



**REPORT OF THE COMPTROLLER AND
AUDITOR GENERAL OF INDIA ON
STATE FINANCES**

FOR THE YEAR ENDED 31 MARCH 2009

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 2009.
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 2009 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 2008-09. 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 Finance Commission (TFC) as well as in the Budget estimates of 2008-09. A comparison has been made to see whether the State has given adequate fiscal priority to the developmental, social sectors 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 has decided to bring out a separate volume titled "Report on State Finances."

The Report

Based on the audited accounts of the Government of Sikkim for the year ending March 2009, 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 2009. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

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

Review of Government investments: A performance-based system of accountability should be put in place in the Government companies/statutory corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the companies/corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth to be channelised there.

Oversight of funds transferred directly from the GOI to the State implementing agencies: As long as these funds remain outside the State budget, 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).

Cost of collection: The percentage of expenditure on collection during 2008-09 as compared to the corresponding all India average percentage for 2007-08 was high in the cases of sales tax, state excise and taxes on vehicles which the Government needs to look into.

Financial management and budgetary control: This chapter deals with the position of actual expenditure against 44 Grants/Appropriations during 2008-09. It is observed that there is an overall saving of Rs. 500.22 crore and excess expenditure of Rs. 1.98 crore during 2008-09. This excess expenditure of 2008-09 compounded with an excess expenditure amount of Rs. 38.80 crore pertaining to 2004-08, require 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 29 Major Head, 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 for settlement within the shortest possible time.

Financial Reporting: This chapter provides an account of the Sikkim Government's compliance with various reporting requirements and financial rules. It was observed that 713 utilisation certificates involving Rs. 13.88 crore were pending as of March 2009. 11 accounts of 8 Autonomous Bodies were in arrears for periods ranging from 3 to 37 months. Besides, cases of misappropriation and losses that indicate inadequacy of controls in the Government departments are also detailed in this chapter. The Government needs to ensure timely and purpose specific utilization of funds as well as finalization of accounts in time.

CHAPTER I
FINANCES OF THE STATE
GOVERNMENT

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

The annual accounts of the State Government consist of Finance Accounts and Appropriation Accounts. The Financial Accounts of the Government of Sikkim are laid out in nineteen statements, the structure and lay out of which are depicted in **Appendix 1.1**.

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 1.2** of the chapter briefly outlines the methodology adopted for the assessment of the fiscal position of the State and **Appendix 1.3** presents the time series data on key fiscal variables/parameters and fiscal ratios relating to the State Government finances for the period 2004-09.

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 (2008-09) vis-à-vis the previous year while **Appendix 1.4** provides details of receipts and disbursements as well as overall fiscal position during the current year.

Table 1.1: Summary of Current Year's Fiscal Operations

(Rupees in crore)

Receipts		Disbursements					
2007-08		2008-09	2007-08	2008-09			
Section-A: Revenue				Non Plan	Plan	Total	
2,699.42	Revenue receipts ¹	2,671.25	2,348.58	Revenue expenditure ²	1,775.88	517.72	2,293.60
197.85	Tax revenue	199.19	1,589.77	General services ²	1,348.71	10.50	1,359.21
1,413.74	Non-tax revenue ¹	1,205.31	438.23	Social services ³	275.83	264.41	540.24
345.12	Share of Union			Economic services ³	151.34	242.81	394.15
	Taxes/ Duties	364.20	320.58				
742.71	Grants from Government of India	902.55	—				
Section-B: Capital							
—	Misc. Capital Receipts	—	415.47	Capital Outlay	—	611.78	611.78
0.38	Recoveries of Loans and Advances	0.38		Loans and Advances disbursed			0.25
279.64	Public Debt receipts	337.46	55.57	Repayment of Public Debt			76.29
—	Contingency Fund	—	—	Contingency Fund	—	—	—
1,899.53	Public Account receipts	2,414.37	1,789.75	Public Account disbursements			2,305.07
302.17	Opening Cash Balance	571.77	571.77	Closing Cash Balance			708.24
5,181.14	Total	5,995.23	5,181.14	Total			5,995.23

¹ Revenue receipts and Non-tax revenue are inclusive of gross receipt (Rs. 957.00 crore) from State Lotteries.

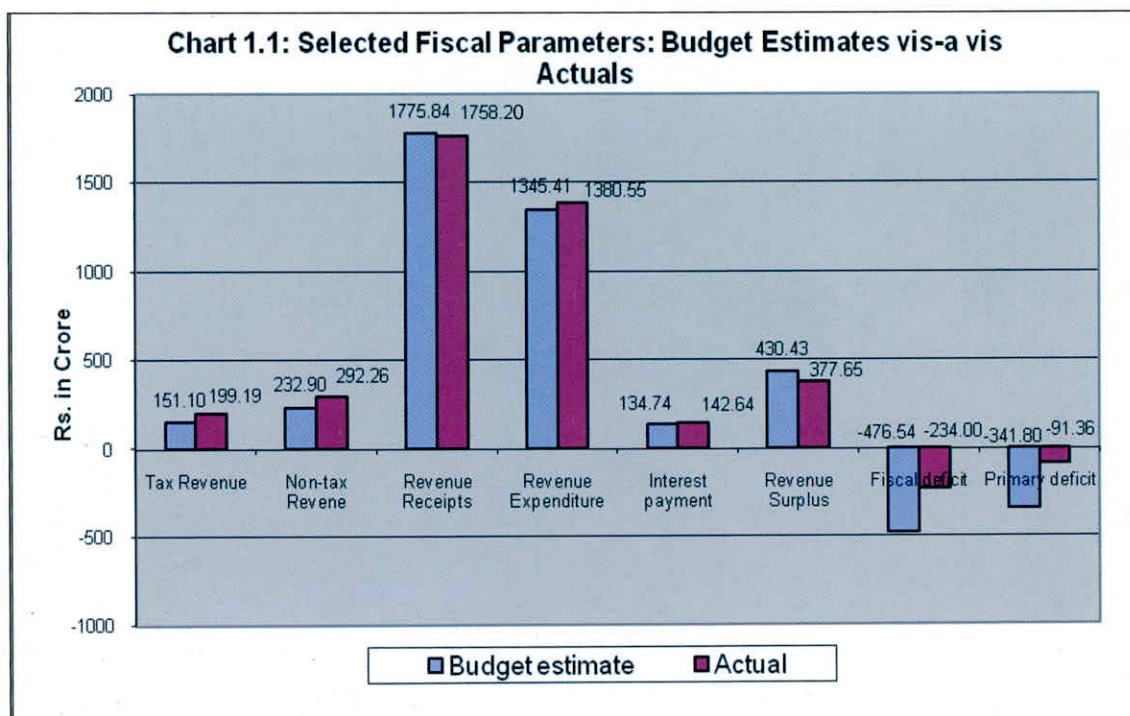
² Revenue expenditure and General Services (Non-plan) are inclusive of expenditure (Rs. 913.05 crore) on State Lotteries.

³ Includes grants-in-aid contribution under Social Services (Rs. 110.26 crore) and Economic Services (Rs. 2.75 crore) aggregating Rs. 113.01 crore.

Following are the significant changes during 2008-2009 over the previous years

- Revenue receipts decreased by Rs. 28.17 crore (1.04 per cent) over the previous year. The decrease was mainly contributed by non-tax revenue (Rs. 208.43 crore), which was offset by increase in State's share in Central taxes and duties (Rs. 19.08 crore), grants from Government of India (Rs. 159.84 crore) and tax revenue (Rs. 1.34 crore). The non-tax revenue decreased due to less realisation of receipts from State Lotteries (Rs. 275.55 crore).
- Revenue expenditure decreased by Rs. 54.98 crore (2.34 per cent) while Capital expenditure increased by Rs. 196.31 crore (47.25 per cent) over the previous year. Decrease of Revenue Expenditure was mainly due to decrease in expenditure on lotteries by Rs. 288.66 crore. However, after netting the expenditure on lotteries there was an increase of revenue expenditure by Rs. 233.68 crore.
- Public debt receipts and its repayments increased by Rs. 57.82 crore (20.68 per cent) and Rs. 20.71 crore (37.27 per cent) respectively over the previous year.
- Public Account receipts and disbursements increased by Rs. 514.84 crore (27.10 per cent) and Rs. 515.33 crore (28.79 per cent) respectively over the previous year.
- The total outflow of the Government (Rs. 5,286.99 crore) was less than the total inflow (Rs. 5,423.46 crore) resulting in an increase of Rs. 136.47 crore in the cash balance of the State at the end of the year 2008-09.

Chart 1.1 presents the budget estimates and actual for some important fiscal parameters.



Revenue receipts fell short of the budget estimates by Rs. 17.64 crore (0.99 per cent) and revenue expenditure exceeded the budget estimates by Rs. 35.14 crore (2.61 per cent) resulting in decrease in revenue surplus by Rs. 52.78 crore (12.26 per cent) over the budgeted level envisaged for 2008-09. Fiscal deficit was lower than budget estimate by Rs. 242.54 crore (49.10 per cent).

Box 1.1: Non enactment of FRBM Act

With 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. The Government of Sikkim has however, not enacted the FRBM Act as of November 2009. According to the Finance, Revenue & Expenditure Department (FRED) of the State, enactment of FRBM Legislation would require the State to reduce fiscal deficit to 3 per cent of GSDP and maintain revenue surplus at a certain level. However, due to substantial decrease in Non-Plan Revenue Deficit Grant awarded by the TFC to the State as compared to the award of the Eleventh Finance Commission, the State Government felt that it is very difficult to attain these fiscal targets and therefore, FRBM Act could not be enacted in Sikkim.

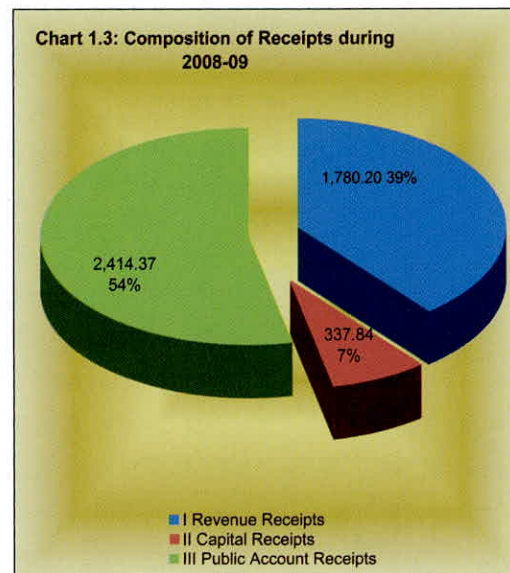
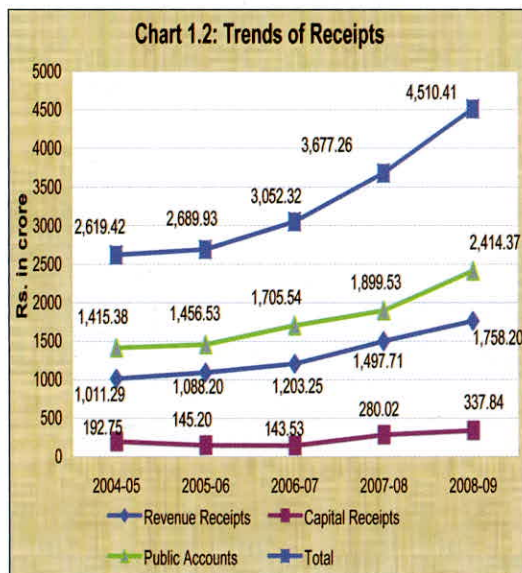
According to the recommendation of TFC, the Central loans to States contracted till 31 March 2004 and outstanding as on 31 March 2005 may be consolidated and re-scheduled for a fresh term of 20 years resulting in repayment of 20 equal instalments at an interest of 7.5 per cent per annum. The debt relief on the outstanding balances of Central loan, when re-scheduled as per the recommendation of TFC, would amount to Rs. 10.69 crore on principal and Rs. 33.96 crore on interest payment for the period 2005-10. The State failed to avail this relief due to non-enactment of the legislation.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

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

State during 2004-09, **Chart 1.3** depicts the composition of resources of the State during the current year.



The total receipts of the State during 2008-09 was Rs. 4,510.41 crore as against Rs. 3,677.26 crore during 2007-08, an increase of 23 per cent. Of these, the revenue receipts were Rs. 1,758.20 crore, constituting 39 per cent of the total receipts. The balance came from capital receipts (7 per cent) and receipts from Public Account (54 per cent). The capital receipts increased by 21 per cent as compared to 2007-08, mainly due to increase in market loan (17 per cent). Similarly, Public Account receipts increased by 27 per cent, mainly due to increase in Public Works Remittances and PWD & Security Deposit.

- Revenue receipts of the State increased by 73.85 per cent from Rs. 1,011.29 crore in 2004-05 to Rs. 1,758.20 crore in 2008-09.
- The tax revenue decreased from 11.56 per cent (2004-05) to 11.33 per cent (2008-09) of the total revenue receipts and non-tax revenue increased from 11.01 per cent in 2004-05 to 16.62 per cent in 2008-09 of the total revenue receipts.
- State's share of Union taxes and duties increased from 10.62 per cent (2004-05) to 20.72 per cent (2008-09) of the total revenue receipts, whereas grants-in-aid from GOI decreased from 66.81 per cent (2004-05) to 51.33 per cent in 2005-06 and gradually decreased to 69 per cent (2008-09) of the total revenue receipts.

1.2.2 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 Agencies⁴ for the implementation of various schemes/ programmes in

⁴ State Implementing Agencies include Organization/Institution including Non-Governmental Organization 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.

social and economic sectors recognized as critical. As these funds are not routed through the State Budget/State Treasury System, Annual Finance Accounts do not capture the flow of these funds and to that extent, State's receipts and expenditure as well as other fiscal variables/parameters derived from them are underestimated. To present a holistic picture on availability of aggregate resources, funds directly transferred to State Implementing Agencies are presented in **Table 1.2**.

Table 1.2: Funds Transferred Directly to State Implementing Agencies

(Rs in crore)

Programme/Scheme	Implementing Agencies in the State	2007-08	2008-09
		Central Share	Central Share
Grants to ENVIS Centre-2007	Sikkim State Council of Science and Technology	0.06	0.10
Micro Hydel Project, Thangu, N. Sikkim		0.50	Nil
Ceramic Membrane Based Iron removal Plant		0.01	Nil
Grants to Secretariat, Sikkim State Council of Science & Technology		0.37	Nil
Sanitation Month Celebration - 2007		0.02	Nil
Grants to Sub-DICS-2007		0.11	0.12
Snow and Glacier Studies Project-2000		0.01	Nil
State & District Level Children Science Congress		0.01	0.02
National Wetland Inventory and Assessment Project Works		0.04	Nil
DBT Mission of Quality Planting Materials Production		Nil	0.27
National Science Day-Feb 2008		0.03	Nil
Networking for Wash "Eco-water Literacy Campaign-2008		Nil	0.02
Vigyan Prasat Edusat Network-NCSTC (Regional Workshop) Sept.2008		Nil	0.01
"Science & Sanitation Month" Celebration - 2008		Nil	0.03
Organising Two days BTIS net Interactive meeting for N/E Nov.2008		Nil	0.06
1st International Vegetation Carbon Pol assessment Project		Nil	0.01
Fund to Scientific evaluation of Water purification system		Nil	0.03
Grant to Ecological Studies of Seabuckthron and Genetic Diversity of Frankia Association		Nil	0.27
National Event of National Children Science Congress - 2006		0.07	Nil
National wide Mapping of land degradation		Nil	0.01
RCH Flexipool	State Health Society	3.78	4.85
NRHM Additionalities		39.89	11.76
National Aids Control Programme Phase III	Sikkim State Aids Control Society	4.25	3.47
Sarva Shiksha Abhiyan	Sarva Shiksha Abhiyan State Mission Authority (SSASMA)	15.80	10.75

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Programme/Scheme	Implementing Agencies in the State	2007-08	2008-09
		Central Share	Central Share
Incentive for Girl Child	Human Resources Development Department	Nil	0.17
Border Trade Mart	SIDICO	2.82	10.79
State Consumer Welfare Fund	Weights & Measure and Consumer Protection, F&CS & CA Department	0.02	0.04
Setting up of State Consumer Helpline		Nil	0.22
ASIDE scheme	Sikkim Industrial Development & Investment Corporation	8.35	8.01
TSC	Sikkim Rural Development Agency	Nil	2.55
DRDA		0.68	0.75
IAY		2.31	5.72
SGSY		1.97	0.30
NREGA	Block Development Officer	8.80	41.04
Solar Photovoltaic Programme	Sikkim Renewable Energy Development Agency	0.77	0.46
Solar Thermal Programme(Water Heater)		0.07	0.10
Micro Hydel Projects		0.07	0.05
National Biogas & Manure Management Programme		0.33	0.30
Energy Education Parks		0.50	0.15
Wind Solar Hybrid System		Nil	0.09
Computerization of Finance Department		Information and Technology Department	0.80
State Data Centre	Nil		2.53
Integrated Land Management & Administration Planning	Nil		0.75
Capacity Building under JNNURM for implementation of BSUP & IHSDP	Urban Development & Housing Deptt.	0.04	Nil
Urban Statistics for HR and Assessment (USHA)		Nil	0.02
NPCBB	Animal Husbandry, Livestock, Fisheries & Veterinary Services Department	0.75	1.32
IDDP		Nil	0.68
Support to State Extension Programme for Extension Reform	Food Security and Agriculture Development Department	0.83	0.75
Strengthening & Promoting Agriculture Information system		Nil	0.61
Technology Mission Schemes	Small Farmers' Agri-Business Consortium, Sikkim (SFACS)	28.19	30.11
National Bamboo Mission	Horticulture & Cash Crop Development	4.50	1.44
UNDP Project on Capacity Building for Access to Information under RTI Act'2005	Accounts and Administrative Training Institute	0.06	0.07
Centrally Sponsored Plan Scheme on strengthening, Capacity Building and awareness generation for effective implementation of RTI Act 2005		Nil	0.05
Project for Capacity Building for Poverty Reduction		Nil	0.25
MPLAD	Development Planning, Economic Reform & NE Council Affairs Department	4.00	6.00
Pradhan Mantri Gram Sadak Yojana	Sikkim Rural Roads Development Agency	170.46	55.00
Total		301.27	202.47

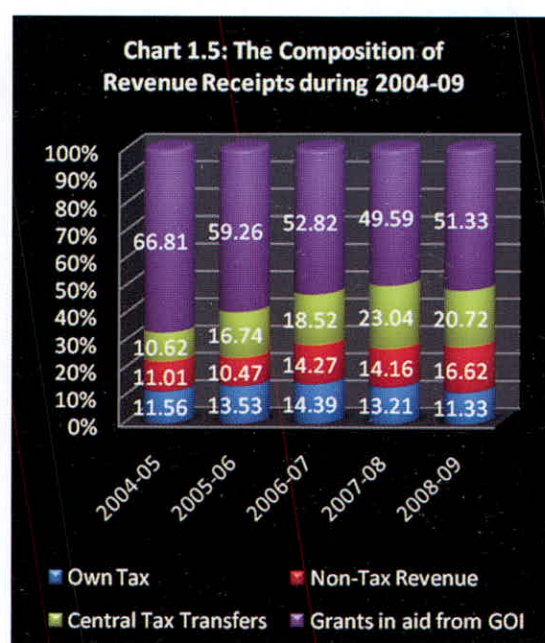
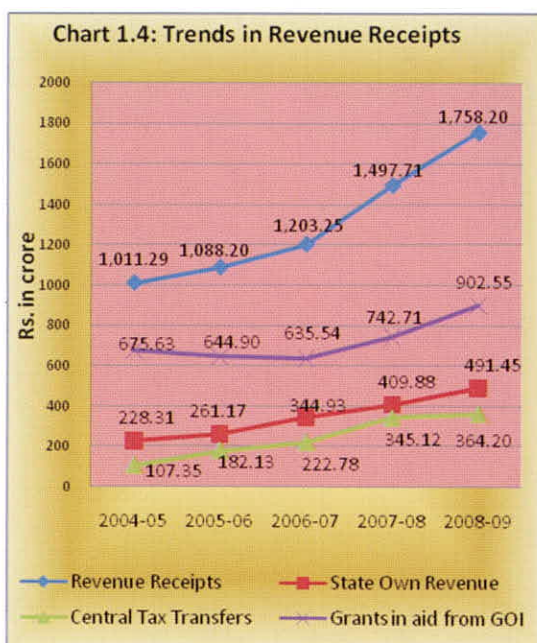
(Source: Information furnished by State Government Departments)

The GOI directly transferred to State Implementing Agencies Rs. 202.47 crore during 2008-09 against the release of Rs. 301.27 crore in 2007-08. The decrease of Rs. 98.80 crore (32.79 per cent) was mainly due to decrease in release of fund under Pradhan Mantri Gram Sadak Yojana (PMGSY). Out of Rs. 202.47 crore the major releases were Rs. 55.00 crore (27.16 per cent) under PMGSY, Rs. 41.04 crore (21.27 per cent) under NREGA and Rs. 30.11 crore (14.87 per cent) to Technological Mission for Horticulture Development. With the transfer of an amount of Rs. 202.47 crore directly by GOI to the State Implementing Agencies, the total availability of State resources during 2008-09 had increased from Rs. 4,510.41 crore to Rs. 4,712.88 crore.

It is evident from the above 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 which are being implemented by State Implementing agencies and funded directly by the GOI.

1.3 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 over the period 2004-09 are presented in **Appendix 1.3** and also depicted in **Chart 1.4** and **1.5** respectively.



Revenue receipts of the State comprise mainly its own tax, Central tax transfers and grants-in-aid from GOI. Overall revenue receipts and its composition are depicted in **Charts 1.4** and **1.5**.

The revenue receipts have shown a progressive increase over the period 2004-2009. While 28 *per cent* of the revenue receipts during 2008-09 have come from the State's own resources comprising taxes and non-taxes as compared to 23 *per cent* in 2004-05, the share of Central transfers comprising State's share in Central taxes and duties and grants-in-aid from GOI has marginally declined from 77 *per cent* in 2004-05 to 72 *per cent* in 2008-09.

1.3.1 State's Own Resources

As the State's share in central taxes and grants-in-aid are determined on the basis of recommendations of the Finance Commission, 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.

Sikkim's own tax revenue increased by 0.68 *per cent* from Rs. 197.85 crore in 2007-08 to Rs. 199.19 crore in 2008-09. The revenue from sales tax not only contributed to the major share of tax revenue (51 *per cent*), but also increased by 24 *per cent* (Rs. 19.82 crore) over the previous year. The increase in sales tax revenue over the previous year was mainly due to increase in Value Added Tax (Rs. 21.81 crore) partly counter balanced by decrease in Central Sales tax (Rs. 1.45 crore). While there was increase of State Excise duty (Rs. 8.53 crore) by 22 *per cent* and Other taxes (Rs. 5.92 crore) by 36 *per cent*, taxes on income other than Corporation tax (State Income Tax) and Land Revenue decreased by 67 *per cent* and 29 *per cent* respectively. Decrease on 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 1962 wef 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 17 *per cent* of total revenue receipts, has increased by Rs. 80.23 crore from Rs. 212.03 crore in 2007-08 to Rs. 292.26 crore in 2008-09 recording a growth rate of 38 *per cent* over the previous year. The major contributors to non tax receipts of the State in 2008-09 include receipts from power (Rs. 154.74 crore) and net receipts from lotteries (Rs. 43.96 crore). The increase in non tax receipts during 2008-09 (Rs. 80.23 crore) was mainly due to increase in receipts under power sector (Rs. 57.08 crore), net receipts from lotteries (Rs. 13.12 crore) interest receipts (Rs. 10.84 crore), Minor Irrigation (Rs. 1.22 crore) and other components. The increase was however, mainly offset by decrease in receipt under Police (Rs. 2.95 crore).

The gross collection in respect of major taxes and duties as well as the components of non-tax receipts vis-à-vis budget estimates, the expenditure incurred on their collection and the percentage of such expenditure to the gross collection during the years from 2004-05 to 2008-09 are given in **Tables 1.3, 1.4 and 1.5** below.

Table 1.3: Tax and Non Tax Revenue collected during 2004-09

(Rupees in crore)

Sl. No.	Head of Revenue	2004-05	2005-06	2006-07	2007-08	2008-09	Percentage of increase (+)/ decrease(-) in 2008-09 over 2007-08
	Tax Revenue						
1	Sales tax	48.18	56.65	74.66	81.32	101.14	(+) 24.37
2	Taxes on income other than corporation tax	29.09	47.82	46.71	49.10	16.16	(-) 67.09
3	State excise	32.69	32.96	33.31	37.94	46.47	(+) 22.48
4	Stamps and registration fees	1.43	2.27	2.52	4.26	4.35	(+) 2.11
5	Taxes on vehicles	3.24	4.24	5.95	6.22	6.94	(+) 11.58
6	Other taxes and duties on commodities and services	1.88	2.68	9.25	16.26	22.18	(+) 36.41
7	Land revenue	0.44	0.61	0.78	2.75	1.95	(-) 29.09
	Total	116.95	147.23	173.18	197.85	199.19	
	Non-Tax Revenue						
1	Interest receipts	8.03	6.31	5.34	15.10	25.94	(+) 71.79
2	Road transport	21.52	13.67	14.86	15.62	17.64	(+) 12.93
3	Plantations	1.63	2.01	1.95	2.10	2.35	(+) 11.90
4	Dividends & profits	0.92	1.14	0.76	0.68	1.31	(+) 92.65
5	Forestry and wild life	7.92	9.97	9.50	10.95	11.26	(+) 2.83
6	Tourism	0.78	0.81	0.87	1.18	2.11	(+) 78.81
7	Crop husbandry	0.31	0.36	0.50	1.64	0.71	(-) 56.71
8	Power	21.41	28.00	58.16	97.66	154.74	(+) 58.45
9	Printing & stationery	1.07	1.65	1.69	1.98	1.50	(-) 24.24
10	Medical and public health	0.98	0.91	0.60	1.14	0.96	(-) 15.79
11	Village & small industries	0.08	0.14	0.10	0.23	0.08	(-) 65.22
12	Public works	2.46	3.09	3.74	4.32	4.97	(+) 15.05
13	Police	4.38	14.14	13.90	14.64	11.68	(-) 20.22
14	Animal husbandry	0.31	0.41	0.39	0.43	0.30	(-) 30.23
15	Industries	0.01	0.19	0.02	0.01	0.25	(+) 2,400.00
16	State Lotteries#	31.16	22.19	50.01	30.84	43.95	(-) 42.51
17	Others	8.39	8.95	9.36	13.51	12.51	(-) 7.40
	Total	111.36	113.94	171.75	212.03	292.26	

Net amount

The reason for variation in Income tax was due to less realisation of taxes on income levied under State law due to implementation of Central Income Tax Act 1961 and the variation under State lotteries was due to sudden closure of two digit lotteries.

1.3.2 Variations between the budget estimates and actual

The variations between the budget estimates (BE) and actual of revenue receipts for the year 2008-09 in respect of the principal heads of tax and non-tax revenue are mentioned below:

Table 1.4: Budget estimates and actual

(Rupees in crore)

Sl. No.	Head of revenue	BE	Actuals	Variations excess (+)/ shortfall(-)	Percentage of variation
A	Tax revenue				
1.	Sales tax	56	101.14	(+) 45.14	(+) 80.61
2.	State excise	30.5	46.47	(+) 15.97	(+) 52.36
3.	Other taxes and duties on commodities and services	14.86	22.18	(+) 7.32	(+) 49.26
4.	Taxes on vehicles	4	6.94	(+) 2.94	(+) 73.50
5.	Stamps and registration	2.33	4.35	(+) 2.02	(+) 86.70
6.	Other taxes on income and expenditure.	42.3	16.16	(-)26.14	(-) 61.80
7.	Land Revenue	1.11	1.95	(+) 0.84	(+) 75.68
	Total	151.10	199.19		
B	Non-tax revenue				
8	Miscellaneous general services	30.04	43.96	(+) 13.92	(+) 46.34
9	Power	146	154.74	(+) 8.74	(+) 5.99
10	Police	16.3	11.68	(-) 4.62	(-) 28.34
11	Road transport	14	17.64	(+) 3.64	(+) 26.00
12	Forestry and wildlife	8	11.26	(+) 3.26	(+) 40.75
13	Interest receipts	3.07	25.94	(+) 22.87	(+) 744.95
14	Public works	2.04	4.97	(+) 2.93	(+) 143.63
15	Other administrative services	1.64	2.55	(+) 0.91	(+) 55.49
16.	Water supply and sanitation	2.25	2.58	(+) 0.33	(+) 14.67
17.	Public Service Commission	0.0001	0.05	(+) 0.0499	(+) 49,900.00
18.	Medical and Public Health	0.5	0.96	(+) 0.46	(+) 92.00
19.	Tourism	1.23	2.11	(+) 0.88	(+) 71.54
20.	Dividends and profits	0.75	1.31	(+) 0.56	(+) 74.67
21.	Urban Development	0.74	1.6	(+) 0.86	(+) 116.22
22.	Education, Sports, Art and Culture	0.67	1.79	(+) 1.12	(+) 167.16
23.	Contributions and recoveries towards pension	0.02	0.19	(+) 0.17	(+) 850.00
24.	Housing	0.36	0.27	(-) 0.09	(-) 25.00
25.	Information and Publicity	0.08	0.25	(+) 0.17	(+) 212.50
26.	Other Social Services	0.02	0.07	(+) 0.05	(+) 250.00
27.	Crop Husbandry	0.34	0.71	(+) 0.37	(+) 108.82
28.	Animal Husbandry	0.4	0.3	(-) 0.1	(-) 25.00
29.	Fisheries	0.02	0.01	(-) 0.01	(-) 50.00
30.	Plantations	2.2	2.35	(+) 0.15	(+) 6.82
31.	Food storage and warehousing	0.06	0.07	(+) 0.01	(+) 16.67
32.	Cooperation	0.0002	0.005	(+)0.0048	(+) 2,400.00
33.	Other Rural Development Programme	0.1	1.24	(+) 1.14	(+) 1,140.00
34.	Minor Irrigation	0.1	1.38	(+) 1.28	(+) 1,280.00
35.	Village and Small Industries	0.15	0.08	(-) 0.07	(-) 46.67
36.	Labour and Employment	0.08	0.24	(+)0.16	(+)200.00
37.	Industries	0.17	0.25	(+) 0.08	(+) 47.06
38.	Stationery and Printing	1.4	1.5	(+)0.1	(+)7.14
39.	Non-Ferrous, Mining & Metallurgical Industries	0.09	0.1	(+) 0.01	(+) 11.11
40.	Other Social Security and Welfare Programme.	0.01	0.01	0	0
41.	Other General Economic Services	0.07	0.09	(+) 0.02	(+) 28.57
	Total	232.90	292.26		

The large variations under most of the heads point to the need for framing of budget estimates on a realistic basis.

1.3.3 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 2006-07, 2007-08 and 2008-09 along with the relevant all India average percentage of expenditure on collection to gross collection for 2007-08 was as follows :

Table 1.5: Cost of collection

(Rupees 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 2007-08
1.	Sales tax	2006-07	74.66	1.57	2.10	0.83
		2007-08	81.32	1.72	2.12	
		2008-09	101.14	1.95	1.93	
2.	State excise	2006-07	33.31	1.90	5.70	3.27
		2007-08	37.94	1.97	5.19	
		2008-09	46.46	2.36	5.08	
3.	Taxes on vehicles	2006-07	5.95	0.56	9.41	2.58
		2007-08	6.22	0.60	9.65	
		2008-09	6.94	0.77	11.10	

Thus, the percentage of expenditure on collection during 2008-09 as compared to the corresponding all India average percentage for 2007-08 was high in the cases of sales tax, state excise and taxes on vehicles which the Government needs to look into.

The position with regard to mobilisation of the State's own resources in 2008-09 vis-à-vis projections made by TFC and the State Government in its Budget is as under:

Table 1.6: Mobilisation of own resources

(Rupees in crore)

Year 2007-08	Assessment of TFC	Budget Estimate	Actual	Percentage Change over	
				TFC Projection	BE
Tax Revenue (own tax)	179.29	151.10	199.19	11.10	31.83
Non-tax Revenue	104.94	232.90	292.26	178.50	25.49

Table 1.6 reveals that the actual revenue receipts exceeded both the BE as well as the normative assessment by the TFC.

1.3.4 Central Tax Transfers

The State's share in Union taxes and duties stood at Rs. 364.20 crore, an increase of Rs. 19.08 crore over the previous year mainly due to increase in the State's share in corporation tax (Rs. 9.77 crore); income tax (Rs. 1.50 crore); custom duties (Rs. 4.40 crore); service tax (Rs. 4.95 crore), which was counterbalanced by decrease in excise duties (Rs. 1.53 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.

1.3.5 Grants-in-aid

The grants-in-aid increased by Rs. 159.84 crore (22 per cent) from Rs. 742.71 crore in 2007-08 to Rs. 902.55 crore in 2008-09 mainly due to increase in grants for State plan schemes (Rs. 180.01 crore), Centrally Sponsored Schemes (Rs. 7.84 crore). This was counterbalanced by decrease in Non Plan grants (Rs. 20.40 crore), special plan schemes (Rs. 7.30 crore) and Grants for Central Plan Schemes (Rs. 0.31 crore).

Grants for State Plan Schemes increased during 2008-09 mainly due to receipt of more Central assistance under Upgradation and Special Problem Grants recommended by 12th Finance Commission (Rs. 50.00 crore), Block grants (Rs. 115.00 crore) which includes Basic Service to urban poor under JNNURM, Backward Region Grant Fund, Accelerated Irrigation Benefit Programme and Grants under Non-Lapsable Pool of Central Resources (Rs. 15 crore). Non Plan Grants decreased mainly due to decrease in grant under the Constitution (Distribution of Revenue Order) (Rs. 30.92 crore) which was counter balanced by increase in grant for Local Bodies recommended by the 12th Finance Commission (Rs. 9.10 crore).

1.3.6 Trends in revenue receipts

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

Table 1.7: Trends in Revenue Receipts relative to GSDP

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue Receipts (RR) (Rupees in crore)	1,011.29	1,088.20	1,203.25	1,497.71	1,758.20
Rate of growth of RR (per cent)	12.49	7.61	10.57	24.47	17.39
R R/GSDP (per cent)	63.12	59.46	58.13	63.65	67.31
Buoyancy Ratios ⁵					
Revenue Buoyancy w.r.t GSDP	1.04	0.54	0.81	1.92	1.27
State's Own Tax Buoyancy w.r.t GSDP	0.69	1.82	1.34	1.04	0.05
Revenue Buoyancy with reference to State's own taxes	1.51	0.29	0.60	1.72	25.68

⁵Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.6 implies that revenue receipts tend to increase by 0.6 percentage points, if the GSDP increases by one per cent.

The Revenue Receipts of the State grew by 17.39 *per cent* during 2008-09 over the previous year. As seen from the above table Revenue Buoyancy was more than one during 2004-05 (1.04), 2007-08 (1.92) and 2008-09 (1.27). State's Own Tax buoyancy which was more than one during the last three years recorded only 0.05 during current year. This indicates that with every one *per cent* increase in GSDP, Revenue Receipts increased by 1.27 *per cent* and State' own taxes increased only by 0.05 *per cent* in 2008-09.

1.3.7 Revenue Arrears

The arrears of revenue as on 31 March 2009 in respect of some principal heads of revenue as furnished by the departments amounted to Rs. 25.35 crore of which Rs. 10.33 crore was outstanding for more than five years as mentioned in the following table:

Table 1.8: Revenue Arrears

(Rupees in crore)

Sl. No.	Head of revenue	Amount outstanding as on 31 March 2009	Amount outstanding for more than five years as on 31 March 2009
1.	Road transport (SNT)	1.90	Nil
2.	Sales tax	0.65	0.20
3.	Income tax	8.23	7.58
4.	Police	11.27	Nil
5	Non Ferrous Mining & Metallurgical Industries	3.30	2.55
	Total	25.35	10.33

1.4 Application of Resources

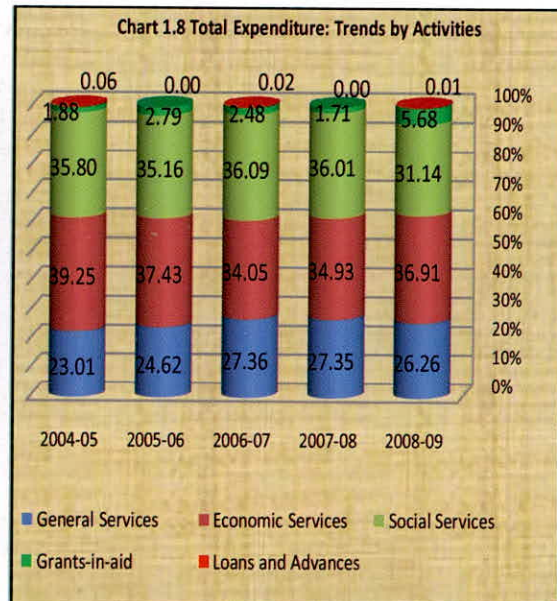
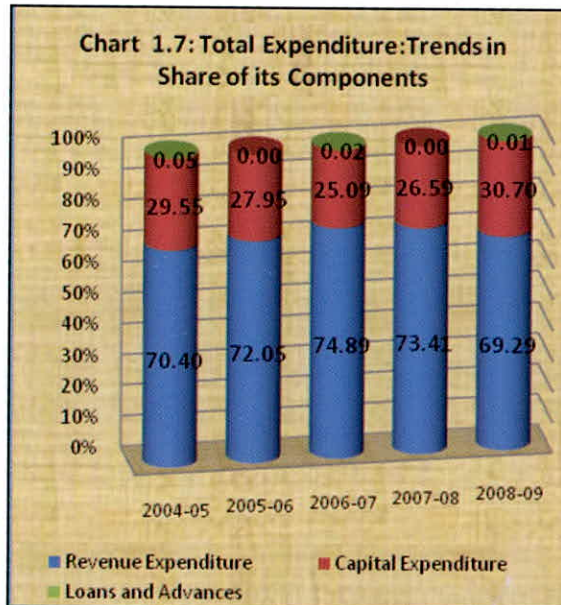
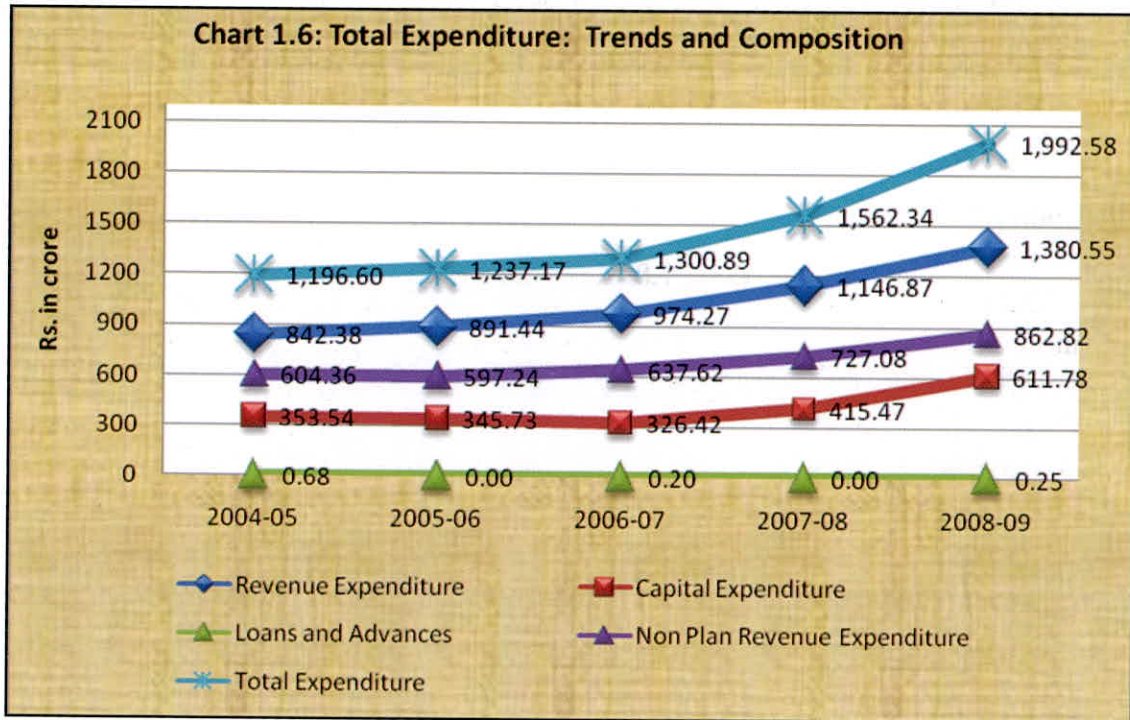
Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit 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.

1.4.1 Growth and Composition of Expenditure

Statement-12 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 1.6** presents the trends of total expenditure over a period of five years (2004-09) and its composition both in terms of

'economic classification' and 'expenditure by activities' is depicted respectively in **Charts 1.7 and 1.8**.

The total expenditure of the State has increased by 28 per cent from Rs. 1,562.34 crore in 2007-08 to Rs. 1,992.58 crore in 2008-09.



Total expenditure of Rs. 1,196.60 crore in 2004-05 increased to Rs. 1,992.58 crore in 2008-09. In relative terms, the revenue and capital components have increased by 63.89 per cent

and 73.04 *per cent* respectively during the period 2004-09. However, in absolute terms, increase was of the order of Rs. 538.17 crore in revenue expenditure and Rs. 258.24 crore in capital outlay during 2008-09 as compared to 2004-05. This trend indicates that the increase in capital and revenue expenditure was in the ratio of 1:2 during the last 5 year period. An increase of Rs. 430.25 crore in total expenditure (27.54 *per cent*) during 2008-09 over the previous year was mainly due to increase of Rs. 233.69 crore, Rs. 196.31 crore and Rs. 0.25 crore in revenue expenditure, capital expenditure and disbursement of loans and advances respectively. The increase of Rs. 233.68 crore in revenue expenditure in 2008-09 over 2007-08 was due to increase of Rs. 58.10 crore (14.97 *per cent*) on General Services mainly towards Council of Ministers, Administration of Justice, Training and Other Administrative Services, Rs. 73.57 crore (22.95 *per cent*) on Economic Services mainly towards Dairy Development, Crop Husbandry and Land Reforms and Rs. 102.01 crore (23.28 *per cent*) on Social Services mainly towards Water Supply Sanitation, Housing and Urban Development, Labour and Labour Welfare. The increase of Rs. 196.31 crore in capital outlay was due to increase on Economic Services (Rs. 103.33 crore) mainly on account of Transport, Irrigation and Flood Control, Industry and Minerals, General Services (Rs. 37.85 crore) major components of which were Public Works and Social Services (Rs. 55.12 crore), mainly due to increase in Medical and Public Health, Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes. During the current year, 88.24 *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 0.50 in 2008-2009 indicating a tendency to spend more than the increase in income and higher elasticity of total expenditure with respect to GSDP.

Revenue expenditure had predominant share in total expenditure. Revenue expenditure increased to maintain the current level of services and payment for the past obligation and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure of the State increased by 63.89 *per cent* from Rs. 842.38 crore in 2004-05 to Rs. 1,380.55 crore in 2008-09 and *also* increased by 20.38 *per cent* from Rs. 1,146.87 crore in 2007-08 to Rs. 1,380.55 crore in 2008-09. *A comparative position of Non-Plan Revenue Expenditure (NPRE) vis-a-vis assessment made by TFC revealed that NPRE was Rs. 243.06 crore (39.21 per cent) more than the assessment made by TFC.* The Plan Revenue Expenditure increased by Rs. 97.94 crore from Rs. 419.79 crore in 2007-08 to Rs. 517.73 crore in 2008-09.

The ratio of NPRE to GSDP remained constant at 33 *per cent* during 2004-09. The buoyancy of NPRE to GSDP increased from 1.11 in 2007-08 to 1.37 in 2008-09.

1.4.2 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 1.9**

and **Chart 1.9** present the trends in the expenditure on these components during 2006-09.

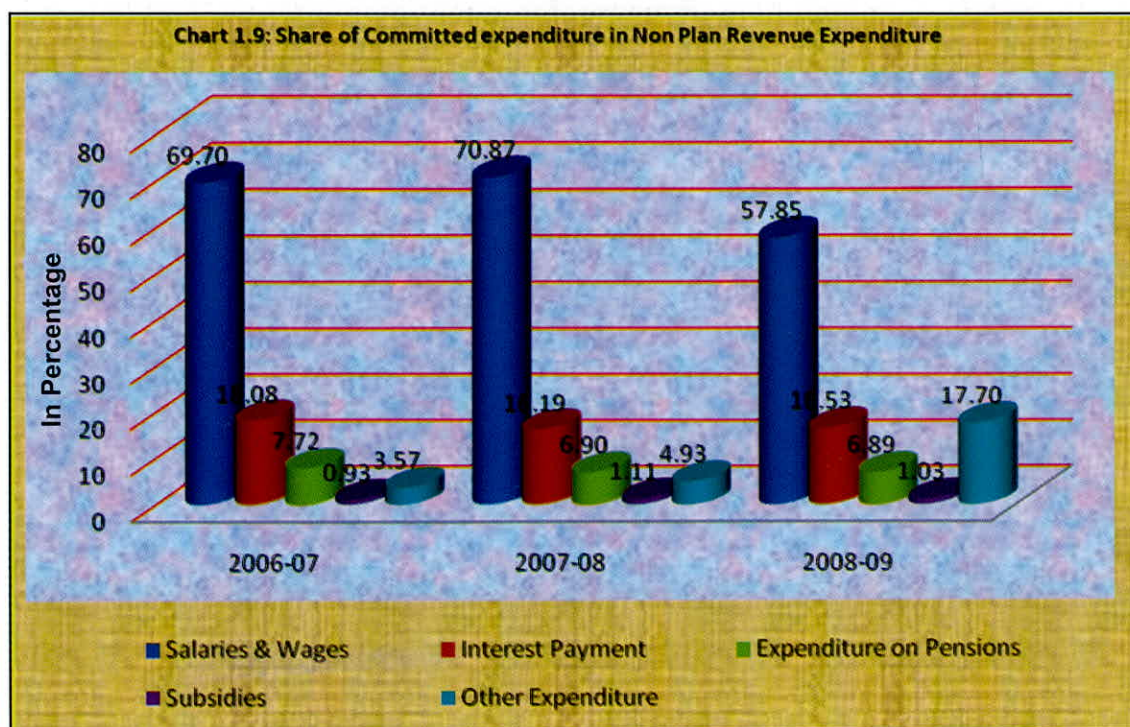
Table 1.9: Components of Committed Expenditure

(Rupees in crore)

Components of Committed Expenditure	2006-07	2007-08	2008-09	
			BE	Actuals
Salaries & Wages, Of which	444.42 (69.70)	515.28 (70.87)	418.98	499.16 (57.85)
Non-Plan Head	332.97	373.07	310.51	358.62
Plan Head**	111.45	142.21	108.47	140.54
Interest Payments	115.27 (18.08)	117.74 (16.19)	134.74	142.64 (16.53)
Expenditure on Pensions	49.24 (7.72)	50.19 (6.90)	54.65	59.45 (6.89)
Subsidies	5.91 (0.93)	8.08 (1.11)	9.41	8.93 (1.03)
Total :	614.84	691.29	617.78	710.18
As per cent of Revenue Receipts				
Salaries & Wages	36.93	34.40		28.39
Interest Payments	9.58	7.86		8.11
Expenditure on Pensions	4.09	3.35		3.38
Subsidies	0.49	0.54		0.51

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 28 *per cent* of revenue receipts of the State during the year. It decreased by about 3.13 *per cent* from Rs. 515.28 crore in 2007-08 to Rs. 499.16 crore in 2008-09 mainly due to payment of salaries of teachers of Primary and Junior High School through Panchayats. *The expenditure on salaries was 42.36 per cent of the revenue expenditure, net of interest payments and pension as against TFC norm of 35 per cent and constituted 101.56 per cent of own total tax and non tax revenue during 2008-09.*

Pension payment

Pension payments increased by 18.45 per cent from Rs. 50.19 crore in 2007-08 to Rs. 59.45 crore in 2008-09 which is more than the projection of Rs. 46.05 crore made by TFC. Pension payment accounted for 3.38 *per cent* of revenue receipts and 4.30 *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 21.14 *per cent* from Rs. 117.74 crore in 2007-08 to Rs. 142.64 crore in 2008-09. The interest payments of Rs. 142.64 crore in 2008-09 pertained to internal debt (Rs. 92.60 crore), loans received from Central Government (Rs. 23.04 crore) and Small Savings, Provident Fund, etc. (Rs. 27.00 crore). *The interest payment during 2008-09 although exceeded the normative projections of TFC (Rs. 110.18 crore) but relative to revenue receipts at 8.11 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 Rs. 5.91 crore in 2006-07, Rs. 8.08 crore in 2007-08 and Rs. 8.93 crore in 2008-09 on the various components like co-operation and food subsidies. During 2008-09, subsidy of Rs. 6.67 crore was paid on Food subsidies and Rs. 2.02 crore on marketing and quality control under Other Agricultural Programme.

1.4.3 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 1.10**.

Table 1.10: Financial assistance to Local Bodies etc

(Rupees in crore)

Financial Assistance to Institutions	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	1.35	1.05	0.93	0.81	1.24	0.76
Zilla Parishads and Other Panchayati Raj Institutions	6.91	21.77	24.96	24.13	113.19	110.85
Cooperative societies	2.65	0.96	1.12	1.36	0.50	0.53
Other Institutions (Housing Board etc.)	11.64	10.78	4.97	0.44	1.12	0.87
Total	22.55	34.56	31.98	26.74	116.05	113.01
Assistance as per percentage of RE	2.68	3.88	3.28	2.33		8.19

The total assistance at the end of the year 2008-09 had increased by 322.62 per cent over the level of 2007-08 mainly due to the increase in assistance to Zilla Parishads and Other Panchayati Raj Institutions as the establishment expenses including salaries (Rs. 106.64 crore) of Lower Primary Schools and Junior High Schools was transferred to the Panchyati Raj Institutions as grants- in -aid by the State Government.

1.5 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).

1.5.1 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 requires the States to step up their expenditure on key social services like, education, health etc. The low level of spending on any sector by a particular State may be either due to low fiscal priority attached by the State Government or on account of the low fiscal capacity of the State Government or due to both working together. The low fiscal priority (ratio of expenditure category to aggregate expenditure) is attached to a particular sector if it is below the respective national average while the low fiscal capacity would be reflected if the State's per capita expenditure is below the respective national average even after having a fiscal priority that is more than or equal to the national average. **Table 1.11** analyses the fiscal priority and fiscal capacity of the State Government with regard to developmental expenditure, social sector expenditure and capital expenditure during the

current year.

Table 1.11: Fiscal Priority and Fiscal capacity of the State in 2005-06 and 2008-09

Fiscal Priority by the State	AE/GSDP	DE/AE	SSE/AE	CE/AE
All States/National Average* (Ratio) 2005-06	19.50	61.44	30.41	14.13
Sikkim's Average (Ratio) 2005-06	72.04	75.34	36.14	27.97
All States/National Average* (Ratio) 2008-09	19.16	65.68	33.90	16.87
Sikkim's Average (Ratio)* 2008-09	76.28	73.72	36.67	30.70
Fiscal Capacity of the State	DE#	SSE	CE	
All States Average per capita expenditure 2005-06	3,010	1,490	692	
Sikkim's per capita expenditure (Amount in Rs) in 2005-06	18,640	8,940	6,920	
Adjusted per capita** expenditure (Amount in Rs) in 2005-06	NR	NR	NR	
All States' Average per capita expenditure 2008-09	5,030	2,520	1,254	
Sikkim's per capita expenditure (Amount in Rs) in 2008-09	24,484	12,180	10,196	
Adjusted per capita** expenditure (Amount in Rs) in 2008-09	NR	NR	NR	

* As per cent to GSDP
 ** Calculated as per the methodology explained in the Appendix 1.2. Figures of Arunachal Pradesh not included in calculating the All States average.
 AE: Aggregate Expenditure DE: Developmental Expenditure SSE: Social Sector Expenditure CE: Capital Expenditure.
 Population of Sikkim: 0.05 crore in 2005-06 and 0.06 crore in 2008-09.
 # Developmental Expenditure includes Developmental Revenue Expenditure, Developmental Capital Expenditure and Loans and Advances disbursed.
 Source : (1) For GSDP, the information was collected from the State's Directorate of Economics, Statistics, Monitoring & Evaluation (2) Population figures were taken from Projection 2001-2026 of the Registrar General & Census Commissioner, India (Website: <http://www.censusindia.gov.in>), Population = Average of Projected population for 2005 and 2006.
 NR = No adjustment required since the State is giving adequate fiscal priority.

Table 1.11 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. 2008-09. The Government of Sikkim had a much higher AE/GSDP ratio in both years under consideration compared to the All States Average. This means that Sikkim is spending a much higher proportion of its GSDP as compared to other States. Similarly, the ratio of developmental expenditure, social sector expenditure and capital expenditure as a proportion of aggregate expenditure for Sikkim is also higher than the respective national averages. This indicates that Sikkim is giving adequate fiscal priority to all these categories of expenditure compared to other States.

Further, per capita expenditure in Sikkim is also much higher than the national average because its population base is relatively small compared to other States in India.

1.5.2 Efficiency of Expenditure Use

In view of the importance of public expenditure on developmental heads from the point of view of social and economic developmental, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods⁶. Apart from improving the allocation towards developmental expenditure⁷, 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 1.12** 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 1.13** provides the details of capital expenditure and the components of revenue expenditure incurred on the maintenance of the selected social and economic services.

Table 1.12: Developmental Expenditure

(Rupees in crore)

Components of Developmental Expenditure	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Developmental Expenditure (a to b)	919.91 (76.88)	932.53 (75.38)	944.80 (72.62)	1,135 (72.65)	1,530.53	1,469.04 (73.72)
a. Developmental Revenue Expenditure	582.86 (48.71)	604.17 (48.84)	639.44 (49.15)	758.81 (48.57)	967.82	934.39 (46.89)
b. Developmental Capital Expenditure	337.05 (28.17)	328.36 (26.54)	305.36 (23.47)	376.19 (24.08)	562.71	534.65 (26.83)

Figures in parenthesis indicate percentage to aggregate expenditure

Developmental expenditure of Rs. 919.91 crore in 2004-05 increased to Rs. 1,469.04 crore in 2008-09. However, its share in aggregate expenditure decreased from 76.88 per cent to 73.72 per cent during the period. The developmental expenditure was below the level of Budget Estimates for the year. *Non-plan developmental revenue expenditure (SS + ES) of Rs. 427.16 crore was higher than the TFC Projection of Rs. 300.82 crore for the State during 2008-09.*

⁶Core 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 subsidized 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 subsidized 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.

⁷The 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 1.13: Efficiency of Expenditure Use in Selected Social and Economic Services*(In per cent)*

Social/Economic Infrastructure	2007-08			2008-09		
	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	7.62	82.86	0.00	9.38	42.51	0.00
Health and Family Welfare	3.40	61.01	0.51	7.40	63.22	1.28
Water Supply, Sanitation, & Housing & Urban Development	71.89	29.02	54.10	66.58	17.30	32.01
Other Social Services	7.30	18.65	14.64	3.35	20.47	22.14
Total (SS)	23.61	61.39	8.10	26.07	38.18	8.66
Economic Services (ES)						
Agri & Allied Activities	5.06	39.06	0.75	5.60	39.21	0.72
Irrigation and Flood Control	17.21	28.99	5.40	15.31	16.33	4.48
Power & Energy	55.51	47.31	19.14	55.44	43.49	17.74
Transport	60.54	61.29	2.36	72.21	62.06	1.97
Other Economic Services	55.42	25.66	0.02	48.50	28.05	0.01
Total (ES)	42.89	40.12	3.23	46.61	39.76	3.17
Total (SS+ES)	33.14	52.48	6.05	36.39	38.88	6.35

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).

Table 1.13 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 2007-08 and 2008-09.

The ratio of salary and wages component of expenditure decreased under economic services by 0.36 *per cent* and social services by 23.21 *per cent* as compared to previous year. The decrease however was mainly due to the increase in revenue expenditure which is the denominator in calculating the ratio and the transfer of salaries of Lower Primary Schools and Junior High Schools to the Panchyati Raj Institution as grants-in-aid by the State Government. The ratio of CE to TE and share of O & M of both Social Services and Economic Services had increased as compared to previous year. All these indicate positive trends of expenditure.

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

Two performance reviews pertaining to 'Development of Hydro Power Projects-Public Private Participation' and 'Implementations of Irrigation schemes' included in a separate Report of Comptroller and Auditor General of India for the year ended 31 March 2009 highlights the following aspects:

(i) Development of Hydro Power Projects-Public Private Participation

The State Government considered harnessing the huge hydro power potential through private sector investment with a view to turnaround the State's economy and avoid its dependence upon central transfers for development. With the liberalisation of Power policy by the Government of India, the State Government identified 35 hydro power projects with an aggregate installed capacity of 5,741.20 MW and invited the Independent Power Producers (IPPs) for development of projects since 2001-02. Performance audit of Development of Hydro Power Projects by the State Government through Private Sector participation revealed that the State had neither finalised its hydro power policy nor prepared a time bound plan till date for implementation of the projects. Absence of a firm and well defined policy led to inconsistency in award of projects and lack of a well thought of revenue model resulted in loss of potential revenue. Besides, the State also did not take sufficient precaution against degradation of environment.

(Paragraph 1.1 of Audit Report 2008-09)

(ii) Implementation of Irrigation Schemes

Out of a total geographical area of 7,09,600 hectares, the estimated area to be brought under assured irrigation system was 86,000 hectares. As on 1 April 2005, the area under assured irrigation was 23,864.05 hectares and during 2004-09, an additional area of 4,055.30 hectares was brought under assured irrigation. The Department has ensured that implementation of Minor Irrigation Scheme (MIS) in Sikkim did not suffer from any cost overrun. However, performance review indicated that there was absence of positive impact on agricultural productivity, underperformance in the areas of survey, investigation and ensuring supply of water during lean period. There was also loss of revenue due to non imposition of water tax, defunct schemes with consequential unfruitful expenditure, avoidable expenditure due to absence of uniform design specification for channels and unfruitful construction of Minor Irrigation Schemes.

(Paragraph 1.2 of Audit Report 2008-09)

1.6 Financial Analysis of Government Expenditure and Investments

Though the State has not enacted a fiscal responsibility legislation it is expected to keep its fiscal deficit (and borrowing) not only 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.

1.6.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2009 is given in **Table 1.14**.

Table 1.14: Department-wise Profile of Incomplete Projects

(Rs in Crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Revised Total Cost	Cost Over Run	Actual exp as on 31.3.2009
Energy and Power Department	18	306.21	450.18	143.97	306.11
Human Resources Development Department	78	77.19	77.19	-	25.44
Building & Housing Department	14	84.34	88.16	3.82	41.62
Health Care, Human Services & Family Welfare	5	6.08	6.08	-	3.03
Roads and Bridges Department	9	10.08	10.08	-	2.17
Irrigation and Flood Control Department	4	1.86	1.86	-	0.77
Total	128	485.76	633.55	147.79	379.14

As per the information received from the State Government, there were 128 incomplete projects as on 31 March 2009 in which Rs. 379.14 crore were blocked out of which 68 works were due to be completed within 31 March 2009. The cost of 10 incomplete projects was revised and increased by Rs. 147.79 crore (72.47 per cent). Out of the total cost overrun of Rs. 147.79 crore, Rs. 143.97 crore pertained to Energy and Power Department involving 8 works and Rs. 3.82 crore pertained to Building and Housing Department involving two works. 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 of scope of works.

1.6.2 Investment and returns

As on 31 March 2009, Government had invested Rs. 85.59 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives (**Table 1.15**). The average return on this investment was 1.08 per cent in the last three years while the Government paid an average interest rate of 8.40 per cent on its borrowings during 2008-09.

Table 1.15: Return on Investment

Investment/Return/Cost of Borrowings	2004-05	2005-06	2006-07	2007-08	2008-09	
					BE	Actual
Investment at the end of the year (Rs in crore)	77.46	82.48	83.40	83.41	—	85.59
Return (Rs in crore)	0.92	1.14	0.76	0.68	75	1.31
Return (<i>per cent</i>)	1.19	1.38	0.91	0.82	—	1.53
Average rate of interest on Govt borrowing (<i>per cent</i>)	9.29	9.10	8.74	8.83	—	8.40
Difference between interest rate and return (<i>per cent</i>)	8.10	7.72	7.83	8.01	—	6.87

As on 31 March 2009, Government invested in three Statutory Corporations viz, SBS, SMC, STCS (Rs. 8.26 crore), 21 Companies viz, Sikkim Time Corporation Limited, Sikkim Industrial Development & Investment Corporation Limited, Sikkim Tourism Development Corporation, Sikkim Jewels Limited etc. (Rs. 65.29 crore) and 8 Bank and Co-operative Societies (Rs. 12.04 crore). The return on these investments were however negligible as most of the statutory corporations/companies and/or co-operative societies were incurring losses. During the year 2008-09 (as per finalised accounts as on 30 September 2009), six PSUs⁸ incurred a loss of Rs. 3.50 crore whereas four PSUs⁹ earned a profit of Rs. 3.18 crore. Sikkim Power Development Corporation did not prepare a Profit & Loss Account. The working statutory Corporations viz. State Bank of Sikkim and State Trading Corporation of Sikkim earned profit of Rs. 1.72 crore and Rs. 0.62 crore respectively. Sikkim Industrial Development & Investment Corporation Limited (SIDICO) earned a profit of Rs. 0.81 crore. The Sikkim Times Corporation Limited incurred a significant loss of Rs. 2.56 crore.¹⁰

A performance review on 'Performance of Sikkim Nationalised Transport' included in a separate Report of the Comptroller and Auditor General of India for the year ended 31 March 2009 highlights the following aspects:

⁸ Sikkim Poultry Development Corporation, Sikkim Hatcheries Limited, Scheduled Tribe/Scheduled Caste & Other Backward Classes Development Corporation Limited, Sikkim Jewels Limited, Sikkim Time Corporation Limited and Sikkim Precision Limited.

⁹ Sikkim Industrial Development & Investment Corporation Limited, Sikkim Tourism Development Corporation Limited, State Bank of Sikkim and State Trading Corporation of Sikkim.

¹⁰ Accounts of Sikkim Time Corporation Limited for the year 2005-06 finalised during the year 2009-10.

Performance of Sikkim Nationalised Transport

The Sikkim Nationalised Transport (SNT) provides public transport in the State through its 12 depots. The SNT had fleet strength of 96 buses and 85 trucks & tankers as on 31 March 2009 and carried an average of 0.02 lakh passengers per day during 2004-09. The performance audit of the SNT was conducted to assess efficiency and economy of its operations, possibility of realigning the business model to tap non-conventional sources of revenue, existence and adequacy of fare policy and effectiveness of the top management in monitoring the affairs of the SNT. It was noticed that the SNT is incurring losses, mainly due to its operational inefficiencies which can be controlled by taking adequate measures to improve the fleet utilisation, creating a regulator to regulate fares and services on uneconomical routes, tapping non-conventional sources of revenue and creation of separate cost centres for buses, trucks and tankers.

(Paragraph 1.3 of Audit Report 2008-09)

1.6.3 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/ organizations. **Table 1.16** presents the outstanding loans and advances as on 31 March 2009, interest receipts vis-à-vis interest payments during the last three years.

Table 1.16: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

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

Interest received was “nil” during 2006-09 primarily due to the failure of the statutory corporations/ Government companies/ co-operative societies to pay the interest on Government loans. Considering the scenario, it is unlikely that the State will achieve the targeted rate of growth of 7 *per cent* in interest receipts by the terminal year (2009-10) on outstanding loans and advances as recommended by the TFC.

1.6.4 Cash Balances and Investment of Cash balances

Table 1.17 depicts the cash balances and investments made by the State Government out of cash balances during the year.

Table 1.17: Cash Balances and Investment of Cash balances

(Rs in crore)

Particulars	As on 1 April 2008	As on 31 March 2009	Increase/ Decrease
Cash Balances	61.47	83.34	21.87
Investments held in Cash Balances (a to d)			
a. GOI Treasury Bills	-	-	-
b. GOI Securities	-	-	-
c. Other Securities, if any specify	-	-	-
d. Other Investments	386.00	495.00	109.00
Fund-wise Break-up of Investment from Earmarked balances (a to c)			
a. Sinking fund	90.39	102.12	11.73
b. Calamity Relief fund	10.28	7.13	(-)3.15
c. Guarantee Redemption Fund	5.72	7.72	2.00
Interest Realized	9.70	25.60	15.90

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 Sikkim¹¹ has been vested with the responsibility by the Government of Sikkim of receiving money on behalf of Government and making all Government payments and keeping custody of the balances of Government in Current Account as well as in Fixed Deposits that may be made through the branches of Bank. There is a balance of Rs. 81.61 crore with State Bank of Sikkim as on 31 March 2009 as per the record of Office of the Accountant General (Accounts & Entitlement), Sikkim. However, as per the record of the State Bank of Sikkim, the Cash Balance of the Government amounts to Rs. 83.34 crore leaving behind an unreconciled balance of Rs. 1.73 crore.

The efficiency of handling the cash balances by the State can also be assessed by monitoring the trends in monthly daily average of cash balances held by the State to meet its normal banking transactions. **Table 1.18** presents the trends in monthly average daily cash balances and the investments in Auction Treasury Bills for the last three years (2006-09).

¹¹ Functions of the Reserve Bank of India for Government transactions were not extended to Sikkim. State Bank of Sikkim has been vested with the responsibility of receiving money on behalf of the Government, making all payments and keeping custody of the balances of the Government in current account as well as in fixed deposits

Table 1.18: Trends in Monthly Average Daily Cash Balances and the Investments in Auction Treasury Bills, etc.

(Rs in crore)

Month	Monthly Average Daily Cash Balances			Investment in other Fixed Deposits etc		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
April	27.48	20.48	20.45	75.80	53.00	256.00
May	16.97	26.35	26.25	45.80	53.00	297.50
June	30.04	25.04	24.88	5.80	78.00	327.50
July	31.05	20.01	26.50	98.80	53.00	387.50
August	17.96	31.23	21.00	100.80	90.00	382.50
September	32.18	28.01	31.11	40.80	232.11	372.50
October	29.30	27.72	34.21	35.80	227.11	256.50
November	26.70	20.54	32.23	110.80	227.11	285.00
December	22.91	18.77	29.91	105.80	272.11	649.00
January	33.47	44.29	22.68	110.80	267.11	604.00
February	33.78	29.97	14.85	160.80	398.11	609.00
March	56.83	29.20	29.21	153.00	386.00	495.00

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

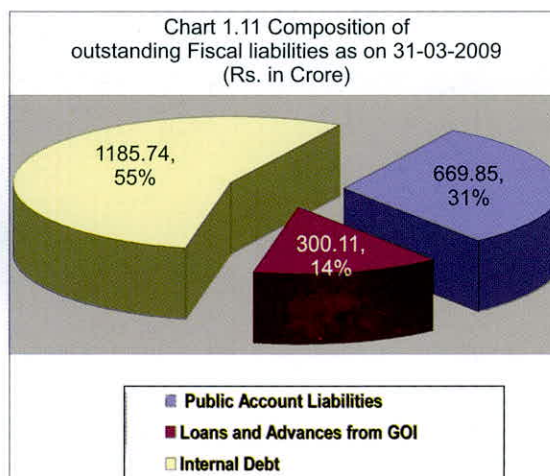
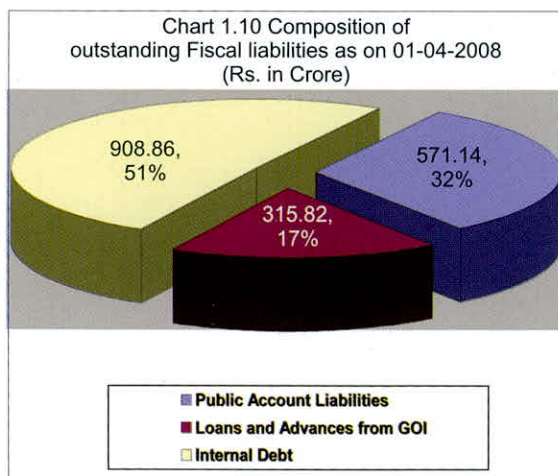
1.7 Assets and Liabilities

1.7.1 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 1.4** gives an abstract of such liabilities and the assets as on 31 March 2009, compared with the corresponding position on 31 March 2008. 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 the capital outlay and loans and advances given by the State Government and cash balances.

1.7.2 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 1.10** and **1.11**.



Overall fiscal liabilities of the State increased by Rs. 359.88 crore (20 per cent) from Rs. 1,795.82 crore in 2007-08 to Rs. 2,155.70 crore in 2008-09. The increase in fiscal liabilities was mainly due to increase in Internal debt (Rs. 276.88 crore) and Public Accounts liabilities (Rs. 98.71 crore), which was partially offset by a decrease in loans and advances from GOI (Rs. 15.71 crore). The ratio of these liabilities to GSDP increased from 78 per cent in 2007-08 to 83 per cent in 2008-09. The fiscal liabilities stood at nearly 1.23 times the revenue receipts and 4.39 times of State's own resources at the end of 2008-09. The buoyancy of these liabilities with respect to GSDP during the year was 1.57 indicating that for each one per cent increase in GSDP, fiscal liabilities grew by 1.57 per cent. As of March 2009, sinking fund balances stood at Rs. 102.12 crore which were invested as a fixed deposit in a nationalised bank.

1.7.3 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 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years are given in **Table 1.19**.

Table 1.19: Guarantees given by the Government of Sikkim

(Rupees 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)

Government has guaranteed loans raised by two corporations (Sikkim Power Development

Corporation Ltd - Rs. 50 crore and Sikkim State SC/ST/OBC Development Corporation Ltd - Rs. 25 crore). At the end of 2008-09, outstanding guarantees stood at Rs. 75 crore. 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 Rs. 75 crore given by the Government as on 31 March 2008 were within the ceiling limit prescribed under the Act.

However, the records of the corporations showed that as on 31 March 2009, guarantee amounting to Rs. 50.01 crore and Rs. 35.09 crore were outstanding against Sikkim Power Development Corporation Limited and Scheduled Tribe/Scheduled Caste & Other Backward Classes Development Corporation Limited respectively. A guarantee commission @ one per cent is to be charged by the State Government on any guarantee given to a public body. It was noticed that an amount of Rs. 0.20 lakh only was received during 2008-09 from Scheduled Tribe/Scheduled Caste & Other Backward Classes Development Corporation Limited but no guarantee commission was received from Sikkim Power Development Corporation Limited.

1.8 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability¹² of the State. This section assesses the sustainability of debt of the State Government in terms of debt stabilisation¹³; sufficiency of non-debt receipts¹⁴; net availability of borrowed funds¹⁵; burden of interest payments (measured by interest payments to revenue receipts ratio) and maturity profile of State Government securities. **Table 1.20** analyses the debt sustainability of the State according to these indicators for the period of three years beginning from 2006-07.

¹² The Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.

¹³ A 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 x 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.

¹⁴ Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.

¹⁵ Defined 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.

Table 1.20: Debt Sustainability: Indicators and Trends

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

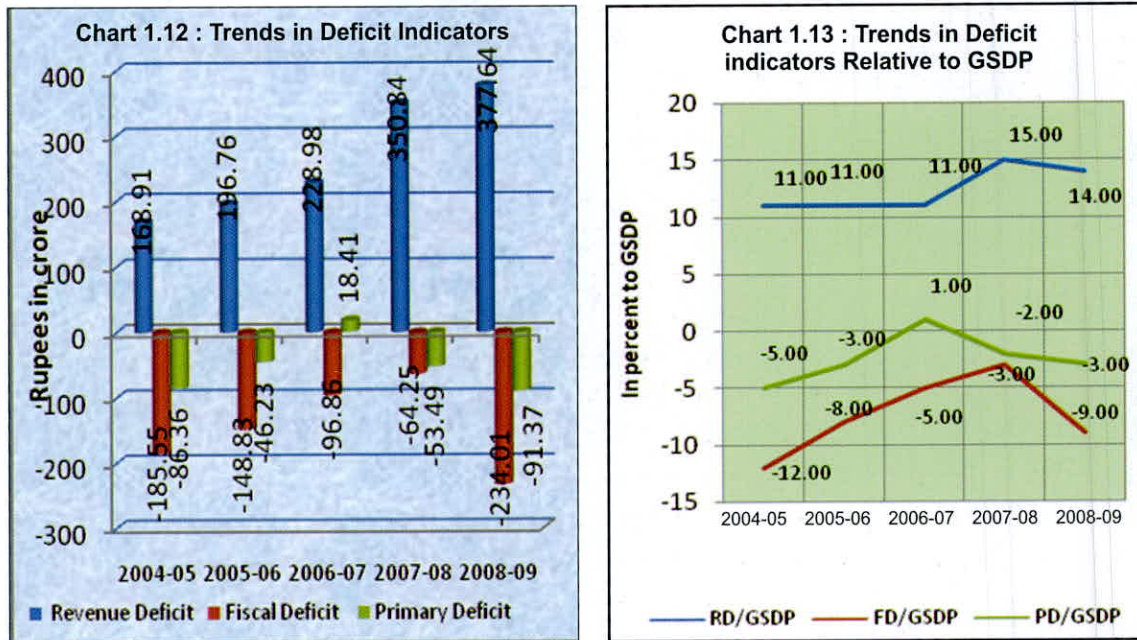
The sum of the quantum spread and primary deficit was positive during 2006-09 indicating declining trend of debt-GSDP ratio. Net fund available was positive indicating that Rs. 160.73 crore of the total debt receipts were utilised for other purposes rather than for discharging past debt obligation. The maturity profile of the State Government indicates that 23.12 *per cent* of the total Public Debt are repayable within the next five years while the remaining 76.88 *per cent* loans to be paid in more than five years time.

1.9 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 and also the assessment of actual levels of revenue and fiscal deficits vis-à-vis targets set under FRBM Act/Rules for the financial year 2008-09.

1.9.1 Trends in Deficits

Charts 1.12 and 1.13 present the trends in deficit indicators over the period 2004-09



The revenue account of the State had exhibited consistent improvement during the period 2004-09 as the State had not only maintained revenue surplus but its surplus position has improved during the last five years. An increase of Rs. 26.80 crore in revenue surplus during the current year was mainly on account of enhancement in revenue receipts by Rs. 260.48 crore as against the increase of Rs. 233.68 crore in revenue expenditure over the previous year. This improvement in revenue account during 2008-09 was mainly on account of steep increase of Rs. 178.92 crore in Central transfers comprising of State's share in Central taxes and duties and grants-in-aid from GOI which contributed around 72 per cent of total revenue receipts during the year.

Huge revenue surplus in 2008-09 accompanied by increase in capital expenditure (Rs. 198.31 crore) in 2008-09 together with disbursement of loans and advances led to an increase of Rs. 169.76 crore in fiscal deficit during 2008-09. Increase in fiscal deficit accompanied by an increase in interest payment resulted in primary deficit of Rs. 91.37 crore against the primary deficit of Rs. 53.49 crore in 2007-08.

1.9.2 Components of Fiscal Deficit and its Financing Pattern

The financing pattern of the fiscal deficit has undergone a compositional shift as reflected in Table 1.21.

Table 1.21: Components of Fiscal Deficit and its Financing Pattern

(Rupees in crore)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
	Decomposition of Fiscal Deficit	185.55	148.83	96.86	64.25	234.00
1	Revenue surplus	168.91	196.76	228.98	350.84	377.65
2	Net Capital Expenditure	353.54	345.73	326.42	415.47	611.78
3	Net Loans and Advances	0.92	-0.14	-0.58	-0.38	-0.13
	Financing Pattern of Fiscal Deficit*					
1	Market Borrowings	66.67	101.72	106.46	233.17	276.88
2	Loans from GOI	42.60	10.94	-2.75	-9.10	-15.71
3	Small Savings, PF etc	24.45	12.98	16.25	13.98	29.27
4	Deposits and Advances	3.43	3.09	5.46	3.59	23.24
5	Suspense and Misc	53.92	11.09	5.63	31.28	-5.42
6	Remittances	74.47	-56.32	11.92	17.94	49.13
7	Reserve fund	14.47	15.60	3.37	42.99	13.08
	Contingency fund transaction	0.50	-0.10	0.10	0	0
8	Overall Surplus/Deficit	94.96	-49.83	49.58	269.6	136.47

*All these figures are net of disbursements/outflows during the year

The State had fiscal deficit during all the five years (2004-09) which increased from Rs. 185.55 crore in 2004-05 to Rs. 234.01 crore in 2008-09. The fiscal deficit was mainly financed by the market borrowings. Even though there was huge revenue surplus of Rs. 377.65 crore during 2008-09, there was fiscal deficit of Rs. 234.00 crore due to enhancement in capital expenditure mainly on account of increase of expenditure on Transport, Irrigation and Flood Control, Public Works etc.

1.9.3 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 1.22**) 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 1.22: Primary Deficit/Surplus – Bifurcation of factors*(Rupees 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)
2004-05	1,011.05	743.19	353.54	0.68	1,097.41	(+) 267.86	(-) 86.36
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	0.2	1,185.62	(+) 345.03	(+) 18.41
2007-08	1,498.09	1,029.13	415.47	0	1444.6	(+)468.96	(+)53.49
2008-09	1,758.58	1,237.92	611.78	0.25	1,849.95	(+)520.66	(-)91.37

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2004-09 reveals (Table 1.18) 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 deficit of Rs. 91.37 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.

1.9.4 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 1.23 presents the change in revenue receipts of the State and the correction of the deficit during the last three years.

Table 1.23: Change in revenue Receipts and Correction of Deficit*(Per cent of GSDP)*

Parameters	2006-07	2007-08	2008-09	
			BE	Actual
Revenue Receipts (a to d)	59.03	65.18	67.99	67.31
a. State's Own Tax Revenue	8.50	8.61	5.78	7.63
b. State's Own Non- tax Revenue	8.43	9.23	8.92	11.19
c. State's Share in Central Taxes and Duties	10.93	15.02	11.53	13.94
d. Grants-in-aid	31.18	32.32	41.76	34.55
Revenue Expenditure	47.79	49.91	51.51	52.85
Revenue Deficit/Surplus	11.23	15.27	16.48	14.46
Fiscal Deficit/Surplus	-4.75	-2.80	-18.24	-8.96

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 are comprised 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 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.

1.10 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 but primary deficit continued to increase after recording surplus in 2006-07. During the current year, there was a significant improvement in revenue surplus over the previous years. Though there was an increase in revenue surplus by Rs. 26.80 crore, the fiscal deficit increased by Rs. 169.76 crore during 2008-09 over the previous year mainly due to increase in both the Revenue and capital heads. Capital expenditure increased by Rs. 196.31 crore (47.25 *per cent*) over the previous year.

During 2008-09, 72 *per cent* of the total revenue came from the Government of India as Central transfers (21 *per cent*) and grants-in-aid (51 *per cent*) while the Own Tax Revenue (OTR) of the State constituted 11 *per cent*. The OTR exceeded normative assessment made by the Twelfth Finance Commission (TFC) for the State for 2008-09 (Rs. 179.29 crore) and State's own projection in the Budget Estimates 2008-09. Similarly, non-tax revenue (NTR) also exceeded both the TFC projection and State's own projection made in the Budget Estimates as well as in Revised Estimates for the year 2008-09. The buoyancy of revenue with reference to GSDP reduced to 1.27 *per cent* in 2008-09 from 1.92 *per cent* in 2007-08 indicating that the rate of growth of revenue receipts though higher than the GSDP growth rate in the State, was falling.

During 2008-09, the revenue expenditure stood at Rs. 1,380.55 crore (69.28 *per cent* of the total expenditure) which grew by Rs. 233.68 crore over the previous year while the expenditure incurred under capital head was Rs. 611.78 crore (30.70 *per cent* of the total expenditure) which grew by Rs 196.31 crore over the previous year.

Developmental expenditure of Rs. 919.91 crore in 2004-05 increased to Rs. 1,469.04 crore in 2008-09. However, its share in aggregate expenditure decreased from 76.88 *per cent* to 73.73 *per cent* during the period. A comparative position of Non-Plan Revenue Expenditure (NPRE) vis-a vis assessment made by TFC revealed that NPRE was higher than the assessment made by TFC by Rs. 243.06 crore (39.21 *per cent*).

The percentage of outstanding liabilities to GSDP (83 *per cent*) during 2008-09 was higher than 2007-08 (78 *per cent*). According to recommendation of the TFC, the State should

follow a recruitment and wages policy, in a such manner that the total salary bills relative to revenue expenditure net of interest payments and pension does not exceed 35 *per cent*. However, the expenditure on salaries and wages (decreased by 3.13 *per cent* from Rs. 515.28 crore in 2007-08 to Rs. 499.16 crore in 2008-09) was 42.36 *per cent* of the revenue expenditure, net of interest payments and pension. During 2008-09, interest receipts as percentage of outstanding loans and advances was 'nil' against interest payments as percentage of outstanding fiscal liabilities of the State Government at 6.62. The interest payment during 2008-09 although exceeded the normative projections of TFC (Rs. 110.60 crore) but relative to revenue receipts at 8.11 *per cent* remained well within the norms of 15 *per cent* recommended by the TFC.

Investment of the Government money in the Government companies and statutory corporations are increasing year after year, but a return of only 1.53 *per cent* from this investment has been received by the Government during 2008-09.

There were either delay in implementation of projects in the State or the State was unable to commence implementation of projects and effectively implement schemes and programmes due to which 68 projects remained incomplete at the end of March 2009 even after expiry of its completion date inviting the risk of cost overrun on the projects.

Review of Government investments: A performance-based system of accountability should be put in place in the Government companies/statutory corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the companies/corporations which are endowed with low financial but high socio-economic returns and justify if high cost borrowings are worth to be channelised there.

Oversight of funds transferred directly from the Government of India (GOI) to the State implementing agencies: As long as these funds remain outside the State budget, 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.

Cost of collection: The percentage of expenditure on collection during 2008-09 as compared to the corresponding all India average percentage for 2007-08 was high in the cases of sales tax, state excise and taxes on vehicles which the Government needs to look into.

CHAPTER II
FINANCIAL MANAGEMENT AND
BUDGETARY CONTROL

CHAPTER II 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 provisions and are therefore complementary to 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 provisions 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 2008-2009 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

(Rupees in crore)

	Nature of Expenditure	Original grant/ Appropriation	Supplementary grant/ Appropriation	Total	Actual Expenditure	Saving (-)/ Excess (+)
<i>Voted</i>	I Revenue	2,103.76	168.18	2,271.94	2,131.06	-140.88
	II Capital	827.69	143.91	971.60	611.78	-359.82
	III Loans and Advances	0.25	Nil	0.25	0.25	0.00
Total Voted		2,931.70	312.09	3,243.79	2,743.09	-500.70
Charged	IV Revenue	156.43	7.00	163.43	165.24	1.81
	V Capital	Nil	Nil	Nil	Nil	Nil
	VI Public Debt- Repayment	77.61	Nil	77.61	76.28	-1.33
Total Charged		234.04	7.00	241.04	241.52	0.48
Appropriation to Contingency Fund (if any)		Nil	Nil	Nil	Nil	Nil
Grand Total		3,165.74	319.09	3,484.83	2,984.61*	-500.22

* These are gross expenditure including actual recoveries in 5 grants (3,19,31,34 and 35) amounting to Rs. 2.69 crore under Revenue.

The overall saving of Rs. 500.22 crore was the result of actual saving of Rs. 502.20 crore in 42 grants and 2 appropriations under Revenue Section, 28 grants under Capital Section and one grant (Public Debt-Repayments) under Loan Section, offset by excess of Rs 1.98 crore in three grants under Revenue Section and one grant under Capital Section.

The savings/excesses (Detailed Appropriation Accounts) were intimated (July 2009) to the Controlling Officers requesting them to explain the significant variations. Explanations for variation were not received (November 2009) in respect of 70 sub-heads (Saving: 50 sub-heads and Excess: 20 sub-heads).

The departments which did not submit the reasons for having substantial savings/excess expenditure are detailed below:

Table 2.2

(Rupees in lakhs)

Sl.No	Grant No. and Name	Head of Account	Amount
Excess			
1	10, Finance, Revenue & Expenditure	2071.01.101	32.12
2	38, Social Justice, Empowerment and Welfare	2215.01.789.00	24.73
Savings			
1	6, Ecclesiastical	2250.00.103.00	131.33
2	33, Water Security & Public Health Engineering	4215.01.101.60	149.78
3	33, Water Security & Public Health Engineering	4215.02.106.61	125.09
4	38, Social Justice, Empowerment and Welfare	4235.02.102.39	500.00

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 11 cases, savings exceeded Rs. 10 crore in each case and also by more than 20 per cent of total provision (**Appendix 2.1**). Against the total savings of Rs. 502.20 crore, savings of Rs. 205.27 crore (40.87 per cent) occurred in 3¹ cases relating to 3 grants as indicated in **Table 2.3**.

Table 2.3: List of Grants with savings of Rs. 50 crore and above

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Original	Supplementary	Total	Actual Expenditure	Savings
	Capital-Voted					
1	31-Energy and Power	133.08	5.00	138.07	52.14	85.94
2	34-Roads and Bridges	162.78	42.31	205.09	150.49	54.60
3	40-Tourism	105.75	4.27	110.02	45.29	64.73
				Total		205.27

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI, (ii) excess provision proposed in the Budget, (iii) non receipt of funds from North East Council and (iv) non utilisation of fund due to receiving it at the fag end of the year.

2.3.2 Persistent Savings

In 4 cases, during the last five years there were persistent savings of more than Rupees one crore in each case and also by 14 per cent or more of the total grant (**Table 2.4**).

Table 2.4: List of Grants indicating Persistent Savings during 2004-09

(Rupees in crore)

Sl. No.	No. and Name of the Grant	Amount of savings				
		2004-05	2005-06	2006-07	2007-08	2008-09
	Revenue-Voted					
1	39- Sports & Youth Affairs	1.22 (31)	2.35 (28)	1.11 (14.70)	1.24 (16.92)	4.55 (45.45)
	Capital-Voted					
2	31- Energy and Power	35.81 (26)	47.66 (35)	134.62 (77.84)	98.22 (71.65)	85.93 (62.23)
3	40- Tourism	10.13 (62)	11.68 (46)	17.78 (44.80)	19.32 (37.77)	64.72 (58.82)
4	34- Roads & Bridges	59.50 (48.17)	39.43 (40.19)	85.05 (62.26)	88.36 (58.34)	54.60 (26.62)

(Figures in the bracket indicate percentage to total provision)

Reasons for savings were mainly due to (i) non-receipt of funds from the GOI (ii) excess

¹Exceeding Rs. 50 crore in each case.

provision proposed in the Budget and (iii) non utilisation of funds due to receiving it at the fag end of the year.

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, but 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 amounting to Rs. 38.80 crore for the years 2004-2008 was yet to be regularised as detailed in **Table 2.5**.

Table 2.5: Excess over provisions relating to previous years requiring regularisation

(Rupees in crore)

Year	Number of		Amount of excess over provision	Status of Regularisation
	Grants	Appropriations		
2004-05	04 (Grant nos 2,10,23,24)	01 (Governor)	24.82	Recommended for regularisation by PAC in February 2009.
2005-06	07 (Grant nos 2,3,7,10,14,23,24)	02 (Governor and Public Service Commission)	10.96	Not yet discussed by PAC
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	Not yet discussed by PAC
Total			38.80	

2.3.4 Excess over provisions during 2008-09 requiring regularisation

Table 2.6 contains the summary of total excess in two grants amounting to Rs. 1.98 crore over authorisation from the Consolidated Fund of State during 2008-09 and requires regularisation under Article 205 of the Constitution.

Table 2.6: Excess over provision requiring regularisation during 2008-09

(Rupees in crore)

Sl. No.	Number and title of grant/appropriation	Total grant/appropriation	Expenditure	Excess
A. Voted Grants -				
33	Water Security & Public Health Engineering	10.26	10.33	0.07
B. Charged Grants -				
10	Finance, Revenue and Expenditure	154.46	156.37	1.91
Total: A and B		164.72	166.70	1.98

(Reasons for the eventual excesses has not been intimated)

2.3.5 Unnecessary/Excessive/Inadequate supplementary provision

Supplementary provision aggregating Rs. 129.77 crore obtained in 20 cases, (Rs. 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 case of grant no.10 pertaining to Finance, Revenue & Expenditure Department, supplementary provision of Rs. 5.99 crore proved insufficient by more than Rs. 1 crore leaving an aggregate uncovered excess expenditure of Rs. 1.91 crore (Original Provision Rs.148.47 crore and total expenditure Rs. 156.37 crore).

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 Rs 3.34 crore under 8 sub-heads. There was excess of Rs. 0.97 crore in 04 sub-heads as detailed in **Appendix 2.3(A)** and savings of Rs. 2 crore in 04 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 48 sub-heads on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to Rs. 2.17 crore on these 48 schemes, Rs. 1.93 crore (89 *per cent*) were surrendered, which included *per cent* surrender on 16 schemes (Rs. 42.94 crore). The details of such cases audited/verified by Audit are given in **Appendix 2.4**.

2.3.8 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 2008-09, there were, however, 15 grants/appropriations in which savings occurred but no part of which had been surrendered by the concerned departments. The amount involved in these cases was Rs. 11.96 crore (2.38 *per cent* of the total savings) (**Appendix 2.5**).

Similarly, out of total savings of Rs. 502.20 crore under 12 other grants/appropriations (savings of Rs. 1 crore and above were indicated in each grant/appropriation) amount of Rs. 57.65 crore (11.47 *per cent* of total savings) were not surrendered, details of which are given in **Appendix 2.6**. Besides, in 26 cases, (surrender of funds in excess of Rs. 1 crore), Rs. 309.07 crore were (**Appendix 2.7**) surrendered on the last two working days of March 2009 indicating inadequate financial control and the fact that these funds could not be utilised for other developmental purposes.

2.3.9 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, in respect of 29 heads listed in **Appendix 2.8**, expenditure exceeding Rs. 1 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2009.

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing months of the financial year, is to be regarded as a breach of financial propriety and should be avoided. It was, however, noticed that the department did not follow the rules and incurred huge expenditure in March and last quarter of the years 2006-09 as detailed in the appendix.

The expenditure during the last quarter was up to 100 per cent of total provision during the year. Further, expenditure was also up to 100 per cent of total expenditure in March 2009, which was contrary to aforesaid provision.

2.4 Non-reconciliation of Departmental figures

2.4.1 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

As per Sikkim Financial Rule, 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. The total amount of DC bills received during the period 2004-2009 was only Rs. 98.16 crore against the amount of AC bills of Rs. 309.10 crore (Rs. 43.38 crore (OB) + 265.72 crore) leading to an outstanding balance of DC bills of Rs. 210.94 crore as on 31 March 2009. Year wise details are given in the following table.

Table 2.7

(Rupees in crore)

Year	Amount of AC bills			Amount of DC bills	DC bills as percentage to AC bills	Outstanding AC bills
	Opening Balance	Addition	Total			
2004-05	43.38	17.82	61.20	5.23	8.55	55.97
2005-06	55.97	17.77	73.74	6.99	9.47	66.75
2006-07	66.75	64.61	131.36	36.04	27.43	95.32
2007-08	95.32	85.53	180.85	9.92	5.48	170.93
2008-09	170.93	79.99	250.92	39.98	15.93	210.94
Total		265.72		98.16		

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 Conclusion and Recommendation

This chapter deals with the position of actual expenditure against 44 Grants/Appropriations during 2008-09. It was observed that there is an overall saving of Rs. 500.22 crore and excess expenditure of Rs. 1.98 crore during 2008-09. This excess expenditure of 2008-09 compounded with an excess expenditure amount of Rs. 38.80 crore pertaining to 2004-08, 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 29 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 to financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance 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 of various financial rules, procedures and directives during the current year.

3.1 Delay in furnishing utilisation certificates

Rule 116 (1) of Sikkim Financial Rules provides that every grant made for a specific object is subject to the implied conditions such as (i) 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) any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government. However, of the 2,340 utilisation certificates (UC) due in respect of grants-in-aids aggregating Rs. 61.74 crore paid up to 2008-09, 713 UCs (30.47 *per cent*) for an aggregate amount of Rs. 13.88 crore were in arrears. The department-wise break-up of outstanding UCs is given in **Appendix 3.1**, the age-wise delays in submission of UCs is summarised in the **Table 3.1**.

Table 3.1: Age-wise arrears of utilisation certificates.

(Rupees in crore)

Sl. No.	Range of delay in number of years	Total grants paid		Utilisation certificates outstanding	
		No. of cases	Amount	Number	Amount
1	0 - 1	252	16.36	182	7.55
2	1 - 3	667	18.13	170	4.55
3	3 - 5	309	13.61	40	0.62
4	5 - 7	386	3.03	111	0.84
5	7 - 9	489	9.84	74	0.25
6	9 & above	237	0.77	136	0.07
Total		2,340	61.74	713	13.88

Out of 713 UCs for an amount of Rs. 13.88 crore pending as of March 2009, 321 UCs

involving Rs. 1.16 crore were pending for more than five years. Pendency of UCs mainly pertained to Co-operation Department (541 UCs: Rs. 3.53 crore), Sports and Youth Affairs Department (42 UCs : Rs. 0.33 crore), Food Security and Agriculture Department (40 UCs : Rs. 1.16 crore), Irrigation and Flood Control Department (23 UCs : Rs. 1.01 crore), Health Care, Human Services and Family Welfare Department (22 UCs : Rs. 4.89 crore) and Horticulture and Cash Crops Development Department (19 UCs : Rs. 1.68 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.

3.2 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 departments are required to furnish to Audit every year detailed information about the financial assistance given to various Institutions, the purpose of assistance granted and the total expenditure of the Institutions. Out of 21, the accounts of two Bodies/Authorities received for the year 2007-08, attracted audit by Comptroller and Auditor General of India (CAG) and were audited during 2008-09. Besides, the accounts prior to 2007-08 were received from 13 Bodies/Authorities which were also audited during 2008-09.

The 32 annual accounts of 19 Autonomous Bodies/Authorities due up to 2007-08 had not been received as of November 2009 by the Accountant General (Audit). The details of these accounts are given in **Appendix 3.2**.

Due to the absence of annual accounts and subsequent audit of these 19 Bodies and Authorities involving 32 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 CAG 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 CAG. 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 CAG is summarised in **Table 3.2**.

Table 3.2: 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	—	—	Not furnished	0-1	Nil	Not furnished
1-6	3	4		1-2	Nil	
6-12	1	1		2-3	Nil	
12-18	1	1		3-4	1	
18-24	1	1		4-5	Nil	
24 & above	3	4		5 & above	3	
Total	9	11			4	

11 accounts of 8 Autonomous Bodies were in arrears for periods ranging from 3 to 37 months as of November 2009. The State Government disbursed regular funds to these Autonomous Bodies. In the absence of accounts and subsequent audit, it could not be verified 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 provisions 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 in time. Besides, the delay may also open the system to risk of fraud and leakage of public money.

The Heads of departments in the Government are to ensure that the Undertakings prepare such accounts and submit the same to Accountant General for Audit within a specified time frame. As of November 2009, there were two such Undertakings out of which one had not prepared accounts for 2007-08 and the other one had prepared accounts for 2007-08 which is under audit. 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 of misappropriation, defalcation, etc. involving Government money amounting to Rs. 2.44 crore up to the period November 2009 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 3.3**.

Table 3.3: 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 (Rs. 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	

* In one case of SNT, amount not ascertained

A further analysis indicates the reasons for which the cases were outstanding as shown in **Table 3.4**.

Table 3.4: Reasons for outstanding cases of misappropriation, losses, defalcation, etc.

Reasons for the delay/outstanding pending cases		Number of cases	Amount (Rs 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 court 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

Foregoing discussion discloses deficiencies in not furnishing utilisation certificates in time against grants/loans received, non-furnishing of detailed information about financial assistances received by various Institutions and non-submission of accounts in time. There were also delays in placement of Separate Audit Reports 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.



(Dinesh Bhagata)
Accountant General (Audit), Sikkim

Gangtok
The

06 MAR 2010

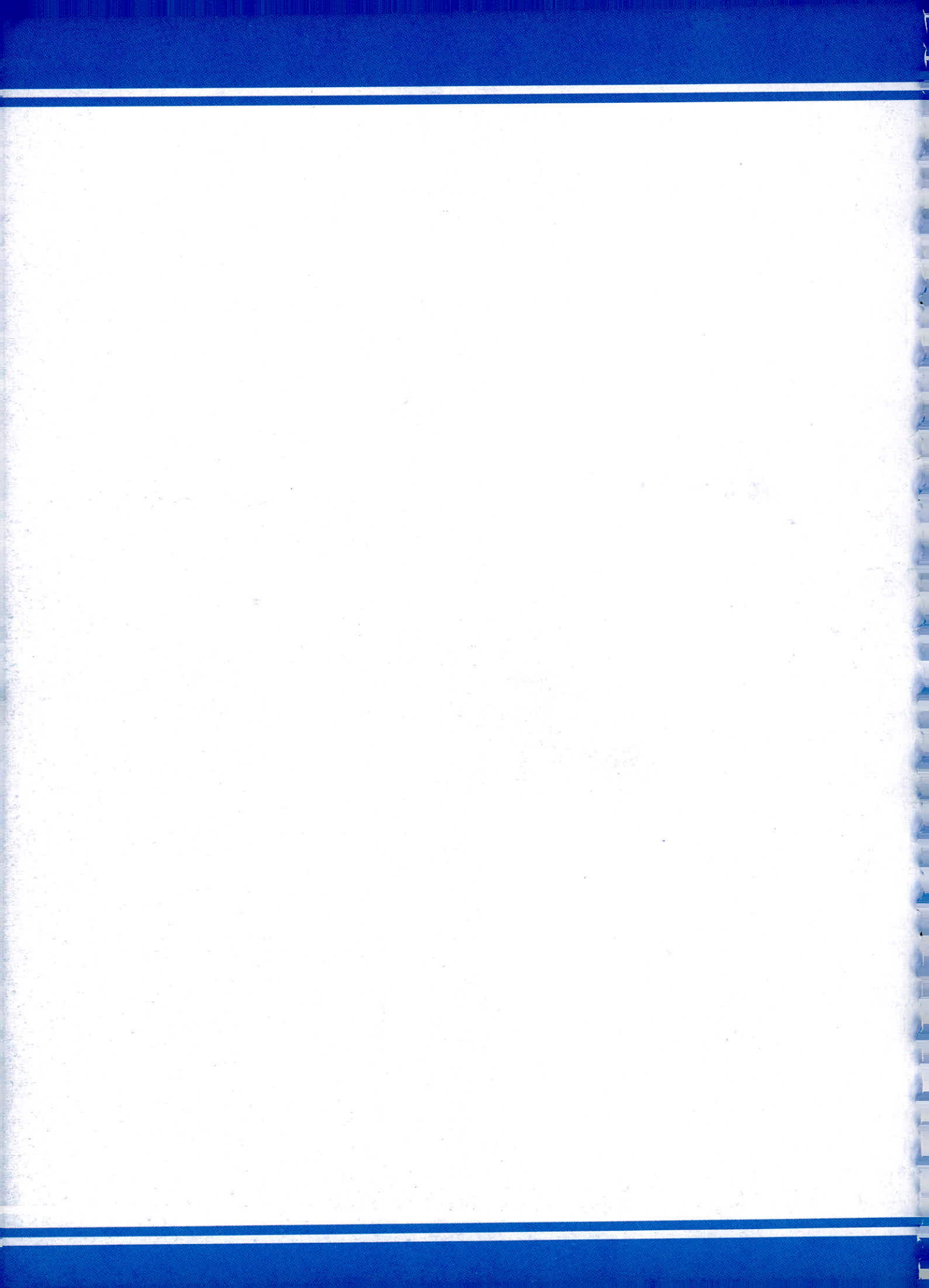
Countersigned



(Vinod Rai)
Comptroller and Auditor General of India

New Delhi
The

11 MAR 2010



APPENDICES

Appendix 1.1
(Reference: Page 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 the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.	
Part III: Public Account: Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State legislature.	
Part B: Layout of Finance Accounts	
Statement	Layout
Statement No.1	Presents the summary of transactions of the State Government – receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2008-09
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from intern debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears etc
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2009
Statement No.9	Shows the revenue and expenditure under different heads for the year 2008-09 as a percentage of total revenue/expenditure
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year
Statement No.11	Indicates the detailed account of revenue receipts by minor heads
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise
Statement No.13	depicts the detailed capital expenditure incurred during and to the end of 2008-09
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2008-09
Statement No.15	Depicts the capital and other expenditure to the end of 2008-09 and the principal sources from which the funds were provided for that expenditure
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government
Statement No.18	Provides the detailed account of loans and advances given by the Government, the amount of loan repaid during the year, the balance as on 31 March 2009
Statement No.19	Gives the details of earmarked balances of reserve funds

Appendix 1.2
(Reference: Page 1)

Methodology Adopted for the Assessment of Fiscal Position

The norms/Ceilings prescribed by the TFC for selected fiscal variable along with its projections for a set of fiscal aggregates and the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act 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 mobilization 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 trends in GSDP for the last five years are indicated below:

Trends in Gross State Domestic Product (GSDP)

	2004-05	2005-06	2006-07	2007-08	2008-09
Gross State Domestic Product (Rs in crore)	1602.17	1830	2038.54	2297.86*	2612.10#
Growth rate of GSDP	12.06	14.22	11.40	12.72	13.68

Source: Department of Economic, Statistics, Monitoring & Evaluation, Government of Sikkim

*Quick #Advance Estimates

Methodology for Estimating the Fiscal Capacity

For working out the fiscal capacity of the State Governments, the following methodology given in Twelfth Finance Commission report has been adopted.

Step 1: Calculate the national average of AE-GSDP and CO/DE/ SSE-AE.

Step 2: Based on the national average of AE-GSDP ratio, derive the aggregate expenditure so that no State is having a ratio AEGSDP less than the national average, *i.e.*, if

$$AE/GSDP = x$$

$$AE = x * GSDP \dots\dots\dots(1)$$

where x is the national average of AE-GSDP ratio.

Wherever the States are having AE-GSDP ratio higher than national average, no adjustments were made. Wherever this ratio was less than average, it was made equal to the national average.

Step 3: Based on the national average of DE-AE, SSE-AE and COAE, derive the respective DE, SSE and CO, so that no State is having these ratios less than national average, *i.e.*, if

$$DE/AE = y$$

$$DE = y * AE \dots\dots\dots(2)$$

where y is the national average of DE-AE ratio

Substituting (1) in (2), we get

$$DE = y * x * GSDP \dots\dots\dots(3)$$

Wherever the States are having DE-AE, SSE-AE and CO-AE ratio higher than national average, no adjustments have been made. Wherever these ratios were less than average, it was made equal to the national average.

Step 4: Based on the derived DE, SSE and CO as per equation (3), respective per capita expenditure was calculated, *i.e.*,

$$PCDE = DE/P \dots\dots\dots(4)$$

where PCDE is the per capita development expenditure and P is the population.

Substituting (3) in (4), we get

$$PDE = (y * x * GSDP)/P \dots\dots\dots(5)$$

Equation (5) provides the adjusted per capita expenditure. If the adjusted per capita expenditure is less than the national average of per capita expenditure, then the States' low level of spending is due to the low fiscal capacity. This gives a picture of actual level of expenditure when all the State Governments are attaching fiscal priority to these sectors equivalent to the national average.

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

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	[(Current year Amount /Previous year Amount)-1]* 100
Development Expenditure	Social Services + Economic Services
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 – Average Interest Rate
Quantum spread	Debt stock *Interest spread
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 <u>minus</u> all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

Appendix 1.3

(Reference: Paragraphs 1.3 and 1.7.2; Pages 1, 7 and 27)

Time series data on the State Government finances

	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
Part A. Receipts					
I. Revenue Receipts	1,011.29 (84)	1,088.20 (88)	1,203.25(89)	1,497.71(84)	1,758.20(84)
(i) Tax Revenue	116.95 (6.18)	147.23 (13.52)	173.18(14.39)	197.85(13.21)	199.19(11.33)
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)
State Excise	32.69 (27.95)	32.96 (22.39)	33.31(19.23)	37.94(19.18)	46.47(23.33)
Taxes on Vehicles	3.24 (2.77)	4.24 (2.88)	5.95(3.44)	6.22(3.14)	6.94(3.48)
Stamps and Registration fees	1.43 (1.22)	2.27 (1.54)	2.52(1.46)	4.26(2.15)	4.35(2.18)
Land Revenue	0.44 (0.37)	0.61 (0.41)	0.78(0.45)	2.75(1.39)	1.95(0.98)
Taxes on Income other than Corporation	29.09 (24.87)	47.82 (32.49)	46.52(26.86)	49.10(24.82)	16.16(8.11)
Other Taxes	1.88 (1.61)	2.68 (1.81)	9.44(5.45)	16.26(8.22)	22.18(11.14)
(ii) Non Tax Revenue	111.36 (11.01)	113.94 (10.47)	171.75(14.27)	212.03(14.16)	292.26(16.62)
(iii) State's share of Union taxes and duties	107.35 (10.62)	182.13 (16.74)	222.78(18.51)	345.12(23.04)	364.20(20.72)
(iv) Grants in aid from Government of India	675.63 (66.81)	644.90 (52.26)	635.54(52.82)	742.71(49.59)	902.55(51.33)
2. Miscellaneous Capital Receipts	--	--	--	--	0
3. Recoveries of Loans and Advances	(-) 0.24	0.14	0.78	0.38	0.38
4. Total Revenue and Non debt capital receipts (1+2+3)	1,011.05	1,088.34	1,204.03	1,498.09	1,758.58
5. Public Debt Receipts	192.99 (16)	145.06 (12)	142.74(11)	279.64(16)	337.46(16)
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
Net transactions under Ways and Means Advances and Overdrafts	-	--	--	--	0
Loans and Advances from Government of India	82.67 (42.84)	22.99 (15.85)	10.52 (7.37)	5.56	0.45
6. Total Receipts in the Consolidated Fund (4+5)	1204.04	1,233.40	1,346.77	1,777.73	2,096.04
7. Contingency Fund Receipts	0.5	--	0.1	--	0
8. Public Account Receipts	1,415.38	1,456.53	1,705.54	1,899.53	2,414.37
9. Total Receipts of the State (6+7+8)	2,619.92	2,689.93	3,052.41	4,327.09	4,510.41
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	842.38	891.44	974.27	1146.87	1380.55
Plan	238.02 (28.26)	294.20 (33.00)	336.65 (34.55)	419.79	517.73 (37.50)
Non Plan	604.36 (71.74)	597.24 (67.00)	637.62 (65.45)	727.08	862.82 (62.50)
General Services (including interest payments)	259.52 (30.81)	287.27 (32.23)	334.83 (34.47)	388.06	446.15(32.32)
Social Services	306.64 (36.40)	337.78 (42.38)	355.81 (29.11)	438.23	540.24(39.13)
Economic Services	276.22 (32.79)	266.39 (37.89)	283.63 (25.09)	320.58	394.15(28.55)
Grants-in-aid and contributions	22.55	34.56	31.98	26.74	113.01
11. Capital Expenditure	353.54 (29.56)	345.73 (27.95)	326.42 (25.09)	415.47	611.78(30.70)
Plan	353.54 (100)	345.73 (100)	326.42 (100)	415.47	611.78
Non Plan	--	--	--	--	0
General Services	16.49 (4.66)	17.37 (5.02)	21.06 (6.45)	39.28	77.13 (12.61)
Social Services	131.64 (37.23)	108.97 (31.52)	119.31 (36.55)	135.41	190.54(31.14)
Economic Services	205.41 (58.11)	219.39 (63.46)	186.05 (57)	240.78	344.11(56.25)

12. Disbursement of Loans and Advances	0.68 (0.05)	--	0.20 (0.02)	--	0.25
13. Total (10+11+12)	1,196.60	1,237.17	1,300.89	1,562.34	1,992.58
14. Repayments of Public Debt	83.72	32.4	39.03	55.57	76.28
Internal Debt (excluding Ways and Means Advances and Overdrafts)	43.65	20.35	25.76	40.91	60.13
Net transactions under Ways and Means Advances and Overdraft	0	0	0	0	0
Loans and Advances from Government of India	40.07	12.05	13.27	14.66	16.15
15. Appropriation to Contingency Fund					
16. Total disbursement out of Consolidated Fund (13+14+15)	2,161.43	2,145.73	2,253.21	2,819.62	2,981.91 ¹
17. Contingency Fund disbursements	0	0	0	0	0
18. Public Account disbursements	1,244.64	1,470.09	1,662.92	1,789.75	2,305.07
19. Total disbursement by the State (16+17+18)	3,406.07	3,615.82	3,916.13	4,609.37	5,286.98
<i>Part C. Deficits</i>					
20. Revenue Deficit(-)/Revenue Surplus (+) (1-10)	168.91	196.76	228.98	350.84	377.65
21. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	-185.55	-148.83	-96.86	-64.25	-234.00
22. Primary Deficit (21+23)	-86.36	-46.23	18.41	-53.49	-91.36
<i>Part D. Other data</i>					
23. Interest Payments (included in revenue expenditure)	99.19	102.6	115.27	117.74	142.64
24. Financial Assistance to local bodies etc.,	22.55	34.56	31.98	15.13	4.29
25. Ways and Means Advances/Overdraft availed (days)	-	--	--	--	0
Ways and Means Advances availed (days)	-	-	-	-	-
Overdraft availed (days)	-	-	-	-	-
26. Interest on Ways and Means Advances/ Overdraft	-	--	--	---	
27 Gross State Domestic Product (GSDP) [@]	1,602.17	1,830	2,038.54	2,297.86	2,612.1
28 Outstanding Fiscal liabilities (year end)	1,107.07	1,350.87	1,483.99	1,795.82	2,155.7
29. Outstanding guarantees (year end) (including interest)	82.47	84.47	84.4	75	75
30. Maximum amount guaranteed (year end)	88.1	84.47	84.47	84.4	75
31. Number of incomplete projects	60	149	105	61	144
32. Capital blocked in incomplete projects	222.84	313.16	136.74	285.97	681.4
<i>Part E: Fiscal Health Indicators</i>					
<i>I Resource Mobilization</i>					
Revenue Receipts/GSDP	0.63	0.59	0.59	0.65	0.67
Own Tax Revenue/GSDP	0.07	0.08	0.08	0.09	0.08
Own Non-Tax Revenue/GSDP	0.07	0.06	0.08	0.09	0.11

¹Includes total expenditure on lotteries

Audit Report on State Finances for the year ended 31 March 2009

State's share in Central taxes and Duties/GSDP	0.07	0.10	0.11	0.15	0.14
Grants-in Aid	0.42	0.35	0.31	0.32	0.35
II Expenditure Management					
Total Expenditure/GSDP	0.75	0.68	0.64	0.68	0.76
Total Expenditure/Revenue Receipts	1.18	1.14	1.08	1.04	1.13
Revenue Expenditure/Total Expenditure	0.70	0.72	0.75	0.73	0.69
Expenditure on Social Services/Total Expenditure	0.37	0.36	0.37	0.37	0.37
Expenditure on Economic Services/Total Expenditure	0.40	0.39	0.36	0.36	0.37
Capital Expenditure/Total Expenditure	0.30	0.28	0.25	0.27	0.31
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.28	0.27	0.23	0.24	0.27
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	0.11	0.11	0.11	0.15	0.14
Fiscal deficit/GSDP	-0.12	-0.08	-0.05	-0.03	-0.09
Primary Deficit (surplus) /GSDP	-0.05	-0.03	0.01	-0.02	-0.03
Revenue Deficit/Fiscal Deficit	-0.91	-1.32	-2.36	-5.46	-1.61
Primary Revenue Balance/GSDP					
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.69	0.74	0.73	0.78	0.83
Fiscal Liabilities/RR	1.09	1.24	1.23	1.20	1.23
Primary deficit vis-à-vis quantum spread					
Debt Redemption (Principal +Interest)/ Total Debt Receipts					
V Other Fiscal Health Indicators					
Return on Investment	0.92	1.14	0.76	0.68	1.31
Balance from Current Revenue (Rupees in crore)	(-)101.78	15.77	6.08	126.66	71.17
Financial Assets/Liabilities	1.13	2.01	2.07	2.08	2.07

Appendix 1.4
(Reference: Paragraphs 1.1 and 1.7.1; Pages 1 and 27)
Abstract of Receipts and Disbursements for the year 2008-09

(Rupees in crore)

Part - A									
Receipts			2008-09	2007-08	Disbursements	Non-Plan	Plan	Total	2008-09
2007-08									
	Section A: Revenue								
1497.71	I-Revenue Receipts		1,758.19	1146.87	I- Revenue expenditure			1,380.55	1,380.55
	Tax revenue	199.19			General services	435.66	10.5	446.16	
	Non-tax revenue	292.26			Social Services	275.83	264.41	540.24	
	State's share of Union Taxes	364.2			Education, Sports, Art and Culture	162.37	122.84		
	Non-Plan Grants	66.61			Health and Family Welfare	45.57	36.7		
					Water Supply, Sanitation, Housing and Urban Development	21.25	54.59		
					Information and Broadcasting	2.4	5.49		
	Grants for State Plan Schemes	635.23			Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	2.92	13.55		
	Grants for Central and Centrally Sponsored Plan Schemes	172.26			Labour and labour Welfare	0.99	2.05		
	Grants for Special Plan Schemes (North Eastern Council)	28.44			Social Welfare and Nutrition	31.53	29.19		
					Others	8.8	0		
					Economic Services	151.33	242.82	394.15	
					Agriculture and Allied Activities	61.81	91.38		
					Rural Development	3.86	44.2		
					Special Areas Programmes		0.29		
					Irrigation and Flood Control	1.81	25.19		
					Energy	24.38	25.4		
					Industry and Minerals	5.26	18.41		
					Transport	48.69	19.9		
					Science Technology and Environment	0	3.09		
					General Economic Services	5.52	14.96		
	II-Revenue deficit carried over to Section-B	--	0	350.84	II-Revenue surplus carried over to Section-B				377.64
1497.71			1,758.19	1,497.71					1,758.19
	Section-B								
350.84	III-Opening Cash balance including Permanent Advances and Cash Balance Investment		571.77	415.47	III-Capital Outlay	--			611.78
--	IV Miscellaneous Capital receipts		--		General services	--	77.13	77.13	
					Social Services	--	190.54	190.54	
					Education, Sports, Art and Culture		29.53		
					Health and Family Welfare		6.57		
					Water Supply, Sanitation, Housing and Urban Development		151.08		
					Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes		2.9		
					Social Welfare		0.46		
					Others		--		
					Economic Services	--	344.11	344.11	
					Agriculture and Allied Activities		9.09		
					Rural Development		24.71		
					Special Areas Programmes		10.27		
					Irrigation and Flood control		4.88		
					Energy		61.93		
					Industry and Minerals		6.56		
					Transport		178.2		
					Science and Environment		1.9		
					General Economic Services		46.57		

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Receipts				Disbursements					
2007-08			2008-09	2007-08		Non-Plan	Plan	Total	2008-09
0.38	V-Recoveries of Loans and Advances		0.38	--	IV-Loans and Advances disbursements		0.25	0.25	0.25
	From Power Projects				To Government Servants		0.25		
	From Government Servants and	0.38			To Others	--			
	From Others				V -Revenue deficit brought down	--			
350.84	VI-Revenue surplus brought down		377.64						
279.6	VII-Public debt receipts		337.46	55.57	VI-Repayment of Public Debt			76.28	76.28
	External debt	--			External debt				
	Internal debt other than ways and means Advances and overdraft	337.01			Internal debt other than Ways and Means Advances and Overdraft	--	60.13		
	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	0.45			Repayment of Loans and Advances to Central Government		16.15		
--	VIII-Amount transferred to Contingency Fund		--		VII-Expenditure from Contingency Fund				
1900	IX-Public Account Receipts	2414.37	2414.37	1789.8	VIII-Public Account disbursements		2305	2305	2305.1
84.23	Small Savings and Provident fund	97.39		70.25	Small Savings and Provident Funds		68.12		
64.11	Reserve funds	56.1		21.12	Reserve Funds		43.02		
1,191.7	Suspense and Miscellaneous	1385.07		1160.46	Suspense and Miscellaneous		1,390.5		
532.57	Remittance	828.97		514.63	Remittances		779.84		
26.88	Deposits and Advances	46.84		23.29	Deposits and Advances		23.6		
		2,414.37		571.77	IX- Cash balance at the end			708.2	708.24
					Cash in Treasuries and Local Remittances				
					Deposits with Reserve Bank				
					Departmental Cash Balance including permanent Advances				
					Cash Balance Investment				
2,833	Total		3,701.62	2832.6	Total			3,702	3,701.6

Appendix 1.4 (Continued)

(Reference: Paragraphs 1.1 and 1.7.1; Pages 1 and 27)

Summarized financial position of the Government of Sikkim as on 31 March 2009

(Rupees in crore)

Part B			
As on 31.03.2008	Liabilities		As on 31.03.2009
908.86	Internal Debt -		1185.74
741.68	Market Loans bearing interest	989.64	
	Market Loans not bearing interest		
80.76	Loans from Life Insurance Corporation of India	86.16	
86.42	Loans from other Institutions	109.94	
	Overdrafts from Reserve Bank of India		
315.82	Loans and Advances from Central Government -		300.11
3.84	Pre 1984-85 Loans	3.28	
91.74	Non-Plan Loans	89.73	
196.47	Loans for State Plan Schemes	184.33	
3.4	Loans for Central Plan Schemes & Special Schemes	3.30	
20.37	Loans for Centrally Sponsored Plan Schemes	19.47	
1	Contingency Fund		1
335.12	Small Savings, Provident Funds, etc.		366.19
34.04	Deposits		55.49
129.42	Reserve Funds		142.50
1,981.08	Surplus on Government Accounts		2,358.72
1,630.24	Last year balance	1,981.08	
350.84	Add Revenue Surplus	377.64	
102.98	Remittance Balances		152.11
3,808.32	Total		4,561.86
	Assets		
3,307.37	Gross Capital Outlay on Fixed Assets -		3,919.15
	Investments in shares of Companies, Corporations, etc.	85.59	
	Other Capital Outlay	3,833.56	
5.12	Loans and Advances -		5
	Loans for Power Projects	-	
	Other Development Loans	4.50	
	Loans to Government servants and Miscellaneous loans	0.50	
	Reserve Fund Investments		
1.03	Advances		1.03
-76.97	Suspense and Miscellaneous Balances		-71.57
571.77	Cash -		708.24
78.83	Deposits with other Bank	95.68	
	Cash in Treasuries and Local Remittances		
	Deposits with Reserve Bank		
0.55	Departmental Cash Balance	0.20	
	Permanent Advances	0.39	
386	Cash Balance Investments	495.00	
106.39	Earmarked funds Investment	116.97	
3,808.32	Total		4,561.86

Appendix 2.1

(Reference: Paragraph 2.3.1; Page 39)

Statement of various grants/appropriations where saving was more than Rs 10 crore each and more than 20 percent of the total provision

(Rupees in Crore)

Sr. No.	Grant No	Name of the Grant/Appropriation	Total Grant/ Appropriation	Savings	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1	1	Food Security and Agriculture Development (Revenue - Voted)	62.09	22.40	36
2	7	Human Resources and Development (Capital - Voted)	31.32	16.12	51
3	19	Irrigation and Flood Control (Revenue - Voted)	61.47	34.70	56
4	22	Land Revenue & Disaster Management (Revenue - Voted)	67.85	26.01	38
5	29	Development Planning, Economic Reforms and North Eastern Council Affairs (Revenue - Voted)	20.28	12.54	62
6	31	Energy and Power (Capital - Voted)	138.08	85.93	62
7	33	Water Security and Public Health Engineering (Capital - Voted)	80.36	47.76	59
8	34	Roads and Bridges (Capital - Voted)	205.09	54.60	27
9	38	Social Justice, Empowerment and Welfare (Capital - Voted)	53.66	12.10	23
10	40	Tourism (Capital - Voted)	110.02	64.72	59
11	41	Urban Development and Housing (Capital - Voted)	43.41	15.94	37

Appendix 2.2

(Reference: Paragraph 2.3.5; Page 41)

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

(Rupees in thousands)

Number and Name of the Grant	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
A Revenue (Voted)				
1- Food Security and Agriculture Development	596545	396918	199627	24404
2- Animal Husbandry, Livestock, Fisheries and Veterinary Services	314233	265180	49053	20682
11- Food, Civil supplies and Consumer Affairs	158028	153981	4047	4490
19- Irrigation and Flood Control	604658	267626	337032	10000
22 -Land Revenue & Disaster Management	487236	418375	68861	191245
29- Development Planning, Economic Reforms and North Eastern Council Affairs	195965	77454	118511	6863
37 -Sikkim Nationalised Transport	203582	203281	301	24676
Total for Revenue	2560247	1782815	777432	282360
Grant Number	Original provision	Actual expenditure	Savings out of original provision	Supplementary provision
B Capital				
7- Human Resources and Development	167547	152023	15524	145647
12 -Forestry and Environment Management	47220	45988	1232	1000
13- Health Care, Human Services and Family Welfare	60450	50090	10360	20554
16 -Commerce and Industries	149240	61501	87739	3000
31- Energy and Power	1330780	521445	809335	50001
33- Water Security and Public Health Engineering	761215	326004	435211	42405
34 -Roads and Bridges	1627818	1504905	122913	423106
35- Rural Management and Development	1284175	1244900	39275	200750
37 -Sikkim Nationalised Transport	6500	5103	1397	50000
38- Social Justice, Empowerment and Welfare	523988	415648	108340	12635
39- Sports and Youth Affairs	27845	27693	152	6000
40 -Tourism	1057483	452940	604543	42701
41 -Urban Development and Housing	416494	274716	141778	17588
Total-capital	7460755	5082956	2377799	1015387
Grant Total	10021002	6865771	3155231	1297747

Appendix 2.3 (A)
(Reference: Paragraph 2.3.6; Page 41)
Insufficient re-appropriation of funds

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	2	Animal Husbandry, Livestock, Fisheries and Veterinary Services	2403.101.61	7.59	(+) 17.14
2.	7	Human Resources and Development	2202.63	104.85	(+) 20.57
3	7	Human Resources and Development	2202.2.1.58	19.63	(+) 27.52
4	10	Finance, Revenue and Expenditure	2071.1.101	246.4	(+) 32.12
		Total			(+) 97.35

Appendix 2.3 (B)
(Reference: Paragraph 2.3.6; Page 41)
Excess/Unnecessary reappropriation of funds

(Rupees in lakh)

Sl. No.	Grant No.	Description	Head of Account	Re-appropriation	Final Excess(+)/ Saving (-)
1.	12	Forestry and Environment Management	3435.101	0.47	(-) 16.40
2.	13	Health Care, Human Services and Family Welfare	2211.1.60	8.6	(-) 11.44
3	15	Horticulture & Cash Crops Management	2435.1.101.65	0.5	(-) 47.44
4	33	Water Supply & Public Health Engineering	4215.2.106.61	17.5	(-) 125.09
	Total				(-) 200.37

Appendix 2.4
(Reference: Paragraph 2.3.7; Page 41)
Results of review of substantial surrenders made during the year

Serial number	Number and title of Grant	Name of the scheme (Head of Account)	Amount of surrender (Rupees in lakh)	Percentage of surrender
1)	Co-operation	Training 2425.003.60	0.05	100
Entire provision was surrendered due to reasons that the provision was not utilised for conducting training for departmental staff				
2)	Co-operation	Implementation of Baidyanathan Committee Report 2425.800.69	100.00	100
Entire provision was kept as per proposals of DPER & NECAD and as per their subsequent advice was surrendered				
3)	HRDD	Setting up of District Institute of Education & Training in West District (100 % CSS) 2202.83	44	100
Surrendered due to non-receipt of funds from GOI				
4)	Health	National Leprosy Control Programme (100 % CSS) 2210.83	2	100
Whole provision was surrendered through reappropriation due to non receipt of fund from GOI				
5)	Health	Drug De-addiction Programme (100 % CSS) 2210.87	6.5	100
Whole provision was surrendered due to non receipt of fund from GOI				
6)	Health	Rural Health Services - Primary Health Centres - Construction 4210.2.103.60	300	100
Whole provision of Rs. 300 lakh was surrendered in March 2009 due to non-receipt of fund from the NEC				
7)	Irrigation and Flood control	Investigation Expenses 2702.80.5.62	1	100
Surrender of whole provision was state to be due to meeting the expenditure on survey and investigation from sanctioned Brahmaputra Projects				
8)	Energy & Power	Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) 4801.6.800.63	2000	100
Surrender of whole provision of Rs. 2000 lakh was made in view that Government of India will be releasing the amount to be operated through Separate Bank Account				
9)	Water Supply & PHE	Drainage and Sewerage system in East District 4215.63	305	100
Whole provision of Rs. 305 lakh was re-appropriated and surrendered to meet excess under other heads and due to non-receipt of fund from the GOI				
10)	WS & PHE	Chunghang Bazar Water Supply Scheme (North) 4215.1.101.67	5	100
Whole provision was surrendered in March 2009 due to non-receipt of fund				
11)	WS & PHE	Pangthang Water Supply Scheme 4215.69	10	100
Surrender of the provisions by Rs. 10 lakh was stated due to non-receipt of claims.				
12)	Roads & Bridges	Publid Works - Other Buildings - Maintenance and Repairs - Work Charged Establishment 2059.60.53.60	0.04	100
Token provision remained unutilised, hence surrendered				
13)	Roads & Bridges	Construction of suspension Bridge at Singtam (NLCPR) 5054.67	500	100
Reduction to provision through re-appropriation (Rs. 118.39 lakh) and by surrender (Rs. 381.61 lakh) was made due to delay in progress of work				
14)	Tourism	Tourist accomodation-Grants-in-aid 3452.1.102.61	0.01	100
Surrendered in March 2009 stated to be the token provision				
15)	UD & HD	General-Assistance to Local Bodies, Corporations, Urban Development Authorities. Town im provement Boards etc.- Grants to Local Bodies recommended by the TFC 2217.80.191.62	20	100
Reasons for the surrender of whole provision was stated due to absence of ULBs.				
16)	UD & HD	Gangtok Water Supply Schemes (East) (R)	1000	100

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		4215.1.101.60		
Whole provision of Rs. 1000 lakh was surrendered due to non-receipt of fund from GOI				
17)	Health	National Mental Health Programme (100 % CSS) 2210.86	19.6	98
Original provision was reduced by Rs. 19.60 lakh through re-appropriation and surrender to meet the shortfall under salaries and non-receipt of claims				
18)	Irrigation and Flood control	Integrated development of agriculture through irrigation facilities 2705.101	32.15	98
Reasons for surrender was due to (I) non approval of project by the Government, (ii) postpond of the proposals to the next financial year and (III) to meet the shortfall under salaries				
19)	Energy & Power	Accelerated Power Development and Reform Programme (East) 4801.5.800.70	5800	98
Surrender of provision by Rs. 5800 lakh was made due to non-receipt of fund from the GOI				
20)	WS & PHE	Gyalshing Water Supply Schemes (West) 4215.1.101.64	380.87	95
Reduction of provision by Rs. 380.87 lakh through surrender was attributed to delay in progress of work and a portion of the provision of work being kept as spillover to the next financial year				
21)	HRDD	University & Higher Education - Buildings 4202.203.70	957.31	91
Surrender of provision by Rs. 957.31 lakh was made as per the directives of DPER & NECAD				
22)	Agriculture	Organic Farming 2401.65	511.61	90
Surrender of Rs. 496.21 lakh was stated to be due to (i) non-submission of bill and less purchase and (ii) expenditure restricted to the fund received from the GOI				
23)	RMDD	Preparation and Printing of Electoral rolls 2015.103.60	43.13	90
Reduction of Rs. 29.52 lakh through surrender was due to (I) non-conduct of Municipal Election and non-occurrence of Panchayat Bye election as expected during the year 2008-09				
24)	WS & PHE	Lachen Bazar Water Supply Scheme 4215.1.101.68	85	85
Surrender was due to non-receipt of claims				
25)	Energy & Power	Power - Hydel Generation - Purchase of Power 2801.1.101	83.13	83
Surrender was due to meet the shortfall under salaries and due to non-receipt of the claims				
26)	Roads & Bridges	Construction of Steel bridge in South Sikkim 5054.68	672.24	83
Surrender was due to non-receipt of fund from GOI and delay in progress of work				
27)	Planning	Border Area Development Programme 2575.6.101	122.53	82
Surrender was due to non-submission of report of sanctioned scheme by the Department				
28)	Roads & Bridges	Construction of Bridge over Ringyang (West) 5054.66	12	81
Surrender was due to non-receipt of fund from GOI				
29)	RMDD	Conduct of Election to Panchayat 2015.109.61	52.72	81
Surrender was stated to be due to non-conducting of Panchayat Bye Election as expected during the year 2008-09				
30)	HRDD	Technical Education - Technical Schools 4202.2.103	33.8	80
Surrender was due to (i) non-construction of ATTC Polytechnic, (ii) Termination of EAP Project and (III) non-utilisation to token provision for establishment/upgradation of Polytechnic college				
31)	Commerce & Industries	Capital Outlay on Village and Small Industries - Industrial Estates 4851.101	904.91	75
Reduction of provision was made through re-appropriation and surrender due to (i) non-receipt of funds from the GOI and (ii) non-receipt of claims				
32)	Planning	Secretariate - Planning & Development Department 3451.90.30	1105.69	75
Reduction of provision by Rs. 1105.69 lakh was net effect of surrender by Rs. 1125.29 lakh and reappropriation of provision by Rs. 19.60 lakh was stated to meet the supplementary grants from heads.				
33)	Energy & Power	Const. of 66 KV Sub-Station to Chungthang Sub-Station and 2 x 5 MVA Transformer Bay at Chungthang and one Feeder bay at Mayong in Sikkim (NLCPR) (North) 4801.5.800.80	75	75

Surrender of provision by Rs. 75 lakh was made to meet expenditure relating to IR from other heads				
34)	WS & PHE	Construction of Kaluk Rinchengpong Water Supply Schemes 4215.1.101.66	74.57	75
Reduction to the original provision by surrender was due to delay in progress of work				
35)	Social Justice Empowerment and Welfare	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes - Welfare of Scheduled Tribes - Tribal Area Sub Plan - Infrastructure Development Programme 4225.2.796.60	30	75
Surrender was due to non finalisation of works				
36)	Social Justice Empowerment and Welfare	General - Other Expenditure - Post-Matriculation of SC/ST Students 2225.80.800.65	7.36	74
Reappropriation and surrender was due to the reason that Research and Monitoring work could be taken up only during the next financial year 2009-10				
37)	RMDD	Capital Outlay on Other Rural Development Programmes - Panchayati Raj - Rural Development Department 4515.101.36	1903.92	73
Surrender (Rs. 1603.92 lakh) was stated to be due to (i) restriction of expenditure to meet the excess under other heads, (ii) non-completion of sanctioned scheme under BRGF, (iii) to provide in supplementary grant for clearing the pending liability of STCS for supply of GCI Sheets and (iv) non-receipt of fund for Externally Aided Projects				
38)	Finance	Miscellaneous General Services - Other Expenditure 2075.800	217.93	73
Reduction of provision through reappropriation/surrender was due to non-receipt of claims from the SBS				
39)	Irrigation & Flood Control	Drainage - Civil Works - East District 4711.3.103.45	170.75	73
Surrender was due to non-execution of work for practical problems and non-receipt of fund from GOI				
40)	Agriculture	Extension and Farmers Training - Agriculture Department 2401.109.1	241.83	72
Reduction in original provision through surrender was due to (i) payment of State's share for SAMETI and Interim Relief and (ii) non-receipt of bills till the year end				
41)	Sports Affairs	Sports and Youth Services - Youth Welfare Programme for Students - National Service Scheme Programme 2204.102.65	40.58	70
Surrender was state to be due to non-receipt of fund from the GOI				
42)	Forestry	Assistance to Gram Panchayat 2406.198	45.36	60
Surrender was made for payment of salaries from other heads				
43)	Roads	Construction of steel bridge of Sangkhola-Sumin Road, East 5054.61	30.63	58
Surrender was due to non receipt of fund from the GOI				
44)	Health	Prevention & control of blindness (100 % CSS) 2210.82	5	57
Surrender was due to non- receipt of claims				
45)	WS & PHE	Gangtok Water Supply Schemes (East) (R) 4215.1.101.60	1108.96	56
Surrender (Rs. 1149.76 lakh) was due to and non-receipt of funds from GOI				
46)	AH & VS	Poultry Development - Intensive Poultry Development 2403.103.68	196.6	52
Surrender was due to meet expenditure under other heads and non receipt of fund from GOI				
47)	Planning	Programme Implementation, Monitoring & Evaluation, Development of NER (DONAR), NECA and Central Sector Schemes 3451.91.44	20.4	51
Surrender was due to (i) transfer of officers to other Departments (ii) limited tour performed by the officers and (iii) to meet the supplementary grants from other heads				
48)	Roads & Bridges	Construction of Steel Bridge in North Sikkim 5054.69	53.34	51
Surrender was due to non receipt of fund from the GOI and delay in progress of works				

Appendix 2.5

(Reference: Paragraph 2.3.8; Page 41)

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

(Rupees in Lakh)

I Grant			
Sl.No.	Grant No.	Number and Name of grant/appropriation	Saving
1	6	Ecclesiastical	125.79
2	8	Election	21.34
3	11	Food, Civil supplies and Consumer Affairs	0.06
4	15	Horticulture & Cash Crops Management	8.54
5	17	Information and Public Relation	100.00
6	20	Judiciary	0.09
7	21	Labour	129.96
8	23	Law	1.56
9	27	Parliamentary Affairs	0.49
10	28	Personnel, Administrative Reforms and Training	200.00
11	29	Development Planning, Economic Reforms and North Eastern Council Affairs	32.58
12	37	Sikkim Nationalised Transport	513.97
13	39	Sports and Youth Affairs	61.52
14	42	Vigilance	0.10
		Total	1196.00
II Appropriation			
1		Public Service Commission	0.06
		Total	0.06
		Grand Total	1196.06

Appendix 2.6

(Reference: Paragraph 2.3.8; Page 41)

Details of saving of Rs 1 crore and above not surrendered

(Rupees in crore)

Sl. No.	Number and Name of Grants/Appropriation	Saving	Surrender	Saving which remained to be surrendered
1	2	3	4	5
1	Animal Husbandry, Livestock, Fisheries and Veterinary Services	6.97	5.86	1.11
2	Ecclesiastical	1.26	0	1.26
3	Information and Public Relation	1.00	0	1.00
4	Labour	1.30	0	1.30
5	Land Revenue & Disaster Management	26.01	0.75	25.26
6	Personnel, Administrative Reforms and Training	2.00	0	2.00
7	Police	1.29	0	1.29
8	Water Security and Public Health Engineering	47.76	44.25	3.51
9	Roads and Bridges	54.60	47.90	6.70
10	Rural Management and Development	24.00	20.07	3.93
11	Sikkim Nationalised Transport	5.14	0	5.14
12	Social Justice, Empowerment and Welfare	12.09	6.94	5.15
	Total	183.42	125.77	57.65

Appendix 2.7

(Reference: Paragraph 2.3.8; Page 41)

Cases of surrender of funds in excess of Rs 1 crore on 30 and 31 March 2009

(Rupees in crore)

Sr. No.	Major Head	Amount of surrender	%age of total provision
1	2	3	4
1	2015	1.12	22.72
2	2059	3.94	14.12
3	2202	2.86	1.05
4	2204	4.11	38.38
5	2210	1.05	1.34
6	2225	1.73	9.37
7	2401	7.55	15.85
8	2403	2.30	8.88
9	2404	3.57	50.00
10	2435	14.74	35.44
11	2575	1.23	79.87
12	2702	2.25	19.63
13	2711	32.30	64.45
14	3054	2.51	4.86
15	4059	8.80	10.22
16	4202	6.55	13.09
17	4210	3.00	31.02
18	4215	60.88	42.52
19	4216	2.00	4.04
20	4217	1.30	4.94
21	4515	12.77	27.71
22	4711	1.77	27.11
23	4801	7.06	4.78
24	4851	9.00	68.97
25	5054	46.38	25.15
26	5452	64.30	57.77
	Total	309.07	

Appendix 2.8
(Reference: Paragraph 2.3.9; Page 42)
Rush of expenditure

(Rupees in crore)

Sl. No.	Head of account Scheme/Service	Expenditure incurred during Jan-March 2009	Expenditure incurred in March 2009	Total expenditure	% of total expenditure incurred during	
					Jan-March 2009	March 2009
1	2015	1.89	0.69	3.51	53.85	19.66
2	2045	12.09	12.01	14.29	84.60	84.04
3	2075	515.85	171.67	915.90	56.32	18.74
4	2217	10.68	8.78	19.30	55.34	45.49
5	2236	5.67	4.26	8.10	70.00	52.59
6	2435	20.49	20.21	26.38	77.67	76.61
7	2506	3.34	2.89	3.34	100.00	86.53
8	2711	14.29	11.30	17.79	80.33	63.52
9	3425	1.25	0.57	2.10	59.52	27.14
10	3435	0.56	0.35	1.00	56.00	35.00
11	4055	2.92	2.48	3.89	75.06	63.75
12	4059	54.87	52.23	73.24	74.92	71.31
13	4202	19.98	19.57	29.52	67.68	66.29
14	4210	4.43	3.59	6.57	67.43	54.64
15	4216	28.44	21.12	47.63	59.71	44.34
16	4217	20.58	14.41	25.00	82.32	57.64
17	4225	1.01	0.89	2.89	34.95	30.80
18	4235	0.44	0.44	0.46	95.65	95.65
19	4401	1.39	1.38	2.65	52.45	52.08
20	4406	3.93	2.70	4.60	85.43	58.70
21	4408	0.53	0.51	0.61	86.89	83.61
22	4435	0.15	0.15	0.15	100.00	100.00
23	4575	5.52	3.75	10.27	53.75	36.51
24	4702	0.13	0.13	0.20	65.00	65.00
25	4711	3.92	3.60	4.68	83.76	76.92
26	4801	40.18	33.15	61.93	64.88	53.53
27	4851	2.88	2.69	3.98	72.36	67.59
28	4859	0.40	0.40	0.40	100.00	100.00
29	5425	1.90	1.40	1.90	100.00	73.68
		779.71	397.32	1292.28		

Appendix 3.1

(Reference: Paragraph 3.1; Page 45)

Utilisation certificates outstanding as on 31 March 2009

(Amount: Rupees in lakh)

Sl. No.	Department	Year of payment of grant	Total grants paid		Utilisation certificates			
			Number	Amount	Received		Outstanding	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I	FOOD AND CIVIL SUPPLIES							
1	ZILLA PANCHAYAT, WEST	2008-09	1	6.45	0	0	1	6.45
	TOTAL		1	6.45	0	0	1	6.45
II	SOCIAL JUSTICE, EMPOWERMENT & WELFARE DEPARTMENT							
1	SOCIAL JUSTICE, EMPOWERMENT & WELFARE DEPARTMENT (WOMEN & CHILD DEVELOPMENT DIVISION)	2008-09	7	59.94	7	59.94	0	0
	TOTAL		7	59.94	7	59.94	0	0
2	SOCIAL JUSTICE, EMPOWERMENT & WELFARE DEPARTMENT (SOCIAL WELFARE DIVISION)	2008-09	12	35.96	8	15.46	4	20.5
	TOTAL		12	35.96	8	15.46	4	20.5
III	COMMERCE & INDUSTRIES							
1	TEMI TEA ESTATE	2008-09	4	313.25	4	313.25	0	0
	TOTAL		4	313.25	4	313.25	0	0
IV	SPORTS AND YOUTH AFFAIRS	2002-03	18	12.61	16	11.61	2	1
1		2003-04	26	21.21	18	18.91	8	2.3
2		2004-05	16	10.5	9	7.3	7	3.2
3		2005-06	10	5.46	5	3	5	2.46
4		2006-07	11	8.85	11	8.85	0	0
5		2007-08	13	19.25	12	18.25	1	1
6		2008-09	24	32.45	5	9.75	19	22.7
	TOTAL		118	110.33	76	77.67	42	32.66
V	SCIENCE & TECHNOLOGY AND CLIMATE CHANGE							
1	SIKKIM SCIENCE SOCIETY	2008-09	2	0.71	0	0	2	0.71
	TOTAL		2	0.71	0	0	2	0.71
2	RMDD CONS. OF BIOINFORMATICS BHAWAN	2008-09	1	57.48	0	0	1	57.48
	TOTAL		1	57.48	0	0	1	57.48
3	EPD FOR CONS. OF CAUSEWAYS ON THE ROAD TO RMDD UNDER PMGY THANGU, NORTH SIKKIM	2008-09	1	1	0	0	1	1
	TOTAL		1	1	0	0	1	1
VI	TOURISM							
1	PUBLICITY	2008-09	10	27	7	24	3	3
	TOTAL		10	27	7	24	3	3
2	TOURISM	2008-09	3	2.3	0	0	3	2.3
	TOTAL		3	2.3	0	0	3	2.3
VII	INFORMATION AND TECHNOLOGY							
1	ZILLA PARISHADS	2007-08	2	5.17	2	5.17	0	0
		2008-09	2	5.18	0	0	2	5.18
	TOTAL		4	10.35	2	5.17	2	5.18
2	GRAM PARISHADS	2007-08	2	9.62	2	9.62	0	0
		2008-09	2	14.53	0	0	2	14.53
	TOTAL		4	24.15	2	9.62	2	14.53
VIII	HEALTH							
1	GRANTS IN AID TO PRI	2001-02	4	4.05	1	1.25	3	2.8
		2002-03	4	40	1	5.5	3	34.5
		2003-04	4	30	1	0.4	3	29.6
		2004-05	2	10	0	0	2	10
		2005-06	4	20	1	7.1	3	12.9
		2006-07	4	10	2	5.69	2	4.31

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Sl. No. (1)	Department (2)	Year of payment of grant (3)	Total grants paid		Utilisation certificates			
			Number (4)	Amount (5)	Received		Outstanding	
					Number (6)	Amount (7)	Number (8)	Amount (9)
		2007-08	4	300	2	105.17	2	194.83
		2008-09	4	200	0	0	4	200
	TOTAL		30	614.05	8	125.11	22	488.94
2	STATE ILLNESS ASST. FUND	2007-08	1	20	1	20	0	0
		2008-09	1	75	1	75	0	0
	TOTAL		2	95	2	95	0	0
3	SIKKIM MANIPAL UNIVERSITY	2004-05	1	600	1	600	0	0
		2005-06	1	218.75	1	218.75	0	0
		2006-07	1	100	1	100	0	0
		2007-08	1	711.5	1	711.5	0	0
		2008-09	1	250	1	250	0	0
	TOTAL		5	1880.25	5	1880.25	0	0
4	STATE BLOOD TRANSFUSION COUNCIL	2002-03	1	5	1	5	0	0
		2003-04	1	5	1	5	0	0
		2004-05	1	5	1	5	0	0
		2005-06	1	5	1	5	0	0
		2006-07	1	5	1	5	0	0
		2007-08	0	0	0	0	0	0
		2008-09	1	5	1	5	0	0
	TOTAL		6	30	6	30	0	0
5	SIKKIM MEDICAL COUNCIL	2007-08	1	10	1	10	0	0
		2008-09	1	5	1	5	0	0
	TOTAL		2	15	2	15	0	0
IX	FOOD SECURITY							
1	NON PLAN 2401							
	ZILLA PANCHAYAT (EAST)	2003-04	1	0.003	1	0.003	0	0
		2004-05	1	0.003	1	0.003	0	0
	TOTAL		2	0.006	2	0.006	0	0
2	ZILLA PANCHAYAT (WEST)	2003-04	1	0.003	1	0.003	0	0
		2004-05	1	0.003	1	0.003	0	0
		2006-07	1	2.38	0	0	1	2.38
	TOTAL		3	2.386	2	0.006	1	2.38
3	ZILLA PANCHAYAT (NORTH)	2003-04	1	0.003	0		1	0.003
		2004-05	1	0.003	1	0.003	0	0
		2006-07	1	1.55	0	0	1	1.55
	TOTAL		3	1.556	1	0.003	2	1.553
4	ZILLA PANCHAYAT (SOUTH)	2003-04	1	0.007	1	0.007	0	0
		2004-05	1	0.007	1	0.007	0	0
		2006-07	1	2.38	1	2.38	0	0
	TOTAL		3	2.394	3	2.394	0	0
5	GRAM PANCHAYAT (EAST)	2003-04	1	1.85	1	1.85	0	0
		2004-05	1	1.85	1	1.85	0	0
		2005-06	1	1.88	1	1.88	0	0
		2008-09	1	1.7	0	0	1	1.7
	TOTAL		4	7.28	3	5.58	1	1.7
6	GRAM PANCHAYAT (WEST)	2003-04	1	1.89	1	1.89	0	0
		2004-05	1	1.89	1	1.89	0	0
		2005-06	1	1.92	0	0	1	1.92
		2008-09	1	2.02	0	0	1	2.02
	TOTAL		4	7.72	2	3.78	2	3.94
7	GRAM PANCHAYAT (NORTH)	2003-04	1	0.74	0	0	1	0.74
		2004-05	1	0.74	0	0	1	0.74
		2005-06	1	0.77	1	0.77	0	0
		2008-09	1	0.8	1	0.8	0	0
	TOTAL		4	3.05	2	1.57	2	1.48
8	GRAM PANCHAYAT (SOUTH)	2003-04	1	1.66	1	1.66	0	0
		2004-05	1	1.66	1	1.66	0	0

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)
		2005-06	1	1.73	1	1.73	0	0
		2008-09	1	1.78	0	0	1	1.78
	TOTAL		4	6.83	3	5.05	1	1.78
	PLAN 2401							
9	ZILLA PANCHAYAT (EAST)	2003-04	1	0.26	1	0.26	0	0
		2004-05	1	0.26	1	0.26	0	0
		2005-06	1	0.26	1	0.26	0	0
		2006-07	1	2.7	0	0	1	2.7
		2007-08	1	5.5	1	5.5	0	0
		2008-09	1	2.92	0	0	1	2.92
	TOTAL		6	11.9	4	6.28	2	5.62
10	ZILLA PANCHAYAT (WEST)	2003-04	1	0.26	1	0.26	0	0
		2004-05	1	0.26	1	0.26	0	0
		2005-06	1	0.26	1	0.26	0	0
		2007-08	1	6	0	0	1	6
		2008-09	1	2.92	0	0	1	2.92
	TOTAL		5	9.7	3	0.78	2	8.92
11	ZILLA PANCHAYAT (NORTH)	2003-04	1	0.26	1	0.26	0	0
		2004-05	1	0.26	1	0.26	0	0
		2005-06	1	0.26	1	0.26	0	0
		2007-08	1	5.5	1	5.5	0	0
		2008-09	1	2.92	0	0	1	2.92
	TOTAL		5	9.2	4	6.28	1	2.92
12	ZILLA PANCHAYAT (SOUTH)	2003-04	1	0.22	1	0.22	0	0
		2004-05	1	0.22	1	0.22	0	0
		2005-06	1	0.22	1	0.22	0	0
		2007-08	1	5.5	0	0	1	5.5
		2008-09	1	2.92	0	0	1	2.92
	TOTAL		5	9.08	3	0.66	2	8.42
13	GRAM PANCHAYAT (EAST)	2007-08	1	14.1	0	0	1	14.1
		2008-09	1	7.35	0	0	1	7.35
	TOTAL		2	21.45	0	0	2	21.45
14	GRAM PANCHAYAT (WEST)	2007-08	1	16.8	0	0	1	16.8
		2008-09	1	8.75	0	0	1	8.75
	TOTAL		2	25.55	0	0	2	25.55
15	GRAM PANCHAYAT (NORTH)	2007-08	1	6.8	1	6.8	0	0
		2008-09	1	3.5	1	3.5	0	0
	TOTAL		2	10.3	2	10.3	0	0
16	GRAM PANCHAYAT (SOUTH)	2007-08	1	14.8	0	0	1	14.8
		2008-09	1	7.7	0	0	1	7.7
	TOTAL		2	22.5	0	0	2	22.5
	PLAN 2402							
17	ZILLA PANCHAYAT (EAST)	2007-08	1	0.41	1	0.41	0	0
		2008-09	1	0.12	1	0.12	0	0
	TOTAL		2	0.53	2	0.53	0	0
18	ZILLA PANCHAYAT (WEST)	2007-08	1	0.41	0	0	1	0.41
		2008-09	1	0.12	0	0	1	0.12
	TOTAL		2	0.53	0	0	2	0.53
19	ZILLA PANCHAYAT (NORTH)	2007-08	1	0.41	1	0.41	0	0
		2008-09	1	0.12	0	0	1	0.12
	TOTAL		2	0.53	1	0.41	1	0.12
20	ZILLA PANCHAYAT (SOUTH)	2007-08	1	0.41	0	0	1	0.41
		2008-09	1	0.12	0	0	1	0.12
	TOTAL		2	0.53	0	0	2	0.53
21	GRAM PANCHAYAT (EAST)	2007-08	1	1.04	0	0	1	1.04
		2008-09	1	0.3	0	0	1	0.3
	TOTAL		2	1.34	0	0	2	1.34

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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)
22	GRAM PANCHAYAT (WEST)	2007-08	1	1.23	0	0	1	1.23
		2008-09	1	0.36	0	0	1	0.36
	TOTAL		2	1.59	0	0	2	1.59
23	GRAM PANCHAYAT (NORTH)	2007-08	1	0.49	1	0.49	0	0
		2008-09	1	0.16	1	0.16	0	0
	TOTAL		2	0.65	2	0.65	0	0
24	GRAM PANCHAYAT (SOUTH)	2007-08	1	1.09	0	0	1	1.09
		2008-09	1	0.31	0	0	1	0.31
	TOTAL		2	1.4	0	0	2	1.4
	PLAN 2408							
25	ZILLA PANCHAYAT (EAST)	2007-08	1	0.3	1	0.3	0	0
	TOTAL		1	0.3	1	0.3	0	0
26	ZILLA PANCHAYAT (WEST)	2007-08	1	0.2	0	0	1	0.2
	TOTAL		1	0.2	0	0	1	0.2
27	GRAM PANCHAYAT (NORTH)	2007-08	1	0.3	1	0.3	0	0
	TOTAL		1	0.3	1	0.3	0	0
28	GRAM PANCHAYAT (SOUTH)	2007-08	1	0.4	0	0	1	0.4
	TOTAL		1	0.4	0	0	1	0.4
	PLAN 2415							
29	ZILLA PANCHAYAT (EAST)	2007-08	1	0.025	1	0.025	0	0
	TOTAL		1	0.025	1	0.025	0	0
30	ZILLA PANCHAYAT (WEST)	2007-08	1	0.025	0	0	1	0.025
	TOTAL		1	0.025	0	0	1	0.025
31	ZILLA PANCHAYAT (NORTH)	2007-08	1	0.015	1	0.015	0	0
	TOTAL		1	0.015	1	0.015	0	0
32	ZILLA PANCHAYAT (SOUTH)	2007-08	1	0.025	0	0	1	0.025
	TOTAL		1	0.025	0	0	1	0.025
33	GRAM PANCHAYAT (EAST)	2007-08	1	0.6	0	0	1	0.6
	TOTAL		1	0.6	0	0	1	0.6
34	GRAM PANCHAYAT (WEST)	2007-08	1	0.6	0	0	1	0.6
	TOTAL		1	0.6	0	0	1	0.6
35	GRAM PANCHAYAT (NORTH)	2007-08	1	0.3	1	0.3	0	0
	TOTAL		1	0.3	1	0.3	0	0
36	GRAM PANCHAYAT (SOUTH)	2007-08	1	0.6	0	0	1	0.6
	TOTAL		1	0.6	0	0	1	0.6
X	IPR							
1	AVP PLAN	2008-09	1	1.5	1	1.5	0	0
	TOTAL		1	1.5	1	1.5	0	0
XI	HRDD							
1	TASHI NAMGYAL ACADEMY	2008-09	1	30.32	1	30.32	0	0
	TOTAL		1	30.32	1	30.32	0	0
2	PNGSSS	2008-09	1	41.19	1	41.19	0	0
	TOTAL		1	41.19	1	41.19	0	0
3	TATHANGCHEN SS	2008-09	1	2.75	1	2.75	0	0
	TOTAL		1	2.75	1	2.75	0	0
4	ST. XAVIER'S, PAKYON G	2008-09	1	0.65	1	0.65	0	0
	TOTAL		1	0.65	1	0.65	0	0
5	JMIH (NAB, NAMCHI)	2008-09	1	5	1	5	0	0
	TOTAL		1	5	1	5	0	0
6	SANSKRIT PATHSHALAS	2008-09	1	2.9	0	0	1	2.9
	TOTAL		1	2.9	0	0	1	2.9
7	STATE RECOGNISED LANGUAGES	2008-09	1	5.5	1	5.5	0	0
	TOTAL		1	5.5	1	5.5	0	0
XII	AHVS							
1	ZILLA PANCHAYAT, EAST	2008-09	1	1.39	0	0	1	1.39
	TOTAL		1	1.39	0	0	1	1.39

Sl. No. (1)	Department (2)	Year of payment of grant (3)	Total grants paid		Utilisation certificates			
			Number (4)	Amount (5)	Received		Outstanding	
					Number (6)	Amount (7)	Number (8)	Amount (9)
2	ZILLA PANCHAYAT, NORTH	2008-09	1	0.6	0	0	1	0.6
	TOTAL		1	0.6	0	0	1	0.6
3	DDO, SOUTH	2008-09	1	3.98	0	0	1	3.98
	TOTAL		1	3.98	0	0	1	3.98
4	DDO, EAST	2008-09	1	2.31	0	0	1	2.31
	TOTAL		1	2.31	0	0	1	2.31
5	DDO, WEST	2008-09	1	4.28	0	0	1	4.28
	TOTAL		1	4.28	0	0	1	4.28
6	DDO, NORTH	2008-09	1	1.12	0	0	1	1.12
	TOTAL		1	1.12	0	0	1	1.12
XIII	HORTICULTURE							
1	DDO(E/W/N/S)	2007-08	5	83.39	2	17.84	3	65.55
		2008-09	4	64.19	1	8.27	3	55.92
	TOTAL		9	147.58	3	26.11	6	121.47
2	SACHIVA (E/W/N/S)	2005-06	4	4	1	1	3	3
		2006-07	6	8.25	1	0.75	5	7.5
		2007-08	3	23.42	1	8.2	2	15.22
		2008-09	4	28.08	1	7.02	3	21.06
	TOTAL		17	63.75	4	16.97	13	46.78
XIV	CO-OPERATION							
		1998-99	25	51.65	16	50.24	9	1.41
		99-2000	212	25.75	85	19.45	127	6.3
		2000-01	349	531.1	292	512.84	57	18.26
		2001-02	136	448.95	122	445.45	14	3.5
		2002-03	300	128.04	211	114.84	89	13.2
		2003-04	20	54.42	16	52.41	4	2.01
		2004-05	134	334.72	129	330.42	5	4.3
		2005-06	115	133.36	102	110.06	13	23.3
		2006-07	364	211.26	301	176.06	63	35.2
		2007-08	216	194.27	144	133.16	72	61.11
		2008-09	107	191.6	19	7.12	88	184.48
	TOTAL		1978	2305.12	1437	1952.05	541	353.07
XV	IRRIGATION AND FC							
		2008-09	10	27.71	1	2.35	9	25.36
	TOTAL		10	27.71	1	2.35	9	25.36
		2008-09	8	3	1	0.27	7	2.73
	TOTAL		8	3	1	0.27	7	2.73
		2008-09	8	80	1	7.22	7	72.78
	TOTAL		8	80	1	7.22	7	72.78
	GRAND TOTAL		2340	6175.262	1627	4787.569	713	1387.693

Appendix 3.2

(Reference: Paragraph 3.2; Page 46)

Statement showing names of Bodies and Authorities, the accounts of which had not been received

Sr. No.	Name of the Body/Authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
Department			
1	State Leprosy society	2007-08	Not furnished
2	Council for Science & Technology	2007-08	Not furnished
3	Sikkim Institute of Tibetology	2006-07, 2007-08	Not furnished
4	SRDA	2007-08	Not furnished
5	Inst of Hotel Mgmt	2007-08	Not furnished
6	SUDA	2006-07, 2007-08	Not furnished
7	DLO Geyzing	2007-08	Not furnished
8	Sikkim Renewal Energy Dev Agency (SREDA)	2007-08	Not furnished
9	District Leprosy Officer. East, Gangtok	2007-08	Not furnished
10	DLO North Mangan	2007-08	Not furnished
11	Sikkim State Aids Control Society	2007-08	Not furnished
12	Small Farmers AgriBusiness Consortium	2007-08	Not furnished
13	TNA	2006-07, 2007-08	Not furnished
14	PNGS	2006-07,2007-08	Not furnished
15	State commission for women	2007-08	Not furnished
16	State Health & Family Welfare Society	2005-06, 2006-07, 2007-08	Not furnished
17	Rajya Sainik Board	2006-07, 2007-08	Not furnished
18	Prevention and control Of Blindness	2007-08	Not furnished
19	State Illness Assistance Fund Association	2001-02 to 2007-08	Not furnished

Appendix 3.3

(Reference: Paragraph 3.3; Page 46)

Statement showing the delay in submission of Accounts and Separate Audit Reports

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	2006-07 to 2010-11	2006-07	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	2006-07 to 2010-11	2007-08	2003-04	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	2003-04 to 2007-08*	2005-06	2004-05	2002-03	2004-05 August 2005	--
					29.3.07	2005-06 August 2007	4 months
4	SLSA	19(2)	2007-08	2006-07	2004-05 14.12.06	2006-07 March 2008	--
						2007-08 March 2009	--
5	Sikkim Housing Dev.Board	2005-06 to 2009-10	2006-07	NA	NA	2004-05 June 2009	3 years 1 month
						2005-06 June 2009	2 years 1 month
						2006-07 June 2009	1 year 1 month
6	Sikkim Milk Union	2003-04 to 2007-08	2007-08	NA	NA	2007-08 February 2009	--
7	SIMFED	2005-06 to 2009-10	2006-07	NA	NA	2006-07 August 2008	4 months
8	Sikkim Khadi and Village Industries Board	2005-06 to 2009-10	2005-06	NA	NA	2005-06 May 2009	2 years 2 months

*Letter to Secretary, Finance was written two times for further extension of entrustment, but no response received till date.

Appendix 3.4

(Reference: Paragraph 3.4; Page 47)

Statement of finalisation of Accounts and the Government Investment in Departmentally managed Commercial and Quasi-Commercial Undertakings

Sl. No.	Name of the Undertaking	Accounts finalised up to	Investment as per the last accounts finalized (Rs in crore)	Remarks/Reasons for delay in preparation of Accounts
1	Government Fruit Preservation Factory	2006-07	1.37	The Accounts for 2007-08 received but yet to be audited.
2	Temi Tea Estate	2006-07	7.65	Delay in presentation of Accounts not on record.

Appendix 3.5

(Reference: Paragraph 3.5; Page 48)

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 2009)

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 (5.22)	1 (42.63)	1 (12.54)	0	0	0	4 (60.39)
3	SPORTS AND YOUTH AFFAIRS	1 (15)	0	0	0	0	0	1 (15)
4	TRANSPORT (SNT)	2* (34.48)	1 (134)	0	0	0	0	3* (168.48)

(Figures in bracket indicate rupees in lakh)

* in one case amount not ascertained

Appendix 3.6

(Reference: Paragraph 3.5; Page 48)

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

Name of Department	Theft cases		Misappropriation/ Loss of Government material		Total	
	Number of cases	Amount (Rs. in lakh)	Number of cases	Amount (Rs. in lakh)	Number of cases	Amount (Rs. in lakh)
FINANCE, REVENUE AND EXPENDITURE	Nil	Nil	1	0.26	1	0.26
FOOD & CIVIL SUPPLIES AND CONSUMER AFFAIRS	Nil	Nil	4	60.39	4	60.39
SPORTS AND YOUTH AFFAIRS	Nil	Nil	1	15	1	15
TRANSPORT (SNT)	Nil	Nil	3*	168.48	3*	168.48