</i>						
86	22	Land Revenue and Disaster Management	Reconstruction of Asset Damaged by 18 September Earthquake (SPA)	1,470.00	960.31	65.33
87	38	Social Justice, Empowerment and Welfare	Construction	600.00	379.23	63.21
88	31	Energy and Power	Schemes under North Eastern Council (NEC)	2,921.71	1,834.16	62.78
<i>Surrender was attributed to non-receipt of fund from government of India</i>						
89	7	Human Resource Development	National Education Mission	6,975.46	4,347.54	62.33
<i>Surrender of amount in two cases due to non-receipt of fund from Government of India</i>						
90	41	Urban Development & Housing	Scheme under Ministry of Urban Development and HUPA	1,601.00	978.15	61.10
<i>Surrendered due to non - release of fund from Government of India</i>						
91	38	Social Justice, Empowerment and Welfare	National Mission for Empowerment of women including India Gandhi Matritav SY (CSS)	189.14	113.58	60.05
<i>Surrender in the above two cases due to non-release of fund by Government of India</i>						
92	38	Social Justice, Empowerment and Welfare	ICDS Programme (State Share)	320.02	183.63	57.39
<i>Surrendered due to non-release of fund by Central</i>						
93	22	Land Revenue and Disaster Management	Reconstruction of Assets Damaged by 18th September Earthquake (SPA)	74	43.16	58.32
<i>Surrender was mainly attributed to part payment of works for re-construction of Tashiling Secretariat, retrofitting and renovation of school buildings, ICDS, restoration of power house, roads etc</i>						
94	3	Building and Housing	Building and Housing Department (Suspense)	50.00	28.44	56.88

Audit Report on State Finances for the year ended 31 March 2018

Sl. No	Grant No.	Name of Grant	Name of the scheme (Head of Account)	Original Provision	Amount of Surrender	Percentage of Surrender
<i>Surrender was due to non-receipt of Central share</i>						
95	35	Rural Management and Development	Rural Development Department	50.00	28.34	56.68
<i>Surrendered due to delay in completion of NLCPR works and non-receipt of fund from NEC</i>						
96	33	Water Security and Public Health Engineering	Water Supply Scheme for South District	2,814.47	1,582.7	56.23
<i>Surrender due to non-procurement of materials</i>						
97	33	Water Security and Public Health Engineering	P.H.E Department	171.49	91.43	53.32
<i>Surrender an above two cases due to non-receipt of bills</i>						
98	--	Governor	Emoluments and allowances of the Governor/Administrator of Union Territories	13.2	6.88	52.12
<i>Surrender of provision due to reduction of pension component of Hon'ble Governor</i>						
99	31	Energy and Power	Schemes under Non-Lapsable Pool of Central Resources (NLCPR)	6,171.06	3,153.29	51.10
<i>Surrender was attributed to non-receipt of fund from government of India</i>						
TOTAL				84,102.60	66,532.11	

Appendix 2.5
Statement showing details of savings of ₹ 1 crore and above not surrendered
(Reference: Paragraph 2.3.8)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Capital/Revenue	Saving	Surrender	Saving which remained to be surrendered
Revenue						
1	1	Food Security and Agriculture Development	Revenue	46.66	43.64	3.02
2	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Revenue	6.73	4.13	2.60
3	6	Ecclesiastical	Revenue	18.74	16.03	2.71
4	7	Human Resource Development	Revenue	76.68	75.53	1.15
5	12	Forestry, Environment and Wildlife Management	Revenue	98.02	26.83	71.19
6	13	Health Care, Human Services and Family Welfare	Revenue	16.59	15.26	1.33
7	22	Land Revenue and Disaster Management	Revenue	56.05	8.63	47.42
8	31	Energy and Power	Revenue	22.33	20.3	2.03
9	38	Social Justice, Empowerment and Welfare	Revenue	56.64	49.68	6.96
10	41	Urban Development & Housing	Revenue	15.63	14.62	1.01
Capital						
11	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Capital	3.12	1.92	1.20
12	7	Human Resource Development	Capital	24.47	18.47	6.00
13	15	Horticulture & Cash Crops Management	Capital	1.09	0.09	1.00
14	30	Police	Capital	3.55	1.14	2.41
15	31	Energy and Power	Capital	72.97	67.91	5.06
16	33	Water Security & Public Health Engineering	Capital	74.26	37.24	37.02
17	34	Roads & Bridges	Capital	57.58	21.36	36.22
18	38	Social Justice, Empowerment and Welfare	Capital	32.82	31.63	1.19
19	40	Tourism and Civil Aviation	Capital	57.63	52.83	4.80
20	41	Urban Development & Housing	Capital	43.07	41.54	1.53
		TOTAL		784.63	548.78	235.85

Appendix 2.6

Statement showing surrender of funds in excess of ₹ 1 crore on 31 March 2018

(Reference: Paragraph 2.3.8)

(₹ in crore)

Sl. No.	Grant Name and No.	Major Heads	Total Provision	Amount Surrender	Percentage of Total Provision
1	Food Security and Agriculture Development - 1	Crop Husbandry (2401)	58.14	14.97	26
2		Other Agricultural Programmes (2435)	33.41	19.05	57
3		Capital Outlay on Crop Husbandry (4401)	4.97	2.73	55
4	Co-operation -5	Capital Outlay on Education , Sports, Art and Culture (4202)	35.50	5.00	14
5	Human Resource Development -7	General Education (2202)	630.41	71.18	11
6		Capital Outlay on Education , Sports, Art and Culture (4202)	84.03	15.97	19
7	Finance, Revenue and Expenditure -10	Pensions and other Retirement Benefits (2071)	539.50	36.49	6.76
8	Food, Civil Supplies and Consumer Affairs -11	Capital Outlay on Food Storage and Warehousing (4408)	4.02	3.50	87
9		Capital Outlay on other General Economic Services (5475)	2.60	1.95	75
10	Forestry and Environment Management- 12	Capital Outlay on Forestry and Wild Life (4406)	2.00	1.34	67
11		Forestry and Wild Life (2406)	102.30	6.97	7
12	Health Care, Human Services and Family Welfare -13	Family Welfare (2211)	19.59	1.24	6
13		Medical and Public Health (2210)	234.65	8.05	3
14		Capital Outlay on Medical and Public Health (4210)	233.81	4.64	2
15	Home-14	Administration of Justice (2014)	9.15	8.47	93
16	Horticulture and Cash Crops Development-15	Crop Husbandry (2401)	165.30	83.81	51
17	Commerce and Industries-16	Village and Small Industries (2851)	66.02	4.44	7
18	Information Technology-18	Industries (2852)	19.86	14.48	73
19	Water Resources and River Development-19	Capital Outlay on Flood Control Projects (4711)	4.97	3.00	60
20		Minor Irrigation (2702)	158.11	131.25	83
21	Judiciary-20	Pensions and other Retirement Benefits (2071)	2.03	1.74	86
22		Administration of Justice (2014)	35.08	1.23	4
23	Land Revenue and Disaster Management-22	Land Reforms (2506)	11.11	2.37	21
24		Relief on Account of Natural calamities (2245)	85.92	2.00	2
25		Capital Outlay on	60.20	9.6	16

Sl. No.	Grant Name and No.	Major Heads	Total Provision	Amount Surrender	Percentage of Total Provision
		Public Works (4059)			
26	Police-30	Police (2055)	303.02	13.23	4
27		Capital Outlay Police (4055)	9.85	1.05	11
28	Energy and Power-31	Capital Outlay on Power Projects (4801)	148.77	45.74	31
29		Power (2801)	230.42	19.34	8
30	Water Security and Public Health Engineering33	Capital Outlay on Water Supply and Sanitation (4215)	132.86	33.89	26
31	Roads and Bridges-34	Capital Outlay on Roads and Bridges (5054)	350.64	17.18	5
32	Rural Management and Development-35	Rural Employment (2505)	151.75	48.51	32
33		Other Rural Development Programmes (2515)	12.26	4.25	34.66
34		Water Supply and Sanitation (2215)	24.62	8.79	35.71
35		Housing (2216)	34.24	7.17	21
36		Capital Outlay on Water Supply and Samnitiation (4215)	56.30	18.07	32
37		Capital Outlay on Roads and Bridges (5054)	332.23	5.00	2
38	Social Justice, Empowerment and Welfare-38	Welfare of Sceduled Castes, Sceduled Tribes and other Backward Classes (2225)	54.60	13.64	25
39		Social Security and Welfare (2235)	104.85	23.13	22
40		Nutrition (2236)	12.48	3.41	27
41		Capital Outlay on Welfare of SC/ST/OBC (4225)	33.09	18.51	56
42		Capital Outlay on Social Security and Welfare (4235)	14.45	11.06	77
43	Sports and Youth Affairs -39	Capital Outlay on Education, Sports, Art and Culture (4202)	14.70	8.00	54
44	Tourism and Civil Aviation - 40	Capital Outlay on Tourism (5452)	122.42	40.94	33
45	Urban Development and Housing -41	Capital Outlay on Urban Development (4217)	126.89	40.05	32
46		Urban Development (2217)	166.39	11.14	7
47	Vigilance-42	Vigilance (2062)	9.18	2.38	26
48	Panchayat Raj Institutions -43	General Education (2202)	323.58	5.66	2
49	Municipal Affairs-46	Compensation and Asigment to Local Bodies and Panchayat Raj Institutions (3604)	15.22	1.44	9

Audit Report on State Finances for the year ended 31 March 2018

Sl. No.	Grant Name and No.	Major Heads	Total Provision	Amount Surrender	Percentage of Total Provision
50	Skill Development	Other Administration Services (2070)	32.27	6.29	19
51	and Entrepreneurship -47	Capital Outlay on Public Works (4059)	33.09	5.13	16
TOTAL			5,452.85	868.47	

Appendix 2.7
Statement showing pending DC bills for the years upto 2017-18
(Reference: Paragraph 2.4.1)

Sl No	Grant No.	Department/Particulars	No. of AC bills	Amount (₹ in crore)
1	0	Contingency Fund	3	0.40
2	1	Food Security and Agriculture Development	40	3.95
3	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	37	3.80
4	3	Buildings	58	0.16
5	4	Co-operation	14	0.23
6	5	Cultural Affairs and Heritage	7	0.11
7	6	Ecclesiastical	8	1.00
8	7	Human Resource Development	84	2.72
9	8	Election	13	0.36
10	9	Excise	9	0.07
11	10	Finance, Revenue and Expenditure	84	0.27
12	11	Food, Civil Supplies & Consumer Affairs	13	1.13
13	12	Forestry & Environment Management	28	0.41
14	13	Health Care, Human Services and Family Welfare	195	6.65
15	14	Home	283	2.99
16	15	Horticulture & Cash Crops Management	134	7.33
17	16	Commerce and Industries	13	0.41
18	17	Information and Public Relation	26	0.17
19	18	Information Technology	26	0.39
20	19	Water Resources and River Development	15	0.03
21	20	Judiciary	82	0.57
22	21	Labour	46	4.77
23	22	Land Revenue and Disaster Management	40	0.08
24	23	Law	6	0.01
25	24	Legislature	64	1.40
26	25	Mines, Minerals and Geology	13	0.18
27	26	Motor Vehicles	5	0.01
28	27	Legal, Legislative and Parliamentary Affairs	12	0.02
29	28	Personnel, Administrative Reforms, Training, Public Grievances	107	5.33
30	29	Development Planning, Economic Reforms and North Eastern Council Affairs	100	4.03
31	30	Police	355	2.68
32	31	Energy and Power	15	0.33
33	32	Printing	3	3.65
34	33	Water Security and Public Health Engineering	53	0.22
35	34	Roads & Bridges	42	0.17
36	35	Rural Management and Development	150	0.34
37	36	Science and Technology	36	0.08
38	37	Sikkim Nationalised Transport	3	0.01
39	38	Social Justice, Empowerment and Welfare	151	7.24
40	39	Sports & Youth Affairs	117	3.33
41	40	Tourism	80	5.12
42	41	Urban Development & Housing	35	0.08
43	42	Vigilance	10	0.02
44	43	Panchayat Raj Institutions	37	1.76
45	--	Governor	55	0.24
46	--	Public Service Commission	17	0.71
47	47	Skill Development and Entrepreneurship Department	9	2.82
		TOTAL	2,733	77.78

Appendix 3.1

Statement showing Annexure on Delay in submission of Utilisation Certificates by Ecclesiastical Affairs Department
(Reference: Paragraph 3.1.1.2)

(Amount in ₹)

Sl. no.	Vr. no.	GIA release date	Amount	UCs submitted	UCs not submitted	Due date for submission of UCs	Actual date of submission of UCs	Delay in months/years As on August 2018
2010-11								
1	4319/H	26-Mar-11	18,000		18,000	25.06.11	not submitted	7 yrs 1 month
2011-12								
2	6574	31-Mar-12	18,000		18,000	31.06.12	not submitted	6 yrs 6 months
2012-13								
3	7139	31-Mar-13	2,06,50,000		2,06,50,000	31.06.13	not submitted	5 yrs 2 months
4	2717	21-Mar-13	18,000		18,000	21.06.13	not submitted	5 yrs 2 months
			2,06,68,000		2,06,68,000			
2013-14								
5	1070	10-May-13	30,000		30,000	09.08.13	not submitted	5 yrs 5 months
6	852	10-Jun-13	1,00,000		1,00,000	9.09.13	not submitted	5 yrs 2 months
7	3289	26-Jun-13	35,00,000		35,00,000	25.06.14	not submitted	5 yrs 2 months
8	3890	29-Jun-13	1,00,000		1,00,000	28.09.13	not submitted	5 yrs 2 months
9	1370	9-Jul-13	3,50,000		3,50,000	08.01.14	not submitted	4 yrs 7 months
10	52	1-Aug-13	1,00,000		1,00,000	01.11.13	not submitted	5 yrs months
11	381	2-Aug-13	50,000		50,000	01.11.13	not submitted	4 yrs 9 months
12	1153	12-Aug-13	3,00,000		3,00,000	11.02.14	not submitted	4 yrs 6 months
13	1706	16-Aug-13	50,000		50,000	15.11.13	not submitted	4 yrs 9 months
14	662	4-Mar-14	38,00,000		38,00,000	03.03.15	not submitted	3 yrs 5 months
15	789	5-Mar-14	68,00,000		68,00,000	04.03.15	not submitted	3 yrs 5 months
16	4760	31-Mar-14	1,92,00,000		1,92,00,000	30.03.14	not submitted	4 yrs 5 months
17	4761	31-Mar-14	1,02,00,000		1,02,00,000	30.03.14	not submitted	4 yrs 5 months
18	150	3-Feb-14	2,00,000		2,00,000	02.08.14	not submitted	4 yrs
19	156	3-Feb-14	47,867		47,867	02.08.14	not submitted	4 yrs 4 months
20	3276	11-Oct-13	6,31,500		6,31,500	10.10.14	not submitted	3 yrs 8 months
21	791	5-Mar-14	15,00,000		15,00,000	04.03.14	not submitted	4 yrs 5 months
22	2962	26-Mar-14	70,000		70,000	25.06.14	not submitted	4 yrs 2 months
23	4269	31-Mar-14	3,000		3,000	30.06.14	not submitted	4 yrs 2 months
24	4270	31-Mar-14	30,000		30,000	30.06.14	not submitted	4 yrs 2 months
25	4956	31-Mar-14	11,065		11,065	30.06.14	not submitted	4 yrs 2 months
26	582	7-Nov-13	6,80,00,000		6,80,00,000	06.11.14	not submitted	3 yrs 8 months
27	590	7-Nov-13	1,17,00,000		1,17,00,000	06.11.14	not submitted	3 yrs 8 months
28	2992	24-Sep-13	90,000		90,000	23.12.13	not submitted	4 yrs 8 months
29	2391	8-Oct-13	2,16,50,000		2,16,50,000	07.10.14	not submitted	3 yrs 10 months
30	3275	11-Oct-13	10,000		10,000	10.01.14	not submitted	3 yrs 7 months
31	4348	28-Oct-13	60,000		60,000	27.01.14	not submitted	3 yrs 7 months
32	4442	29-Oct-13	13,35,000	13,35,000	0			
33	4354	28-Oct-13	2,00,000		2,00,000	27.04.14	not submitted	4 yrs 3 months
34	4446	29-Oct-13	2,13,000		2,13,000	28.04.14	not submitted	4 yrs 3 months
35	5778	31-Mar-14	18,000		18,000	30.03.15	not submitted	3 yrs 5 months
			15,03,49,432	13,35,000	14,90,14,432			

2014-15								
36	1708	15-Sep-14	10,000		10,000	14.12.14	not submitted	3 yrs 8 months
37	1509	14-Aug-14	1,00,000		1,00,000	13.11.14	not submitted	3 yrs 7 months
38	1969	19-Aug-14	50,000		50,000	18.11.14	not submitted	3 yrs 7 months
39	520	4-Nov-14	14,65,000		14,65,000	03.11.15	not submitted	2 yrs 9 months
40	925	8-May-14	2,88,000		2,88,000	07.11.15	not submitted	2 yrs 9 months
41	3079	26-Mar-15	30,000		30,000	25.06.15	not submitted	3 yrs 2 months
42	6102	31-Mar-15	7,000		7,000	30.06.15	not submitted	3 yrs 2 months
43	733	4-Feb-15	1,00,00,000		1,00,00,000	03.02.16	not submitted	2 yrs 6 months
44	1250	7-Feb-15	1,00,000		1,00,000	06.06.15	not submitted	3 yrs 2 months
45	3087	26-Mar-15	18,000		18,000	25.06.15	not submitted	3 yrs 2 months
			1,20,68,000		1,20,68,000			
2015-16								
46	1121	8-Feb-16	30,000		30,000	07.04.16	not submitted	2 yrs 3 months
47	2113	16-Feb-16	1,50,000		1,50,000	15.08.16	not submitted	1 yr 11 months
48	4320	29-Feb-16	50,000		50,000	28.04.16	not submitted	2 yrs 4 months
49	2575	25-Aug-15	50,000		50,000	24.11.15	not submitted	2 yrs 9 months
50	3188	29-Jun-15	1,00,000		1,00,000	28.09.15	not submitted	2 yrs 11 months
51	824	11-Jan-16	13,68,000	13,68,000	0			
52	2271	25-Jan-16	12,000		12,000	24.04.16	not submitted	2 yrs 4 months
53	1000	8-Mar-16	1,00,000		1,00,000	07.06.16	not submitted	2 yrs 2 months
54	1503	10-Mar-16	1,00,000		1,00,000	09.06.16	not submitted	2 yrs 2 months
55	4462	31-Mar-16	1,80,000		1,80,000	30.06.16	not submitted	2 yrs 2 months
56	6495	31-Mar-16	1,990		1,990	30.06.16	not submitted	2 yrs 2 months
57	694	5-Mar-16	18,000		18,000	04.06.16	not submitted	2 yrs 2 months
			21,59,990	13,68,000	7,91,990			
2016-17								
58	19	1-Aug-16	5,00,00,000	5,00,00,000				
59	5782	31-Mar-17	1,00,00,000		1,00,00,000	30.03.18	not submitted	5 months
60	5783	31-Mar-17	14,04,500	14,04,500				
61	3634	30-Jul-16	5,00,00,000	5,00,00,000				
62	1581	10-Jun-16	50,00,000		50,00,000	09.06.17	not submitted	2 months
63	3138	28-Jun-16	5,00,00,000		5,00,00,000	27.06.17	not submitted	2 months
64	3139	28-Jun-16	4,50,00,000		4,50,00,000	27.06.17	not submitted	2 months
65	3121	26-Dec-16	10,00,000		10,00,000	09.12.17	not submitted	8 months
66	270	10-Jan-17	2,80,00,000	2,80,00,000				
67	271	10-Jan-17	2,70,00,000	2,70,00,000				
68	842	7-Feb-17	4,50,00,000		4,50,00,000	06.02.18	not submitted	6 months
			31,24,04,500	15,64,04,500	15,60,00,000			
2017-18								
69	3335	27-Feb-18	10,80,000		10,80,000		not submitted	
70	6530	31-Mar-18	5,73,951		5,73,951		not submitted	
71	6612	31-Mar-18	1,00,00,000		1,00,00,000		not submitted	
72	600	5-Feb-18	38,50,000		38,50,000		not submitted	
73	601	5-Feb-18	2,00,000		2,00,000		not submitted	
74	602	5-Feb-18	5,50,000		5,50,000		not submitted	
75	603	5-Feb-18	5,00,000		5,00,000		not submitted	
76	1334	13-Feb-18	42,50,000		42,50,000		not submitted	
77	2485	22-Feb-18	31,50,000		31,50,000		not submitted	

Audit Report on State Finances for the year ended 31 March 2018

78	3103	24-Feb-18	51,50,000		51,50,000		not submitted	
79	62	1-Mar-18	60,50,000		60,50,000		not submitted	
80	64	1-Mar-18	4,00,000		4,00,000		not submitted	
81	565	6-Mar-18	53,00,000		53,00,000		not submitted	
82	1010	8-Mar-18	78,00,000		78,00,000		not submitted	
83	1344	9-Mar-18	43,50,000		43,50,000		not submitted	
84	2145	14-Mar-18	1,00,00,000		1,00,00,000		not submitted	
85	2263	15-Mar-18	79,00,000		79,00,000		not submitted	
86	4680	29-Mar-18	48,50,000		48,50,000		not submitted	
87	5421	30-Mar-18	72,50,000		72,50,000		not submitted	
88	6936	31-Mar-18	3,45,00,000		3,45,00,000		not submitted	
89	6942	31-Mar-18	32,00,000		32,00,000		not submitted	
90	6943	31-Mar-18	6,00,000		6,00,000		not submitted	
91	6945	31-Mar-18	60,50,000		60,50,000		not submitted	
92	7394	31-Mar-18	7,00,000		7,00,000		not submitted	
93	7488	31-Mar-18	6,00,000		6,00,000		not submitted	
94	3325	29-Nov-17	10,00,000		10,00,000		not submitted	
95	1367	13-Jan-18	4,72,50,000		4,72,50,000		not submitted	
96	1958	23-Jan-18	5,00,000		5,00,000		not submitted	
97	1015	10-Jun-17	3,21,50,000		3,21,50,000		not submitted	
98	1016	10-Jun-17	5,07,50,000		5,07,50,000		not submitted	
99	588	7-Sep-17	30,00,000		30,00,000		not submitted	
100	1014	10-Jun-17	60,00,000		60,00,000		not submitted	
101	2002	15-Sep-17	20,00,000		20,00,000		not submitted	
102	6611	31-Mar-18	50,00,000		50,00,000		not submitted	
103	599	5-Feb-18	30,00,000		30,00,000		not submitted	
104	3104	24-Feb-18	14,04,500		14,04,500		not submitted	
105	2564	16-Mar-18	1,00,00,000		1,00,00,000		not submitted	
106	2565	16-Mar-18	30,00,000		30,00,000		not submitted	
107	6944	31-Mar-18	20,00,000		20,00,000		not submitted	
108	7025	31-Mar-18	75,55,500		75,55,500		not submitted	
109	1196	15-Nov-17	50,000		50,000		not submitted	
110	1658	17-Nov-17	10,00,000		10,00,000		not submitted	
111	1659	17-Nov-17	20,00,000		20,00,000		not submitted	
112	2080	24-Jan-18	25,00,000		25,00,000		not submitted	
113	2224	25-Oct-17	20,00,000		20,00,000		not submitted	
114	1188	15-Jan-18	90,000	90,000			not submitted	
115	1186	15-Jan-18	18,000	18,000			not submitted	
116	1185	15-Jan-18	68,000	68,000			not submitted	
117	1184	15-Jan-18	18,000	18,000			not submitted	
118	1187	15-Jan-18	18,000	18,000			not submitted	
		TOTAL	31,12,25,951	2,12,000	31,10,13,951			
		GRAND TOTAL	80,89,23,873	15,93,19,500	64,96,04,373			

Appendix 3.2
Statement showing names of Autonomous Bodies and Authorities, the accounts of
which had not been received under Section 14 (1)

(Reference: Paragraph 3.2)

Sl No.	Name of the bodies /Authorities	Section under which Audited	Accounts Pending	Number of Accounts Pending
1	Sikkim Institute of Rural Development	14	2016-17 & 2017-18	2
2	Sikkim Illness Fund Association	14	2015-16, 2016-17 & 2017-18	3
3	State Leprosy Officer	14	2014-15, 2015-16, 2016-17, 2017-18	4
4	District Leprosy Officer, East	14	2016-17 & 2017-18	2
5	District Leprosy Officer, South	14	2014-15, 2015-16, 2016-17, 2017-18	4
6	District Leprosy Officer, North	14	2014-15, 2015-16, 2016-17, 2017-18	4
7	District Leprosy Officer, West	14	2014-15, 2015-16, 2016-17, 2017-18	4
8	Member Secretary, State Health Society, (NRHM) Gangtok	14	2016-17, 2017-18	2
9	Vice Chairman, District Health Society (NRHM), South	14	2016-17, 2017-18	2
10	Vice Chairman, District Health Society (NRHM), North	14	2016-17, 2017-18	2
11	Vice Chairman, District Health Society (NRHM), East	14	2016-17, 2017-18	2
12	Vice Chairman, District Health Society (NRHM), West	14	2016-17 & 2017-18	2
13	Sikkim Renewal Energy Development Programme	14	2016-17 & 2017-18	2
14	Project Director, National Aids Control Society	14	2016-17 & 2017-18	2
15	Project Director, Prevention & Control of Blindness	14	2016-17 & 2017-18	2
16	Director, Sikkim Institute of Tibetology	14	2017-18	1
17	Member Secretary, Council of Science & Technology	14	2013-14, 2014-15, 2015-16, 2016-17, 2017-18	5
18	Project Director Sikkim Rural Development Agency	14	2017-18	1

SI No.	Name of the bodies /Authorities	Section under which Audited	Accounts Pending	Number of Accounts Pending
19	Principal, Institute of Hotel Management	14	2017-18	1
20	Sikkim Urban Development & Housing Department	14	2016-17, 2017-18	2
21	Small Farmers Agro Business Consortium (SFAC)	14	2017-18	1
22	Sikkim State Commission for women	14	0	0
23	RajyaSainik Board	14	2015-16, 2016-17, 2017-18	3
24	Sikkim Livestock Development Board	14	2017-18	1
25	Sikkim State Social Welfare Board	14	2017-18	1
26	Juvenilia Welfare Board	14	2017-18	1
27	State Organic Mission	14	2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18	8
28	State Commission for Protection of Child Right	14	2016-17, 2017-18	2
29	State Institute of Capacity Building, Karfectar, Jorethang	14	0	0
30	District Project Management Unit (Rural Livelihood Project), Jorethang	14	2017-18	1
31	District Project Management Unit(Rural Livelihood Project), Jorethang	14	2017-18	1
32	Indian Himalayan Centre for Adventure Tourism, Chemchey, South Sikkim	14	2014-15, 2015-16, 2016-17, 2017-18	4
			TOTAL	72

Appendix 3.3
Statement showing names of Autonomous Bodies and Authorities, the accounts of which has not been received
(Reference: Paragraph 3.3)

Sl. No.	Name of Bodies/Authorities	Audited under section of DPC Act	Accounts Due	Number of Accounts due
1	Sikkim Housing and Development Board	20 (1)	2013-14 to 2017-18	5
2	Sikkim Milk Union	20 (1)	2017-18	1
3	Sikkim State Co-operative Supply and Marketing Federation	20 (1)	2015-16 to 2017-18	3
4	SSERC	20 (1)	2017-18	1
5	SKVIB	20 (1)	2016-17 & 2017-18	2
6	SBOCWVB	20 (1)	2017-18	1
7	SLSA	20 (1)	2017-18	1
TOTAL				14

Appendix 3.4
Statement showing placement of Separate Audit Report
(Reference: Paragraph 3.3)

Sl. No.	Name of the Body	Period of Entrustment	Year upto which Accounts were rendered	Date of submission of Accounts	Period upto which SAR issued	Date of issue of SAR (in brackets year of SAR)	Placement of SAR	No. of SAR not placed before State Legislature
1	Sikkim State Legal Services Authority (SLSA)	Audit entrusted as per section 18 (2) of the SLSA Act 1987	2016-17	29.09.2017	2016-17	11.12.2016 (2014-15) 16.12.2016 (2015-16) 19.12.2017 (2016-17)	30.01.2018 (2015-16)	1
2	Sikkim State Electricity Regulatory Commission	Audit entrusted as per section 104 (2) of the Electricity Act 2003	2016-17	27.09.2017	2016-17	20.06.2016 (2011-12 to 2014-15) 12.04.2017 (2015-16) 29.01.2018 (2016-17)	10.03.2018 (2015-16)	1

2019

© COMPTROLLER AND AUDITOR GENERAL OF INDIA

www.saiindia.gov.in

agskm.cag.gov.in