



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



ACCOUNTS at a Glance

for the year
2018-19



GOVERNMENT OF SIKKIM



Sikkim Legislative Assembly

Accounts at a Glance for the year 2018-19

SENIOR DEPUTY ACCOUNTANT GENERAL (ACCOUNTS AND ENTITLEMENTS), SIKKIM



GOVERNMENT OF SIKKIM

Preface

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

The Annual Accounts consist of (a) Finance Accounts and (b) Appropriation Accounts.

Finance Accounts are summary statements of accounts under the Consolidated Fund, Contingency Fund and the Public Account. The Appropriation Accounts record the Grant-wise gross expenditure against provisions approved by the State Legislature and offer explanations for variations between the actual expenditure and the funds provided.

The Senior Deputy Accountant General (Accounts and Entitlements) Sikkim, prepares the Annual Accounts of the Government of Sikkim.

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

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

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



Place: Gangtok
Date: 24 June 2020

(SUSIL KUMAR)
Principal Accountant General

Our Vision, Mission and Core Values

VISION

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

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

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

MISSION

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

CORE VALUES

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

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

Table of Contents

		Page No.
Chapter I	Overview	1
1.1	Introduction	1
1.2	Structure of Accounts	2
1.3	Finance Accounts and Appropriation Accounts	4
1.4	Sources and Application of Funds	6
1.5	Financial highlights	9
1.6	Fiscal Responsibility and Budget Management (FRBM) Act, 2010	11
Chapter II	Receipts	14
2.1	Introduction	14
2.2	Revenue Receipts	14
2.3	Tax Revenue	16
2.4	Efficiency of Tax Collection	18
2.5	Trend in State's Share of Union Taxes over five years	19
2.6	Grants-in-Aid	19
2.7	Public Debt	20
Chapter III	Expenditure	21
3.1	Introduction	21
3.2	Revenue Expenditure	21
3.3	Capital Expenditure	24
Chapter IV	Appropriation Accounts	26
4.1	Summary of Appropriation Accounts	26
4.2	Trend of Savings/Excess during the past five years	26
4.3	Significant Savings	27

Chapter V	Assets and Liabilities	28
5.1	Assets	28
5.2	Debt and Liabilities	29
5.3	Guarantees	30
Chapter VI	Other Items	31
6.1	Adverse Balances	31
6.2	Loans and Advances by the State Government	31
6.3	Financial assistance to local bodies and others	31
6.4	Reconciliation of Accounts	32
6.5	Submission of Accounts by Accounts rendering units	32
6.6	Advance payments	33
6.7	Status of Suspense Balances	33
6.8	Status of Outstanding Utilisation Certificate	34
6.9	Commitments on account of Incomplete Capital works	34
6.10	New Pension Scheme	34
6.11	Personal Deposit Accounts	35
6.12	Investment	35
6.13	Rush of expenditure	35

Chapter I

Overview

1.1 Introduction

The Senior Deputy Accountant General (Accounts and Entitlements), Sikkim compiles the accounts of receipts and expenditure of the Government of Sikkim. This compilation is based on the initial accounts rendered by six Treasuries (including the accounts in respect of 41 Public Works/Irrigation Divisions and five Forest Divisions), the Directorate of Sikkim State Lotteries, the Sikkim Nationalized Transport, the Land Revenue and Disaster Management Department and advices of the State Bank of Sikkim. Every month a Monthly Civil Account is presented by the office of the Senior Deputy Accountant General (Accounts and Entitlements), Sikkim to the Government of Sikkim. The office of the Senior Deputy Accountant General (Accounts and Entitlements), Sikkim also submits a Quarterly Appreciation Note on the important financial indicators and quality of expenditure of the Government. The office of the Senior Deputy Accountant General (A&E) prepares the Finance Accounts and the Appropriation Accounts annually, which are placed before the State Legislature after audit by the Principal Accountant General (Audit), Sikkim and certification by the Comptroller and Auditor General of India.

1.2 Structure of Government Accounts

1.2.1 Government Accounts are kept in three parts as shown below:

Structure of Government Accounts

● **Part 1** **CONSOLIDATED FUND**

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

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

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

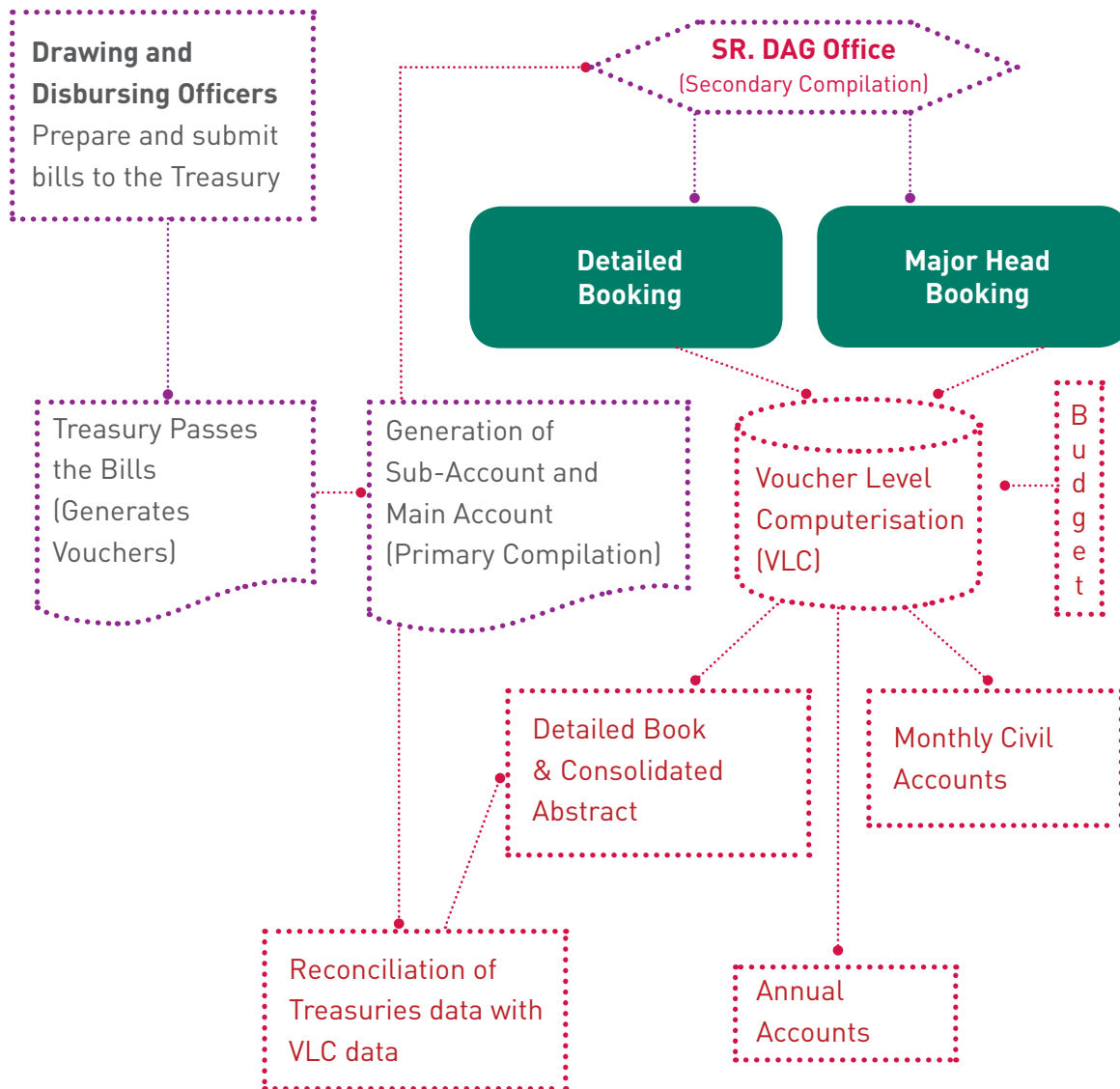
● **Part 2** **CONTINGENCY FUND**

● **Part 3** **PUBLIC ACCOUNT**

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

1.2.2 Compilation of Accounts

Flow diagram for Accounts Compilation



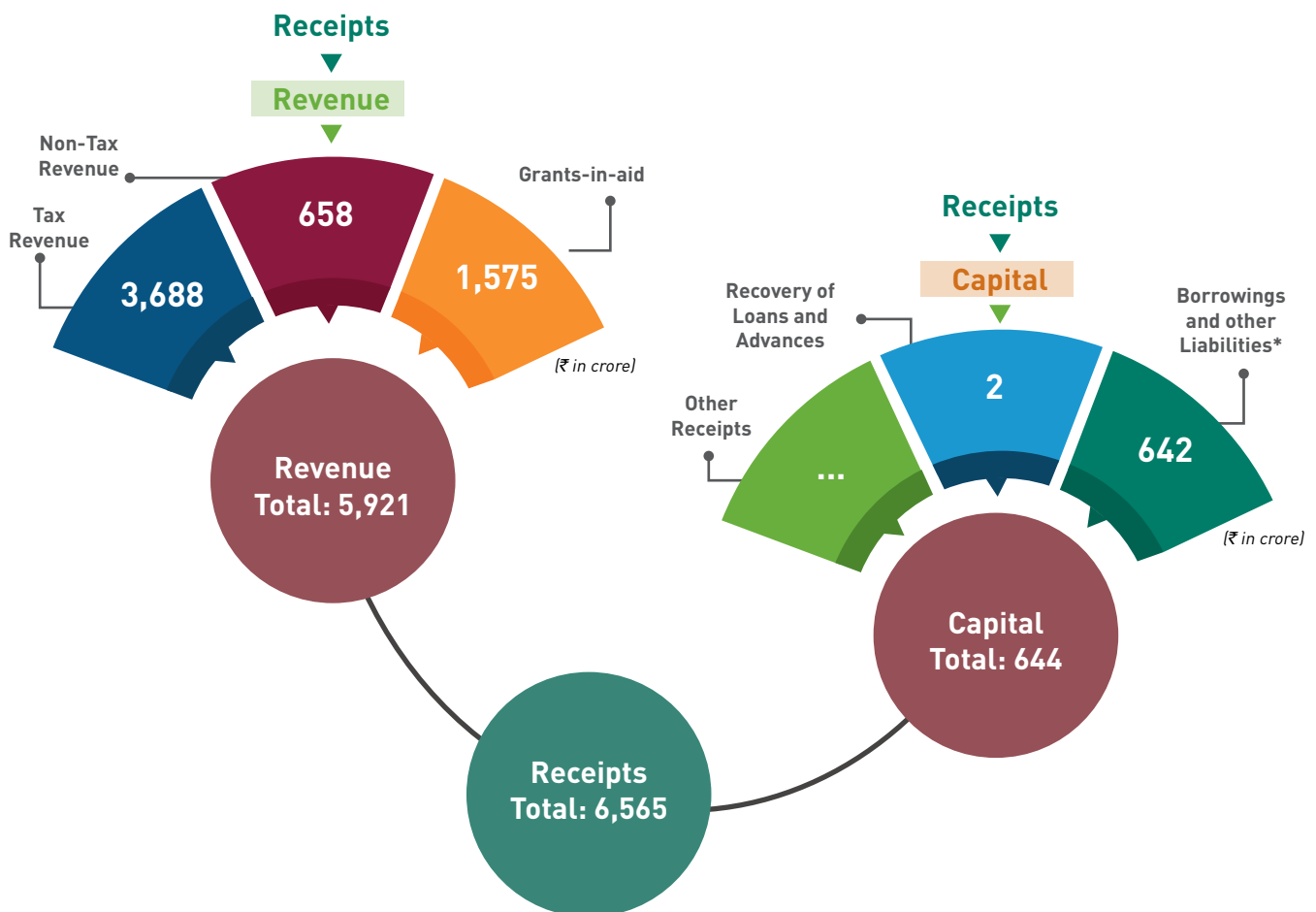
1.3 Finance Accounts and Appropriation Accounts

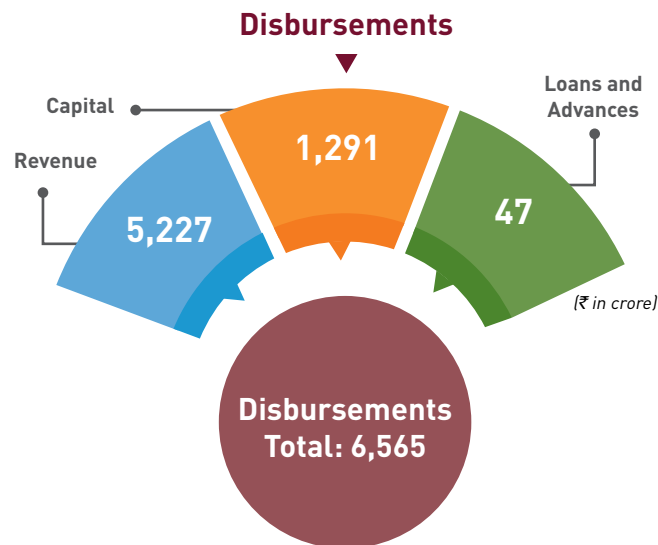
1.3.1 Finance Accounts

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

Receipts and disbursements of the Government of Sikkim as depicted in the Finance Accounts 2018-19 are given below:-

Receipts and disbursement in the year 2018-19





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

Than showing here chart of the Receipts and disbursement in the year 2018-19

In addition to expenditures approved for the year by the Sikkim Legislature, the Government of India transfers substantial funds directly to State Implementing Agencies/ Non-Government Organizations (NGOs) in the State for various schemes and programs. Such transfers (amounting to ₹ 18.84 crore this year) are not reflected in the accounts of the State Government, but have been shown in Appendix VI of Volume II of the Finance Accounts. Majority of the direct transfers, during 2018-19, were made under MPLAD scheme (₹ 10 crore), Establishment Expenditure AYUSH (₹3 crore) and Atal Innovation Mission (AIM) including Self Employment & Talent Utilization (SETU) (₹ 2 crore).

1.3.2 Appropriation Accounts

Under the Constitution, no expenditure can be incurred by the Government except with authorization of the Legislature. Barring certain expenditure specified in the Constitution as 'Charged' on the Consolidated Fund, which can be incurred without vote of the Legislature, all other expenditure requires to be 'Voted'. The Budget of the Sikkim has two Charged Appropriations and 45 Voted Grants. The purpose of the Appropriation Accounts is to indicate the extent to which the actual expenditure complied with the appropriations authorized by the Legislature through the Appropriation Act of each year.

1.3.3 Efficiency on Budget preparation

The Appropriation Act, 2018-19, had provisions for gross expenditure of ₹ 8,428 crore and reduction of expenditure (recoveries) of ₹ 143 crore. Against this, the actual gross expenditure was ₹ 7,083 crore and reduction of expenditure was ₹ 143 crore, resulting in net saving ₹ 1,345 crore and under estimation of ₹ 1 crore on reduction of expenditure. The gross expenditure includes ₹ 79 crore drawn on Abstract Contingent (AC) Bills, out of which AC bills valuing ₹ 68 crore were outstanding at the end of the year for want of supporting Detailed Countersigned Contingent (DCC) bills.

1.4 Sources and Application of Funds

1.4.1 Ways and Means Advances & Overdraft from Reserve Bank of India

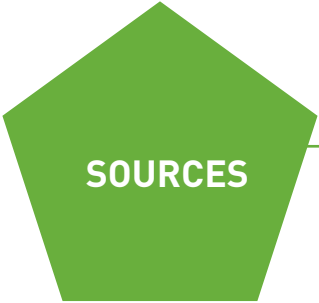
The Ways and Means Advances (WMA) and Overdraft from Reserve Bank of India (RBI) are not relevant in Sikkim as the State does not have banking arrangement with RBI.

1.4.2 Fund flow statement

The State had a Revenue Surplus of ₹ 694 crore and a Fiscal Deficit of ₹ 642 crore as on 31 March 2019. The Fiscal Deficit was met from net Public Debt (₹ 769 crore), net decrease of opening and closing cash balance (₹ 477 crore) and decrease in Public Account (₹ 603 crore). Around 54 per cent of the revenue receipts (₹ 5,921 crore) of the State Government was spent on committed expenditure like salaries (₹ 1,944 crore), interest payment (₹ 445 crore), pensions (₹ 737 crore), subsidies (₹ 3 crore) and wages (₹ 70 crore).

Sources and Application of Funds

(₹ in crore)



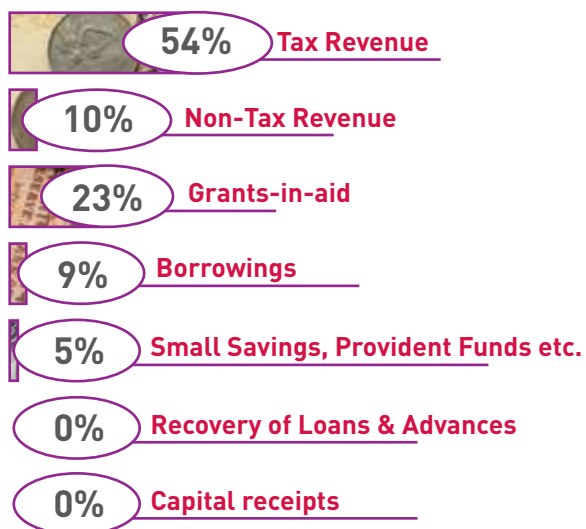
Opening Cash Balance as on 01.04.2018	597
Revenue Receipts	5,920
Capital Receipts	...
Recovery of Loans and Advances	2
Public Debt	1,145
Small Savings, Provident Funds and Others	323
Reserves Funds	207
Deposits Received	332
Civil Advances Repaid	...
Suspense Account*	8,843
Remittances	2,186
Contingency Fund	...
TOTAL	19,555

APPLICATION

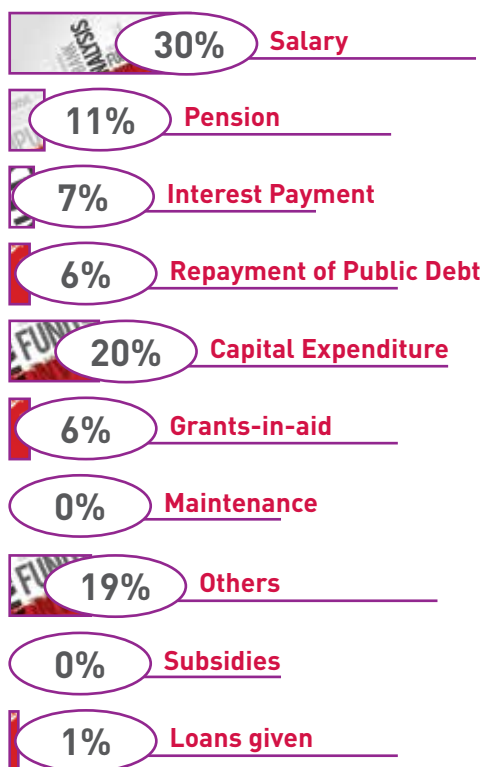
Revenue Expenditure	5,227
Capital Expenditure	1,291
Loans Given	47
Repayment of Public Debt	376
Small Savings, Provident Fund and Others	229
Reserves Funds	201
Deposits Spent	317
Civil Advances Given	...
Suspense Account*	9,431
Remittances	2,316
Closing Cash Balance as on 31.03.2019	120
TOTAL	19,555

* The suspense accounts include ₹ 4,576 crore invested in fixed deposit with State Bank of Sikkim (SBS) and disbursement of departmental balances and permanent cash imprest which is shown on the "Application" side and ₹ 3,868 crore worth of fixed deposit matured and receipts in departmental balance and permanent cash imprest which is shown on the "Sources" side. The net of such investment (₹ 708 crore) supplements the closing cash balance of the State Government.

1.4.3 Where the Rupee came from:



1.4.4 Where the Rupee went:



1.5 Financial highlights

(₹ in crore)

		Budget Estimate 2018-19	Actuals	Percentage of Actuals to B.E.	Percentage of Actuals to GSDP [Ⓐ]
1.	Tax Revenue*	3,663	3,688	101	14
2.	Non-Tax Revenue	482	658	137	2
3.	Grants-in-aid and Contributions	1,836	1,575	86	6
4.	<i>Revenue Receipts (1+2+3)</i>	5,981	5,921	82	22
5.	Capital Receipts	...	...	...	...
6.	Recovery of Loans and Advances	1	2	212	...
7.	Net Borrowings and Other Liabilities	694	642	93	2
8.	<i>Capital Receipts (5+6+7)</i>	695	644	93	2
9.	<i>Total Receipts (4+8)</i>	6,676	6,565	98	25
10.	Expenditure on Revenue Account	5,356	5,227	98	20
11.	Expenditure on Interest Payments out of 10	464	445	96	2
12.	Expenditure on Capital Account	1,304	1,291	99	5
13.	Total Expenditure (10+14+15)	6,710	6,565	98	25
14.	Total Expenditure on Capital Account	1,304	1,291	99	5
15.	<i>Loans and Advances</i>	48	47	98	...
16.	<i>Revenue Deficit (-) / Surplus (+) *** (4-10)</i>	625	694	111	3
17.	<i>Fiscal Deficit*** (4+5+6-13)</i>	694	(-)642	93	2

Ⓐ Broadly, sum of the product of all goods and services rendered by the State in monetary terms during a year before making any provision for Consumption of Fixed Capital (C.F.C.) is known as Gross State Domestic Product (₹ 26,786 crore).

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

** The Revenue Surplus is the excess of revenue receipt over revenue expenditure. The Fiscal Surplus may be defined as the less of revenue and capital expenditure (including loans and advance disbursed) over the revenue receipts, recoveries of loans and advances and other receipts.

During the year 2018-19 revenue surplus of ₹ 694 crore (₹ 1,061 crore surplus in 2017-18) and fiscal deficit of ₹ 642 crore (₹ 86 crore surplus in 2017-18) represent 3 per cent and 2 per cent of the Gross State Domestic Product (GSDP) respectively. The fiscal deficit constituted 10 per cent of total expenditure.

What do the Deficits and Surpluses indicate?

● **DEFICIT**

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

Refers to the gap between revenue receipts and revenue expenditure. Revenue expenditure is required to maintain the existing establishment of government and ideally, should be fully met from revenue receipts.

● **REVENUE DEFICIT/ SURPLUS**

● **FISCAL DEFICIT/ SURPLUS**

Refers to the gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings and ideally should be invested in capital projects.

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

The Government of Sikkim has enacted the Fiscal Responsibility and Budget Management (FRBM) Act 2010. As per this Act, the State Government was required to achieve certain fiscal targets by specified periods. Achievements during the year 2018-19 against fiscal targets laid down in the Act and rules framed there under, were as follows:

Sl. No.	Financial Parameter	Actual (₹ 3 in crore)	Ratio to GSDP ¹	
			Target	Achievement
1	Revenue Deficit	694 (Surplus)	Eliminate by 2017-19	Achieved during the year.
2	Fiscal Deficit	642	Three per cent	Two per cent.
3	Debt and other obligation	6335	30 per cent	24 per cent.
4	Outstanding Guarantees	425	The ceiling on the total outstanding govt. guarantees as on the 1st day of April of any year shall not exceed thrice the State's Tax Receipt of the second preceding year.	Within the prescribed ceiling.

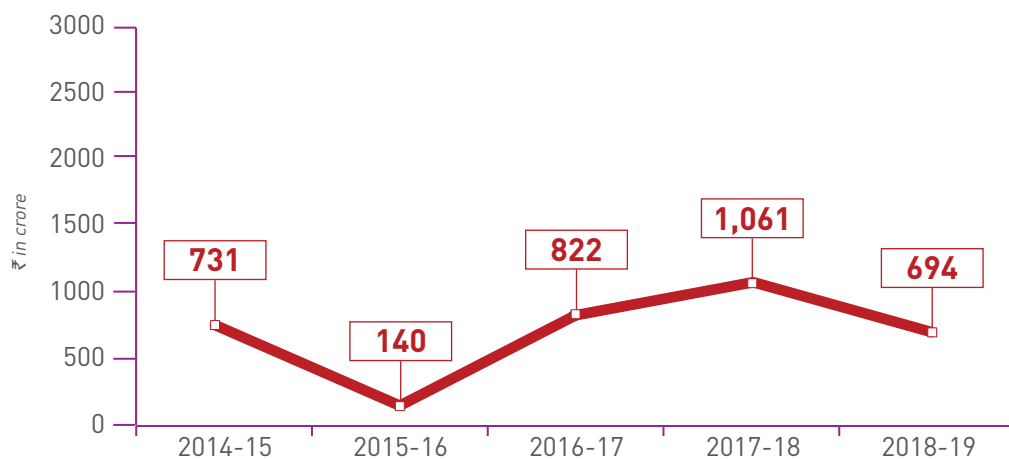
¹ 1 GSDP of ₹ 26,786 crore for the year 2018-19 as information collected from the website of Ministry of Statistics and Programme Implementation, Government of India.

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

The State Government had revenue surplus of ₹ 1,061 crore in 2017-18 and ₹ 694 crore during the year 2018-19 which was as per the target of FRBM Act. Fiscal deficit increased by ₹ 180 crore from ₹ 462 crore in 2017-18 to ₹ 642 crore in the current year and was to 2.40 per cent of GSDP which confirm the target of 3.00 per cent of FRBM Act.

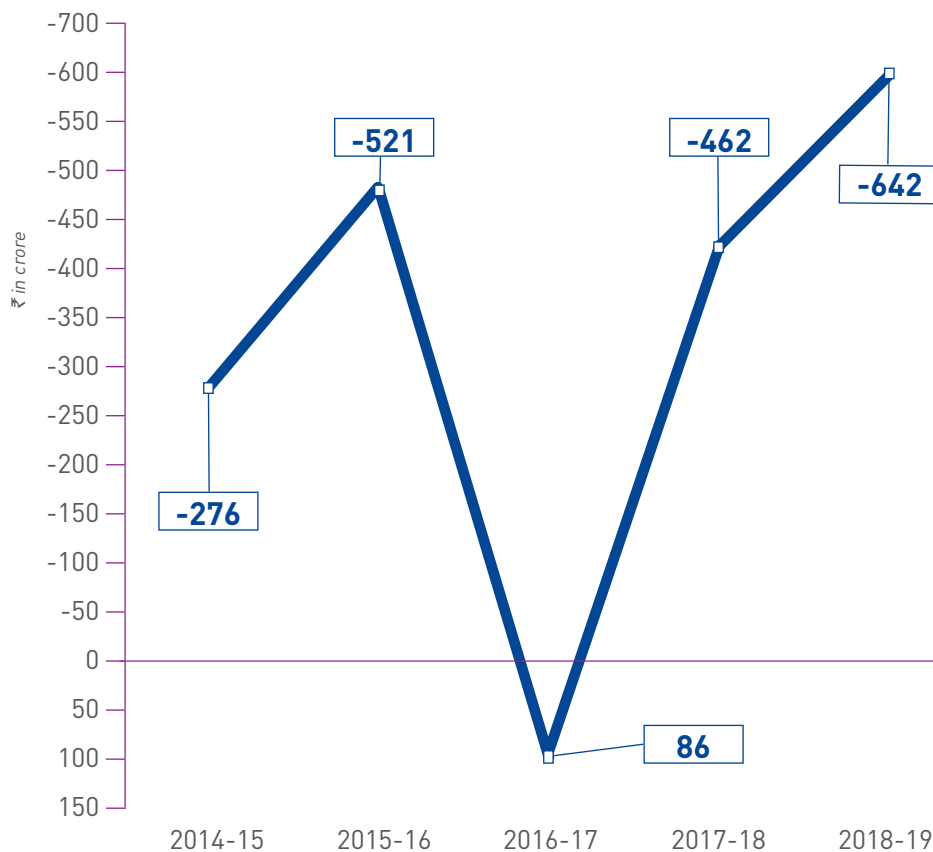
1.6.1 Trend of Revenue Deficit/ Surplus

Trend of Revenue Surplus/ Deficit



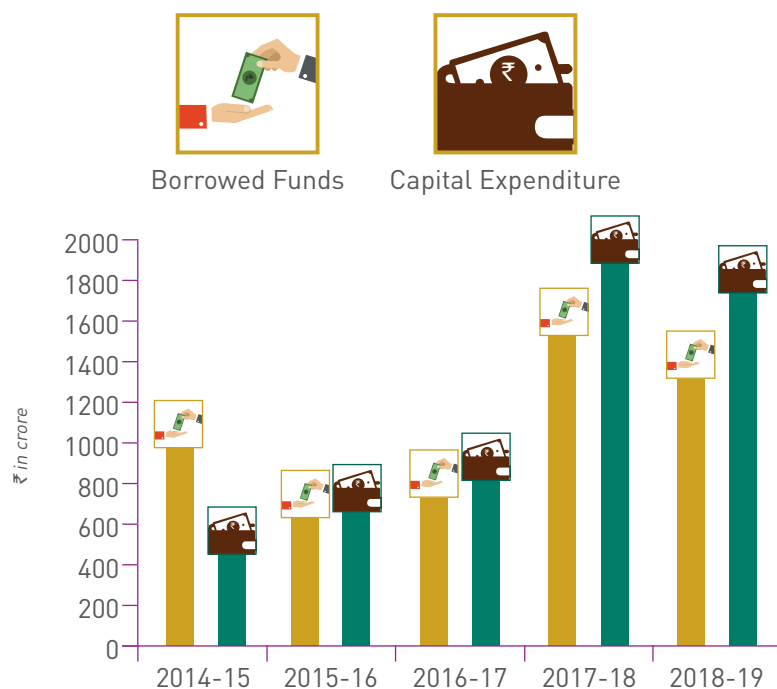
1.6.2 Trend of Fiscal Deficit

Trend of Fiscal Deficit/Surplus



1.6.3 Proportion of borrowed funds spent on Capital

Borrowed funds and Capital Expenditure



The governments usually run fiscal deficits and borrow funds for capital/assets formation or for creation of economic and social infrastructure, so that assets created through borrowings could pay for themselves by generating an income stream. Thus it is desirable to fully utilize borrowed funds for the creation of capital assets and to use revenue receipts for the repayment of principal and interest. The State Government, however, spent only 75 per cent of the borrowings of the current year (₹ 1,714 crore) on capital expenditure (₹ 1,291 crore). It would therefore appear that balance of borrowings in the public debt was utilized to repay the principal (₹ 376 crore) and part of interest on public debt of previous years.

Chapter II

Receipts

2.1 Introduction

Receipts of the Government are classified as Revenue Receipts and Capital Receipts. Total Receipts for 2018-19 was ₹ 5,920 crore

2.2 Revenue Receipts

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

● TAX REVENUE

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

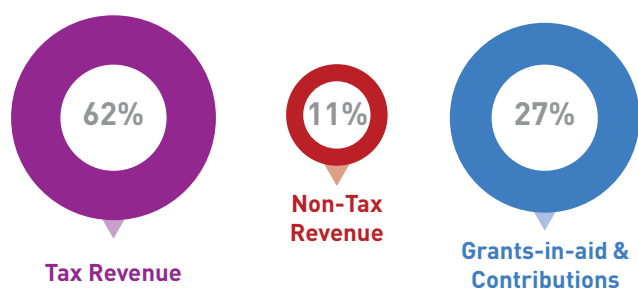
Includes interest receipts, dividends, profits, departmental receipts etc.

● NON-TAX REVENUE

● GRANTS-IN-AID

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

Revenue Receipts



2.2.1 Revenue Receipt Components (2018-19)

(₹ in crore)

Components	Actuals
A. Tax Revenue*	3,688
Goods and Service Tax	1,151
Taxes on Income and Expenditure	1704
Taxes on Property and Capital Transactions	24
Taxes on Commodities and Services	809
B. Non-Tax Revenue	658
Interest Receipts, Dividends and Profits	130
General Services	157
Social Services	17
Economic Services	354
C. Grants-in-aid & Contributions	1,575
Total – Revenue Receipts	5,920

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

2.2.2 Trend of Revenue Receipts

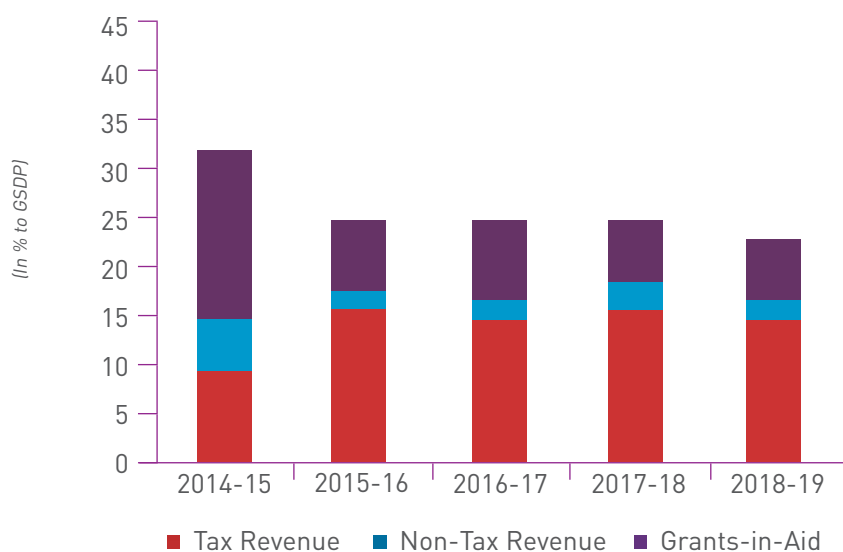
(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Tax Revenues	1,337 (9)	2,438 (15)	2,722 (14)	3,323 (15)	3,688 (14)
Non-Tax Revenues	698 (5)	413 (2)	451 (2)	654 (3)	658 (2)
Grants-in-Aid	2,427 (17)	934 (6)	1,437 (8)	1,236 (6)	1,575 (6)
Total Revenue Receipts	4,462 (31)	3,785 (23)	4,610 (24)	5,213 (24)	5,921 (19)
GSDP	14,518	16,637	18,852	22,248	26,786

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

Though the GSDP increased by 20.39 per cent in 2018-19 compared to previous year, growth in revenue receipt was only 13.58 per cent. The tax revenue increased by 10.98 per cent, the non-tax revenues increased by 0.61 per cent and grants-in-aid increased by 27.43 per cent compared to previous year.

Trend of components of Revenue Receipts



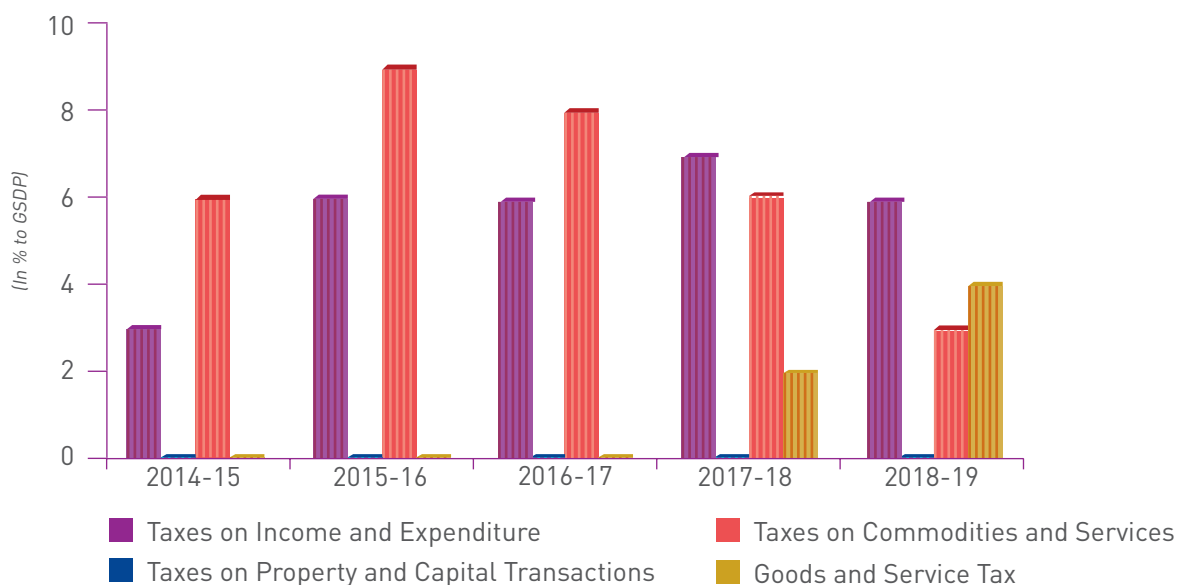
2.3 Tax Revenue

Sector-wise Tax Revenue

	2014-15	2015-16	2016-17	2017-18	2018-19
Goods and Service Tax	...	...	...	456	1,151
Other Taxes on Income and Expenditure	492	1,016	1,114	1,514	1,704
Taxes on Property and Capital Transactions	14	10	20	22	24
Taxes on Commodities and Services	831	1,412	1,588	1,331	809
Total Tax Revenues	1,337	2,438	2,722	3,323	3,688

The increase in total tax revenue during 2018-19 was mainly attributable to allocation of State Share from Government of India and higher collection under Corporation Tax (₹ 136 crore), Taxes on Income Other than Corporation Tax (₹ 46 crore), Other Taxes on Income and Expenditure (₹ 5 crore).

Trend of Major Taxes in proportion to Gross State Domestic Product

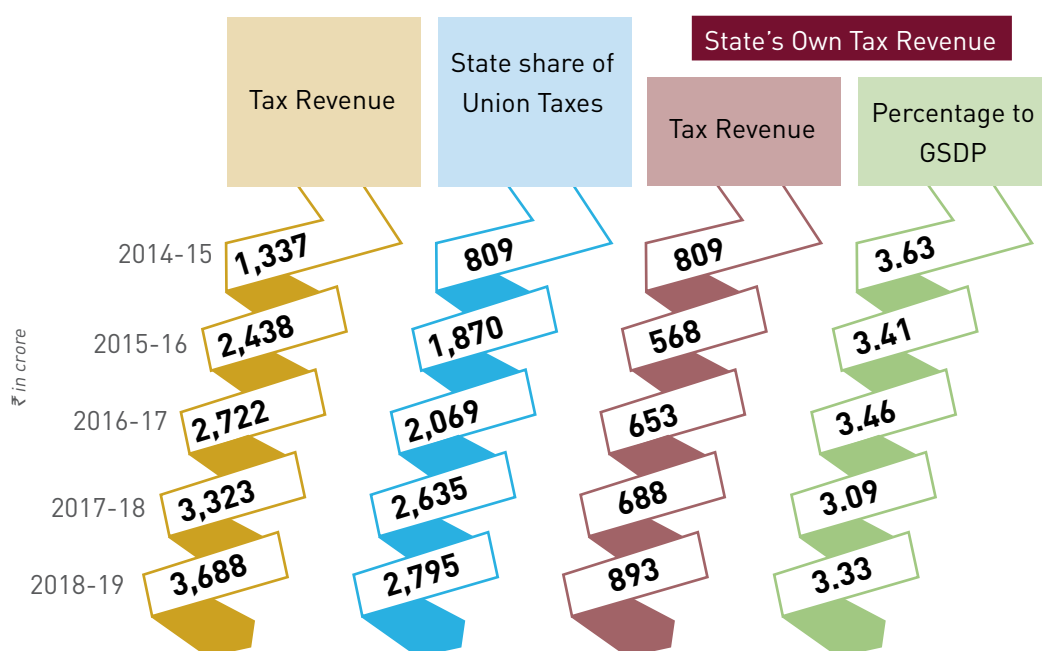


2.3.1 State's own Tax and State's share of Union Taxes

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

(₹ in crore)

Year	Tax Revenue	State share of Union Taxes/Duties	State's Own Tax Revenue	
			Tax Revenue	Percentage to GSDP
(1)	(2)	(3)	(4)	(5)
2014-15	1,337	809	528	3.63
2015-16	2,438	1,870	568	3.41
2016-17	2,722	2,069	653	3.46
2017-18	3,323	2,635	688	3.09
2018-19	3,688	2,795	893	3.33



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

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
State's own Tax Collection	528	568	653	688	893
Devolution of Union Taxes	809	1,870	2,069	2,635	2,795
Total Tax Revenue	1,337	2,438	2,722	3,323	3,688
Percentage of State's own tax to total tax revenue.	39	23	24	21	24

The proportion of State's own tax collection in overall tax revenue has shown an increasing trend since 2014-15. The share of tax revenue increased to 176 per cent as compared to 2014-15.

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

(₹ in crore)

Taxes	2014-15	2015-16	2016-17	2017-18	2018-19
Taxes on Sales, Trade etc.	282	326	365	250	188
State Excise	131	142	156	151	183
Taxes on Vehicles	19	22	25	29	33
Stamp and Registration fees	7	9	13	14	15
Land Revenue	6	2	6	7	9
State Goods and Service Tax	...	...	...	171	406
Other Taxes	82	66	88	66	59
Total State's own Taxes	527	567	653	688	893

2.4 Efficiency of Tax Collection

(₹ in crore)

Taxes	2014-15	2015-16	2016-17	2017-18	2018-19
1. Taxes on Sales, Trade etc.					
Revenue Collection	282	326	365	250	188
Expenditure on Collection	6	5	5	2	7
Efficiency of Tax collection	2%	2%	1%	1%	4%
2. State Excise					
Revenue Collection	131	142	156	151	183
Expenditure on Collection	5	6	6	6	8
Efficiency of Tax collection	4%	4%	4%	4%	4%
3. Taxes on Vehicles					
Revenue Collection	19	22	25	29	33
Expenditure on Collection	2	2	7	5	6
Efficiency of Tax collection	12%	10%	39%	21%	23%
4. Stamp and Registration Fee					
Revenue Collection	7	9	13	14	15
Expenditure on Collection	1	-	-	-	-
Efficiency of Tax collection	17%	100	100%	100%	100%

The expenditure on collection on taxes on Taxes on Sales, Trade etc. and State Excise was very high as compared to other taxes.

2.5 Trend in state's share of Union Taxes over the past five years

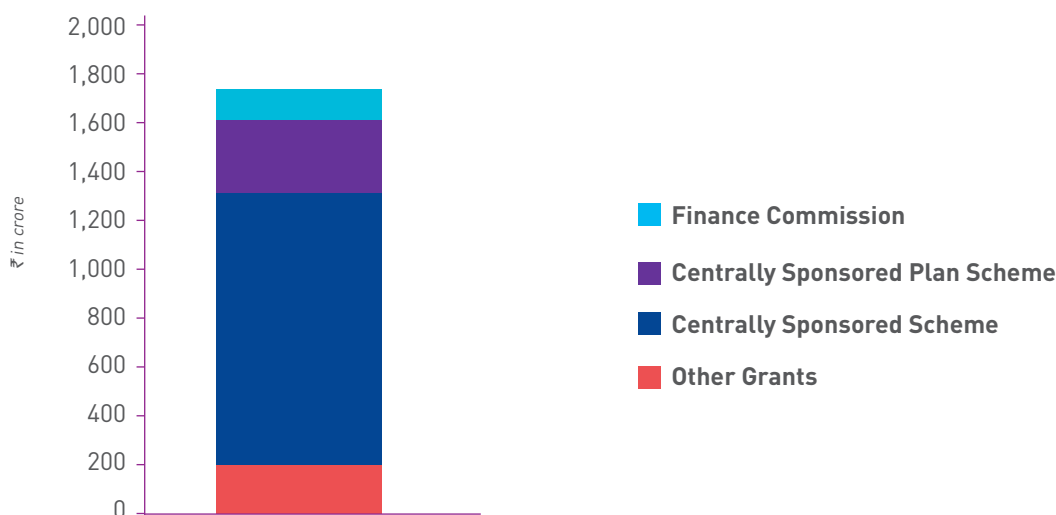
(₹ in crore)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
Goods & Service Tax	...	...	...	285	745
Corporation Tax	282	593	638	836	972
Taxes on Income other than Corporation Tax	202	415	468	670	716
Other Taxes on Income and Expenditure	...	...	...	...	5
Taxes on Wealth	1	...	1	1	0
Customs	131	298	288	270	198
Union Excise Duties	74	245	352	261	132
Service Tax	119	318	322	312	25
Other Taxes and Duties on Commodities and Services	...	1	...	0	2
State Share of Union Taxes/ Duties	809	1,870	2,069	2,635	2,795
Total Tax Revenue	1,337	2,438	2,722	3,323	3,688
Percentage of Union Taxes to Total Tax Revenue	61	77	76	79	76

2.6 Grants-in-Aid

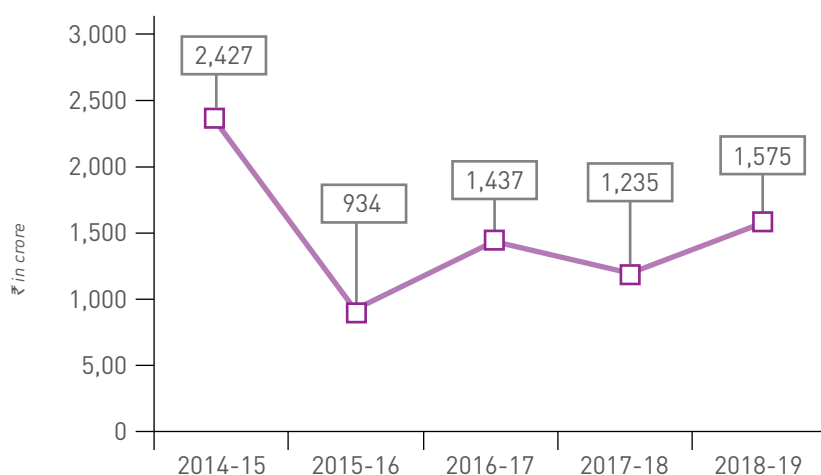
Grants-in-Aid represent assistance from the Government of India and comprise grants for State Plan Schemes and Central Plan Schemes approved by the NITI Aayog and State Non-plan Grants recommended by the Finance Commission. Total receipts during 2018-19 under Grants-in-Aid were ₹ 1,575 crore as shown below:

Grants-in-Aid



The share of Grants for Finance Commission in total Grants-in-aid increased to 44 per cent in 2018-19. As against budget estimate of ₹ 184 crore of Union Share in Plan Schemes, the State Government has actually received ₹ 1,209 crore of Grants-in-aid (657 per cent of budget estimate).

Trend of Grants-in-aid

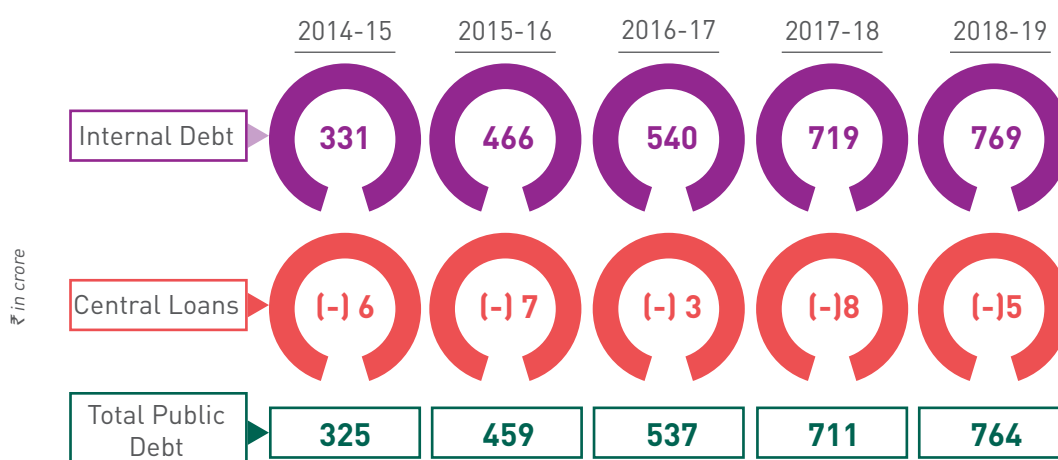


2.7 Public Debt

Trend of position of Public Debt over the past five years

(₹ in crore)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
Internal Debt	331	466	540	719	769
Central Loans	(-) 6	(-) 7	(-) 3	(-) 8	(-) 5
Total Public Debt	325	459	537	711	764



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

During the year 2018-19, 32 loans totaling ₹ 4,414 crore were raised from the open market at interest rates varying from 7.00 per cent to 9.75 per cent and the same are redeemable during the period between 2028-30.

Chapter III

Expenditure

3.1 Introduction

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

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

GENERAL SERVICES

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

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

SOCIAL SERVICES

ECONOMIC SERVICES

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

3.2 Revenue Expenditure

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

(₹ in crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Budget Estimates	4,839	4,259	4,624	4,613	5,356
Actuals	3,731	3,645	3,788	4,152	5,227
Gap	1,108	614	836	461	129
Percentage of variation of Actuals against BE	30	17	22	11	2

Around 68.03 per cent of the revenue expenditure was incurred on committed expenses viz. on Salaries and Wages (₹ 2,014 crore), Interest payments (₹ 445 crore), Pensions (₹ 737 crore), Subsidies (₹ 3.00 crore), Grants- in-aid Salary (₹ 322 crore), Social Security and other Pensions (National Old Age Pension Scheme and National Family Benefit Scheme) (₹ 35 crore) which is the committed liability of the State Government.

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

(₹ in crore)

Component	2014-15	2015-16	2016-17	2017-18	2018-19
Total revenue expenditure	3,731	3,645	3,788	4,152	5,227
Committed revenue expenditure*	2,169	2,417	2,539	2,739	3,556
Percentage of committed revenue expenditure to total revenue expenditure	58	66	67	66	68
Uncommitted revenue expenditure	1,562	1,228	1,249	1,413	1,671

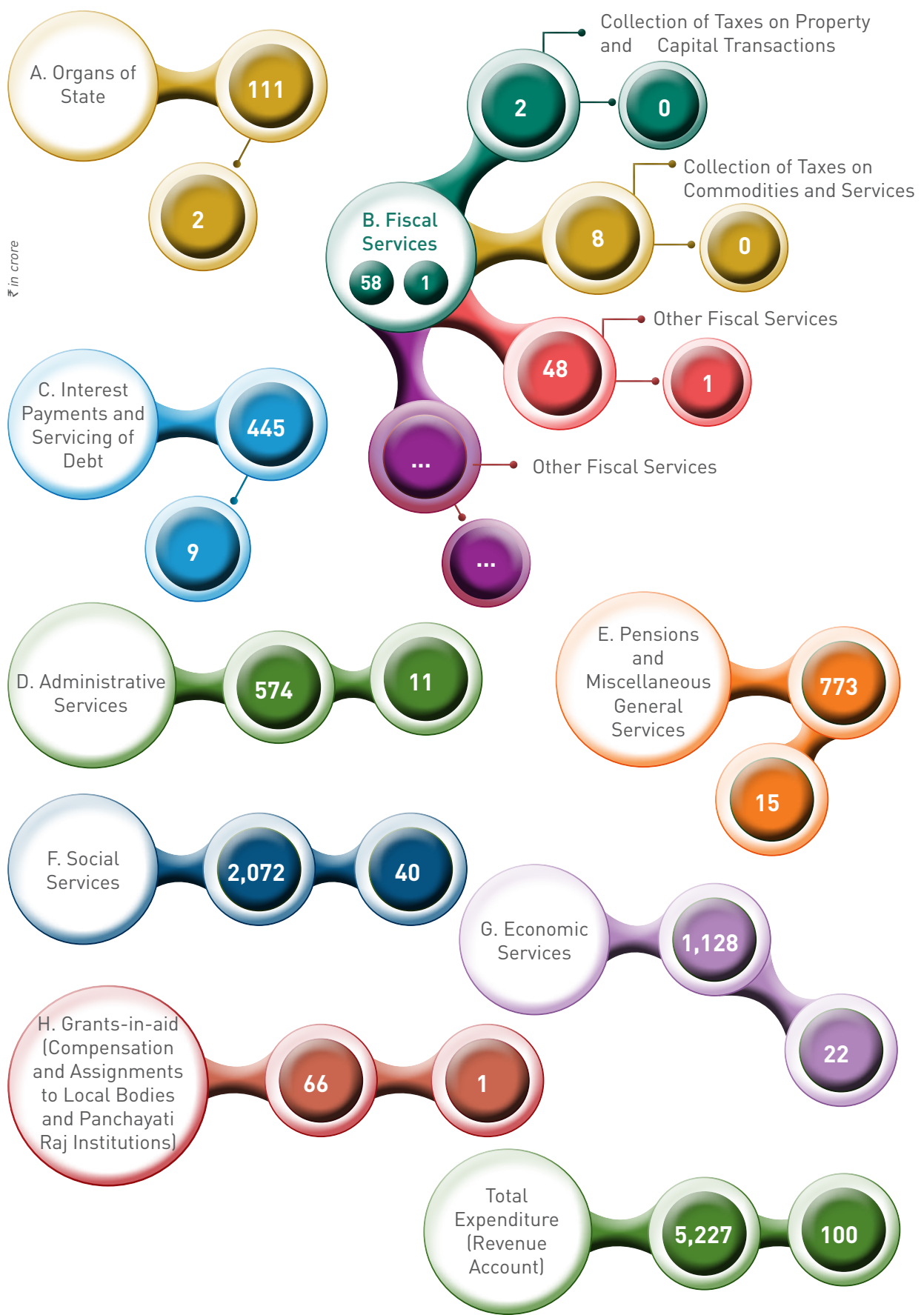
* Committed revenue expenditure includes expenditure on Salaries and Social Security & Other Pensions.

It may be seen that the proportion of uncommitted revenue expenditure available for implementation of various schemes has decreased significantly during the year 2018-19. The total revenue expenditure increased by 40 per cent from ₹ 3,731 crore in 2014-15 to ₹ 5,227 crore in 2018-19 and committed revenue expenditure increased by 64 per cent over the same period.

3.2.1 Sectoral Distribution of Revenue Expenditure (2018-19)

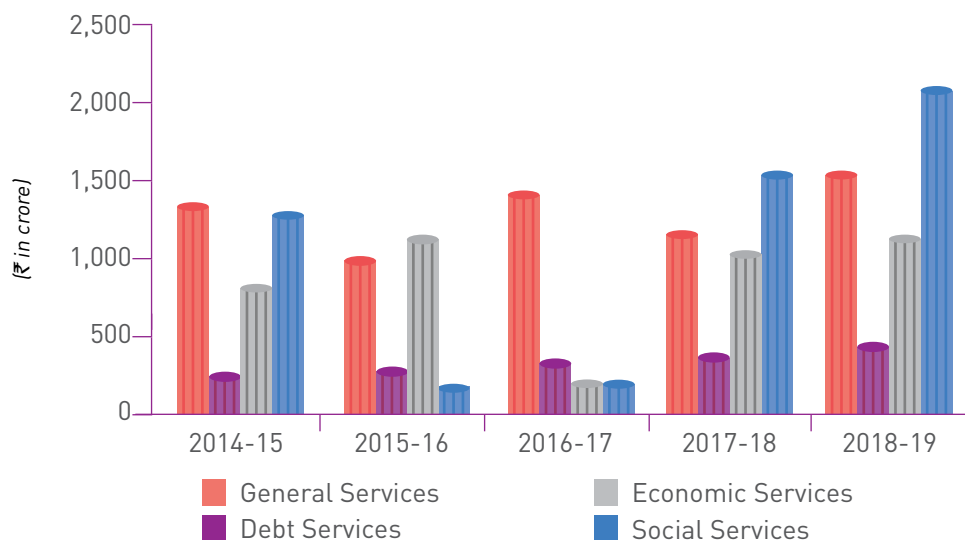
Components	Amount (₹ in crore)	Percentage
A. Organs of State	111	2
B. Fiscal Services	58	1
(i) Collection of Taxes on Income and Expenditure	2	0
(ii) Collection of Taxes on Property and Capital Transactions	8	0
(iii) Collection of Taxes on Commodities and Services	48	1
(iii) Other Fiscal Services	...	...
C. Interest Payments and Servicing of Debt	445	9
D. Administrative Services	574	11
E. Pensions and Miscellaneous General Services	773	15
F. Social Services	2,072	40
G. Economic Services	1,128	22
H. Grants-in-aid (Compensation and Assignments to Local Bodies and Panchayati Raj Institutions)	66	1
Total Expenditure (Revenue Account)	5,227	100

₹ in crore



3.2.2 Major components of Revenue Expenditure 2014-15 to 2018-19

Trend of Major components of Revenue Expenditure



3.3 Capital Expenditure

Capital expenditure is essential if the growth process is to be sustained. Capital disbursements during 2018-19 amounting for ₹ 1,291 crore (4.82 per cent of GSDP) were less than Budget Estimates by ₹ 944 crore. The growth in capital expenditure has not kept pace with the steady growth of GSDP since 2014-15 onwards. This can be seen from the table below:

(₹ in crore)

S. No.	Components	2014-15	2015-16	2016-17	2017-18	2018-19
1	Budget (B.E.)	1,874	1,413	1,516	2,348	2,235
2	Actual Expenditure#	981	634	720	1,507	1,291
3	Percentage of Actual Expenditure to BE	52	5	47	64	58
4	Yearly growth in Capital Expenditure	5%	7%	7%	4%	4%
5	GSDP	14,518	16,637	18,852	22,248	26,786
6	Yearly growth in GSDP	18%	15%	13%	18%	20%

Does not include expenditure on Loans and Advances

3.3.1 Sectoral distribution of Capital Expenditure

During 2018-19, the State Government has spent ₹ 88 crore on various water supply schemes, ₹ 626 crore on construction of roads & bridges.

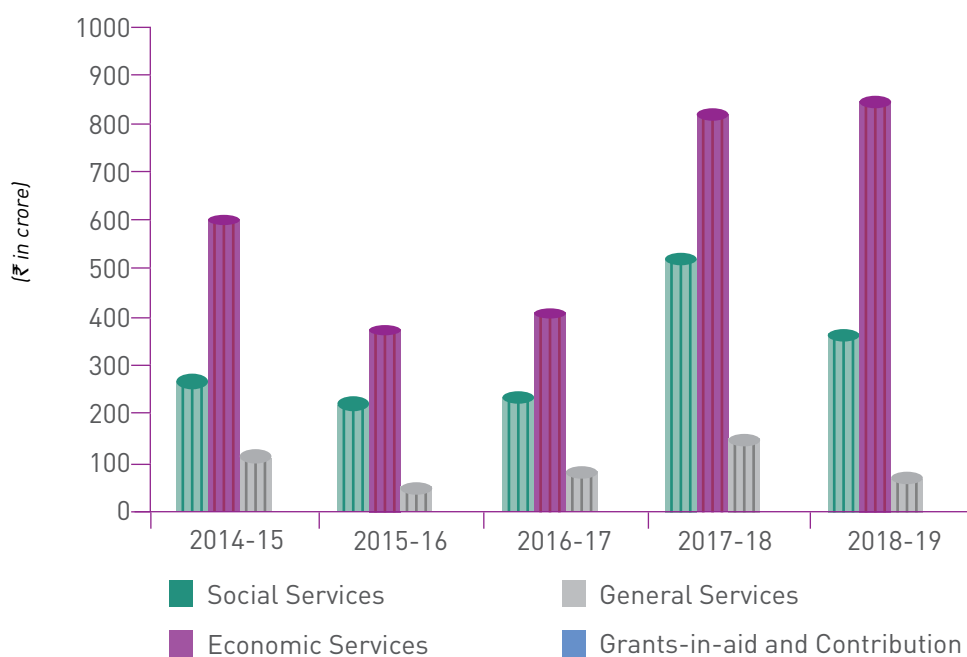
3.3.2 Sectoral distribution of capital and revenue expenditure

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

(₹ in crore)

Description		2014-15	2015-16	2016-17	2017-18	2018-19
General Services	Capital	110	64	71	150	73
	Revenue	1588	1244	1421	1528	1960
Social Services	Capital	270	201	243	535	363
	Revenue	1280	1236	1335	1532	2072
Economic Service	Capital	601	369	406	822	855
	Revenue	821	1126	977	1028	1128
Grants-in-aid and Contribution	Capital	...	...	...	...	...
	Revenue	42	39	56	63	66

Trend of Major components of Capital Expenditure



Chapter IV

Appropriation Accounts

4.1 Summary of Appropriation Accounts for 2018-19

(₹ in crore)

Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Saving (-) Excess (+)	Surrender
Revenue						
Voted	4,910	765	5,675	4,830	(-)845	(-)743
Charged	516	2	518	485	(-) 33	(-) 31
Capital						
Voted	1,806	5	1,811	1,346	(-)466	(-)371
Charged	...	...	...	...	...	...
Public Debt Charged	375	1	376	376	...	...
Loans and Advances Voted	16	32	48	47	1	(-) 1
Appropriation to Contingency Fund Voted	...	...	...	...	...	...
Total	6,736 891	798 3	7,534 894	6,223 861	(-)1,312 (-) 33	(-)1,115 (-) 31

4.2 Trends of Saving/ Excess during the past five years

(₹ in crore)

Year	Savings (-)/Excess (+)				Total
	Revenue	Capital	Public Debt	Loans & Advances	
2014-15	(-) 1,262	(-) 776	(-) 2	(-) 1	(-) 2,042
2015-16	(-) 820	(-) 552	(-) 4	(+) 5	(-)1,371
2016-17	(-) 1,264	(-) 533	(-) 3	(-) 1	(-)1,801
2017-18	(-) 963	(-) 475	(-) 7	*...	(-)1,445
2018-19	(-) 879	(-) 466	(-) 1	*...	(-)1,346

* Negligible amount.

4.3 Significant Savings

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

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

(₹ in crore)

Grant	Nomenclature	2014-15	2015-16	2016-17	2017-18	2018-19
01	Food Security and Agriculture Development	30	40	36	47	14
02	Animal Husbandry, Live Stock, Fisheries and Veterinary Services	16	27	32	7	9
11	Food, Civil Supplies and Consumer Affairs	13	19	49	2	2
12	Forest Environment & Wild Life Management	38	60	41	98	34
19	Irrigation & Flood Control	86	70	87	134	92
22	Land Revenue and Disaster Management	42	47	35	56	28
29	Development Planning, Economic Reforms & North Eastern Council Affairs	70	35	86	28	4
38	Social Justice, Empowerment & Welfare	33	44	39	57	25
39	Sports and Youth Affairs	41	40	32	...	...
41	Urban Development and Housing	60	39	63	16	13

During 2018-19, supplementary grants totaling ₹ 765 crore (14.60 per cent of total expenditure) proved to be unnecessary in some cases. A few instances where there were savings at the end of the year even against original allocations are given below:

(₹ in crore)

Grant	Nomenclature	Section	Original	Supplementary	Actual Expenditure
01	Food Security and Agriculture Development	Revenue	99	5	94
02	Animal Husbandry, Livestock, Fisheries and Veterinary Services	Revenue	66	5	61
07	Human Resource Development	Revenue	724	58	666
12	Forest, Environment and Wild Life Management	Revenue	168	5	163
14	Home	Revenue	62	4	58
15	Horticulture and Cash Crops Development	Revenue	157	8	149
19	Irrigation and Flood Control	Revenue	134	42	92
22	Land Revenue and Disaster Management	Revenue	138	110	128
30	Police	Revenue	390	6	384
31	Energy and Power	Revenue	210	5	205
35	Rural Development Department	Revenue	277	195	82
38	Social Justice, Empowerment and Welfare	Revenue	169	37	132

Chapter V

Assets and Liabilities

5.1 Assets

The existing forms of accounts do not clearly depict valuation of Government assets like land, buildings etc., except the year of acquisition/purchase. Similarly while the accounts present the impact of liabilities arising in the current year, they do not depict the overall impact of the liabilities to future generations.

5.1.1 Investment and Returns

Total investments as share capital in non-financial public sector undertakings (PSUs) stood at ₹ 105 crore at the end of 2018-19. However, dividends received during the year was ₹ 4 crore (3.81 per cent) on investment. During 2018-19, an amount of ₹ 3 crore has been invested in Power Development Corporation and income from dividend increased by ₹ 1 crore.

5.1.2 Cash Balance and Investment of Cash Balances

Cash Balance with State Bank of Sikkim and other banks stood at ₹ 597 crore on 31 March 2018 and decreased to ₹ 477 crore at the end of March 2019. The position of cash balance and investment of cash balance is as under:

(₹ in crore)

Component	As on 1 April 2018	As on 31 March 2019	Net increases(+)/ decrease(-)
Cash Balances	597	120	(-) 477
Investments from cash balance	1,948	2,656	(+) 708
Other cash balances	1	1	...
(a) Departmental Balances	1	1	...
(b) Permanent Cash imprest	...	...	...
Investment from earmarked fund balances	448	503	(+) 55
(a) Guarantee Redemption Fund	47	52	(+) 5
(b) Other Funds	58	62	(+) 4
Interest realized*	3	4	(-) 1

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

5.2 Debt and Liabilities

Article 293 of the Constitution of India empowers the State Government to borrow on the security of the Consolidated Fund. Government of India determines, from time to time, the limit up to which State Government can borrow from the market. The limit for 2018-19 was ₹ 810 crore. Against this Government of Sikkim has availed open market borrowing for ₹ 810 crore.

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

(₹ in crore)

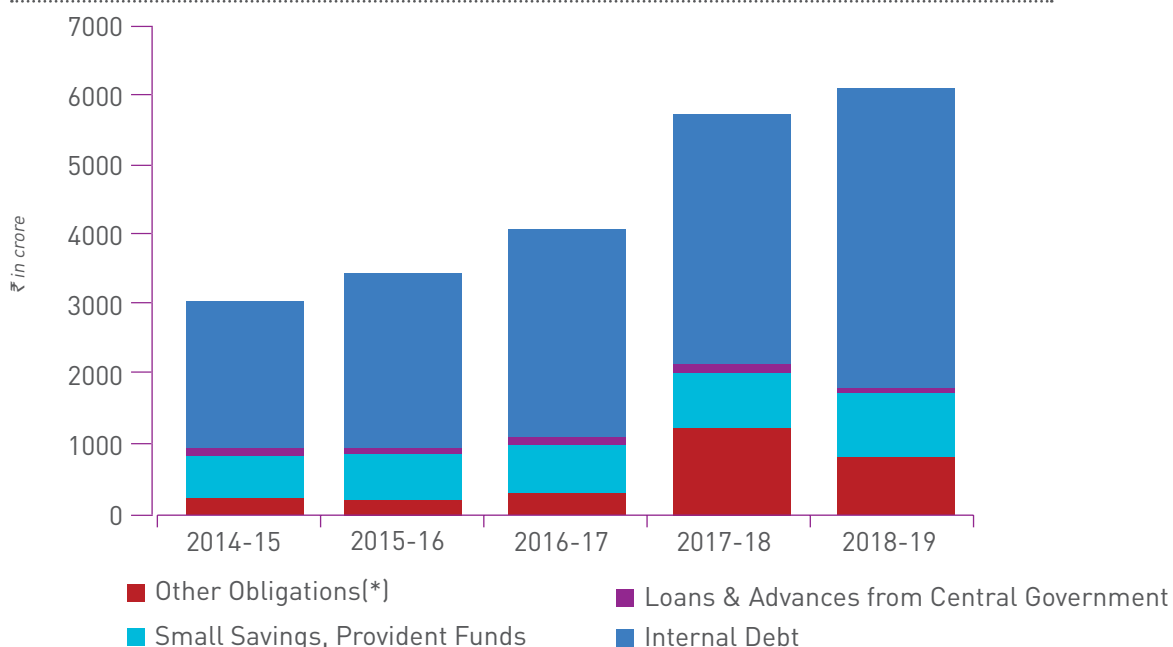
Year	Public Debt	Percentage of GSDP	Public Account (*)	Percentage of GSDP	Total Liabilities	Percentage of GSDP
2014-15	2,510	17	971	07	3,481	24
2015-16	2,969	18	992	06	3,961	24
2016-17	3,506	19	1,163	06	4,669	25
2017-18	4,217	19	1,234	6	5,451	25
2018-19	4,986	19	1,345	5	6,335	24

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

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

Public Debt and other liabilities showed a net increase of ₹ 884 crore (16 per cent) over the previous year.

Trend in Government Liabilities



(*) Other Obligations includes Reserve Funds and Deposits.

5.3 Guarantees

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

(₹ in crore)

At the end of the year	Maximum Amount Guaranteed (Principal only)	Amount outstanding at the end of year	
		Principal	Interest
2014-15	157	110	3
2015-16	157	89	---
2016-17	518	441	1
2017-18	649	565	---
2018-19	3,849	3,351	104

Chapter VI

Other Items

6.1 Adverse Balances

Borrowings of State Governments are governed by Article 293 of the Constitution of India. In addition to directly raising loans, the State Government also guarantees loans raised by government companies and corporations from the market and financial institutions for implementation of various plan schemes and programs which are projected outside the State Budget. These loans are treated as receipts of the concerned Administrative Departments and do not appear in the books of the Government. However, the loan repayments appear in Government account, resulting in irreconcilable adverse balances and understatement of liabilities in Government accounts. As on 31 March 2019 no adverse balance is appearing in favour of Sikkim State.

6.2 Loans and Advances by the State Government

Total Loans and Advances made by the State Government at the end of 2018-19 was ₹ 237 crore. Out of this loans and advance to government corporation/ companies, non-government institutions and local bodies amounted to ₹ 47 crore. Recovery of principal aggregating in arrears at the end of 31 March 2019 (information regarding recoveries in arrears in respect of principal and interest is required to be furnished by the concerned departments every year to the Accountant General by June was not furnished by the department). The information relating to recovery of interest an arrear was not made available by the State Government. During 2018-19, only ₹ 2 crore has been received towards repayment of loans and advances, out of which ₹ 0.19 crore relates to repayment of loans to government servants. Effective steps to recover the outstanding loans would help the Government improve its fiscal position.

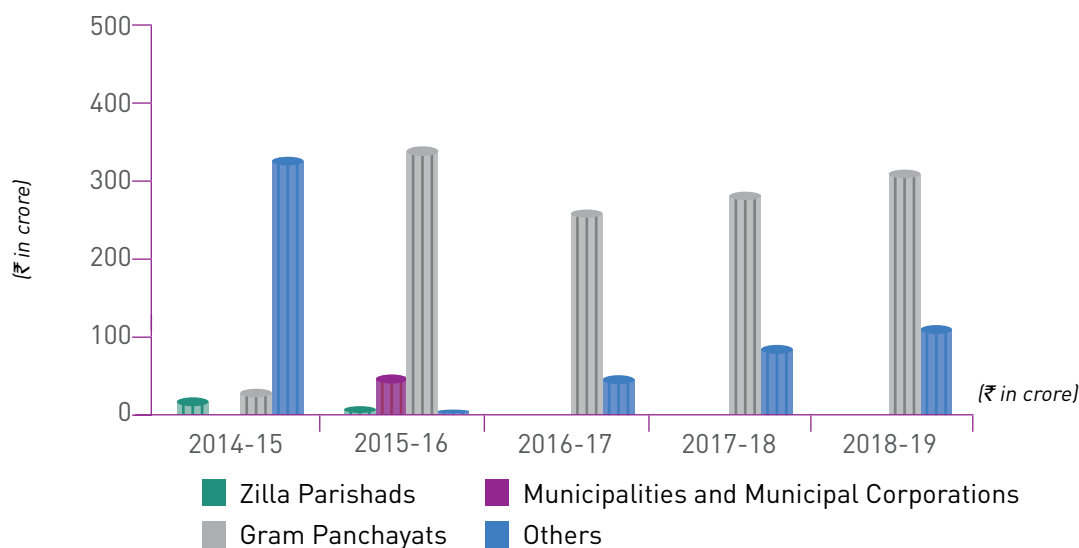
6.3 Financial assistance to local bodies and others

Grants-in-aid given to local bodies, autonomous bodies etc., increased from ₹ 404 crore in 2014-15 to ₹ 424 crore in 2018-19. Grants to Zilla Parishads, Gram Panchayats and Municipalities (₹ 314 crore) represented 74 per cent of total grants given during the year.

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

(₹ in crore)

S. No.		2014-15	2015-16	2016-17	2017-18	2018-19
1	Zilla Parishads	14	5	...	...	...
2	Municipalities and Municipal Corporations	...	42	...	...	...
3	Gram Panchayats	27	338	257	279	314
4	Others	321	4	48	90	110
	Total	404	347	305	369	424



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

6.4 Reconciliation of Accounts

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

6.5 Submission of Accounts by Accounts rendering units

The accounts of receipts and expenditure of the Government of Sikkim have been compiled based on the initial accounts rendered by six Treasuries, 41 Public Works/ Irrigation Divisions, five Forest Division, Directorate of Sikkim State Lotteries, Sikkim Nationalized Transport, Land Revenue and Disaster Management Department and advice of the State Bank of Sikkim (SBS). Rendition of monthly accounts by the Accounts Rendering Units of the State Government was satisfactory and no accounts remained excluded at the end of the Financial Year.

6.6 Advance payments

Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money by preparing Abstract Contingent (AC) Bills by debiting service heads. They are required to present Detailed Countersigned Contingent (DCC) Bills containing vouchers in support of final expenditure within three months of the withdrawal of AC Bills. Non-submission of DCC Bills renders the expenditure under AC Bills opaque. Details of AC Bills outstanding as on 31 March 2019 are given below:

Year	AC Bills Drawn		DCC Bills submitted		Unadjusted AC Bills	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Upto 2016-17	16622	457.72	14724	420.19	1898	37.53
2017-18	1312	38.39	949	23.07	363	15.32
2018-19	1131	77.78	385	9.86	746	67.92
Total	19065	573.89	16058	453.12	3007	120.77

6.7 Status of Suspense Balances

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

(₹ in crore)

Name of Minor Head	2014-15		2015-16		2016-17		2017-18		2018-19	
	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr
101-PAO Suspense	8.00	4.70	7.25	3.74	11.75	7.13	17.57	13.68	21.48	20.57
Net	Dr 3.30		Dr 3.51		Dr 4.62		Dr 3.89		Dr 0.91	
102-Suspense Account (Civil)	112.41	111.84	26.32	13.79	0.35	3.95	14.15	14.57	28.66	29.56
Net	Dr 0.57		Dr 12.53		Cr 3.60		Cr 0.42		Cr 0.90	
112 – Tax Deducted at Source	18.79	22.55	11.51	16.63	25.83	30.57	46.44	51.70	50.82	57.17
Net	Cr 3.76		Cr 5.12		Cr 4.74		Cr 5.26		Cr 6.35	
123-AIS Suspense	0.01	0.27	0.01	0.30	0.01	0.30	0.01	0.31	0.01	0.33
Net	Cr 0.26		Cr 0.29		Cr 0.29		Cr 0.30		Cr 0.32	
135-Cash Settlement between A.G. Sikkim and other States	1.55	0.18	1.77	0.30	2.11	0.80	2.47	2.34	2.83	2.75
Net	Dr 1.37		Dr 1.47		Dr 1.31		Dr 0.13		Dr 0.08	

6.8 Status of Outstanding Utilisation Certificate

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

Year	Number of Utilisation Certificate awaited	Amount (₹ in crore)
Up to 2016-17	991	51.77
2017-18	117	50.13
2018-19	198	70.31
Total	1306	172.21

6.9 Commitments on account of Incomplete Capital works

A total expenditure of ₹ 666 crore as per Appendix IX in Volume II of the Finance Accounts was incurred up to the year 2018-19 by the State Government on various incomplete projects against an original estimated cost of ₹ 1,509 crore.

6.10 New Pension Scheme

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

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

The Government of Sikkim, however, did not follow the above procedure in transferring Government contribution. The State Government transfers the employer's (Government's) contribution directly to NSDL/Trustee Bank without routing it through the Public Account. During 2018-19, the State Government deducted ₹ 47 crore towards employees' contribution and credited the same into Public Account. Thereafter, the State Government transferred ₹ 401 crore from the Public Account to the NSDL/Trustee Bank.

As on 1 April 2018, ₹ 27.67 crore representing employees' contribution yet to be transferred to NSDL/Trustee Bank was available in the Public Account under Major Head 8342-117. (The interest accruing on such retained balances which constitute liabilities of the State Government since the inception of the Scheme, has not been estimated. It has also not been possible to estimate whether the employees' contributions over the years under the Scheme have been correctly assessed). Against ₹ 124.09 crore (₹ 27.67 crore opening balance plus ₹ 96.42 crore deducted

from the employees during the year), the State Government transferred ₹ 94.54 crore leaving a balance of ₹ 29.55 crore in the Public Account as on 31 March 2019. Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities under the scheme besides erroneously enhancing the liquidity position of the State Government.

6.11 Personal Deposit Accounts

Personal Deposit (PD) accounts are operated by transferring amounts from the Consolidated Fund to be utilised for specific purposes and booked as final expenditure against the concerned service Major Heads without any actual cash flow. In Sikkim State no Personal Deposit (PD) accounts are operated upto the financial year 2018-19.

6.12 Investment

The State Government invests in the equity and shares of Statutory Corporations, Government Companies, Joint Stock Companies and Co-operative Institutions. As per the accounts the investment of Government in 36 entities was ₹ 105.46 crore as on 31 March 2019 on which an amount of ₹ 4.36 crore was received as dividend/interest (i.e. 4.13 per cent of total invested amount). Out of these ₹ 1.33 crore was received as dividend/interest from (1) Statutory Corporation i.e.State Bank of Sikkim wherein invested amount was ₹ 0.53 crore (2) Companies i.e. Sikkim Distilleries Ltd. received ₹ 1.45 crore as dividend/interest wherein invested amount was ₹ 2.42 crore(3) Bank and Co-operative Societies i.e. Sikkim State Co-operative Bank Ltd. (SISCO) received ₹ 1.52 crore as dividend/interest wherein invested amount was ₹ 9.26 crore and rest of dividend/interest amount of ₹ 0.06 crore only was received on invested amount of ₹ 93.25 crore in 33 entities. Details are given in Statement 19 of Finance Accounts Vol. II. These figures, however, have not been reconciled with the figures of the investee organisations, which is to be done.

6.13 Rush of expenditure

The financial rules stipulate that rush of expenditure particularly in the closing month of the financial year shall be regarded as a breach of financial regularity and should be avoided. However, the expenditure incurred under ten Heads of Account during March 2019 ranged between 6 per cent and 92 per cent of the total expenditure during the year indicating a tendency to utilize the budget at the close of the financial year.

The flow of expenditure during the four quarters of 2018-19 in the above mentioned Heads was as below:

(₹ in crore)

Head of Account	Description	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Total	During March	Percentage of 3/2019 w.r.t. total expenditure of 2018-19
2045	Other Taxes and Duties on Commodities and Services	0.59	0.47	0.52	25.67	27.25	25.18	92.40
2049	Interest Payment	81.63	77.94	79.65	193.82	433.05	123.09	28.42
2071	Pensions and Other Retirement Benefits	143.47	141.48	158.18	294.11	737.24	161.90	21.96
2202	General Education	199.64	224.31	244.07	281.93	949.95	79.55	8.37
2401	Crop Husbandry	14.48	24.61	31.87	96.26	167.22	68.97	41.25
2851	Village and Small Industries	5.21	6.61	5.15	6.77	23.74	1.37	5.77
4059	Capital Outlay on Public Works	15.32	13.69	18.42	20.85	68.27	18.13	26.56
4202	Capital Outlay on Education, Sports, Art and Culture	9.78	16.23	10.71	33.30	70.03	26.18	37.38
4801	Capital Outlay on Power Projects	8.43	10.08	22.13	22.94	63.58	21.36	33.60
5054	Capital Outlay on Roads and Bridges	111.12	255.09	113.08	146.38	625.67	68.60	10.96

© **COMPTROLLER AND AUDITOR GENERAL OF INDIA**
2019

www.cag.gov.in

<http://agskm.cag.gov.in>