

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

**for the year ended 31 March 2010
(Report No. 1)**

GOVERNMENT OF SIKKIM

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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report contain audit findings on matters arising from examination of Finance Accounts and Appropriation Accounts respectively of the State Government for the year ended 31 March 2010.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives issued during the current year.
4. Audit observations on matters arising from performance reviews and audit of transactions in various departments including the Public Works and Irrigation Departments, audit of stores and stock, audit of autonomous bodies, audit of revenue receipts and departmentally run commercial undertakings for the year ended 31 March 2010 are included in a separate Report.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Background

This Report on the Finances of the Government of Sikkim is being presented to the State Legislature, along with the Finance and Appropriation Accounts, with a view to assess objectively the financial performance of the State during the year 2009-10. 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 both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the normative assessment made by the Twelfth Finance Commission (TFC). A comparison has been made to see whether the State has given adequate fiscal priority to the developmental, social sector and capital expenditure as compared to other States in the country and whether the expenditure has been effectively absorbed by the intended beneficiaries.

Since these comments formed part of the Civil Audit Report, it was felt that the audit findings on State finances remained camouflaged in the large body of audit findings on compliance and performance audits. The obvious fallout of this well-intentioned but all-inclusive reporting was that the financial management portion of these findings did not receive proper attention. In recognition of the need to bring State finances to centre-stage once again, a stand-alone Report on State Government finances is considered an appropriate audit response to this challenge. Accordingly, from the report year 2009 onwards, Comptroller and Auditor General of India had decided to bring out a separate volume titled "Report on State Finances". The Report is the second in this endeavor.

The Report

Based on the audited accounts of the Government of Sikkim for the year ending March 2010, this Report provides an analytical review of the Annual Accounts of the State Government. The Report is structured in three Chapters.

Chapter 1 is based on the audit of Finance Accounts and makes an assessment of the Government of Sikkim's fiscal position as on 31 March 2010. 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. This chapter also captures matters relating to State Regulatory Bodies, framing of Rules and Regulations in pursuance of Central Acts, Major Policy initiatives by the State Government and Public Private Partnership ventures in the State.

Chapter 2 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 3 is an inventory of Sikkim Government's compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and also delay in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and losses that indicate inadequacy of controls in the Government departments are also detailed in this chapter. The report also has an appendage of additional data collated from several sources in support of the findings.

Audit findings and recommendations

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 maintained revenue surplus during the last five year period. However, while the State continued with fiscal deficit in all the five years with fluctuating trend, the primary deficit also continued to prevail except in the year 2006-07 wherein surplus was recorded. During the current year, there was a significant improvement in all the key fiscal parameters over the previous year.

Revenue Receipts

The revenue receipts have shown a progressive increase over the period 2005-10 with a growth of 33.40 *per cent* over the previous year. While 28.62 *per cent* of the revenue receipts during 2009-10 have come from the State's own resources comprising taxes and non-taxes as compared to 24 *per cent* in 2005-06, the share of Central transfers comprising State's share in Central taxes and duties and grants-in-aid from GOI had marginally declined from 76 *per cent* in 2005-06 to 71.38 *per cent* in 2009-10. *The tax revenue as well as the non-tax revenue receipts exceeded both the normative assessments made by TFC and budget provision.*

Revenue and Capital expenditure

The overall revenue expenditure of the State increased by 32.49 *per cent* from ₹ 1,380.55 crore in 2008-09 to ₹ 1,829.02 crore in 2009-10. While revenue expenditure constituting 72.74 *per cent* of the total expenditure grew by ₹ 448.47 crore over the previous year, the expenditure incurred under capital head which constituted 25.79 *per cent* of the total expenditure grew by ₹ 36.75 crore over the previous year .

Out of the total capital expenditure of ₹ 648.53 crore, ₹ 285.00 crore were blocked in 79 incomplete works which were due to be completed within 31 March 2010.

Developmental expenditure of ₹ 932.53 crore in 2005-06 increased to ₹ 1,768.05 crore in 2009-10. However, its share in aggregate expenditure decreased from 75.38 *per cent* in 2005-06 to 70.31 *per cent* in 2009-10. The ratio of development expenditure as a proportion to aggregate expenditure is higher than the average of NE States which indicates that the State had given higher priority to this category of expenditure as

compared to other States. However, *non-plan developmental revenue expenditure (SS + ES) of ₹ 635.83 crore was higher than the TFC Projection of ₹ 325.40 crore for the State during 2009-10.* The ratio of Social Sector expenditure which includes expenditure on Education and Health as a proportion of aggregate expenditure is lower than the average of NE States'.

According to recommendation of the TFC, the State should follow a recruitment and wages policy in such a manner that the total salary bills relative to revenue expenditure net of interest payments and pension does not exceed 35 *per cent*. The expenditure on salaries was 53.59 *per cent* of the revenue expenditure, net of interest payments and pension, as against TFC norm of 35 *per cent* and constituted 123.69 *per cent* of its own tax and non-tax revenue during 2008-09. Although the interest payment (₹ 154.43 crore) during 2009-10 exceeded the normative projections of TFC (₹ 130.07 crore), in absolute terms, the same at 6.58 *per cent* remained well within the limit of 15 *per cent* of revenue receipt recommended by the TFC.

Though expenditure incurred under Capital Heads had been increasing over the years, the State needs to ensure effective implementation of the schemes and devise an effective monitoring mechanism to avoid the incidences of time and cost overrun and ensure that value for money is channelised in its entirety to the intended beneficiaries. The State should initiate action to restrict the components of non-plan revenue expenditure by phasing out implicit subsidies and resort to need based borrowings to cut down interest payments. The State should enhance spending and accord priority to the Social Sector.

Funds transferred directly from the Government of India (GOI) to the State implementing agencies

There is no single agency monitoring its use and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies but are funded directly by the GOI.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).

Government investment

Investment of Government money in Government Companies and Statutory Corporations are increasing year after year. However, while the return on the investment was 0.52 *per cent*, the Government paid an average interest rate of 8.35 *per cent* on its borrowings during the year.

The Government should ensure better value for money in investment by identifying the Companies/Corporations which are endowed with low financial but high socio-

economic returns and justify if high cost borrowings are worth being channelised there. Initiative may be taken to revive, close down or sell the huge loss making Corporations/Companies.

Cost of collection

The percentage of expenditure on collection during 2009-10 as compared to the corresponding All India average percentage for 2008-09 was high in the cases of Sales Tax, State Excise and Taxes on Vehicles.

Government should take suitable steps for minimising the cost of collection to make available more funds for development purposes.

State Regulatory bodies

State has not constituted State Electricity Regulatory Commission as stipulated in Electricity Act 2003. Though the State Government constituted the State Transport Authority as per the provision of sub-section 1 of section 68 of Motor Vehicle Act 1988, the Authority neither maintained any records nor are any reports being prepared. The State Level Education Regulatory Commission had not yet been constituted despite the announcement by the Chief Minister during the presentation of Budget for the year 2007-08 to constitute the same.

Public Private Partnership (PPP)

Even though the Sikkim Government had not framed any PPP policy for the State, the Government opened the power sector to private developers with the objective of increasing its revenue by exporting electricity to other States. The State Government commenced award of hydro power projects to Independent Power Producers (IPPs) without working out any effective modality and finalising any plan or policy. Projects were awarded at throwaway charges which compared very poorly with the charges imposed by all other hydro power States in the country in respect of royalty revenue, upfront premium, penalty for delay, local area development, etc. Environmental issues were also neglected and delayed.

State PPP policy particularly in respect of hydro power projects may be finalised and all projects awarded after following transparent bidding procedures.

State may consider levying appropriate application fee, upfront premium and royalty keeping in view the prevalent best practices.

Suitable conditions against non-performance/abandonment of the projects and negligence in proper maintenance of the assets may be imposed on the IPPs forthwith.

Strict vigil over environmental concerns may be ensured.

Financial management and budgetary control: This Chapter deals with the position

of actual expenditure against 44 Grants/Appropriations during 2009-10. It was observed that there is an overall savings of ₹ 504.18 crore and excess expenditure of ₹ 5.10 crore during 2009-10. This excess expenditure of 2009-10 compounded with an excess expenditure of ₹ 5.00 crore pertaining to 2006-09, requires regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was also observed towards the end of the year. In respect of 27 Major Heads, more than 50 *per cent* of the total expenditure during the year was incurred in the last month of the financial year, despite clear directions to the contrary. The Abstract Contingent Bills had not been adjusted for long periods of time which was fraught with the risk of misappropriation and therefore needs to be monitored closely.

Budgetary controls should be strengthened in all the Government departments, particularly in the departments where savings/excesses persisted for last five years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within sixty days from the date of drawal of the amount.

Financial Reporting: This Chapter discloses deficiencies in not furnishing utilisation certificates in time against grants/loans received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time. There was delay in placement of Separate Audit Report to Legislature and huge arrears in finalisation of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments. An effective mechanism needs to be put in place to ensure timely placement of reports, finalisation of accounts and speedy settlement of cases relating to misappropriation and losses

CHAPTER - I

Finances of the State Government



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Finances of the State Government

Profile of Sikkim

Sikkim is a small sparsely populated State situated in the Eastern Himalayas. It became a part of the Indian Union on 26 April 1975. Ethnically Sikkim has mainly three groups of people viz., Nepalis, Bhutias and Lepchas. It has a total area of 7,299 Sq Km which constitutes 0.22 per cent of the total geographical area of India. Sikkim being landlocked, National Highway 31A is the only lifeline which connects the State with the rest of the country. Sikkim categorised as a special category State¹ has four districts and nine sub-divisions and has also been included in the North Eastern Council since December 2002.

According to the Census of India 2001, the population of Sikkim stands at 5.40 lakh and the percentage of rural population of the State was more than the All India rural population. According to Census 2001, the literacy rate of Sikkim was 69.68 per cent as against All India literacy rate of 65 per cent. Similarly, the infant mortality rate at 33 per 1,000 live births is better than the All India Average of 53 per 1,000 live births. The population growth of NE States in 2009-10 over 2000-01 stood at 11.68 per cent while Sikkim registered population growth of 11.11 per cent during the same period (**Appendix-1.1 - Part-D**). The estimated per capita income of the State stood at ₹ 43,535² during 2009-10 which has increased by 122.95 per cent over 2000-01.

The average Compound Annual Growth Rate (CAGR) in respect of GSDP for Sikkim was 13.43 per cent between 2000-01 and 2008-09 which was higher than that of NE States (11.87 per cent) and Sikkim ranks second amongst the other NE States. The outstanding fiscal liabilities of the State as percentage to GSDP showed a persistent increase from 73.82 per cent in 2005-06 to 88.63 per cent in 2009-10.

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The new format of Finance Accounts introduced from the year 2009-10, has been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarized form while Volume II represents detailed financial statement, the structure and lay out of which are depicted in **Appendix-1.1-Part B**.

¹Special privileges given to Sikkim includes financial assistance from Government of India in the ratio of 90 per cent grant and 10 per cent loan unlike non-special category States which get Central assistance in the ratio of 70 per cent grant and 30 per cent loan.

²The per capita income has been calculated on the basis of current year's GSDP at current prices with respect to the average population during 2009 and 2010 projected by Registrar General and Census Commissioner, Government of India.

This chapter provides a broad perspective of the finances of the Government of Sikkim during the current year and analyses critical changes in the major fiscal aggregates relative to the previous year keeping in view the overall trends during the last five years. **Appendix-1.1-Part C** of the chapter briefly outlines the methodology adopted for the assessment of the fiscal position of the State 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 2005-10.

1.1 Summary of Current Year's Fiscal Transactions

Table 1.1 presents the summary of the State Government's fiscal transactions during the current year (2009-10) vis-à-vis the previous year while **Appendix-1.3** provides details of receipts and disbursements as well as overall fiscal position during the year.

Table 1.1: Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts			Disbursements				
2008-09		2009-10	2008-09		2009-10		
Section-A: Revenue					Non Plan	Plan	Total
2,671.25	Revenue receipts ³	3,254.39	2,293.60	Revenue expenditure ⁴			2,738.04
199.19	Tax revenue	223.65	1,359.21	General services ⁴	1,529.53	37.10	1,566.63
1,205.31	Non-tax revenue ³	1,356.44	540.24	Social services ⁵	410.86	280.42	691.28
364.20	Share of Union Taxes/Duties	374.68	394.15	Economic services ⁵	224.97	255.16	480.13
902.55	Grants from Government of India	1,299.62					
Section-B: Capital							
--	Misc. Capital Receipts		611.78	Capital Outlay		648.53	648.53
0.38	Recoveries of Loans and Advances	0.30	0.25	Loans and Advances disbursed			36.98
337.46	Public Debt receipts	392.11	76.29	Repayment of Public Debt			86.29
	Contingency Fund		--	Contingency Fund			
2,414.37	Public Account receipts	2,967.71	2,305.07	Public Account disbursements			2,784.90
571.77	Opening Cash Balance	708.24	708.24	Closing Cash Balance			1,028.01
5,995.23	Total	7,322.75	5,995.23	Total			7,322.75

Following are the significant changes during 2009-10 over the previous year:

- Revenue receipts grew by ₹ 583.14 crore (21.83 per cent) over the previous year due to increase in non-tax revenue (₹ 151.13 crore), State's share in Central taxes and duties (₹ 10.48 crore), grants from Government of India (₹ 397.07 crore) and tax revenue (₹ 24.46 crore).

³Revenue receipts and Non-tax revenue are inclusive of gross receipt (₹ 949.92 crore) from State Lotteries.

⁴Revenue expenditure and General Services (Non-plan) are inclusive of expenditure (₹ 909.02 crore) on State Lotteries.

⁵Includes grants-in-aid contribution under Social Services (₹ 166.01 crore) and Economic Services (₹ 21.45 crore) aggregating ₹ 187.46 crore.

- Revenue expenditure increased by ₹ 444.44 crore (19.38 per cent) over the previous year due to increase in General services (₹ 207.42 crore), Social services (₹ 151.04 crore) and Economic services (₹ 85.98 crore).
- Capital expenditure increased by ₹ 36.74 crore (6.01 per cent) over the previous year. The increase was mainly under General services (₹ 11.74 crore) and Social services (₹ 30.10 crore) which was offset by decrease under Economic services (₹ 5.09 crore).
- Public debt receipts and its repayments increased by ₹ 54.65 crore (16.19 per cent) and ₹ 10.00 crore (13.11 per cent) respectively over the previous year.
- Public Account receipts and disbursements increased by ₹ 553.34 crore (22.92 per cent) and ₹ 479.83 crore (20.82 per cent) respectively over the previous year.
- The total outflow of the Government (₹ 6,614.51 crore) was less than the total inflow (₹ 6,294.74 crore) resulting in an increase of ₹ 319.77 crore in the cash balance of the State at the end of the year 2009-10.

1.2 Fiscal Responsibility and Budget Management Act and Twelfth Finance Commission Recommendation

With the enactment of a Fiscal Responsibility and Budget Management Act (FRBM Act) in 2003 at the Centre, the Twelfth Finance Commission (TFC) recommended that each State must enact a fiscal responsibility legislation prescribing specific annual targets with a view to eliminate the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. Enacting the fiscal responsibility legislation is a necessary pre-condition for availing of debt relief. Hence Sikkim has not been given any benefit of debt waiver under DCRF for the period 2005-2010. The Government of Sikkim has however, enacted the FRBM Act only in September 2010.

1.2.1 The Twelfth Finance Commission recommendation

The Twelfth Finance Commission has recommended growth of Tax and Non-Tax Revenue during 2005-10. The targets fixed by TFC vis-à-vis the actual are given below:

Table 1.2: TFC recommendations vis-à-vis the actuals

(₹ in crore)

Year	TFC Recommendation			Actual		
	Tax	Non-Tax	Total	Tax	Non-Tax	Total
2005-06	119.75	84.14	203.89	147.23	113.94	261.17
2006-07	136.99	90.01	227.00	173.18	171.75	344.93
2007-08	156.72	96.88	253.60	197.85	212.03	409.88
2008-09	179.29	104.94	284.23	199.19	292.26	491.45
2009-10	205.11	114.47	319.58	223.65	447.42	671.07

Source: Twelfth Finance Commission Report and Finance Accounts.

The State exceeded the targets fixed by the TFC in collection of revenue from own sources both under Tax and Non-Tax in all the five years.

The Twelfth Finance Commission has also fixed the sector-wise target for non-plan revenue expenditure for the period 2005-10. The targets fixed by TFC vis-à-vis the actual are given below:

Table 1.3: TFC recommendations vis-à-vis actual

(₹ in crore)

Sectors	TFC Recommendation					Actual				
	2005-06	2006-07	2007-08	2008-09	2009-10	2005-06	2006-07	2007-08	2008-09	2009-10
General	239.96	254.29	270.55	286.28	319.08	280.12	328.01	369.16	435.66	620.51
Social	171.64	187.31	204.48	223.27	243.85	191.46	190.68	230.89	275.83	410.86
Economic	66.67	70.11	73.74	77.55	81.55	125.66	118.93	127.03	151.34	224.97
Total	478.27	511.71	548.77	587.10	644.48	597.24	637.62	727.08	862.83	1,256.34

Source: Twelfth Finance Commission Report and Finance Accounts.

It can be seen from the above table that the State failed to contain its non-plan revenue expenditure to the terms of TFC recommendation during the entire period. During 2009-10, Non-plan revenue expenditure was 94.94 *per cent* more than the TFC recommendation mainly due to payment on account of Pay Revision. Nevertheless, the State continued to remain revenue surplus during the entire period.

1.2.2 Budget Analysis

The budget papers presented by State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall economic management. Several reasons may account for the deviation of the actual realisation from the budget estimates. It may be because of unanticipated and unforeseen events or under or over estimation of expenditure or revenue at the budget stage, etc. Actual realisation of revenue and its disbursement however depends on a variety of factors, some internal and others external. **Table 1.4** presents the consolidated picture of State Finances during 2008-09 (Actuals), 2009-10-budget estimates (BE), 2009-10 revised estimates (RE) and 2009-10 (Actuals).

Table 1.4: Variation in Major items - 2009-10 (Actuals) over 2009-10 Budget Estimates & Revised Estimates and 2008-09 (Actuals)

(₹ in crore)

Parameters	2008-09	2009-10		
	Actual	Budget Estimates	Revised Estimates	Actuals
Tax Revenue	199.19	177.18	184.04	223.65
Non-Tax Revenue	292.26	258.88	409.30	447.42
Revenue Receipts	1,758.20	2,075.83	2,586.33	2,345.37
Non-debt Capital Receipts	0.38	0.42	0.08	0.30
Revenue Expenditure	1,380.55	1,653.73	1,937.45	1,829.02
Interest Payments	142.64	169.50	169.50	154.43
Capital Expenditure	611.78	858.97	960.92	648.53
Disbursement of Loans & Advances	0.25	20.48	40.48	36.98
Revenue Deficit/Surplus	377.65	422.10	648.88	516.35
Fiscal Deficit/Surplus	(-)234.00	(-)456.93	(-)352.44	(-)168.86
Primary Deficit/Surplus	(-)91.36	(-)287.43	(-)182.94	(-)14.43

There was considerable positive variation between budget estimates and actuals in all the key parameters except capital expenditure. Tax Revenue and Non-tax Revenue exceeded the budget provisions by 26.33 *per cent* and 72.82 *per cent* respectively. Revenue receipts and Revenue expenditure were higher by 12.98 *per cent* and 10.60 *per cent* respectively as compared to the budget estimates which resulted in increase in Revenue Surplus by 22.23 *per cent*. However, Capital Expenditure was less than budget estimate and revised estimate by 24.50 *per cent* and 32.51 *per cent* respectively.

Sikkim's own tax revenue increased by 12.28 *per cent* from ₹ 199.19 crore in 2008-09 to ₹ 223.65 crore in 2009-10. The revenue from sales tax not only contributed to the major share of tax revenue (54.13 *per cent*), but also increased by 19.71 *per cent* (₹ 19.93 crore) over the previous year. The increase in sales tax revenue over the previous year was mainly due to increase in Value Added Tax (₹ 6.11 crore), State Sales Tax (₹ 10.72 crore) and Central Sales Tax (₹ 3.10 crore). While there was increase in State Excise duty (₹ 10.81 crore) by 23.27 *per cent* and other taxes (₹ 7.05 crore) by 19.90 *per cent*, taxes on income other than Corporation tax decreased (₹ 13.32 crore) by 82.43 *per cent* mainly due to decrease in State Income Tax. Decrease in taxes on income other than Corporation tax (State Income Tax) was due to abolition of State Income Tax as a result of implementation of Central Income Tax Act 1961 w.e.f 16 June 2008. It may be mentioned that before the implementation of Central Income Tax in Sikkim, income earned in the State was being taxed under the Sikkim Income Tax Manual 1948.

The **non-tax revenue**, which constituted 19.08 *per cent* of total revenue receipts, has increased by ₹ 155.16 crore from ₹ 292.26 crore in 2008-09 to ₹ 447.42 crore in 2009-10 recording a growth rate of 53.09 *per cent* over the previous year. The major contributors

to non-tax receipts of the State in 2009-10 include receipts from power (₹ 285.83 crore), interest receipts (₹ 44.18 crore) and net receipts from lotteries (₹ 40.91 crore). The increase in non-tax receipts during 2009-10 (₹ 155.16 crore) was mainly due to increase in receipts under power sector (₹ 131.09 crore), interest receipts (₹ 18.24 crore) and contribution on recoveries towards pension and other retirement benefits (₹ 5.01 crore). The increase was however, mainly offset by decrease in receipt under net receipts from lotteries (₹ 2.05 crore) and minor irrigation (₹ 1.02 crore).

The **State's share in Union taxes and duties** stood at ₹ 374.68 crore, an increase of ₹ 10.48 crore over the previous year mainly due to increase in the State's share in corporation tax (₹ 34.90 crore); income tax (₹ 10.87 crore); wealth tax (₹ 0.24 crore); and service tax (₹ 0.16 crore), which was counterbalanced by decrease in excise duties (₹ 18.50 crore) and custom duties (₹ 17.19 crore). With effect from 2007-08, the State was given its share of income tax in pursuance of the amendment to the Income Tax Act, 1961.

Grants-in-aid from Centre to the State, a discretionary component of central transfers, is considered to be an integral element of the revenue receipts of the State which has an impact on the consolidated revenue deficit of the State. The grants-in-aid increased by ₹ 397.07 crore (43.99 *per cent*) from ₹ 902.55 crore in 2008-09 to ₹ 1,299.62 crore in 2009-10 mainly due to increase in grants for State plan schemes (₹ 390.96 crore), Centrally Sponsored Schemes (₹ 19.09 crore), Special Plan Schemes (NEC) (₹ 24.43 crore) and Central Plan Schemes (₹ 0.43 crore). This was counterbalanced by decrease in Non-Plan grants (₹ 37.83 crore). Grants for State Plan Schemes increased during 2009-10 mainly due to receipt of more Central assistance under Block grants (₹ 400.97 crore) which includes Basic Service to urban poor under Jawaharlal Nehru National Urban Renewal Mission, Backward Region Grant Fund, Accelerated Irrigation Benefit Programme, Additional Central Assistance for long term Reconstruction of Assets damaged during 2005-06 and Grants under Non-Lapsable Central Pool of Resources which was counterbalanced by decrease in Other Grants (₹ 10.01 crore) mainly comprising grant under 12th Finance Commission. Non-Plan Grants decreased mainly due to decrease in grant under the Constitution (Distribution of Revenue Order) (₹ 21.94 crore), grants towards Contribution to Calamity Relief fund (₹ 7.93 crore), grants for Local Bodies recommended by the 12th Finance Commission (₹ 7.80 crore) and grants for Civil Defence (reimbursement of expenditure by Government of India) (₹ 4.18 crore) which was offset by increase in grant for maintenance of public building recommended by the 12th Finance Commission (₹ 4.02 crore).

The increase of ₹ 448.48 crore in **revenue expenditure** in 2009-10 over 2008-09 was due to increase of ₹ 211.46 crore (47.40 *per cent*) on General Services mainly towards Election, Pension and other Retirement Benefits, Police, Administration of Justice, Training and Other Administrative Services, ₹ 85.98 crore (21.81 *per cent*) and on

Economic Services mainly towards Special Areas programmes and General Economic Services (Tourism and Civil Supplies) ₹ 151.04 crore (27.96 per cent) and on Social Services mainly towards Education, Sports, Art and Culture and Health and Family Welfare. However, there was a marginal decrease in Water Supply, Sanitation, Housing and Urban Development.

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 2009-10 the capital expenditure of the State was ₹ 648.53 crore out of which ₹ 285.00 crore were blocked in 79 incomplete works which were due to be completed within 31 March 2010. The increase of ₹ 36.75 crore in capital outlay as compared to 2008-09 (₹ 611.78 crore) was due to increase on General Services (₹ 11.74 crore) major components of which were Public Works and on Social Services (₹ 30.10 crore) which was mainly due to increase in Urban Development, Social Security and Welfare offset by decrease on Economic Services (₹ 5.09 crore) mainly on account of Irrigation and Flood Control and Industry and Minerals.

Actual **fiscal deficit** fell short of the assessment made in the budget estimate by 63.04 per cent (₹ 228.07 crore) and revised estimate by 52.09 per cent (₹ 183.58 crore) mainly due to decrease in revenue expenditure and capital expenditure. Decrease in fiscal deficit together with decrease in interest payment of ₹ 14.97 crore (revised estimate) led to decrease in primary deficit by 92.11 per cent (₹ 168.51 crore) than the assessment made in revised estimate.

The **Table 1.4** also indicates that at the consolidated level, the State witnessed a marked improvement in key deficit indicators when the revised estimates of 2009-10 translated into actuals. An improvement in the fiscal situation in recent years (2005-06 to 2009-10) was achieved by the State by pursuing the fiscal correction and consolidation process coupled with larger devolution and transfer by the Twelfth Finance Commission through Central Taxes and Grants-in-aid. Consequent upon these developments, the State achieved surplus during the period from 2005-06 to 2009-10.

1.3 Resources of the State

1.3.1 Resources of the State as per Annual Finance Accounts

Revenue receipts and capital receipts are the two streams of receipts that constitute the resources of the State Government. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account.

While **Table 1.1** presents the receipts and disbursements of the State during the current year as recorded in its Annual Finance Accounts, **Chart 1.1** depicts the trends in various components of the receipts of the State during 2005-10, **Chart 1.2** depicts the composition of resources of the State during the current year.

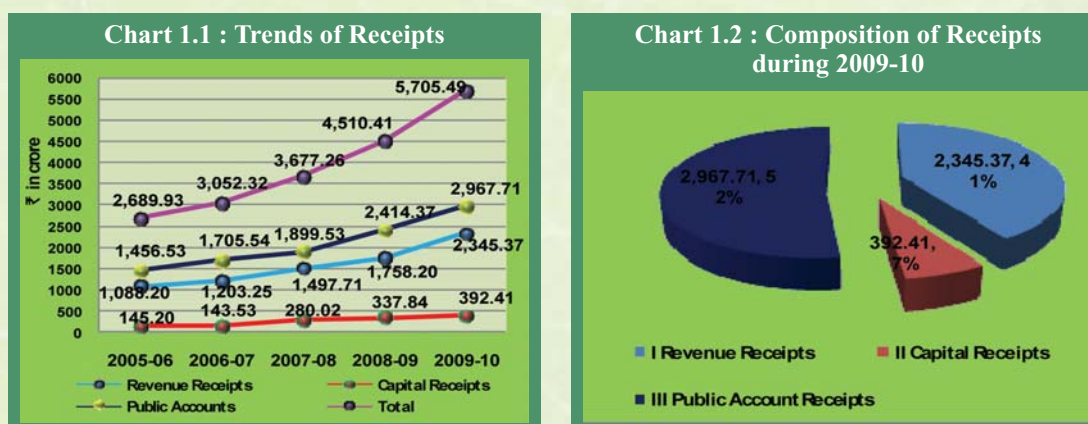


Table 1.5: Trends in growth and composition of receipts

(₹ in crore)

	Sources of State Receipts	2005-06	2006-07	2007-08	2008-09	2009-10
I	Revenue Receipts	1,088.20	1,203.25	1,497.71	1,758.20	2,345.37
II	Capital Receipts (CR)	145.20	143.53	280.02	337.84	392.41
	Miscellaneous Capital Receipts	-	-	-	-	-
	Recovery of Loans and Advances	0.14	0.78	0.38	0.38	0.30
	Public Debt Receipts	145.06	142.74	279.64	337.46	392.11
	Rate of growth of non-debt capital receipts	(-158.33	457.14	(-51.28	0.00	(-21.05
	Rate of growth of debt capital receipts	(-24.84	(-1.60	95.91	20.68	16.19
	Rate of growth of GSDP ⁶	14.22	11.40	12.72	13.68	13.43
	Rate of growth of CR (per cent)	(-24.67	(-1.15	95.10	20.65	16.15
	Debt Capital buoyancy	(-1.75	(-0.14	7.54	1.51	1.21
III	Contingency Fund	-	-	-	-	-
IV	Public Account Receipts	1,456.53	1,705.54	1,899.53	2,414.37	2,967.71
	a. Small Savings, Provident Fund, etc.				97.39	107.84
	b. Reserve Fund				56.10	44.99
	c. Deposits and Advances				46.84	45.04
	d. Suspense and Miscellaneous				1,385.07	1,925.55
	e. Remittances				828.97	844.29
	Total Receipts	2,689.93	3,052.32	3,677.26	4,510.41	5,705.49

The total receipts of the State during 2009-10 was ₹ 5,705.49 crore as against ₹ 4,510.41 crore during 2008-09, an increase of 26.50 per cent. Of these, the revenue receipts were ₹ 2,345.37 crore, constituting 41.11 per cent of the total receipts. The balance came from

⁶The estimated GSDP for the year 2009-10 for the State of Sikkim was ₹ 2,962.90 crore, which is arrived at on the basis of figures for the last year (2008-09) of Advance Estimates of GSDP (₹ 2,612.10 crore) increased by 13.43 per cent (average growth rate during 1999-2000 to 2008-09) as State Government has not yet finalised the GSDP

capital receipts (6.88 *per cent*) and receipts from Public Account (52.01 *per cent*). The capital receipts increased by 16.15 *per cent* as compared to 2008-09, mainly due to increase in market loan (16.28 *per cent*). Similarly, Public Account receipts increased by 22.92 *per cent*, mainly due to increase in suspense and miscellaneous heads of accounts. Public debt receipts which create future repayment obligation were 99.92 *per cent* of the total capital receipts.

The rate of growth of debt capital receipts decreased from 20.68 *per cent* in 2008-09 to 16.19 *per cent* in 2009-10 and the ratio of growth of non-debt capital receipts decreased from 0 *per cent* in 2008-09 to (-) 21.05 *per cent* in 2009-10.

The rate of growth of debt capital receipts increased from (-) 24.84 *per cent* in 2005-06 to 16.19 *per cent* in 2009-10 while the rate of growth of GSDP decreased from 14.22 *per cent* in 2005-06 to 13.43 *per cent* in 2009-10 resulting in increase in the rate of growth of debt capital buoyancy from (-) 1.75 in 2005-06 to 1.21 in 2009-10.

The rate of growth of non-debt capital receipts increased from (-) 158.33 *per cent* in 2005-06 to (-) 21.05 *per cent* in 2009-10 resulting in increase in the rate of growth of non-debt capital buoyancy from (-) 11.13 in 2005-06 to 1.57 in 2009-10.

Compound Annual Growth Rate (CAGR) of Revenue Receipts for Sikkim (9.31 per cent) between 2000-01 and 2008-09 was much lower than the North Eastern (NE) States average (14.87 per cent) and thus needs improvement.

1.3.2 Funds transferred to State Implementing Agencies outside the State Budget

The Central Government has been transferring a sizeable quantum of funds directly to the State Implementing Agencies⁷ for the implementation of various schemes/programmes in social and economic sectors recognised as critical. As these funds are not routed through the State Budget/State Treasury System, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated to that extent. To present a holistic picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies (SIAs) are presented in **Appendix-1.4**. Significant amounts released for major programmes/schemes are detailed in **Table 1.6**.

⁷State Implementing Agencies include Organizations/Institutions including Non-Governmental Organizations which are authorised by the State Government to receive the funds from the Government of India for implementing specific programmes in the State, e.g., State Mission Authority for SSA and State Health Mission for NRHM etc.

Table 1.6: Funds transferred directly to State Implementing Agencies*(₹ in crore)*

Sl. No.	Name of the Agency/ Organisation	Name of the Scheme	Total Funds released by GOI during 2009-10	Funds received by SIAs during 2009-10	Closing balance as on 31 st March 2010
1.	Sarva Shiksha State Mission Authority (Human Resource Dev. Department)	Sarva Siksha Abhiyan	17.36	17.36	2.76
2.	Rural Management and Development Department	MG-NREGA	88.57	88.57	24.48
3.	Sikkim Rural Roads Development Agency	PMGSY Programme	21.80	70.00	0.43
4.	Rural Management and Development Department	State Water and Sanitation Mission Programme	10.80	10.80	0
5.	State Health Society (Health Care, Human Services & Family Welfare Department)	NRHM	25.75	17.14	0
		Total	164.28	203.87	27.67

Source: 'Central Plan Scheme Monitoring System' portal in Controller General of Accounts' website and information from State Government departments.

The GOI directly transferred ₹ 231.79 crore to State Implementing Agencies during 2009-10.

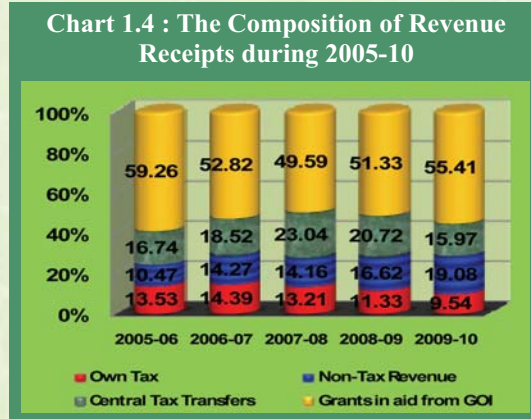
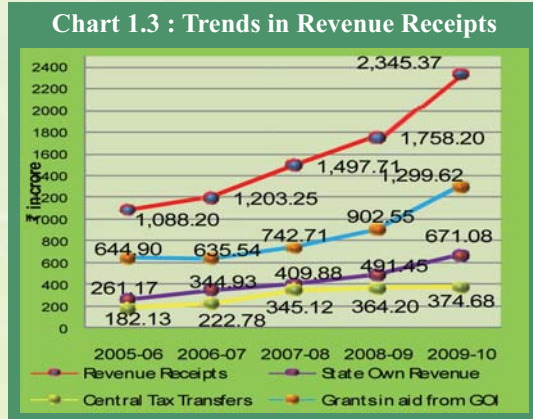
Table 1.6 shows that an amount of ₹ 164.28 crore (70.87 per cent of the total funds transferred) was given for (i) Pradhan Mantri Gram Sadak Yojana (9.41 per cent) (ii) Mahatma Gandhi National Rural Employment Guarantee Programme (38.21 per cent), (iii) Sarva Shiksha Abhiyan (7.49 per cent) (iv) National Rural Health Mission (11.11 per cent), and (v) State Water Supply and Sanitation Programme (4.66 per cent) during 2009-10 out of which ₹ 27.67 crore remained unutilised in these five programmes. With the transfer of an approximate amount of ₹ 231.79 crore directly by GOI to the State Implementing Agencies, the total availability of State resources during 2009-10 had increased from ₹ 5,705.49 crore to ₹ 5,937.28 crore. Small Farmer's Agri-business Consortium, Sikkim (Horticulture and Cash Crop Department) could not furnish the information in respect of funds under Technology Mission Scheme.

It is evident from **Appendix-1.4** that there is no single agency monitoring the funds directly transferred by the GOI and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes being implemented by the State Implementing Agencies and funded directly by the GOI.

Further, direct transfer of fund runs the risk of poor accountability. Unless uniform accounting practices are followed by all these agencies and there is proper documentation and timely reporting of expenditure, it will be difficult to monitor the end use of these direct transfers.

1.4 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government. The revenue receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from GOI. The trends and composition of revenue receipts during the period 2005-10 are presented in **Appendix- 1.2** and also depicted in **Charts 1.3** and **1.4** respectively.



1.4.1 General Trends

- The revenue receipts have shown a progressive increase over the period 2005-2010. Revenue receipts grew by 33.40 *per cent* over the previous year. Increase in revenue expenditure of ₹ 448.47 (32.48 *per cent*) was slightly lower than the increase of ₹ 587.17 crore (33.40 *per cent*) in revenue receipts resulting in increase in revenue surplus by ₹ 138.70 crore.
- While 28.62 *per cent* of the revenue receipts during 2009-10 have come from the State's own resources comprising taxes and non-taxes as compared to 24 *per cent* in 2005-06, the share of Central transfers comprising State's share in Central taxes and duties and grants-in-aid from GOI has marginally declined from 76 *per cent* in 2005-06 to 71.38 *per cent* in 2009-10.
- Tax revenue constituted 9.54 *per cent* of the total revenue receipts and increased by ₹24.56 crore during 2009-10 recording a growth rate of 12.28 *per cent* over the previous year. The percentage of tax revenue to total revenue receipts ranged between 6.18 and 14.39 *per cent* during 2005-10.
- Non-tax revenue receipts constituted 19.08 *per cent* of the total revenue receipts and increased by ₹ 155.16 crore recording a growth rate of 53.09 *per cent* over the previous year. Non-tax revenue as a percentage of revenue receipts ranged between 10.47 and 53.09 *per cent* during 2005-10.

The trends in revenue receipts relative to GSDP are presented in **Table 1.7**.

Table 1.7: Trends in Revenue Receipts relative to GSDP

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (RR) (₹ in crore)	1,088.20	1,203.25	1,497.71	1,758.20	2,345.37
Rate of growth of Revenue Receipts (<i>per cent</i>)	7.61	10.57	24.47	17.39	33.40
Revenue Receipts / GSDP (<i>per cent</i>)	59.46	59.03	65.18	67.31	79.16
Rate of growth of Own taxes (<i>per cent</i>)	25.89	19.63	14.25	0.68	12.28
Buoyancy Ratios ⁸					
Revenue Buoyancy w.r.t. GSDP	0.53	0.93	1.92	1.27	2.49
State's Own Tax Buoyancy with respect to GSDP	1.82	1.55	1.12	0.05	0.91
Gross State Domestic Product (₹ in crore)	1,830	2,038.54	2,297.86P	2,612.10A	2,962.90
Rate of growth of GSDP	14.22	11.40	12.72	13.68	13.43

(P) – Quick, (A) – Advance Estimates

The rate of growth of revenue receipts during 2009-10 has sharply increased by 33.40 *per cent* as compared to 2008-09. However, the increase was mainly due to the increase in the Grants in aid from Government of India by 43.99 *per cent* over the previous year. Revenue Buoyancy was more than one during the last three years and State's Own Tax buoyancy was also more than one during the years 2005-08, which fell to 0.05 during last year and again increased to 0.91 during 2009-10. Ideally growth rate of revenue should be higher than GSDP growth rate so that over a time, the budget can be better balanced. If the State's own taxes are buoyant, then the Government will be in a better position to plan expenditure and improve welfare of the people.

1.4.2 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, collection of central tax receipts and central assistance for plan schemes, etc., the State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collection in respect of major taxes and duties as well as the components of non-tax receipts vis-à-vis budget estimates during the years from 2005-06 to 2009-10 are given in **Appendix -1.5** and **1.6**

The tax revenue of the State increased from ₹ 116.95 crore in 2005-06 to ₹ 199.19 crore in 2009-10 at an annual rate of 14.06 *per cent*. The non-tax revenue (NTR), which constituted 19.08 *per cent* of the total revenue receipts, increased from ₹ 111.36 crore in 2005-06 to ₹ 447.42 crore in 2009-10 at an annual rate of 60.36 *per cent*.

⁸Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, State's own receipts buoyancy ratio with reference to its GSDP at 0.91 implies that revenue receipts tend to increase by 0.91 percentage points, if the GSDP increases by one per cent.

CAGR of Own tax Revenue of Sikkim (14.94 per cent) between 2000-01 and 2008-09 was slightly lower than the average of NE states (15.15 per cent). CAGR of Non-tax Revenue of Sikkim (0.14 per cent) between 2000-01 and 2008-09 was lower than the average of NE states (17.53 per cent). Government should therefore, explore the possibility of enhancing the Own tax and non tax-revenue.

1.4.3 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2007-08, 2008-09 and 2009-10 along with the relevant all India average percentage of expenditure on collection to gross collection for 2008-09 was as follows:

Table 1.8: Cost of collection

(₹ in crore)

Sl. No	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2008-09
1.	Sales tax	2007-08	81.32	1.72	2.12	0.88
		2008-09	101.14	1.95	1.93	
		2009-10	121.07	3.75	3.10	
2.	State excise	2007-08	37.94	1.97	5.19	3.66
		2008-09	46.46	2.36	5.08	
		2009-10	57.27	3.62	6.32	
3.	Taxes on vehicles	2007-08	6.22	0.60	9.65	2.93
		2008-09	6.94	0.77	11.10	
		2009-10	7.88	1.34	17.01	

Thus, the percentage of expenditure on collection during 2009-10 as compared to the corresponding all India average percentage for 2008-09 was high in the cases of sales tax, state excise and taxes on vehicles which is indicative of the fact that the excess expenditure incurred on collection of revenue might impede the path of improvement towards achieving a healthy fiscal path in the State.

The position with regard to mobilisation of the State's own resources in 2009-10 vis-à-vis projections made by TFC and the State Government in its Budget is as under:

Table 1.9: Mobilisation of own resources

(₹ in crore)

Year 2007-08	Assessment of TFC	Budget Estimate	Actual	Percentage Change over	
				TFC Projection	BE
Tax Revenue (own tax)	205.11	177.18	223.65	9.04	26.23
Non-tax Revenue	114.47	258.88	447.42	290.86	72.83

Source: Twelfth Finance Commission Report and Finance Accounts.

Table 1.9 reveals that the tax revenue as well as the non-tax revenue receipts exceeded both the normative assessments made by TFC and budget provision.

1.4.4 Cost recovery in supply of merit goods and services

The current levels of cost recovery (non-tax revenue receipts as a percentage of non-plan revenue expenditure) in supply of merit goods and services by Government were negligible, as depicted in **Table 1.10**.

Table 1.10: Cost recovery in supply of merit goods and services

(₹ in lakh)

	Non-tax revenue receipts	Non-plan revenue expenditure	Cost Recovery (per cent)
Elementary Education	19.97	12,792.00	0.16
Medical and Public Health	101.82	7,468.65	1.36
Water Supply & Sanitation	261.52	990.59	2.64
Roads & Bridges	00	3,613.10	00
Minor Irrigation	35.64	220.90	16.13

As can be seen from above table, while the cost recovery for Roads and Bridges during 2009-10 was nil, for Elementary Education, Medical and Public Health, Water Supply & Sanitation and Minor Irrigation the percentages were 0.16, 1.36, 2.64 and 16.13 respectively. While cost recovery from social services like education and health are expected to be lower than that of economic services, incremental raising of user charges will facilitate sustainable provision of these services over a period of time.

1.4.5 Revenue Arrears

The arrears of revenue as on 31 March 2010 in respect of some principal heads of revenue as furnished by the departments amounted to ₹ 126.31 crore of which ₹ 100.48 crore was outstanding for more than five years as mentioned in the following table:

Table 1.11: Revenue Arrears

(₹ in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2010	Amount outstanding for more than five years as on 31 March 2010
1	Road transport (SNT)	1.73	nil
2	Police	23.17	nil
3	Printing & Stationeries	89.56	89.56
4	Food & Civil supplies & Consumer Affair	0.05	nil
5	Animal Husbandry, Livestock, Fishers and VS	0.57	0.57
6	Non-Ferrous Mining & Metallurgical Industries	3.30	2.55
7	Sales Tax/VAT	0.44	0.31
8	Income tax	7.49	7.49
Total		126.31	100.48

Source: Information from State Government departments.

1.5 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure, especially expenditure directed towards development and social sectors.

1.5.1 Growth and Composition of Expenditure

Statement 12 of volume -2 of the Finance Accounts depicts the detailed revenue expenditure minor head-wise and capital expenditure major head-wise. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, extend the network of these services through capital expenditure and investment and discharge their debt service obligations.

Chart 1.5 presents the trends of total expenditure over a period of five years (2005-10) and its composition both in terms of 'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.6** and **1.7**.

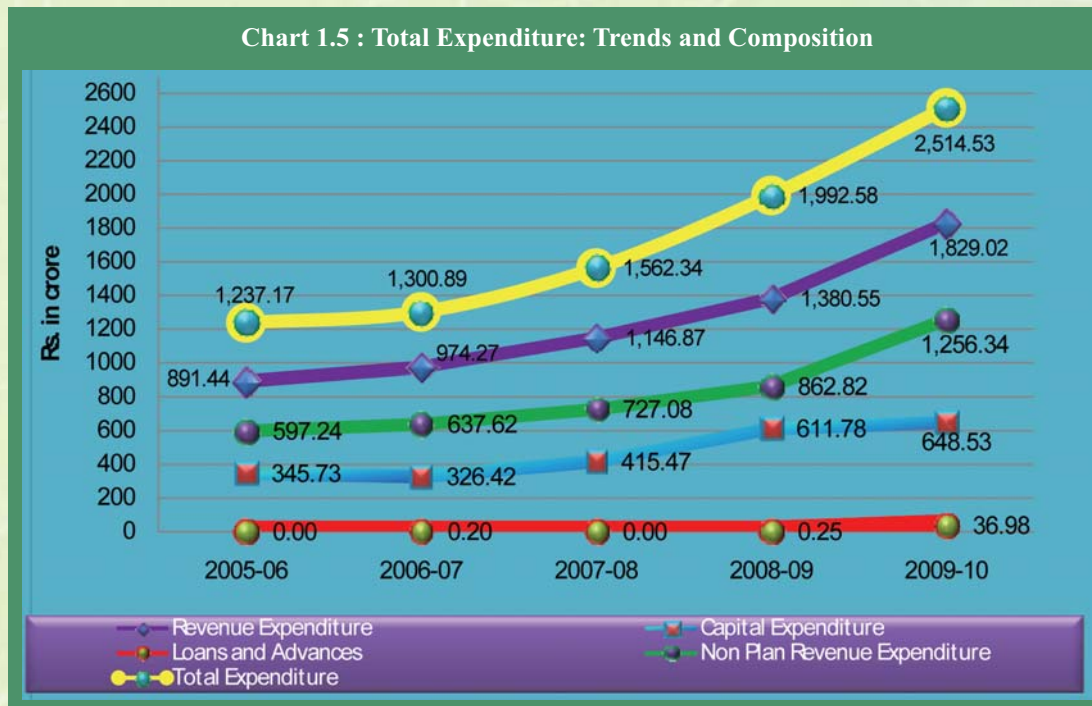
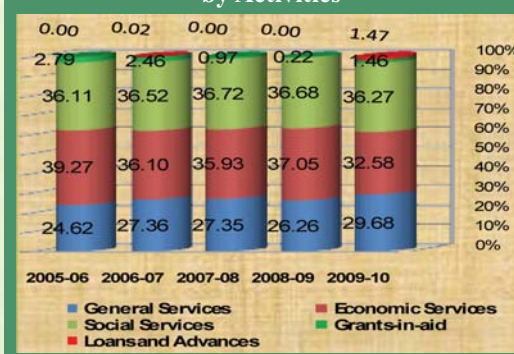


Chart 1.6 : Total Expenditure: Trends in Share of its Components

Chart 1.7 : Total Expenditure: Trends by Activities


Total expenditure of ₹ 1,237.17 crore in 2005-06 increased to ₹ 2,514.53 crore in 2009-10. In relative terms, the revenue and capital components have increased by 105.18 *per cent* and 87.58 *per cent* respectively during the period 2005-10. However, in absolute terms, increase was of the order of ₹ 937.58 crore in revenue expenditure and ₹ 302.80 crore in capital outlay during 2009-10 as compared to 2005-06. This trend indicates that the increase in capital and revenue expenditure was in the ratio of 1:1.21 during the last 5 year period.

The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.12**.

Table 1.12: Total expenditure – basic parameters

	2005-06	2006-07	2007-08	2008-09	2009-10
Total Expenditure (TE) (₹ in crore)	1,237.17	1,300.89	1,562.34	1,992.58	2,514.53
Rate of growth (<i>per cent</i>)	3.39	5.15	20.10	27.54	26.19
TE/GSDP ratio (<i>per cent</i>)	67.60	63.81	67.99	76.20	84.87
RR/TE ratio (<i>per cent</i>)	87.96	92.49	95.86	88.23	93.27
Buoyancy of Total Expenditure with reference to:					
GSDP (ratio)	0.24	0.45	1.58	2.01	1.95
RR (ratio)	0.45	0.49	0.82	1.58	0.78
Gross State Domestic Product (₹ in crore)	1,830	2,038.54	2,297.86P	2,612.10A	2,962.90
Rate of growth of GSDP	14.22	11.40	12.72	13.68	13.43
Revenue Receipts (RR) (₹ in crore)	1,088.20	1,203.25	1,497.71	1,758.20	2,345.37
Rate of growth of Revenue Receipts (<i>per cent</i>)	7.61	10.57	24.47	17.39	33.40

During the current year, 93.27 *per cent* of total expenditure was met from revenue receipts and the remaining from capital receipts and borrowed funds. The buoyancy of total expenditure to GSDP stood at 1.95 in 2009-10 indicating a tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to

GSDP.

The increase in revenue expenditure was mainly on:

- Administrative Services (₹ 105.50 crore) of which major increase of expenditure of ₹ 71.65 crore was in police.
- Education, Sports, Art and Culture (₹ 123.46 crore) of which major increase of expenditure of ₹ 122.21 crore was under General education due to revision of pay and expenditure incurred towards payment of arrear payment made for new pay commission.
- Agriculture and Allied Activities (₹ 37.18 crore) of which major increase of expenditure was under Forestry and Wild life (₹ 12.55 crore), Animal Husbandry (₹ 7.95 crore) and Co-operation (₹ 6.05 crore).
- Irrigation and Flood control (₹ 9.67 crore) of which major increase of expenditure was under Minor irrigation (₹ 23.37 crore) which was offset by decrease in flood control (₹ 14.23 crore).

The increase in Capital expenditure during 2009-10 was mainly on account of General Service ₹ 11.74 crore and Social Service by ₹ 30.10 crore which was offset by decrease in Economic Service by ₹ 5.09 crore. In General Service, expenditure was mainly increased in public works, which was partly offset by decrease in capital expenditure in Police. In Social Service, capital expenditure mainly increased in Urban development by injecting more funds under Jawaharlal Nehru National Urban Renewal Mission. In Economic Service capital expenditure mainly decreased in Transport which was offset by increase in Power Project. *CAGR of Capital expenditure for Sikkim (19.12 per cent) between 2000-01 and 2008-09 was marginally lower than that of NE States (19.67 percent).*

The increase in disbursement of loans and advances during 2009-10 was mainly due to increase in loans for power projects by ₹ 35 crore.

The pattern of total expenditure in the form of plan and non-plan expenditure during 2009-10 revealed that non-plan expenditure and plan expenditure contributed 50-50 share. However, of the increase of ₹ 521.95 crore in total expenditure as compared to previous year, plan expenditure shared 25 per cent (₹ 128.43 crore) while non-plan expenditure contributed 75 per cent (₹ 393.52 crore) in 2009-10.

The increase in ratio of revenue receipts to total expenditure from 88.23 per cent in 2008-09 to 93.27 per cent in 2009-10 is to be viewed in the light of the increase in central grants by ₹ 397.07 crore (43.99 per cent) from ₹ 902.55 crore in 2008-09 to ₹ 1,299.62 crore in 2009-10. The buoyancy of total expenditure with reference to GSDP decreased to 1.95 during 2009-10 due to slight decrease in the rate of growth of

total expenditure as well as to the rate of growth of GSDP. Similarly, the buoyancy ratio of total expenditure to revenue receipts rose to 0.78 in 2009-10 indicating rate of increase of receipt was greater than rate of increase of expenditure.

1.5.2 Trends in total expenditure in terms of activities

In terms of activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, Grants-in-aid and loans and advances.

The trends in composition of total expenditure by activities as depicted in **Chart 1.7** show that while the share of General Services and Social Services was almost static, between 24.62 *per cent* to 29.68 *per cent* and 36.11 *per cent* to 36.72 *per cent* respectively during the last five years, the share of Economic Services decreased from 39.27 *per cent* in 2005-06 to 32.58 *per cent* in 2009-10.

The expenditure on general services and interest payments, which are considered as non-developmental, together contributed 29.68 *per cent* in 2009-10 as against 26.26 *per cent* in 2008-09 and increased from 24.62 *per cent* in 2005-06 to 29.69 *per cent* in 2009-10. On the other hand, developmental expenditure i.e., expenditure on social and economic services together accounted for 68.85 *per cent* in 2009-10 as against 73.73 *per cent* in 2008-09 and 75.38 *per cent* in 2005-06. This indicates that there was decrease in developmental expenditure and increase in non-developmental expenditure in comparison to previous year.

1.5.3 Revenue Expenditure

Revenue expenditure had predominant share (72.73 *per cent*) in total expenditure. Since increase in Revenue expenditure was to maintain the current level of services and payment for the past obligations, it did not result in any addition to the State's infrastructure and service network. The overall revenue expenditure of the State increased by 32.49 *per cent* from ₹ 1,380.55 crore in 2008-09 to ₹ 1,829.02 crore in 2009-10. The revenue expenditure, its rate of growth, the ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy is indicated in **Table 1.13**.

Table 1.13: Revenue expenditure – basic parameters

(₹ in crore)

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue Expenditure (RE), of which	891.44	974.27	1,146.87	1,380.55	1,829.02
Non-Plan Revenue Expenditure (NPRE)	597.24	637.62	727.08	862.82	1,256.34
Plan Revenue Expenditure (PRE)	294.20	336.65	419.79	517.73	572.68
Rate of Growth of					
RE (per cent)		9.29	17.72	20.38	32.48
NPRE (per cent)		6.76	14.03	18.67	45.61
PRE (per cent)		14.43	24.70	23.33	10.61
Revenue Expenditure as percentage to TE	72.05	74.89	73.41	69.28	72.74
NPRE/GSDP (per cent)	32.64	31.28	31.64	33.03	42.40
NPRE as percentage of TE	48.27	49.01	46.54	43.30	49.96
NPRE as percentage of RR	54.88	52.99	48.55	49.07	53.57
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.00	0.81	1.39	1.49	2.42
Revenue Receipts (ratio)		1.14	1.38	0.85	1.03

The overall revenue expenditure of the State increased by 105.18 per cent from ₹ 891.44 crore in 2005-06 to ₹ 1,829.02 crore in 2009-10 at an annual average rate of 21.04 per cent and increased from ₹ 1,380.55 crore in 2008-09 to ₹ 1,829.02 crore in 2009-10. The NPRE constituted a dominant share of 68.69 per cent in the revenue expenditure and has increased by ₹ 393.52 crore over the previous year. The increase in NPRE during the current year was mainly due to increase in expenditure under Administrative Services (₹ 78.90 crore), Pensions and Miscellaneous General Services (₹ 64.45 crore), Education, Sports, Art and Culture (₹ 108.84 crore) and Agriculture and Allied Activities (₹ 36.19 crore).

The PRE increased by ₹ 54.95 crore from ₹ 517.73 crore in 2008-09 to ₹ 572.68 crore in 2009-10 mainly due to increase in expenditure in Health and Family Welfare (₹ 239 crore), Water Supply, Sanitation, Housing and Urban Development (₹ 100 crore), Social Welfare and Nutrition (₹ 189 crore), Agriculture and Allied Activities (₹ 144 crore), Rural Development (₹ 121 crore) and Special Areas Programmes (₹ 106 crore).

The buoyancy of revenue expenditure with reference to both GSDP and revenue receipts were more than one during 2009-10 indicating that rate of increase of Revenue expenditure was more than revenue receipt and GSDP.

Non-plan revenue expenditure was a major component (68.69 per cent) during 2009-10. Only 31.31 per cent of revenue expenditure was Plan Revenue Expenditure. The trends in composition of revenue expenditure (both plan and Non-plan) during 2005-10 are depicted in the table below:

Table-14- Plan and Non –plan expenditure

	2005-06	2006-07	2007-08	2008-09	2009-10
Plan	294.20 (33.00)	336.65 (34.55)	419.79 (36.60)	517.73 (37.50)	572.68 (31.31)
Non Plan	597.24 (67.00)	637.62 (65.45)	727.08 (63.40)	862.82 (62.50)	1,256.34 (68.69)
Total	891.44	974.27	1,146.87	1,380.55	1,829.02

A comparative position of Non-plan Revenue Expenditure (NPRE) vis-a vis assessment made by TFC revealed that NPRE was ₹ 576.75 crore (84.86 per cent) more than the assessment made by TFC. The Plan Revenue Expenditure increased by ₹ 54.95 crore (10.61 per cent) from ₹ 517.73 crore in 2008-09 to ₹ 572.68 crore in 2009-10 and Non-plan Revenue Expenditure increased by ₹ 393.52 crore (45.61 per cent) from ₹ 862.82 crore in 2008-09 to ₹ 1,256.34 crore in 2009-10 mainly due to the increase of salaries by ₹ 298.57 crore from ₹ 345.80 crore in 2008-09 to ₹ 644.37 crore in 2009-10.

1.5.4 Committed Expenditure

The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pensions and subsidies. **Table 1.15** and **Chart 1.8** present the trends in the expenditure on these components during 2006-10.

The committed expenditure (i.e., interest payments, pensions, salaries and subsidies) of the State Government increased from ₹ 710.18 crore in 2008-09 to ₹ 1,117.45 crore in 2009-10. The overall percentage of committed expenditure on NPRE and total Revenue Receipts was 88.94 per cent and 47.33 per cent respectively during the current year.

The committed liabilities for the State projected by the TFC was ₹ 319.08 crore of total NPRE for 2009-10. Compared to this, there was an increase of 71.45 per cent in the actual expenditure during 2009-10.

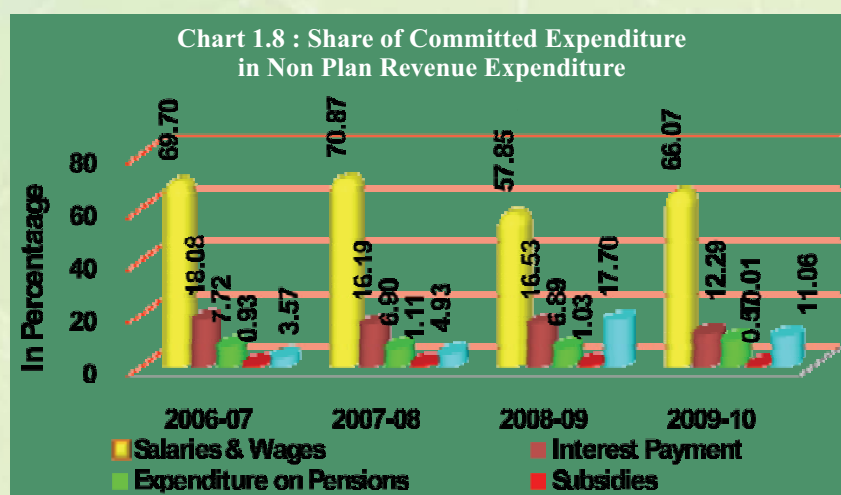
Table 1.15: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2006-07	2007-08	2008-09	2009-10
Salaries & Wages , <i>Of which</i>	444.42 (69.70)	515.28 (70.87)	499.16 (57.85)	830.05 (66.07)
Non-Plan Head	332.97	373.07	358.62	646.68
Plan Head**	111.45	142.21	140.54	183.37
Interest Payments	115.27 (18.08)	117.74 (16.19)	142.64 (16.53)	154.43 (12.29)
Expenditure on Pensions	49.24 (7.72)	50.19 (6.90)	59.45 (6.89)	125.75 (10.01)
Subsidies	5.91 (0.93)	8.08 (1.11)	8.93 (1.03)	7.22 (0.57)
Total :	614.84	691.29	710.18	1,117.45
<i>As per cent of Revenue Receipts</i>				
Salaries & Wages	36.93	34.40	28.39	35.39
Interest Payments	9.58	7.86	8.11	6.58
Expenditure on Pensions	4.09	3.35	3.38	5.36
Subsidies	0.49	0.54	0.51	0.003

Figures in the parenthesis indicate percentage to Non-plan Revenue Expenditure

**Plan Head also includes the salaries and wages paid under Centrally Sponsored Schemes



Salaries & Wages

Salaries & Wages alone accounted for more than 66.29 per cent of revenue receipts of the State during the year. It increased by about 3.13 per cent from ₹ 499.16 crore in 2008-09 to ₹ 830.05 crore in 2009-10 mainly due to payment of arrear salaries as a result of implementation of report of State 4th Pay Commission. The expenditure on salaries was 53.59 per cent of the revenue expenditure, net of interest payments and pension as against TFC norm of 35 per cent and constituted 123.69 per cent of own tax and non-tax revenue during 2008-09.

Pension payment

Pension payments increased by 111.52 per cent from ₹ 59.45 crore in 2008-09 to ₹ 125.75 crore in 2009-10 which is more than the projection of ₹ 50.65 crore made by TFC. Increase in the Pension payment was due to the implementation of report of State 4th Pay Commission. Pension payment accounted for 5.36 per cent of revenue receipts and 6.88 per cent of total revenue expenditure. The Government has introduced a contributory pension for employees recruited on or after 2006 to mitigate the impact of rising pension liabilities in future.

Interest payments

Interest payment increased by 8.27 per cent from ₹ 142.64 crore in 2008-09 to ₹ 154.43 crore in 2009-10. The interest payments of ₹ 154.43 crore in 2009-10 pertained to internal debt (₹ 102.81 crore), loans received from Central Government (₹ 21.48 crore) and Small Savings, Provident Fund, etc. (₹ 30.14 crore). The interest payment during 2009-10 although exceeded the normative projections of TFC (₹ 130.07 crore) but relative to revenue receipts at 6.58 per cent remained well within the norms of 15 per cent recommended by the TFC.

Subsidies

The State Government paid subsidies to the extent of ₹ 8.08 crore in 2007-08, ₹ 8.93 crore in 2008-09 and ₹ 7.22 crore in 2009-10 on various components like co-operation and food subsidies. During 2009-10, subsidy of ₹ 6.66 crore was paid on Food subsidies and ₹ 0.55 crore on Co-operation as transport and marketing subsidies and ₹ 0.01 crore on crops husbandry as price support to farmers.

1.5.5 Financial Assistance by State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and others during the current year relative to the previous years is presented in **Table 1.16**

Table 1.16: Financial assistance to Local Bodies etc

(₹ in crore)

Financial Assistance to Institutions	2005-06	2006-07	2007-08	2008-09	2009-10
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1.05	0.93	0.81	0.76	0.67
Zilla Parishads and Other Panchayati Raj Institutions	21.77	24.96	24.13	110.85	182.05
Cooperative societies	0.96	1.12	1.36	0.53	3.72
Other Institutions (Housing Board, etc.)	10.78	4.97	0.44	0.87	1.02
Total	34.56	31.98	26.74	113.01	187.46
Assistance as per percentage of RE	3.88	3.28	2.33	8.19	10.25

The total assistance at the end of the year 2009-10 had increased by 65.88 per cent over the level of 2008-09 mainly due to increase in assistance to cooperative societies and Zilla Parishads and Other Panchayati Raj Institutions. The assistance to Zilla Parishads and Other Panchayati Raj Institutions increased due to payment of arrear of salaries and increase of salaries of the State Government employees due to implementation of report of 4th Pay Commission as the expenditure on Salaries of Lower Primary Schools and Junior High Schools was transferred to Panchayati Raj Institutions as grants- in -aid by the State Government .

1.6 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 use and the effectiveness (assessment of outlay-outcome relationships for select services).

1.6.1 Adequacy of Public Expenditure

The expenditure responsibilities relating to social sector and economic infrastructure are largely assigned to the State Governments. Enhancing human developmental levels require the States to step up their expenditure on key social services like, education, health, etc. **Table 1.17** analyses the fiscal priority of the State Government with regard to developmental expenditure, social sector expenditure and capital expenditure during the current year.

Table 1.17: Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2009-10

Fiscal Priority of the State	AE/GSDP	DE [#] /AE	SSE/AE	CE/AE	Education/AE	Health/AE
All NE State's Average (Ratio) 2005-06 ^{\$}	29.92	65.98	32.91	16.21	18.06	4.63
Sikkim's Average (Ratio) 2005-06	67.60	75.38	36.11	27.95	18.02	4.84
All NE State's Average (Ratio) 2009-10 ^{\$}	37.18	64.98	34.64	17.55	16.47	5.65
Sikkim's Average (Ratio) 2009-10	85.46	70.30	36.33	25.79	17.41	4.95

Source: The estimated GSDP for the year 2009-10 for the State of Sikkim was ₹ 2,962.90 crore, which is arrived at on the basis of figures for the last year (2008-09) of Advance Estimates of GSDP (₹ 2,612.10 crore) increased by 13.43 per cent (average growth rate during 1999-2000 to 2008-09) as State Government has not yet finalised the GSDP

AE: Aggregate Expenditure, DE: Development Expenditure, SSE: Social Sector Expenditure, CE: Capital Expenditure

Development expenditure includes Development Revenue Expenditure, Development Capital Expenditure and Loans and Advances disbursed.

\$ Excluding Manipur, Mizoram and Nagaland

Table 1.17 shows the fiscal priority given by the Sikkim Government to various expenditure heads in 2005-06 (the first year of the Twelfth Finance Commission Award Period) and the current year viz. 2009-10. The Government of Sikkim had a much higher AE / GSDP ratio in both the years under consideration compared to the average of NE States.

The ratio of development expenditure as a proportion to aggregate expenditure is higher than NE States average which indicates that the State has given higher priority to this category of expenditure as compared to other States.

In Social Sector Expenditure Sikkim Government's expenditure as a percentage of AE was marginally less than the NE States during both the year indicating that the Sikkim Government is giving more emphasis on Economic Sectors as development expenditure in the sector is considerably higher.

The Government may consider giving greater emphasis to Social Sector considering the higher BPL population in the State.

1.6.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on developmental heads from the point of view of social and economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁹. Apart from improving the allocation towards developmental expenditure¹⁰, 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/or GSDP) and proportion of revenue expenditure being spent on operation and maintenance of the existing social and economic services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure. While **Table 1.18** presents the trends in developmental expenditure relative to the aggregate expenditure of the State during the current year vis-à-vis budgeted and the previous years, **Table 1.19** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

⁹Core public goods are 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 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 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.

¹⁰The 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.

Table 1.18: Developmental Expenditure*(₹ in crore)*

Components of Developmental Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10
Developmental Expenditure (a to b)	932.53 (75.38)	944.80 (72.62)	1,135 (72.65)	1,469.04 (73.72)	1,768.05 (70.31)
a. Developmental Revenue Expenditure	604.17 (48.84)	639.44 (49.15)	758.81 (48.57)	934.39 (46.89)	1,171.41 (46.59)
b. Developmental Capital Expenditure	328.36 (26.54)	305.36 (23.47)	376.19 (24.08)	534.65 (26.83)	596.64 (23.82)

Figures in parentheses indicate percentage to aggregate expenditure

Developmental expenditure of ₹ 932.53 crore in 2005-06 increased to ₹ 1,768.05 crore in 2009-10. However, its share in aggregate expenditure decreased from 75.38 per cent to 70.31 per cent during the period. *Non-plan developmental revenue expenditure (SS + ES) of ₹ 635.83 crore was higher than the TFC Projection of ₹ 325.40 crore for the State during 2009-10.*

Table 1.19: Efficiency of Expenditure Use in Selected Social and Economic Services*(In per cent)*

Social/Economic Infrastructure	2008-09			2009-10		
	Ratio of CE to TE	In RE, the share of		Ratio of CE to TE	In RE, the share of	
		S & W	O&M*		S&W	O &M**
Social Services (SS)						
General Education	9.38	42.51	0.00	6.58	50.66	0
Health and Family Welfare	7.40	63.22	1.28	2.74	76.47	0
Water Supply, Sanitation, & Housing & Urban Development	66.58	17.30	32.01	73.16	28.26	9.31
Other Social Services	3.35	20.47	22.14	6.95	29.43	0
Total (SS)	26.07	38.18	8.66	24.20	49.54	0.90
Economic Services (ES)						
Agri & Allied Activities	5.60	39.21	0.72	7.15	51.67	0
Irrigation and Flood Control	15.31	16.33	4.48	8.51	14.57	0
Power & Energy	55.44	43.49	17.74	54.41	55.63	0
Transport	72.21	62.06	1.97	63.14	36.52	0
Other Economic Services	48.50	28.05	0.01	48.73	23.59	0
Total (ES)	46.61	39.76	3.17	41.39	40.39	0
Total (SS+ES)	36.39	38.88	6.35	32.33	46.12	0.53

TE: Total Expenditure (CE+RE of the sub-sectors); CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; *O&M: Operations and Maintenance (includes Repairs and maintenance). **Only maintenances

Table 1.19 depicts the various component-wise percentage of Revenue and Capital expenditure, percentage of expenditure on salary and wages and operation and maintenance cost in relation to revenue expenditure in Social and Economic Services

for the years 2008-09 and 2009-10.

The ratio of development capital expenditure as a percentage of total expenditure decreased from 36.39 *per cent* in 2008-09 to 32.33 *per cent* in 2009-10. While the share of salary and wages in revenue expenditure increased from 38.88 *per cent* in 2008-09 to 46.12 *per cent* in 2009-10, operation and maintenance in revenue expenditure decreased from 6.35 *per cent* in 2008-09 to 0.53 *per cent* in 2009-10.

1.6.3 Effectiveness of the Expenditure, i.e. Outlay-outcome Relationship

Four performance reviews *viz.*, 'Projects Funded under North Eastern Council', 'Macro Management of Agriculture', 'Public Distribution System' and 'Integrated Audit of the Sikkim Public Works Department (Roads & Bridges)' included in a separate Report of the Comptroller and Auditor General of India for the year ended 31 March 2010 highlight the following aspects:

Projects Funded Under North Eastern Council

With the objective of balanced socio-economic development, extension of North Eastern Council (NEC) funded projects in Sikkim came into effect from December 2002 with the release of funds for implementation starting from the year 2003-04. The programme being project specific in the context of Sikkim, implementation was to be strictly according to the stipulated conditions imposed by the NEC relating to time, cost and objective as approved in the detailed project reports of individual schemes.

The performance audit on the projects funded under NEC indicated that the very objective and the intended benefit of funding projects under NEC towards attaining balanced socio-economic development of the State remained largely unachieved due to improper survey and planning leading to preparation of defective project reports, non-completion of projects, delay in execution, cost overrun, unfruitful expenditure in implementation of projects, non-utilisation of assets created, etc. This was further compounded by irregular award of work, unrealistic budgeting, non-utilisation of fund, inadequate monitoring and absence of impact assessment. Some of the important observations are highlighted hereunder:

- **Only 62 *per cent* of works could be completed within the stipulated time frame of completion. The objectives were not achieved in 11 (44 *per cent*) out of 25 Schemes test-checked.**
- **There was an unfruitful expenditure of ₹ 60.88 lakh in the Establishment of Bio-fertilizer Unit in the State.**
- **Non-utilisation of Polyclinic State Veterinary Hospital resulted in idle investment of ₹ 1.71 crore.**
- **Unutilised Accident and Trauma Centre in Namchi resulted in unfruitful expenditure of ₹ 80.23 lakh.**
- **Improper management of Stores resulted in non-accountal of stock material valuing ₹ 18.09 lakh. Which seems to have been pilfered.**
- **Monitoring mechanism was inadequate and impact of the Schemes was never evaluated.**

Macro-Management of Agriculture

Macro-Management of Agriculture was launched in 2000-01 with the objectives of promoting high yielding varieties, encouraging value addition in farm output, increasing farmers' income and assisting employment generation through work plans by the State. A performance review of the implementation of the scheme revealed deficiencies in planning, absence of prescribed strategies required to achieve the growth rate of four per cent per annum, inordinate delay in release of fund to the implementing agencies and non-realisation of beneficiary contribution on distribution of agricultural inputs. Despite substantial financial support and technological intervention by the Government, productivity of two major crops (wheat and maize) declined from 1,602.79 to 1,125.00 and 1,664.85 to 1,500.00 kg per hectare. The area under cultivation remained almost static over the last five years though there was 113 per cent increase in purchase of six principal seeds during 2009-10 as compared to 2005-06. The Department was performing fairly well in the activities of the programme under NWDPRRA except non-recovery of loan of ₹ 53.03 lakh given to self help group from revolving fund. Farmers were not provided the requisite training for raising of seedling by the RVP Division. There was lack of monitoring and evaluation of the programme. Consequently, the objectives of the programme remained largely unachieved. Significant points noticed were as under:

- **The Annual Work Plan (AWP) neither indicated the expected outcomes nor set any bench marks against which the performance of the scheme could be evaluated**
- **Agricultural growth showed a declining trend and declined from 5.50 per cent in 2005-06 to 1.47 per cent in 2006-07, (-) 6.17 per cent in 2007-08, 4.58 per cent in 2008-09 and 1.86 per cent in 2009-10.**
- **No standard criterion for selection of beneficiaries was adopted to assess the extent of assistance to be rendered to the small and marginal framers.**
- **The RVP Division was inconsistent in utilisation of earmarked project fund. Seedlings raised in the nursery were not utilised for plantation in project area.**
- **There was lack of monitoring and evaluation system in the Department to oversee the performance of the district level officers as well as activities of the beneficiaries in the State.**

Public Distribution System in Sikkim

Public Distribution System (PDS) is a major component of the overall food management strategy of the Central Government for ensuring availability of food-grain at affordable price and enhancing food security for the poor. The Food and Civil Supplies and Consumer Affairs Department (FCS&CAD) is the nodal Department for management of the PDS in the State. The Department did a commendable job in catering to 70,851 below poverty line beneficiaries and 4,30,547 above poverty line beneficiaries as of March 2010. Performance Audit of PDS however, revealed that the areas of concerns as pointed out in Comptroller and Auditor General's Audit Report 2005 and PAC's recommendation thereon was not acted upon especially in respect of identification mechanism for selection of BPL families and periodical review of BPL list; ensuring that the PDS commodities primarily wheat, reached the intended beneficiaries; reimbursement of Hill Transport Subsidy and differential cost of levy sugar, etc. Besides, non-lifting of allotted quantity of levy sugar; defects in issue and renewal of ration cards; defective price structure of food grains and lack of adequate monitoring mechanism to ensure flawless PDS in the state as highlighted below were noticed:

- The Department neither reviewed nor updated the list of beneficiaries under BPL categories despite repeated reminders from GOI and State Government's claim of reduction of BPL from 41.43 per cent to 19.33 per cent leading to extra financial burden of ₹ 3.47 crore to the State exchequer.
- Issue of ration cards which is one of the most important documents under PDS for issue of essential commodities was stopped since August 2009. 45,928 BPL beneficiaries possessed both APL and BPL cards in defiance of norms.
- Erroneous inclusion of higher handling and storage charges led to extra financial burden of ₹ 40.10 lakh to the PDS beneficiaries.
- The Department had not kept adequate vigil over lifting and distribution of iodised salt and atta by the agents. This restricted salt and atta to urban areas only. Short supply of 13,458.50 quintal (valuing ₹ 2.15 crore) of atta due to excess refraction availed by Mill owner led to undue benefit to the flour mill owner.
- Distribution of sugar under PDS was characterised by low off take, overcharging of price by ₹125 per quintal and excess burden to the consumer on account of higher retail issue price.
- Monitoring was deficient and needed strengthening as returns were not submitted by FPSs, quality control was not effective, meeting of Vigilance Committees not convened, absence of surprise check, etc.

Integrated Audit of

Sikkim Public Works Department (Roads & Bridges)

Road network is the only means of communication in Sikkim and is therefore the backbone of all economic and social activities. Keeping in perspective the role of road infrastructure in stirring economic and social development in the State and the State Government's commitment to transform Sikkim into an ideal State comparable to the best in the country, Audit undertook an integrated audit of the Sikkim Public Works (Roads & Bridges) Department (RBD) in May - July 2010. The functioning of the Department was evaluated against the backdrop of the Government's Mission and the SPW (R&B) Department's mandate. It was seen in audit that the Department had so far created 2,053 kilometres length of road network and constructed 198 bridges of various sizes besides ensuring smooth flow of traffic round the year by keeping the roads clear of blockades resulting from landslides and other natural calamities in the State's mountainous terrain, which was appreciable. Several areas of deficiencies were, however, noticed in the functioning of the Department, such as, non-incorporation of the Government's Mission into the functioning of the Department, non-formulation of State Road Policy, absence of master plan of communication conforming to the Government's Mission, absence of perspective planning, unrestrained sanction of projects without availability of funds leading to huge pending liabilities, lax project management and quality control, violation of codal provision and terms and conditions of contract leading to loss to Government. Major findings are highlighted below:

- Although the State Government envisaged developing Sikkim economically at par with the best in the country by 2015, the RBD had neither incorporated the Government's mission into its functioning nor formulated any Road Policy till date. Non-existence of policy on road and grant of right of way to private companies led to loss of ₹ 5.49 crore to

the State.

- Due to indiscriminate sanction of projects without any master plan of communication, the Department had a huge committed liability of ₹ 341.77 crore for which there was no financial resource to make payments to the contractors.
- There were delays in completion of projects ranging from 1 to 10 years due to defective DPRs, non-availability of funds, failure to obtain timely clearances and award of works to incompetent contractors.
- Despite registration of a large number of contractors under the Department (one contractor for every 26 citizens), the level of competition in the bidding process was very poor indicating cartelization by contractors.
- Quality control was not accorded due priority as the mandatory tests prescribed in MORTH and PWD (manual) was not carried out.

1.7 Financial Analysis of Government Expenditure and Investments

Though the FRBM Act has recently been enacted in the State Legislature in September 2010, the fiscal responsibility legislation is expected to not only keep the fiscal deficit (and borrowing) at low levels but also meet its capital expenditure/investment (including loans and advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and 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 the current year vis-à-vis previous years.

1.7.1 *Incomplete projects*

The department-wise information pertaining to incomplete projects as on 31 March 2010 is given in **Table 1.20**.

Table 1.20: Department-wise Profile of Incomplete Projects

(₹ in Crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost	Cost Overrun	Actual exp as on 31.3.2010
Energy and Power Department	13	253.76	291.80	38.04	264.48
Human Resources Development Department	56	72.28	-	-	40.33
Building & Housing Department	12	80.92	84.01	3.09	45.01
Health Care, Human Services & Family Welfare Department	4	3.82	-	-	1.39
Tourism Department	25	100.05	-	-	43.36
Rural Development and Management Department	5	223.47	-	-	184.16
Urban Development and Housing Department	27	106.47	107.17	0.70	7.94
Total	142	840.77		41.83	586.67

As per the information received from the State Government, there were 142 incomplete projects as on 31 March 2010 in which ₹ 586.67 crore were blocked, out of which 79 works (₹ 285.00 crore) were due to be completed within 31 March 2010. The cost of 10 incomplete projects was revised and increased by ₹ 147.79 crore (72.47 per cent). Out of the total cost overrun of ₹ 41.83 crore, ₹ 38.04 crore pertained to Energy and Power Department involving six works, ₹ 3.09 crore pertained to Building and Housing Department involving two works and ₹ 0.70 crore pertained to Urban Development and Housing Department involving one work. Due to delay in completion of the projects, the intended benefits from these projects did not reach the beneficiaries in the State. The main reasons for delay as stated by the departments were natural calamities, non-availability of stock materials, and change in scope of works. A photograph depicting an incomplete project is given below:

<i>Name of project</i>	Municipal solid waste and compost (MSWC) production plant at Sipchu
<i>Implementing Department</i>	Urban Dev. and Housing Department
<i>Estimated Cost</i>	₹ 250 lakh
<i>Date of commencement</i>	2007
<i>Scheduled date of completion</i>	February 2009



Incomplete MSWC production plant at Sipchu

1.7.2 Investment and returns

As on 31 March 2010, Government had invested ₹ 89.31 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives (**Table 1.21**). The average return on this investment was 0.96 *per cent* in the last three years while the Government paid an average interest rate of 8.35 *per cent* on its borrowings during 2009-10.

Table 1.21: Return on Investment

Investment/Return/Cost of Borrowings	2005-06	2006-07	2007-08	2008-09	2009-10
Investment at the end of the year (₹ in crore)	82.48	83.40	83.41	85.59	89.31
Return (₹ in crore)	1.14	0.76	0.68	1.31	0.46
Return (<i>per cent</i>)	1.38	0.91	0.82	1.53	0.52
Average rate of interest on Govt borrowing (<i>per cent</i>)	9.10	8.74	8.83	8.40	8.35
Difference between interest rate and return (<i>per cent</i>)	7.72	7.83	8.01	6.87	7.83

The Companies Act, 1956 is not extended to the State of Sikkim. The Government companies in Sikkim are registered under 'The Registration of Companies Act, 1961' and the Statutory Corporations are governed under the proclamation of the erstwhile Chogyal (King) of Sikkim.

As on 31 March 2010, Government invested in three Statutory Corporations *viz*, State Bank of Sikkim, Sikkim Mining Corporation, State Trading Corporation of Sikkim (STCS) (₹ 8.26 crore), 21 Companies *viz*, Sikkim Time Corporation Limited, Sikkim Industrial Development & Investment Corporation Limited (SIDICO), Sikkim Tourism Development Corporation, Sikkim Jewels Limited, etc. (₹ 69.00 crore) and 8 Bank and Co-operative Societies (₹ 12.05 crore). The return on these investments were however negligible as most of the statutory corporations/companies and/or co-operative societies were incurring losses.

Out of 32 Public Sector Undertakings (PSUs) as reflected in the Finance Accounts, only 15 PSUs come under the purview of Audit. While 11 PSUs (nine Government Companies and two Statutory Corporations) are working, remaining four PSUs are non-working. None of these companies were listed on the stock exchange(s).

As per finalised accounts, six PSUs¹¹ incurred a loss of ₹ 2.62 crore whereas four PSUs¹² earned a profit of ₹ 3.61 crore during the year 2009-10. One Company, Sikkim Power

¹¹Sikkim Poultry Development Corporation, Sikkim Hatcheries Limited, Scheduled Tribes/Scheduled Castes & Other Backward Classes Development Corporation Limited, Sikkim Jewels Limited, Sikkim Times Corporation Limited and Sikkim Precision Limited.

¹²Sikkim Industrial Development & Investment Corporation Limited, Sikkim Tourism Development Corporation Limited, State Bank of Sikkim and State Trading Corporation of Sikkim.

Development Corporation did not prepare any Profit & Loss Account on the plea that its projects were under construction. The major profit was earned by State Bank of Sikkim: ₹ 1.30 crore, STCS: ₹ 0.62 crore and SIDICO: ₹ 1.52 crore. The losses of PSUs are mainly attributable to deficiencies in financial management, planning, implementation of projects, running their operations and monitoring.

The figures in respect of equity, loans as per records of State PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as on 31 March 2010 is stated below.

Table 1.22: Outstanding Equity and Loans

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	72.58	81.28	8.70
Loans	37.03	2.03	35.00

Audit observed that the differences occurred in respect of seven PSUs and some of the differences were pending reconciliation since 2004-05. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

1.7.3 Loans and advances by State Government

In addition to investments in co-operative societies, corporations and companies, Government has also been providing loans and advances to many of these institutions/organisations. **Table 1.23** presents the outstanding loans and advances as on 31 March 2010, interest receipts vis-à-vis interest payments during the last three years.

Table 1.23: Average Interest Received on Loans Advanced by the State Government

(₹ in crore)

Quantum of Loans/Interest Receipts/ Cost of Borrowings	2006-07	2007-08	2008-09	2009-10
Opening Balance	6.08	5.50	5.12	4.99
Amount advanced during the year	0.20	Nil	0.25	36.98
Amount repaid during the year	0.78	0.38	0.38	0.30
Closing Balance	5.50	5.12	4.99	41.67
Net addition	(-) 0.58	(-)0.38	(-)0.13	(+)31.99
Interest Receipts	Nil	Nil	Nil	Nil
Interest receipts as per cent to outstanding Loans and advances	Nil	Nil	Nil	Nil
Interest payments as per cent to outstanding fiscal liabilities of the State Government	7.77	6.56	6.62	5.88
Difference between interest payments and interest receipts (per cent)	7.77	6.56	6.62	5.88

Interest received was “Nil” during 2006-10 primarily due to the failure of the statutory corporations/Government companies/Co-operative societies to pay the interest on Government loans.

1.7.4 Cash Balances and Investment of Cash balances

Table 1.24 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.24: Cash Balances and Investment of Cash Balances

(₹ in crore)

Particulars	As on 31 March 2009	As on 31 March 2010	Increase/ Decrease(-)
Cash Balances¹³	96.27	115.54	19.27
Investments held in Cash Balances (a to d)			
a. GOI Treasury Bills	-	-	
b. GOI Securities	-	-	
c. Other Securities, if any specify	-	-	
d. Other Investments	495.00	785.00	290.00
Fund-wise Break-up of Investment from Earmarked balances (a to c)			
a. Sinking fund	102.12	114.12	12.00
b. Calamity Relief fund	7.13	3.63	(-) 3.50
c. Guarantee Redemption Fund	7.72	9.72	2.00
Interest Realised	25.60	36.36	10.76

Source: Information furnished by Finance, Revenue and Expenditure Department, Government of Sikkim and Finance Accounts

Under a resolution passed in the year 1968-69, the State Bank of Sikkim was vested with the responsibility by the Government of Sikkim for 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 in Fixed Deposits that may be made through the branches of the Bank. There is a balance of ₹ 114.99 crore with the State Bank of Sikkim as on 31st March 2010 as per the record of this office. But as per the record of the State Bank of Sikkim, the cash balance of Government stood at ₹ 105.02 crore leaving behind an unreconciled balance of ₹ 9.97 crore.

Unspent balances in the accounts of the implementing agencies

The State Government provides funds to State/district level Autonomous Bodies and Authorities, Societies, Non-Governmental Organisations, etc. for implementation of centrally sponsored schemes (State Share) and State schemes. Since the funds are generally not being spent fully by the implementing agencies in the same financial year,

¹³Including cash with Departmental Officers and Permanent Advances for contingent expenditure with Departmental Officer

there remain unspent balances in the bank accounts of these implementing agencies. During 2009-10, ₹ 37.95 crore were lying as unspent balances in the bank accounts of the implementing agencies.

Further, there was unspent balance of ₹ 39.03 crore lying with the various implementing authorities who received fund directly from the Government of India as detailed in **Appendix-1.4**.

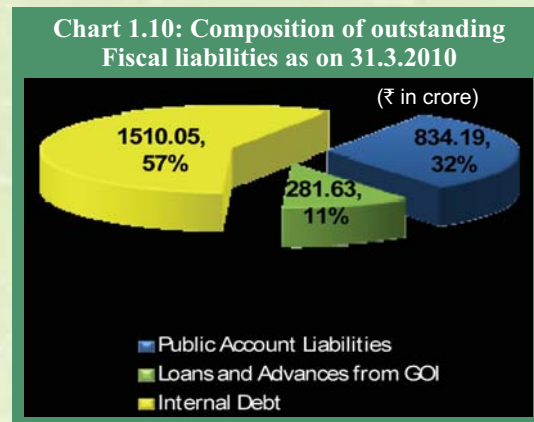
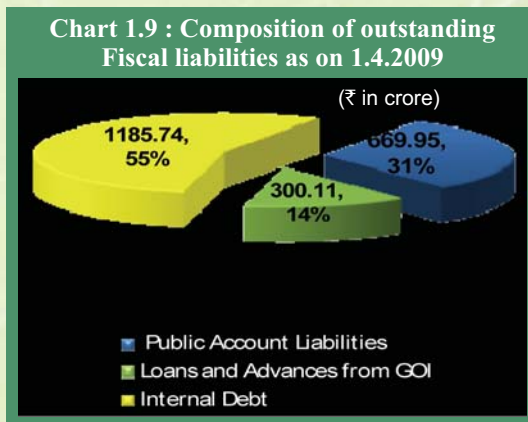
1.8 Assets and Liabilities

1.8.1 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** gives an abstract of such liabilities and the assets as on 1 April 2009, compared with the corresponding position on 31 March 2010. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of the capital outlay and loans and advances given by the State Government and cash balances.

1.8.2 Fiscal Liabilities

The trends in outstanding fiscal liabilities of the State are presented in **Appendix-1.3**. The composition of fiscal liabilities during the current year vis-à-vis the previous year is presented in **Charts 1.9** and **1.10**.



Overall fiscal liabilities of the State increased by ₹ 470.86 crore (21.80 per cent) from ₹ 2,155.81 crore in 2008-09 to ₹ 2,625.87 crore in 2009-10. The increase in fiscal liabilities was mainly due to increase in Internal debt (₹ 324.31 crore) and Public Accounts liabilities (₹ 164.34 crore), which was partially offset by a decrease in loans and advances form GOI (₹ 18.48 crore). The ratio of these liabilities to GSDP increased from 83 per cent in 2008-09 to 89 per cent in 2009-10. The fiscal liabilities stood at

nearly 1.12 times the revenue receipts and 3.91 times of State's own resources at the end of 2009-10. The buoyancy of these liabilities with respect to GSDP during the year was 1.62 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 1.62 *per cent*. As of March 2010, sinking fund balances stood at ₹ 114.12 crore which were invested in fixed deposit of a nationalised bank.

1.8.3 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per Statement 9 of volume -2 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years is given in **Table 1.25**.

Table 1.25: Guarantees given by the Government of Sikkim

(₹ in crore)

Year	Maximum amount guaranteed	Outstanding guarantees	Tax revenue receipts of second preceding year
2004-05	88.10	82.47	105.53 (2002-03)
2005-06	84.47	84.47	108.00 (2003-04)
2006-07	84.47	84.40	116.95 (2004-05)
2007-08	84.40	75.00	147.23 (2005-06)
2008-09	75.00	75.00	173.18 (2006-07)
2009-10	75.00	75.00	197.85 (2007-08)

Government has guaranteed loans raised by two corporations (Sikkim Power Development Corporation Ltd - ₹ 50 crore and Scheduled Tribes/Scheduled Castes & Other Backward Classes Development Corporation Limited - ₹ 25 crore). At the end of 2009-10, outstanding guarantees stood at ₹ 75 crore. However, the records of the corporations showed that as on 31 March 2010 outstanding guarantee stood at ₹ 187.05 crore (₹ 50.01 crore, ₹ 37.04 crore and ₹ 100 crore were outstanding against Sikkim Power Development Corporation (SPDC), Scheduled Tribes/Scheduled Castes & Other Backward Classes Development Corporation Limited (SABCCO) and Sikkim Industrial Development and Investment Corporation (SIDICO) respectively). On any guarantee given to a public body, a guarantee commission at the rate of one *per cent* is charged by the State Government. An amount of ₹ 2.85 crore was paid in July 2010 by SIDICO. No guarantee commission was paid by other concerned PSUs.

The State Government passed the Sikkim Ceiling on Government Guarantees Act 2000 in December 2000 in terms of which, the total outstanding Government guarantees on the first of April of any year shall not exceed thrice the State's tax revenue receipts of the second preceding year. The outstanding guarantees of ₹ 75 crore given by the Government as on 31 March 2010 were within the ceiling limit prescribed under the Act.

The State Government set up a Guarantee Redemption Fund in the year 2000 which

stood at ₹ 9.72 crore after transferring ₹ 3 crore during 2009-10.

1.9 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability¹⁴ of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹⁵; sufficiency of non-debt receipts¹⁶; net availability of borrowed funds¹⁷; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.26** analyses the debt sustainability of the State according to these indicators for the period of three years beginning 2007-08.

Table 1.26: Debt Sustainability: Indicators and Trends

Indicators of Debt Sustainability	2006-07	2007-08	2008-09	2009-10
Debt Stabilization (Quantum Spread + Primary Deficit)	25.67	135.72	207.38	274.38
Sufficiency of Non-debt Receipts (Resource Gap)	(+) 51.97	(+) 32.61	(-)169.76	(+) 65.14
Net Availability of Borrowed Funds	4.70	120.32	160.73	196.97
Burden of Interest Payments (IP/RR Ratio)	9.58	7.86	8.11	6.58
Maturity Profile of State Debt (In Years)				
0 – 1			76.28	158.80
1 – 3			157.37	141.72
3 – 5			127.55	142.47
5 – 7			120.29	346.82
7 and above			1,080.64	1,088.16

The sum of the quantum spread and primary deficits was positive during 2006-10 indicating declining trend of debt-GSDP ratio. Net fund available was positive indicating that ₹ 196.97 crore of the total debt receipts were utilised for other purposes

¹⁴The 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.

¹⁵A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling.

¹⁶Adequacy 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.

¹⁷Defined as the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds.

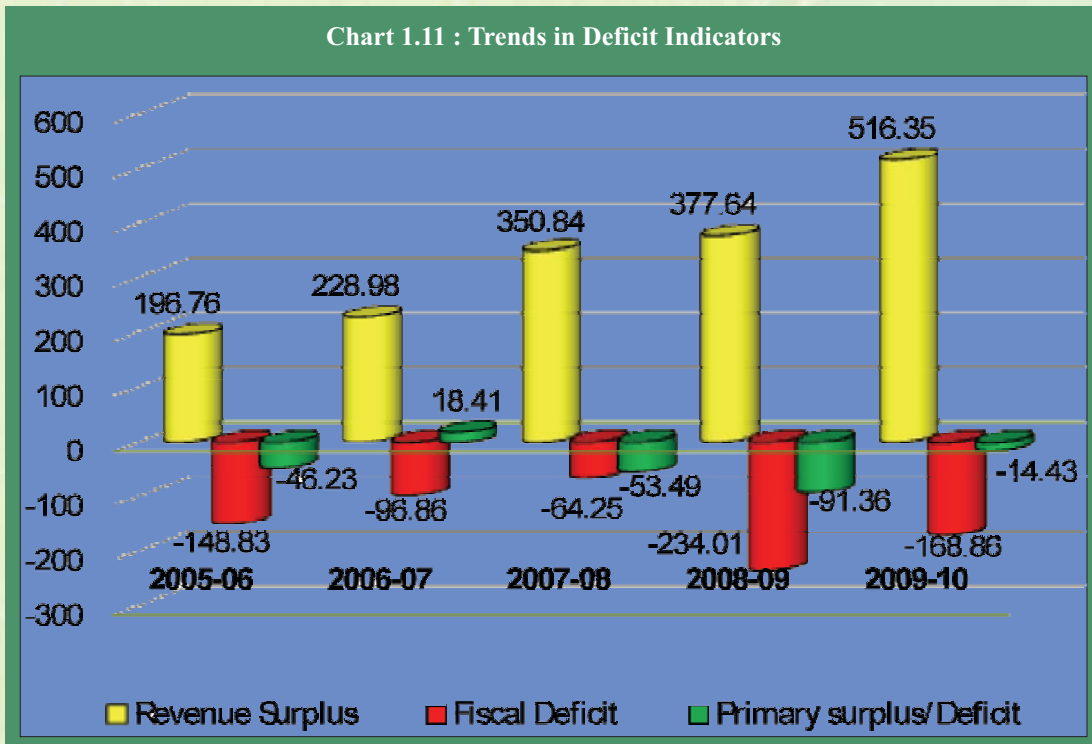
rather than for discharging past debt obligation. The maturity profile of the State Government indicates that 23.59 per cent of the total Public Debt are repayable within the next five years while the remaining 76.41 per cent loans to be paid in more than five years time.

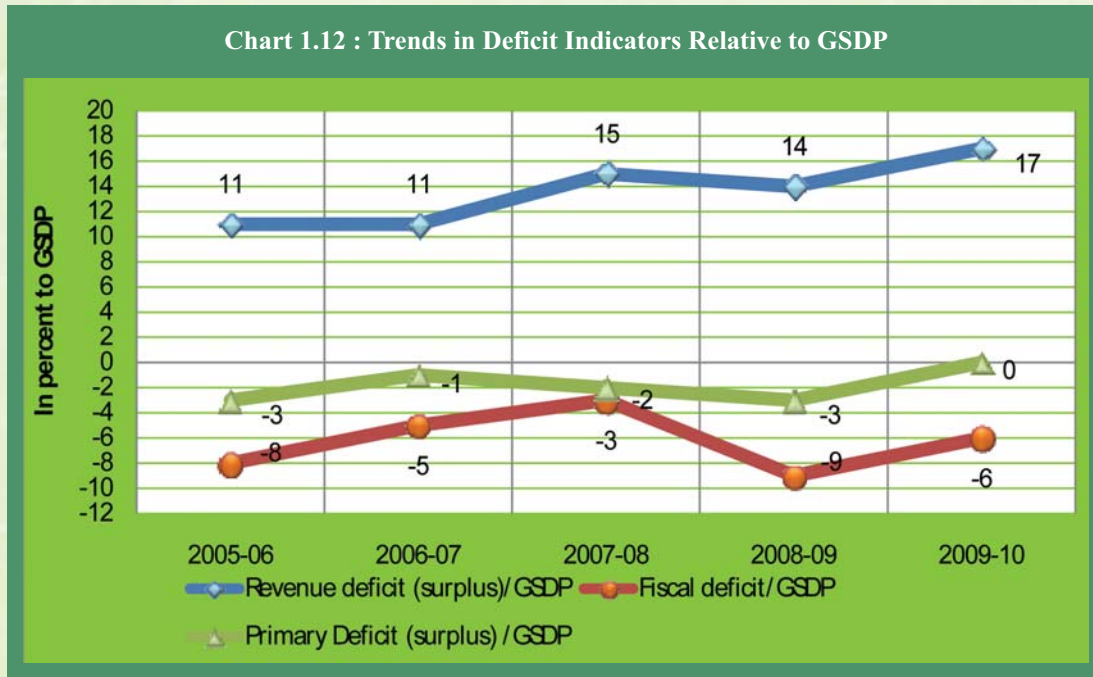
1.10 Fiscal Imbalances

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 deficit in the Government accounts represents the gap between its receipts and expenditure. The nature 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 applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits for the financial year 2009-10.

1.10.1 Trends in Deficits

Charts 1.11 and 1.12 present the trends in deficit indicators over the period 2005-10.





Deficit in Government Account represents the gap between its receipts and expenditure. The revenue account of the State had exhibited consistent improvement during the period 2005-10 as the State had not only maintained revenue surplus but its surplus position had improved during the last five years. An increase of ₹ 138.71 crore in revenue surplus during the current year was mainly on account of enhancement in revenue receipts by ₹ 587.18 crore as against the increase of ₹ 448.47 crore in revenue expenditure over the previous year. This improvement in revenue account during 2009-10 was mainly on account of steep increase of ₹ 407.55 crore in Central transfers comprising of State's share in Central taxes and duties and grants-in-aid from GOI which contributed around 71.39 per cent of total revenue receipts during the year.

Huge revenue surplus in 2009-10 accompanied by slight increase in capital expenditure (₹ 36.75 crore) in 2009-10 together with disbursement of loans and advances led to decrease of ₹ 65.14 crore in fiscal deficit during 2009-10 from previous year. Decrease in fiscal deficit accompanied by a minor increase in interest payment resulted in primary deficit of ₹ 14.43 crore against the primary deficit of ₹ 91.36 crore in 2008-09.

1.10.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in **Table 1.27**.

Table 1.27: Components of Fiscal Deficit and its Financing Pattern

Particulars		2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Decomposition of Fiscal Deficit		185.55	148.83	96.86	64.25	234.00	168.86
1	Revenue surplus	168.91	196.76	228.98	350.84	377.65	516.35
2	Net Capital Expenditure	353.54	345.73	326.42	415.47	611.78	648.53
3	Net Loans and Advances	0.92	-0.14	-0.58	-0.38	-0.13	36.68
Financing Pattern of Fiscal Deficit*							
1	Market Borrowings	66.67	101.72	106.46	233.17	276.88	324.31
2	Loans from GOI	42.60	10.94	-2.75	-9.10	-15.71	-18.49
3	Small Savings, PF, etc.	24.45	12.98	16.25	13.98	29.27	45.58
4	Deposits and Advances	3.43	3.09	5.46	3.59	23.24	9.90
5	Suspense and Misc.	53.92	11.09	5.63	31.28	-5.42	103.65
6	Remittances	74.47	-56.32	11.92	17.94	49.13	14.81
7	Reserve fund	14.47	15.60	3.37	42.99	13.08	8.87
8	Contingency fund transaction	0.50	-0.10	0.10	0	0	0
9	Overall Surplus/Deficit	94.96	-49.83	49.58	269.60	136.47	319.77
*All these figures are net of disbursements/outflows during the year							

The State had fiscal deficit during all the five years (2005-10) which increased from ₹ 148.83 crore in 2005-06 to ₹ 168.86 crore in 2009-10. The fiscal deficit was mainly financed by the market borrowings. Even though there was a huge revenue surplus of ₹ 516.35 crore during 2009-10, there was a fiscal deficit of ₹ 168.86 crore due to enhancement in capital expenditure mainly on account of increase of expenditure on Social Welfare and Nutrition, Crop Husbandry, Forest and Wild life, Rural Development, Power project, etc.

1.10.3 *Quality of Deficit/Surplus*

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistently high ratio of revenue deficit to fiscal deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the primary deficit (**Table 1.28**) would indicate the extent to which the deficit has been on account of enhancement in capital expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.28: Primary Deficit/Surplus – Bifurcation of factors*(₹ in crore)*

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and advances	Primary expenditure	Primary revenue deficit (-)/surplus (+)	Primary deficit (-)/surplus (+)
1	2	3	4	5	6	7	8
					(3+4+5)	(2-3)	(2-6)
2005-06	1,088.34	788.84	345.73	0	1,134.57	(+) 299.50	(-) 46.23
2006-07	1,204.03	859.00	326.42	0.20	1,185.62	(+) 345.03	(+) 18.41
2007-08	1,498.09	1,029.13	415.47	0	1,444.60	(+) 468.96	(+) 53.49
2008-09	1,758.58	1,237.92	611.78	0.25	1,849.95	(+) 520.66	(-) 91.37
2009-10	2,345.68	1,674.60	648.53	36.98	2,360.11	(+) 671.08	(-) 14.43

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2005-10 reveals (**Table 1.28**) that the non-debt receipts were enough to meet the requirements of primary revenue expenditure and some receipts were left to meet the capital expenditure. Substantial capital expenditure was incurred by the State Government which resulted in primary deficit¹⁸ of ₹ 14.43 crore in the current year. This indicates the extent to which primary deficit has been on account of enhancement of capital expenditure which is desirable to improve productive capacity of the State's economy.

1.10.4 State's Own Revenue and Deficit Correction

It is worthwhile to observe the extent to which the deficit correction is achieved by the State on account of improvement in its own resources which is an indicator of the durability of the correction in deficit indicators. **Table 1.29** presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

Table 1.29: Change in Revenue Receipts and Correction of Deficit*(Per cent of GSDP)*

Parameters	2006-07	2007-08	2008-09	2009-10
Revenue Receipts (a to d)	59.03	65.18	67.31	79.71
a. State's Own Tax Revenue	8.50	8.61	7.63	7.60
b. State's Own Non- tax Revenue	8.43	9.23	11.19	15.21
c. State's Share in Central Taxes and Duties	10.93	15.02	13.94	12.73
d. Grants-in-aid	31.18	32.32	34.55	44.17
Revenue Expenditure	47.79	49.91	52.85	62.16
Revenue Deficit/Surplus	11.23	15.27	14.46	17.55
Fiscal Deficit/Surplus	-4.75	-2.80	-8.96	-5.74

¹⁸Primary expenditure of the State, defined as the total expenditure net of the interest payments, indicates the expenditure incurred on the transactions undertaken during the year.

The trends in ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy and accessibility of resources to State. Revenue receipts comprise not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP remained quite high in the State mainly on account of large transfers from GOI and relatively low levels of GSDP. The ratio during the current year at 67.31 *per cent* had increased by 2.13 percentage points over the previous year. The ratio of own non-taxes to GSDP also indicated an improvement during 2006-09 and the ratio at 11.19 during 2009-10 turned out to be more than the budget estimate indicating enhanced efforts on the part of the State Government in mobilisation of their own resources.

1.11 State Regulatory Bodies

A Regulatory Agency (Authority, Regulatory Body) is a public authority or Government agency responsible for exercising autonomous authority over some area of human activity in a regulatory or supervisory capacity. An independent regulatory agency is a regulatory agency that is independent from other branches or arms of the Government. Regulatory agencies are usually appointed in the areas of administrative law, regulation or rule making (codifying and enforcing rules and regulations and imposing supervision for the benefit of the public at large). An attempt was made in audit to ascertain whether the major regulatory bodies required in a State were actually formed. The functioning of a few major Regulatory Bodies formed in the State were also analysed in audit. The findings in this regard are detailed below:

1.11.1 *Sikkim State Electricity Regulatory Commission*

As per the Central Electricity Act 2003, State Government was to constitute a State Electricity Regulatory Commission. The main functions of the Regulatory Commission were to determine the tariff for generation, supply, transmission, regulate electricity purchase and procurement process of distribution licenses including the price at which electricity shall be procured from the generating companies, facilitate intra-State transmission and wheeling of electricity, fix the trade margin in the intra-State trading of electricity, etc. Further, the Commission is also required to advise the State Government on matters mentioned above including promotion of competition, promotion of investment in electricity industry, etc. However, the Government is still in the process of formation of Sikkim State Electricity Regulatory Commission even after the lapse of 6 years of implementation of the Electricity Act, 2003. In the absence of the State Electricity Regulatory Commission in the State, the functions of the Commission are attended to by the Power Department itself (Commercial and Revenue Division).

1.11.2 *The State Pollution Control Board*

The Water (Prevention and Control of Pollution) Act 1974 was enacted by the Parliament. The Land Use and Environment Board (LUEB) under the administrative control of Forest, Environment and Wildlife Management Department was entrusted

with the implementation of this Act. The Board also performed the functions of State Pollution Control Board (SPCB) till February 2008. The Sikkim Water (Prevention and Control of Pollution) Rules 1991 formulated in pursuance of this Act came into operation from December 1992. State Pollution Control Board was separated from the LUEB as a separate entity w.e.f. March 2008. The main objective for establishment of SPCB was to perform the activities relating to prevention and control of water pollution, abatement of air pollution and waste management. Scrutiny of records of the LUEB revealed the following:

- The SPCB was required to plan a comprehensive programme for the prevention, control or abatement of air/water/land pollution and to ensure the execution thereof. However, the Board did not prepare any action plan since its inception. Further, no target was fixed by the Board for execution.
- For the purposes of this Act, the Board shall meet at least once in every three months and shall observe such rules of procedure with regard to the transaction of business at its meetings as may be prescribed. The Board meeting was convened only seven times since its inception till date (September 2010) against the minimum requirement of 83 meetings.
- Every State Board shall, during each financial year, prepare, an annual report giving full account of its activities under this Act during the previous financial year and copies thereof shall be forwarded to the State Government within four months from the last date of the previous financial year and Government shall cause every such report to be laid before the State Legislature within a period of nine months from the date of the previous financial year. Against the above stipulation, the Board prepared only one report in 2004 against the total requirement of 20 annual reports.
- Every industry is required to obtain consent from the SPCB before establishing its operation. They were also required to renew the consent periodically (every year). Scrutiny of records revealed that 238 consent letters were issued for fresh and renewal cases during April 2007 to March 2010. However, proper mention regarding fresh consent, renewal of consent, purpose of the establishment of units was not on record. Due to this, number of existing units, new units established and details of renewal by the existing units could not be verified

1.11.3 Prevention of Food Adulteration (PFA) Cell

The PFA Cell under Health Care, Human Services & Family Welfare Department enforces the Prevention of Food Adulteration Act 1954 in the whole of the State. The Cell is headed by a Director, Health Services who has been notified as Food Health Authority and is overall in-charge for the implementation of the Act in the State. Besides, the Cell is responsible for general superintendence of the administration and

enforcement of the Act and the rules made thereunder. The Food Health Authority shall have the duties and powers to prohibit the sale or manufacture for sale, storage, distribution of any article of food in the interest of public health in the whole of the State or any area by Notification and for a period as may be specified therein, review the position of the implementation of the Act and suggest such measures as deemed fit from time to time for smooth and effective implementation of the Act and the rules, etc. Further, the PFA Cell also regulates and revises the licence fee structure from time to time. Scrutiny revealed the following:

- No target for collection of samples and testing of suspected samples and checking of sanitary conditions of the firms or establishments has been prescribed by the Authority.
- Though no targets have been prescribed for collection of samples for analysis, 342 samples were collected and sent for analysis to Guwahati during the last three years 2007 to 2010. Out of 342 samples sent for analysis, 37 samples representing 10.82 *per cent* were found adulterated and forwarded to legal counsel.
- It was intimated that a laboratory for analysis of samples was established in Singtam. However, the same could not be utilised due to non-providing of equipment. Thus, the laboratory remained idle for the last two years and the PFA Cell still depends on analysis by Public Analyst, Guwahati, Assam resulting in delay in initiating the Court cases, in case samples are found adulterated, and therefore, delay in disposal of the cases.
- Three cases are pending for settlement in court for more than three years as on 31 December 2009.

1.11.4. Drugs and Cosmetics Cell

The Drugs and Cosmetics Act 1940 came into effect in the State of Sikkim from September 1984. Accordingly, the State Government established a regulating agency, the Drugs and Cosmetics Cell under the Health Care, Human Services and Family Welfare Department. The Cell is primarily responsible for enforcement of the provision under the Drugs and Cosmetics Act 1940 and Rules made thereunder in the State of Sikkim. The Act was enforced in the State in the year 1985. The activities of the Cell include grant/renewal of Drug License for wholesale and retail of cosmetics and homeopathic drugs. Quality control of drugs and cosmetics is also the responsibility of the Drugs and Cosmetic Cell. The duties of the Cell also includes the inspection of wholesale and retail premises, manufacturing units and check the quality of the products. The sample of drugs collected are sent to the designated Drug Testing Laboratories at Guwahati, Kolkata and Ghaziabad, UP and ARBRO Pharmaceutical Ltd., Delhi. The Cell also checks and controls the illegal trafficking of drugs in the State. The Deputy Drugs Controller and Chief Drugs Inspector is the Licensing Authority.

Though no targets have been prescribed for collection of samples for analysis, number of inspections carried out, sample taken for analysis and other activities done by the Cell during the last five years from 2006 to 2010 (September 2010) are given below:

Table 1.30: Activity of Sale

No. of inspections carried out	No. of samples collected	No. of Licences issued	No. of illicit trafficking of drugs detected	Convicted	Total revenue collected
200	96	140	32	13	17.12 lakh

1.11.5. The State Transport Authority

As per the provision of sub-section 1 of section 68 of the Motor Vehicle Act 1988 (59 of 1988), the State Government constituted the State Transport Authority for the State of Sikkim under the Chairmanship of the Secretary, Transport Department vide Notification dated 21 April 1989. The State Transport Authority shall exercise and discharge the powers and functions to co-ordinate and regulate the activities and policies of the Regional Transport Authorities, if any, of the State. It shall perform the duties of a Regional Transport Authority where there is no such Authority, and if so required by a Regional Transport Authority, shall perform those duties in respect of any route common to two or more regions, etc.

Though the State Government constituted the State Transport Authority for the State of Sikkim under the provision of the Motor Vehicle Act 1988, its performance as prescribed under sub-section (3) of Section 68 under the Act could not be evaluated and verified as the Authority neither maintained any record, nor any report is being prepared and sent to the Government.

1.11.6 State Level Education Regulatory Commission

During the presentation of the Budget for the year 2007-08, on 26 March 2007 the Chief Minister who is also the Minister-in-charge of Finance announced the constitution of a State level Education Regulatory Commission consisting of officials, people from private sector, civil society members, professionals and experts to monitor the quality of education, oversee the performance of teachers, restructure the training facilities, supervise the maintenance of all the education related institution in the State and oversee the broad orientation of higher education policy and system in the State. However, till date, the State Level Education Regulatory Commission has not yet been constituted for uplifting the quality of education in the State.

1.12. Framing of Rules and Regulations in pursuance of Central Acts

1.12.1 Inadequate enforcement of Acts on Wild Life (Protection) Amendment Act 2002

The Wild Life (Protection) Act 1972 amended vide the Wild Life (Protection)

Amendment Act 2002 provides protection of wild animals, birds and plants and for matters connected therewith or ancillary or incidental thereto with a view to ensuring the ecological and environment security of the country. The State Government may for the purpose of this Act appoint Chief Wild Life Warden (CWLW) and such other officers and employees as may be necessary. In addition, the State Government shall, within a period of six months from the date of commencement of Wild Life (Protection) Amendment Act, 2002 constitute a State Board for Wild Life (SBWL) and should meet at least twice a year and advise the State Government in the selection and management of areas to be declared as protected areas, formulation of policy, amendment of any schedule and in any matter connected with the protection of wild life. As per Act, wildlife have been categorised into five schedules and no person shall hunt any wild animals as specified in schedule except under, and in accordance with, the conditions specified in a licence or the CWLW may, if satisfied that any wild animal specified in the schedule has become dangerous to human life or is so disabled or diseased as to be beyond recovery. No person other than CWLW and his staff can make entry into sanctuaries except on permits for special purpose *viz*, for education, scientific research and scientific management. Any person who contravenes any provision of this Act, rule or breach any conditions of licence or permit, shall be guilty of an offence and be punishable. In order to carry out the provisions of this Act, Section 64 of the Act requires the State Government through notification to frame rules.

It was noticed that the State Government have appointed CWLW and other officers and employees necessary to run day to day duties on wild life and have also constituted the SBWL and the rules had been framed in this regard.

Audit analysis revealed that as against the requirement of minimum ten meets of SBWL in last five years, they met only once. The State Government declared seven sanctuaries, one national park, one biosphere reserve and one wild life conservation reserve with an area of 399.10 sq km, 1,784 sq km, 2,931.12 sq km and 0.06 sq km respectively being inhabited by different species of animals. However, the Department has neither any data on number of each species of animal in each sanctuary or park nor the total number of animals. As regards offence, against a total of eleven offences, offenders in ten cases were punished during the last five years.

Thus, the Act was not enforced vigorously as was evident from the shortfall in holding meetings of SBWL, lack of data on number of different species of animals (whether in safe numbers or under the threat of extinction). The possibility of persons illegally sneaking into wild life areas and poaching of wild life also could not be ruled out. These indicate the half hearted approach of the State Government to provide protection to wild animals, birds and plants and ensuring the ecological and environment security of the Country.

1.12.2 Casual implementation of Child Labour (Prohibition and Regulation) Act, 1986

Child Labour (Prohibition and Regulation) Act, 1986 prohibit the engagement of children in certain employments and regulate the conditions of work of children in certain other employments. Every occupier shall cause to be displayed in a conspicuous and accessible place at the place of work, a notice in the local language and in the English language containing an abstract of sections 3 and 14 i.e, no child shall be employed or permitted to work in any of the occupations set forth in Part A of the Schedule or in any workshop wherein any of the processes set forth in Part B of the Schedule is carried on. Whoever employs any child or permits any child to work in contravention of the provisions of section 3 shall be punishable. In order to carry out the provisions of this Act, Section 19 of the Act requires the State Government to frame rules and provide for Child Labour Technical Advisory Committee (CLTAC) to advise the State Government for the purpose of addition of occupations and processes to the Schedule.

It was noticed that the State Government have framed rules to carry out the provisions of this Act. However, no CLTAC was constituted and no offence detected as yet.

Audit analysis revealed that in order to expand National Child Labour Project Scheme (NCLPS) to cover the entire country in the 11th Plan, the Planning Commission through the Union Ministry of Labour & Employment directed the State Governments during March 2007 to conduct an intensive child labour survey in the State. While no census report on child labour was available with the Labour Department (LD), the child labour in the State as per Census 2001 was 16,457 children since the Department has not enforced the Act in letter and spirit which resulted in non –detection of any offenders. The passiveness of the LD have not only failed in enforcing labour laws but have also deprived the intended benefits viz, stepping up of enforcement of child labour laws, formal/non-formal education, provision of vocational training, direct rehabilitation of child labour, etc. under the NCLP.

1.12.3 Non-implementation of the Motor Transport Workers Act, 1961

The Motor Transport Workers Act 1961 regulates the motor transport workers on various aspects of their conditions of employment, work and wages, medical facilities, welfare facilities, hours of work spread-over, rest periods, overtime, annual leave with pay, etc. The motor transport workers bill received the assent of the President on 20th May 1961 after being passed by both the Houses of Parliament and came into force as the Motor Transport Workers Act 1961 (27 of 1961). It extends to the whole of India and applies to every motor transport undertaking employing five or more motor transport workers. “Motor Transport Worker” means a person who is employed in a motor transport undertaking directly or through an agency, whether for wages or not, to work in a professional capacity on a transport vehicle or to attend to duties in connection with the

arrival, departure, loading or unloading of such transport vehicle and includes a driver, conductor, cleaner, station staff, line checking staff, booking clerk, cash clerk, depot clerk, time-keeper, watchman or attendant. In order to carry out the purpose of this Act, Section 40 of the Act requires the State Government to frame rules.

The State Government have till date not framed the rules and stated that the said Act was yet to be extended to the State of Sikkim. The statement was not tenable as the Act extends to the whole of India and no exception was provided. Whereas it was upto the State Government to frame rules and implement it and further provides that the State Government may, after giving not less than two months' notice of its intention so to do, by notification in the Official Gazette, apply all or any of the provisions of this Act to any motor transport undertaking employing less than five motor transport workers.

It was noticed that the State Government have till date not taken initiative to implement this Act. However, Audit on its own conducted the sample check on registration of transport in Transport Department (East district of Motor Vehicle Division) and found that as much as eleven companies having the total registration of transport vehicles ranging from five to 44 were on record. The Act applies to every motor transport undertaking employing five or more motor transport workers and has also empowered the State Government to apply the provision of the Act even to the motor transport undertaking employing less than five motor transport workers. Thus, immediate action needed to be taken to frame rules and implement the Act to honour the objective and spirit of the Act.

1.13 Major Policy Initiatives by the State Government

Towards strengthening fiscal discipline and economical advancement in the State, the Government of Sikkim had taken certain institutional measures such as:

- Realising increasing outstanding liabilities also raise questions not only about debt sustainability, but also about inter-generational equity, State Government have set up Consolidated Sinking Funds and Guarantee Redemption Funds and placed ceilings on guarantees which are facilitated at containing the magnitude of outstanding liabilities. Further, the State Government also implemented New Pension Schemes (NPSs) with effect from 1 April 2006 and constituted Consolidated Sinking Fund (CSF) and Guarantee Redemption Fund (GRF).
- The State Government constituted Knowledge Commission (June 2006) with the object to prepare a Vision Document - Sikkim 2025 defining the long terms goals for all round development of the State of Sikkim and detailed blue print and an action plan for making Sikkim a knowledge economy and a knowledge society, prepare plans for comprehensive up-gradation of standards at all levels of school education, suggest specific programmes for skill development, capacity enhancement and up-gradation of the competitive ability of students coming out of educational Institutions and enable establishment of institutions to

implement such programmes, recommend measures for reforms in the regulatory environment, governing the State's education system etc.

- State Government constituted the Administrative Reform Commission (June 2006) with the objectives to bring about substantial, measurable and comprehensive improvements in the performance levels of the administrative machinery at the disposal of the Government of Sikkim and to enhance effectiveness, efficiency and responsiveness of the delivery systems at all levels and to formulate recommendations with respect to each of the areas of Governmental activity, calculated to achieve all round improvement in the apparatus along with strategies and programmes for implementation. The term of the Commission shall be two years. The Report of the Commission was submitted to Government and it is under examination by the committee headed by the Chief Secretary.
- Free admission and full scholarship for ten students to the best public school in the State and Country.
- Full sponsorship to students securing admission in 20 best Universities of the world under the Chief Minister Free Scholarship schemes.
- Under Mukhya Mantri scheme, monthly free distribution of 4 kg mixed daal to BPL families as also spectacles and hearing aid free of cost to all needy people is being implemented.

Further the following Initiatives were announced while presenting the State Budget 2009-10.

- Introduction of a workable Health Insurance Scheme, for every Sikkimese above the age of 45 years.
- Introduction of an ambitious program known as Chief Minister's Comprehensive Annual and Total Check up for Healthy Sikkim (CATCH) to provide comprehensive annual and periodical health services to citizens.
- Proposed to sponsor one lakh households under the Financial Inclusion Project in the State and plan to open a no frill Bank Account through the Business Correspondent Route of any nationalised or good private bank in the name of female member of the household for which the Government will provide grants as seed money. All cash transaction under different schemes covering old age pension, women's empowerment grants, etc. available to the member of a household can be directly credited to her account, This project also provides for insurance cover to maximum of six members of the household.

1.14 Public Private Partnership

As a measure to improve fiscal transparency, the Government of India outlined several

initiatives to assist the State Governments in their developmental and social roles. The Public Private Partnership (PPP) is such an initiation that enables implementation of Government programmes/schemes in partnership with the private sector. Under PPP, the public sector may collaborate with their private counterpart in three forms – as a funding agency, as a buyer and as a coordinator. The potential benefits derived from PPP are cost effectiveness of the project, higher productivity, accelerated delivery, enhanced social service and recovery of user charges. As under PPP, the Government can access the private sector funds in a non-debt creating manner, it is considered a good way of creating fiscal space for the developmental activities.

In view of the above, several State Governments across India are entering into PPP agreements in the areas of infrastructural projects, survey and exploitation of mines and minerals, development of industrial estates, development of hydro electricity projects etc.

Even though the Sikkim Government has not framed any PPP policy for the State the Government opened the power sector to private developers with the objective of rapidly harnessing the hydro power potential of the State and thereby gaining in a big way by exporting electricity to other power hungry States of the Country.

The hydro power potential of the State was assessed at 8,000 MW peak. The State Government as on date had identified 35 hydro power projects with a total capacity of 5,741.20 MW (*ranging between 27.50 MW and 1,200 MW*) to be developed with private participation. Letters of intents (LOIs) had been issued in respect of 33 projects for 5,681.20 MW capacity, out of which, agreements (MoU) had been signed in respect of 28 projects (*IPP- 24; NHPC - 4*) for a total of 5,421.70 MW. The details of the 35 power projects are depicted in the table below:

Table 1.31: Details of Project

SI No	Particulars	No of projects	Capacity (MW)
1	Total number of projects identified	35	5,741.20
2	LOIs issued	33	5,681.20
3	LOIs withdrawn	2	139
4	LOIs against which agreements are yet to be drawn	3	120.50
5	Agreements signed	28	5,421.70
6	Agreements withdrawn	5	314
7	Agreements valid	23	5,107.70
8	Projects awarded to NHPC	4	1300
9	Projects awarded to IPPs	19	3,807.70
10	Projects commissioned (NHPC)	2	570

Source: Information obtained from the Department.

The State Government commenced award of hydro power projects to IPPs without working out any effective modality and finalising any plan or policy. Projects were

awarded at throwaway charges which compared very poorly with the charges imposed by all other hydro power States in the country in respect of royalty revenue, upfront premium, penalty for delay, local area development, etc. Performance guarantee was not obtained to ensure earnestness of the developers to execute the projects resulting in cancellation of a number of agreements due to non-performance by the developers, which resulted in loss of substantial time and revenue receivable from the projects. Effective safeguards were not incorporated in the agreements against delay in completing various milestones laid down for completion of the projects and negligence in maintaining the projects after commissioning. Environmental issues such as identification of proper dumping sites, safe disposal of excavated material, compensatory afforestation, catchment area treatment and biodiversity preservation were neglected and delayed. Monitoring of execution of the projects was virtually non-existent. Some of the major findings are highlighted below:

- *The State Government had not finalised and notified private power policy as of September 2010 although the Administrative Staff College of India had prepared the draft private power policy for the State as early as September 2003.*
- *Imposition of upfront premium on the private developers at a meager rate of ₹ 10,000 per MW led to loss of revenue ranging between ₹ 60.08 crore and ₹ 279.87 crore as compared to other hydropower States like Himachal Pradesh (HP), Jammu & Kashmir (J&K), Uttarakhand and Arunachal Pradesh.*
- *Due to imposition of penalty at an abysmal low rate of ₹ 10,000 per MW per month for delay in commissioning of projects by the private developers, the State stood to lose between ₹ 2,514.49 crore and ₹ 2,622.76 crore per year as compared to Uttarakhand, HP and J&K and ₹ 137.08 crore per year as compared to Arunachal Pradesh.*
- *Non-imposition of specific condition in the agreements drawn with 16 private developers for regular contribution towards local area development led to loss of ₹ 245.20 crore annually.*
- *Award of two projects to one private developer Gati Infrastructures Ltd (November 2003) at a comparative low rate of 12 per cent royalty for the entire agreement period led to a potential loss of ₹ 143.50 crore per year from the 16th year of operation onwards.*
- *Adequate steps to safeguard the environment viz. catchment area treatment plans, protection and preservation of riverine fishes etc. had not been taken during implementation of hydro power projects.*

1.15 Conclusion and Recommendation

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 maintained revenue surplus during the last five year period. However, while the State continued with fiscal deficit in all the five years with fluctuating trend, the primary deficit also continued to prevail except in the year 2006-07 wherein surplus was recorded. During the current year, there was a significant improvement in all the key fiscal parameters over the previous year.

Revenue Receipts

The revenue receipts have shown a progressive increase over the period 2005-10 with a growth of 33.40 per cent over the previous year. While 28.62 per cent of the revenue receipts during 2009-10 have come from the State's own resources comprising taxes and non-taxes as compared to 24 per cent in 2005-06, the share of Central transfers comprising State's share in Central taxes and duties and grants-in-aid from GOI had marginally declined from 76 per cent in 2005-06 to 71.38 per cent in 2009-10. *The tax revenue as well as the non-tax revenue receipts exceeded both the normative assessments made by TFC and budget provision.*

Revenue and Capital expenditure

The overall revenue expenditure of the State increased by 32.49 per cent from ₹ 1,380.55 crore in 2008-09 to ₹ 1,829.02 crore in 2009-10. While revenue expenditure constituting 72.74 per cent of the total expenditure grew by ₹ 448.47 crore over the previous year, the expenditure incurred under capital head which constituted 25.79 per cent of the total expenditure grew by ₹ 36.75 crore over the previous year.

Out of the total capital expenditure of ₹ 648.53 crore, ₹ 285.00 crore were blocked in 79 incomplete works which were due to be completed within 31 March 2010.

Developmental expenditure of ₹ 932.53 crore in 2005-06 increased to ₹ 1,768.05 crore in 2009-10. However, its share in aggregate expenditure decreased from 75.38 per cent in 2005-06 to 70.31 per cent in 2009-10. The ratio of development expenditure as a proportion to aggregate expenditure is higher than the average of NE States which indicates that the State had given higher priority to this category of expenditure as compared to other States. However, *non-plan developmental revenue expenditure (SS + ES) of ₹ 635.83 crore was higher than the TFC Projection of ₹ 325.40 crore for the State during 2009-10.* The ratio of Social Sector expenditure which includes expenditure on Education and Health as a proportion of aggregate expenditure is lower than the average of NE States.

According to recommendation of the TFC, the State should follow a recruitment and wages policy in such a manner that the total salary bills relative to revenue expenditure

net of interest payments and pension does not exceed 35 per cent. The expenditure on salaries was 53.59 per cent of the revenue expenditure, net of interest payments and pension, as against TFC norm of 35 per cent and constituted 123.69 per cent of its own tax and non-tax revenue during 2008-09. Although the interest payment (₹ 154.43 crore) during 2009-10 exceeded the normative projections of TFC (₹ 130.07 crore), in absolute terms, the same at 6.58 per cent remained well within the limit of 15 per cent of revenue receipt recommended by the TFC.

Though expenditure incurred under Capital Heads had been increasing over the years, the State needs to ensure effective implementation of the schemes and devise an effective monitoring mechanism to avoid the incidences of time and cost overrun and ensure that value for money is channelised in its entirety to the intended beneficiaries. The State should initiate action to restrict the components of non-plan revenue expenditure by phasing out implicit subsidies and resort to need based borrowings to cut down interest payments. The State should enhance spending and accord the priority to Social Sector.

Funds transferred directly from the Government of India (GOI) to the State implementing agencies

There is no single agency monitoring its use and there is no readily available data on how much is actually spent in any particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies but are funded directly by the GOI.

A system has to be put in place to ensure proper accounting of these funds and the updated information should be validated by the State Government as well as the Accountant General (Accounts & Entitlement).

Government investment

Investment of the Government money in the Government Companies and Statutory Corporations is increasing year after year. However, while the return on the investment was 0.52 per cent, the Government paid an average interest rate of 8.35 per cent on its borrowings during the year.

The Government should ensure better value for money in investment by identifying the Companies/Corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth being channelised there. Initiative may be taken to revive or close down or sell out the huge loss making Corporations/Companies.

Cost of collection:

The percentage of expenditure on collection during 2009-10 as compared to the corresponding All India average percentage for 2008-09 was high in the cases of Sales

Tax, State Excise and Taxes on Vehicles.

Government should take suitable steps for minimising the cost of collection to make available more funds for development purposes.

State Regulatory bodies

State has not constituted State Electricity Regulatory Commission as stipulated in Electricity Act 2003. Though the State Government constituted the State Transport Authority as per the provision of sub-section 1 of section 68 of Motor Vehicle Act 1988, the Authority neither maintained any records nor are any reports being prepared. The State Level Education Regulatory Commission had not yet been constituted despite the announcement of the Chief Minister during the presentation of Budget for the year 2007-08 to constitute the same.

Public Private Partnership (PPP)

Even though the Sikkim Government had not framed any PPP policy for the State, the Government opened the power sector to private developers with the objective of gaining in a big way by exporting electricity to other States. The State Government commenced award of hydro power projects to Independent Power Producers (IPPs) without working out any effective modality and finalising any plan or policy. Projects were awarded at throwaway charges which compared very poorly with the charges imposed by all other hydro power States in the country in respect of royalty revenue, upfront premium, penalty for delay, local area development, etc. Environmental issues were also neglected and delayed.

State PPP policy particularly in respect of hydro power projects may be finalised and all projects awarded after following transparent bidding procedures.

State may consider levying appropriate application fee, upfront premium and royalty keeping in view the prevalent best practices.

Suitable conditions against non-performance/abandonment of the projects and negligence in proper maintenance of the assets may be imposed on the IPPs forthwith.

Strict vigil over the environmental concerns may be ensured.

CHAPTER - II

Financial Management and Budgetary Control



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Financial Management and Budgetary Control

2.1 Introduction

2.1.1 The 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. These Accounts list the original budget estimate, supplementary grants, surrenders and re-appropriation 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 budget. The Appropriation Accounts is thus a control document facilitating management of finances and monitoring of budgetary provision and are therefore complementary to the Finance Accounts.

2.1.2 Audit of appropriation by the Comptroller and Auditor General of India seeks to ascertain whether expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provision of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2009-10 against 44 grants/appropriations was as 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 (+)
Voted	I Revenue	2,394.91	301.75	2,696.66	2,557.54	-139.12
	II Capital	879.15	150.54	1,029.69	685.20	-344.49
	III Loans and Advances	0.30	0	0.30	0.30	0.00
Total Voted		3,274.36	452.29	3,726.65	3,243.04	-483.61
Charged	IV Revenue	195.46	2.70	198.16	182.69	-15.47
	V Capital	Nil	Nil	Nil	Nil	Nil
	VI Public Debt- Repayment	86.22	0.07	86.29	86.29	0.00
Total Charged		281.68	2.77	284.45	268.98	-15.47
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil
Grand Total		3,556.04	455.06	4,011.10	3,512.02	-499.08

The overall saving of ₹ 499.08 crore was the result of saving of ₹ 504.18 crore in 41 grants and 2 appropriations under Revenue Section, 24 grants under Capital Section and one grant (Public Debt-Repayments) under Loan Section, offset by excess of ₹ 5.10 crore in three grants under Revenue Section and one grant under Capital Section.

The savings/excesses were intimated (March 2010) to the Controlling Officers requesting them to explain the significant variations. Out of 480 sub-heads, explanations for variation were not received (September 2010) in respect of 147 sub-heads (Saving: 86 sub-heads and Excess: 61 sub-heads).

2.3 Financial Accountability and Budget Management

2.3.1 Appropriation vis-à-vis Allocative Priorities

The outcome of the appropriation audit reveals that in 17 cases, savings exceeded ₹ 1 crore in each case and also by more than 20 per cent of the total provision (**Appendix -2.1**). Against the total savings of ₹ 499.08 crore, savings of ₹ 152.13 crore (30 per cent)¹ occurred in two cases relating to two grants as indicated in **Table 2.2**.

Table 2.2: List of Grants with savings of ₹ 50 crore and above

(₹ in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	Capital-Voted					
1	34 - Roads and Bridges	135.29	3.42	138.71	75.08	63.63
2	41 - Urban Development & Housing Department	145.34	0.54	145.88	57.38	88.50
				TOTAL		152.13

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI; (ii) non-receipt of claims and transfer of staff; and (iii) Ad-hoc payments to the contractors.

2.3.2 Persistent Savings

In six cases during the last five years, there were persistent savings of more than ₹ 1 crore in each case and also by 10 per cent or more of the total grant (**Table 2.3**).

¹Exceeding ₹ 50 crore in each case

Table 2.3: List of Grants indicating Persistent Savings during 2005-10*(₹ in crore)*

Sl. No.	No. and Name of the grant	Amount of savings				
		2005-06	2006-07	2007-08	2008-09	2009-10
Revenue-Voted						
1	19 - Irrigation & Flood Control	3.43(27.55)	3.51(18.25)	3.77(21.59)	34.70(56.45)	15.07(28.93)
2	29 - Development Planning, Economic Reforms and North Eastern Council Affairs	31.83(79.83)	14.31(58.51)	19.95(72.07)	12.54(61.81)	14.96(60.96)
3	39 - Sports & Youth Affairs	2.35 (28.42)	1.11 (14.70)	1.24 (16.92)	4.55 (45.45)	2.01(18.31)
Capital-Voted						
4	31 - Energy and Power	47.66 (35.09)	134.62 (77.84)	98.22 (71.65)	85.93 (62.23)	43.90(30.31)
5	34 - Roads & Bridges	39.43(40.19)	85.05 (62.26)	88.36 (58.34)	54.60 (26.62)	63.63(45.87)
6	40 - Tourism	11.68 (46.22)	17.78 (44.80)	19.32 (37.77)	64.72 (58.82)	23.91(32.77)

(Figures in the bracket indicate percentage to total provision)

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI and restriction of the expenditure to the availability of funds, and (ii) non-receipt of claims.

2.3.3 *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 has 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). However, the excess expenditure of ₹ 5 crore incurred during the years 2006-2009 remained to be regularised. The year-wise amount of excess expenditure pending regularization for grants/appropriations is summarised in **Table 2.4**.

Table 2.4: Excess over provision relating to previous years requiring regularisation*(₹ in crore)*

Year	Number of		Amount of excess over provision	Status of Regularization
	Grants	Appropriations		
2006-07	05 (Grant nos. 15,27,30,35,37)	01 (Public Service Commission)	2.64	Not yet discussed by PAC
2007-08	03 (Grant nos. 16,24,37)	-	0.38	-do-
2008-09	02 (Grant nos. 33, 10)	-	1.98	-do-
Total			5.00	

2.3.4 *Excess over provision during 2009-10 requiring regularisation*

Table 2.5 contains the summary of total excess in four grants amounting to ₹ 5.10 crore over the amount authorised for withdrawal from the Consolidated Fund of State during 2009-10 and requires regularisation under Article 205 of the Constitution.

Table 2.5: Excess over provision requiring regularisation during 2009-10

(₹ in crore)

Sl. No.	Number and title of grant/appropriation		Total grant/appropriation	Expenditure	Excess
Voted Grants -					
1.	24	Legislature	8.35	8.40	0.05
2.	28	Personnel, Administrative Reforms and Training	32.69	35.82	3.13
3.	29	Development Planning, Economic Reforms and North Eastern Council Affairs	10.00	11.79	1.79
4.	33	Water Security & Public Health Engineering	10.68	10.81	0.13
Total:					5.10

2.3.5 Unnecessary/excessive/inadequate supplementary provision

Supplementary provision aggregating ₹ 58.35 crore obtained in 14 cases (₹ 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-2.2**. In one case, supplementary provision of ₹ 19.17 crore proved insufficient by more than ₹ 1 crore leaving an aggregate uncovered excess expenditure of ₹ 3.13 crore as indicated in **Table 2.6** below:

Table 2.6: Supplementary provision proved insufficient by more than ₹ 1 crore

(₹ in crore)

Sl. No.	Number Grant	Name of the Grants and Appropriation	Original Provision	Supplementary provision	Total	Expenditure	Excess
1	28	Personnel, Administrative Reforms and Training	13.52	19.17	32.69	35.82	3.13

2.3.6 Excessive/unnecessary re-appropriation of funds

Re-appropriation is transfer of funds within a grant from one unit of appropriation, where savings are anticipated, to another unit where additional funds are needed. Injudicious re-appropriation proved excessive or insufficient and resulted in savings/excess of over ₹ 26.76 crore in 36 sub-heads. There was excess of ₹ 20.10 crore in 19 sub-heads as detailed in **Appendix-2.3(A)** and savings of ₹ 6.66 crore in 17 sub-heads as detailed in **Appendix-2.3 (B)**.

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 43 sub-heads on account of either delay in implementation of schemes/programmes or non-receipt of funds from Government of India. Out of the total provision amounting to ₹ 283.17 crore in these 43 sub-heads, ₹ 194.79 crore (69 per cent) were surrendered, which included cent per cent surrender in 17 sub-heads (₹ 28.34 crore). The details of such cases are given in **Appendix-2.4**.

2.3.8 *Surrender in excess of actual saving*

In five cases, the amount surrendered (₹ 50 lakh or more in each case) was in excess of actual savings indicating lack of or inadequate budgetary control in these departments. As against savings of ₹ 133.39 crore, the amount surrendered was ₹ 146.21 crore resulting in excess surrender of ₹ 12.82 crore. Details are given in **Appendix-2.5**.

2.3.9 *Anticipated savings not surrendered*

As per Sikkim Financial Rules, the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2009-10, there were 21 grants/appropriations where despite the savings, no fund was surrendered by the concerned departments. The amount involved in these cases was ₹ 69.76 crore (13.84 per cent of the total savings) (**Appendix-2.6**).

Similarly, out of total savings of ₹ 504.18 crore under 43 other grants/appropriations, amount in which savings of ₹ 1 crore and above were noticed in each grant/appropriation aggregating ₹ 119.64 crore representing 77.68 per cent of savings in those grants/appropriations were not surrendered, details of which are given in **Appendix-2.7**. Besides, in 34 cases, (surrender of funds in excess of ₹ 1 crore), ₹ 385.63 crore (**Appendix-2.8**) were surrendered on the last two working days of March 2010 indicating inadequate financial control resulting in the fact that these funds could not be utilised for other development purposes.

2.3.10 *Expenditure without provision*

As per Sikkim Financial Rules, expenditure should not be incurred on any scheme/service without the provision of funds. It was, however, noticed that expenditure of ₹ 0.30 crore was incurred in two cases as detailed in **Table 2.7** without any provision in the original estimates/supplementary demand and without any re-appropriation orders to this effect.

Table 2.7: Expenditure incurred without Provision during 2009-10

(₹ in crore)

Number and Name of		Amount of Expenditure without provision	Reasons/Remarks
Grants	Appropriations		
19	-	0.17	There was no budget allotment in the Demand as well as in the Supplementary book, but the expenditure incurred by the Department was passed by the PAO/East without verifying budget provision
19	-	0.13	-DO-
	TOTAL	0.30	

The Pay and Accounts Office (East) in one case replied that the Irrigations & Flood Control Department has provision under the Head of account in Vote on Account. However, on finalisations of budget 2009-10 provision was not allocated under this Head of account.

2.3.11 *Rush of expenditure*

According to the Sikkim Financial Rule, rush of expenditure in the closing month of the financial year should be avoided. Contrary to this, expenditure exceeding ₹ 1 crore and also more than 50 per cent of the total expenditure for the year was incurred in respect of 27 heads and 52 heads during March 2010 and last quarter of the year 2009-10 respectively as listed in **Appendix-2.9**.

In five and four Cases, expenditure during the last quarter and March 2010 respectively, was up to 100 per cent of total provision during the year, which was contrary to aforesaid provision.

2.4 Non-reconciliation of Departmental figures

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

As per Sikkim Financial Rules, every drawing 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 (Accounts and Entitlement). The total amount of DC bills received during the period 2004-10 was only ₹ 70.52 crore against the amount of AC bills of ₹ 656.88 crore leading to an outstanding balance of DC bills of ₹ 586.36 crore as on 31 March 2010. Year wise details are given in the following table.

Table 2.8: Details of AC Bills

(₹ in crore)

Year	Opening Balance	Addition during the year	Total Amount of AC bills	Amount of adjustment (DC bills)	DC bills as percentage to AC bills	Outstanding AC bills
2004-05	43.38	17.82	61.20	5.23	8.55	55.97
2005-06	55.97	17.77	73.74	6.99	9.48	66.75
2006-07	66.75	21.85	88.60	8.04	9.07	80.56
2007-08	80.56	41.39	121.95	5.19	4.26	116.76
2008-09	116.76	35.37	152.13	29.17	19.17	122.96
2009-10	122.96	36.30	159.26	15.90	9.98	143.36
Total			656.88	70.52		

Department-wise pending DC bills for the years up to 2009-10 is detailed in **Appendix-2.10**. Non-submission of DC bills for long periods after drawal of AC bills is fraught with the risk of misappropriation and therefore needs to be monitored closely.

2.5 Outcome of Review of Selected Grants

2.5.1 Land Revenue and Disaster Management Department

A review on budgetary procedure and control over expenditure for the period 2005-06 to 2009-10 was conducted (June 2010) in respect of Grant No. 22- Land Revenue and Disaster Management Department, Government of Sikkim.

Important points noticed during review are detailed below:

2.5.1.1 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2005-06 to 2009-10 against appropriation for the Demand No. 22 pertaining to the Land Revenue and Disaster Management Department is given below:

Table 2.9: Summarised position of Demand 22

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Surrender
2005-06	Voted	Revenue	24.61	12.96	37.57	35.10	2.47	2.54
		Capital	0.10	nil	0.10	0.03	0.07	0.01
2006-07	Voted	Revenue	49.36	0.18	49.54	35.90	13.64	3.45
		Capital	0.10	nil	0.10	0.02	0.08	0.08
2007-08	Voted	Revenue	51.96	14.05	66.01	65.97	0.04	0.02
		Capital	5.04	0.93	5.97	5.93	0.04	0.04
2008-09	Voted	Revenue	48.72	19.12	67.84	41.84	26.00	0.75
		Capital	6.09	15.40	21.49	18.41	3.08	3.08
2009-10	Voted	Revenue	61.98	4.67	66.65	39.47	27.18	5.21
		Capital	73.59	nil	73.59	31.97	41.62	41.62

A critical analysis of appropriations revealed the following irregularities as shown below:

Table 2.10: Cases of supplementary provision obtained proved excess over actual expenditure

(₹ in crore)

Year	Section	Original provision	Supplementary provision	Total	Actual expenditure	Savings
2005-06	Revenue	24.61	12.96	37.57	35.10	2.47
2006-07	Revenue	49.36	0.18	49.54	35.90	13.64
2008-09	Revenue	48.72	19.12	67.84	41.84	26.00
2009-10	Revenue	61.98	4.67	66.65	39.47	27.18

It was seen that against the additional requirement of ₹ 10.49 crore (2005-06), supplementary grants of ₹ 12.96 crore was obtained, resulting in savings of ₹ 2.47 crore. Similarly, during 2006-07 also, supplementary grants of ₹ 0.18 crore was unnecessary as the final expenditure of ₹ 35.90 crore was within the original provision of ₹ 49.36 crore. Furthermore, even during 2008-09, supplementary grants of ₹ 19.12 crore was

unnecessary as the final expenditure of ₹ 41.84 crore was within the original provision of ₹ 48.72 crore. The situation persisted in 2009-10 also where the expenditure was well within the original provision but supplementary provision of ₹ 4.67 crore was obtained.

The Department stated (June 2010) that against the supplementary provision of ₹ 12.96 crore during 2005-06, there was a re-appropriation of ₹ 10.60 crore within the grant, surrender of ₹ 2.06 crore and balance amount were utilised except supplementary provision of ₹ 8.56 lakh for capacity building and computerisation of cadastral survey remaining unutilised. The Department's reply itself manifests the fact that ₹ 8.56 lakh provided during supplementary for capacity building and computerisation of cadastral survey was not warranted. Further, the Department did not reply the reasons for surrender of ₹ 2.06 crore.

Similarly, the Department stated (June 2010) that against the supplementary provision of ₹ 0.18 crore during 2006-07, except the supplementary of ₹ 0.10 crore, rest have been utilised. The Department attributed the non-utilisation of ₹ 0.10 crore to the NIC, New Delhi who did not submit their demand. The reply indicated unrealistic anticipation on requirement of fund that resulted in unnecessary provision of grant in supplementary.

Further reply of the Department (June 2010) indicated that the supplementary provision of ₹ 19.12 crore during 2008-09, except the savings of ₹ 25.83 crore under Natural Calamity, rest have been utilised. The Department's reply itself showed that the supplementary of ₹ 15.06 crore sought under 2245-Natural Calamity was not warranted.

2.5.1.2 Excess savings

Budget is formulated based on the activities to be undertaken for a year and the provision/requirement of fund to discharge the payments thereto. Audit analysis for the year 2005-06 to 2009-10 revealed that the savings under MH 2245-Natural Calamity was persistently above ₹ 2 crore except for the year 2007-08. There were substantial savings ranging from 8 to 57 per cent as shown below:

Table 2.11: Substantial Savings under Natural Calamity

(₹ in crore)

Year	Major Head	Grant	Expenditure	Savings (%)
2005-06	MH 2245 NC	29.89	27.44	2.45 (8)
2006-07	MH 2245 NC	40.77	27.45	13.32 (33)
2008-09	MH 2245 NC	53.44	27.61	25.83 (48)
2009-10	MH 2245 NC	46.70	19.90	26.81 (57)

Similarly, in capital head also during 2008-09 and 2009-10, there were substantial savings of above ₹ 2 crore ranging from 14 to 80 per cent of grant as shown below:

Table 2.12 Substantial Saving under Capital head*(₹ in crore)*

Year	Major Head	Grant	Expenditure	Savings (%)
2008-09	MH 4059-80-51-23-81 capital outlay on public works	21.49	18.41	3.08 (14)
2009-10	MH 4059-51-60 long term construction of assets damaged during 2005-06 floods (ACA)	68.59	30.98	37.61 (55)
	MH 4059-51-72 purchase of land for development schemes.	5.00	0.99	4.01 (80)

Thus, taking into account the quantum of above savings, it may be inferred that the estimated budget was not realistic.

The Department stated (June 2010) that the savings were mainly due to the non- receipt of demand/bills from the executing Department, DC's Office and also the non-availability of land at Government approved rates. The fact, however, remains that since the provision have been made, the Department could have coordinated and monitored the activities to utilise the budget allotment.

2.5.1.3 Non-surrender of fund

As per Sikkim Financial Rules, the spending department is required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated. At the close of the year 2006-07 and 2008-09, there was savings of ₹ 13.64 crore and ₹ 26.01 crore respectively. However, only ₹ 3.45 crore and ₹ 0.75 crore have been surrendered leaving a balance of ₹ 10.19 crore and ₹ 25.26 crore being not surrendered as shown below:

Table 2.13: Non surrender of Savings during 2006-09*(₹ in crore)*

Year	Section	Total grant (Original plus Supplementary)	Actual expenditure	Savings	Surrender	Savings not surrendered
2006-07	Revenue	49.54	35.90	13.64	3.45	10.19
2008-09	Revenue	67.85	41.84	26.01	0.75	25.26

Similarly, at the close of the year 2009-10, under MH 2245-05-101 transfer to reserve fund & deposit account (CRF), there was savings of ₹ 717.50 lakh, which was not surrendered as shown below:

Table 2.14: Non-surrender of Savings during 2009-10*(₹ in crore)*

SI No	Major Head	Grant	Expenditure	Savings not surrendered
1	MH 2245-05-101 transfer to reserve fund & deposit account (CRF)	26.87	19.70	7.17

The reasons as to why the grant was not surrendered could not be stated to Audit.

2.5.1.4 Cases of irregular re-appropriation of fund

Sikkim Financial Rules enjoins that re-appropriation of funds shall be made only when it is known or anticipated that the re-appropriation from the unit from which funds are to be transferred will not be utilised in full. Audit analysis revealed non-observance of the rules resulting in incorrect re-appropriation as shown below:

Table 2.15: Unnecessary re-appropriation

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Actual expenditure	Excess	Amount of Re-appropriation
2005-06	2029-01 Dir. and Admn.	70.38	78.32	7.94	0.07
2006-07	2029-101-60 Collection charges, District Collectorate	211.85	222.26	10.41	0.24

The reduction of provision by way of re-appropriation was totally unnecessary while there was excess expenditure. Reasons for re-appropriation could not be stated.

Table 2.16: Re-appropriation in excess of available savings

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Actual expenditure	Savings	Amount of re-appropriation
2006-07	2053-094-60 Sub-divisional establishments	123.46	121.05	2.41	3.34
	2506-800-60 Land Bank Scheme	30.00	29.93	0.07	30.00

The reasons for re-appropriation in excess of available savings could not be furnished.

Table 2.17: Injudicious augmentation by re-appropriation of funds

(₹ in lakh)

Year	MH affecting the grant	Total grant (Original plus Supplementary)	Actual expenditure	Savings	Amount of re-appropriation
2007-08	2029-101-60 Collection charges, District Collectorate	248.81	248.60	0.21	0.27

While the total expenditure was within the grant, augmentation of fund by way of re-appropriation proved injudicious. The reasons for such re-appropriations could not be stated.

2.5.1.5 Non-utilisation of funds

Budget allotment is provided based on the proposed activities to be undertaken for a year. Audit analysis on the review of grants for the year 2005-06 revealed that an amount

of ₹ 18.56 lakh provided for various activities as shown below was not utilised.

Table 2.18: Non-utilisation of fund

(₹ in lakh)

Year	MH affecting the grant	Grant	Expenditure	Savings
2005-06	2245-80-800-81 DMS & ERP (NEC).	10.00	Nil	10.00
	2245-80-800-81 Capacity building	2.36	Nil	2.36
	2506-103-84 Computerisation of cadastral survey.	6.20	Nil	6.20

Similarly, an amount of ₹ 9.36 lakh provided for Agrarian Studies and Computerisation of Land Records under MH 2506-00-103 (100% CSS) during 2009-10 was also not utilised.

The Department stated (June 2010) that the funds could not be utilised as the details for upgradation of the District Data Centres were under process and not submitted by the Districts.

2.5.1.6 Substantial surrenders

Substantial surrenders were made in respect of four of the heads of account during 2009-10 either due to slow implementation or non-implementation of schemes/programmes as shown below:

Table 2.19 Substantial surrenders

(₹ in crore)

SI No	Major Head	Total grant	Amount of surrender	Percentage of surrender
1	MH 2245-02-101-71 Gratuitous relief	1.00	0.45	45
2	MH 2245-02-800-73 Other works	18.65	4.62	25
3	MH 4059-80-51-72 Purchase of land for development schemes	5.00	4.59	92
4	4059-80-51-60-53 Long term const. of assets damaged during 2005-06 floods ACA	68.59	37.61	55
	Total	93.24	47.27	51

Audit analysis revealed that the quantum of surrender in the above four heads of account ranged between 25 and 92 *per cent* and on an average, the surrender in respect of these heads of account sums up to 51 *per cent*.

2.5.1.7 Rush of expenditure

As per Note 3 under Rule 84 of Sikkim Financial Rules, 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, expenditure during the last quarter under one of the heads during 2008-09 was 100 *per cent*. Similarly, during 2009-10, expenditure during the last quarter under three head of account ranged from 44 to 100 *per cent* of the total expenditure as shown below:

Table 2.20: Rush of expenditure*(₹ in lakh)*

Year	Head of account	Expenditure incurred during January - March 2010	Expenditure incurred in March 2010	Total expenditure	Percentage of total expenditure incurred during	
					January - March 2010	March 2010
2008-09	2506 Land Reforms	3.34	2.89	3.34	100	86.53
2009-10	4059-80-51-60-53 ACA	1,353.11	1,210.82	3,097.54	44	39
	3451-92-60 District Offices, Untied Fund	33.63	31.63	38.83	87	81
	2506-00-800-60-72 Land Bank Schemes	1,239.00	1,207.50	1,239.00	100	97

The Department stated (June 2010) that the reasons were due to receipt of bills from the executing departments in the last quarter and also added that the compilation and registration were done in bulk by the districts and submitted in bills in the last quarter. But the fact remains that this was in violation of Sikkim Financial Rules.

2.5.1.8 Variation between the budget estimates and actual

The variation between the budget estimates (BE) and actual of revenue receipts for the years 2005-06 to 2009-10 in respect of Land Revenue and Disaster Management Department are shown below:

Table 2.21: Variation between the budget estimates and actual*(₹ in crore)*

Year	Budget Estimate	Actuals	Variations excess (+)/shortfall (-)	Percentage of variation
2005-06	0.81	0.61	(-)0.20	(-)25
2006-07	0.89	0.78	(-)0.11	(-)12
2007-08	0.92	2.75	(+)1.83	(+)199
2008-09	1.11	1.95	(+) 0.84	(+)75
2009-10	3.45	2.71	(-)0.74	(-)21

Audit analysis revealed that there was shortfall in receipt during 2005-06 and 2006-07 ranging by 25 and 12 *per cent* respectively. But in contrast, the receipt was in excess during 2007-08 and 2008-09 by 199 and 75 *per cent* respectively. The receipt again fell short by 21 *per cent* during 2009-10. The huge variation and fluctuation in revenue receipt points to the fact that framing of budget estimate was not realistic.

The Department stated (June 2010) that the main source of revenue being the acquisition of land by the Government, it was difficult to frame the target and the target framed was only probable.

2.5.2 Urban Development and Housing Department

A review on budgetary procedure and control over expenditure for the period 2005-06 to 2009-10 was conducted (June-July 2010) in respect of "Grant No. 41- Urban Development and Housing Department (UD&HD)", Government of Sikkim, whose summarised position of actual expenditure against grants during the period covered under audit are detailed below:

2.5.2.1 Summary of Appropriation Accounts

The summarised position of actual expenditure against grants during 2005-06 to 2009-10 in respect of Demand No. 41 pertaining to the Urban Development and Housing Department is given below:

Table 2.22

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings	Surrender
2005-06	Voted	Revenue	18.80	0.48	19.28	17.41	1.87	1.66
		Capital	5.13	9.80	14.93	2.88	12.04	2.22
2006-07	Voted	Revenue	23.51	0.08	23.59	12.59	10.99	10.98
		Capital	19.59	1.74	21.33	5.00	16.33	16.23
2007-08	Voted	Revenue	10.86	1.62	12.48	12.11	0.36	0.34
		Capital	18.91	1.00	19.91	7.60	12.30	12.30
2008-09	Voted	Revenue	16.21	7.24	23.45	23.06	0.39	0.34
		Capital	41.65	1.76	43.41	27.47	15.94	15.93
2009-10	Voted	Revenue	17.63	2.56	20.19	18.99	1.21	1.14
		Capital	145.34	0.54	145.88	57.38	88.49	89.35
Total		Revenue	87.01	11.98	98.99	84.16	14.82	14.46
		Capital	230.62	14.84	245.46	100.33	145.10	136.03

2.5.2.2 Unnecessary/excessive supplementary provision

Savings in a grant or appropriation indicates that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances and the purpose for which the original grant or appropriation was provided. However, review of Grant No. 41 in respect of UD&HD for the last five years from 2005-06 to 2009-10 revealed the following:

Against the budget provision of ₹ 98.99 crore (including supplementary provision of ₹ 11.98 crore) under the revenue head during the period from 2005-06 to 2009-10, the actual expenditure was ₹ 84.16 crore resulting in saving of ₹ 14.82 crore constituting 18 per cent of the total provision. In view of the final savings of ₹ 14.82 crore, the supplementary provision of ₹ 11.98 crore was unnecessary.

Similarly, under capital account against the budget provision of ₹ 245.46 crore (including supplementary provision of ₹ 14.84 crore) during the same period, the actual expenditure was ₹ 100.33 crore resulting in saving of ₹ 145.10 crore representing 59 per

cent of the total provision. As a result of final savings of ₹ 145.10 crore, the supplementary provision of ₹ 14.84 crore was unnecessary.

Further analysis of the supplementary provision obtained during the period from 2005-06 to 2009-10 revealed that the supplementary provision of ₹ 15.32 crore (one revenue head for 2005-06 and capital head for entire period under review) was obtained in anticipation of higher expenditure. However, the final expenditure of ₹ 117.74 crore was even less than the original grant of ₹ 249.50 crore. The savings of ₹ 146.97 crore under the grant, thus, exceeded the entire supplementary provision amounting to ₹ 15.32 crore indicating unnecessary allotment of additional funds in these cases as detailed below:

Table 2.23

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings
2005-06	Voted	Revenue	18.80	0.48	19.28	17.41	1.87
		Capital	5.13	9.80	14.93	2.88	12.04
2006-07	Voted						
		Capital	19.59	1.74	21.33	5.00	16.33
2007-08	Voted						
		Capital	18.91	1.00	19.91	7.60	12.30
2008-09	Voted						
		Capital	41.65	1.76	43.41	27.47	15.94
2009-10	Voted						
		Capital	145.34	0.54	145.88	57.38	88.49
Total		Revenue	18.88	0.48	19.28	17.41	1.87
		Capital	230.62	14.84	245.46	100.33	145.10
Total (Rev. + Cap.)			249.50	15.32	264.74	117.74	146.97

2.5.2.3 Persistent savings

Savings in the grants were indicative of inaccurate budget estimation and a tendency of the concerned department to overestimate the requirement of funds. Persistent and substantial savings ranging from 37 per cent to 85 per cent of the provision were noticed under Capital Head during the entire period of last five years from 2005-06 to 2009-10 under Grant No. 41 as detailed below:

Table 2.24

(₹ in crore)

Year	Section	Nature of expenditure	Original grant	Supplementary grant	Total	Actual expenditure	Savings (Figure in brackets indicates percentage to total provision)
2005-06	Voted	Capital	5.13	9.80	14.93	2.88	12.04 (81)
2006-07	Voted	Capital	19.59	1.74	21.33	5.00	16.33 (77)
2007-08	Voted	Capital	18.91	1.00	19.91	7.60	12.30 (62)
2008-09	Voted	Capital	41.65	1.76	43.41	27.47	15.94 (37)
2009-10	Voted	Capital	145.34	0.54	145.88	57.38	88.49 (61)

2.5.2.4 Non-utilisation of fund

Budget provision is provided based on the proposed activities to be undertaken during the year. However, audit analysis on the review of the Grant No. 41 – UD&HD for the years 2005-06 to 2009-10 revealed that an amount of ₹ 999.99 lakh pertaining to the year 2005-06 provided for various activities were not utilised as detailed below:

Table 2.25

(₹ in lakh)

Year	Major Head	Final Grant	Remarks
2005-06	2217-80-800-63-66-50 Other Charges	19.99	Supplementary budget
	4217-03-051-70-66-71 Preparation of Master Plan	310.00	-do-
	4217-03-051-70-66-72 Implementation of Master Plan	300.01	-do-
	4217-03-051-70-66-73 Infrastructure Development	369.99	-do-
Total		999.99	

2.5.2.5 Unutilised provision and surrender thereof

Rules require that all savings should be surrendered as soon as the possibility of savings is foreseen, given the trend of expenditure. Savings should also not be held in reserve for possible future excesses. It was, however, noticed that in the following nine cases during the period from 2005-06 to 2009-10 (except 2008-09) involving a total savings of ₹ 1,006.23 lakh, no surrender was made.

Table 2.26

(₹ in lakh)

Year	Major Head	Savings	Amount surrendered	Amount not surrendered
2005-06	2217-80-800-63-66-50 OC	9.99	Nil	9.99
	4217-03-051-70-66-71 Preparation of Master Plan	310.00	Nil	310.00
	4217-03-051-70-66-72 Implementation of Master Plan	300.01	Nil	300.01
	4217-03-051-70-66-73 Infrastructure Development	369.99	Nil	369.99
2006-07	4217-03-051-68-45-82 Storm Water Drainage along 31A NH	9.68	Nil	9.68
2007-08	2059-80-053-61-66-27 MW	1.08	Nil	1.08
2009-10	2217-80-800-61 Garbage Disposal	1.18	Nil	1.18
	2217-80-001-00-44-02 Wages	2.45	Nil	2.45
	2217-80-800-61-48-01 Salaries	1.85	Nil	1.85
Total		1,006.23		1,006.23

2.5.2.6 Surrender in excess of anticipated saving

Further, it was also noticed that during the year 2009-10, the Department injudiciously surrendered ₹ 85.75 crore under the Head 4217-03-051-71- Jawaharlal Nehru National

Urban Renewal Mission resulting in excess expenditure under the concerned head involving an amount of ₹ 0.87 crore.

2.5.2.7 *Rush of expenditure*

As per Note 3 under Rule 84 of Sikkim Financial Rules, 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 last quarter were noticed during grant review. Rush of expenditure during the last quarter ranged from 35 to 100 *per cent* of the total expenditure as shown below.

Table 2.27

(₹ in lakh)

Year	Major/SubMajor/Minor/Sub/ Detailed Heads	Final grant	Expenditure upto previous month (February)	Expenditure during the month (March)	Total expenditure	Percentage of expenditure during last month to total expenditure
2007-08	2015 Elections	20.00	4.08	15.91	19.99	80
	2059 Public Works	414.66	207.56	205.99	413.55	50
	2217-01-001-60-44-74 Training/Capacity Building	17.60	1.15	13.75	14.90	92
	4216-80-800 Social Housing	14.40	0.03	14.32	14.35	100
	4217-03-051-72 Schemes funded by NABARD	400.00	2.59	190.80	193.39	99
	4216 Capital Outlay on Housing	14.40	0.03	14.32	14.35	100
	4217 Capital Outlay on Urban Development	1,970.11	296.23	443.62	739.85	60
2008-09	2015 Elections	10.00	1.00	4.15	5.15	81
	2059 Public Works	104.93	51.17	53.83	105.00	51
	2217 Urban Development	578.02	296.39	259.77	556.16	47
	3054 Roads and Bridges	40.00	Nil	40.01	40.01	100
	2217 Urban Development	1,301.05	713.38	634.23	1,347.61	47
	4215 Capital Outlay on Water Supply & Sanitation	2,013.80	310.99	240.42	551.41	44
	4217 Capital Outlay on Urban Development	2,233.22	1,023.67	1,158.72	2,182.39	53
2009-10	2045 Other Taxes and Duties and Commodities and Services	55.85	58.30	45.03	103.78	43
	2217 Urban Development	686.96	408.33	217.17	625.50	35
	2217(P) Urban Development	937.88	444.74	445.97	893.88	50
	3475 Other General Economic Services	139.00	Nil	92.08	92.08	100
	4216 Capital Outlay on Housing	12.82	Nil	12.72	12.72	100
	4217 Capital Outlay on Urban Development	14,555.87	2,772.91	2,847.65	5,620.56	51

2.5.2.8 *Variation between the budget estimates and actuals*

The variation between the budget estimates (BE) and actuals of revenue receipts for the years 2007-08 to 2009-10 in respect of Grant No. 41-UD&HD are shown below:

Table 2.28

(₹ in crore)

Year	Budget Estimate	Actuals	Variations excess (+)/ shortfall (-)	Percentage of variation
2007-08	0.74	1.27	(+) 0.53	(+) 71.62
2008-09	0.74	1.48	(+) 0.74	(+) 100.00
2009-10	0.94	2.37	(+) 1.43	(+) 152.13

Analysis of variation between the budget estimates and actuals for the last three years (2007-08 to 2009-10) revealed that there was excess realisation of receipts ranging from 72 per cent to 152 per cent. Though there were increasing trend in actual receipts, the budget estimates in each year was not increased considering the trend in increase in actual receipts. As a result, there were huge variation (more than 71 per cent) in budget estimates and actuals. The huge variation in revenue receipt points to the fact that framing of budget estimate was not realistic.

2.5.2.9 Non-submission of liability statement

The heads of the departments and subordinate authorities concerned shall submit to the Finance Department detailed estimates and such other material as may be called for by the department from time to time for preparation of the budget and the demands for grants. The grants or appropriations shall be utilised to cover the charges, including the liabilities, if any, of the past year(s), to be paid during the financial year or to be adjusted in the accounts of the financial year for which such grant or appropriation is sanctioned. Thus, for actual requirement of grants for any financial year, the department should include the liabilities of the earlier year(s) in their budget estimate while submitting the same to the Finance Department.

Scrutiny revealed (July-August 2010) that there were huge liability of the previous years as below:

Table 2.29

(₹ in lakh)

Year	Opening Balance	Addition	Clearance	Closing balance
2006-07	NA	789.10	nil	789.10
2007-08	789.10	407.81	275.29	921.62
2008-09	921.62	953.00	855.67	1,018.95
2009-10	1,018.95	104.94	580.28	543.61

Though there is huge amount of liabilities in each year excepting 2005-06, the Department while submitting the budget estimate to the Finance Department did not include the liability statement which is deficient on entirety of budget requirement of the department. Thus, budget estimate without liabilities lacks true and fair picture of the actual budget requirement of the Department which may eventually result not only in excess expenditure over sanctioned grant but also facilitate the accumulation of the

pending liabilities.

2.6 Conclusion and Recommendation

This chapter deals with the position of actual expenditure against 44 Grants/Appropriations during 2009-10. It was observed that there is an overall savings of ₹ 504.18 crore and excess expenditure of ₹ 5.10 crore during 2009-10. This excess expenditure of 2009-10 compounded with an excess expenditure of ₹ 5.00 crore pertaining to 2006-09, requires regularisation by the Legislature under Article 205 of the Constitution of India. A rush of expenditure was also observed towards the end of the year. In respect of 27 Major Heads, more than 50 *per cent* of the total expenditure during the year was incurred in the last month of the financial year, despite clear directions to the contrary. The Abstract Contingent Bills had not been adjusted for long periods of time which was fraught with the risk of mis-appropriation and therefore needs to be monitored closely.

Budgetary controls should be strengthened in all the Government departments, particularly in the departments where savings/excesses persisted for last five years. Issuance of re-appropriation/surrender orders at the end of the year should be avoided. A close and rigorous monitoring mechanism should be put in place by the DDOs to adjust the Abstract Contingent Bills within sixty days from the date of drawal of the amount.

CHAPTER - III

Financial Reporting



CHAPTER – III

Financial Reporting

A sound internal financial reporting with relevant and reliable information significantly contributes to the efficient and effective governance by the State Government. The compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government on the compliance with various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

Sikkim Financial Rules (Rule 116 (1)) states that every grant made for a specific object is subject to the implied conditions such as; (i) that the grant shall be spent upon the object within a reasonable time (which should ordinarily be interpreted to mean one year from the date of issue of the letter sanctioning the grant as per note below Rule 116), if no time limit has been fixed by the sanctioning authority; and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. However, of the 984 utilisation certificates (UCs) due in respect of grants-in-aids aggregating ₹ 22.02 crore paid up to 2009-10, 362 UCs (36.79 per cent) for an aggregate amount of ₹12.01 crore were in arrears as of October 2010. While the department-wise break-up of outstanding UCs are given in **Appendix-3.1**, the age-wise delay in submission of UCs are summarised in the **Table 3.1**.

Table 3.1: Age-wise arrears of utilisation certificates

(Amount ₹ in crore)

Sl. No.	Range of Delay in Number of Years	Total grants paid		Utilization Certificates Outstanding	
		Number	Amount	Number	Amount
1	0 - 1	150	8.86	130	6.96
2	1 - 3	411	11.54	163	4.85
3	3 - 5	371	0.95	62	0.17
4	5 - 7	20	0.15	2	0.01
5	7 - 9	27	0.49	4	0.01
6	9 & above	5	0.03	1	0.01
TOTAL		984	22.02	362	12.01

Source: Information furnished by the State Government Departments

Out of 362 UCs worth ₹ 12 crore pending as of March 2010, seven UCs involving ₹ 0.03 crore were pending for more than five years. Pendency of UCs mainly pertained to Co-

operation Department (174 UCs: ₹ 4.65 crore), Forest, Environment and Wildlife Management Department (41 UCs: ₹ 3.19 crore), Cultural Affairs and Heritage Department (39 UCs: ₹ 0.33 crore), Irrigation and Flood Control Department (32 UCs: ₹ 1.05 crore), Social Justice, Empowerment and Welfare Department (31 UCs: ₹ 1.61 crore), and Food Security and Agriculture Development Department (23 UCs: ₹ 0.80 crore).

In the absence of the UCs, it could not be ascertained as to whether the recipients had utilised the grants for the purposes for which these were given.

3.1.1 *Review of grant*

A detailed review on utilisation of grants in Co-operation Department revealed the following:

- Out of 644 utilisation certificates (UCs) involving ₹ 9.74 crore due in respect of grants-in-aid paid up to 2009-10, 174 UCs (27 per cent) involving ₹ 4.65 crore were in arrears.
- During 2008-09, an amount of ₹ 8 lakh each were paid to Chuba Multi Purpose Co-operative Society (MPCS) and Chungthang MPCS under Tribal Sub-Plan for construction of multipurpose co-operative society buildings. Out of ₹ 16 lakh, ₹ 10.30 lakh was utilised by the MPCSs. However, UCs for the entire amount of ₹ 16 lakh were submitted by the MPCSs to Co-operation Department. In turn, without verifying the actual utilisation of the fund, Co-operation Department furnished UCs amounting to ₹ 16 lakh to Social Justice, Empowerment and Welfare Department which is the Nodal Department for implementing of Tribal Sub Plan Scheme.
- During 2005-06 to 2009-10, in five cases (amounting to ₹ 14.79 lakh) grants were released without obtaining preceding years' UCs.

3.2 **Non-submission/delay in submission of accounts**

In order to identify the institutions which attract Audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistances given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. The accounts of only one body were received for the year 2009-10, which attracted Audit by Comptroller and Auditor General of India. The nine Bodies/Authorities, accounts of which were received for previous years, were audited during 2008-09 and 2009-10.

The 68 annual accounts of 25 Autonomous Bodies/Authorities due up to 2009-10 had not been received as of September 2010 by the Accountant General (Audit). The details of these accounts are given in **Appendix-3.2** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of annual accounts due from the Government Bodies

Sl. No.	Delay in number of years	No. of Bodies/ Authorities	No. of Annual Accounts	Grants received (₹ in lakhs)
1	0 - 1	6	6	Not furnished
2	1 - 3	14	42	Not furnished
3	3 - 5	4	16	Not furnished
4	5 - 7	--		NA
5	7 - 9	1	9	Not furnished
6	9 & above	--		NA

In the absence of annual accounts and subsequent Audit of these 25 bodies and authorities involving 73 annual accounts, the proper accountal/ utilisation of the grants and loans disbursed to these bodies/ authorities remained unverified. The reasons for non-preparation of the accounts were, however, not intimated.

3.3 Delay in submission of accounts/Audit Reports of Autonomous Bodies

Several Autonomous Bodies have been set up by the State Government in the field of Rural Development, Urban Development, Khadi and Village Industries, State Health and Family Welfare, Science and Technology, etc. A large number of these bodies are audited by the Comptroller and Auditor General with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in Audit, review of internal management and financial control, review of system and procedures, etc. The Audit of accounts of eight Bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in **Appendix-3.3**. The frequency distribution of Autonomous Bodies according to the delay in submission of accounts to Audit and placement of Separate Audit Report in the legislature after the entrustment of Audit to Comptroller and Auditor General is summarised in **Table 3.3**.

Table 3.3: Delay in submission of accounts and placement of Separate Audit Report

Delay in submission of Accounts (In Months)	Autonomous Bodies		Reasons for the delay	Delay in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies	Reasons for the delay
	No.	A/Cs				
0-1	1	1	Not furnished	0-1	Nil	Not furnished
1-6	2	2		1-2	Nil	
6-12	3	3		2-3	Nil	
12-18	-	-		3-4	Nil	
18-24	1	1		4-5	1	
24 & above	1	1		5 & above	3	
Total	8	8			4	

Seven accounts of seven Autonomous Bodies were in arrears for periods ranging from 4 to 31 months as of November 2010. The State Government disbursed regular funds to these Autonomous Bodies. In the absence of accounts and subsequent Audit, it could not be verified as to whether the funds received and expenditure incurred had been properly accounted for and the purpose for which the funds were disbursed were achieved.

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

3.4 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare proforma accounts in the prescribed format annually 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 remains 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 in all likelihood may also open the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of November 2010, there were two such undertakings, out of which, one had not prepared accounts for 2007-08 and the other one had prepared accounts for 2008-09 which, however, remained to be audited. The department-wise position of finalisation of accounts and investment made by the Government are given in **Appendix-3.4**.

3.5 Misappropriation, losses, defalcation, etc.

State Government reported nine cases (in four Departments) of misappropriation, defalcation, etc. involving Government money amounting to ₹ 2.44 crore up to the period November 2010 on which final action was pending. The department-wise break up of pending cases alongwith age wise analysis is given in **Appendix-3.5** and nature of these cases is given in **Appendix-3.6**. The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged from these appendices are summarised in **Table 3.4**.

Table 3.4: Profile of Misappropriation, losses, defalcation, etc.

Age-profile of the pending cases			Nature of the pending cases
Range in years	Number of cases	Amount involved (₹ in lakhs)	
0-5	6	54.96*	Misappropriation/ Loss of material
5-10	2	176.63	
10-15	1	12.54	
Total	9	244.13	

Source: Information from State Government Department
* in one case of SNT, amount not ascertained

A further analysis indicates the reasons for which the cases were outstanding as shown in **Table 3.5**.

Table 3.5: Reasons for Outstanding cases of Misappropriation, losses, defalcation, etc.


Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in lakh)
i)	Awaiting departmental and criminal investigation	2	34.48
ii)	Departmental action initiated but not finalised	2	5.10
iii)	Pending in the courts of law	5	204.55*
Total		9	244.13

* in one case of SNT, amount not ascertained

An effective mechanism needs to be put in place to ensure speedy settlement of cases relating to misappropriation and losses.

3.6 Conclusion and Recommendation

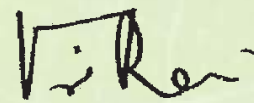
The foregoing discussion discloses deficiencies in not furnishing utilisation certificates in time against grants/loans received, non-furnishing of detailed information about financial assistance received by various Institutions and non-submission of accounts in time. There was delay in placement of Separate Audit Report to Legislature and huge arrears in finalisation of accounts by the Autonomous Bodies/Authorities. Besides, cases of misappropriation and losses indicated inadequacy of controls in the departments. An effective mechanism needs to be put in place to ensure timely placement of reports, finalisation of accounts and speedy settlement of cases relating to misappropriation and losses.



Gangtok
The

(Dinesh Bhagata)
Accountant General (Audit), Sikkim

Countersigned



New Delhi
The

(Vinod Rai)
Comptroller and Auditor General of India

APPENDICES



Appendix - 1.1**Part-A****Structure and Form of Government Accounts**

Structure of Government Accounts: The accounts of the State Government are kept in three parts, (i) Consolidated Fund, (ii) Contingency Fund, and (iii) Public Account.

Part I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of 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 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 disbursement 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.

Appendix - 1.1

Part-B

Layout of Finance Accounts

(Reference: Page 1)

The new format of Finance Accounts introduced from the year 2009-10, has been divided into two Volumes – Volume I and II. Volume I represents the financial statements of the Government in summarised form while Volume II represents detailed financial statement. The layout of the Finance Accounts is chalked out in the following manner:

	<i>Layout</i>
<i>VOLUME 1</i>	
<i>Statement 1</i>	Statement of Financial Position
<i>Statement 2</i>	Statement of Receipts and Disbursements
<i>Statement 3</i>	Statement of Receipts (Consolidated Fund)
<i>Statement 4</i>	Statement of Expenditure (Consolidated Fund) By Function and Nature Notes to Accounts Appendix I: Cash Balances Investment of Cash Balances
<i>VOLUME 2</i>	
<i>PART I</i>	
<i>Statement 5</i>	Statement of Progressive Capital expenditure
<i>Statement 6</i>	Statement of Borrowings and other Liabilities
<i>Statement 7</i>	Statement of Loans and Advances given by the Government
<i>Statement 8</i>	Statement of Grants-in-aid given by the Government
<i>Statement 9</i>	Statement of Guarantees given by the Government
<i>Statement 10</i>	Statement of Voted and Charged Expenditure
<i>PART II</i>	
<i>Statement 11</i>	Detailed Statement of Revenue and Capital Receipts by minor heads
<i>Statement 12</i>	Detailed Statement of Revenue Expenditure by minor heads
<i>Statement 13</i>	Detailed Statement of Capital Expenditure by minor heads
<i>Statement 14</i>	Detailed Statement of Investments of the Government
<i>Statement 15</i>	Detailed Statement of Borrowings and other Liabilities
<i>Statement 16</i>	Detailed Statement on Loans and Advances given by the Government
<i>Statement 17</i>	Detailed Statement on Sources and Application of funds for expenditure (other than revenue account to end of 2009-10)
<i>Statement 18</i>	Detailed Statement on Contingency Fund and other Public Account transactions
<i>Statement 19</i>	Detailed Statement on Investments of earmarked funds
<i>Part III: Appendices</i>	
<i>II</i>	Comparative Expenditure on Salary
<i>III</i>	Comparative Expenditure on Subsidy
<i>IV</i>	Grants-in-aid (Scheme wise and Institution wise)
<i>V</i>	Externally Aided Projects
<i>VI</i>	Plan Scheme expenditure (Central and State Plan Schemes)
<i>VII</i>	Direct transfer of funds to implementing agencies
<i>VIII</i>	Summary of Balances
<i>IX</i>	Financial results of Irrigation Schemes
<i>X</i>	Incomplete Works
<i>XI</i>	Maintenance expenditure with segregation of salary and non-salary portion

Appendix - 1.1

Part-C

Methodology Adopted for the Assessment of Fiscal Position

(Reference: Page 2)

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates are used to make qualitative assessment of the trends and pattern of major fiscal aggregates. Assuming that GSDP is the good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the Gross State Domestic Product (GSDP) at current market prices. The buoyancy coefficients for relevant fiscal variables with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilisation of resources, pattern of expenditure etc, are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP.

The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given below:

List of terms used in the Chapter I and basis for their calculation

Term	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter ÷ GSDP Growth
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)	{(Current year Amount ÷ Previous year Amount) <i>minus</i> 1} *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
Weighted Interest Rate (Average interest paid by the State)	Interest payment / [(amount of previous year's Fiscal Liabilities + current year's Fiscal Liabilities)/2]*100
Interest spread	GSDP growth – Weighted Interest rates
Quantum spread	Debt stock * Interest Spread/100
Interest received as <i>per cent</i> to loans outstanding	Interest received / [(opening balance + closing balance of loans and advances)/2]* 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. CAGR = [Ending Value/Beginning Value] ^{(1/no. of years)-1}

Appendix - 1.1

Part-D

(Reference: Page 1)

Sl. No.	Particulars	Figures		
	A State Profile			
1.	Area	7,096 Sq. Km		
2.	Population			
	a) As per 2001 census	5.40 lakh		
	b) 2009-10	6.00 lakh		
3.	Density of Population (2001) (All India Average = 325 persons per sq km)	76 persons per sq km		
4.	Population below poverty line (1999-2000) [^] (All India Average = 26.10%)	36.55%		
5.	Literacy (2001) (All India Average = 64.8%)	69.68 %		
6.	Infant Mortality (per 1,000 live births) (All India Average = 53 per 1,000 live births)	33		
7.	Sex ratio (All India - Female per 1,000 males= 933)	875		
8.	Gross State Domestic Product (GSDP) 2009-10	₹ 2,962.90 crore		
9.	GSDP CAGR* (2000-01 to 2008-09)	13.43%		
10.	Per capita GSDP CAGR (2000-01 to 2008-09)	10.54%		
11.	Per capita income of the State	₹ 43,535		
	B. Financial Data			
	CAGR* of	Figure (in per cent)		
		(2000-01 to 2008-09)	2000-01 to 2009-10	
		NE States	Sikkim	Sikkim
	Revenue Receipts	14.87	9.31	11.75
	Own Tax Revenue	15.15	14.94	16.62
	Non Tax Revenue	17.53	0.14	4.97
	Total Expenditure	11.80	10.22	11.89
	Capital Expenditure	19.67	19.12	17.58
	Revenue Expenditure on Education	7.69	12.17	15.26
	Revenue Expenditure on Health	11.29	12.65	16.04
	Salary and Wages	7.26#	7.00#	15.16@
	Pension	11.03	15.90	23.91

*Compound Annual Growth Rate (Calculated on the basis of information made available by the respective State AGs).

Source: BPL – Planning Commission & NSSO data, Life Expectancy at Birth – Office of the Registrar General of India, Ministry of Home Affairs and Economic Survey 2009-10, Infant Mortality Rate – SRS Bulletin (October 2009).

[^]The level of poverty is being determined on different measures and the data furnished by Planning Commission & NSSO is one such indicator.

#CAGR for 2003-04 to 2008-09

@CAGR for 2003-04 to 2009-10

Appendix - 1.2
Time series data on the State Government finances

(Reference: Paragraph 1.4, Page 11)

(₹ in crore)

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09	2009-10
Part A. Receipts						
<i>1. Revenue Receipts</i>	1,011.29	1,088.20	1,203.25	1,497.71	1,758.20	2,345.37
(i) Tax Revenue	116.95 (6.18)	147.23 (13.52)	173.18 (14.39)	197.85 (13.21)	199.19 (11.33)	223.65 (9.54)
Taxes on Sales, Trade, etc	48.18 (41.20)	56.65 (38.48)	74.66 (43.11)	81.32 (41.10)	101.14 (50.78)	121.07 (54.13)
State Excise	32.69 (27.95)	32.96 (22.39)	33.31 (19.23)	37.94 (19.18)	46.47 (23.33)	57.27 (25.61)
Taxes on Vehicles	3.24 (2.77)	4.24 (2.88)	5.95 (3.44)	6.22 (3.14)	6.94 (3.48)	7.88 (3.52)
Stamps and Registration fees	1.43 (1.22)	2.27 (1.54)	2.52 (1.46)	4.26 (2.15)	4.35 (2.18)	4.48 (2.00)
Land Revenue	0.44 (0.37)	0.61 (0.41)	0.78 (0.45)	2.75 (1.39)	1.95 (0.98)	2.71 (1.21)
Taxes on Income other than Corporation Tax	29.09 (24.87)	47.82 (32.49)	46.52 (26.86)	49.10 (24.82)	16.16 (8.11)	2.84 (1.26)
Other Taxes	1.88 (1.61)	2.68 (1.81)	9.44 (5.45)	16.26 (8.22)	22.18 (11.14)	27.40 (12.25)
(ii) Non Tax Revenue	111.36	113.94	171.75	212.03	292.26	447.42
(iii) State's share of Union taxes and duties	107.35	182.13	222.78	345.12	364.20	374.68
(iv) Grants in aid from Government of India	675.63	644.90	635.54	742.71	902.55	1299.62
<i>2. Miscellaneous Capital Receipts</i>	--	--	--	--	-	-
<i>3. Recoveries of Loans and Advances</i>	(-) 0.24	0.14	0.78	0.38	0.38	0.30
<i>4. Total Revenue and Non debt capital receipts (1+2+3)</i>	1,011.05	1,088.34	1,204.03	1,498.09	1,758.58	2345.67
<i>5. Public Debt Receipts</i>	192.99 (16)	145.06 (12)	142.74 (11)	279.64 (16)	337.46 (16)	392.11 (14.32)
Internal Debt (excluding Ways and Means Advances and Overdrafts)	110.32 (57.16)	122.07 (84.15)	132.22 (92.63)	274.08	337.01	391.86 (99.94)
Net transactions under Ways and Means Advances and Overdrafts	-	-	-	-	-	-
Loans and Advances from Government of India	82.67 (42.84)	22.99 (15.85)	10.52 (7.37)	5.56	0.45	0.25 (0.06)
<i>6. Total Receipts in the Consolidated Fund (4+5)</i>	1204.04	1,233.40	1,346.77	1,777.73	2,096.04	2,737.78
<i>7. Contingency Fund Receipts</i>	0.5	-	0.1	-	-	-
<i>8. Public Account Receipts</i>	1,415.38	1,456.53	1,705.54	1,899.53	2,414.37	2967.70
<i>9. Total Receipts of the State (6+7+8)</i>	2,619.92	2,689.93	3,052.41	4,327.09	4,510.41	5705.48
Part B.						
Expenditure/Disbursement						
<i>10. Revenue Expenditure</i>	842.38	891.44	974.27	1146.87	1380.55	1829.02
Plan	238.02	294.20	336.65	419.79	517.73	572.68

Non Plan	604.36	597.24	637.62	727.08	862.82	1256.34
General Services (including interest payments)	259.52 (30.81)	287.27 (32.23)	334.83 (34.47)	388.06	446.15 (32.32)	657.61
Social Services	306.64	337.78	355.81	438.23	540.24	691.28
Economic Services	276.22	266.39	283.63	320.58	394.15	480.13
Grants-in-aid and contributions	22.55	34.56	31.98	26.74	113.01	187.46
11. Capital Expenditure	353.54	345.73	326.42	415.47	611.78	648.53
Plan	353.54	345.73	326.42	415.47	611.78	648.53
Non Plan	--	--	--	--	-	-
General Services	16.49	17.37	21.06	39.28	77.13	88.87
Social Services	131.64	108.97	119.31	135.41	190.54	220.64
Economic Services	205.41	219.39	186.05	240.78	344.11	339.02
12. Disbursement of Loans and Advances	0.68	--	0.20	--	0.25	36.98
13. Total (10+11+12)	1,196.60	1,237.17	1,300.89	1,562.34	1,992.58	2,514.53
14. Repayments of Public Debt	83.72	32.40	39.03	55.57	76.28	86.29
Internal Debt (excluding Ways and Means Advances and Overdrafts)	43.65	20.35	25.76	40.91	60.13	67.55
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-	-
Loans and Advances from Government of India	40.07	12.05	13.27	14.66	16.15	18.74
15. Appropriation to Contingency Fund	-	-	-	-	-	-
16. Gross Expenditure on Lotteries	881.11	876.16	913.29	1201.71	913.05	909.02
17. Total disbursement out of Consolidated Fund (13+14+15 +16)	2,161.43	2,145.73	2,253.21	2,819.62	2,981.91	3,509.84
18. Contingency Fund disbursements	0	0	0	0	0	0
19. Public Account disbursements	1,244.64	1,470.09	1,662.92	1,789.75	2,305.07	2,784.90
20. Total disbursement by the State (17+18+19)	3,406.07	3,615.82	3,916.13	4,609.37	5,286.98	6,294.74
Part C. Deficits						
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	168.91	196.76	228.98	350.84	377.65	516.35
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	-185.55	-148.83	-96.86	-64.25	-234.00	-168.86
23. Primary Deficit (22-24)	-86.36	-46.23	18.41	-53.49	-91.36	-14.43
Part D. Other data						
24. Interest Payments (included in revenue expenditure)	99.19	102.60	115.27	117.74	142.64	154.43
25. Financial Assistance to local bodies etc.	22.55	34.56	31.98	15.13	11.53	21.06
26. Ways and Means Advances/Overdraft availed (days)	-	--	--	--	-	-
27. Interest on Ways and Means Advances/ Overdraft	-	--	--	--	-	-
28 Gross State Domestic Product (GSDP)	1,602.17	1,830.00	2,038.54	2,297.86	2,612.10	2,962.90

29. Outstanding Fiscal liabilities (year end)	1,107.07	1,350.87	1,483.99	1,795.82	2,155.70	2,625.87
30. Outstanding guarantees (year end) (including interest)	82.47	84.47	84.40	75.00	75.00	77.58
31. Maximum amount guaranteed (year end)	88.10	84.47	84.47	84.40	75.00	75.00
32. Number of incomplete projects	60.00	149.00	105.00	61.00	144.00	142.00
33. Capital blocked in incomplete projects	222.84	313.16	136.74	285.97	681.40	586.67
Part E: Fiscal Health Indicators						
I Resource Mobilisation						
Revenue Receipts/GSDP	0.63	0.59	0.59	0.65	0.67	0.80
Own Tax Revenue/GSDP	0.07	0.08	0.08	0.09	0.08	0.08
Own Non-Tax Revenue/GSDP	0.07	0.06	0.08	0.09	0.11	0.15
State's share in Central taxes and Duties/GSDP	0.07	0.10	0.11	0.15	0.14	0.13
Grants-in Aid	0.42	0.35	0.31	0.32	0.35	0.44
II Expenditure Management						
Total Expenditure/GSDP	0.75	0.68	0.64	0.68	0.76	0.85
Total Expenditure/Revenue Receipts	1.18	1.14	1.08	1.04	1.13	1.07
Revenue Expenditure/Total Expenditure	0.70	0.72	0.75	0.73	0.69	0.73
Expenditure on Social Services/Total Expenditure	0.37	0.36	0.37	0.37	0.37	0.36
Expenditure on Economic Services/Total Expenditure	0.40	0.39	0.36	0.36	0.37	0.33
Capital Expenditure/Total Expenditure	0.30	0.28	0.25	0.27	0.31	0.26
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.28	0.27	0.23	0.24	0.27	0.22
III Management of Fiscal Imbalances						
Revenue deficit (surplus)/GSDP	0.11	0.11	0.11	0.15	0.14	0.18
Fiscal deficit/GSDP	-0.12	-0.08	-0.05	-0.03	-0.09	-0.06
Primary Deficit (surplus) /GSDP	-0.05	-0.03	0.01	-0.02	-0.03	0
Revenue Deficit/Fiscal Deficit	-0.91	-1.32	-2.36	-5.46	-1.61	-3.06
IV Management of Fiscal Liabilities						
Fiscal Liabilities/GSDP	0.69	0.74	0.73	0.78	0.83	0.89
Fiscal Liabilities/RR	1.09	1.24	1.23	1.20	1.23	1.12
V Other Fiscal Health Indicators						
Return on Investment	0.92	1.14	0.76	0.68	1.31	0.46
Balance from Current Revenue (<i>Rupees in crore</i>)	(-)101.78	15.77	6.08	126.66	71.17	169.80
Financial Assets/Liabilities	1.13	2.01	2.07	2.08	2.07	2.11

Appendix - 1.3

Abstract of Receipts and Disbursements for the year 2009-10

(Reference: Paragraphs 1.1 and 1.8, Page 2 and 34)

(₹ in crore)

Receipts				Disbursements					
2008-09			2009-10	2008-09		Non-Plan	Plan	Total	2009-10
	Section A: Revenue								
1,758.19	I-Revenue Receipts		2,345.37	1,380.55	I- Revenue expenditure				1,829.02
	Tax revenue	223.65			General services	651.11	6.51	657.62	
	Non-tax revenue	447.42			Social Services	410.86	280.42	691.28	
	State's share of Union Taxes	374.68			Education, Sports, Art and Culture	271.21	137.47	408.68	
	Non-Plan Grants	28.79			Health and Family Welfare	74.69	46.41	121.10	
	Grants for State Plan Schemes	1026.19			Water Supply, Sanitation, Housing and Urban Development	20.42	46.04	66.48	
	Grants for Central and Centrally Sponsored Plan Schemes	191.77			Information and Broadcasting	3.27	4.40	7.67	
	Grants for Special Plan Schemes (North Eastern Council)	52.87			Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	3.71	13.44	17.15	
					Labour and Labour Welfare	1.80	1.61	3.41	
					Social Welfare and Nutrition	25.42	31.03	56.45	
					Others	10.34	0	10.34	
					Economic Services			0	
					Agriculture and Allied Activities	98.00	92.37	190.37	
					Rural Development	6.79	41.27	48.06	
					Special Areas Programmes		0.44	0.44	
					Irrigation and Flood Control	2.28	34.38	36.66	
					Energy	34.29	26.07	60.36	
					Industry and Minerals	9.28	14.22	23.50	
					Transport	68.07	18.16	86.23	
					Science Technology and Environment	0	3.24	3.24	
					General Economic Services	6.27	25.00	31.27	
0	II-Revenue deficit carried over to Section-B	-		377.64	II-Revenue surplus carried over to Section-B				516.35
1,758.19			2,345.37	1,758.19					2,345.37

Section-B									
571.77	III-Opening Cash balance including Permanent Advances and Cash Balance Investment		708.24	611.78	III-Capital Outlay				648.53
	IV Miscellaneous Capital receipts		--		<i>General services</i>		88.87	88.87	
					<i>Social Services</i>		220.64	220.64	
					Education, Sports, Art and Culture		27.48		
					Health and Family Welfare		3.43		
					Water Supply, Sanitation, Housing and Urban Development		181.24		
					Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes		1.42		
					Social Welfare		6.07		
					Others		0		
					<i>Economic Services</i>		339.02	339.02	
					Agriculture and Allied Activities		14.65		
					Rural Development		33.93		
					Special Areas Programmes		11.79		
					Irrigation and Flood control		3.41		
					Energy		72.04		
					Industry and Minerals		5.12		
					Transport		147.68		
					Science and Environment		1.12		
					General Economic Services		49.28		
0.38	V-Recoveries of Loans and Advances		0.30	0.25	IV-Loans and Advances disbursements				36.98
	From Power Projects				To Government Servants				
	From Government Servants and	0.30			To Others				
	From Others				V -Revenue deficit brought down				
377.64	VI-Revenue surplus brought down		516.35						
337.46	VII-Public debt receipts		392.11	76.28	VI-Repayment of Public Debt				86.29
	External debt				External debt				
	Internal debt other than ways and means Advances and overdraft	391.86			Internal debt other than Ways and Means Advances and Overdraft	67.55			

	Net transaction under Ways and Means Advances including over draft				Net transaction under Ways and Means Advances including overdraft				
	Loans and Advances from Central Government	0.25			Repayment of Loans and Advances to Central Government	18.74			
	VIII-Amount transferred to Contingency Fund				VII-Expenditure from Contingency Fund				
2,414.37	IX-Public Account Receipts		2,967.71	2,305.10	VIII-Public Account disbursements				2,784.90
	Small Savings and Provident fund	107.84			Small Savings and Provident Funds	62.26			
	Reserve funds	44.99			Reserve Funds	36.12			
	Suspense and Miscellaneous	1,925.55			Suspense and Miscellaneous	1,821.90			
	Remittance	844.29			Remittances	829.48			
	Deposits and Advances	45.04			Deposits and Advances	35.14			
				708.24	IX- Cash balance at the end				
					Cash in Treasuries and Local Remittances				1,028.01
					Deposits with Reserve Bank				
					Departmental Cash Balance including permanent Advances				
					Cash Balance Investment				
3,701.62	Total		4584.71	3,701.62	Total				4,584.71

Appendix - 1.3 (Continued)

Summarised financial position of the Government of Sikkim as on 31 March 2010

(Reference: Paragraphs 1.1 and 1.8, Page 2 and 34)

(₹ in crore)

Part B			
As on 31.03.2009	Liabilities		As on 31.03.2010
1185.74	Internal Debt -		1,510.05
989.64	Market Loans bearing interest	1,266.64	
86.16	Market Loans not bearing interest		
109.94	Loans from Life Insurance Corporation of India	90.94	
	Loans from other Institutions	152.47	
	Overdrafts from Reserve Bank of India		
300.11	Loans and Advances from Central Government -		281.63
3.28	Pre 1984-85 Loans	2.72	
89.73	Non-Plan Loans	86.66	
184.33	Loans for State Plan Schemes	170.55	
3.30	Loans for Central Plan Schemes & Special Schemes	3.17	
19.47	Loans for Centrally Sponsored Plan Schemes	18.53	
1	Contingency Fund		1
366.19	Small Savings, Provident Funds, etc.		411.76
55.49	Deposits		65.39
142.50	Reserve Funds		151.37
2,358.72	Surplus on Government Accounts		2875.05
1,981.08	Last year balance	2358.70 ¹	
377.64	Add Revenue Surplus	516.35	
152.11	Remittance Balances		166.93
4,561.86	Total		5463.18
	Assets		
3,919.15	Gross Capital Outlay on Fixed Assets -		4567.68
85.59	Investments in shares of Companies, Corporations, etc.	89.31	
3,833.56	Other Capital Outlay	4478.37	
5	Loans and Advances -		41.68
-	Loans for Power Projects	35	
4.50	Other Development Loans	6.18	
0.50	Loans to Government servants and Miscellaneous loans	0.50	
	Reserve Fund Investments		
1.03	Advances		1.03
-71.57	Suspense and Miscellaneous Balances		-175.22
708.24	Cash -		1028.01
95.68	Deposits with other Bank	20.40	
	Cash in Treasuries and Local Remittances	94.60	
	Deposits with Reserve Bank	0	
0.20	Departmental Cash Balance	0.15	
0.39	Permanent Advances	0.39	
495.00	Cash Balance Investments	785.00	
116.97	Earmarked funds Investment	127.47	
4,561.86	Total		5463.18

¹ ₹ 0.02 crore deduct to adjust with Finance account

Appendix - 1.4

Statement showing the funds transferred to the State Implementing Agencies under Programmes / Schemes outside the State budget during 2009-10

(Reference: Paragraph 1.3.2, Page 9)

(₹ in lakh)

Sl. No.	Name of the Agency/ Organisation	Name of the Scheme	Total Fund released by GOI during 2009-10	Fund received during 2009-10	Fund not received	Closing balance as on 31-03-2010
1.	Forest, Environment & Wildlife Management Department Do(State Environment Agency)	Environment Information Education and Awareness	3.57	2.99		0.58
2.	Do(State Environment Agency)	do	0.32	0.32		0
3.	Forest, Environment & Wildlife Management Department	do	6.01	6.51		0.01
4.	Do(Khangchendzonga National Park Forest Dev. Agency)	National Afforestation Programme	35.51	35.51		0
5.	Do(North Sikkim Forest Dev. Agency)	do	46.45	46.45		0.00058
6.	Do(North & East Wildlife Forest Dev. Agency)	do	36.97	0		-
7.	do(North Sikkim Forest Dev. Agency)	do	90.33	90.33		0.12
8.	do(West Sikkim Forest Dev. Agency)	do	77	77		22.59
9.	do(East Sikkim Forest Dev. Agency)	do	90	90		30.12
10.	do(South Sikkim Forest Dev. Agency)	do	125	125		1
11.	do(Khangchendzonga National Park Forest Dev. Agency)	do	135	135		0
12.	do(North & East Wildlife Forest Dev. Agency)	do	140	140		Not furnished
13.	do(South & West Wildlife Forest Dev. Agency)	do	110	110		0.16
14.	Do(State Pollution Control Board- Sikkim)	National River Conservation Plan (NRCP)	144	144		0.99
15.	Toursim(Sikkim Tourism Dev. Corpn.)	Domestic Promotion and Publicity including Hospitality	4	4		4
16.	Toursim(Sikkim Tourism Dev. Corpn.)	Computerisation and IT	4.21	4.21		4.21

17.	Sikkim Tourism Development Corporation	Domestic Promotion and Publicity including Hospitality	4	4		4
18.	do	do	0.8	0.8		0.8
19.	do	do	1	1		1
20.	do	do	0.8	0.8		0.8
21.	do	do	7.45	7.45		7.45
22.	do	do	5	5		5
23.	do	do	1.2	1.2		1.2
24.	Agriculture	SAMETI	75	75		231.65
25.	Animal Husbandry & Veterinary Services(North District Milk Producers Co-operative Union Ltd., Mangan, North Sikkim	Intensive Diary Development Programme	64.76	0		-
26.	Animal Husbandry & Veterinary Services(North District Milk Producers Co-operative Union Ltd., Mangan, North Sikkim	do	65	0		-
27.	Animal Husbandry & Veterinary Services (Sikkim Livestocks Development Board)	National Project for Cattle and Buffala Breeding	77.3	77.3		113.94
28.	Horticulture & Cash Crops Dev. (Sikkim)	Rashtriya Krishi Vikas Yojana	154			
29.	do(Sikkim)	do	228			
30.	do(Sikkim)	do	573			
31.	do(Sikkim)	do	574			
32.	Horticulture & Cash Crops Dev. (Sikkim)	SAMETI	75			
33.	Horticulture & Cash Crops Dev. (National Research Centre for Orchids)	Technology Mission on Horticulture for North Eastern Region including Sikkim	150			
34.	Horticulture & Cash Crops Dev. (National Research Centre for Orchids)	Technology Mission on Horticulture for North Eastern Region including Sikkim	150			
35.	Horticulture & Cash Crops Dev. (National Research Centre for Orchids)	do	100			

36.	Horticulture & Cash Crops Dev.(Small Farmers' Agri-business Consortium(SFAC)	Medicinal Plants	9.5			
37.	Horticulture & Cash Crops Dev.(Small Farmers' Agri-business Consortium(SFAC)	Medicinal Plants	200			
38.	Horticulture & Cash Crops Dev.(Small Farmers' Agri-business Consortium(SFAC)	Medicinal Plants	166.1			
39.	Horticulture & Cash Crops Dev.(Small Farmers' Agri-business Consortium(SFAC)	Research & Dev. Deptt. Of Biotechnology	9.32			
40.	Department of Economics, Statistics, Monitoring & Evaluation	Capacity Development SPI	16	0		
41.	Sikkim Manipal University of Health, Medical and Technological Sciences	Capacity Building and Technical Assistance	5.58	0		
42.	do	Research & Development support Serc	2.25			
43.	do	do	3.5			
44.	do	do	0.31			
45.	do	do	1.14			
46.	do	do	1			
47.	Namgyal Institute of Tibetology	Manpower Development DIT	11.7	11.7		5.67
48.	Namgyal Institute of Tibetology	Promotion & Dissemination of Art & Culture	8	8		0
49.	Namgyal Institute of Tibetology	Promotion & Dissemination of Art & Culture	6	6		0
50.	Sikkim Government College	Res. & Dev. Deptt. Of Biotech	4.68	4.68		3.19
51.	Sikkim Government College	Research & Dev. Deptt. Of Biotechnology	9.32	0		-
52.	Food & Civil Supplies & Consumer Affairs Department	Creating consumer awareness programme & State Consumer Helpline	17.7	17.7		5.7
53.	Sikkim State Aids Control Society	National Aids Control Programme-Phase III	222.29	222.29		51.77

54.	Human Resource Dev. Department	Sarva Siksha Abhiyan	1736	1736		275.95
55.	-do-	RMSA (proposal)	230	230		230
56.	-do-	Sikkim consultancy Centre, a division of West Bengal Consultancy organization Limited , Kolkata.	2	0		
57.	Rural Management Dev. Dept.	MG-NREGA	8857.35	8857.35		2448.36
58.	-do-	PMGSY Programme	2180	7000	-6542	43
59.	-do-	S.G.S.Y	583.53	276.4	307.13	
60.	-do-	DRDA(Admn.)	105.36	79.59	25.77	
61.	-do-	IAY	644.98	644.98		131.84
62.	-do-	State Water and Sanitation Mission Programme	1080	1080		0
63.	RMDD(SREDA)	Information and public awareness programme		4.27		
64.	-do-	Solar Photovoltaic programme		45.89		
65.	-do-	National Biogas & Manure Management Programme		26.12		
66.	-do-	Dist. level Energy Edun . park		5.27		
67.	-do-	Celebratiion of Rajiv Gandhi Ashkay Urja Diwas.		3		
68.	-do-	Dev/Upgradation of Water Mills.		11		
69.	Total (SREDA)=		308.55	95.55	-213	35.9
70.	Health Department, State Health Society	RCH Flexi Pool		635		
71.	-do-	NRHM Additionalities		713.7		
72.	-do-	Immunization		48.75		
73.	-do-	Pulse Polio Programme		23.13		

74.	-do-	National Leprosy Eradication Programme		24.72		
75.	-do-	Integrated Disease Surveillance programme		20.4		
76.	-do-	Revised National TB Control Programme		46		
77.	-do-	National Programme for Prevention and Control of deafness		1.65		
78.	-do-	National Vector Borne Diseases Control Programme		7.8		
79.	-do-	National Programme for Control of Blindness		157.00		
80.	-do-	National Iodine Deficiency Disorder Control Programme		5.3		
81.	-do-	Non Communicable Diseases		30.56		
82.	Total(NRHM)		2574.75	1714.01	860.74	0
83.	Department of Sports and Youth Affairs	Panchayat Yuva Krida Aur Khel Abhiyan(PYKKA)	11.88	11.1	0.78	9.9
84.	Department of Information & Technology	Assistance to 45 CSC's for Internet Connectivity through BSNL.	333.15	0	333.15	
85.	Home Affairs (Police)	Crime & Criminal Tracking Network & System	97.25	84.25	13	84.25
81.	Science and Technology Department	All the schemes Clubbed together.	164.69	164.37	0.32	147.66
82.	SIDICO, Gtk	ASIDE scheme	220	220		
	TOTAL		23178.56	23647.84	5214.11	3902.81

Source: e-lekha portal of the Controller General of Accounts, Ministry of Finance, Government of India and Departmental figures. The information furnished in the Appendix is not fully exhaustive.

Appendix - 1.5
Tax and Non-Tax Revenue collected during 2005-10
(Reference: Paragraph 1.4.2, Page 12)

(₹ in crore)

Sl. No.	Head of Revenue	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Percentage of increase (+)/ decrease (-) in 2009-10 over 2008-09
	Tax Revenue							
1	Sales tax	48.18	56.65	74.66	81.32	101.14	121.07	(+)19.71
2	Taxes on income other than corporation tax	29.09	47.82	46.71	49.10	16.16	2.84	(-)82.43
3	State excise	32.69	32.96	33.31	37.94	46.47	57.27	(+)23.24
4	Stamps and registration fees	1.43	2.27	2.52	4.26	4.35	4.48	(+)2.99
5	Taxes on vehicles	3.24	4.24	5.95	6.22	6.94	7.88	(+)13.54
6	Other taxes and duties on commodities and services	1.88	2.68	9.25	16.26	22.18	27.40	(+)23.53
7	Land revenue	0.44	0.61	0.78	2.75	1.95	2.71	(+)38.97
	Total	116.95	147.23	173.18	197.85	199.19	223.65	
	Non-Tax Revenue							
1	Interest receipts	8.03	6.31	5.34	15.10	25.94	44.18	(+)70.32
2	Road transport	21.52	13.67	14.86	15.62	17.64	20.29	(+)15.02
3	Plantations	1.63	2.01	1.95	2.10	2.35	1.80	(-)23.40
4	Dividends & profits	0.92	1.14	0.76	0.68	1.31	0.46	(-)64.89
5	Forestry and wild life	7.92	9.97	9.50	10.95	11.26	8.79	(-)21.94
6	Tourism	0.78	0.81	0.87	1.18	2.11	1.62	(-)23.22
7	Crop husbandry	0.31	0.36	0.50	1.64	0.71	0.40	(-)43.66
8	Power	21.41	28.00	58.16	97.66	154.74	285.83	(+)84.72
9	Printing & stationery	1.07	1.65	1.69	1.98	1.50	2.27	(+)51.33
10	Medical and public health	0.98	0.91	0.60	1.14	0.96	1.02	(+)6.25
11	Village & small industries	0.08	0.14	0.10	0.23	0.08	0.09	(+)12.50
12	Public works	2.46	3.09	3.74	4.32	4.97	2.89	(-)41.85
13	Police	4.38	14.14	13.90	14.64	11.68	14.52	(+)24.32
14	Animal husbandry	0.31	0.41	0.39	0.43	0.30	0.32	(+)6.67
15	Industries	0.01	0.19	0.02	0.01	0.25	0.18	(-)28.00
16	State Lotteries#	31.16	22.19	50.01	30.84	43.95	40.90	(-)6.94
17	Others	8.39	8.95	9.36	13.51	12.32	16.67	(+)35.31
18	Contribution and Recoveries towards Pension and Other Retirement Benefits	-	-	-	-	0.19	5.19	(+)2631.58
	Total	111.36	113.94	171.75	212.03	292.26	447.42	

#Net Amount

Appendix - 1.6

Budget estimates and actual

(Reference: Paragraph 1.4.2, Page 12)

(₹ in crore)

Sl. No.	Head of revenue	BE	Actuals	Variations excess (+)/ shortfall(-)	Percentage of variation
A	Tax revenue				
1.	Sales tax(including VAT)	96.50	121.07	24.57	25.46
2.	State excise	47.60	57.27	9.67	20.32
3.	Other taxes and duties on commodities and services	16.62	27.40	10.78	64.86
4.	Taxes on vehicles	7.80	7.88	0.08	1.03
5.	Stamps and registration	3.54	4.48	0.94	26.55
6.	Taxes on income other than corporation tax.	1.67	2.84	1.17	70.06
7.	Land Revenue	3.45	2.71	-0.74	-21.45
	Total	177.18	223.65		
B	Non-tax revenue				
8.	Miscellaneous general services	30.00	41.90	11.90	39.67
9.	Power	165.00	285.83	120.83	73.23
10.	Police	17.90	14.52	-3.38	-18.88
11.	Road transport	15.35	20.29	4.94	32.18
12.	Forestry and wildlife	8.10	8.79	0.69	8.52
13.	Interest receipts	3.08	44.18	41.10	1334.42
14.	Public works	3.65	2.89	-0.76	-20.82
15.	Other administrative services	2.53	4.42	1.89	74.70
17.	Water supply and sanitation	2.60	2.61	0.01	0.38
18.	Public Service Commission	0.00	0	0	
19.	Medical and Public Health	0.55	1.02	0.47	85.45
20.	Tourism	1.30	1.62	0.32	24.62
21.	Dividends and profits	0.75	0.46	-0.29	-38.67
22.	Urban Development	0.94	3.04	2.10	223.40
23.	Education, Sports, Art and Culture	0.85	1.57	0.72	84.71
24.	Contributions and recoveries towards pension	0.02	5.19	5.17	25850.00
25.	Housing	0.36	0.27	-0.09	-25.00
26.	Information and Publicity	0.09	0.20	0.11	122.22
27.	Other Social Services	0.03	0.04	0.01	33.33
28.	Crop Husbandry	0.34	0.40	0.06	17.65
29.	Animal Husbandry	0.45	0.32	-0.13	-28.89
30.	Fisheries	0.02	0.02	0	0.00
31.	Plantations	2.50	1.80	-0.70	-28.00
32.	Food storage and warehousing	0.06	0.08	0.02	33.33
33.	Cooperation	0.00	0.01	0.01	
34.	Other Rural Development Programme	0.10	2.55	2.45	2450.00
35.	Minor Irrigation	0.12	0.36	0.24	200.00
36.	Village and Small Industries	0.25	0.09	-0.16	-64.00
37.	Labour and Employment	0.10	0.25	0.15	150.00
38.	Industries	0.17	0.18	0.01	5.88
40.	Stationery and Printing	1.51	2.27	0.76	50.33
41.	Non-Ferrous, Mining & Metallurgical Industries	0.08	0.13	0.05	44.44
42.	Other Social Security and Welfare Programme.	0.01	0.01	0.00	0.00
43.	Other General Economic Services	0.07	0.11	0.04	57.14
	Total	258.88	447.42		

Appendix - 2.1

Statement of various grants/appropriations where saving was more than ₹ 1 crore each and more than 20 per cent of the total provision

(Reference: Paragraph 2.3.1, Page 56)

(₹ in Crore)

Sl. No.	Grant No	Name of the Grant/Appropriation	Total Grant/Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1	3	Buildings Capital-voted	70.68	16.68	24
2	7	Human Resources Development Capital-voted	29.89	16.22	54
3	13	Health Care, Human Services and Family Welfare Capital-voted	8.61	5.60	65
4	16	Commerce and Industries Capital-voted	6.05	1.34	22
5	18	Information Technology Revenue-voted	5.72	3.66	64
6	19	Irrigation and Flood Control Revenue - voted	52.08	15.07	29
7	19	Irrigation and Flood Control Capital - voted	5.61	2.20	39
8	22	Land Revenue & Disaster Management Revenue - voted	66.65	27.18	41
9	22	Land Revenue & Disaster Management Capital-voted	73.59	41.62	57
10	28	Personnel, Administrative Reforms, Training, Public Grievances, Career Options Skill Development Chief Minister's Self Employment Schemes Capital-voted	5.15	3.50	68
11	29	Development Planning, Economic Reforms and North Eastern Council Affairs Revenue - voted	24.54	14.96	61
12	31	Energy and Power Capital-voted	144.85	43.90	30
13	34	Roads and Bridges Capital-voted	138.71	63.63	46
14	38	Social Justice, Empowerment and Welfare Revenue - voted	106.97	22.85	21
15	39	Sports and Youth Affairs Capital-voted	3.30	1.74	53
16	40	Tourism Capital-voted	72.95	23.91	33
17	41	Urban Development and Housing Capital-voted	145.88	88.49	61
			TOTAL	392.55	

Appendix - 2.2

Cases where supplementary provision (₹ 10 lakh or more in each case) proved unnecessary

(Reference: Paragraph 2.3.5, Page 58)

(In thousands of ₹)

Number and Name of the Grant		Original Provision	Actual expenditure	Savings out of Original provision	Supplementary provision
A. Revenue (Voted)					
3	Buildings	208682	189746	18936	18385
18	Information Technology	46217	20596	25621	11000
19	Irrigation and Flood Control	505591	370189	135402	15259
22	Land Revenue & Disaster Management	619858	394726	225132	46689
29	Development Planning, Economic Reforms and North Eastern Council Affairs	235784	95773	140011	9585
38	Social Justice, Empowerment and Welfare	1017776	841196	176580	51901
39	Sports and Youth Affairs	99940	89950	9990	10165
Total-Revenue		2733848	2002176	731672	162984
B. Capital (Voted)					
7	Human Resources and Development	284400	136618	147782	14459
19	Irrigation and Flood Control	52108	34140	17968	4000
33	Water Security and Public Health Engineering	385259	340794	44465	38480
34	Roads and Bridges	1352888	750822	602066	34210
35	Rural Management and Development	1307108	1296612	10496	204510
40	Tourism	610039	490402	119637	119447
41	Urban Development and Housing	1453352	573839	879513	5417
Total-capital		5445154	3623227	1821927	420523
Grand Total		8179002	5625403	2553599	583507

Appendix - 2.3 (A)
Insufficient reappropriation of funds
(Reference: Paragraph 2.3.6, Page 58)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Excess
1.	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	2403.101.61	162.31	33.95
2.	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	2403.102.63	101.75	10.66
3	5	Cultural Affairs and Heritage	2205.103.61	1.00	12.97
4	7	Human Resources and Development	2202.1.198.61	31.00	315.78
5	7	Human Resources and Development	2202.1.198.62	1167.82	52.02
6	7	Human Resources and Development	2202.1.198.63	1228.73	350.25
7	7	Human Resources and Development	2202.2.1.58	192.96	136.07
8	7	Human Resources and Development	2202.2.104.64	2742.73	248.68
9	7	Human Resources and Development	2202.3.103.65	120.38	142.52
10	7	Human Resources and Development	2202.3.103.67	5.25	90.62
11	7	Human Resources and Development	2202.3.103.68	5.00	58.27
12	7	Human Resources and Development	2202.3.103.70	0.67	36.72
13	10	Finance, Revenue & Expenditure	2071.1.102	60.00	127.61
14	10	Finance, Revenue & Expenditure	2071.1.104.60	1116.00	28.00
15	10	Finance, Revenue & Expenditure	2071.1.105	1563.20	78.56
16	10	Finance, Revenue & Expenditure	2049.3.104.67	15.63	178.90
17	16	Commerce & Industries	2851.3.61	98.73	41.11
18	16	Commerce & Industries	2851.200.68	42.06	36.00
19	40	Tourism	3452.80.1	2.50	30.93
				Total	2009.62

Appendix - 2.3 (B)

Excess/Unnecessary reappropriation of funds

(Reference: Paragraph 2.3.6, Page 58)

(₹ in lakh)

Sl. No.	Grant No.	Description	Head of Account	Reappropriation	Final Saving
1.	1	Food Security and Agriculture Development	2401.104.1	47.50	15.79
2.	6	Ecclesiastical	2250.103	6.35	44.46
3	7	Human Resources and Development	2202.1.198	16.00	16.00
4	10	Finance, Revenue & Expenditure	2052.90.10	68.46	13.60
5	10	Finance, Revenue & Expenditure	2071.1.115	170.00	129.85
6	12	Forestry & Environment Management	2406.2.110	54.04	11.90
7	13	Health Care, Human Services & Family Welfare	2210.1.110.63	155.24	39.20
8	13	Health Care, Human Services & Family Welfare	2210.3.101	243.24	72.99
9	13	Health Care, Human Services & Family Welfare	2210.3.103	326.63	114.21
10	13	Health Care, Human Services & Family Welfare	2211.101.62	80.75	51.70
11	14	Home	2052.90.44	51.62	24.63
12	30	Police	2055.104.65	388.86	15.15
13	33	Water Security & Public Health Engineering	4215.2.106.61	26.48	20.91
14	34	Roads & Bridges	3054.80.1.35	6.50	35.25
15	38	Social Justice, Empowerment and Welfare	2235.2.1.39	100.00	22.90
16	38	Social Justice, Empowerment and Welfare	2235.60.796	28.83	20.34
17	39	Sports and Youth Affairs	2204.1.60	2.83	17.06
				Total	665.94

Appendix - 2.4

Results of review of substantial surrenders made during the year

(Reference: Paragraph 2.3.7, Page 58)

Sl. No.	Number and title of Grant	Name of the scheme (Head of Account)	Total Provision (₹ in lakh)	Amount of Surrender (₹ in lakh)	Percentage of Surrender
1	13 Health Care, HS &FW	Drug De-addiction Programme 2210.06.101.87	3.50	3.50	100
Surrendered due to non-receipt of funds from the GOI					
2	13 Health Care, HS &FW	Establishment of Drug Testing lab. Under AYUSH 2210.06.107	5.00	5.00	100
Surrendered due to non-receipt of funds from the GOI					
3	13 Health Care, HS &FW	Higher Nursing College 4210.03.105.60	30.00	30.00	100
Surrendered to facilitate the grant for implementation of CATCH programme					
4	31 Energy & power	Other Mini-Micro Hydel Scheme 4801.01.800.78	100.00	100.00	100
Surrendered due to non-approval of work and to meet the shortfall under MDS					
5	31 Energy & power	Synchronisation renovation and modernisation of Rimbi Stage I & II and kalez Khola Hydro Electric Project with 66kv State Grid 4801.05.800.54	496.20	496.20	100
Surrendered due to non receipt of full share from the GOI					
6	31 Energy & power	Construction of 66/11kv 2x5 MVA sub-station at Perving 4801.05.800.67	300.00	300.00	100
Surrendered due to non-receipt of claims					
7	31 Energy & power	Remodeling of Transmission and distribution network in Gangtok town in Sikkim (NLCPR) East 4801.05.800.79	15.08	15.08	100
Surrendered due to non-receipt of claims					
8	31 Energy & power	Const. of 33kv transmission line from Namchi to Damthang and Temi and sub-station at Temi Damthang (NLCPR) 4801.05.800.96	150.00	150.00	100
Surrendered due to non-receipt of funds from the GOI					
9	31 Energy & power	Complete electrification of Lord Buddha Statue, conversion, etc. 4801.05.800.97	507.00	507.00	100
Surrendered due to non-receipt of funds from the GOI					
10	31 Energy & power	Drawing of new 66kv double circuit transmission line from LLHP to tadong 66/11 kv sub-station, east Sikkim (NLCPR) 4801.05.800.98	350.00	350.00	100
Surrendered due to non-receipt of funds from the GOI					
11	31 Energy & power	Installation of 1x15MVA Transmission and Extension Bay at 66/11kv sub-station at Mamring East Sikkim (NLCPR) 4801.05.800.99	335.00	335.00	100
Surrendered due to non-receipt of funds from the GOI					

12	34 Roads and Bridges	Roads and Bridges Department 2059.60.799.35	50.00	50.00	100
Surrendered due to credit on account of stock adjustment from other head.					
13	34 Roads and Bridges	Replacement of 2 Nos existing suspension bridges on Pelling- Yuksom road in Sikkim 5054.04.101.65	22.26	22.26	100
Surrendered due to non-receipt of funds from the GOI					
14	34 Roads and Bridges	Const. of bridges in West Sikkim 5054.04.101.70	400.00	400.00	100
Surrendered due to non-receipt of funds from the GOI					
15	39 Sports & Youth Affairs	Assistance to Zilla Parishads/District Level Panchayats 2204.104.196	15.00	15.00	100
Surrendered due to non-receipt of funds from the GOI					
16	39 Sports & Youth Affairs	Assistance to Gram Panchayats 2204.104.198	35.00	35.00	100
Surrender made with the approval of the Government					
17	41 UDHD	Grant to Local Bodies recommended by the TFC 2217.80.191.62	20.00	20.00	100
Reasons for the surrender was stated to be the absence of ULBs					
18	15 Horticulture	Vegetables 2401.119.64	50.00	49.03	98
Surrender was made as per direction of DPER & NECA					
19	01 Food Security & Agriculture	Seed Production 2401.001.103.61	283.70	255.30	90
Entire provision was surrendered towards the payment of revision of pay from other heads.					
20	31 Energy & power	Design, supply, erection, testing, commissioning of 66 kv single circuit transmission line from 3.3/66 kv sub-station of Rongli...4801.05.800.53	383.22	340.64	89
Surrendered due to non receipt of full share from the GOI					
21	19 Irrigation & FC	East District 4711.03.103.45	86.08	76.15	88
Surrendered due to non-receipt of funds from the NEC					
22	07 HRDD	Buildings 4202.01.203.70	1150.00	1000	87
Surrendered due to non-receipt of funds and as per directives of the GOI					
23	13 Health Care, HS & FW	Construction of Drug Testing lab. Under AYUSH 4210.04.107.60	140.00	121.78	87
Surrender was made due to non-completion of work as per schedule					
24	18 Information Technology	Information Technology Department 2852.07.800.19	442.17	366.15	83
Surrendered due to non-receipt of funds from the GOI					
25	02 AH & VS	Dairy Products 2404.102.62	58.74	50.00	85
Surrendered due to non-receipt of funds from the GOI					
26	22 Land Revenue	Other Expenditure 2245.02.800	1868.20	1513.60	81
Surrendered due to non occurrence of natural calamity					
27	22 Land Revenue	Land Revenue Department 4059.80.051.23	500.00	400.59	80
Surrendered due to fund being insufficient for the purchase of land					
28	07 HRDD	Buildings 4202.01.202.70	600.00	477.81	80
Surrendered due to non-receipt of funds and as per directives of the GOI					

29	08 Elections	Election Department 2015.103.08	22.00	16.71	76
Surrendered due to non-receipt of claims					
30	13 Health Care, HS &FW	Construction 4210.02.103.60	385.00	268.77	70
Surrender was made to the extent actual fund was received from the NEC.					
31	13 Health Care, HS &FW	National Mental Health Programme 2210.06.101.86	13.00	9.84	76
Surrendered due to non-receipt of funds from the GOI					
32	03 Building & Housing	Construction 4059.60.051.03	1749.63	1202.70	69
Surrendered due to non approval of the construction work and non release of Central Share by the GOI					
33	13 Health Care, HS &FW	Work charged Establishment 2059.60.053.60	16.00	10.80	67
Surrendered due to non-receipt of claims					
34	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 5452.01.796	25.00	15.58	62
Surrendered due to delay in acquisition of land					
35	31 Energy & power	Const. of D/C 132 kv Transmission lines from LLHP to Nathula with LILO at Bulbuley (NLCPR) 4801.05.800.84	1322.75	828.96	63
Surrendered due to non-receipt of funds from the GOI					
36	07 HRDD	Establishment 2202.80.001.60	9095.00	5638.40	62
Surrendered due to payment of arrear salaries from other heads					
37	38 Social Justice Empowerment & Welfare	Special component plan for Schedule Castes 3452.01.789	23.00	14.00	61
Surrendered due to delay in implementation of the schemes					
38	01 Food Security & Agriculture	Agricultural farms 4401.104.01	10.00	6.08	60
Surrendered due to non-receipt of claims					
39	38 Social Justice Empowerment & Welfare	Tribal Area Sub-Plan 3452.01.796	85.00	50.17	59
Surrendered due to delay in implementation of the schemes					
40	22 Land Revenue	Long Term Construction of Assets Damaged during 2005-06 Floods 4059.80.051.60	6839.00	3761.50	55
Surrendered due to non-receipt of central share during the financial year.					
41	10 Finance	Finance Department 2235.60.104.10	80.00	42.15	53
Surrendered due to non-receipt of claims					
42	13 Health Care, HS &FW	National Iodine Deficiency disorders Programme 2210.06.101.84	40.55	21.49	53
Surrendered due to non-receipt of funds from the GOI					
43	31 Energy & power	Const. of 66kv sub-station to Chunghang sub-station and 2x5 MVA Transformer bay at Chunghang and one feeder bay at Mayong 4801.05.800.80	201.87	106.99	53
Surrendered due to expenditure being incurred to the extent of completion of work					
TOTAL			28303.95	19479.11	

Appendix - 2.5

Surrenders in excess of actual savings (₹ 50 lakh or more)

(Reference: Paragraph 2.3.8, Page 59)

(₹ in crore)

Sl. No	Number and name of the grant/ appropriation	Total grant/ appropriation	Savings	Amount surrendered	Amount surrendered in excess
1	10 Finance, Revenue and Expenditure Revenue – Voted	1069.15	2.91	4.64	1.73
2	10 Finance, Revenue and Expenditure Revenue – Charged	183.50	15.08	16.92	1.84
3	35 Rural Management and Development Capital – Voted	151.16	21.50	27.08	5.58
4	38 Social Justice, Empowerment and Welfare Capital – Voted	34.43	5.41	8.22	2.81
5	41 Urban Development and Housing Capital – Voted	145.88	88.49	89.35	0.86
	Total	1584.12	133.39	146.21	12.82

Appendix - 2.6

Statement of various grants/appropriations in which savings occurred
but no part of which had been surrendered

(Reference: Paragraph 2.3.9, Page 59)

(₹ in lakh)

Sl.No.	Grant No.	Name of grant/appropriation	Savings
I - Grant			
1	5	Cultural Affairs and Heritage	114.51
2	6	Ecclesiastical	59.64
3	9	Excise	0.40
4	11	Food, Civil supplies and Consumer Affairs	28.83
5	12	Forestry and Environment Management	17.56
6	15	Horticulture & Cash Crops Management	0.81
7	17	Information and Public Relation	0.03
8	21	Labour	12.00
9	21	Labour	12.67
10	23	Law	1.87
11	25	Mines Mineral and Geology	0.01
12	27	Parliamentary Affairs	0.34
13	28	Personnel, Administrative Reforms and Training	350.00
14	31	Energy and Power	5.74
15	32	Printing	0.39
16	34	Roads and Bridges	6362.76
17	36	Science and Technology	0.01
18	37	Sikkim Nationalised Transport	0.54
19	40	Tourism	7.83
20	42	Vigilance	0.07
	Total		6976.01
II - Appropriation			
1		Governor	0.35
	Total		0.35
		Grand Total	6976.36

Appendix - 2.7

Details of saving of ₹ 1 crore and above not surrendered

(Reference: Paragraph 2.3.9, Page 59)

(₹ in crore)

Sl. No.	Number and Name of Grants/Appropriation	Savings	Surrender	Savings which remained to be surrendered
1	2	3	4	5
1	05 Cultural Affairs and Heritage	1.15	0	1.15
2	07 Human Resources Development	15.71	4.00	11.71
3	12 Forestry and Environment Management	3.49	0.41	3.08
4	13 Health Care, Human Services and Family Welfare	6.48	3.32	3.16
5	20 Judiciary	1.73	0.05	1.68
6	22 Land Revenue & Disaster Management	27.18	5.21	21.97
7	28 Personnel, Administrative Reforms and Training	3.50	0	3.50
8	33 Water Security and Public Health Engineering	8.29	6.95	1.34
9	34 Roads and Bridges	63.63	0	63.63
10	38 Social Justice, Empowerment and Welfare	22.85	14.43	8.42
	Total	154.01		119.64

Appendix - 2.8

Cases of surrender of funds in excess of ₹ 1 crore on 30 and 31 March 2010

(Reference: Paragraph 2.3.9, Page 59)

(₹ in crore)

Sl. No.	Grant No.	Major Head	Amount of Surrender	%age of Total Provision
1	2	3	4	5
1	7	2202	1.81	0.45
2	7	2059	1.10	34.16
3	29	3451	13.57	70.94
4	29	2575	1.05	70
5	33	4215	3.81	8.99
6	1	2401	2.40	8.57
7	1	2435	1.11	3.57
8	38	4059	2.71	67.75
9	38	2225	5.16	22.92
10	38	4235	1.00	14.12
11	38	4801	2.47	40.16
12	34	3054	1.57	3.77
13	34	5054	52.88	38.12
14	7	4202	14.78	49.44
15	16	4851	1.36	41.21
16	22	4059	41.62	56.56
17	22	2245	4.62	9.89
18	10	2075	4.39	0.48
19	10	2049	16.81	9.92
20	31	4801	42.01	38.24
21	3	2059	2.78	15.04
22	39	2204	1.60	14.52
23	3	4059	15.16	23.36
24	41	4217	87.75	60.28
25	35	4515	2.37	5.92
26	35	4215	23.05	40.24
27	35	2515	4.00	57.89
28	19	2702	12.40	25.81
29	30	2055	1.43	0.86
30	19	4711	1.23	22.53
31	40	5452	7.98	10.94
32	13	4210	3.81	44.25
33	13	2210	2.18	1.94
34	18	2852	3.66	63.99
		Total	385.63	

Appendix - 2.9

Rush of expenditure

(Reference: Paragraph 2.3.11, Page 60)

(₹ in crore)

Sl. No.	Head of account Scheme/Service	Expenditure incurred during Jan-March 2010	Expenditure incurred in March 2010	Total expenditure	% of total expenditure incurred during	
					Jan-March 2010	March 2010
1.	2029	4.22	-	8.40	50.24	-
2.	2045	11.51	11.45	12.04	95.60	95.10
3.	2070	28.64	-	47.44	60.37	-
4.	2071	65.65	-	126.12	52.05	-
5.	2075	803.73	-	914.06	87.93	-
6.	2204	4.87	-	9.50	51.26	-
7.	2210	57.61	-	108.94	52.88	-
8.	2216	25.38	-	29.82	85.11	-
9.	2217	8.82	-	15.22	57.95	-
10.	2220	3.86	-	7.70	50.13	-
11.	2225	12.73	10.76	17.65	72.12	60.96
12.	2235	15.57	-	28.95	53.78	-
13.	2236	5.48	-	8.06	67.99	-
14.	2245	23.98	-	34.49	69.53	-
15.	2250	7.35	5.34	10.10	72.77	52.87
16.	2401	22.86	-	42.70	53.54	-
17.	2403	15.93	-	31.80	50.09	-
18.	2425	7.88	-	13.37	58.94	-
19.	2435	25.35	20.78	30.71	82.55	67.67
20.	2505	1.62	-	3.09	52.43	-
21.	2506	1.38	1.06	1.38	100.00	76.81
22.	2515	15.67	-	23.78	65.90	-
23.	2702	25.37	23.52	33.62	75.46	69.96
24.	2711	2.84	2.77	3.57	79.55	77.59
25.	2851	8.67	-	17.21	50.38	-
26.	2852	2.05	1.63	2.86	71.68	56.99
27.	2853	1.94	-	3.49	55.59	-
28.	3425	1.20	1.01	1.89	63.49	53.44
29.	3452	8.65	6.67	12.99	66.59	51.35
30.	3456	5.71	-	6.06	94.22	-
31.	3475	1.64	1.29	2.24	73.21	57.59
32.	4055	2.22	2.22	2.38	93.28	93.28
33.	4059	56.90	50.61	86.48	65.80	58.52
34.	4202	21.00	19.50	27.48	76.42	70.96
35.	4210	2.95	2.53	3.43	86.01	73.76
36.	4216	29.25	-	45.70	64.00	-
37.	4217	32.69	31.09	59.99	54.49	51.83

38.	4220	1.00	1.00	1.00	100.00	100.00
39.	4225	1.28	1.28	1.42	90.14	90.14
40.	4235	5.27	5.27	6.07	86.82	86.82
41.	4401	5.85	5.75	6.48	90.28	88.73
42.	4406	6.29	6.25	6.66	94.44	93.84
43.	4575	7.47	-	12.01	62.20	-
44.	4801	54.94	52.40	72.17	76.13	72.61
45.	4851	1.43	1.40	1.96	72.96	71.43
46.	4860	1.45	1.45	2.75	52.73	52.73
47.	5053	50.00	50.00	50.00	100.00	100.00
48.	5054	52.82	-	97.50	54.17	-
49.	5452	36.09	-	50.37	71.65	-
50.	6202	1.65	1.65	1.65	100.00	100.00
51.	6801	35.00	35.00	35.00	100.00	100.00
52.	8673	1105.00	-	1876.00	58.90	-
	TOTAL	2738.71	353.68	4055.75		

Appendix - 2.10

Pending DC bills for the years up to 2009-10

(Reference: Paragraph 2.4.1, Page 60)

(₹ in crore)

Sl. No.	Department	Number of AC bills	Amount
1	Food Security and Agriculture Development	274	13.74
2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	109	3.83
3	Buildings	58	0.61
4	Co-operation	124	1.07
5	Cultural Affairs and Heritage	27	0.44
6	Ecclesiastical	72	1.15
7	Human Resource Development	412	18.03
8	Election	24	0.45
9	Excise	63	0.29
10	Finance, Revenue and Expenditure	236	1.12
11	Food, Civil supplies and Consumer Affairs	159	1.18
12	Forestry and Environment Management	210	1.27
13	Health Care, Human Services and Family Welfare	473	2.77
14	Home	554	10.16
15	Horticulture and Cash Crops Management	158	8.09
16	Commerce and Industries	155	6.22
17	Information and Public Relation	33	0.52
18	Information Technology	13	0.70
19	Irrigation and Flood Control	194	2.61
20	Judiciary	138	1.11
21	labour	94	5.96
22	Land Revenue & Disaster Management	163	3.71
23	Law	64	0.34
24	Legislature	35	0.40
25	Mines, Mineral and Geology	111	2.54
26	Motor Vehicles	14	0.07
27	Parliamentary Affairs	31	0.22
28	Personnel, Administrative Reforms, Training, Public Grievances,	84	5.78
29	Development Planning, Economic Reforms and North Eastern Council Affairs	167	6.80
30	Police	204	7.95
31	Energy and Power	122	2.10
32	Printing	36	0.20
33	Water Security and Public Health Engineering	71	0.52
34	Roads and Bridges	141	0.32
35	Rural Management and Development	317	5.86
36	Science and Technology	18	0.07
37	Sikkim Nationalised Transport	25	0.17
38	Social Justice, Empowerment and Welfare	291	9.54
39	Sports and Youth Affairs	76	1.96
40	Tourism	111	8.38
41	Urban Development and Housing	242	1.26
42	Vigilance	56	0.30
43	Governor	215	1.38
44	Public Service Commission	32	0.21
45	Not identified ²	95	1.96
	Total	6301	143.36

²Mistakenly tagged as AC bills. After verification it was found to be 'Transfer of Funds' to other Departments or bodies. Same will be rectified in the current month (September 2010).

Appendix - 3.1

Utilisation certificates outstanding as on 31 March 2010

(Reference: Paragraph 3.1, Page 73)

Sl. No.	Department	Year of Payment of grant	Total grants paid		Utilisation Certificates			
			Number	Amount	Received		Outstanding	
					Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	Cultural Affairs and Heritage Department							
1	Cultural Affairs and Heritage Department	2008-09	51	120	51	120	-	-
2	Cultural Affairs and Heritage Department	2008-09	50	82.32	11	49.10	39	33.22
	Total		101	202.32	62	169.10	39	33.22
II	Food Security and Agriculture Development Department							
1	Zilla Panchayat	2003-04	08	7.3	07	6.56	1	0.74
2	Zilla Panchayat	2004-05	08	1.16	08	1.16	-	-
3	Zilla Panchayat	2005-06	08	1.16	08	1.16	-	-
4	Zilla Panchayat	2006-07	04	9.00	02	3.92	02	5.08
5	Zilla Panchayat	2007-08	14	25.55	07	12.52	07	13.03
6	Zilla Panchayat	2008-09	07	12.07	04	6.10	03	5.97
7	Zilla Panchayat	2009-10	08	10.80	-	-	08	10.80
	Total		57	67.04	36	31.42	21	35.62
1	Gram Panchayat	2004-05	04	6.14	03	5.40	1	0.74
2	Gram Panchayat	2005-06	04	6.14	03	4.22	01	1.92
3	Gram Panchayat	2007-08	18	65.45	12	31.08	06	34.37
4	Gram Panchayat	2008-09	12	34.73	09	23.60	03	11.13
5	Gram Panchayat	2009-10	12	31.50	-	-	12	31.50
	Total		50	143.96	27	64.30	23	79.66
III	Co-operation Department							
1	Co-operative Societies	1999-2000	5	3.25	4	3.00	1	0.25
2	Co-operative Societies	2001-02	9	19.04	8	18.24	1	0.80
3	Co-operative Societies	2002-03	18	29.52	15	29.31	3	0.21
4	Co-operative Societies	2005-06	4	11	3	8.50	1	2.50
5	Co-operative Societies	2006-07	351	68	293	60.18	58	7.82
6	Co-operative Societies	2007-08	199	138	130	85.94	69	52.06
7	Co-operative Societies	2008-09	25	159	15	126.40	10	32.60
8	Co-operative Societies	2009-10	33	377	2	8.33	31	368.67
	Total		644	804.81	470	339.90	174	464.91

IV	Social Justice, Empowerment and Welfare Department							
1	Sikkim State Commission for Women, Gangtok	2009-10	2	15.00	2	15.00	-	-
2	Juvenile Justice Board, Gangtok	2009-10	2	11.00	-	-	2	11.00
3	State Commission for protection of Rights of Children	2009-10	2	10.00	-	-	2	10.00
4	Sikkim State Welfare Board	2009-10	2	30.00	2	30.00	-	-
5	Grant in aid to Destitute Home	2009-10	6	18.50	6	18.50	-	-
6	Zilla Parishads, E/W/N/S	2009-10	4	35.75	-	-	4	35.75
7	Gram Panchayats, E/W/N/S	2009-10	4	57.00	-	-	4	57.00
8	Sikkim Welfare Commission	2009-10	2	17.00	2	17.00	-	-
9	Serenity Home, Burtuk	2009-10	1	1.50	-	-	1	1.50
10	Sikkim Bikalanga Samity, Gangtok	2009-10	1	2.00	-	-	1	2.00
11	Red Cross Society	2009-10	1	4.50	-	-	1	4.50
12	National Association for Blind	2009-10	1	8.00	-	-	1	8.00
13	Spastic Society, Gangtok	2009-10	1	2.50	-	-	1	2.50
14	ASHI	2009-10	1	1.50	-	-	1	1.50
15	SRDS, Nimitar	2009-10	1	1.00	-	-	1	1.00
16	Santi Sewa Samiti	2009-10	1	1.00	-	-	1	1.00
17	Mayalmu Sangh	2009-10	1	1.00	-	-	1	1.00
18	Pragati Club	2009-10	1	1.00	-	-	1	1.00
19	President, Youth Association of Lachung, North Sikkim	2008-09	1	2.00	-	-	1	2.00
20	President, Tung Naga Welfare Development Association, North Sikkim	2008-09	1	10.00	-	-	1	10.00
21	General Secretary, STYA, Gangtok	2009-10	1	0.30	-	-	1	0.30
22	DDO, North	2009-10	1	1.00	-	-	1	1.00
23	DDO, West	2009-10	1	1.00	-	-	1	1.00
24	DDO, East	2009-10	1	1.00	-	-	1	1.00
25	DDO, South	2009-10	1	1.00	-	-	1	1.00
26	DC, West	2009-10	1	1.24	-	-	1	1.24
27	Principal, TNA, Gangtok	2009-10	1	6.00	-	-	1	6.00
	Total		43	241.79	12	80.50	31	161.29
V	Irrigation and Flood Control Department							
1	EDZP	2009-10	4	7.85	-	-	4	7.85

2	WDZP	2009-10	4	7.85	-	-	4	7.85
3	NDZP	2009-10	4	7.85	-	-	4	7.85
4	SDZP	2009-10	4	7.85	-	-	4	7.85
5	DDO(E)	2009-10	4	19.77	-	-	4	19.77
6	DDO(W)	2009-10	4	23.79	-	-	4	23.79
7	DDO(N)	2009-10	4	9.43	-	-	4	9.43
8	DDO(S)	2009-10	4	20.21	-	-	4	20.21
	Total		32	104.60	-	-	32	104.60
VI	Forest, Environment and Wildlife Management Department							
1	Zilla Panchayat, East	2007-08	1	2.55	-	-	1	2.55
2	Zilla Panchayat, East	2008-09	1	0.21	1	0.21	-	-
3	Zilla Panchayat, West	2009-10	1	0.06	-	-	1	0.06
4	Zilla Panchayat, South	2009-10	1	0.06	-	-	1	0.06
5	Zilla Panchayat, East	2009-10	1	0.06	-	-	1	0.06
6	Zilla Panchayat, North	2009-10	1	0.06	-	-	1	0.06
7	Sachiva ,East	2007-08	1	7.84	-	-	1	7.84
8	Sachiva ,North	2007-08	1	10.39	-	-	1	10.39
9	Sachiva ,South	2007-08	1	10.39	-	-	1	10.39
10	Sachiva ,West	2007-08	1	10.39	-	-	1	10.39
11	Sachiva ,East	2008-09	1	1.94	1	1.94	-	-
12	Sachiva ,West	2008-09	1	2.15	-	-	1	2.15
13	Sachiva ,North	2008-09	1	2.15	-	-	1	2.15
14	Sachiva ,South	2008-09	1	2.15	-	-	1	2.15
15	Sachiva ,West	2009-10	1	1.50	-	-	1	1.50
16	Sachiva ,South	2009-10	1	1.50	-	-	1	1.50
17	Sachiva ,East	2009-10	1	1.50	-	-	1	1.50
18	Sachiva ,North	2009-10	1	1.50	-	-	1	1.50
19	DDO,East	2007-08	1	5.95	-	-	1	5.95
20	DDO,North	2008-09	1	0.49	1	0.49	-	-
21	DDO,West	2009-10	1	0.24	-	-	1	0.24
22	DDO,South	2009-10	1	0.21	-	-	1	0.21
23	DDO,East	2009-10	1	0.20	-	-	1	0.20
24	DDO,North	2009-10	1	0.10	-	-	1	0.10
25	DDO,West	2007-08	1	31.07	-	-	1	31.07
26	DDO,North	2007-08	1	12.43	-	-	1	12.43
27	DDO,South	2007-08	1	27.34	-	-	1	27.34
28	DDO,East	2007-08	1	20.15	-	-	1	20.15
29	DDO,North	2008-09	1	2.10	1	2.10	-	-
30	DDO,West	2008-09	1	6.53	-	-	1	6.53
31	DDO,South	2008-09	1	5.55	-	-	1	5.55
32	DDO,East	2008-09	1	5.42	-	-	1	5.42
33	DDO,West	2009-10	1	4.55	-	-	1	4.55
34	DDO,South	2009-10	1	3.87	-	-	1	3.87
35	DDO,East	2009-10	1	3.78	-	-	1	3.78
36	DDO,North	2009-10	1	1.80	-	-	1	1.80
37	ZP North	2007-08	1	9.74	-	-	1	9.74

38	ZP East	2007-08	1	27.18	-	-	1	27.18
39	ZP West	2007-08	1	12.71	-	-	1	12.71
40	ZP South	2007-08	1	10.37	-	-	1	10.37
41	ZP North	2008-09	2	19.48	1	10.29	1	9.19
42	ZP South	2008-09	1	2.49	-	-	1	2.49
43	ZP East	2008-09	1	43.32	-	-	1	43.32
44	ZP West	2008-09	1	12.71	-	-	1	12.71
45	ZP North	2009-10	1	8.00	-	-	1	8.00
	Total		46	334.18	5	15.03	41	319.15
VII	Tourism Department							
1	Tourism	2009-10	3	3.10	2	1.00	1	2.10
	Total		3	3.10	2	1.00	1	2.10
VIII	Roads and Bridges Department							
1	Roads & Bridges	2008-09	4	200.00	4	200.00	-	-
2	Roads & Bridges	2009-10	4	100.00	4	100.00	-	-
	Total		8	300.00	8	300.00	-	-
	Grand Total		984	2201.80	622	1001.25	362	1200.55

Appendix - 3.2

Statement showing names of bodies and authorities, the accounts of which had not been received

(Reference: Paragraph 3.2, Page 74)

Sl. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (₹ in lakh)
1	Sikkim Institute of Rural Development	2009-10	Not furnished
2	Sikkim Illness Assistance Fund Association	2001-02 to 2009-10	Not furnished
3	State Leprosy Society, Gangtok	2007-08 to 2009-10	Not furnished
4	District Leprosy Officer, East, Gangtok	2008-09, 2009-10	Not furnished
5	District Leprosy Officer, West	2007-08 to 2009-10	Not furnished
6	District Leprosy Officer, North	2007-08 to 2009-10	Not furnished
7	District Leprosy Officer, South	2009-10	Not furnished
8	Member Secretary, Health & Family Welfare Society.	2006-07 to 2009-10	Not furnished
9	Sikkim Renewal Energy Dev. Agency	2009-10	Not furnished
10	National Aids Control Project	2009-10	Not furnished
11	Prevention and Control of Blindness	2007-08 to 2009-10	Not furnished
12	PNG School	2007-08 to 2009-10	Not furnished
13	Tashi Namgyal Academy	2008-09, 2009-10	Not furnished
14	Sikkim Institute of Tibetology	2006-07 to 2009-10	Not furnished
15	Council of Science & Technology	2007-08 to 2009-10	Not furnished
16	Sikkim Rural Dev. Agency	2007-08 to 2009-10	Not furnished
17	Institute of Hotel Management	2007-08 to 2009-10	Not furnished
18	Sikkim Urban Dev. Agency	2007-08 to 2009-10	Not furnished
19	Small Farmers Agri Business Consortium	2008-09, 2009-10	Not furnished
20	Sikkim State Commission for Women	2009-10	Not furnished
21	Rajya Sainik Board	2006-07 to 2009-10	Not furnished
22	Sikkim Milk Producer Union	2009-10	Not furnished
23	Sikkim Housing Dev. Board	2007-08 to 2009-10	Not furnished
24	SIMFED	2007-08 to 2009-10	Not furnished
25	Sikkim Khadi & Village Industries Board	2006-07 to 2009-10	Not furnished

Appendix - 3.3

Statement showing performance of the autonomous bodies

(Reference: Paragraph 3.3, Page 75)

Sl. No.	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which Separate Audit Report is issued	Placement of SAR in the Legislature	Delay in submission of accounts	Period of delay
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Sikkim Mining Corporation	2011-12 to 2016-17	2008-09	2006-07	2003-04 30.7.2009	2004-05 July 2006	3 months
					2004-05 30.7.2009	2005-06 August 2007	4 months
					2005-06 30.7.2009	2006-07 August 2007	--
					2006-07 30.7.2009		
2	State Trading Corporation of Sikkim	2011-12 to 2016-17	2007-08	2004-05	2002-03 30.7.2009	2004-05 March 2009	3 years
					2003-04 30.7.2009	2005-06 March 2009	2 years
						2006-07 March 2009	1 year
						2007-08 March 2009	--
3	State Bank of Sikkim	2007-08 to 2012-13	2005-06	2004-05	2002-03 29.3.07	2004-05 August 2005	--
						2005-06 August 2007	4 months
4	State Legal Service Authority	19 (2)	2009-10	2007-08	2004-05 14.12.2006	--	--
5	Sikkim Housing Dev. Board	2005-06 to 2009-10	2006-07	NA	NA	2006-07 June 2009	1 year 8 months
6	Sikkim Milk Producer Union	2008-09 to 2012-13	2008-09	NA	NA	2008-09 February 2010	4 months
7	SIMFED	2005-06 to 2009-10	2006-07	NA	NA	2006-07 August 2008	10 months
8	Sikkim Khadi and Village Industries Board	2005-06 to 2009-10	2005-06	NA	NA	2005-06 May 2009	2 years 7 months

Appendix - 3.4

Statement of finalisation of accounts and the Government investment in Departmentally managed Commercial and Quasi-Commercial Undertakings

(Reference: Paragraph 3.4, Page 76)

Sl. No.	Name of the Undertaking	Accounts Finalised up to	Investment as per the last accounts finalised (₹ in crore)	Remarks/Reasons for Delay in Preparation of accounts
1	Government Fruit Preservation Factory	2008-09	2.16	Delay in presentation of accounts not on record.
2	Temi Tea Estate	2006-07	7.65	Delay in presentation of accounts not on record.

Appendix - 3.5

Department-wise/duration-wise break-up of the cases of misappropriation, defalcation, etc.

(Cases where Final action was pending at the end of 31 March 2010)

(Reference: Paragraph 3,5, Page 76)

Sl. No.	Name of the Department	Up to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to More	Total No. of Cases.
1	Finance, Revenue and Expenditure	1 (0.26)	0	0	0	0	0	1 (0.26)
2	Food & Civil Supplies and Consumer Affairs	2* (43.06)	1 (42.63)	1 (12.54)	0	0	0	4* (98.23)
3	Sports and Youth Affairs	0	1 (15)	0	0	0	0	1 (15)
4	Transport (SNT)	2 (34.48)	1 (134)	0	0	0	0	3 (168.48)
	Total	5 (54.96)	2 (176.63)	1 (12.54)	0	0	0	9 (244.13)

(Figures in bracket indicate rupees in lakh)

*in one case amount not ascertained

Appendix - 3.6

Department/category-wise details in respect of cases of loss to Government due to theft, misappropriation/loss of Government material

(Reference: Paragraph 3.5, Page 76)

(₹ in lakh)

Name of Department	Theft Cases		Misappropriation/ Loss of Government Material		Total	
	Number of Cases	Amount	Number of Cases	Amount	Number of Cases	Amount
Finance, Revenue and Expenditure	Nil	Nil	1	0.26	1	0.26
Food & Civil Supplies and Consumer Affairs	Nil	Nil	4	98.23	4	98.23
Sports and Youth Affairs	Nil	Nil	1	15	1	15
Transport (SNT)	Nil	Nil	3*	168.48	3*	168.48
Total			9	244.13	9	244.13

*in one case amount not ascertained