

**State Finances Audit Report  
of  
the Comptroller and Auditor General of India  
for the year ended March 2020**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**GOVERNMENT OF SIKKIM**  
*Report No. 3 of 2021*



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of  
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for the year ended 31 March 2020**

**Government of Sikkim**

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## PREFACE

1. This Report on Finances of the State Government of Sikkim, has been prepared for submission to the Governor of Sikkim under Article 151 (2) of the Constitution of India for being laid in the Legislature of the State.
2. **Chapter I** describes the basis and approach to the Report and the underlying data, providing an overview of the structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the fiscal/revenue deficits/surplus.
3. **Chapter II** of this Report provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.
4. **Chapter III** is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.
5. **Chapter IV** provides comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations, by various Departments of the State Government.
6. **Chapter V** provides a 'bird eye view' on the functioning of the State Public Sector Enterprises (SPSEs). The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned/controlled Government Companies set up under the Companies Act, 2013/Sikkim Registration of Companies Act 1961 and Statutory Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim.





**EXECUTIVE SUMMARY**



# EXECUTIVE SUMMARY

## Background

This Report on the Finances of the Government of Sikkim is being brought out with a view to assessing the financial performance of the State during the year 2019-20. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into the performance of schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare with the normative assessment made by the XIV Finance Commission (XIV FC). A comparison has been made to see whether the State has given adequate fiscal priority to developmental as well as Social Sector and Capital Expenditure and whether the expenditure has been effectively absorbed by the intended beneficiaries.

## The Report

Based on the audited accounts of the Government of Sikkim for the year ended March 2020, this Report provides an analytical review of the annual accounts of the State Government. The Report has five Chapters.

**Chapter I** describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the deficits/surplus

**Chapter II** of this Report provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.

**Chapter III** is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.

**Chapter IV** provides comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.

**Chapter V Functioning of State Public Sector Enterprises:** This Chapter provides an overall picture on the functioning of the State Public Sector Enterprises (SPSEs). The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned/controlled Government Companies set up under the Companies Act, 2013/ Sikkim Registration of Companies Act 1961 and Statutory Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim.

## Audit Findings

### *Overview of State Finances*

The growth rate of GSDP of the State at current prices, during 2015-20 ranged between 10.60 per cent (2018-19) to 25.54 per cent (2017-18). During 2019-20, the GSDP at

current price was ₹ 32,496 crore, up from ₹ 28,723 crore in 2018-19, representing an increase of 13.14 *per cent* which was much higher than that of national growth rate (7.21*per cent*). The per capita GSDP of the State (₹ 4,87,196) was also more than the per capita GDP of India (₹ 1,51,677) during 2019-20.

During the five-year period of 2015-20, the share of Agriculture (Primary) Sector in the GSDP grew from 8.72 *per cent* in 2015-16 to 9.66 *per cent* in 2019-20 and the share of Industry (Secondary) Sector grew from 57.98 *per cent* in 2015-16 to 59.49 *per cent* in 2019-20. The Taxes on Products & Subsidies on Product has also shown growth in 2019-20 as compared to 2015-16, but there was a slight decrease in the share of Services (Tertiary) Sector from 28.91 *per cent* in 2015-16 to 25.61 *per cent* in 2019-20.

The State after maintaining Revenue Surplus for four years from 2015-16 to 2018-19, ran into Revenue Deficit (₹ 1,343.81 crore) in 2019-20. Similarly, after successfully containing the Fiscal Deficit below three *per cent* of GSDP during 2015-19, the State's Fiscal Deficit was 6.40 *per cent* of GSDP during 2019-20. Fiscal Deficit increased by ₹ 1,438.86 crore from ₹ 642.32 crore in 2018-19, witnessing growth 224.01 *per cent*. Besides, the ratio of total outstanding debt to GSDP of the State which ranged between 20.99*per cent* and 22.77 *per cent*, consistently exceeded the norms prescribed in the SFRBM Act as well projections of XIV Finance Commission, during the period 2015-20. The Act had envisaged that the State Government would limit the percentage of total outstanding debt to GSDP to 20.63 *per cent* in 2015-16 and 19.04 *per cent* in 2019-20.

### ***Recommendations***

- *The Government may explore the possibilities and take necessary steps to increase the share of Agriculture (Primary) Sector in the GSDP.*
- *They may take steps to increase their Revenue Receipts, so as to meet their total expenditure.*
- *The Government may adhere to quantitative targets of SFRBM Act with regard to deficit measures and debt level.*

***(Chapter I)***

### ***Finances of the State***

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 consistently maintained Revenue Surplus till 2018-19 but the State suffered Revenue Deficit of ₹ 1343.81 crore during 2019-20. The State continued to have a Fiscal Deficit during the five-year period 2015 -20 (except 2016-17), and the deficit increased to ₹ 2081.18 crore in 2019-20 from 2018-19 (an increase of 224.01 *per cent*).

### **Revenue Receipts**

Revenue Receipts increased from ₹ 3784.29 crore in 2015-16 to ₹ 4841.27 crore in 2019-20 (by 27.93 *per cent*), at an annual average growth rate of 5.39 *per cent*.

However, during 2019-20, Revenue Receipts decreased by ₹ 1,079.09 crore (18.23 *per cent*) and the Revenue Expenditure increased by 18.34 *per cent* (₹ 958.51 crore), as compared to previous year, resulting in Revenue Deficit of ₹ 1343.81 crore.

During 2019-20, about 34.37 *per cent* of the Revenue Receipts came from the State's own resources, while Central Tax Transfers and Grants-in-aid together contributed 65.63 *per cent*. This indicates the fact that the State's fiscal position is largely dependent on Central Tax transfers and Grants-in-aid from GoI.

### **Expenditure**

The State's Total Expenditure increased by 5.49 *per cent* from ₹ 6,564.45 crore in 2018-19 to ₹ 6,922.75 crore during 2019-20. Revenue Expenditure during the year was 89.34 *per cent*, Capital Expenditure was 10.41 *per cent*, whereas loans and advances constituted 0.25 *per cent* of the Total Expenditure.

Capital Expenditure of the State showed sharp decrease during the last three years from ₹ 1,506.78 crore in 2017-18 to ₹ 720.61 crore in 2019-20, a decrease of 44.20 *per cent* as compared to 2018-19.

The Committed expenditures (₹ 4537.13 crore) which were 58.04 *per cent* of Revenue Receipts in 2018-19, increased to 93.72 *per cent* in 2019-20. Similarly, the percentage of Committed expenditure to Revenue Expenditure increased from 65.76 *per cent* in 2018-19 to 73.35 *per cent* in 2019-20.

The Government had not transferred dues of ₹ 66.13 crore under National Pension System, to the NSDL as on 31 March 2020. Thus, current liability not only stood deferred to future year(s), but the Government had also created interest liability on the funds not transferred.

### **Debt Management**

Fiscal liabilities of the State increased by 16.82 *per cent* from ₹ 6,335.06 crore in 2018-19 to ₹ 7,400.66 crore in 2019-20. The fiscal liabilities grew at faster rate than the GSDP during 2019-20.

During 2019-20, against total debt receipts of ₹ 2294.67 crore, the Government repaid ₹ 1,229.06 crore. The debt receipts of the State decreased from ₹ 3,088.50 crore in 2015-16 to ₹ 2,294.67 crore in 2019-20. Though debt receipts were decreasing since 2016-17, during the current year (2019-20), the same increased by ₹ 288.63 crore (14.38 *per cent*) over the previous year.

The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that out of the outstanding public debt of ₹ 5,412.64 crore, 44.71 *per cent* (₹ 2,420.26 crore) debt is payable within the next seven years while the remaining 55.29 *per cent* (₹ 2,992.38 crore) is in the maturity bracket of more than seven years.

### **Debt Sustainability**

The growth rate of revenue receipts has generally been lower than the growth rate of debt during the period 2015-20, except during 2016-17. The burden of interest payment was 8.61 *per cent* of the Revenue Receipts during 2019-20. Though Net Debt available to the State was positive during the five years' period ending 2019-20, there was a significant decrease in Net Debt available, from ₹ 415.40 crore in 2018-19 to ₹ 2.37 crore (99 *per cent*) in 2019-20.

### **Utilisation of borrowed funds**

During the period 2015-20, the total borrowings of the State have decreased from ₹ 3088.54 crore in 2015-16 to ₹ 2294.67 crore in 2019-20, but it increased by ₹ 287.60 crore (14.33 *per cent*) over the previous year. The repayments of earlier borrowings had also increased from ₹ 1123.02 crore in 2018-19 to ₹ 1229.06 crore in 2019-20, (9.44 *per cent*).

### **Investment and Returns**

As of March 2020, Government had invested ₹ 104.18 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operative. The return from investments was 2.94 *per cent* during 2019-20. Seven companies/ corporations were earning profits as per their latest finalised annual accounts, while the remaining 10 Companies/ Corporations had incurred losses.

### **Incomplete Projects**

The State had 233 projects (estimated cost ₹ 1,184.07 crore) which were scheduled to be completed by 31 March 2020, were yet to be completed, on which they had incurred an expenditure of ₹ 548.86 crore.

### **Sikkim Compensatory Afforestation Fund**

During 2019-20, the State Government received ₹ 407.38 crore towards State Compensatory Fund out of which they spent only ₹ 44.95 crore and there was an unspent balance of ₹ 362.43 crore. The State Government may review the status of the Fund for appropriate action.

### **Sikkim Ecology and Environment Fund**

Out of ₹ 1.18 crore, collected under the Ecology & Environment Cess during 2019-20 the State Government has not spent the Cess so collected and the expenditure during the previous year was only 16 *per cent* of the total cess collected. The State Government, may increase its spending out of the Cess so collected.

### **Cash Balances**

There was marked decrease of ₹ 1195.99 crore (36.46 *per cent*) in Cash balance of the State Government (as per accounts of the Government) as on 31 March 2020 as compared to previous year. There was un-reconciled cash balance of ₹ 34.73 crore as per accounts of the Government and the records of State Bank of Sikkim.



Huge cash balances (Month-wise) ranging between ₹ 83.96 crore and ₹ 381.17 crore, were maintained in Government account with SBS during 2019-20, since the Government had not prescribed the minimum cash limit.

### **Recommendations**

- *To avoid liabilities under NPS, the State Government needs to transfer the outstanding funds already accumulated to NSDL, for management of the NPS. They may strictly monitor the allotment of PRAN to the employees.*
- *The State Government may seriously review the functioning of the Corporations, Companies and Societies to ensure finalisation of the financial statements as per schedule, returns on the investments and to consider closing of non-functional units in a time bound manner. They may consider not giving/ sanctioning future financial assistance to such Corporations/ Companies where Accounts are heavily in arrears.*
- *The State Government needs to prioritise completion of incomplete projects in a planned manner with periodical review and monitoring mechanism at the highest level of administration so as to avoid time and cost inefficiencies. They need to specifically monitor those projects, which are being executed out of borrowed funds and pose a consequential extra financial burden on the Government.*
- *Increasing trend of debt maturity profile vis-à-vis the level of borrowings needs to be reviewed so as to ensure that mobilised financial resources are used adequately for incurring capital expenditure for creation of assets. The increasing trends of Revenue Expenditure be corrected by identifying potential wasteful expenditure and adopting economy measures across departments.*
- *The Government should frame a policy on prudent cash balance management and ensure reconciliation with State Bank of Sikkim.*

**(Chapter II)**

### **Budgetary Management**

Budgetary assumptions of the State Government were not very realistic during 2019-20 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent, and control over the execution and monitoring of budget was inadequate.

Savings during the year were ₹ 2233.18 crore, accounting for about a fourth (23.35 per cent) of the budget provision. However, the Controlling Officers surrendered savings of ₹ 1978.08 crore, during last month of the year, with major portion of savings (₹ 1977.40 crore) being surrendered on the last day of the financial year 2019-20.

During 2019-20, excess expenditure of ₹ 7.41 crore had taken place in three Grants which was the largest during the period 2015-20. Moreover, an excess expenditure of

₹ 83.28 crore in respect of previous years (from 2012-13 to 2018-19) was pending for regularization by the PAC/State Legislature.

During 2019-20, State Government incurred an expenditure of ₹ 740.62 crore, constituting about 11.97 *per cent* of the total Revenue expenditure of ₹ 6185 crore, in March 2020. However, out of ₹ 740.62 crore of expenditure incurred in March 2020, expenditure of ₹ 108.53 crore (14.67 *per cent* of the total Revenue expenditure of March 2020) was incurred on the last day of the financial year *i.e.*, 31 March 2020.

The explanations for variations in expenditure *vis-à-vis* allocations were not provided in respect of 416 sub-heads out of 740 sub-heads (56.22 *per cent*) to the Sr. Dy Accountant General (A&E).

During the period 2015-20, the Government had substantial savings ranging between 15.96 *per cent* and 27.35 *per cent* of total budget allocation and could utilize between 72.65 *per cent* and 85.04 *per cent* of total allocation. Although the issue of persistent savings is being highlighted in the Reports of the CAG on State Finances every year, Departments had not taken any perceptible action in this regard.

Supplementary Grants/ Appropriations were obtained without adequate justification. During 2019-20, Supplementary provision aggregating ₹ 230.96 crore obtained in 24 cases (with ₹ 50.00 lakh or more), proved unnecessary as the total expenditure did not come up to the level of original provision and re-appropriations under 13 Heads of Account proved excessive or insufficient and resulted in saving/ excess of over ₹ 10.00 lakh. Despite flagging this issue every year over the last several years, the State Government had failed to take corrective measures in this regard.

The review of the budgetary procedure and control over expenditure for the period 2015-16 to 2019-20 of **Grant No. 34 –Roads and Bridges Department (RBD)** showed:

- Under Capital Head during 2015-16 and 2016-17, the supplementary provisions of ₹ 61.68 crore and ₹ 122.10 crore proved unnecessary as the Department could not utilise even the original budget provision. Similarly, under Revenue Head during 2016-17, there were unnecessary supplementary provisions of ₹ 4.34 crore.
- Persistent/substantial savings during 2015-16 to 2019-20 ranged between seven *per cent* and 17 *per cent* of the provision under Revenue Heads. Similarly, there were persistent savings under Capital Heads which ranged between 14 *per cent* and 65 *per cent* during the entire review period from 2015-16 to 2019-20. However, there was excess expenditure of ₹0.76 crore during 2017-18 under Revenue Head.
- During 2015-16 to 2019-20 against the saving of ₹ 625.82 crore, RBD surrendered ₹ 273.75 crore (44 *per cent*) and did not surrender savings of ₹ 352.07 crore (56 *per cent*).
- During the period 2016-19, the Department made a budget provision of ₹ 187.20 lakh for each financial year under MH 5054-Capital outlay 'Construction of Bridges in West Sikkim', but the entire provision was surrendered every year without incurring any expenditure.

### **Recommendations**

- *State Government needs to formulate a realistic budget based on reliable estimates of the needs of the Departments and their capacity to utilise the allocated resources;*
- *An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered within the specified time frame;*
- *Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts;*
- *Excess expenditure over grants approved by the Legislature are in violation of the approvals of the Legislature. It therefore, needs to be viewed seriously and got regularized at the earliest.*
- *The Roads and Bridges Department (RBD) may strengthen its budgetary management on basis of realistic estimates so that financial resources can be allocated/ utilised efficiently and effectively to achieve the desired objectives.*

**(Chapter III)**

### **Quality of Accounts & Financial Reporting Practices**

During the year 2019-20, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Sr. DAG (A&E).

However, the practice of not furnishing UCs in a timely manner resulted in pendency of large number of UCs. At the end of March 2020, 1436 UCs involving an aggregate amount of ₹ 203.99 crore were pending for submission even after a lapse of one to seventeen years by various departments. Advances amounting to ₹ 67.87 crore remained unsettled as on March 2020 distorting the amount of expenditure being shown as spent.

Audit noticed that the Power Department (PDS) did not deposit Revenue receipts of ₹ 388.29 crore (₹ 103.69 crore: selling surplus power outside the State and royalty: ₹ 284.60 crore) in the Consolidated Fund of the State, during 2019-20. Besides, PDS had also incurred expenditure of ₹ 261.86 crore towards purchase of power without routing it through the Government account and they transferred ₹ 225.75 crore, to SPICL for repayment of loan availed on behalf of Government of Sikkim without obtaining legislative approval. These transactions which were not routed through the State Budget and Accounts led to an overall understatement of Revenue Deficit as well as Fiscal Deficit by ₹ 99.32 crore during 2019-20.

During 2019-20, the State Government advised its PSUs to raise debt from financial institutions and two PSUs (Sikkim Housing and Development Board and State Trading Corporation of Sikkim) raised debt of ₹ 245.60 crore which have been guaranteed by the State. The State Government will further provide budgetary support for repayment of debt along with interest. Non-furnishing of detailed information about financial

assistance given to various institutions and non-submission of accounts by 14 Autonomous Bodies/Authorities as per timelines led to non-compliance with Financial Rules. There were also delays in placement of Separate Audit Reports (SARs) to Legislature, thereby diluting of accountability of these Bodies.

There were five cases of misappropriation involving Government money in respect of four Departments with money value of ₹ 2.64 crore at the end of 2019-20 where final action was pending.

### **Recommendations**

- *Departments should adhere to the Government Accounting Rules and all the transactions of financial assistance to Departments and State Bodies, should be routed through Government Accounts, to reflect actual financial position of the State.*
- *It is recommended that Government may enhance the scope and coverage of budget provision by including the extra budgetary resources given to various State Government PSUs/ entities for implementation of various State Government Schemes/ Programmes etc.*
- *Finance Department may chalk out an action plan for ensuring submission of all pending UCs. Further, release of grants should be linked with submission of outstanding UCs.*
- *Finance Department may make special efforts to settle old outstanding AC bills. At the same time, the DDOs should be asked to ensure that the DC bills are submitted within prescribed time, in order to stem the accretion of unadjusted AC bills. Advances should be monitored closely for effective control and old outstanding AC bills should be adjusted by making special efforts, in a time bound manner.*
- *In order to make accounts transparent, the Government should operate appropriate Minor Heads, instead of booking under Minor Head 800.*
- *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in timely manner to assess their financial position. Appropriate action should be taken against defaulting bodies.*
- *The Government needs to put in place necessary mechanism to ensure timely submission of SARs before the Legislature, so as to ensure accountability of the State Bodies.*
- *The Government should prepare a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system in Departments to prevent recurrence of such cases.*

**(Chapter IV)**

### **Functioning of State Public Sector Enterprises**

As on 31 March 2020, the State of Sikkim had 22 SPSEs (16 working and six non-working) and only 16 working SPSEs were under the audit jurisdiction of the CAG. The audit entrustment of six non-working SPSEs was not extended to CAG by the State Government. The 16 working SPSEs audited by CAG included 12 Government Companies, and four Statutory Corporations. The CAG conducts supplementary audit of four SPSEs (all companies registered under the Companies Act, 2013) as per the provisions of the Companies Act, 2013 while the audit of remaining 12 SPSEs (eight companies registered under the Sikkim Registration of Companies Act 1961 and four Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim) is conducted by CAG on entrustment basis under section 20 (1)/19 (3) of CAG's (Duties, Powers and Conditions of Services) Act, 1971.

As on 31 March 2020, there was a difference of ₹ 39.20 crore in the investment figures of the State Government (Equity: ₹ 4.20 crore; Long-term Loans: ₹ 35.00 crore) as per State Finance Accounts *vis-à-vis* records of SPSEs. The differences in investment figures existed in respect of eight SPSEs.

During 2019-20 the State Government has provided budgetary support of ₹ 9.00 crore to two SPSEs in the form of Equity (₹ 2.50 crore) and Grants/subsidy (₹ 6.50 crore). The recipients of budgetary assistance were Sikkim Power Development Corporation (Equity: ₹ 2.50 crore) and Temi Tea Estates (Grants: ₹ 6.50 crore).

During 2019-20, out of total 16 working SPSEs, seven SPSEs earned profits (₹ 59.28 crore) as per their latest finalised accounts. However, more than 96 *per cent* (₹ 57.43 crore) of the aggregate profits (₹ 59.28 crore) was contributed by two SPSEs, namely, Teestavalley Power Transmission Limited (₹ 34.19 crore) and State Bank of Sikkim (₹ 23.24 crore). Further, the accumulated losses (₹ 1,119.52 crore) of four out of 16 working SPSEs had completely eroded their paid-up capital (₹ 73.50 crore) as per their latest finalised accounts.

As on 30 September 2020, 14 out of 16 SPSEs had a total arrear of 27 Accounts ranging from one to six years. The highest number of accounts pending finalisation pertained to Sikkim Livestock Processing and Development Corporation (six Accounts).

#### **Recommendations**

- *The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*
- *Accumulation of huge losses by four out of 16 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.*

- *The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*

**(Chapter V)**



**CHAPTER-I:  
OVERVIEW**





# Chapter I: Overview

*This Chapter describes the basis and approach to the Report and the underlying data, providing an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State's fiscal position including the fiscal/revenue deficits/surplus.*

## 1.1 Profile of the State

Sikkim is a sparsely populated State situated in the Eastern Himalayas. It became part of the Indian Union on 16 May 1975. It has a total area of 7,096 sq. km. which constitutes 0.22 *per cent* of the total geographical area of India; and as per 2011 Census, the State's population was 6.11 lakh (approx.). Sikkim being landlocked state, National Highway-10 is the only lifeline, which connects the State with the rest of the country. Sikkim has four districts and nine sub-divisions. The State has been included in the North Eastern Council (NEC) since December 2002.

The State's Gross Domestic Product (GSDP) in 2019-20 at current prices was ₹ 32,496 crore. General and financial data relating to the Sikkim State as well as other States of the North Eastern Region is given in **Appendix 1.1 (Part-A)**.

## 1.2 Basis and Approach to State Finances Audit Report

In terms of Article 151 (2) of the Constitution of India, the reports of the Comptroller and Auditor General of India (CAG) relating to the accounts of a State are to be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State. The State Finances Audit Report (SFAR) of Sikkim for the year ending 31 March 2020 has been prepared by the CAG for submission to the Governor of Sikkim under Article 151 (2) of the Constitution of India.

The office of Sr. Deputy Accountant General (Accounts & Entitlements) prepares the Finance Accounts and Appropriation Accounts of the State annually, from the vouchers, challans, initial and subsidiary accounts rendered by the treasuries, offices and departments responsible for keeping of such accounts functioning under the control of the State Government. These accounts are audited independently by the Principal Accountant General (Audit), and certified by the CAG.

Finance Accounts and Appropriation Accounts of the State constitute the core data for this Report. Other sources include the following:

- ✓ **Budget of the State:** for assessing the fiscal parameters and allocative priorities *vis-à-vis* projections, as well as for evaluating the effectiveness of its implementation and compliance with the relevant rules and prescribed procedures;
- ✓ **GSDP data** and other State related statistics;
- ✓ **Results of audit** carried out by the office of the Principal Accountant General (Audit) Sikkim at the State Secretariat as well as at the field level offices during the year;

- ✓ **Other data** with Departmental Authorities and Treasuries (accounting as well as MIS), and
- ✓ **Various Audit Reports** of the CAG of India.

The analysis is also carried out in the context of recommendations of the XIV Finance Commission (FC), Sikkim Fiscal Responsibility and Budget Management Act (SFRBM), best practices and guidelines of the Government of India (GoI).

### 1.3 Report Structure

The SFAR is structured into the following five Chapters:

**Table 1.1: Structure of SFAR**

<b>Chapter - I</b>	<b>Overview:</b> <i>This Chapter describes the basis and approach to the Report and the underlying data, provides an overview of structure of Government accounts, budgetary processes, macro-fiscal analysis of key indices and State’s fiscal position including the deficits/surplus.</i>
<b>Chapter - II</b>	<b>Finances of the State:</b> <i>This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the period from 2015-16 to 2019-20, debt profile of the State and key Public Account transactions, based on the Finance Accounts of the State.</i>
<b>Chapter - III</b>	<b>Budgetary Management:</b> <i>This Chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management.</i>
<b>Chapter - IV</b>	<b>Quality of Accounts &amp; Financial Reporting Practices:</b> <i>This Chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various Departments of the State Government.</i>
<b>Chapter V</b>	<b>Functioning of State Public Sector Enterprises:</b> <i>This Chapter provides an overall picture on the functioning of the State Public Sector Enterprises (SPSEs). The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned/controlled Government Companies set up under the Companies Act, 2013/Sikkim Registration of Companies Act 1961 and Statutory Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim.</i>

### 1.4 Overview of Government Account Structure and Budgetary Processes

There is a constitutional requirement in India (Article 202) to present before the House or Houses of the Legislature of the State, a Statement of Estimated Receipts and Expenditures of the Government in respect of every financial year. This ‘Annual Financial Statement’ constitutes the main budget document. Further, the budget must distinguish expenditure on the revenue account from other expenditures.

This section provides a broad perspective of the finances of the Government of Sikkim (GoS) 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. The analysis has been made based on State Finance Accounts and the information obtained from State Government. The structure and form of Government Accounts, layout of Finance Accounts, methodology adopted for the assessment of fiscal position and State Profile are given in **Appendix 1.1 (Parts A, B & C)**. The time series data on key fiscal variables/ parameters and fiscal ratios relating to the State Government finances for the period 2015-20 are presented in **Appendix 1.2**.

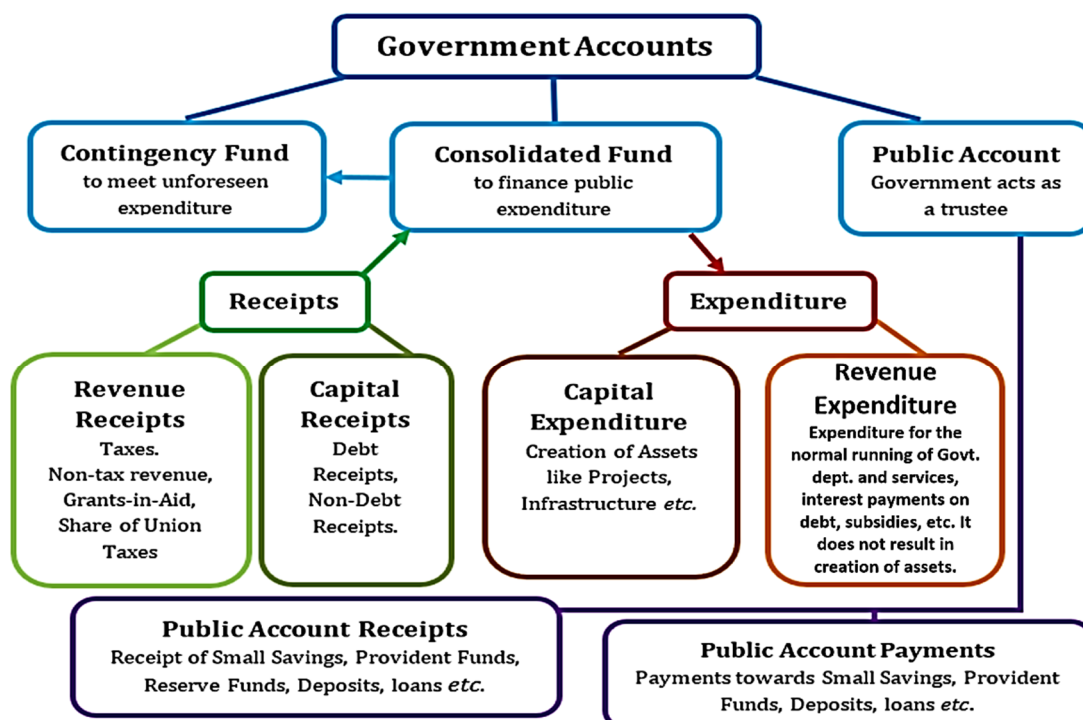
**Revenue receipts** consists of Tax revenue, Non-tax revenue, share of Union Taxes/ Duties, and Grants-in-Aid received from GoI.

**Revenue expenditure** consists of all those expenditures of the Government which do not result in creation of physical or financial assets. It relates to those expenses incurred for the normal functioning of the Government departments and various services, interest payments on debt incurred by the Government, and grants given to various institutions (even though some of the grants may be meant for creation of assets).

The main items of **Capital receipts** are loans raised by the Government from the public which are called market borrowings, borrowing by the Government from the commercial banks and other financial institutions, and recoveries of loans granted by the Government. Other items include small savings (Post-Office Savings Accounts, National Savings Certificates, *etc.*), Provident funds and net receipts obtained from the sale of shares in Public Sector Undertakings (PSUs).

**Capital Expenditure** includes expenditure on the acquisition of land, building, machinery, equipment, investment in shares, and loans and advances by the government to PSUs and other parties.

**Chart 1.1: Structure of Government Accounts**



The Accounts of the State Government are kept in three parts:

1. Consolidated Fund of the State as per Article 266(1) of the Constitution of India.
2. Contingency Fund of the State as per Article 267(2) of the Constitution of India.
3. Public Accounts of the State is constituted under Article 266(2) of the Constitution.

In Government Accounts classification system is based on both functional and economic, as detailed below.

**Table 1.2: Government Accounts Classification System**

Particulars	Attribute of transaction	Classification
Standardized in LMMH by CGA	Function- Education, Health, <i>etc.</i> /Department	Major Head under Grants (four-digit)
	Sub-Function	Sub Major head (two-digit)
	Programme	Minor Head (three-digit)
Flexibility left for States	Scheme	Sub-Head (two-digit)
	Sub scheme	Detailed Head (two-digit)
	Economic nature/Activity	Object Head-salary, minor works, <i>etc.</i> (two-digit)

The functional classification provides us the Department, function, scheme or programme, and object of the expenditure. Economic classification helps organise these payments as revenue, capital, debt, *etc.* Economic classification is achieved by the numbering logic embedded in the first digit of four-digit Major Heads. For instance, zero and one is for revenue receipts, two and three for revenue expenditure, four for capital expenditure *etc.* Economic classification is also achieved by an inherent definition and distribution of some object heads. For instance, while “salary” object head is revenue expenditure, “construction” object head is capital expenditure. Object head is the primary unit of appropriation in the budget documents.

### **Budgetary Processes**

In terms of Article 202 of the Constitution of India, the Governor of State causes to be laid before the State Legislature, a statement of the estimated receipts and expenditure of the State for the year in the form of an **Annual Financial Statement**. As per Article 203, the statement is submitted to the State Legislature in the form of Demands for Grants/ Appropriations and after approval of these, the Appropriation Bill is passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund. Some States have more than one consolidated Budget – there could be sub-budgets like Child Budget, Agriculture Budget, Weaker sections (SC/ST) Budget, Disability Budget *etc.*

In terms of Article 203, the Annual Financial Statement or Budget of Government of Sikkim for year 2019-20 was submitted to the State Legislature in the form of 47 – Demands for Grants/Appropriations and after approval of these, the Appropriation Bill

was passed by the Legislature under Article 204 to provide for appropriation of the required money out of the Consolidated Fund.

Results of audit scrutiny of budget and implementation of other budgetary initiatives of the State Government are detailed in **Chapter 3** of this Report.

#### 1.4.1 Gross State Domestic Product of the State

Gross State Domestic Product (GSDP) is the value of all the goods and services produced within the boundaries of the State in a given period of time. Growth of GSDP is an important indicator of the State's economy, as it denotes the extent of changes in the level of economic development of the State over a period of time.

Trends in annual growth of Sikkim's GSDP *vis-à-vis* that of the country are given in **Table 1.3**.

**Table 1.3: Trends in growth of GDP and GSDP**

Year	2015-16	2016-17	2017-18	2018-19	2019-20
All India GDP (₹ in crore)	1,37,71,874	1,53,91,669	1,70,98,304	1,89,71,237	2,03,39,849
Growth rate of GDP (in per cent)	10.46	11.76	11.09	10.95	7.21
GSDP of State at current prices (₹ in crore)	18,034	20,687	25,971	28,723*	32,496**
Growth rate of GSDP at current prices (in per cent)	17.05	14.71	25.54	10.60*	13.14**
Per capita GDP of India					1,51,677
Per capita GSDP of Sikkim					4,87,196

Source: Economic Advisor Data and Department of Economics and Statistics, Directorate of Economic & Statistics of State Government.

\* Provisional Estimates; \*\* Quick Estimates

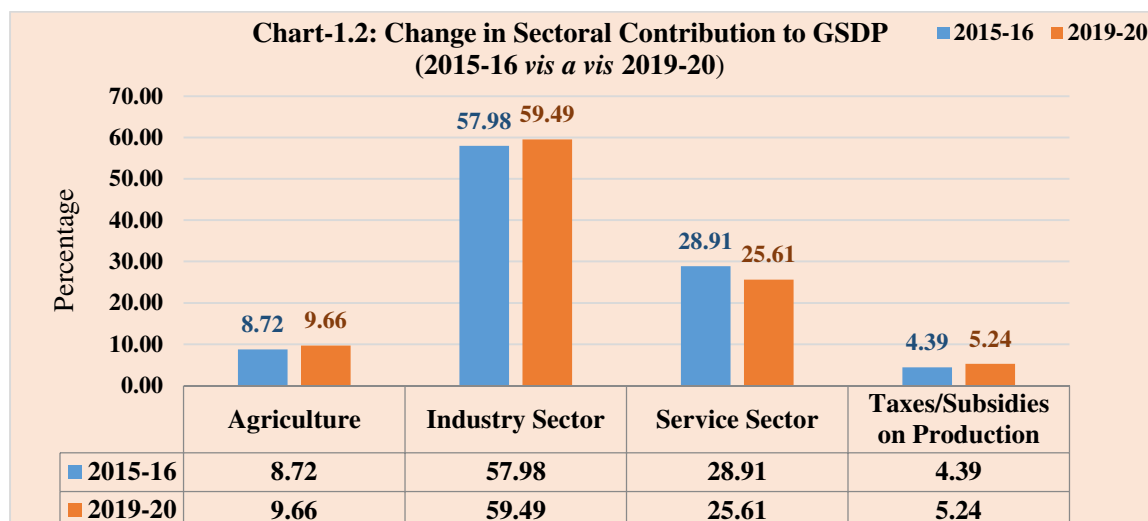
The growth rate of GSDP of the State at current price was higher than that of national growth rate except during 2018-19, when it was 10.60 per cent as against the national growth of 10.95 per cent. The growth rate of GSDP at current price during 2015-20 ranged between 10.60 per cent (2018-19) to 25.54 per cent (2017-18). During 2019-20, the GSDP at current price was ₹ 32,496 crore, up from ₹ 28,723 crore in 2018-19, representing an increase of 13.14 per cent which was much higher than that of national growth rate (7.21 per cent).

The per capita GSDP of the State (₹ 4,87,196) was also more than the per capita GDP of India (₹ 1,51,677) during 2019-20.

#### Sectoral components of GSDP

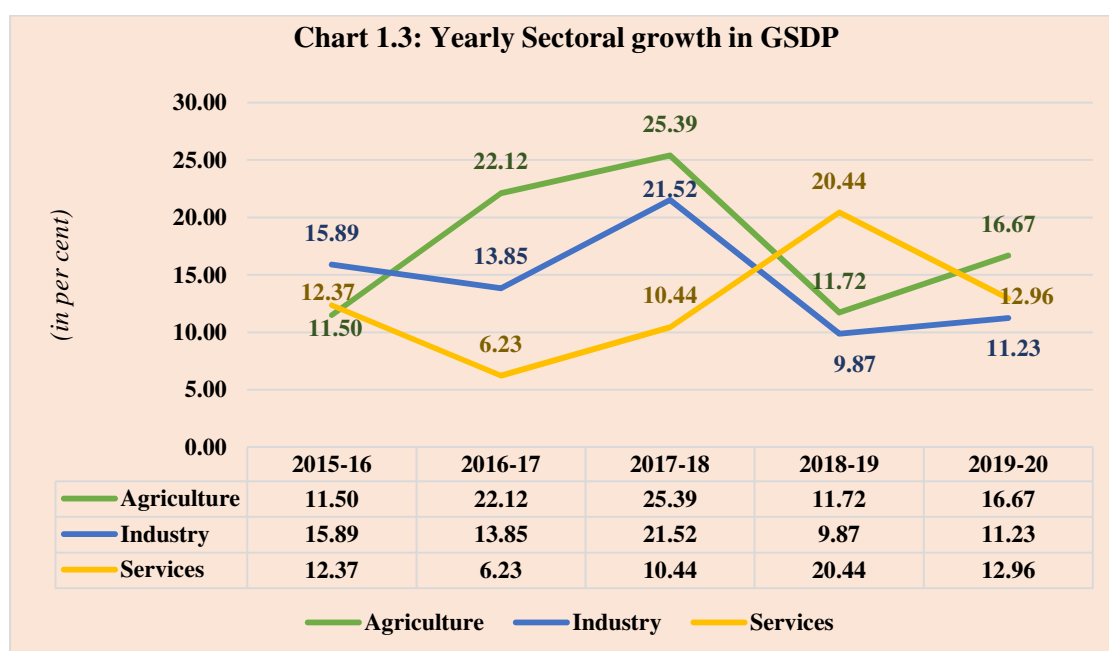
**Chart 1.2** reveals that during the five-year period from 2015-20, there has been a marginal increase in the relative shares of Agriculture Sector and Industry Sector in GSDP, as the share of Agriculture (Primary) Sector grew from 8.72 per cent in 2015-16 to 9.66 per cent in 2019-20 and the share of Industry (Secondary) Sector grew from 57.98 per cent in 2015-16 to 59.49 per cent in 2019-20. The Agriculture and Industry sectors followed almost similar trend of growth during 2019-20 as compared to 2015-16. The Taxes on Products & Subsidies on Product has also shown growth in 2019-20 as compared to 2015-16 but, there was a slight decrease in the

share of Services (Tertiary) Sector from 28.91 *per cent* in 2015-16 to 25.61 *per cent* in 2019-20.



Source of data: Department of Economics and Statistics, State Government

Further, it could be seen from **Chart 1.3** that rate of growth of all three Sectors *viz.*, Agriculture, Industry and Service of the State has witnessed a fluctuating trend during 2015-20. The Agriculture and Industry Sectors showed maximum growth during 2017-18 with 25.39 *per cent* and 21.52 *per cent* respectively during the last five years. Similarly, the Service Sector registered a maximum growth during 2018-19 of 20.44 *per cent* whereas the growth rate of Agriculture and Industry Sectors decreased sharply in 2018-19.



Source of data: Department of Economics and Statistics, State Government

#### 1.4.2 Summarised Position of Finances of State

The following table provides the comparison of actual financial parameters of 2019-20 *vis-à-vis* Revised Estimates for the year 2019-20 and actuals of 2018-19.



Table 1.4: Summarised position of Finances of State

(₹ in crore)

Sl. No.	Components	2018-19 Actual	2019-20		Percentage of Actual to RE	Percentage of Actual to GSDP
			RE	Actual		
1	Tax Revenue	892.92	1230.22	970.41	78.88	2.99
2	Non-Tax Revenue	657.78	734.55	693.40	94.40	2.13
3	Share of Union taxes/duties	2794.67	2407.69	2295.56	95.34	7.06
4	Grants-in-aid and Contributions	1574.99	2668.62	881.90	33.05	2.71
5	<b>Revenue Receipts (1+2+3+4)</b>	<b>5920.36</b>	<b>7041.08</b>	<b>4841.27</b>	<b>68.76</b>	<b>14.90</b>
6	Recovery of Loans and Advances	1.77	0.83	0.30	36.14	0.00
7	Other Receipts	0.00	0.00	0.00	0.00	0.00
8	Borrowings and other Liabilities (b)	642.32	1687.88	2081.18	123.30	6.40
9	Capital Receipts (6+7+8)	644.09	1688.71	2081.48	123.24	6.41
10	<b>Total Receipts (5+9)</b>	<b>6564.45</b>	<b>8729.79</b>	<b>6922.75</b>	<b>79.30</b>	<b>21.30</b>
11	Revenue Expenditure of which	5226.57	6961.28	6185.08	88.85	19.03
12	<i>Interest payments</i>	<i>433.05</i>	<i>537.18</i>	<i>509.68</i>	<i>94.88</i>	<i>1.57</i>
13	<i>Grant in Aid for creation of capital</i>	<i>0</i>	<i>0</i>	<i>0</i>		<i>0.00</i>
14	Capital Expenditure of which	1337.88	1291.62	737.67	57.11	2.27
15	<i>Capital outlay</i>	<i>1291.31</i>	<i>1279.15</i>	<i>720.61</i>	<i>56.34</i>	<i>2.22</i>
16	<i>Loan and advances</i>	<i>46.57</i>	<i>12.47</i>	<i>17.06</i>	<i>136.81</i>	<i>0.05</i>
17	<b>Total Expenditure (11+14)</b>	<b>6564.45</b>	<b>8252.9</b>	<b>6922.75</b>	<b>83.88</b>	<b>21.30</b>
18	<b>Revenue Surplus(+)/ Deficit(-) (5-11)</b>	<b>693.79</b>	<b>79.80</b>	<b>-1343.81</b>	<b>-1683.97</b>	<b>-4.14</b>
19	<b>Fiscal Deficit {17-(5+6+7)}</b>	<b>642.32</b>	<b>1210.99</b>	<b>2081.18</b>	<b>171.86</b>	<b>6.40</b>
20	<b>Primary Deficit (19-12)</b>	<b>209.27</b>	<b>673.81</b>	<b>1571.50</b>	<b>233.23</b>	<b>4.84</b>

Source: Finance Account, Estimates of Receipts and Expenditure

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

It can be seen from above table that Revenue Receipts of the State decreased by ₹ 1,079.09 crore, from ₹ 5,920.36 crore in 2018-19 to ₹ 4,841.27 crore in 2019-20, mainly due to decrease in the State's share of Union taxes and duties and less GIA received from the Central Government. The increase in Capital receipts was mainly due to increase in Borrowings and liabilities. The Total expenditure increased in 2019-20 from ₹ 6,564.45 of the previous year to ₹ 6,922.75 crore, of which revenue expenditure comprised of ₹ 6,185.08 crore.

During 2019-20, against the estimated Revenue Surplus of ₹ 79.80 crore, the State ended up with revenue deficit of ₹ 1,343.81 crore. Fiscal deficit was ₹ 2,081.18 crore against estimation of ₹ 1,210.99 crore and it increased by ₹ 1,438.86 crore over the previous year. Further, Primary deficit also increased from ₹ 209.27 crore in 2018-19 to ₹ 1,571.50 crore.

### 1.4.3 Summarised position of Assets and liabilities of the Government

Government accounts capture the financial liabilities of the Government and the assets created out of the expenditure incurred. The liabilities consist mainly of internal borrowings, loans and advances from GoI, receipts from public account and reserve funds, and the assets comprise mainly the capital outlay and loans and advances given

by the State Government and cash balances. The summarized position of assets and liabilities for 2018-19 and 2019-20 with increase and decrease is given in **Table 1.5** below:

**Table 1.5: Summarised position of Assets and Liabilities**

(₹ in crore)

Liabilities				Assets					
Particulars	2018-19	2019-20	Per cent increase/decrease	Particulars	2018-19	2019-20	Per cent increase/decrease		
<b>Consolidated Fund</b>									
a	Internal Debt	4888.77	5305.00	8.51	a	Gross Capital Outlay	12479.61	13200.22	5.77
b	Loans and Advances from GoI	97.52	100.73	3.29	b	Loans and Advances	237.30	254.06	7.06
<b>Contingency Fund</b>									
		1.00	1.00	0		--	--		
<b>Public Account</b>									
a	Small Savings, Provident Funds, etc.	1005.65	1162.86	15.63	a	Advances	1.03	1.03	0
b	Deposits	279.81	361.50	29.19	b	Remittance	0	0	0
c	Reserve Funds	566.20	1022.66	80.62	c	Suspense and Miscellaneous	0	00	0
d	Remittances	274.19	158.33	-42.26		Cash balance (including investment in Earmarked Fund)	3280.56	2084.57	-36.46
e	Suspense and Miscellaneous	330.92	217.19	-34.37					
	<b>Total</b>	<b>7444.06</b>	<b>8329.27</b>	<b>11.89</b>					
	Cumulative excess of receipts over expenditure	8554.44	7210.61	-15.71					
	<b>Total</b>	<b>15998.50</b>	<b>15539.88</b>	<b>-2.87</b>	<b>Total</b>	<b>15998.50</b>	<b>15539.88</b>	<b>-2.87</b>	

Source: Finance Accounts

As it can be seen from the above, during 2019-20, the assets decreased by ₹ 458.62 crore and the liabilities (excluding surplus on Government Accounts) increased by ₹ 885.21 crore. Consequently, the growth rate of assets decreased from 11.28 per cent in 2018-19 to (-)2.87 per cent in 2019-20 whereas, the growth rate of liabilities excluding surplus on Government Accounts decreased to 11.89 per cent from 16.22 per cent in 2018-19.

## 1.5 Fiscal Balance: Achievement of deficit and total debt targets

### Sikkim FRBM Targets on Key Fiscal Parameters and Achievements thereon

The State Government enacted the Sikkim Fiscal Responsibility and Budget Management (SFRBM) Act in September 2010 (last amended in April 2016), and the rules under the Sikkim FRBM Act were notified in March 2011 with the objective of ensuring prudence in fiscal management by eliminating revenue deficit, reducing fiscal deficit and overall/ outstanding debt to acceptable level, establishing improved debt management and improving transparency in a medium term framework. In this



context, the Act provides quantitative targets to be adhered by the State with regard to deficit measures and debt level.

As per the Act, the State Government was to eliminate Revenue Deficit by 2011-12 and maintain Revenue Surplus thereafter; reduce Fiscal Deficit to 3.5 *per cent* of the estimated GSDP in 2015-16 and three *per cent* from 2016-17 to 2019-20. Further, the Act also envisaged that the State Government would limit the percentage of total outstanding debt to GSDP to 20.63 *per cent* in 2015-16 and 19.04 *per cent* in 2019-20 as shown in table 1.6 below.

Targets of key fiscal parameters envisaged in the SFRBM Act and their achievement during the five-year period from 2015-20 are given in **Table 1.6** below:

**Table 1.6: Compliance with State FRBM Act**

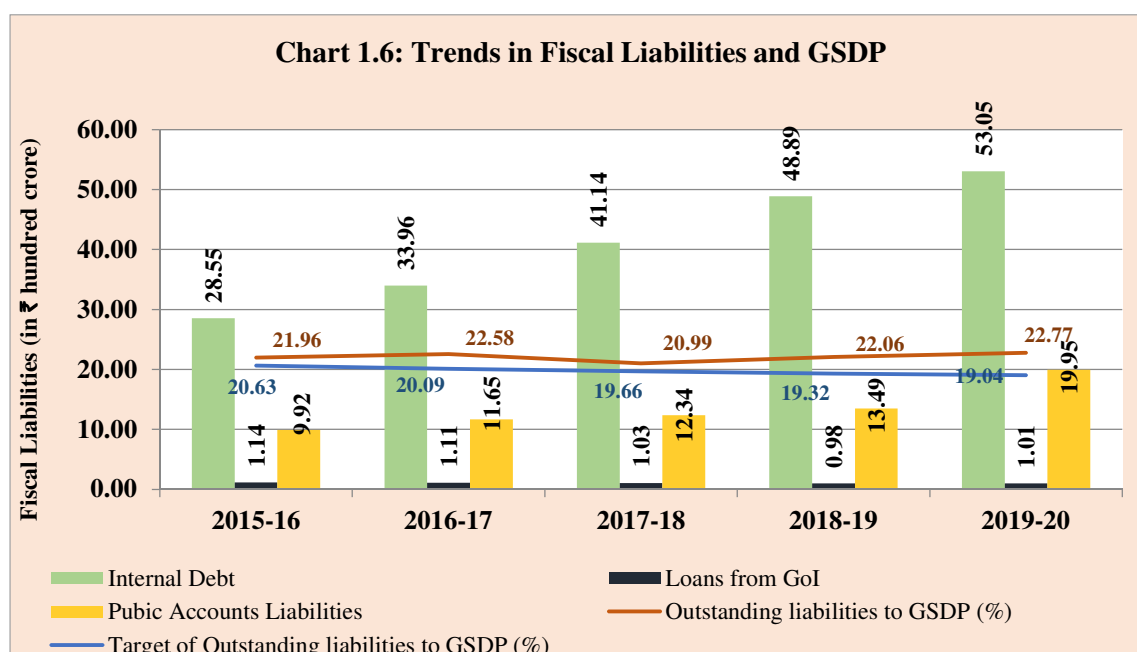
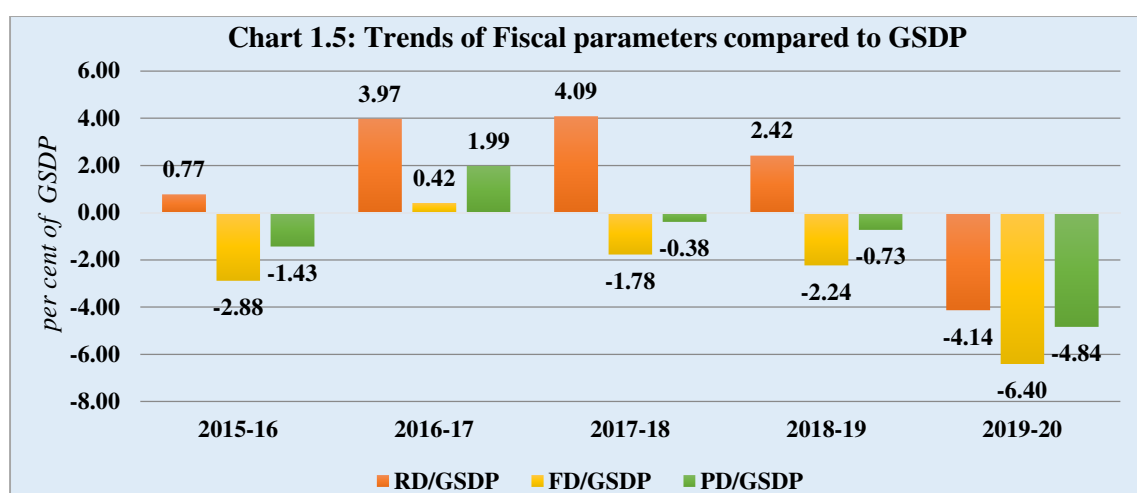
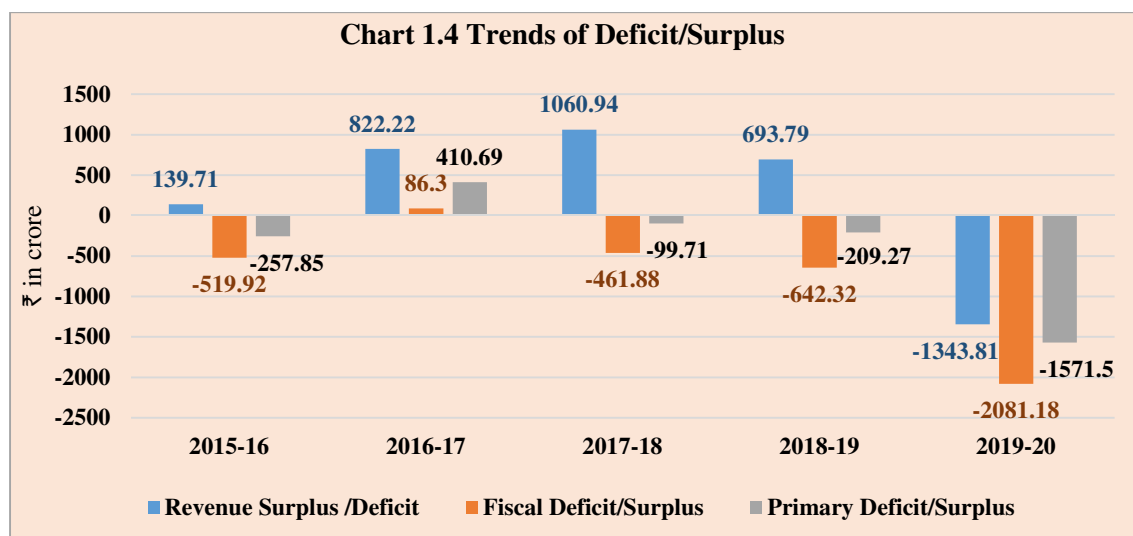
Fiscal Parameters	Fiscal targets set in the Act	Achievement (₹ in crore)				
		2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	Maintain Revenue Surplus	139.71	822.22	1060.94	693.79	(-) 1343.81
		✓	✓	✓	✓	✗
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	2015-16 – 3.5 <i>per cent</i> of GSDP 2016-17 to 2019-20 – three <i>per cent</i>	(-)519.92 (-2.88)	86.30 (0.42)	(-)461.88 (-1.78)	(-)642.32 (-2.24)	(-)2081.18 (-6.40)
		✓	✓	✓	✓	✗
Ratio of total outstanding debt to GSDP (in <i>per cent</i> )	<i>Per cent</i> of GSDP 2015-16 – 20.63 2016-17 – 20.09 2017-18 – 19.66 2018-19 -- 19.32 2019-20 -- 19.04	21.96	22.58	20.99	22.06	22.77
		✗	✗	✗	✗	✗

The State after maintaining Revenue Surplus for four years from 2015-16 to 2018-19, ran into Revenue Deficit into 2019-20. Similarly, after successfully containing the Fiscal Deficit below three *per cent* of GSDP during 2015-19, the State's Fiscal Deficit was 6.40 *per cent* of GSDP during 2019-20.

During the five-year period 2015-20, the ratio of total outstanding debt to GSDP of the State consistently exceeded the norms prescribed in the SFRBM Act as well as projections<sup>1</sup> of XIV Finance Commission.

In reply, the Department stated that target of 19.04 *per cent* set by XIV FC was based on illustrative operation of the Fiscal rule and not necessarily to be actual. The reply was not acceptable as this target was set in the FRBM Act of the State and the State could not achieve these norms prescribed in the Act, during 2015-20.

<sup>1</sup> XIV FC Projections (Ratio):2015-16- 20.63, 2016-17-20.09, 2017-18- 19.66, 2018-19-19.32 and 2019-20- 19.04.



### Revenue Surplus/ Deficit

Revenue Deficit is the gap between Revenue Receipts and Revenue Expenditure. The State had Revenue Surplus during the last four years *i.e.* from 2015-16 to 2018-19 but during current year Revenue Surplus turned to Revenue Deficit with huge deficit of ₹ 1,343.81 crore. This indicates that the Revenue Receipts were insufficient to meet the Revenue Expenditure.

### Fiscal Deficit

Fiscal Deficit represents the gap between the Non-debt receipts and Total Expenditure. This gap can be met either by additional Public Debt (internal or external) or by the use of surplus funds from Public Accounts. Fiscal Deficit normally represents the net incremental liabilities of the Government or its additional borrowing requirements. Except for 2016-17, the State had Fiscal Deficit in all the years during the last five-year period (2015-20). However, during 2019-20 the Fiscal Deficit increased by ₹ 1,438.86 crore from ₹ 642.32 crore in 2018-19, witnessing a growth of 224.01 *per cent*.

### Medium Term Fiscal Plan (MTFP)

As per the SFRBM Act, the State Government has to lay before the State Legislature, a Five-Year Fiscal Plan along with the Annual Budget. The Medium Term Fiscal Plan (MTFP) sets forth a five-year rolling target for the prescribed fiscal indicators.

**Table 1.7** indicates the variation between the projections made for 2019-20 in MTFP presented to the State Legislature along with the Actuals of the year.

**Table 1.7: Actuals *vis-à-vis* projection in MTFP for 2019-20**

(₹ in crore)

Sl. No.	Fiscal Variables	Projection as per MTFP	Actuals (2019-20)	Variation
1	Own Tax Revenue	1230.22	970.41	(-) 259.81
2	Non-Tax Revenue	734.55	693.4	(-) 41.15
3	Share of Central Taxes	2407.69	2295.56	(-) 112.13
4	Grants -in-aid from GoI	2668.62	881.9	(-) 1786.72
5	Revenue Receipts (1+2+3+4)	7041.08	4841.27	(-) 2199.81
6	Revenue Expenditure	6961.28	6185.08	776.2
7	Revenue Deficit (-)/ Surplus (+) (5-6)	79.8	(-) 1343.81	(-)1264.01
8	Fiscal Deficit (-)/ Surplus (+)	(-) 1210.99	(-) 2081.18	(-) 870.19
9	Debt-GSDP ratio ( <i>per cent</i> )	25.01	22.77	2.23
10	GSDP growth rate at current prices ( <i>per cent</i> )	12.50	13.14	0.64

From the table above it can be seen that except for Revenue Expenditure, Debt-GSDP ratio and growth rate of GSDP, the State could not achieve the targets fixed in the MTFP for 2019-20 in respect of other parameters. The Revenue Receipts of Government fell short by 31.24 *per cent* during 2019-20 as compared to target of MTFP. Instead of Revenue Surplus as foreseen in the MTFP, the State had a huge Revenue Deficit. The State had projected the Revenue surplus of ₹ 79.80 crore that

could not be achieved and suffered Revenue Deficit of ₹ 1,343.81 crore. Similarly, the State projected the Fiscal Deficit target of ₹ 1,210.99 crore which was not achieved and exceeded by 71.86 per cent during 2019-20. However, the Debt-GSDP ratio was kept well within the target fixed under MTFP during the year and growth rate of GSDP was above the target fixed under MTFP. The Revenue Expenditure was also kept within the limit.

In reply, the Finance Department stated that the State suffered Revenue Deficit due to short transfer of State's share of Central Tax and Grants-in-Aid from the Centre. Further, outbreak of Pandemic Covid-19 impacted the State's revenue which was not directly under the control of the State Government.

## **1.6 Deficits and Total Debt after examination in audit**

In order to present better picture of State Finances, there is a tendency to classify revenue expenditure as capital expenditure and to conduct off budget fiscal operations.

### **1.6.1 Post Audit – Deficits after Examination in Audit**

Misclassification of revenue expenditure as capital and off budget fiscal operations impacts deficit figures. Besides, deferment of clear cut liabilities, not depositing Cess/Royalty to Consolidated Fund, short contribution to New Pension Scheme, Sinking and Redemption funds, etc. also impacts the Revenue and Fiscal Deficit figures. In order to arrive at actual deficit figures, the impact of such irregularities need to be reversed.

The impact on Revenue Deficit/Surplus and Fiscal Deficit of the Government Sikkim during the year 2019-20 consequent to under-booking of expenditure or non-crediting of receipts is detailed is shown in **Table 1.8**.

**Table 1.8: Transactions impacting Revenue Deficit and Fiscal Deficit**

(₹ in crore)

Para No. refer NTA	Item	Impact on Revenue Deficit		Impact on Fiscal Deficit	
		Over-Statement	Under-Statement	Over-Statement	Under-Statement
3.3.3.1	Short contribution to Consolidated Sinking Fund	--	32.16	--	32.16
4.4.1	Receipts on account of sale of Power (trading)	103.69	--	103.69	
	Royalty from HEPs	284.60	--	284.60	
	Expenditure towards purchase of Power	--	261.86	--	261.86
	Royalty utilized for servicing loans of SPICL	--	225.75	--	225.75
<b>Total (Net) Impact</b>		<b>131.48 (Understatement)</b>		<b>131.48 (Understatement)</b>	

Source: Notes to Account Volume I Finance Account

As could be seen from the table above, there was an overall understatement of ₹131.48 crore in Revenue deficit and fiscal deficit during the year 2019-20:

- There was short contribution of ₹ 32.16 crore by the State Government to the Consolidated Sinking Fund during the year 2019-20. This led to understatement of ₹ 32.16 crore in Revenue deficit and fiscal deficit during the year 2019-20.
- Power Department of Sikkim (PDS) had earned revenue of ₹ 103.69 crore by selling surplus power outside the State and had received royalty amounting to ₹ 284.60 crore during the financial year 2019-20. These receipts of ₹ 388.29 crore were not deposited in the Consolidated Fund of State by PDS. This led to understatement of Government Revenue Receipts by ₹ 388.29 crore and overstatement of Revenue Deficit as well as Fiscal Deficit to that extent.
- During 2019-20, PDS had also incurred expenditure of ₹ 261.86 crore towards purchase of power without routing it through the Government account and they transferred ₹ 225.75 (was transferred to Sikkim Power Investment Corporation Limited (SPICL)) during 2019-20 for repayment of loan availed on behalf of Government of Sikkim. These transactions were not reflected in Government accounts. This led to understatement of Government expenditure by ₹ 487.61 crore with consequential understatement of Revenue Deficit and Fiscal Deficit.

## 1.7 Conclusion

The growth rate of GSDP of the State at current prices, during 2015-20 ranged between 10.60 *per cent* (2018-19) to 25.54 *per cent* (2017-18). During 2019-20, the GSDP at current price was ₹ 32,496 crore, up from ₹ 28,723 crore in 2018-19, representing an increase of 13.14 *per cent* which was much higher than that of national growth rate (7.21 *per cent*). The per capita GSDP of the State (₹ 4,87,196) was also more than the per capita GDP of India (₹ 1,51,677) during 2019-20.

During the five-year period of 2015-20, the share of Agriculture (Primary) Sector in the GSDP grew from 8.72 *per cent* in 2015-16 to 9.66 *per cent* in 2019-20 and the share of Industry (Secondary) Sector grew from 57.98 *per cent* in 2015-16 to 59.49 *per cent* in 2019-20. The Taxes on Products & Subsidies on Product has also shown growth in 2019-20 as compared to 2015-16, but there was a slight decrease in the share of Services (Tertiary) Sector from 28.91 *per cent* in 2015-16 to 25.61 *per cent* in 2019-20.

The State after maintaining Revenue Surplus for four years from 2015-16 to 2018-19, ran into Revenue Deficit (₹ 1,343.81 crore) in 2019-20 mainly due to decrease in Central transfers. Similarly, after successfully containing the Fiscal Deficit below three *per cent* of GSDP during 2015-19, the State's Fiscal Deficit was 6.40 *per cent* of GSDP during 2019-20. Fiscal Deficit increased by ₹ 1,438.86 crore from ₹ 642.32 crore in 2018-19, witnessing growth 224.01 *per cent*. Besides, the ratio of total outstanding debt to GSDP of the State which ranged between 21.96 *per cent* and 22.77 *per cent*, consistently exceeded the norms prescribed in the SFRBM Act as well projections of XIV Finance Commission, during the period 2015-20. The Act had

envisaged that the State Government would limit the percentage of total outstanding debt to GSDP to 20.63 per cent in 2015-16 and 19.04 per cent in 2019-20.

### **1.8 Recommendations**

- *The Government may explore the possibilities and take necessary steps to increase the share of Agriculture (Primary) Sector in the GSDP.*
- *They may take steps to increase their Revenue Receipts, so as to meet their total expenditure.*
- *The Government may adhere to quantitative targets of SFRBM Act with regard to deficit measures and debt level.*



**CHAPTER-II:  
FINANCES OF THE  
STATE**





## Chapter II: Finances of the State

*This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2015-20, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. For this purpose, information was also obtained from the State Government where necessary.*

### 2.1 Major changes in Key fiscal aggregates in 2019-20 vis-à-vis 2018-19

A bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year is depicted below. Each of these indicators is analysed in detail in the subsequent paragraphs.

*Table 2.1: The snapshot of changes in key fiscal aggregates in 2019-20 compared to 2018-19*

<b>Revenue Receipts</b>	<ul style="list-style-type: none"> <li>✓ Revenue receipts of the State decreased by 18.23 per cent</li> <li>✓ Own Tax receipts of the State increased by 8.68 per cent</li> <li>✓ Own Non-tax receipts increased by 5.42 per cent</li> <li>✓ State's Share of Union Taxes and Duties decreased by 17.86 per cent</li> <li>✓ Grants-in-aid from GoI decreased by 44.01 per cent</li> </ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Revenue expenditure increased by 18.34 per cent</li> <li>✓ Revenue expenditure on General Services increased by 23.44 per cent</li> <li>✓ Revenue expenditure on Social Services increased by 8.78 per cent</li> <li>✓ Revenue expenditure on Economic Services increased by 26.56 per cent</li> <li>✓ Expenditure on Grants-in-aid increased by 26.30 per cent</li> </ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"> <li>✓ Overall Capital expenditure decreased by 44.20 per cent</li> <li>✓ Capital expenditure on General Services increased by 77.21 per cent</li> <li>✓ Capital expenditure on Social Services decreased by 26.88 per cent</li> <li>✓ Capital expenditure on Economic Services decreased by 61.88 per cent</li> </ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"> <li>✓ Disbursement of Loans and Advances decreased by 63.37 per cent</li> <li>✓ Recoveries of Loans and Advances decreased by 83.05 per cent</li> </ul>
<b>Public Debt</b>	<ul style="list-style-type: none"> <li>✓ Public Debt Receipts decreased by 27.24 per cent</li> <li>✓ Repayment of Public Debt increased by 10.08 per cent</li> </ul>
<b>Public Account</b>	<ul style="list-style-type: none"> <li>✓ Public Account Receipts increased by 12.38 per cent</li> <li>✓ Disbursement of Public Account increased by 8.71 per cent</li> </ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"> <li>✓ Cash balance decreased by ₹ 1195.99 crore (36.46 per cent) during 2019-20 compared to previous year</li> </ul>

## 2.2 Sources and Application of Funds

**Table 2.2** presents the summary of the State Government's fiscal transactions and compares the sources and application of funds of the State of 2019-20 with 2018-19. The details of receipts and disbursements as well as the overall fiscal position of the current year (2019-20) *vis-à-vis* the previous year (2018-19) are given in **Appendix 2.1 (A) & (B)**.

**Table 2.2: Details of Sources and Application of funds during 2018-19 and 2019-20**

(₹ in crore)

	Particulars	2018-19	2019-20	Increase (+)/ Decrease (-)
<b>Sources</b>	Opening Cash Balance with Bank	2,994.87	3,280.55	285.68
	Revenue Receipts	5,920.36	4,841.27	-1,079.09
	Recoveries of Loans and Advances	1.77	0.30	-1.47
	Public Debt Receipts	1,145.21	833.21	-312.00
	Public Account Receipts	7,997.31	8,987.23	989.92
	<b>Total</b>	<b>18,059.52</b>	<b>17,942.56</b>	<b>-116.96</b>
<b>Application</b>	Revenue Expenditure	5,226.57	6,185.08	958.51
	Capital Expenditure	1,291.31	720.61	-570.70
	Disbursement of Loans and Advances	46.57	17.06	-29.51
	Repayment of Public Debt	375.88	413.78	37.90
	Contingency Fund	0.00	0.00	0.00
	Public Account Disbursements <sup>2</sup>	7,838.63	8,521.46	682.83
	Closing Cash Balance with Bank	3,280.56	2,084.57	-1,195.99
	<b>Total</b>	<b>18,059.52</b>	<b>17,942.56</b>	<b>-116.96</b>

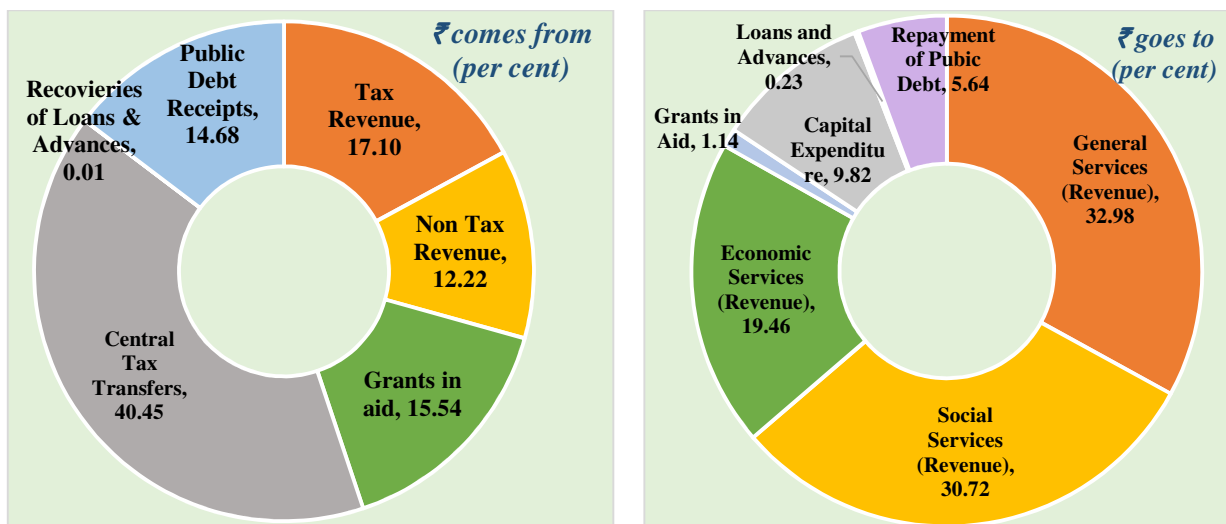
Source: Finance Accounts

The total inflow and outflow of the Government after deducting the cash balances during the year 2019-20 was ₹ 14,662.01 crore (₹ 17,942.56 – ₹ 3,280.55) and ₹ 15,857.99 crore (₹ 17,942.56 – ₹ 2,084.57) respectively leading to decrease in cash balance by ₹ 1,195.98 crore. There was huge decrease in Revenue Receipts of the Government during 2019-20 as compared to previous year but Revenue Expenditure witnessed increase during this period, thus State had huge Revenue Deficit during 2019-20. Capital Expenditure as well as borrowings of the State decreased in 2019-20 over the previous year. The Government had utilised the cash balance of ₹ 1195.99 crore of the previous year, during 2019-20.

The **Charts 2.1** and **2.2** give the details of total receipts and expenditure from the Consolidated Fund during 2019-20 in terms of percentages.

<sup>2</sup> Gross Public Accounts Disbursement during the year.

Chart 2.1 &amp; 2.2: Composition of sources and application of resources



### 2.3 Resources of the State

The resources of the State are sourced from three sources as described below:

1. **Revenue receipts** consist of Tax revenue, Non-tax revenue, State's share of Union Taxes and Duties and Grants-in-aid from the Government of India (GoI).
2. **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.

Both revenue and capital receipts form part of the Consolidated Fund of the State.

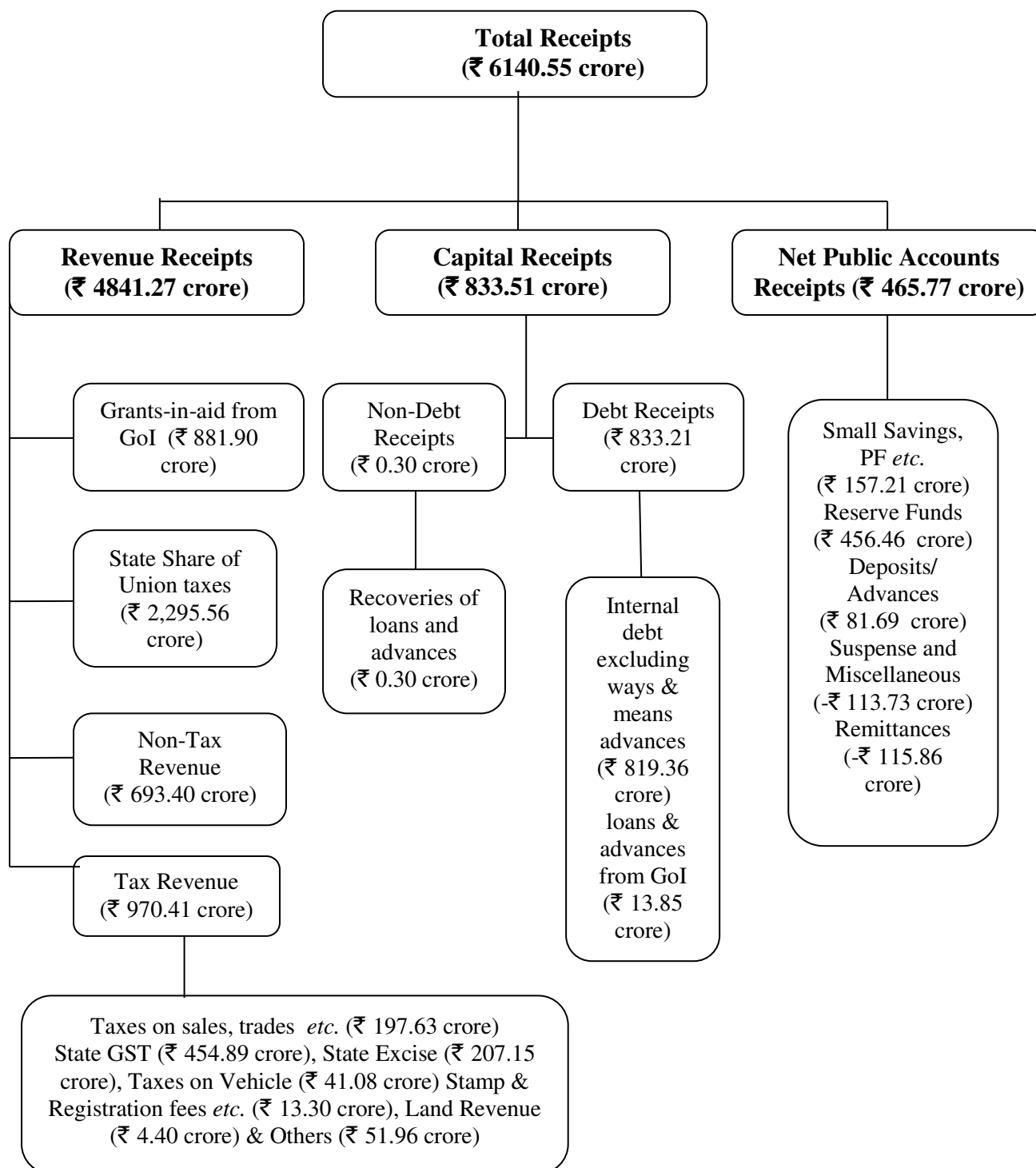
3. **Net Public Accounts receipts:** In Government accounts, there are receipts and disbursements in respect of certain transactions such as Small Savings, Provident Fund, Reserve Funds, Deposits, Suspense, Remittances, *etc.* which do not form part of the Consolidated Fund.

These 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. Here, the Government acts as a banker. The balance after disbursements is the amount available with the Government for use.

#### 2.3.1 Components of Receipts of the State

The **Chart 2.3** below depicts the sources of the State Government during 2019-20.

Chart 2.3: Components and sub-components of Resources



### 2.3.2 State's Revenue Receipts

The Revenue Receipts of the State Government consists of Tax and Non-tax revenues raised by the State and Central Transfers, which include Grants-in-aid and share of the State in Central Taxes. The details are also shown in **Appendix 2.2**.

Table 2.3: Sources of State's Revenue

(₹ in crore)

Sources of Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
State's Own Revenue	979.81	1104.20	1342.71	1550.70	1663.81
Grants-in-aid from GoI	934.20	1436.91	1235.42	1574.99	881.90
Central Tax transfers	1870.28	2069.19	2634.66	2794.67	2295.56
<b>Total Revenue Receipt</b>	<b>3784.29</b>	<b>4610.30</b>	<b>5212.79</b>	<b>5920.36</b>	<b>4841.27</b>

Source: Finance Accounts

The State's revenues during 2019-20 were less than the revenues of previous two years. There were significant decreases in Central Tax Transfers and Grants-in-aid from GoI during 2019-20 as compared to 2018-19, though the collection of State's own revenue was higher in 2019-20 *vis-à-vis* 2018-19.

During the Exit Conference with the Finance Department (February 2021), on being asked about Revenue Deficit during 2019-20, the Secretary cum Controller of Accounts explained that deficit took place because of reduced Central transfers during the year.

### 2.3.2.1 Trends and growth of Revenue Receipts

This sub para provides the trends and growth of Revenue Receipts as well as Revenue Buoyancy with respect to GSDP over the five-year period 2015-20. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are depicted in Charts 2.4 and 2.5 respectively.

Table 2.4: Trends of growth and buoyancy of Revenue Receipts

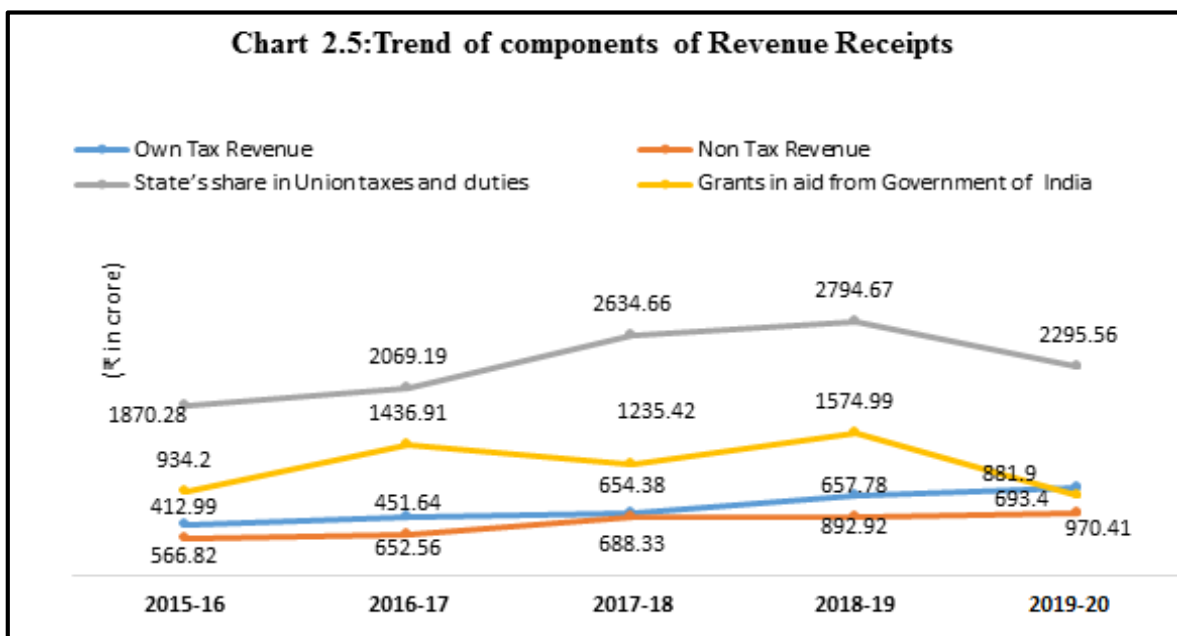
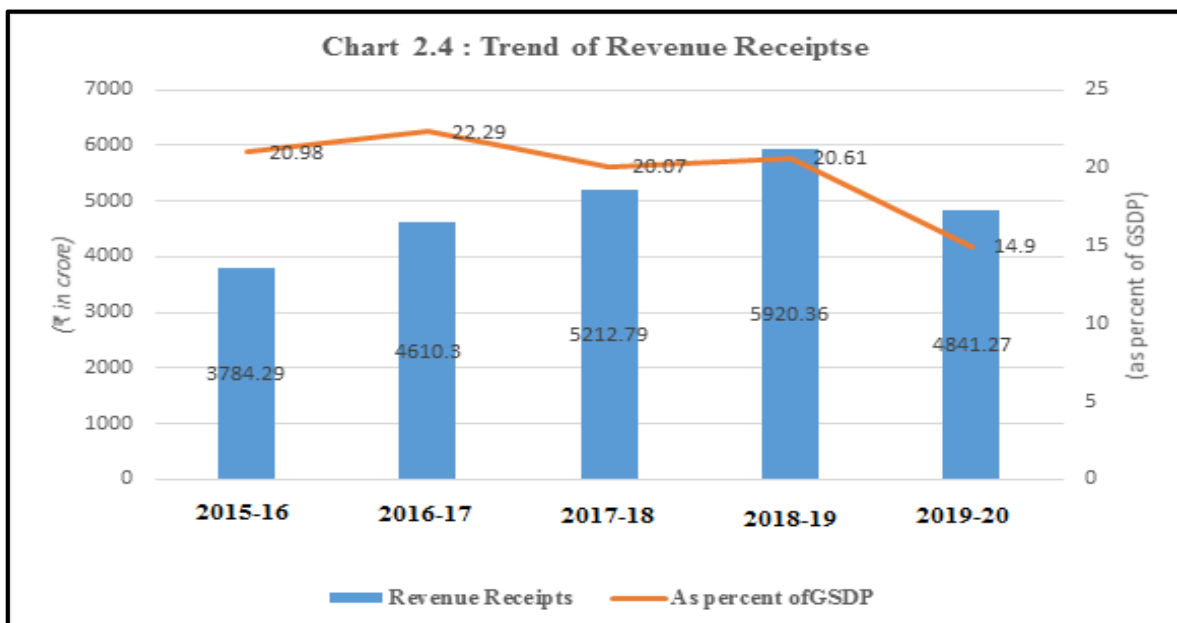
Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Receipts (RR) (₹ in crore)	3,784.29	4,610.30	5,212.79	5920.36	4841.27
Rate of growth of RR ( <i>per cent</i> )	(-7.42)	(21.83)	(13.07)	(13.57)	(-18.23)
Own Tax Revenue ( <i>per cent</i> of growth)	566.82 (7.45)	652.56 (15.13)	688.33 (5.48)	892.92 (29.72)	970.41 (8.68)
Non-Tax Revenue ( <i>per cent</i> of growth)	412.99 (27.56)	451.64 (9.36)	654.38 (44.89)	657.78 (0.52)	693.40 (5.42)
Own Revenue Resources (Own Tax and Non-tax Revenue) ( <i>per cent</i> of growth)	979.81 (15.09)	1104.20 (12.70)	1342.71 (21.60)	1550.70 (15.49)	1663.81 (7.29)
Gross State Domestic Product (₹ in crore)	18,034	20,687	25971	28723	32496
Rate of growth of GSDP ( <i>per cent</i> )	17.05	14.71	25.54	10.60	13.14
RR/GSDP ( <i>per cent</i> )	20.98	22.29	20.07	20.61	14.90
Buoyancy Ratios <sup>3</sup>					
Revenue Buoyancy w.r.t GSDP	(-)0.44	1.48	0.51	1.28	(-) 1.39
State's Own Revenue Buoyancy w.r.t GSDP	0.89	0.86	0.85	1.46	0.55

Source of GSDP figures: Directorate of Economics and Statistics & Finance Account

The rate of growth of Revenue Receipts ranged between (-)18.23 *per cent* and 21.83 *per cent* during the period from 2015-20. The Revenue Receipts decreased by

<sup>3</sup> Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 1.85 implies that Revenue Receipts tend to increase by 1.85 percentage points, if the GSDP increases by one per cent.

18.23 per cent in 2019-20, while it had increased by 13.57 per cent during the preceding year. The Revenue Receipts of the State increased by ₹ 1056.98 crore (27.93 per cent) from ₹ 3784.29 crore in 2015-16 to ₹ 4841.27 crore in 2019-20, with average annual growth rate of 5.39 per cent. There were, however, wide inter-year variations in the growth rates. The buoyancy ratio of Revenue Receipts in 2019-20 with reference to GSDP decreased to (-) 1.39 from 1.28 during previous year. The buoyancy ratio of the State's Own Tax Revenue with reference to GSDP increased sharply till 2018-19. However, there was sharp decrease in this ratio during 2019-20 which went down to 0.55 from 1.46 in 2018-19.



General trends relating to Revenue Receipts of the State are as follows:

- Revenue Receipts increased by 27.93 per cent from ₹ 3784.29 crore in 2015-16 to ₹ 4841.27 crore in 2019-20 at an annual average growth rate of 5.39 per cent. During 2019-20, Revenue Receipts decreased by ₹ 1,079.09 crore (18.23 per cent) as compared to previous year.

- About 34.37 per cent of the Revenue Receipts during 2019-20 came from the State's own resources, while Central Tax Transfers and Grants-in-aid together contributed 65.63 per cent. This is indicative of the fact that the State's fiscal position is largely dependent on Central Tax transfers and Grants-in-aid from GoI.
- During the current year, as the Revenue Receipts decreased by 18.23 per cent (₹ 1,079.09 crore), and the Revenue Expenditure increased by 18.34 per cent (₹ 958.51 crore), resulting in Revenue Deficit of ₹ 1343.81 crore.

### 2.3.2.2 State's Own Resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid is determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, *etc.* Thus, State's performance in mobilisation of additional resources in terms of its own resources comprising revenue from its own Tax and Non-tax sources is important for generation of financial resources.

The status of collection of State's own tax revenue and non-tax revenue during the period 2015-20 is given in the table below:

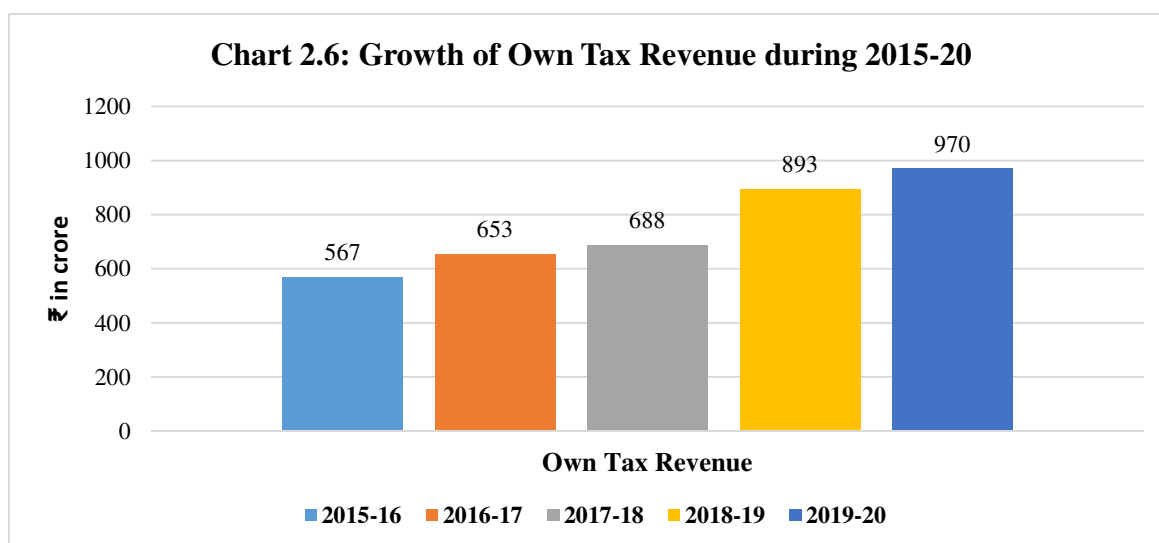
**Table 2.5: State's own resources**

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Tax Revenue	566.82	652.56	688.33	892.92	970.41
Non-tax Revenue	412.99	451.64	654.38	657.78	693.40
<b>Total</b>	<b>979.81</b>	<b>1,104.20</b>	<b>1,342.71</b>	<b>1550.70</b>	<b>1663.81</b>

The details of gross collections of Tax and Non-Tax Revenue and their relative share in GSDP during 2015-20 is given in *Appendix 2.2*.

#### (i) Own Tax revenue

Own Tax revenues consist of State GST, State Excise, Taxes on Vehicles, Stamp Duty and Registration Fees, Land Revenue, *etc.* The trend of collection of Own Tax revenues during the five-year period 2015-20 is depicted in the Chart below:





The component-wise details of Own Tax Revenue collected during the period 2015-20 as well as trend of growth of individual components of revenues is depicted in the following table.

**Table 2.6: Components and growth of State’s Own Tax revenue**

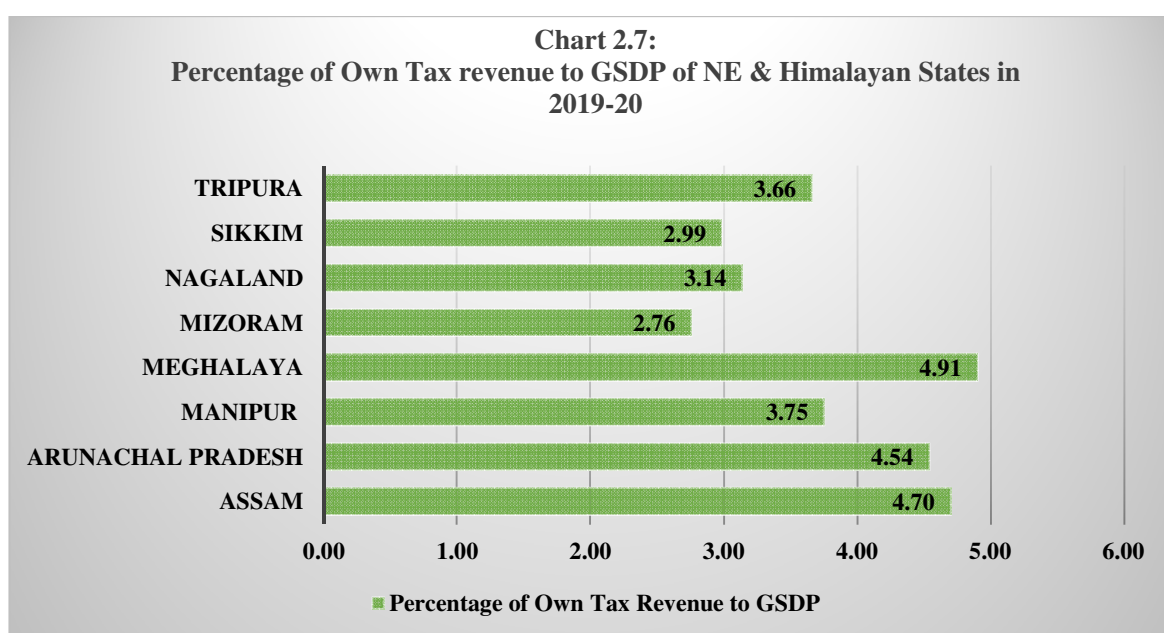
(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20	Sparkline
Sales Tax	325.72	364.82	249.66	188.2	197.63	
SGST	0	0	171.39	405.72	454.89	
State excise	142.08	156.24	150.47	183.09	207.15	
Taxes on vehicles	22.36	24.9	29.37	33.11	41.08	
Stamp duty and Registration fees	8.51	12.57	13.57	14.95	13.3	
Land revenue	1.85	6.39	7.44	9.09	4.4	
Other taxes	66.3	87.64	66.43	58.76	51.96	
<b>Total</b>	<b>566.82</b>	<b>652.56</b>	<b>688.33</b>	<b>892.92</b>	<b>970.41</b>	
Rate of growth	7.45	15.13	5.48	29.72	8.68	

**Source: Finance Accounts**

It can be seen that the State’s Own Tax Revenues increased by ₹ 403.59 crore from ₹ 566.82 crore in 2015-16 to ₹ 970.41 crore in 2019-20 at an annual average growth rate of 14.24 per cent. In 2019-20, tax revenues increased from ₹ 892.92 crore in 2018-19 to ₹ 970.41 crore, representing an increase of 8.68 per cent. During the current year, major contributors of Tax Revenue were Goods and Services Tax (46.88 per cent), State Excise (21.35 per cent) and Taxes on Sales, Trades etc., (20.37 per cent).

State’s Own Tax Revenue of ₹ 970.41 crore at 2.99 per cent of GSDP, was higher than that of Mizoram (2.76 per cent) during 2019-20 but lower than the other NER States as shown in **Chart 2.7**.





➤ *State Goods and Services Tax (SGST)*

The Sikkim Goods and Service Tax (SGST) Act 2017, came into effect from 01 July 2017. Trends in SGST collection since July 2017 is as shown in the following table.

**Table 2.7: Collection of SGST**

Sl. No.	Year	SGST collection (₹ in crore)
1	2017-18	171.39 <sup>4</sup>
2	2018-19	405.72
3	2019-20	454.89

As per the GST Act, any shortfall in revenue by the State is required to be compensated by the Central Government. Compensation under GST (Compensation to the States) Act 2017 is payable when the actual revenue collected by the State under GST and pre-GST arrears is less than the projected revenue. In Sikkim the actual revenue collected was more than the projected revenue hence compensation was not payable to Sikkim during 2017-18 to 2019-20. Details are shown below:

**Table 2.8: Projected revenue for compensation and actual collection of SGST**

Sl. No.	Year	Projected revenue <sup>5</sup> (₹ in crore)	SGST collection along with pre-GST arrears (₹ in crore)
1	2017-18	318.99	264.76
2	2018-19	363.65	428.00
3	2019-20	414.56	454.89

In Sikkim the Central Government has been releasing the State's share in IGST (transfer-in of tax, interest and penalty component to SGST *etc.*), but in Sikkim both SGST (Tax) and IGST<sup>6</sup> are being credited under the same head 0006-101. The State Government operated only two Minor Heads 101-Tax and 800-Other Receipts under Major Head 0006- State GST. The matter has been already highlighted in the State Finances Audit Report 2018-19. However, no corrective measure was taken. Thus, due to non-operation of other Minor Heads, correct picture of components of SGST like interest, penalty, fees, input tax credit cross utilisation of SGST and IGST, apportionment of IGST *etc.*, is not reflected in the accounts, which is in violation of the principles of disclosure and transparency.

➤ *Details of evasion of tax detected by Department, refund cases, etc.*

The cases of evasion of tax detected by the Excise & Commercial Taxes Division and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is important indicator of performance of the Department. High pendency of refund cases may indicate red tape, vested interests, prevalence of speed money, *etc.*

<sup>4</sup> The amount pertains to nine months only as GST was implemented from July 2017.

<sup>5</sup> Projection = derived from annual increase of 14 per cent on previous year's revenue. (E.g. ₹ 363.65+ 14 per cent increase = ₹ 414.56)

<sup>6</sup> As per the instruction of Controller General of Accounts, Ministry of Finance SGST is to be credited under 0006-101 and IGST is credited under the head 0006-106

Table 2.9: Evasion of Tax Detected

Sl. No.	Head of Revenue	Cases pending as on 31 March 2019	Cases detected during 2019-20	Total	No. of cases in which assessment / investigation completed and additional demand with penalty etc. raised		No. of cases pending for finalization as on 31 March 2020
					No. of cases	Amount of demand (in crore)	
1.	0006	0	1	1	Under Progress	-	1
2.	0039	00	0	0	NA	NA	0

Source: Departmental figure

Table 2.10: Details of refund cases

(₹ in crore)

Sl. No.	Particulars	GST		State Excise	
		No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	4	0.05	Nil	Nil
2.	Claims received during the year	29	0.97	Nil	Nil
3.	Refunds made during the year	15	0.10	Nil	Nil
4.	Refunds rejected during the year	3	0.60	Nil	Nil
5.	Balance outstanding at the end of year	15	0.32	Nil	Nil

Source: Departmental figure

## (ii) Non Tax Revenue

The component-wise details of Non-Tax revenues consisting of Interest receipts, Dividends and Profits, Power receipts, Departmental receipts, etc. collected during the years 2015-20 were as follows.

Table 2.11: Components of State's Non-tax revenue

(₹ in crore)

Revenue Head	2015-16	2016-17	2017-18	2018-19	2019-20
Interest receipts	72.52	78.38	114.76	125.33	143.82
Dividends and Profits	12.7	2.01	2.92	4.38	3.21
Other Non-tax receipts	327.77	371.25	536.7	528.07	546.37
a) Minor irrigation	0.21	0.3	0.34	0.31	0.12
b) Road transport	41.55	48.71	52.08	53.96	57.1
c) Urban development	1.15	1.4	2.03	5.69	4.16
d) Education	1.16	2.05	2.32	2.32	3.55
e) Non-ferrous mining	0.14	0.13	0.18	0.22	0.19
f) Power	147.68	170.03	310.26	269.44	256.37
g) State Lotteries	20.02	45.00	55.03	57.82	40.10
h) Others <sup>7</sup>	115.86	103.63	114.46	138.31	144.68
<b>Total</b>	<b>412.99</b>	<b>451.64</b>	<b>654.38</b>	<b>657.78</b>	<b>693.40</b>

Source: Finance Accounts

Non-Tax Revenue, which ranged between 9.80 per cent and 14.32 per cent of Revenue Receipts of the State during the five-year period from 2015-20, increased marginally by ₹ 35.62 crore (5.42 per cent) during 2019-20 over the previous year.

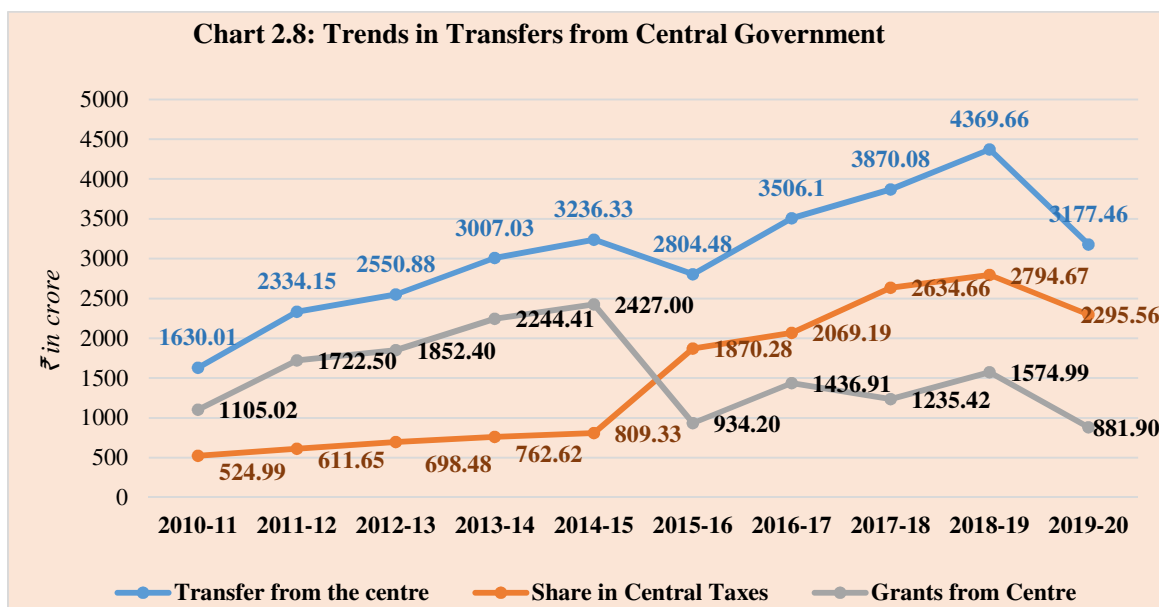
Major contributors for the increase in Non-Tax Revenue were Interest receipts (₹ 18.49 crore), Road Transport (₹ 3.14 crore) and Others (₹ 6.37 crore). Interest Receipts during 2019-20 have shown increase of 14.75 per cent as compared to previous year and an increase of 98.32 per cent compared to 2015-16. Other Non-tax receipts also increased

<sup>7</sup> Others includes departments like Water supply & sanitation, Housing, Information & Publicity, Labour & Employment, Social security & welfare, Animal Husbandry, Food, Co-operation, Other Rural Dev Programme, Industries and Tourism

from ₹ 327.76 crore in 2015-16 to ₹ 546.37 crore in 2019-20, an increase of 66.70 per cent. Revenues from Power and State Lotteries witnessed decrease of ₹ 40.82 crore (13.16 per cent) and ₹ 17.72 crore (44.19 per cent) respectively during 2019-20 as compared to previous year.

### (iii) Transfers from the Centre

Since transfers from Centre are dependent on Finance Commission recommendation, the trends for 10 years is given in Chart 2.8 and details of central tax transfers to the State during 2015-20 is mentioned in Table 2.12.



**Table 2.12: Details of Central tax transfers to the State during 2015-20**

Head	2015-16	2016-17	2017-18	2018-19	2019-20
Central Goods and Services Tax (CGST)	0	0	35.28	689.78	645.62
Integrated Goods and Services Tax (IGST)	0	0	249.56	55.10	0
Corporation Tax	592.56	638.61	835.64	971.97	788.90
Taxes on Income other than Corporation Tax	415.18	467.69	670.05	715.80	603.68
Other Taxes on Income and Expenditure	0	0	0	5.06	0
Customs	298.51	287.79	270.25	198.12	150.11
Union Excise Duties	245.23	351.79	261.34	131.66	106.08
Service Tax	317.83	322.69	311.52	25.39	0
Other Taxes <sup>8</sup>	0.97	0.62	1.02	1.79	1.17
<b>Central Tax transfers</b>	<b>1,870.28</b>	<b>2,069.19</b>	<b>2634.66</b>	<b>2794.67</b>	<b>2295.56</b>
Percentage of increase over previous year	131.09	10.64	27.33	6.07	- 17.86
Percentage of Central tax transfers to Revenue Receipts	49.42	44.88	50.54	47.20	47.42

Source : Finance Accounts

Over the five-year period 2015-20, Central tax transfers increased by ₹ 425.28 crore (22.74 per cent) from ₹ 1,870.28 crore in 2015-16 to ₹ 2295.56 crore in 2019-20. During 2015-20, the Central tax transfers which had been increasing upto 2018-19, decreased sharply by 17.86 per cent (₹ 499.11 crore) in 2019-20 over the previous year. Central tax transfers constituted 47.42 per cent of the Revenue Receipts during 2019-20.

<sup>8</sup> Include Taxes on Wealth, Other Taxes on Income and Expenditure, Other Taxes and Duties on commodities and Services

**Table 2.13: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections**

(₹ in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
1	2	3	4	5 (4-3)
<b>XIII Finance Commission</b>				
<b>2010-11</b>	Net proceeds of all shareable taxes incl service tax	487.00	524.99	37.99
<b>2011-12</b>	Net proceeds of all shareable taxes incl service tax	572.00	611.65	39.65
<b>2012-13</b>	Net proceeds of all shareable taxes incl service tax	674.00	698.48	24.48
<b>2013-14</b>	Net proceeds of all shareable taxes incl service tax	796.00	762.62	-33.38
<b>2014-15</b>	Net proceeds of all shareable taxes incl service tax	938.00	809.32	-128.68
<b>XIV Finance Commission</b>				
<b>2015-16</b>	Net proceeds of all shareable taxes incl service tax	2129.00	1870.28	-258.72
<b>2016-17</b>	Net proceeds of all shareable taxes incl service tax	2457.00	2069.19	-387.81
<b>2017-18</b>	Net proceeds of all shareable taxes incl service tax	2839.00	2634.66	-204.34
<b>2018-19</b>	Net proceeds of all shareable taxes incl service tax	3285.00	2789.61	-495.39
<b>2019-20</b>	Net proceeds of all shareable taxes incl service tax	3804.00	2295.56	-1508.44

Source: Departmental Figure and Finance Commission Reports

From the table above it can be seen that the actual devolution of net proceeds of all shareable taxes including Service Tax was in excess of Finance Commission projections during 2010-11 to 2012-13 and it was less than the FC projections in 2013-14 & 2014-15 under XIII Finance Commission and during the entire period of XIV Finance Commission.

**(iv) Grants-in-aid from GoI**

Grants-in-aid (GIA) received by the State Government from GoI during 2015-20 are detailed in Table below.

**Table 2.14: Grants-in-aid (GIA) received by the State Government from GoI**

(₹ in crore)

Head	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants	74.49	64.72	--	--	--
Grants for State Plan Schemes	321.57	684.64	6.26	--	--
Grants for Central Plan Schemes*	2.32	--	--	--	--
Grants for Centrally Sponsored Plan Schemes	507.94	658.75	39.50	4.19	(-) 0.48
Grants for Special Plan Schemes	27.88	22.09	0.52	--	--
Grants for Centrally Sponsored Schemes (CSS)	--	0.31	919.17	1147.81	609.52
Finance Commission (FC) Grants			70.52	125.86	76.50
Other transfers	-	6.40	199.45	297.13	196.36
<b>Total</b>	<b>934.20</b>	<b>1,436.91</b>	<b>1235.42</b>	<b>1574.99</b>	<b>881.90</b>
<i>Percentage of increase over the previous year</i>	<i>- 61.51</i>	<i>53.81</i>	<i>-14.02</i>	<i>27.49</i>	<i>-44.01</i>
<i>Percentage of GIA to Revenue Receipts</i>	<i>24.69</i>	<i>31.17</i>	<i>23.70</i>	<i>26.60</i>	<i>18.22</i>

There are no figures since the nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

Source: Finance Accounts

The flow of Grants-in-Aid from GoI depicted fluctuating trend during 2015-20 and the transfers on this account were lowest in 2019-20. The Grants-in-aid from GoI decreased by ₹ 693.09 crore (44.01 per cent) during the current year compared to the previous year. There was substantial decrease in Grants-in-aid under CSS, FC grants and other grants during the year, as compared to the previous year. The Grants-in-Aid constituted 18.22 per cent of Revenue Receipts during the year 2019-20. The major portion of Grants-in-aid, constituting 69.11 per cent of total Grants-in-Aid, were received

for Centrally Sponsored Schemes, during the year. Grants for CSS decreased by ₹ 538.29 crore, from ₹1,147.81 crore in 2018-19 to ₹ 609.52 crore in 2019-20 (decrease of 47 *per cent*). Finance Commission Grants amounting to ₹ 76.50 crore were provided for Local Bodies and State Disaster Response Fund (SDRF) and constituted 8.67 *per cent* of total Grants-in-Aid during the year.

#### ➤ Fourteenth Finance Commission Grants

The core mandate of the Finance Commission, as laid out in Article 280 of the Constitution, is to make recommendations on the distribution between the Union and the States of the Net Proceeds of Taxes and the principles that should govern the Grants-in-Aid of the revenue to the States out of the Consolidated Fund of India. The Fourteenth Finance Commission (XIV FC) was constituted on 2 January 2013, whose major recommendations were: increase in States' share in the Net Proceeds of Union Tax revenues to 42 *per cent* from 32 *per cent* earlier; distribution of grants to States for local bodies based on 2011 population data (90 *per cent* weightage) and area (10 *per cent* weightage) for the period 2015-20. Comparative statement of transfers to the State on account of awards of XIV FC during 2018-19 and 2019-20 is given in **Table 2.15**.

**Table 2.15: Grants-in-aid released by GoI as per recommendation of XIV FC**

(₹ in crore)

Department	Sectors	2018-19	2019-20	Increase (+)/ Decrease (-)
Panchayat and Rural Development	Panchayati Raj Institutions (PRIs)	29.67	40.09	+ 10.42
Urban Development	Urban Local Bodies (ULBs)	8.86	2.21	- 6.65
Land Revenue and Disaster Management	State Disaster Response Fund (SDRF)	87.33	34.20	- 53.13
<b>Total</b>		<b>125.86</b>	<b>76.50</b>	<b>- 49.36</b>

Source of data: Finance Accounts (ST 14 – 1601 MH)

There was an increase in Grants in Aid released by GoI under PRIs, but decrease under the ULBs and SDRF. As per reply of Revenue and Disaster Management Department, the significant decrease in transfer to State Disaster Response Fund in 2019-20 as compared to previous year was the result of release of additional fund by NDRF in 2018-19 (₹ 54.93 crore in June 2018) for flash floods that took place in 2017. The Central government had released ₹ 32.40 crore for SDRF during 2018-19. Other departments had not responded to the reasons for the increase/decrease of release of Grants in Aid by GoI as per the recommendation of XIV FC.

### 2.3.3 Capital receipts

Capital Receipts consist of public debt receipts, non-debt receipts like proceeds from disinvestments (under miscellaneous capital receipts), and recoveries of loans and advances. The net public debt receipts after discharging of public debt plus other capital receipts, is the net Capital Receipts.

The following table shows the trends in growth and composition of net Capital Receipts.

Table 2.16: Capital receipts of the State

(₹ in crore)

Sources of State's Receipts	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Capital Receipts</b>	<b>656.26</b>	<b>784.71</b>	<b>1,054.37</b>	<b>1,146.98</b>	<b>833.51</b>
Miscellaneous Capital Receipts	654.88	783.34	1,053.46	1,145.21	833.21
Recovery of Loans and Advances	1.38	1.37	0.91	1.77	0.30
Public Debt Receipts	654.88	783.34	1,053.46	1,145.21	833.21
Internal Debt	652.05	776.61	1050.93	1,140.09	819.36
Growth rate of Internal Debt (in per cent)	59.77	19.10	35.32	8.50	-28.13
Loans and advances from GoI (in per cent)	2.83	6.73	2.53	5.12	13.85
Growth rate of loans and advances from GoI (in per cent)	-22.89	137.81	-62.41	102.37	170.51
Growth rate of debt Capital Receipts (in per cent)	59.03	19.62	34.48	8.71	-27.24
Growth rate of non-debt capital receipts (in per cent)	56.82	-0.72	-33.58	94.51	83.05
Rate of growth of GSDP (in per cent)	17.05	14.71	25.54	10.6	13.14
Rate of growth of Capital Receipts (in per cent)	59.03	19.57	34.36	8.78	-27.33

Source: Finance Accounts and for GSDP– Source: Official website of Economic & Statistical Organization, GOP ([www.esop.gov.in](http://www.esop.gov.in))

During last five-year period, Capital Receipts increased by 27.01 per cent (₹ 177.25 crore) from ₹ 656.26 crore in 2015-16 to ₹ 833.51 crore in 2019-20. The rate of growth of Capital Receipts which was 8.78 per cent in 2018-19 decreased to (-)27.33 per cent in 2019-20. Internal debts constituting 98.30 per cent of Capital Receipts during the current year decreased from ₹ 1140.09 crore during 2018-19 to ₹ 819.36 crore in 2019-20. Non-debt Capital Receipts in the form of recoveries of Loans and Advances significantly decreased by ₹ 1.47 crore (83.05 per cent) during 2019-20 over previous year.

### 2.3.4 State's performance in mobilization of resources

State's performance in mobilization of resources in the form of its own sources comprising own-tax and non-tax sources can be judged against the projections of XIV FC and targets of budget. The table below shows the performance of State in mobilization of resources against the projections and targets during 2019-20.

Table 2.17: Tax and non-tax receipts vis-à-vis projections

(₹ in crore)

	XIV FC projections	Budget Estimates	Actual	Percentage variation of actual over	
				Budget estimates	XIV FC projections
Own Tax revenue	3039.00	1230.22	970.41	-26.77	- 213.17
Non-tax revenue	541.00	734.55	693.40	-5.93	21.98

Source: FC Report and Estimates of Receipts

As can be seen that the State could not mobilize resources from its own sources of Tax revenue and Non-tax revenue as per projections of XIV FC and targets of budget during 2019-20.

Finance Department (FD) stated that revenue projections by XIV FC were over optimistic in revenue projection. The FD further stated that the Government of Sikkim had entrusted National Institute of Public Finance and Policy (NIPFP), New Delhi to revisit the assumptions of XIVFC's GSDP and Tax Buoyancy. As per the findings of NIPFP the target for tax revenue for 2019-20 were ₹ 1032 crore (own tax revenue) and ₹ 541 crore



(non-tax revenue) against the projection of XIV FC of ₹ 3039 crore and ₹ 541 crore respectively. The fact remains that the State could not achieve its own budget targets.

## 2.4 Application of Resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not directed at the cost of expenditure towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

### 2.4.1 Growth and composition of expenditure

The Total Expenditure, its composition and relative share in GSDP during the years 2015-16 to 2019-20 is presented in Table below.

**Table 2.18: Total expenditure and its composition**

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	4305.59	4525.37	5675.58	6564.45	6922.75
Revenue Expenditure (RE)	3644.58	3788.08	4151.85	5226.57	6185.08
Capital Expenditure (CE)	633.98	720.29	1506.78	1291.31	720.61
Loans and Advances	27.03	17	16.95	46.57	17.06
GSDP	18,034	20,687	25,971	28,723	32,496
As a percentage of GSDP					
TE/GSDP	23.87	21.88	21.85	22.85	21.30
RE/GSDP	20.21	18.31	15.99	18.20	19.03
CE/GSDP	3.52	3.48	5.80	4.50	2.22
Loans and Advances/GSDP	0.15	0.08	0.07	0.16	0.05

(₹ in crore)

Source: Finance Accounts

During the period 2015-20, Total Expenditure of the State increased by 60.79 per cent (₹ 2617.16 crore) from ₹ 4,305.59 crore in 2015-16 to ₹ 6,922.75 crore in 2019-20. During the current year, it increased by 5.49 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained stable and was in the range of 21.30 per cent to 23.87 per cent during 2015-16 to 2019-20.

The ratio of Total Expenditure of the State to GSDP showed fluctuating trend during the period 2015-16 to 2019-20. This fluctuation was mainly on account of Revenue and Capital Expenditure, with its ratios to GSDP that shows fluctuating trend during entire five year period.

**Table 2.19: Relative share of various Sectors in Total Expenditure**

Sectors	2015-16	2016-17	2017-18	2018-19	2019-20
General Services	1,307.77	1,491.95	1,677.89	2032.95	2548.62
Social Services	1,436.99	1,578.28	2,066.68	2435.22	2519.45
Economic Services	1,495.00	1382.5	1,850.74	1983.31	1753.76
Others (Grants to Local Bodies and Loans and Advances)	65.83	72.63	80.27	112.97	100.92
<b>Total Expenditure</b>	<b>4,305.59</b>	<b>4525.37</b>	<b>5,675.58</b>	<b>6564.45</b>	<b>6922.75</b>
<b>Sectoral share in Total Expenditure (in per cent)</b>					
General Services	30.37	32.97	29.56	30.97	36.82
Social Services	33.37	34.88	36.41	37.10	36.39

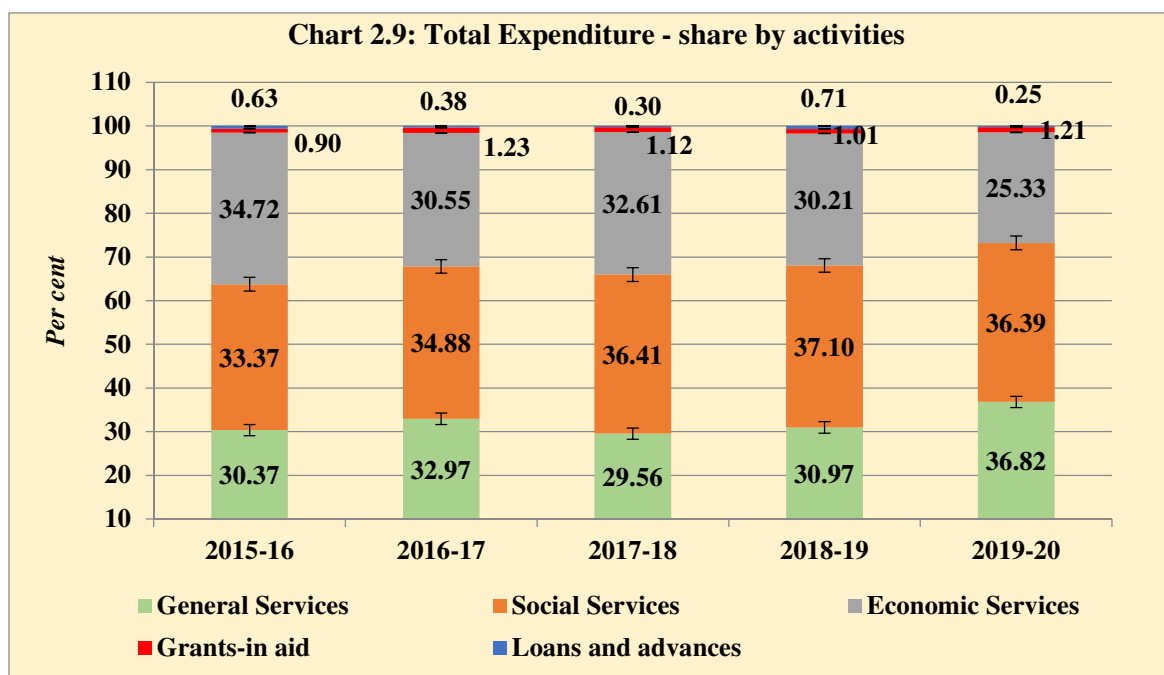
(₹ in crore)

*State Finances Audit Report for the year ended 31 March 2020*

Sectors	2015-16	2016-17	2017-18	2018-19	2019-20
Economic Services	34.72	30.55	32.61	30.21	25.33
Others (Grants to Local Bodies and Loans and Advances)	1.53	1.60	1.41	1.72	1.46
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Finance Account

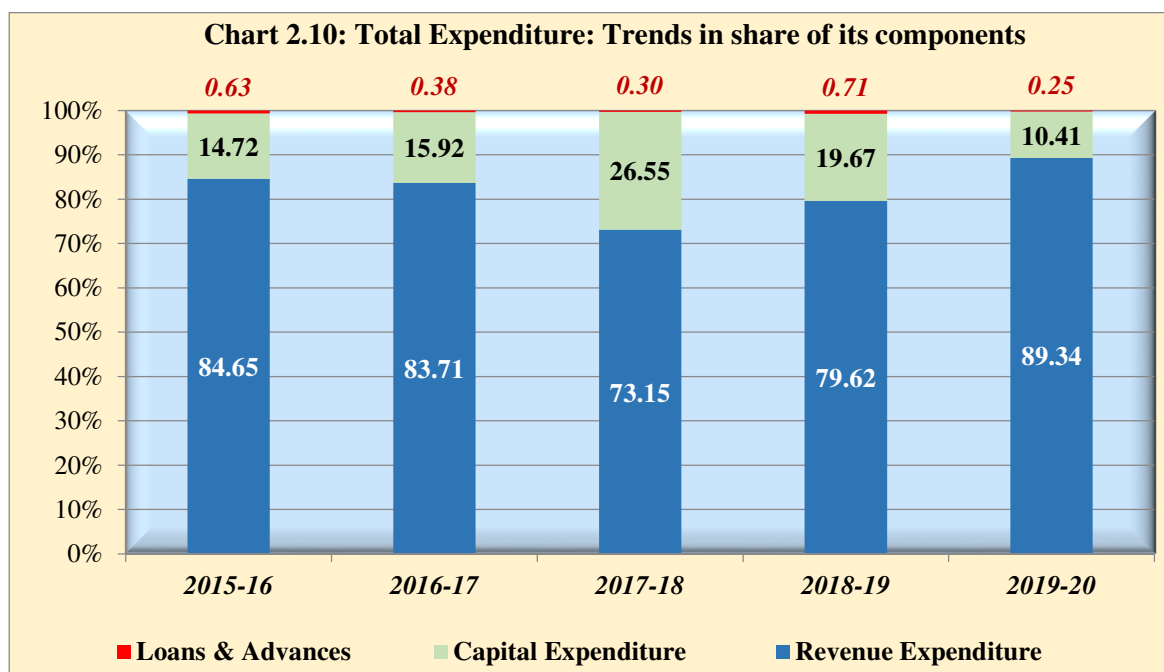
The relative share of the above components of expenditure indicates that the share of Economic Services and Social Services decreased by 4.88 *per cent* and 0.71 *per cent* respectively during 2019-20 over the previous year, while relative share of General Services increased by 5.90 *per cent*. It can also be seen that except for 2017-18 the share of expenditure on Economic Services in Total Expenditure was on a declining trend.



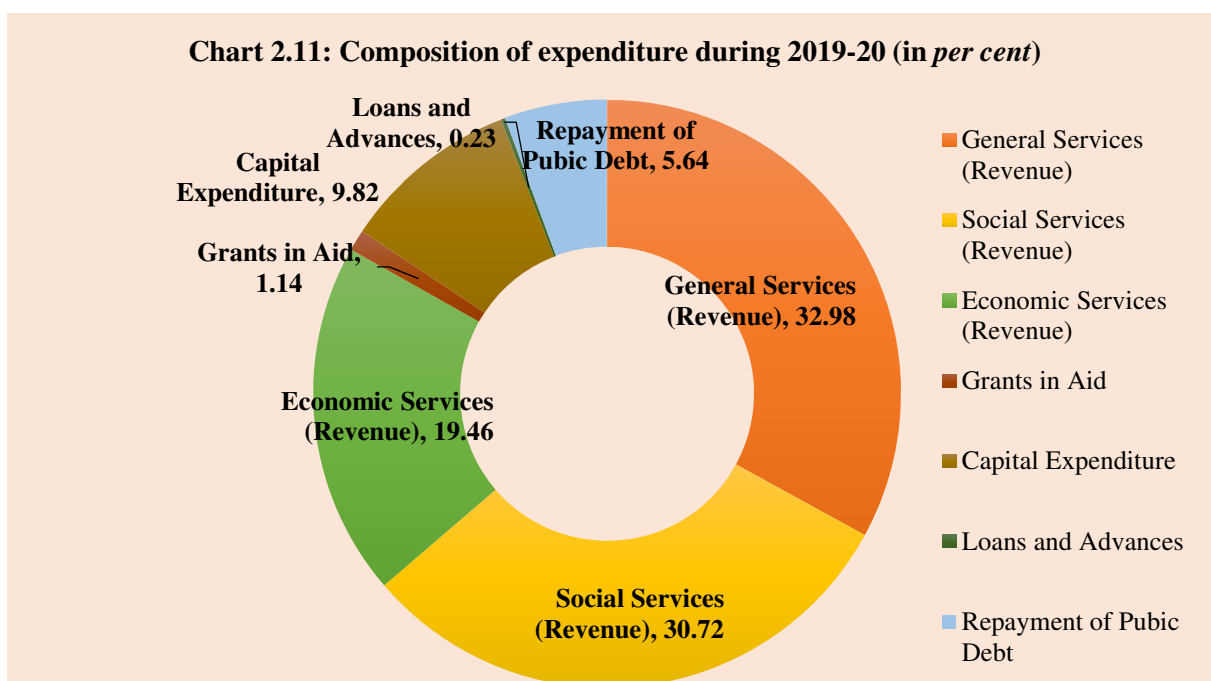
**Trend of Expenditure: Revenue, Capital and Loans & Advances**

During the period 2015-20, on average 82.09 *per cent* of Total Expenditure was spent as Revenue Expenditure every year, and annual average expenditure during this period on account of Capital Expenditure and Loans & Advances were 17.45 *per cent* and 0.45 *per cent* respectively. The share of Capital Expenditure was shrinking continuously since 2018-19.





The chart given below depicts the breakup of Total Expenditure incurred on various components during 2019-20.



#### 2.4.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligations. As such, it does not result in any addition to the State's infrastructure and service network.

Revenue Expenditure on an average formed 82.02 per cent (ranging from 73.15 per cent in 2017-18 to 89.34 per cent in 2019-20) of the Total Expenditure during the period 2015-20. Rate of growth of Revenue Expenditure displayed wide fluctuations during the five-year period 2015-20 as during 2018-19 it grew by 25.89 per cent and during 2016-17 its growth

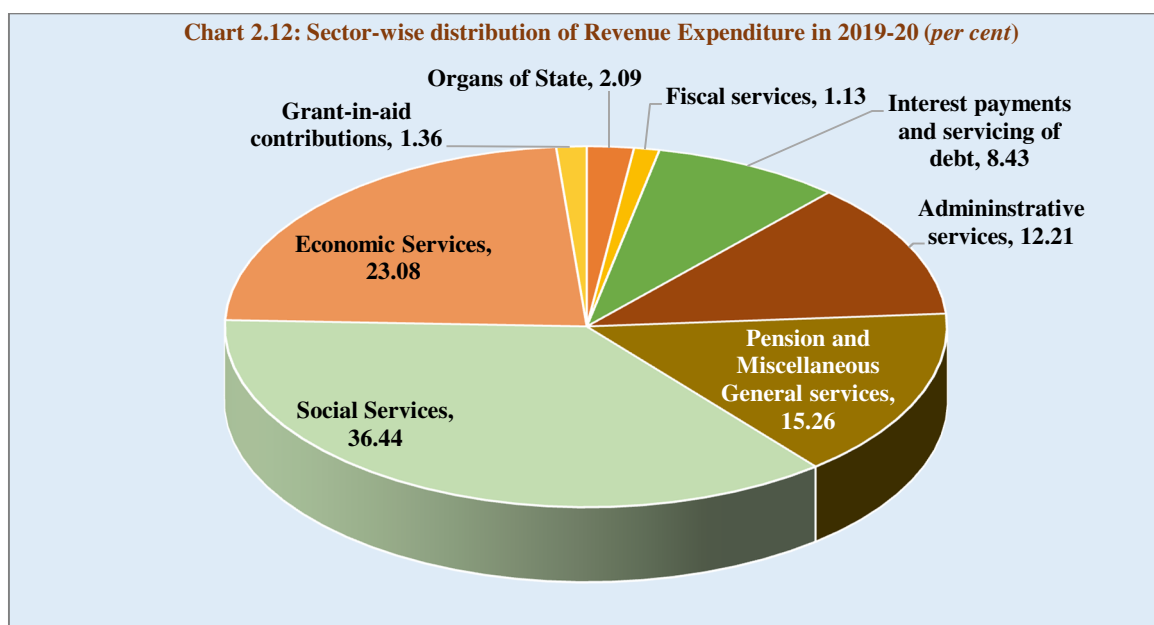
was only 3.94 per cent. The overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy vis-à-vis GSDP and Revenue Receipts are indicated in **Table 2.20** and the sectoral distribution of Revenue Expenditure pertaining to 2018-19 is given in **Chart 2.12**.

**Table 2.20: Revenue Expenditure – Basic Parameters**

(₹ in crore)

Parameters	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure (TE)	4305.59	4525.37	5675.58	6564.45	6922.75
Revenue Expenditure (RE)	3644.58	3788.08	4151.85	5226.57	6185.08
Rate of Growth of RE (per cent)	8.58	3.94	9.6	25.89	18.34
Revenue Expenditure as percentage of TE	84.65	83.71	73.15	79.62	89.34
RE/GSDP (per cent)	20.21	18.31	15.99	18.2	19.03
RE as percentage of Revenue Receipt	96.31	82.17	79.65	88.28	127.76
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	0.50	0.27	0.38	2.44	1.40
Revenue Receipts (ratio)	-1.16	0.18	0.73	1.91	-1.01

Source: Finance Accounts



The Revenue Expenditure as a percentage of GSDP has been fluctuating for the entire period from 2015-16 to 2019-20. However as a percentage of GSDP, it has increased constantly from 15.99 per cent (₹ 4151.85 crore) in 2017-18 to 19.03 per cent (₹ 6185.08 crore) in 2019-20.

#### 2.4.2.1 Major changes in Revenue Expenditure

**Table 2.21**, below details significant variations under various Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

Table 2.21: Variation in Revenue Expenditure during 2019-20 compared to 2018-19

(₹ in crore)

Major Heads of Account	2018-19	2019-20	Increase (+)/ Decrease (-)
2216-Housing	203.71	22.83	(-) 180.88
2801 - Power	203.59	282.33	78.74
2501-Special Programmes for Rural Development	36.19	62.41	26.22
2402 – Soil & Water Conservation	12.27	25.43	13.16
2505-Rural Employment	35.96	44.74	8.78
2515-Other Rural Development Programmes	66.64	74.38	7.74
2236 Nutrition	11.65	18.30	6.65
2217 – Urban Development	166.99	171.75	4.76
2029- Land Revenue	7.93	11.51	3.58
2205 – Arts and Culture	16.21	17.83	1.62

Source: Finance Accounts

Above table indicates that Revenue Expenditure under Housing declined significantly during the year over previous year. However, the Revenue Expenditure on Power increased by ₹ 78.74 crore (38.51 per cent) as compared to previous year. Similarly, other significant increase was seen in Special Programmes for Rural Development, Soil & Water Conservation, Other Rural Development Programme, Nutrition Programme, Urban Development, Land Revenue and Art& Culture during the current year over the previous year.

### (i) Committed expenditure

Committed expenditure of Government on revenue account consists mainly of expenditure on salaries and wages, interest payments and pensions. The FRBM Act of the State requires the State to be Revenue Surplus, it is challenging to achieve it, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions, as it is difficult to restrict these expenditures over short period of time.

Table 2.22 presents the trends in the components of Committed expenditure, ratio of Committed expenditure to Revenue Receipt and Revenue Expenditure during 2015-20. Further Chart 2.13 depicts percentage of Committed expenditure to Revenue Receipts and Revenue Expenditure during 2015-20.

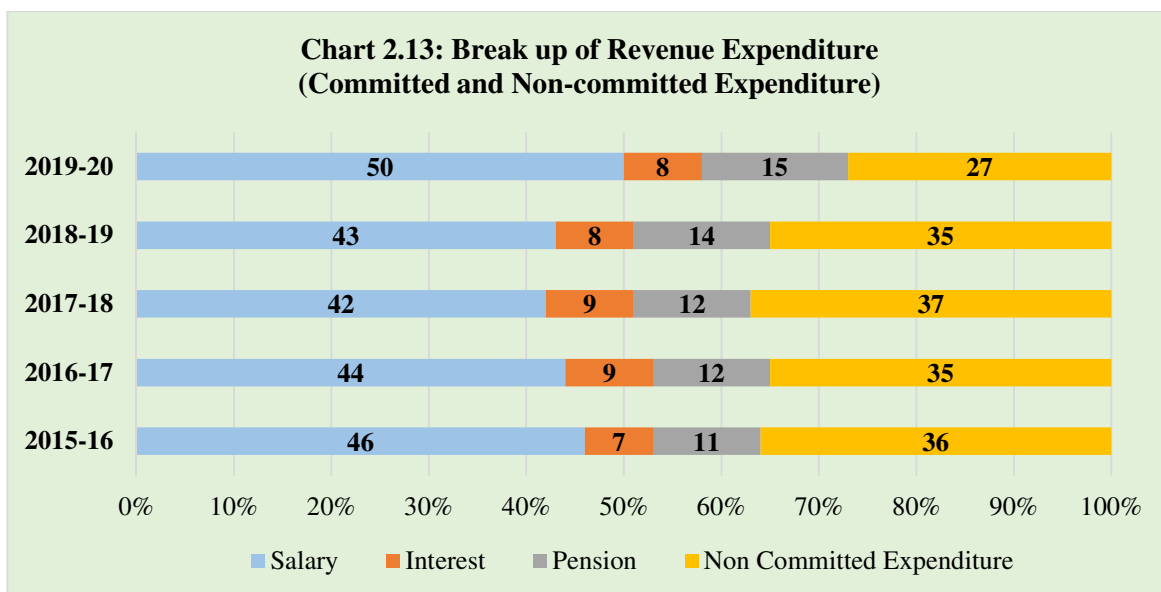
Table 2.22: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries & Wages	1357.66	1423.47	1478.98	1944.32	2932.74
Salaries paid through GIAs	304.37	256.90	278.80	322.14	184.13
Expenditure on Pensions	402.35	446.43	505.18	737.24	910.58
Interest Payments	262.07	324.39	362.17	433.05	509.68
<b>Total</b>	<b>2326.45</b>	<b>2451.19</b>	<b>2625.13</b>	<b>3436.75</b>	<b>4537.13</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
Salaries & Wages	43.92	36.45	33.72	38.28	64.38
Expenditure on Pensions	10.63	9.68	9.69	12.45	18.81
Interest Payments	6.93	7.04	6.95	7.31	10.53
<b>Total</b>	<b>61.48</b>	<b>53.17</b>	<b>50.36</b>	<b>58.04</b>	<b>93.72</b>

Components of Committed Expenditure	2015-16	2016-17	2017-18	2018-19	2019-20
<b>As a percentage of Revenue Expenditure (RE)</b>					
Salaries & Wages	45.60	44.36	42.30	43.36	50.39
Expenditure on Pensions	11.04	11.79	12.17	14.11	14.72
Interest Payments	7.19	8.56	8.72	8.29	8.24
<b>Total</b>	<b>63.83</b>	<b>64.71</b>	<b>63.19</b>	<b>65.76</b>	<b>73.35</b>

Source: Finance Accounts



As can be seen from the details tabulated above, on an average the Committed expenditure constituted 66.17<sup>9</sup> per cent of Revenue Expenditure and 63.35<sup>10</sup> per cent of the Revenue Receipts of the State during the five-year period 2015-20. The Committed expenditures which were 58.04 per cent of Revenue Receipts in 2018-19, increased to 93.72 per cent in 2019-20 (an increase of 35.68 per cent). Similarly, the percentage of Committed expenditure to Revenue Expenditure increased from 65.76 per cent in 2018-19 to 73.35 per cent in 2019-20.

#### 2.4.2.2 Undischarged liabilities in National Pension System

State Government employees recruited on and after 01 April 2006 are eligible for the National Pension System, which is a Defined Contributory Pension Scheme. In terms of the Scheme, the employee contributes 10 per cent of Basic Pay and Dearness Allowance, with a matching contribution by the State Government. The entire amount is to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/ Trustee Bank.

As on 31 March 2020, the State had 23,062 eligible employees under NPS, out of them valid Permanent Retirement Account Number (PRAN) (Unique Number) were allotted to 22,104 employees, whereas 958 employees were awaiting allotment of PRAN. The details of employee's share, Government contribution, interest accrued thereon and transfer to the trustee Bank/NSDL during the period from 2014-15 to 2019-20 are given in **Table 2.23**.

<sup>9</sup> 66.17 = 63.83+64.71+63.19+65.76+73.35=330.84/5

<sup>10</sup> 63.35 = 61.48+53.17+50.36+58.04+93.72= 316.77/5

Table 2.23: Details of Contribution and Transfers to NSDL under NPS

(₹ in crore)

Year	Opening Balance	Details of contribution by		Total contribution	Transfer to NSDL	Short transfer/ Closing Balance	Rate of Interest	Interest due on Opening Balance**
		Employees	Government					
2014-15	30.02	20.80	20.79	41.59	44.62	26.99	8.80	2.64
2015-16	26.99	27.81	27.74	55.55	59.10	23.44	8.80	2.38
2016-17	23.44	33.10	33.07	66.17	61.10	28.51	8.00	1.88
2017-18	28.51	38.09	40.70	78.79	79.63	27.67	7.60	2.17
2018-19	27.67	46.94	49.48	96.42	94.54	29.55	7.60	2.10
2019-20	29.55	73.90	77.42	151.32	114.74	66.13	7.60	2.25
<b>Total</b>		<b>240.64</b>	<b>249.20</b>	<b>489.84</b>	<b>453.73</b>			<b>13.42</b>

Source: Notes to Accounts (Finance Accounts Vol-I). \*\* Interest (GPF Rate) has been calculated on the estimation that the Opening Balance was not transferred during the year

Audit analysed the overall functioning of NPS which revealed the following.

During 2019-20, the total deposit under Major Head 8342-117 Defined Contribution Pension Scheme was ₹ 151.32 crore (employees' contribution and matching Government contribution amounting ₹ 73.90 crore each in addition with ₹ 3.52 crore carried forward balance of previous year). Further, as of 31 March 2020, against the total collected funds of ₹ 582.13 crore (Employees share - ₹ 289.27 crore plus Government share - ₹ 292.86 crore including backlog amount, the Government transferred ₹ 516 crore only (Employees share - ₹ 241.22 crore plus Government share - ₹ 274.78 crore) to designated authority (NSDL); and did not transfer ₹ 66.13 crore to NSDL for further investment as per the provisions of the scheme. Thus, there was a short transfer of ₹ 66.13 crore to the NSDL.

Further, delays in investment of NPS contributions with Fund Managers creates an atmosphere of uncertainty about the return to accrue to the employees concerned for such periods on the investment of their NPS contribution, and also affects accuracy and transparency of accounts.

Besides, the State Government has created interest liability since the commencement of the scheme i.e. from 2006-07, due to short transfer of funds to NSDL, as the above Major Head is classified as 'Deposits bearing Interest' in Government Accounts.

While accepting the audit observation, the FD stated that the delay in transfer of fund to NSDL was mainly due to the non-submission of Common Subscriber Registration Form (CSRF) by the subscribers and delay in allotment of PRAN. The Department was making full efforts to sensitize subscribers by conducting regular workshops in all districts emphasizing the importance of PRAN and other nomination/registration forms. As soon as the PRAN are allotted/ generated, the un-transferred funds will be transferred to the NSDL. During the exit conference meeting with the FD regarding contribution and short transfers to NSDL under NPS, Director of Pension informed that some of the subscribers were not submitting the required documents for allotment of PRAN despite repeated request to do so. He said efforts would be continued, to spread awareness on NPS amongst the government employees.

### 2.4.2.3 Subsidies

There was no booking of expenditure on subsidies during the year 2019-20. The booking under expenditure on Subsidy decreased from ₹2.67 crore in 2018-19 to Nil in the current year, as can be seen from the details given in Table 2.24.

Table 2.24: Booking of Expenditure on subsidies during 2015-20

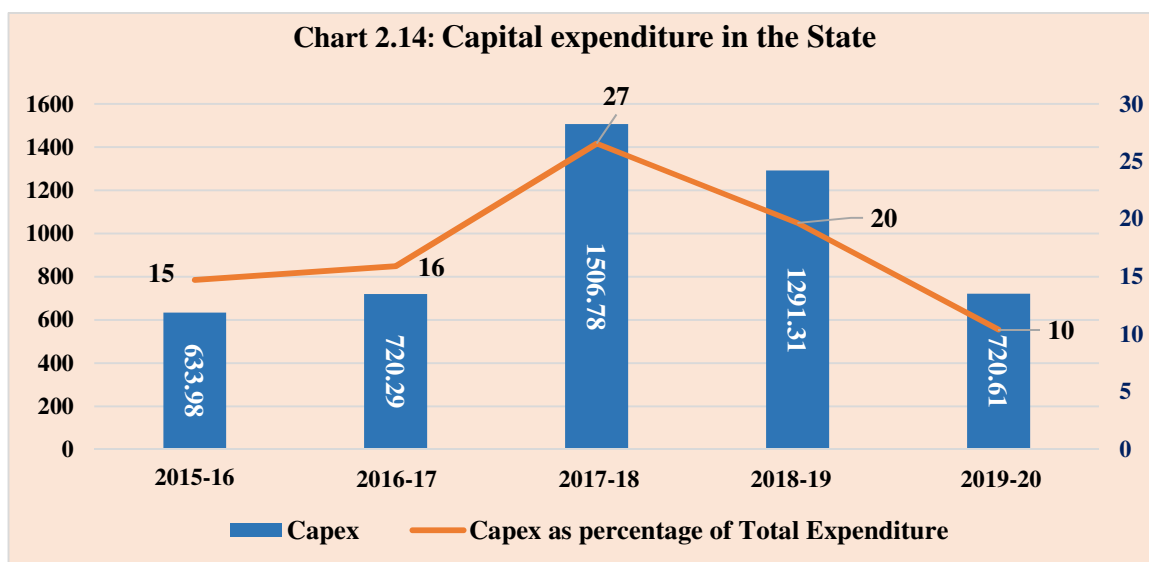
Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Subsidies (₹ in crore)	8.03	2.24	2.21	2.67	0.00
Subsidies as a percentage of Revenue Receipts	0.12	0.05	0.04	0.05	0.00
Subsidies as a percentage of Revenue Expenditure	0.22	0.06	0.05	0.05	0.00

Source: Finance Accounts

### 2.4.3 Capital Expenditure

Capital Expenditure includes primarily expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges *etc.*

Capital Expenditure of the State showed sharp decrease during the last three years from ₹ 1,506.78 crore in 2017-18 to ₹ 720.61 crore in 2019-20. The decrease in 2019-20 was 44.20 per cent as compared to 2018-19.



#### 2.4.3.1 Major changes in Capital Expenditure

Table 2.25 highlights the cases of significant increase or decrease of Capital Expenditure in various Heads of Account in during 2019-20 *vis-à-vis* the previous year.

Table 2.25: Capital expenditure during 2019-20 compared to 2018-19

Major Heads of Accounts	2018-19	2019-20	Increase (+)/ Decrease (-)
5054-Capital Outlay on Roads and Bridges	625.67	239.3	-386.37
5055-Capital Outlay on Road Transport	2.9	1.00	-1.90
4711-Capital Outlay on Flood Control Projects	51.88	0.82	-51.06
4059-Capital Outlay on Public Works	68.27	86.05	17.78
4210-Capital Outlay on Medical and Public Health	90.67	39.07	-51.60
4801-Capital Outlay on Power Projects	63.58	20.41	-43.17
4217- Capital Outlay on Urban Development	60.60	19.88	-40.72
5452- Capital Outlay on Tourism	54.59	29.81	-24.78

Source: Finance Accounts

During 2019-20, 33 per cent of total Capital Expenditure was incurred on Roads and Bridges followed by Public Works (12 per cent) though the Capital Expenditure on Roads & Bridges decreased substantially by 62 per cent in 2019-20 as compared to previous year, due to decrease in implementation of Road Works (District & other roads and roads of interstate/economic importance). Similarly, under Power Sector there was 65 per cent decrease due to decrease in expenditure on transmission & distribution under NLCPR, NEC and State Plan Schemes. Urban Development also showed decrease of 67 per cent in Capital Expenditure during current year as compared to previous year, due to decrease in expenditure on Integrated Development of Small & Medium Towns (IDSMT) Scheme. The reason for decrease in capital outlay for Medical & Public Health, which also decreased by 57 per cent as compared to previous year was due to less expenditure under Urban Health Services and Medical Training & Research. However, the Capital expenditure on Public Works increased by 89 per cent against the previous year's spending due to more expenditure under construction works.

#### 2.4.3.2 Quality of capital expenditure in PSUs and Corporations

Capital Expenditure in the Companies and Corporations, which are loss making and whose net worth is completely eroded, is not sustainable. Return on investment in share capital invested in Public Sector Undertakings (PSUs) is important determinant of quality of capital expenditure.

An assessment of trends in capital blocked in incomplete capital works would also indicate quality of capital expenditure. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to the extra burden in terms of servicing of debt and interest liabilities.

#### (i) Investment and Returns

As of March 2020, Government had invested ₹ 104.18 crore in Statutory Corporations, Banks, Joint Stock Companies and Co-operatives as detailed in succeeding paragraphs. The return during 2019-20 was 2.94 per cent as detailed in **Table 2.26** below.

**Table 2.26: Return on Investment**

Investment/return/ cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Investment at the end of the year (₹ in crore)	97.42	97.42	102.43	105.46	104.18
Return (₹ in crore)	12.70 <sup>11</sup>	2.01	2.92	4.38	3.06
Return (per cent)	13.04	2.06	2.85	4.15	2.94
Average rate of interest on Government Borrowings (per cent) <sup>12</sup>	7.04	7.52	7.16	7.35	7.42
Difference between interest rate and return (per cent)	(-)6.00	5.46	4.31	3.20	4.48

<sup>11</sup> Higher returns during 2015-16 was due to receipt of dividend from Companies, Bank and Co-operatives (State Bank of Sikkim- ₹5.34 crore, Sikkim Distilleries Ltd- ₹7.24 crore, Denzong Cinema- ₹0.01 crore, Multipurpose Co-operative Society- ₹0.11 crore)

<sup>12</sup> Example for 2019-20 Average interest rate calculation=  
 Total O/s debt ₹6335.06 cr (2018-19)  
 Plus Total O/s debt ₹7400.66 cr (2019-20)  
 Average O/s Debt = ₹13735.72 cr/2 = ₹6867.86 cr  
 Interest paid during 2019-20 = ₹509.68 cr  
 Average interest rate in per cent = ₹509.68/₹6867.86 = 7.42 per cent



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Investment/return/ cost of borrowings	2015-16	2016-17	2017-18	2018-19	2019-20
Difference between interest on Government borrowings and return on investment (₹ in crore) <sup>#13</sup>	(-) 5.85	5.32	4.41	3.37	4.67

Source: Finance Accounts # Investment at the end of the year \*Difference between interest rate and return

The Returns on investment during the current year were due to dividend receipts from State Bank of Sikkim: ₹1.33 crore, Sikkim Distilleries Limited: ₹1.45 crore, Multipurpose Co-operative Society ₹ 0.01 crore and SISCO Bank ₹ 0.27 crore.

The details of investment of ₹ 104.18 crore up to the end of 2019-20 by the State Government in Statutory Corporations (three), Joint Stock Companies (25) and Banks and Co-operative Societies (nine) are detailed in **Appendix 2.3**.

The State Government may seriously review the functioning of its Corporations, Companies and Societies, in view of the meagre returns on their investments. They may also ensure finalisation of financial statements of these PSUs in time and to consider closure of non-functional units.

**(ii) State Public Sector Undertakings being audited by CAG of India**

As on 31 March 2020, there were 17 SPSUs (including 13 Companies and four Statutory Corporations) which were being audited by the Comptroller and Auditor General of India (CAG), besides there were four non-working SPSUs<sup>14</sup> for which audit entrustment had not been extended by the State Government.

As per latest finalised accounts of the SPSUs, State Government had invested ₹ 48.77<sup>15</sup> crore (₹ 46.74 crore as equity and ₹ 2.03 crore as loan) in 17 working SPSUs. Seven<sup>16</sup> companies/ corporations were earning profits as per their latest finalised annual accounts, while the remaining had incurred losses.

Government had invested ₹ 15.36 crore in the following Companies which had been incurring recurring losses (**Table 2.27**).

**Table 2.27: Investment in Government Companies under Perennial Loss**

(₹ in crore)

Sl. No.	Name of the Government Company	Investment up to 2019-20		Cumulative loss	Year of accounts approved by Board
		Equity loans	& Subsidy/ Grants		
1	Sikkim Power Investment Corporation Limited (SPICL)	0.01	Nil	1000.30	2019-20
2	Sikkim Power Development Corporation	15.35	Nil	115.47	2018-19
	<b>Total</b>	<b>15.36</b>	<b>Nil</b>	<b>1115.77</b>	

Source: Financial Statements of the Companies \*Accumulated loss as per the latest Annual Accounts approved by the Board.

<sup>13</sup> Calculation on difference between interest on government borrowings for 2019-20 Percentage of 4.48 on investment at the end of year – ₹ 104.19 crore  
₹ 104.10 cr x 4.48 / 100 = 4.67 %

<sup>14</sup> SITCO, SPIL, SJL and SMC

<sup>15</sup> It does not include the equity capital invested by SPICL on behalf of GoSamounting ₹ 1879.88 crore in Teesta Urja Limited.

<sup>16</sup> SIDICO, TPTL, STDC, SBS, STCS, GFPP & Temi



The aggregate net worth of these 17 SPSUs was ₹ 1,675.32 crore, as per their latest finalised accounts. The net worth in respect of two Companies<sup>17</sup> was negative (₹ (-) 1003.01 crore) as the accumulated losses had completely eroded the equity capital as well as the reserves.

### **(iii) State PSUs-finalisation of Accounts and enhancing financial viability**

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

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

The Companies Act, 1956/ Companies Act 2013 has not been extended to the State of Sikkim. The Government Companies in Sikkim are registered under the Registration of Companies Act, Sikkim, 1961 while the Statutory Corporations are governed by the Proclamations of the erstwhile Chogyal (King) of Sikkim. The Act of 1961 and Proclamations do not contain provision on time schedule for adoption of accounts by the PSUs. Out of 17 working state PSUs, only four<sup>18</sup> State PSUs have been incorporated under the Companies Act 2013, having their registered offices outside the State. As on 30 September 2020, three<sup>19</sup> accounts of three state PSU registered under the Companies Act 2013 were pending for finalization whereas one<sup>20</sup> PSU submitted its account on time. In respect of the other state PSUs, 29 accounts of 13 state PSUs were not finalised due to delay in their preparation/approval by the Board of Directors of the respective state PSUs. The State PSUs whose accounts were pending for finalisation are listed in **Appendix 2.4**.

### **(iv) Investment in Incomplete Projects**

An assessment of trends in capital blocked in incomplete capital works indicates quality of capital expenditure. Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years leads to the extra burden in terms of servicing of debt and interest liabilities.

Projects remaining incomplete indicate that the benefits as envisaged in project proposals have not fructified and scarce resources remain locked without any return.

According to the information available in Appendix IX and Statement 16 of the Finance Accounts for the year 2019-20, as on 31 March 2020 (details given in **Appendix 2.5**), wherein out of 19 Works executing Departments, only ten furnished the details of works executed and remaining nine<sup>21</sup> departments did not furnish any details to Audit.

<sup>17</sup> *Sikkim Hatcheries Limited and Sikkim Power Investment Corporation Limited*

<sup>18</sup> *TeestaUrja Limited, Teestavalley power Transmission Limited, Gangtok Smart City Development Limited (GSCDT) and Namchi Smart City limited (NSCL).*

<sup>19</sup> *TUL, NSCL & GSDCL*

<sup>20</sup> *Teesta Valley Power Transmission Limited*

<sup>21</sup> *Culture, Forest, Health, Horticulture, Public Health Engineering, Roads & Bridges, Rural Development, Social Welfare and Tourism.*

Ten departments had 233 ongoing projects *i.e.* projects due to be completed on or before March 2020. The remaining Departments, did not furnish the details of incomplete projects, and thus actual number of incomplete projects could not be ascertained. The Department-wise and age-wise information pertaining to incomplete projects of these ten Departments as on 31 March 2020 is given in **Tables 2.28** and **2.29**.

<b>Table 2.28</b> <i>Age profile of incomplete projects as on 31 March 2020 (₹ in crore)</i>				<b>Table 2.29</b> <i>Department-wise profile of incomplete projects as on 31 March 2020 (₹ in crore)</i>			
Year	No. of incomplete projects	Estimated cost	Expenditure	Department	No. of incomplete projects	Estimated cost	Expenditure
Prior to 2011-12	2	18.39	15.67	Education	115	194.37	114.47
2011-12	3	15.67	6.67	Urban Dev	55	344.98	166.87
2012-13	9	37.68	11.73	Animal Husbandry	15	5.39	2.27
2013-14	8	51.38	40.04	Building & Housing	14	272.45	48.83
2014-15	3	3.99	3.47	Food	14	28.17	1.11
2015-16	22	140.08	63.46	Irrigation	6	172.59	107.44
2016-17	26	44.09	29.37	Police	2	23.00	15.15
2017-18	32	104.60	63.07	Sports	6	89.94	53.84
2018-19	33	113.82	76.29	Agriculture	4	1.41	0.73
2019-20	95	654.37	239.08	Power	2	51.77	38.15
<b>Total</b>	<b>233</b>	<b>1184.07</b>	<b>548.86</b>	<b>Total</b>	<b>233</b>	<b>1184.07</b>	<b>548.86</b>

*Source: Finance Accounts*

Out of these 233 projects, 25 projects (with sanctioned cost of ₹ 127.11 crore) for which the State had spent ₹ 77.58 crore were pending for more than five years while remaining 208 projects (with sanctioned cost of ₹ 1,056.96 crore) were pending for less than five years with an expenditure of ₹ 471.27 crore.

Further, department-wise analysis revealed that out of these 233 incomplete projects, which were scheduled to be completed by 31 March 2020, the Education Department had the highest number of incomplete projects(115) followed by Urban Development (55); Animal Husbandry (15); Building & Housing (14) and Food & Civil Supplies (14).

Blocking of funds on incomplete projects/ works impinges negatively on the quality of expenditure and deprives the State of the intended benefits for prolonged periods. Further, the funds borrowed for implementation of these projects during the respective years were also not utilized effectively and the State had to share the extra burden in terms of servicing of debt and interest liabilities. Effective steps need to be taken and closely monitored at the highest levels in Government, to complete all these above projects without further delay to avoid cost and time run inefficiencies.

During the Exit conference meeting held with the FD the matter was discussed and PAG affirmed that his office has asked all the departments of State Government which execute capital projects to furnish the details of incomplete projects; whereas, only 10 Departments out of 19 had furnished the same. The Secretary cum Controller of Accounts agreed to pursue the matter. Their comments on the delays were unavailable.

#### **2.4.4 Expenditure priorities**

Enhancing human development levels requires the States to step up their expenditure on key Social Services like Education, Health *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the

allocation is below the respective national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

**Table 2.30** presents analysis of the fiscal priority of the State Government with regard to, Capital Expenditure, Expenditure on Education Sector and Health Sector with their comparison to North Eastern (NE) and Himalayan States in 2014-15 and the current year 2019-20 against Aggregate Expenditure.

**Table 2.30: Expenditure priority of the State with regards to Health, Education and Capital expenditure**

*(In per cent)*

Particulars	AE/GSDP	CE/AE	Education/AE	Health/ AE
NE and Himalayan States Average (2014-15)	26.00	14.46	18.28	5.46
Sikkim	28.32	22.47	17.69	5.95
NE and Himalayan States Average (2019-20)	23.02	14.08	17.42	6.19
Sikkim	21.30	10.41	19.77	6.14

*AE: Aggregate Expenditure, CE: Capital Expenditure*

*GSDP: Figures furnished by Department of Economics, Statistics, Monitoring and Evaluation (DESME), Government of Sikkim*

The ratio of Capital Expenditure against Aggregate Expenditure in Sikkim were higher than the expenditures of NE and Himalayan States in 2014-15 but was lower in 2019-20. Similarly, the Aggregate Expenditure against the GSDP in Sikkim was higher than the expenditures of NE and Himalayan States in 2014-15 but was lower in 2019-20.

The ratio of expenditure on Education to Aggregate Expenditure of the State was less as compared to NE and Himalayan States during 2014-15 but it was higher during 2019-20. On the other hand, the ratio of expenditure on Health to Aggregate Expenditure of the State were higher than the expenditures of NE and Himalayan States in 2014-15 but was slightly lower in 2019-20.

## 2.5 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 accounted in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these transactions. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

### 2.5.1 Net Public Account Balances

The net balance in Public Account for a year is arrived by adding opening balance with fresh addition during the year and subtracting the disbursement therefrom. The sector-wise and sub-sector-wise net balances in Public Account of the State is given in this sub-para.

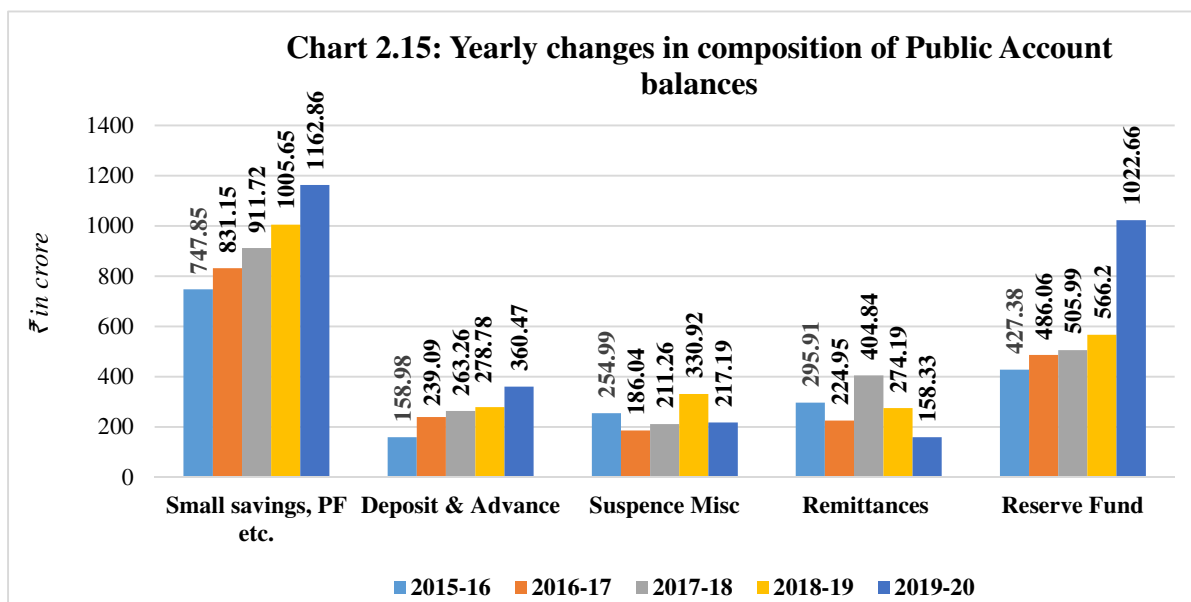
**Table 2.31: Component-wise net balances in Public Account as of 31 March of the year**

(₹ in crore)

Sector	Sub Sector	2015-16	2016-17	2017-18	2018-19	2019-20
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	747.85	831.15	911.72	1005.65	1162.86
J. Reserve Funds	(a) Reserve Funds bearing Interest	3.26	3.95	13.82	23.08	391.31
	(b) Reserve Funds not bearing Interest	424.12	482.11	492.17	543.12	631.35
	<b>Sub total</b>	<b>427.38</b>	<b>486.06</b>	<b>505.99</b>	<b>566.2</b>	<b>1022.66</b>
K. Deposits and Advances	(a) Deposits bearing Interest	23.44	28.51	27.67	29.54	66.12
	(b) Deposits not bearing Interest	136.57	211.61	236.62	250.27	295.38
	(c) Advances	-1.03	-1.03	-1.03	-1.03	-1.03
	<b>Sub total</b>	<b>158.98</b>	<b>239.09</b>	<b>263.26</b>	<b>278.78</b>	<b>360.47</b>
L. Suspense and Miscellaneous	(a) Suspense	0.3	2.69	1.97	6.58	4.56
	(b) Other Accounts	254.69	183.35	209.29	324.34	212.63
	(c) Accounts with Governments of Foreign Countries	0	0	0	0	0
	(d) Miscellaneous	0	0	0	0	0
	<b>Sub total</b>	<b>254.99</b>	<b>186.04</b>	<b>211.26</b>	<b>330.92</b>	<b>217.19</b>
M. Remittances	(a) Money Orders, and other Remittances	295.91	224.95	404.84	274.19	158.33
	(a) Inter- Governmental Adjustment Account	0	0	0	0	0
	<b>Sub total</b>	<b>295.91</b>	<b>224.95</b>	<b>404.84</b>	<b>274.19</b>	<b>158.33</b>
<b>TOTAL</b>		<b>1885.11</b>	<b>1967.29</b>	<b>2297.07</b>	<b>2455.74</b>	<b>2921.51</b>

Source : Finance Accounts, Note: +ve denotes debit balance and -ve denotes credit balances

The yearly changes in composition of balances in Public Account over the five-year period 2015-20 are given in **Chart 2.15**.



Source: Finance Accounts of respective years

### 2.5.2 Reserve Funds

Reserve Funds are created for specific and well defined purposes in the accounts of Government. These funds are fed by contributions or grants from the Consolidated Fund or from outside agencies.

Analysis of transactions of Reserve Funds is presented in the subsequent paragraphs.

### 2.5.2.1 Consolidated Sinking Fund

The State Government constituted a Consolidated Sinking Fund (CSF) for redemption of the open market loans of the Government commencing from 2004-05. As per guidelines of the Fund, the Government is required to contribute to the fund at the rate of one to three *per cent* of the outstanding open market loans as at the end of the previous year. The scope of this fund has been extended to cover all outstanding liabilities of the Government through a notification by the State issued on 18 August 2007 on the basis of recommendations of the XII FC. For the year 2015-20, the flow of Consolidated Sinking Fund is detailed below.

**Table 2.32: Flow of Consolidated Sinking Fund during 2015-20**

Year	Opening balance	Additions to the Fund (contribution and interest)			Payments out of the Fund	Closing balance
		Required contribution (one <i>per cent</i> of outstanding open market loans as on 31 March 2019) as per guidelines of the State Government	Actual contribution made	Interest accrued		
2015-16	269.87	18.39	12.00	3.32	Nil	309.92
2016-17	309.92	23.00	12.00	28.64	Nil	350.56
2017-18	350.56	28.74	12.00	24.23	Nil	386.79
2018-19	386.79	36.21	12.00	29.96	Nil	428.75
2019-20	428.75	44.16	12.00	36.17	Nil	476.92
<b>Total</b>				<b>122.32</b>		

(₹ in crore)

Source: Finance Accounts - Vol I (Notes to Account)

The State Government had invested entire available fund in the nationalised banks as per the guidelines. The investment under CSF increased from ₹ 309.92 crore in 2015-16 to ₹ 476.92 crore in 2019-20. The State Government was required to make annual contribution of ₹ 44.16 crore (at one *per cent* of outstanding open market loans of ₹ 4416.22 crore) to the fund for the year 2019-20 in terms of its own guidelines. However, the Government transferred only ₹ 12.00 crore to the fund leading to short contribution of ₹ 32.16 crore. This would have an effect of understatement of Revenue Deficit and Fiscal Deficit during the year. As on 31 March 2020, the fund had a balance of ₹ 476.92 crore (including ₹ 36.17 crore as accrued interest), which had been invested in fixed deposits in banks.

The FD noted the observation and stated that efforts would be made to ensure minimum contribution every year.

### 2.5.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 1 April 2010 as per the recommendations of the Thirteenth Finance Commission. In terms of the guidelines of the Fund, the Centre and States are required to contribute to the Fund in the certain proportion. The contributions are to be transferred to Major Head – 8121 under Public Account. Expenditure is incurred by operating Major Head – 2245. The balance in the Fund would be invested as per provisions stipulated in the guidelines in Central Government dated securities, auctioned treasury bills and interest bearing deposits and certificates of deposit with scheduled commercial banks.

In terms of the guidelines of the Fund, the Centre and Sikkim Government (NE and Himalayan States) are required to contribute to the Fund in the proportion of 90:10. Further, if the State does not have adequate balance under SDRF, the Union Government provides additional assistance from the National Disaster Response Fund (NDRF). The flow of the Fund, during the last five-year period is given below.

**Table 2.33: Flow of State Disaster Response Fund**

(₹ in crore)

Year	Opening balance (01 April)	Contribution by Centre	State's Share	Additional assistance from NDRF	Accrued interest (on investment of Fund)	Total availability during the year	Amount spent (MH 2245-05)	Closing balance	Investment During the year
1	2	3	4	5	6	7=(1 to 6)	8	9=7-8	10
2015-16	18.06	27.99	3.01	-	6.15	55.21	37.95	17.26	14.00
2016-17	17.26	29.70	3.30	-	2.20	52.46	27.51	24.95	21.00
2017-18	24.95	30.60	3.40	-	1.27	60.22	46.90	13.32	12.00
2018-19	13.32	32.40	3.60	54.93	2.23	106.48	83.89	22.59	22.50
2019-20	22.59	34.20	3.80	-	2.19	62.78	34.81	27.96	17.50

Source: Finance Accounts

During the year 2019-20, the State Government transferred aggregate funds of ₹ 40.19 crore to the SDRF (Central share: ₹ 34.20 crore, State share of ₹ 3.80 crore, and interest of ₹ 2.19 crore on investment) and incurred an expenditure of ₹ 34.81 crore on natural calamities under Head 2245-05. As on 31 March 2020, the Fund had a closing balance of ₹ 27.96 crore.

**Table 2.34: Details of expenditure charged to SDRF**

(₹ in crore)

Major Head of Account	Minor Head of Account	Expenditure during 2019-20
2245- Relief on Account of Natural Calamities 02- Floods, Cyclones etc.	101-Gratuitous Relief	6.84
	106-Repairs and Restoration of Damaged Roads and Bridges	1.39
	122-Repairs and Restoration of Damaged Irrigation and Flood Control Works	--
	193-Assistance to Local Bodies and Other Non-Government Bodies/ Institutions	--
	911- Deduct-Recoveries of Overpayments	0
	<b>Sub Total</b>	<b>8.24</b>
2245- Relief on Account of Natural Calamities 80- General	800-Other Expenditure <sup>22</sup>	26.57
	911- Deduct-Recoveries of Overpayments	0
	<b>Sub-Total</b>	<b>26.57</b>
	<b>Grand Total</b>	<b>34.81</b>
05-State Disaster Response Fund	901- Deduct - Amount met from State Disaster Response Fund	(-) <b>34.81</b>

Source: Finance Accounts

<sup>22</sup> The minor head 800- other expenditure includes expenditure on ACA to calamity relief works executed under the detail head -73 for ₹ 1.02 crore (seven works) and on other works relief on account of natural calamities for ₹ 25.55 crore (54 works) executed under detail head 73.



**2.5.2.3 Guarantee Redemption Fund**

The State Government constituted Guarantee Redemption Fund in the year 2005 for meeting payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and borrowings by the State Undertakings or other bodies, in case the same are revoked. The Government is required to contribute an amount equal to at least one-fifth of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees issued during the year. However, it is open to the Government to increase contribution to the fund at its discretion. The detailed account of the Fund as on 31 March 2020 is given following table.

**Table 2.35: Guarantee Redemption Fund***(₹ in crore)*

Particulars	Amount
<b>Opening Balance</b>	<b>52.35</b>
Addition	2.00
Interest	4.02
<b>Total</b>	<b>58.37</b>
Amount expended from the Fund	Nil
<b>Closing Balance</b>	<b>58.37</b>
Amount invested	<b>54.91</b>
<b>Amount not invested</b>	<b>3.46</b>

*Source: Finance Accounts*

During 2019-20, the State Government transferred ₹ two crore to the Guarantee Redemption Fund along with accrued interest of ₹ 4.02 crore. No guarantees were invoked during the year. The fund had a corpus of ₹ 58.37 crore at the end of the year out of which ₹ 54.91 crore stood invested. Thus, there was an un-invested amount of ₹ 3.46 crore.

**2.5.2.4 Educational Cess Fund**

As per the Sikkim Educational Cess on Alcoholic Beverages Act, 2007 (Act No.9 of 2007) for the purpose of promoting education in the State of Sikkim, Government is levying and collecting Educational Cess on alcoholic beverages manufactured in Sikkim as well as imported from other states for consumption in Sikkim. However, the State Government has not formed any rule for creation of Educational Cess Fund. Therefore, the utilisation of Cess was not readily ascertainable. The details of Educational Cess collected for the period 2015-20 is given in the table below

**Table 2.36: Position of Educational Cess Fund during 2015-20***(₹ in crore)*

Year	Total educational cess collected	Deposited into the Revenue Head 0045-112-03	Transferred to educational cess fund	Remarks
2015-16	5.62	5.62	Nil	Fund yet to be created
2016-17	4.78	4.78	Nil	
2017-18	4.45	4.45	Nil	
2018-19	7.37	7.37	Nil	
2019-20	7.21	7.21	Nil	

*Source: Departmental and A&E Figure*

During the Exit Conference, the Finance Department accepted the observation and Educational Cess fund not being created. The Secretary cum Controller of Accounts acceded to PAG's suggestion for early settlement of the matter.

#### **2.5.2.5 Cess under Sikkim Transport Infrastructure Development Fund (STIDF)**

The "Sikkim Transport Infrastructure Development Fund" was established to develop, maintain or improve transport infrastructure in Sikkim and for such purpose, it was decided to levy and collect cess on sale of motor spirit commonly known as petrol and high speed diesel and to provide for matters connected therewith or incidental thereto. The Act came into force since August 2004. During the year 2019-20, the total collections and transfers of the Fund is given in the table below:

**Table 2.37: Details of Cess under STIDF**

(₹ in crore)

Collections under 'MH 0045-112-01'	Amount transferred to 'Sikkim Transport Infrastructure Development Fund'	Amount yet to be transferred to 'Sikkim Transport Infrastructure Development Fund'
28.04	28.04	Nil

Source: Finance Accounts (NTA)

During the year, the State Government incurred an expenditure of ₹ 4.00 crore on road works by booking under M.H. 5054-05-337-61 and debiting the Fund.

#### **2.5.2.6 Cess under Sikkim Ecology and Environment Fund**

To protect and improve environment in Sikkim, Government of Sikkim established a fund known as "Sikkim Ecology and Environment Fund" in 2007 and the cess is levied on every dealer, manufacturer, Government department, PSU, Autonomous Body or other organisation who bring non-bio-degradable materials (as specified) from outside the State for selling, business, manufacturing, producing any products or use for whatsoever purpose in the State.

As per Section 14 of the Sikkim Ecology Fund and Environmental Cess, Act 2005, the cess levied shall first be credited to the Consolidated Fund of Sikkim and the State Legislature may by appropriation made by law in this behalf credit the proceeds of this collection to this fund from time to time, for being utilized exclusively for the purpose of this Act. It was seen that the State Government did not transfer the above-mentioned cess to the fund, it had also not utilised the fund under M.H. 3435-03-101-61. This Cess is being levied since April 2007. During the year 2019-20 total cess collection was ₹ 1.18 crore (M.H. 0045-112-02).

The details of Sikkim Ecology Fund and Environmental Cess collected and expenditure made thereof for the last five years is given in the table below:

**Table 2.38: Details of Sikkim Ecology Fund and Environmental Cess**

(₹ in crore)

Year	Receipts of CESS	Expenditure	Percentage of Expenditure
2015-16	37.27	18.59	49.88
2016-17	49.09	31.15	63.45
2017-18	31.10	58.88	189.32
2018-19	6.77	1.10	16.25
2019-20	1.18	Nil	00

Source: VLC data and Finance Accounts Volume I –NTA



From the table above it can be seen that the State has not spent the Cess collected under the Ecology & Environment Fund during 2019-20 and during 2018-19, the expenditure was only 16 per cent of the total cess collected during the year.

The State Government, may increase its spending out of the Cess collected.

### 2.5.2.7 Sikkim Compensatory Afforestation Fund

In compliance with the instructions issued by the Ministry of Environment and Forests, Government of India, vide their letter No.5-1/2009-FC dated 28 April, 2009 and guidelines of 2 July 2009, the State Governments are required to establish the State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA) which will administer the amount received and utilisation of the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and matters connected therewith or incidental thereto. Accordingly, the State Government constituted State CAPMA vide notification no. 107/Home/2009 dated 12 August 2009.

During the year 2019-20, the State Government received ₹ 3.70 crore through the user agencies on account of Net Present Value of Forest Land, Compensatory Afforestation, Dwarf species for credit to the CAMPA Fund, out of which ₹ 0.37 crore (10 per cent) crore has been transferred to the National Fund. The State Government credited total interest of ₹ 59.07 crore (₹ 0.00 crore under Major Head 8336 and ₹ 59.07 crore under Major Head 8121) during the year.

In terms of the provisions contained in the Compensatory Afforestation Fund Act (Section 4, Central Act 38 of 2016), the State Government established “State Compensatory Afforestation Fund” under Public Accounts of the State Government vide notification no. 03/Home/2019 dated 16 January 2019 and subsequent notification no. Bud/Fin/13 dated 26 March 2019 and managed by State CAMPA. The status of receipts and disbursements under the Fund as on 31 March 2020 was as follows:

**Table 2.39: Status of the State Compensatory Afforestation Fund**

(₹ in crore)

Opening Balance as on 01 April 2019	Receipt during the year	Disbursement during the year	Closing balance as on 31 March 2020
Nil	407.38	44.95	362.43

Source: Finance Accounts (Statement 21) and Notes to Account (Finance Accounts Vol-I)

The State received ₹ 407.38 crore during the year 2019-20 towards State Compensatory Fund out of which only ₹ 44.95 crore was spent and there was an unspent balance of ₹ 362.43 crore.

The State Government may review the status of the Fund for appropriate action.

**2.5.3 Position of loans and advances and interest received/ paid by the State Government**

In addition to investments in Corporations, Companies and Co-operative societies, State Government also provided loans and advances to many institutions/ organisations. **Table 2.40** presents the outstanding loans and advances as on 31 March 2020 along with interest receipts *vis-à-vis* interest rates of long term loans borrowed by government during the five-year period from 2015-20.

**Table 2.40: Details of Loans advanced by State Government and interest received**

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Opening balance	135.17	160.83	176.46	192.49	237.30
Amount advanced during the year	27.03	17.00	16.95	46.57	17.06
Amount repaid during the year	1.37	1.37	0.92	1.77	0.30
Closing balance	160.83	176.46	192.49	237.29	254.06
Net addition	(+)25.66	(+)15.63	(+) 16.03	(+) 44.80	(+) 16.76
Interest receipts	*00	*00	*0.00	0.00	0.00
Interest receipts as <i>per cent</i> to outstanding loans and advances	*00	*00	*0.00	0.00	0.00
Interest payments as <i>per cent</i> to outstanding fiscal liabilities of the State Government	8.02	6.94	6.64	6.84	6.89
Net outgo on Interest Payments as proportion of outstanding fiscal liabilities ( <i>per cent</i> ).	8.02	6.94	6.64	6.84	6.89

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

Out of ₹ 17.06 crore shown as advanced during the year 2019-20, ₹ 16.34 crore was paid to **three PSUs** (SIDICO, STCS and SBS) towards repayment of principal and interest against the loans taken by the Government through these PSUs from Financial Institutions (NABARD, HUDCO and Central Bank of India) though no grants/ loans had been given to PSUs by the Government of Sikkim during the year 2019-20. However, the State Government booked an expenditure of ₹ 16.34 crore<sup>23</sup> which was actually paid to three State's PSUs (SIDICO, STCS & State Bank of Sikkim) towards re-payment of principal and payment of interest against the loan taken by these PSUs from banks and financial institutions. The remaining ₹ 0.72 crore was paid towards House Building Advance to Government Servants. No interest on loans and advances was received by the Government during the financial year 2019-20.

During exit conference, the issue regarding interest rate on Advances & Loans was discussed and the Additional Director, FD intimated that the respective departments shall be requested to furnish the details of interests on loans given and the same will be forwarded to PAG office.

**2.6 Components of Fiscal Deficit and its financing pattern**

The financing pattern of Fiscal Deficit has undergone a compositional shift as reflected in **Table 2.41**. Decomposition of Fiscal Deficit reveals the extent of various borrowings resorted to by the State to meet its requirement of funds over and above Revenue and Non-Debt Receipts.

<sup>23</sup> Major Head 7475-Loans for other General Economic Services

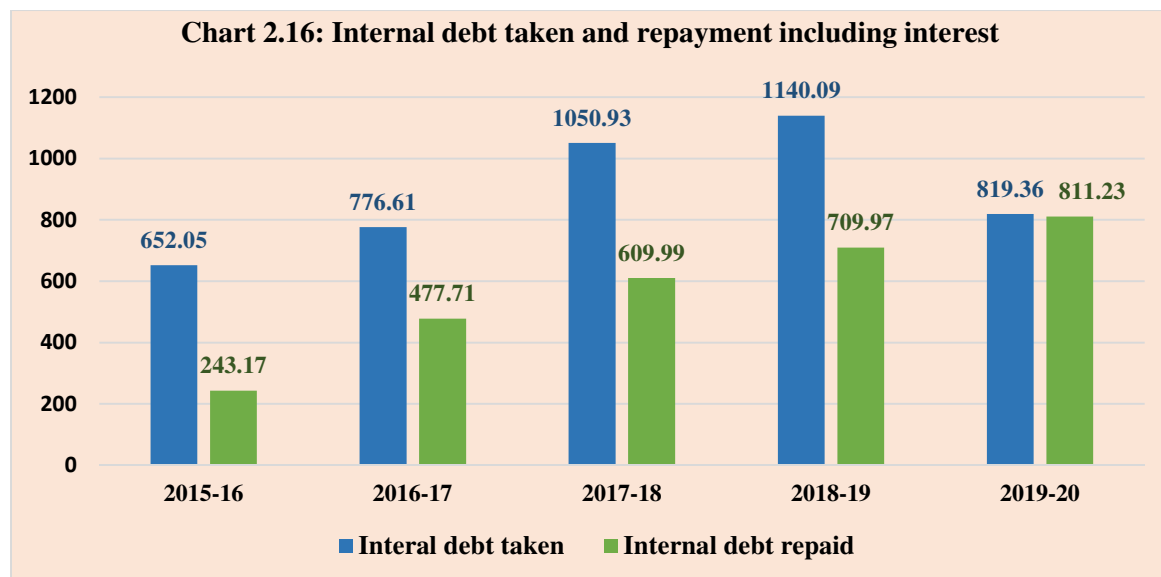
Table 2.41: Fiscal Surplus/Deficit and its financing pattern

(₹ in crore)

Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
<b>Composition of Fiscal Deficit</b>		<b>-519.92</b>	<b>86.30</b>	<b>-461.88</b>	<b>-642.32</b>	<b>-2081.18</b>
1	Revenue Surplus (+)/Deficit (-)	(+) 139.71	(+) 822.22	(+)1,060.94	(+) 693.79	-1343.81
2	Net Capital Expenditure	(-) 633.98	(-)720.29	(-)1,506.78	(-)1291.31	-720.61
3	Net Loans and Advances	(-) 25.65	(-) 15.63	(-)16.04	(-) 44.80	-16.76
<b>Financing Pattern of Fiscal Deficit</b>						
1	Market Borrowings	449.46	550.41	744.13	790.29	432.07
2	Special Securities issued to NSSF	23.34	-7.72	-23.61	-15.05	-13.46
3	Loans from Financial Institutions	-6.91	-2.12	-2.1	-0.6	-2.39
4	Loans from GOI	-7.14	-3.48	-7.6	-5.33	3.21
5	Small Savings, PF, etc.	(+) 37.65	(+) 83.30	(+) 80.57	(+) 93.93	157.21
6	Deposits and Advances	21.64	80.11	24.17	15.53	81.69
7	Suspense and Miscellaneous	-5.42	-827.7	-13.18	-587.95	1392.35
8	Remittances	82.51	70.96	179.89	130.65	-115.86
9	Reserve Fund	59.89	124.82	35.72	5.25	407.27
<b>10</b>	<b>Overall Deficit</b>					
11	Increase/Decrease in cash balance (-)/(+)	(-) 36.86	(+) 102.63	(-) 484.99	(+) 476.90	(-) 260.91
<b>12</b>	<b>Gross Fiscal Deficit</b>	<b>-519.92</b>	<b>86.30</b>	<b>-461.88</b>	<b>-642.32</b>	<b>-2081.18</b>

Source: Finance Accounts \*All these figures are net of disbursements/outflows during the year;

The State enjoyed Revenue Surplus from 2015-16 to 2018-19 which turned to Revenue Deficit of ₹ 1343.81 crore during the current year. The Fiscal Surplus of ₹ 86.30 crore in 2016-17 also turned into Fiscal Deficit of ₹ 461.88 crore and ₹ 642.32 crore in 2017-18 and 2018-19 which further increased to ₹ 2081.18 crore during 2019-20.



Source: Finance Accounts

Internal Debt of the Government which had grown persistently during the period 2015-19 which ranged between (-)28.13 per cent (in 2019-20) to 59.77 per cent (in 2015-16). There was sharp decrease of ₹ 320.73 crore in 2019-20 witnessing decrease of 28.13 per cent over previous year. The repayment of internal debt including interest has shown constant increase during the 2015-20 which ranged between 14.26 per cent (in 2019-20) to

207.42 per cent (in 2015-16). Further, the Government had borrowed internal debt of ₹ 819.36 crore and repaid internal debt and interest amounting to ₹ 811.23 crore during 2019-20, thus net internal debt available was of ₹ 8.13 crore.

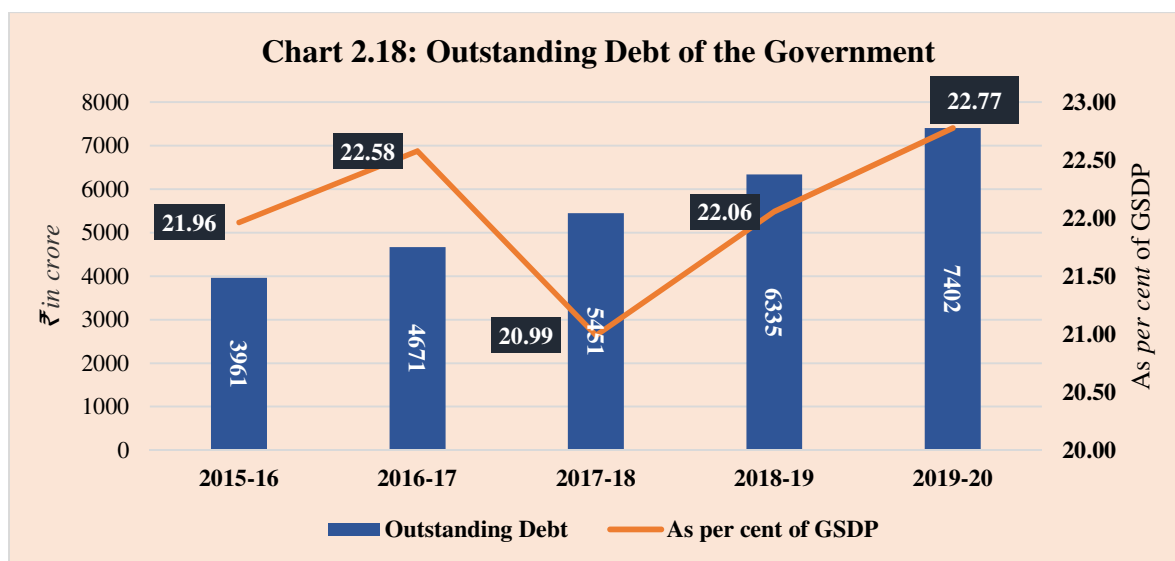
**Chart 2.17: Financing of Fiscal Deficit expressed through a water flow chart**

Fiscal liabilities (2019-20)	7400.66
Deposit	81.69
Reserve Fund	407.28
Small Savings, Provident Funds, etc.	157.21
Loans from GoI	3.2
Loans from Financial Institutions	49.09
Special Securities issued to National SS Fund	13.46
Market Loans	478.78
Fiscal liabilities (2018-19)	6335.05

■ Increase ■ Decrease

## 2.7 Debt management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.



### 2.7.1 Debt profile: Components

Total debt of the State Government constitutes of Internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, etc.), and loans and advances from the Central Government and Public Account liabilities. The status of outstanding debt, Public Account liabilities, growth rate of debt, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2015-20 is given in **Table 2.42**, as also in **Chart 2.19**.

The receipts and payments of internal debt as per the Finance Accounts during the period 2015-20 is elaborated in **Chart 2.16**.

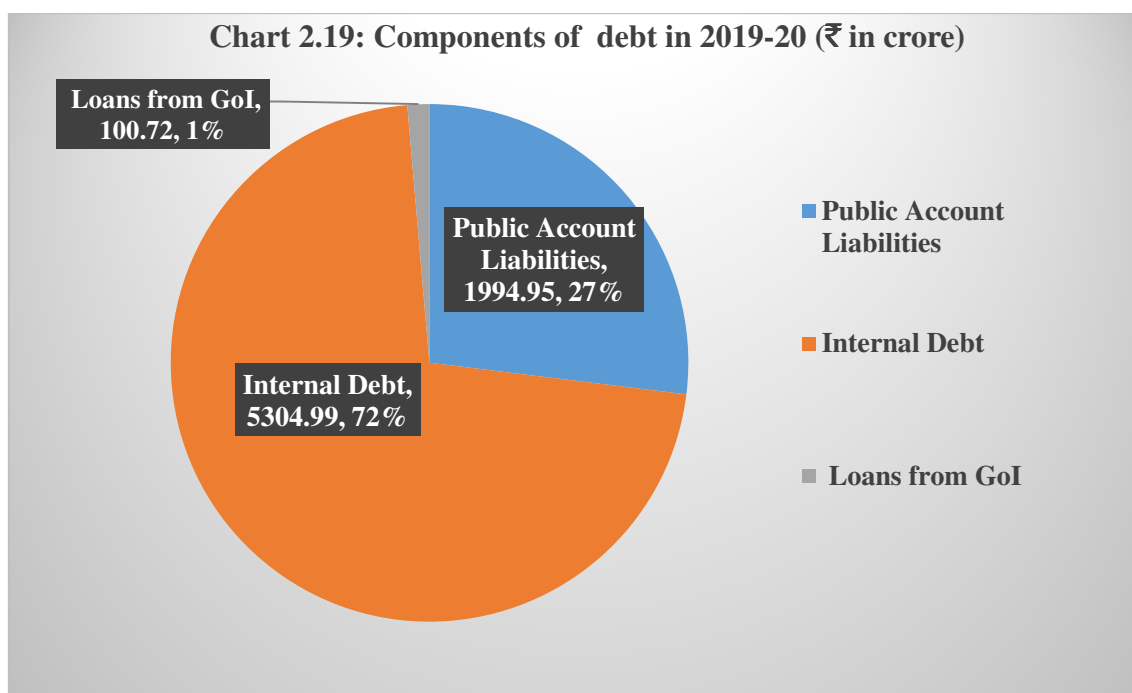
**Table 2.42: Receipts and Payments of internal debt**

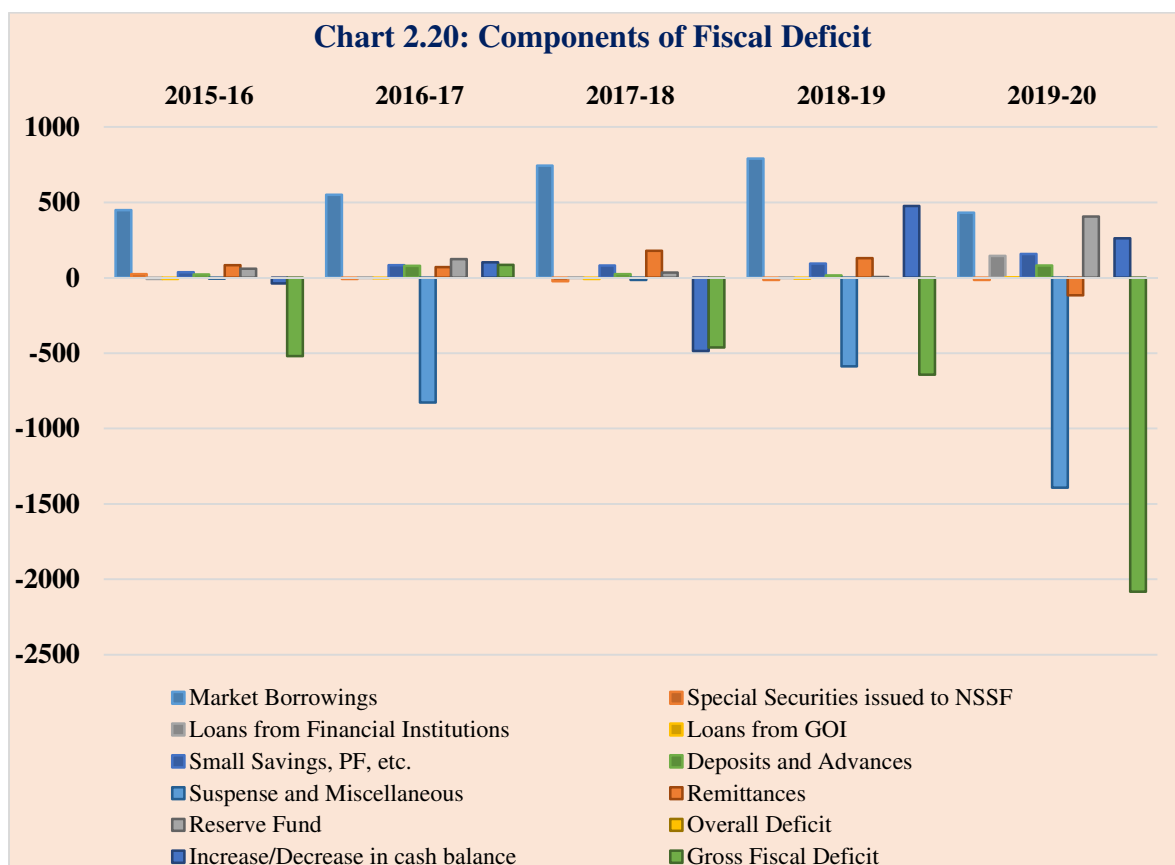
(₹ in crore)

Particulars		2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Debt		3,961.14	4,671.18	5,451.03	6,335.05	7,400.66
Public Debt	Internal Debt	2,855.14	3,395.68	4,114.12	4,888.77	5,304.99
	Loans from GoI	113.93	110.45	102.85	97.52	100.72
Public Account Liabilities		992.06	1,165.05	1,234.07	1,348.77	1,994.95
Rate of growth of outstanding Debt (in per cent)		13.78	17.93	16.69	16.22	16.82
GSDP		18,034	20,687	25,971	28,723	32,496
Debt/GSDP (in per cent)		21.96	22.58	20.99	22.06	22.77
Percentage of Interest payment to Revenue Receipt		6.93	7.04	6.95	7.31	10.53
Total Debt Receipts		3,088.54	2,038.98	2,016.99	2,007.04	2,294.67
Total Debt Repayment		2,608.85	1,328.94	1,237.13	1,123.01	1,229.06
Total Debt available		479.65	710.04	779.86	884.03	1,065.61
Debt Repayment/ Debt Receipts (in per cent)		84.47	65.18	61.34	55.95	53.54

Source: Finance Accounts

During the current year, against total debt receipts of ₹ 2,294.67 crore, the Government repaid ₹ 1,229.06 crore. As a result, a total debt of ₹ 1,065.61 crore was available to Government during the year. The debt receipts of the State decreased from ₹ 3,088.50 crore in 2015-16 to ₹ 2,294.67 crore in 2019-20. Though debt receipts were decreasing since 2016-17, during the current year (2019-20), the same increased by ₹ 288.63 crore (14.38 per cent) over previous year. Similarly, the debt repayment of the State also showed a decreasing trend from ₹ 2,608.85 crore in 2015-16 to ₹ 1,229.06 crore in 2019-20.





### 2.7.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing.

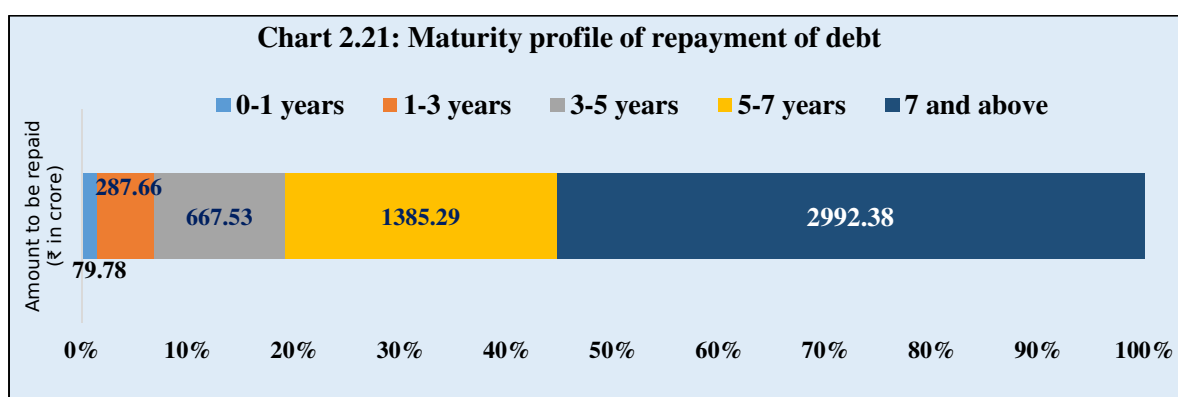
**Table 2.43: Debt Maturity profile of repayment of State Debt**

Period of repayment (Years)	Amount (₹ in crore)	Percentage (w.r.t. Public Debt)
0 – 1	79.78	1.47
2 – 3	287.66	5.31
4 – 5	667.53	12.33
6 – 7	1385.29	25.60
7 and above	2992.38	55.29
<b>Total</b>	<b>5412.64</b>	<b>100.00</b>

Source: Finance Accounts

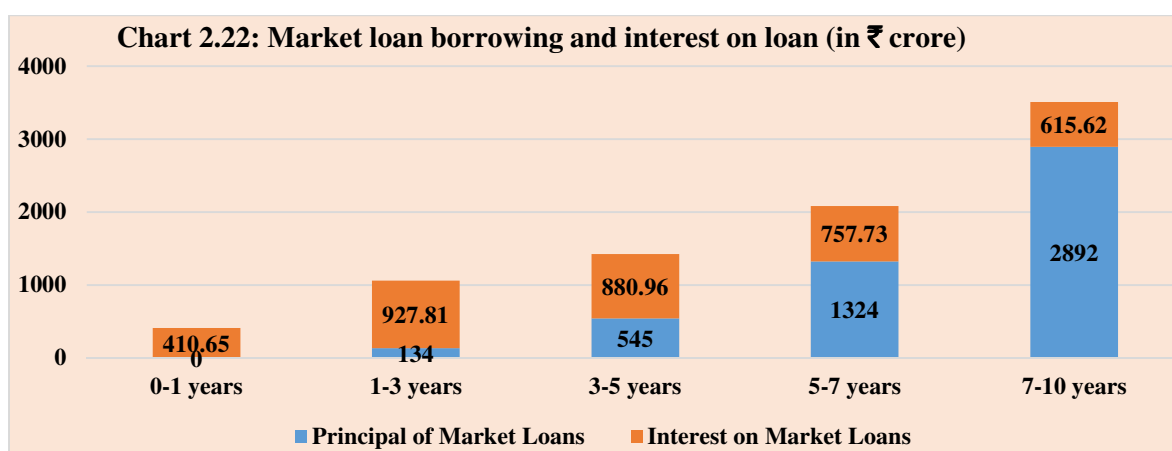
The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that out of the outstanding public debt of ₹ 5,412.64 crore, 44.71 per cent (₹ 2,420.26 crore) debt is payable within the next seven years while the remaining 55.29 per cent (₹ 2992.38 crore) is in the maturity bracket of more than seven years. Of the total outstanding public debt, internal debt consisting of market borrowings, loans from NABARD and special securities issued to NSSF constituted 97.64 per cent (₹ 5230.89 crore).

The year-wise maturity profile of repayment of debt is reflected in **Chart 2.21**.



### Repayment schedule of Market Loans

Debt maturity and repayment profile indicate commitment on the part of the Government for debt repayment or debt servicing. The details of maturity profile of Principal due on Market Loans and interest thereon is given in the **Chart 2.22**.



Source: Finance Accounts and Departmental figure

From the Chart above it could be seen that the maximum burden on State finances on account of repayment of principal and interest falls in 7 to 10 years range when principal of ₹ 2,892 crore and interest of ₹ 615.62 crore is payable.

## 2.8 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to service its debt now and in future. However, higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher primary surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (i.e., being unable to fulfill borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.



Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode and governments are not forced to increase taxes, or decrease spending.

❖ **Debt Sustainability Indicators**

<b>Ratio of total outstanding debt to GSDP (in per cent)</b>	<p>The debt-to-GDP ratio is the metric comparing a state's public debt to its gross domestic product (GSDP). By comparing what a states owes with what it produces, the debt-to-GDP ratio reliably indicates that particular state's ability to pay back its debts.</p> <p>A falling debt/GSDP ratio can be considered as leading towards stability. If Debt/GSDP ratio is increasing rapidly and goes above a threshold, we can say that current level of the primary balance is not sufficient to stabilise the debt-to-GDP ratio, which is on an explosive path. Sufficient fiscal adjustment should be made by reducing the fiscal deficit (primary balance) to a level necessary to make public debt sustainable.</p>
<b>Ratio of revenue receipts to total outstanding debt</b>	If the ratio is increasing, it would be easy for the government to repay its debt using revenue receipts only without resorting to additional debt.
<b>Ratio of State's own resources to total outstanding debt</b>	If the ratio is increasing, it would be easier for the government to repay its debt using its own resources.
<b>Rate of Growth of Outstanding Public Debt vis-à-vis Rate of Growth of GSDP</b>	If the growth rate of public debt is higher than the GSDP growth rate, it will lead to higher debt to GSDP ratio.
<b>Average interest Rate of Outstanding Debt (Interest paid/OB of Public Debt + CB of Public Debt/2)</b>	Higher interest rate means that there is scope for restructuring of debt.
<b>Percentage of Interest payments to Revenue Receipt</b>	<p>Higher percentage of interest payments leaves less funds for priority areas. It measures the margin of safety a government has for paying interest on its debt during a given period. Governments need to have more than enough revenues to cover interest payments in order to survive future (and perhaps unforeseeable) financial hardships that may arise.</p> <p>If significant portion of borrowed funds are used for repayment of borrowings and interest thereon, the net debt available with State for development activities is curtailed.</p>
<b>Percentage of Public Debt Repayment to Public Debt Receipt</b>	Higher the percentage, the greater the proportion of debt utilised for debt servicing rather than productively.
<b>Net Debt available to the State</b>	It is the excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt.
<b>Debt Maturity profile of repayment of State debt – including default history, if any</b>	A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. The past record of repayments as per schedule in conjunction with the proportion of debt repayable in the forthcoming seven years, is indicative of debt servicing position.



**Table 2.44** shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2015-16.

**Table 2.44: Trends in debt Sustainability indicators**

(₹ in crore)

Debt Sustainability Indicators	2015-16	2016-17	2017-18	2018-19	2019-20
Outstanding Public Debt*	2969.05	3506.13	4216.97	4986.29	5405.72
Rate of Growth of Outstanding Public Debt	18.27	18.09	20.27	18.24	8.41
Rate of Growth of GSDP	17.05	14.71	13.57	14.01	13.14
Debt/GSDP	16.46	16.95	17.95	18.62	16.64
Debt Maturity profile of repayment of State debt – including default history, if any	196.13	246.26	342.63	375.88	413.78
<sup>24</sup> Average interest Rate of Outstanding Public Debt ( <i>per cent</i> )	2.48	7.82	7.45	7.69	8.03
Percentage of Interest payment (Public Debt) to Revenue Receipt	1.79	5.49	5.52	5.98	8.61
Percentage of Debt Repayment to Debt Receipt	0.9	0.82	0.81	0.78	0.76
Net Debt available to the State <sup>#</sup>	390.86	283.94	423.32	415.4	2.37
Net Debt available as <i>per cent</i> to Debt Receipts	12.66	13.93	20.99	20.70	0.10
<sup>25</sup> Debt Stabilization (Quantum spread + Primary Deficit)	174.74	652.26	158.37	105.86	-1295.27
Total o/s Debt at the end of year	3961.14	4671.18	5451.04	6335.06	5405.71
Total Debt Receipts	3088.54	2038.98	2016.99	2007.04	2294.67
Interest paid on public debt	67.89	253.14	287.51	353.93	417.06
GSDP	18,034	20,687	23,494	26,786	32,496
Primary Deficit/Surplus	-257.85	410.69	-99.71	-209.27	-1571.50

Source: Finance Accounts of the State and GSDP by DESME/Economic Advisor;

\* Outstanding Public Debt is the sum of outstanding balances under the heads 6003-Internal Debt and 6004-Loans and Advances from the Central Government.

<sup>#</sup>Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

The growth rate of revenue receipts has generally been lower than the growth rate of debt during the last five years, except during 2016-17, where the debt decreased at a significantly lower rate than the Revenue Receipts. The burden of interest payment ranged from 1.79 *per cent* to 8.61 *per cent* of the Revenue Receipts during 2015-20. During 2019-20, it exceeded the target of 8.21 *per cent* recommended by the XIV FC in the Fiscal Consolidation Roadmap<sup>26</sup>. This indicates sustainability of debt of the State.

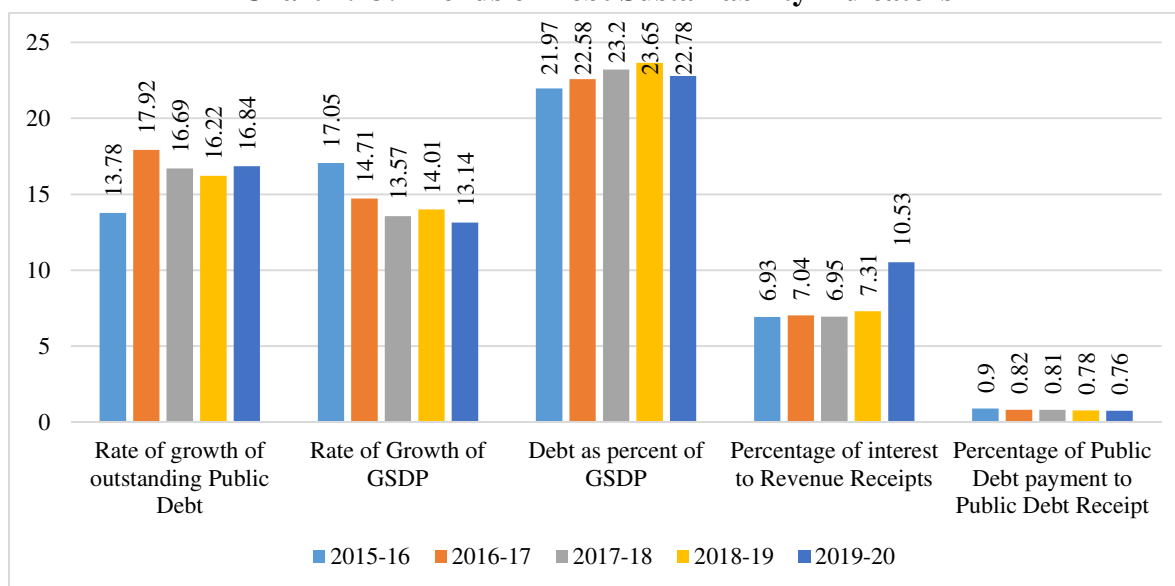
Net Debt available to the State was positive during the five years' period ending 2019-20. However, there was a significant decrease in Net Debt available, from ₹ 415.40 crore in 2018-19 to ₹ 2.37 crore (99 *per cent*) in 2019-20. This was mainly due to decrease in public debt received (27 *per cent*) and increase in interest payment by 18 *per cent* during 2019-20 as compared to previous year. The trends in Debt-repayment/ Debt receipts ratio fluctuated widely during 2015-16 to 2019-20, which ranged between 0.76 *per cent* to 0.90 *per cent* during 2015-20.

<sup>24</sup> Example for 2019-20 Average interest rate calculation = Total O/s debt ₹4986.29 cr (2018-19)  
Plus Total O/s debt ₹ 5405.72 cr (2019-20)  
Average O/s Debt = ₹ 10392.01 cr / 2 = ₹ 5196.01 cr  
Interest paid during 2019-20 = ₹ 417.06 cr  
Average interest rate in *per cent* = ₹ 417.06 / ₹ 5196.01 x 100 = 8.03 *per cent*

<sup>24</sup> Example for 2019-20 [(Rate of growth of GSDP – Average Interest rate on O/s Pub Debt)/100] \* O/s Public Debt] + Primary Deficit or Surplus.

<sup>26</sup> Chapter 14: Fiscal Environment and Fiscal Consolidation Roadmap, Paragraph No. 14.64 (ii) of XIV Finance Commission Report.

**Chart 2.23: Trends of Debt Sustainability indicators**



### 2.8.1 Utilisation of borrowed funds

The table below shows the utilization of borrowed funds by the State.

**Table 2.46: Utilisation of borrowed funds**

		(₹ in crore)				
1	Year	2015-16	2016-17	2017-18	2018-19	2019-20
2	Total Borrowings	3088.50	2038.98	2016.99	2007.04	2294.67
3	Repayment of earlier borrowings (Principal)	2608.85	1328.94	1237.13	1123.01	1229.06
	(Percentage)	84.47	65.18	61.34	55.95	53.54
4	Net capital expenditure	633.98	720.29	1506.78	1291.31	720.61
	(Percentage)	20.53	35.33	74.70	64.34	31.39
5	Net loans and advances	25.65	15.63	16.04	44.80	16.76
	(percentage)	0.83	0.77	0.80	2.23	0.73
6=2-3-4-5	Portion of Revenue expenditure met out of net available borrowings	0	0	0	0	328.24

Source: Finance Accounts

During the period 2015-20, the total borrowings of the State have decreased from ₹ 3,088.54 crore in 2015-16 to ₹ 2,294.67 crore in 2019-20, a decrease of ₹ 793.87 crore (26 per cent). The repayments of earlier borrowings had also decreased from ₹ 2,608.85 crore in 2015-16 to ₹ 1,229.06 crore in 2019-20. Though the net capital expenditure of the State rose to ₹ 1,506.78 crore during 2017-18 as compared to 2015-16 and 2016-17, but it dipped down to ₹ 1,291.31 crore (in 2018-19) and ₹ 720.61 crore in 2019-20, a decrease of ₹ 786.17 crore (31 per cent of the total borrowings) as compared to 2017-18.

### 2.8.2 Status of Guarantees – Contingent Liabilities

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantees are extended. The Sikkim Government Guarantees Act, 2000, stipulates that the total outstanding Government guarantee as on the 1st day of April of any year shall not exceed thrice the State's Tax receipts of the second preceding year and that the State Government shall charge guarantee commission of minimum one per cent which shall not be waived under any circumstances. The details of

outstanding guarantees given by the State Government including interest liability during the five-year period 2015-20 are shown in **Table 2.47**.

**Table 2.47: Guarantees given by the State Government**

Guarantees	₹ in crore				
	2015-16	2016-17	2017-18	2018-19	2019-20
Ceiling applicable to the outstanding amount of guarantees including interest (Criteria)	1574.76	1582.62	1700.46	1957.68	2064.99
Outstanding amount of guarantees including interest at the beginning of the year	112.14	89.17	441.49	425.45	3455.04
Maximum Guarantee	1574.76	1582.62	1700.46	1957.68	2064.99

Source: Finance Accounts

The total guarantees (principal *plus* interest) outstanding as on 1 April 2019 was ₹ 3,455.04 crore, which exceeded the prescribed limit of thrice the total Tax Receipts (₹ 688.33 crore) of 2017-18. Further, despite being aware of the poor financial performance of Sikkim Power Investment Corporation Ltd. (SPICL) as discussed in **Paragraph 2.4.3.1 (ii)** of the Report, the State Government extended (December 2018) a revolving guarantee of ₹ 225.00 crore to Power Finance Corporation on behalf of the Company. The Company had not paid the guarantee commission amounting to ₹ 4.50 crore due for the years 2018-19 and 2019-20.

During 2019-20, out of committed guarantee State Government has issued guarantee to Sikkim Housing & Development Board (SHDB) and State Trading Corporation of Sikkim (STCS), ₹ 133.56 crore and ₹ 106.50 crore respectively and State Government has extended one fresh guarantee amounting to ₹ 92.78 crore to SIDICO (NABARD-II). During this financial year, guarantee commission of ₹ 0.93 crore was receivable, which was not credited in Government Accounts. The position of guarantees reported in Statement 9 and 20 of the Finance Accounts is based on information received from the State Government and annexure to Budget document and has been prepared as per the IGAS 1 notified by the GoI.

### 2.8.3 Cash Balances

Under a resolution passed by the State Government in the year 1968-69, the State Bank of Sikkim (SBS) is vested with the responsibility of receiving money on behalf of State Government and making all Government payments and keeping custody of the cash balances of the Government. The arrangement continued after merger of Sikkim into the Indian Union.

Position of cash balances and investments of cash balances of the State Government at the end of 2018-19 and 2019-20 is shown in **Table 2.48**.

**Table 2.48: Cash Balances and their investments**

Particulars	₹ in crore	
	Opening balance on 1 April 2019	Closing balance on 31 March 2020
<b>A. General Cash Balance</b>		
Cash in treasuries		
Deposits with State Bank of Sikkim	70.20	299.96
Deposits with other Banks	50.07	81.22
Remittances in transit – Local	0.00	0.00
<b>Total</b>	<b>120.27</b>	<b>381.18</b>
Investments held in Cash Balance investment account	<b>2,656.00</b>	<b>1,149.90</b>
<b>Total (A)</b>	<b>2,776.27</b>	<b>1,531.08</b>

*State Finances Audit Report for the year ended 31 March 2020*

Particulars	Opening balance on 1 April 2019	Closing balance on 31 March 2020
<b>B. Other Cash Balances and Investments</b>		
Cash with departmental officers viz., Public Works, Forest Officers	0.95	0.95
Permanent advances for contingent expenditure with department officers	0.45	0.46
Investment in earmarked funds	502.89	552.08
<b>Total (B)</b>	<b>504.29</b>	<b>553.49</b>
<b>Total (A + B)</b>	<b>3,280.56</b>	<b>2,084.57</b>
<b>Interest realized</b>	<b>116.69</b>	<b>130.50</b>

Source: Finance Accounts

There was a marked decrease of ₹ 1,195.99 crore (36.46 per cent) in cash balance of Government as on 31 March 2020 as compared to previous year's balance.

As per the Finance Accounts of 2019-20, as on 31 March 2020, Government's cash balance with banks was ₹ 381.18 crore. Out of this, balance of ₹ 299.96 crore and ₹ 81.22 crore were with SBS and other banks respectively. However, as per the records of the SBS, the Cash Balance of the Government stood at ₹ 265.23 crore, leaving an un-reconciled balance of ₹ 34.73 crore.

During the current year, i.e., 2019-20, the cash balance stood at 21.80 per cent of the budget of the State (₹ 9,562.79 crore).

The trend analysis of the cash balance investment of the State during 2015-20 revealed that investment was growing significantly till 2018-19, but during 2019-20, the cash balance investment dipped enormously by ₹ 1,506.10 crore (56.71 per cent) as compared to previous year. The status of cash balance investment for period 2015-20 is shown in **Table 2.49**.

**Table 2.49: Cash Balance Investment Account (Major Head-8673)**

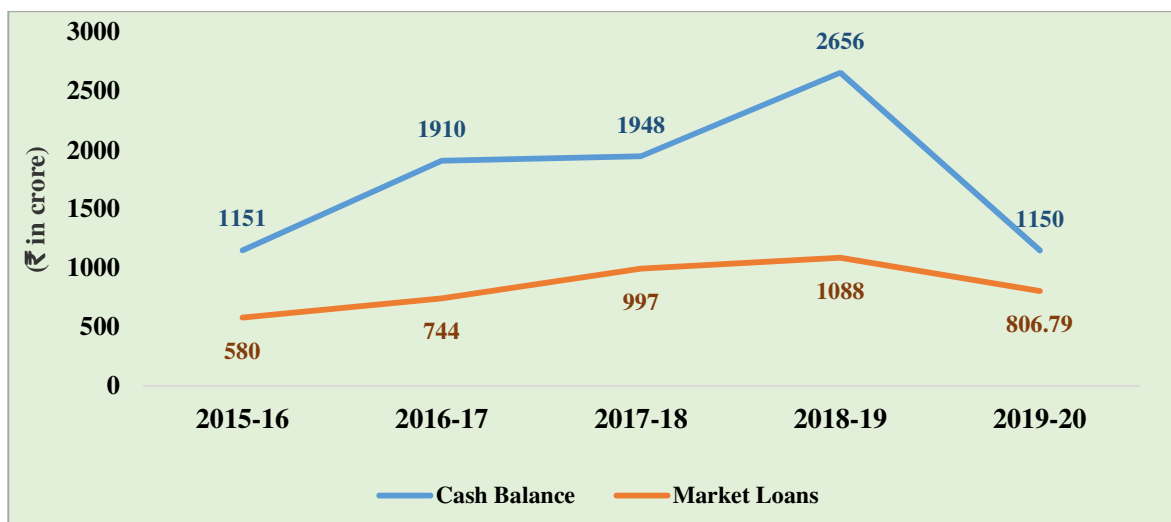
(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+) / decrease (-)	Interest earned
2015-16	1050.00	1151.00	101.00	65.80
2016-17	1151.00	1910.00	759.00	68.79
2017-18	1910.00	1948.00	38.00	110.68
2018-19	1948.00	2656.00	708.00	116.69
2019-20	2656.00	1150.00	-1506.00	130.50

Source: St. 21 and St. 14 of Finance Accounts

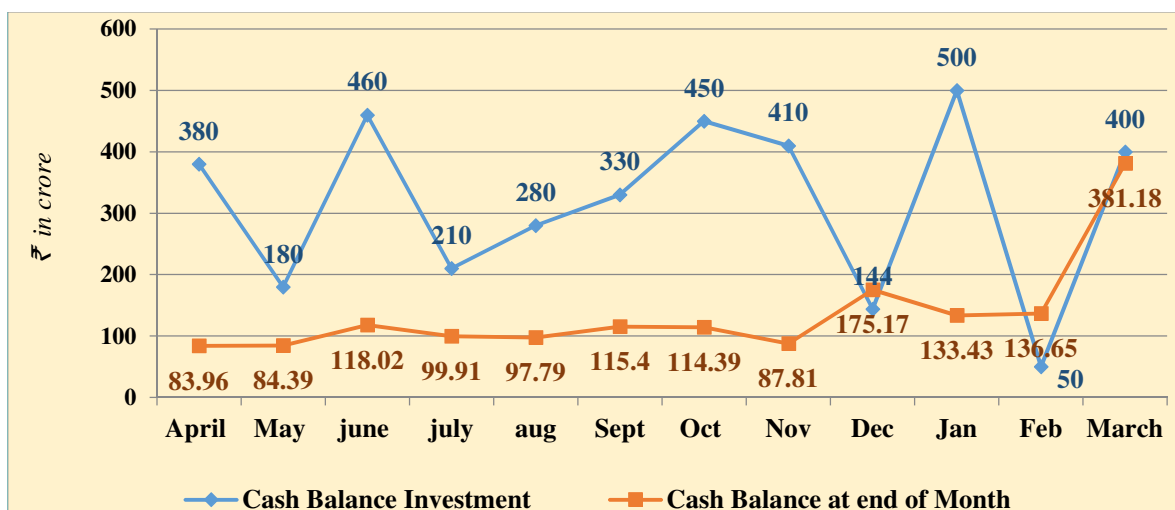
**Chart 2.24** compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2015-20. Market Loans were taken at higher interest rates whereas investment in Bank yielded interest at lower rates.

Chart 2.24: Market loans vis-à-vis Cash Balance



Source Finance Accounts

Chart 2.25: Month wise movement of Cash Balances and cash balance investments during the year 2019-20



The FD attributed inconsistent cash balances to festivals and long holidays. The FD also appreciated audit observation on maintaining prescribed minimum cash balances and assured that the action on this will be initiated in due course.

## 2.9 Conclusion

- During the five-year period of 2015-20, State had consistently maintained Revenue Surplus till 2018-19 but the State suffered huge Revenue Deficit of ₹ 1,343.81 crore during 2019-20 from Revenue Surplus of ₹ 693.79 crore in 2018-19. The State continued to have a Fiscal Deficit during the five-year period 2015 -20 (except 2016-17), and the deficit increased by 224.01 per cent to ₹ 2,081.18 crore in 2019-20 from 2018-19.
- On fiscal reforms front the State after maintaining Revenue Surplus for four years from 2015-16 to 2018-19, ran into Revenue Deficit into 2019-20. Similarly, after successfully containing the Fiscal Deficit below three per cent of GSDP during 2015-19, the State's Fiscal Deficit was 6.40 per cent of GSDP during 2019-20. Thus,

the State failed to achieve targets of SFRBM Act, in respect of these two parameters during 2019-20.

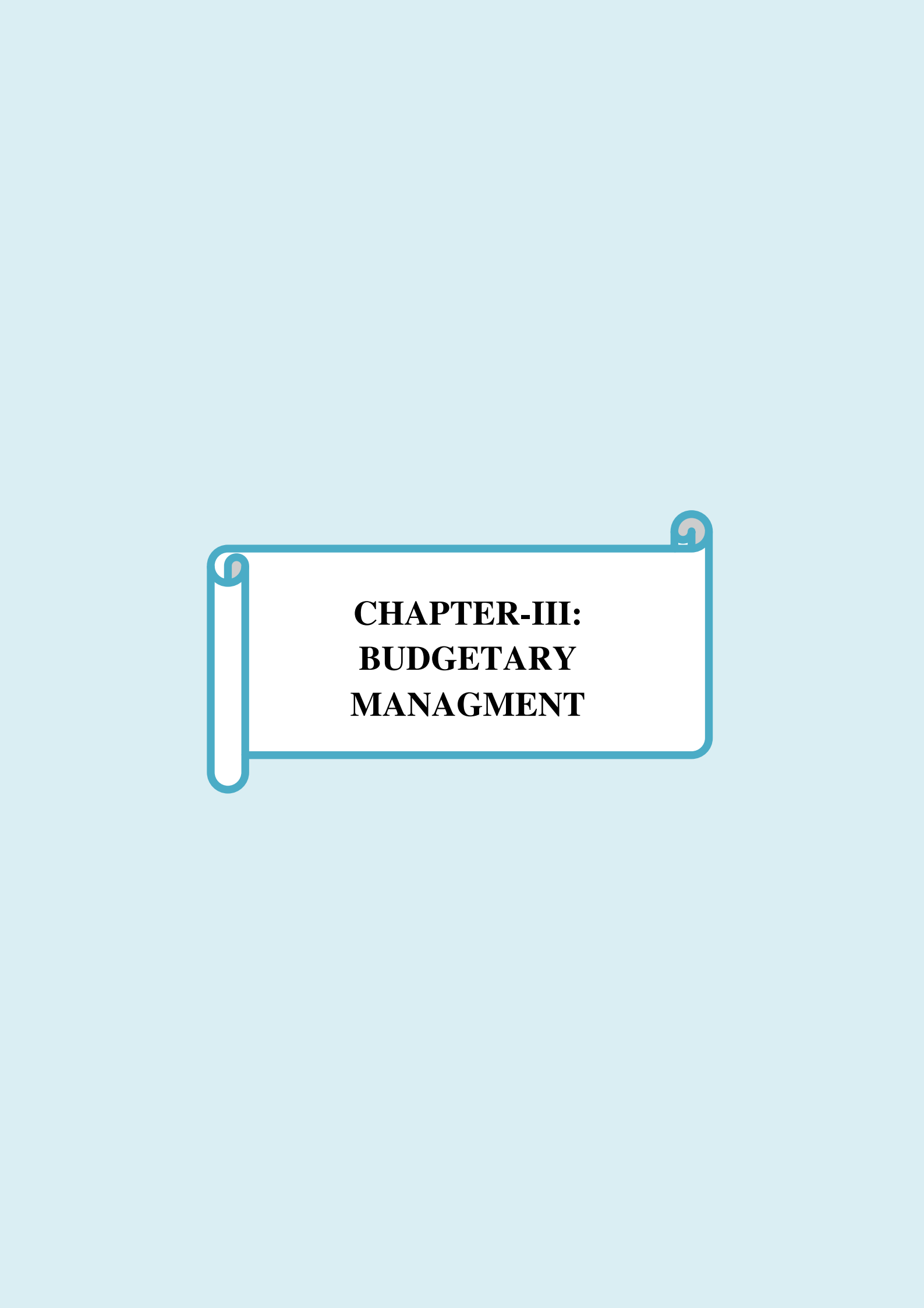
- Fiscal liabilities of the State increased by 16.84 *per cent* from ₹ 6,335.06 crore in 2018-19 to ₹ 7,400.66 crore in 2019-20. The fiscal liabilities grew at faster rate than the GSDP during 2019-20. Though debt receipts were decreasing since 2016-17, during the current year (2019-20), the same increased by ₹ 288.63 crore (14.38 *per cent*) over the previous year. The maturity profile of outstanding stock of public debt as on 31 March 2020 indicates that out of the outstanding public debt of ₹ 5,412.64 crore, 44.71 *per cent* (₹ 2,420.26 crore) debt is payable within the next seven years.
- The growth rate of revenue receipts has generally been lower than the growth rate of debt during the 2015-20 (except 2016-17). The burden of interest payment was 8.61 *per cent* of the Revenue Receipts during 2019-20. Though Net Debt available to the State was positive during the five years' period ending 2019-20, there was a significant decrease in Net Debt available, from ₹ 415.40 crore in 2018-19 to ₹ 2.37 crore (99 *per cent*) in 2019-20.
- The Government had not transferred ₹ 66.13 crore under National Pension System to the NSDL as on 31 March 2020. Thus, current liability stood deferred to future year(s) and State had created an interest liability of ₹ 13.42 crore, on un-transferred funds.
- There was un-reconciled cash balance of ₹ 34.73 crore as per accounts of the Government and the records of State Bank of Sikkim.
- The return from investments made in State Public Sector Undertakings (SPSUs) was only 2.94 *per cent* during 2019-20 and some of the PSUs were incurring recurring losses.
- Two hundred and thirty-three projects (estimated cost ₹ 1,184.07 crore) which were scheduled to be completed on 31 March 2020 were yet to be completed, on which an expenditure of ₹ 548.86 crore had been incurred.
- During 2019-20, the State Government received ₹ 407.38 crore towards State Compensatory Fund out of which only ₹ 44.95 crore was spent and there was an unspent balance of ₹ 362.43 crore. The State Government may review the status of the Fund for appropriate action.
- Out of ₹ 1.18 crore, collected under the Ecology & Environment during 2019-20 the State Government has not spent the Cess so collected and the expenditure was only 16 *per cent* of the total cess collected during 2018-19. The State Government, may increase its spending out of the Cess collected.
- Huge cash balances (Month-wise) ranging between ₹ 83.96 crore and ₹ 381.17 crore, were maintained in Government account with SBS during 2019-20 as no minimum cash limit had been prescribed by the Government.

## 2.10 Recommendations

- *To avoid liabilities under NPS, the State Government needs to transfer the outstanding funds already accumulated to NSDL for management of the NPS. They may strictly monitor the allotment of PRAN to the employees.*
- *The State Government may seriously review the functioning of the Corporations, Companies and Societies to ensure finalisation of the financial statements as per schedule, returns on the investments and to consider closing of non-functional units in a time bound manner. They may consider not giving/ sanctioning future financial assistance to such Corporations/ Companies where Accounts are heavily in arrears.*
- *The State Government needs to prioritise completion of incomplete projects in a planned manner with periodical review and monitoring mechanism at the highest level of administration so as to avoid time and cost inefficiencies. They need to specifically monitor those projects, which are being executed out of borrowed funds and pose a consequential extra financial burden on the Government.*
- *Increasing trend of debt maturity profile vis-à-vis the level of borrowings needs to be reviewed so as to ensure that mobilised financial resources are used adequately for incurring capital expenditure for creation of assets. The increasing trends of Revenue Expenditure be corrected by identifying potential wasteful expenditure and adopting economy measures across departments.*
- *The Government should frame a policy on prudent cash balance management and ensure reconciliation with State Bank of Sikkim.*







**CHAPTER-III:  
BUDGETARY  
MANAGMENT**



## Chapter III: Budgetary Management

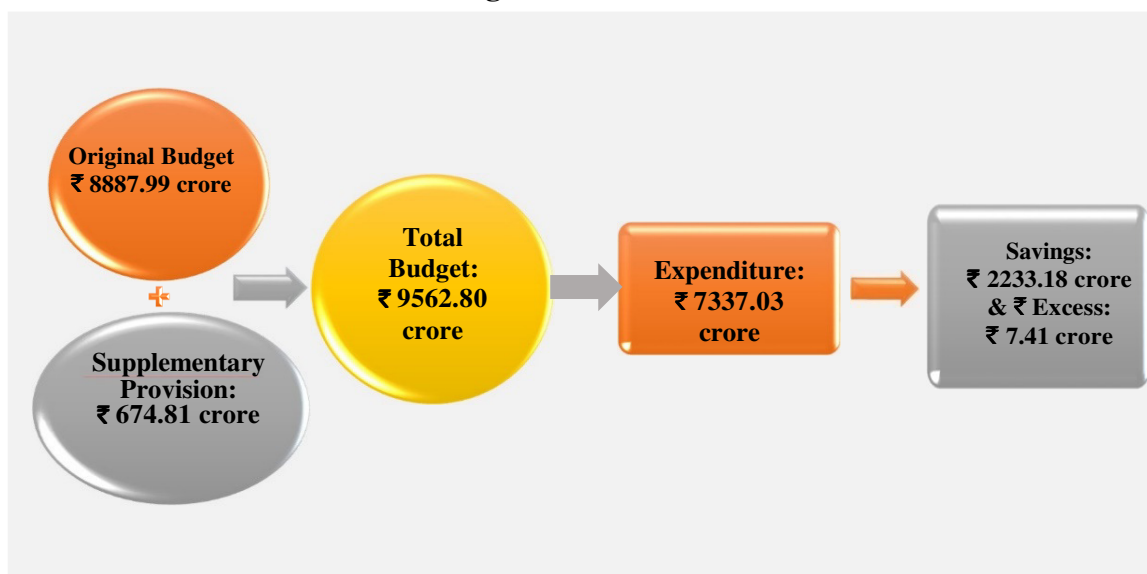
*This chapter is based on the Appropriation Accounts of the State and reviews the appropriations and allocative priorities of the State Government and reports on deviations from Constitutional provisions relating to budgetary management*

### 3.1 Introduction

Effective financial management ensures that decisions taken at the policy level are implemented successfully at the administrative level without wastage or diversion of funds. This Chapter reviews the allocative priorities of the State Government and comments on the transparency of budget formulation and effectiveness of its implementation.

The total amount approved by the State Legislature including the original and supplementary budgets, expenditure and savings during the year 2019-20 is depicted in the following Chart:

**Chart 3.1: Budget and its utilisation in 2019-20**



Source: Appropriation Accounts-2019-20

### 3.2 Budget Process

The annual exercise of budgeting is a means for detailing the roadmap for efficient use of public resources. Budget process commences with the issue of the Budget Circular, normally in August each year, providing guidance to the Departments in framing their estimates, for the next financial year. Anticipated receipts from Central Tax transfers and funding for Centrally Sponsored Schemes (CSS) are assessed and the quantum of funds required for committed expenditure on salaries, pension, repayment of loan, etc. are also to be worked out by Finance Department. Based on communication of the above assessment and projections of the Finance Department, the line Departments submit their budget proposals for approval by the Government. The State Government secures legislative approval for expenditure out of the Consolidated Fund of the State by presenting its Annual Budget and 47 Demands for Grants/ Appropriations. Every

Department has one Demand for Grant, to ensure that the Head of the Department takes responsibility for implementing the policy decisions and expending public funds for the intended purposes.

Supplementary or additional Grant/ Appropriation is provided during the course of the financial year for meeting expenditure in excess of the originally budgeted amount. Further, the State Government also re-appropriates/ re-allocates funds from various units of appropriation where savings are anticipated, to units where additional expenditure is envisaged (within the Grant/ Appropriation) during the year. The deficiencies as observed on budgeting are discussed in detail in succeeding paragraphs.

### 3.2.1 Summary of total provisions, actual disbursements and savings

A summarised position of total budget provision, disbursement and savings/ excess with its further bifurcation into Voted/ Charged is given as under:

**Table 3.1: Budget provision, disbursement and savings during 2015-20**

(₹ in crore)

Year	Total Budget provision			Disbursements			Saving (Net)		
	Voted	Charged	Total	Voted	Charged	Total	Voted	Charged	Total
2015-16	5368.40	510.64	5879.04	4010.63	492.65	4503.28	1357.77	17.98	1375.75
2016-17	5957.34	611.75	6569.09	4164.04	608.11	4772.15	1793.30	3.64	1796.94
2017-18	6707.65	756.13	7463.78	5273.05	746.02	6019.07	1435.37	10.11	1445.48
2018-19	7534.24	893.71	8427.95	6222.87	860.54	7083.41	1311.49	33.17	1344.66
2019-20	8554.34	1008.46	9562.80	6359.04	977.99	7337.03	2195.30	30.47	2225.77

Source: Appropriation Accounts

### 3.2.2 Charged and voted disbursements

Break-up of total disbursement into Charged and Voted during the year 2019-20 is discussed herewith trend analysis during the last five years (2015-20).

**Table 3.2: total disbursement into charged and voted during the year 2019-20**

(₹ in crore)

Year	Disbursements			Net Saving/Excess		
	Voted	Charged	Total	Voted	Charged	Total
2015-16	4010.64	492.65	4503.29	1357.77	17.98	1375.75
2016-17	4164.04	608.11	4772.15	1793.30	3.64	1796.94
2017-18	5273.05	746.02	6019.07	1434.60	10.11	1444.71
2018-19	6222.87	860.54	7083.41	1311.49	33.17	1344.66
2019-20	6359.04	977.99	7337.03	2195.30	30.47	2225.77

Source: Appropriation Accounts

## 3.3 Appropriation Accounts

Appropriation Accounts provide details of expenditure of the Government for the financial year, compared with the amounts of the Voted Grants and Charged Appropriations for various purposes specified in the schedules appended to the Appropriation Act passed by the Legislature. These Accounts depict the original budget provision, supplementary grants, savings, surrenders and re-appropriations distinctly

and indicate actual Capital and Revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act. Appropriation Accounts are therefore, complementary to Finance Accounts. Details of the original and supplementary budget allocation, expenditure and savings as per the Appropriation Accounts of the State for the year 2019-20 are depicted in **Chart 3.1**.

Audit of appropriations by the CAG seeks to ascertain whether the expenditure actually incurred under various grants is in accordance with the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution (Article 202) is so charged. It also ascertains whether the expenditure incurred is in conformity with the laws, relevant rules, regulations and instructions.

### **3.4 Comments on integrity of budgetary and accounting process**

#### **3.4.1 Unnecessary or excessive supplementary grants**

As per Rule 86 of Sikkim Financial Rule (SFR) 1979 amended in 2013, Supplementary Grants are provided if the sanctioned budget for any service in a financial year is found to be insufficient in that year or when a need has arisen during that year for supplementary or additional expenditure not contemplated in the original budget for that year. The Head of the Department concerned shall arrange to obtain the necessary supplementary grants or appropriations in accordance with the provisions of Article 205 (1) of the Constitution.

Supplementary provision aggregating ₹ 230.96 crore obtained in 24 cases (18 Revenue Grants and six Capital Grants) with ₹ 50.00 lakh or more in each case, proved unnecessary as the total expenditure did not come up to the level of original provision. Details relating to the actual expenditure incurred against the original budget allocation and supplementary provision are given in **Appendix 3.1**.

#### **3.4.2 Unnecessary or excessive re-appropriation**

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. As per the Appropriation Accounts, re-appropriations under 13 Heads of Account proved either excessive or insufficient and resulted in saving/ excess of over ₹ 10.00 lakh as detailed in **Table 3.3**.

**Table 3.3: Statement showing excessive/ unnecessary/insufficient Re-appropriation (savings/excess of over ₹ 10 lakh) of funds**

(₹ in lakh)

Sl. No.	Number and name of Grant	Head of Account	Provisions			Total	Actual Expd	Excess (+)/ Saving (-)
			Original	Supplementary	Re-appropriation			
1	2-Animal Husbandry	2403-101-61	3203.17	436.84	223.92	3863.93	3747.89	- 116.04
2	-do-	2405-001-60	363.06	-	13.44	376.50	393.43	+ 16.93
3	6-Ecclestical	2250-103-60	2.30	1530.00	14.08	1546.38	1507.52	- 38.86
4	7- Education	2202-01-101-63	24861.98	1400.00	28.68	26290.66	26264.92	-25.74
5	10- Finance	2071-01-117	7500.00	-	150.00	7650.00	7741.89	+ 91.89

Sl. No.	Number and name of Grant	Head of Account	Provisions				Actual Expd	Excess (+)/ Saving (-)
			Original	Supplementary	Re-appropriation	Total		
6	13- Health	2210-01-63	4235.40	1933.68	1347.19	7516.27	7544.44	+ 28.17
7	-do-	2211-001-16	739.20	12.43	70.42	822.05	806.52	- 15.53
8	14- Home	2070-115-60	1158.99	-	18.12	1177.11	1161.07	- 16.04
9	30- Police	2055-003-64	7499.89	49.00	950.00	8498.89	8472.00	-26.89
10	-do-	2055-003-67	2798.46	11.00	1160.45	3969.91	3776.45	- 193.46
11	31- Power	2801-01-80-001	17555.89	632.11	308.57	18496.57	18943.20	+ 446.63
12	35- Rural Dev	2501-01-001-45	1592.13	9.60	635.24	2236.97	2225.00	- 11.97
13	-do-	2501-01-001-48	1558.92	10.84	18.18	1587.94	1571.51	- 16.43

*Source: Detailed Appropriation Accounts*

From the table above it can be seen that the re-appropriation proved unnecessary in nine cases, as the re-appropriated amount ultimately resulted in savings of ₹ 10 lakh and above in every case. Similarly, in four cases there was excess of more than ₹ 10 lakh in each case.

Substantial savings/ excesses in respect of Heads of Account where re-appropriation was resorted to, reflects poorly on planning and monitoring of budget allocation and its utilisation by the State Government.

### **3.4.3 Unspent and surrendered appropriations and/ or large savings/ surrenders**

Complete accuracy of estimates may not always be possible; but where the omission or inaccuracy is the result of lack of forethought, neglect of the obvious or slipshod estimating, it is not readily excusable. The golden rule for all Estimating Officers should be to provide in the budget for everything that can be foreseen and to provide only as much as is necessary. The Administrative and Finance Departments should, in checking the estimates, apply unrelentingly the proven and well-trying check of average of previous actuals with known or reasonably foreseeable facts which may modify that average. When the need for surrender manifests itself, the Controlling Officers should carefully estimate the amounts that they can surrender. The aim should be to surrender as much as they can so as to keep the expenditure within the modified Grant.

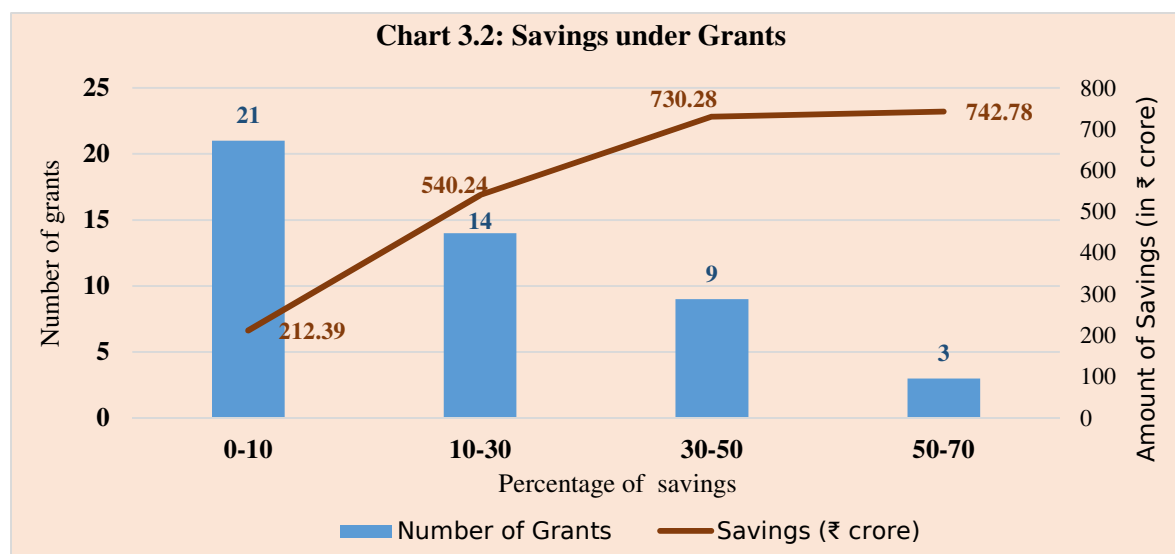
Audit analysed the instances of savings of more than ₹ one crore and surrenders more than ₹ 50 lakh to assess utilisation of budget allocation, the quantum of savings, percentage of surrenders as compared to total savings. The details are given in **Appendix 3.2.**

It was observed that that in 26 Grants, there was substantial savings of ₹ 1441.29 crore that ranged from ₹ 1.38 crore to ₹ 190.37 crore under Revenue Section and from ₹ 4.37 crore to ₹ 460.20 crore under Capital Section. The percentage of utilization of total provision in Revenue Section ranged between 44.50 per cent and 96.14 per cent and in Capital Section between 23.98 per cent and 77.73 per cent. It was seen that against total savings of ₹ 1,441.29 crore, an amount of ₹ 1,362.87 crore was surrendered and thus ₹ 78.42 crore was not surrendered.

Thus, it is observed that the State's Budgetary allocations were based on unrealistic proposals as there were huge savings which indicated poor expenditure monitoring

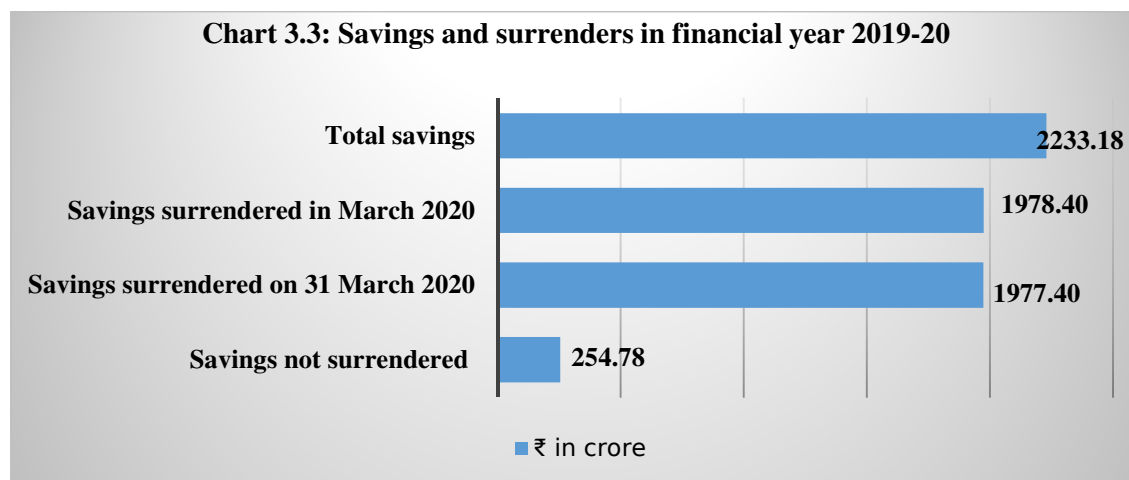
mechanism and weak scheme implementation capacities. Excessive savings also deprive other Departments of the funds that they could have utilized.

The distribution of the number of Grants grouped by the percentage of savings along with total savings in each group is explained in the **Chart 3.2**:



Source: VLC data and Appropriation Accounts

The details of savings surrendered during 2019-20 and on 31 March 2020 is given in the chart below:



Source: VLC data and Appropriation Accounts

From the chart above it can be seen that the State made total surrender of ₹ 1978.40 crore during March 2020 out of which ₹ 1977.40 crore (99.97 per cent) was surrendered on 31 March 2020.

### 3.4.3.1 Budget utilisation

Budget utilization during the last five years is given in **Table 3.4** and **Chart 3.4**.

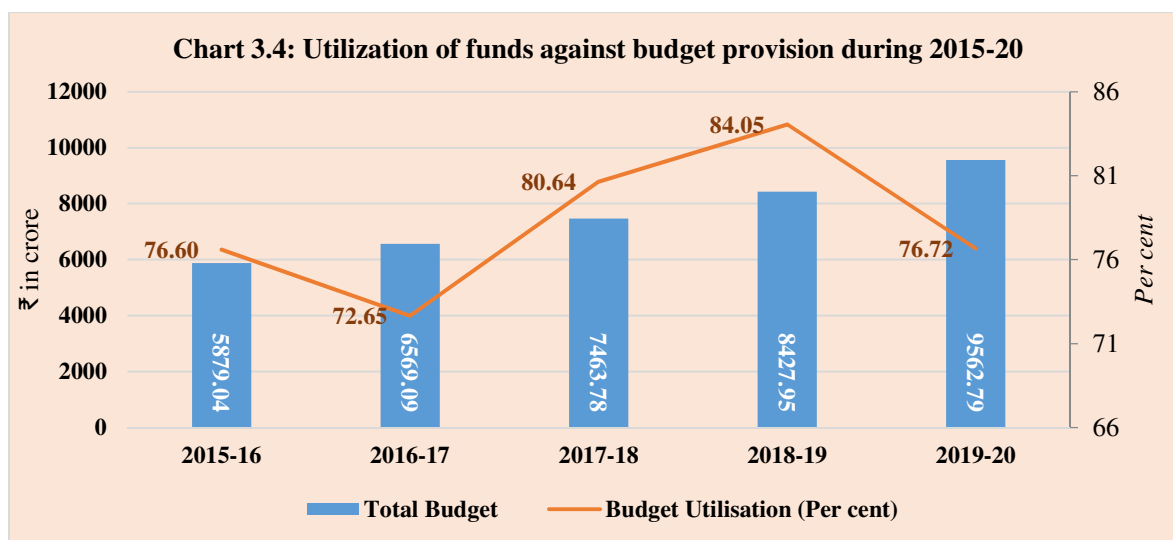
**Table 3.4: Budget Utilization during 2015-16 to 2019-20**

Year	Total Budget provision			Disbursements			Gross Saving			% of savings
	Voted	Charged	Total	Voted	Charged	Total	Voted	Charged	Total	
2015-16	5368.40	510.64	5879.04	4010.64	492.65	4503.29	1357.77	17.99	1375.76	23.40
2016-17	5957.34	611.75	6569.09	4164.04	608.11	4772.15	1793.31	3.64	1796.95	27.35
2017-18	6707.65	756.13	7463.78	5273.05	746.02	6019.07	1435.37	10.11	1445.48	19.37
2018-19	7534.24	893.71	8427.95	6222.87	860.54	7083.41	1310.87	33.36	1344.04	15.95
2019-20	8554.34	1008.46	9562.80	6359.04	977.99	7337.03	2195.30	30.47	2225.77	25.014

Source: Appropriation Accounts

Review of overall utilisation of budget provisions relating to the period 2015-20 revealed that the Government had substantial savings ranging between 15.95 per cent and 27.35 per cent of total budget allocation and could utilize only 72.65 per cent to 85.05 per cent of total allocation during this period. The details are shown in **Appendix 3.3**.

Although the issue of persistent savings is being highlighted in the Reports of the CAG on State Finances every year, no corrective measure has been taken by the departments. This shows that there is inadequate monitoring, especially as the savings are taking place year after year. The Finance Department should take proactive measures to eliminate persistent savings. The **Chart 3.4** also depicts the utilization of funds against the total budget provision during 2015-20.



Source: Appropriation Accounts

The utilization of budget after improving from 2016-17 to 2018-19 had again fell sharply during 2019-20.

### **3.4.3.2 Surrenders of allocations up to 100 per cent**

Substantial surrenders of budgetary allocations (cases where more than 50 per cent of total provision were surrendered) were made in respect of 84 sub-heads. Out of the total provisions amounting to ₹ 1267.16 crore in those 84 sub-heads, ₹ 991.21 crore constituting 78.22 per cent of total budget provision were surrendered, which included



35 sub-heads under which 100 *per cent* allocations (₹ 75.85 crore) were surrendered. The details of such cases as well as reasons thereof are given in **Appendix 3.4**.

It was found that during 2019-20, out of 84 sub-heads, 65 sub-heads (77 *per cent*) pertained to developmental works, which got hampered due to non-utilisation of budgetary allocation.

### **3.4.3.3 Anticipated savings not surrendered**

As per Rule 84 of SFR, the departments of government shall surrender to the Finance Department, before the close of the financial year, all the anticipated savings noticed in the Grants / Appropriations controlled by them.

Against the overall savings of ₹ 2,233.18 crore, an amount of ₹ 1,978.08 crore (88.58 *per cent*) was surrendered during 2019-20, of which ₹ 1,977.40 crore (88.55 *per cent*) was surrendered on the last day of the year *i.e.* 31 March 2020. The total surrenders during 2019-20, under Revenue Head was ₹ 1,217.31 crore whereas under Capital Head it was ₹ 760.77 crore. The details are given in the **Appendix 3.5**. Thus, these surrendered amounts were not available for other departments who could have used it.

Non-surrender and surrender of savings on the last day of the financial year shows lax financial control, as surrendered funds could have been utilised fruitfully for other purposes.

## **3.4.4 Excess expenditure and its regularization**

### **3.4.4.1 Excess expenditure relating to 2019-20**

Excess expenditure over grants approved by the Legislature is in violation of the will of the Legislature. It is not only in contravention of the provisions requiring Legislative sanction but also indicative of bad planning, which could be avoided by keeping track of expenditure progression with budget allocated for the purpose.

As per Articles 204 and 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 Articles, the regularisation of excess expenditure is done after the completion of discussion of the Appropriation Accounts by the Public Accounts Committee (PAC).

During 2019-20 there was excess expenditure aggregating to ₹ 7.41 crore relating to three Grants as depicted in **Table 3.5**.

**Table 3.5: Excess over Provisions of 2019-20 Requiring Regularisation**

(₹ in crore)					
Sl. No.	Number and title of Grant/ Appropriation		Total grant/ appropriation	Expenditure	Excess
<b>VOTED Grants -</b>					
1	21	Labour	5.63	5.82	0.19
2	28	Personnel	19.79	22.59	2.79
3	31	Power	281.45	285.88	4.43
<b>Total</b>			<b>306.88</b>	<b>314.29</b>	<b>7.41</b>

*Source: Appropriation Accounts*

The excess expenditure of ₹ 7.41 crore for the year 2019-20 was required to be regularised as per above Articles of the Constitution of India.

**3.4.4.2 Grant-wise and Detail Head wise excess disbursement over Total Provision of Fund during the financial year**

The Grant-wise and Detailed Head-wise expenditure in excess of total provisions (Original Provision, Supplementary Provision, Re-appropriation and Surrender) of the State are enumerated below in **Table 3.6**.

**Table 3.6: Grant-wise and Detail Head wise excess disbursement over Total Provision Fund of State during 2019-20**

(₹ in lakh)

Sl. No.	Grant No.	Major Head	Major Head Description	Total provision after re-appropriation and surrender	Expenditure	Excess	In per cent	Reasons for excess
1	2	3	4	5	6	7= 5-6		8
1	3	4059	01-051-81	0	23.10	23.10	100	Reasons for the excess is yet to be received from Finance Department as on Jan 2021.
2	12	2402	00-800-44	173.5	180.95	7.45	4.29	
3	12	2406	01-101-66-44	2372.74	2479.5	106.76	4.50	
4	12	2406	102-38-00-66	0.56	0.61	0.05	8.93	
5	13	2210	110-63-74-90	0	201.81	201.81	100.00	
6	13	7475	110-63-74-57	0	522.18	522.18	100.00	
7	29	4575	06-101-00-72	193.74	196.74	3.00	1.55	
8	33	4215	101-71-00-72	500	1500	1000	200.00	
9	35	2505	01-702-37-81	100	114.58	14.58	14.58	
10	38	2235	02-102-52-71	0	0.32	0.32	100.00	
11	40	5452	01-101-50-86	0.01	551.64	551.63	100.00	
12	41	4217	03-051-75-51	0	397.77	397.77	100.00	
<b>Total</b>				<b>3340.55</b>	<b>6169.20</b>	<b>2828.65</b>	<b>84.68</b>	

Source: Detailed Appropriation Accounts

Thus it can be seen that excess expenditure of ₹ 28.29 crore had taken place under 12 heads of accounts. The excess expenditure during the year ranged between 1.55 per cent to 200 per cent.

**3.4.4.3 Regularisation of excess expenditure of previous financial years**

Excess expenditure remaining unregularised for extended periods dilutes Legislative control over the Executive. Accordingly, all the excess expenditure relating to previous years (2015-20) not yet regularised, is given in the table below:

Moreover, Appropriation Accounts up to 2011-12 had been discussed by the PAC. It was observed that the State Government had yet to get regularised, the excess expenditure amounting to ₹ 83.28 crore pertaining to 40 grants and two appropriation for the years 2012-13 to 2018-19. The department had not furnished any explanation for non-regularisation of the excess expenditure (December 2020). The details of excess expenditure over the budget provision pending regularisation are given in **Table 3.7**.

**Table 3.7: Excess over Provision Requiring Regularisation**

(₹ in crore)

Year	Number of Grants	Appropriations	Amount of excess over provision	Status of Regularisation
2012-13	17 Grants and 1 Appropriation-Grant Nos. 3, 5, 9, 16, 17, 24, 25, 26, 27, 31, 32, 33,34,35,36,40,42	Governor	22.10	Under examination by PAC

Year	Number of Grants	Appropriations	Amount of excess over provision	Status of Regularisation
2013-14	15 Grants - Grant Nos. 3, 5, 7, 8, 9, 10, 16, 24, 26, 30, 31, 32, 34, 35, 42	-	55.77	Under examination by PAC
2014-15	05 Grants-Grant Nos 3, 8, 31, 33, 42	-	4.28	Under examination by PAC
2015-16	01 Grant - Grant No 36	-	0.05	Under examination by PAC
2017-18	01 Grant - Grant No 34	-	0.76	Under examination by PAC
2018-19	01 Grant - Grant no 39 01 Appropriation	Governor	0.32	Under examination by PAC
<b>TOTAL</b>			<b>83.28</b>	

Source: Appropriation Accounts

The department has accepted the audit point and assured that the excess expenditure against demands for grant will be regularised as and when Public Account Committee submits its Report.

### 3.5 Comments on effectiveness of budgetary and accounting process

#### 3.5.1 Budget projection and gap between expectation and actual

Budgetary allocations based on unrealistic proposals, poor expenditure monitoring mechanism, weak scheme implementation capacities/ weak internal controls lead to sub-optimal allocation among various developmental needs. Excessive savings in some departments deprive other departments of the funds which they could have utilized.

The position of total budget allocation, utilization of allocation and surrender under Revenue, Capital, Loans and Advances Sections of Voted and Charged expenditures in 2019-20 is shown in Table 3.8.

**Table 3.8: Summarised position of Actual Expenditure vis-à-vis Budget (Original/ Supplementary) provisions during 2019-20**

(₹ in crore)

		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Gross Saving (-) / Excess (+)	Amount surrendered	Amount surrendered on 31 March	Percentage of savings surrendered (Col. 7/6)
1		2	3	4	5	6	7	8	9
Voted	I Revenue	6727.36	179.10	6906.46	5621.37	(-) 1292.50	1187.20	1186.77	91.85
	II Capital	1150.82	495.71	1646.53	736.95	(-) 909.58	760.15	759.90	83.57
	III Loans/ advances	1.35	0	1.35	0.72	(-) 0.63	0.62	0.62	98.41
<b>Total Voted</b>		<b>7879.53</b>	<b>674.81</b>	<b>8554.34</b>	<b>6359.04</b>	<b>(-) 2202.71</b>	<b>1947.97</b>	<b>1947.29</b>	<b>88.44</b>
Charged	I Revenue	594.36	0	594.36	564.21	(-) 30.15	30.11	30.11	99.87
	II Capital	414.10	0	414.10	413.78	(-) 0.32	0	0	0.00
	III Public Debt- Repayment	0.00	0	0	0	0	0	0.00	0.00
<b>Total Charged</b>		<b>1008.46</b>	<b>0</b>	<b>1008.46</b>	<b>977.99</b>	<b>(-) 30.47</b>	<b>30.11</b>	<b>30.11</b>	<b>98.82</b>
<b>Grant Total</b>		<b>8887.99</b>	<b>674.81</b>	<b>9562.80</b>	<b>7337.03</b>	<b>(-) 2233.18</b>	<b>1978.08</b>	<b>1977.40</b>	<b>88.58</b>

Source: Appropriation Accounts.

During the year 2019-20, savings increased to 23.35 per cent of total budget allocation as compared to 15.96 per cent during previous year.

The overall savings of ₹ 2,225.77 crore was net result of total savings of ₹ 2,233.18 crore in 40 Grants and two Appropriations under Revenue Section and 23 Grants and one Appropriation under Capital Section offset by excess of ₹ 7.41 crore in three Grants (Grant No. 21, 28 and 31 under Revenue Section).

Further, against the savings of ₹ 2,233.18 crore, an amount of ₹ 1,978.08 crore (88.58 per cent) was surrendered during March 2020, of which ₹ 1,977.40 crore (88.55 per cent) was surrendered on the last day of the year *i.e.*, 31 March 2020. The remaining savings of ₹ 254.78 crore (11.42 per cent) was not surrendered at all. Thus, this surrendered amount was not available for other needy departments who could have used it.

The details of Original Budget, Revised Estimate and Actual Expenditure during 2015-20 is given in **Table 3.9**.

**Table 3.9: Original Budget, Revised Estimate and Actual Expenditure during 2015-20**

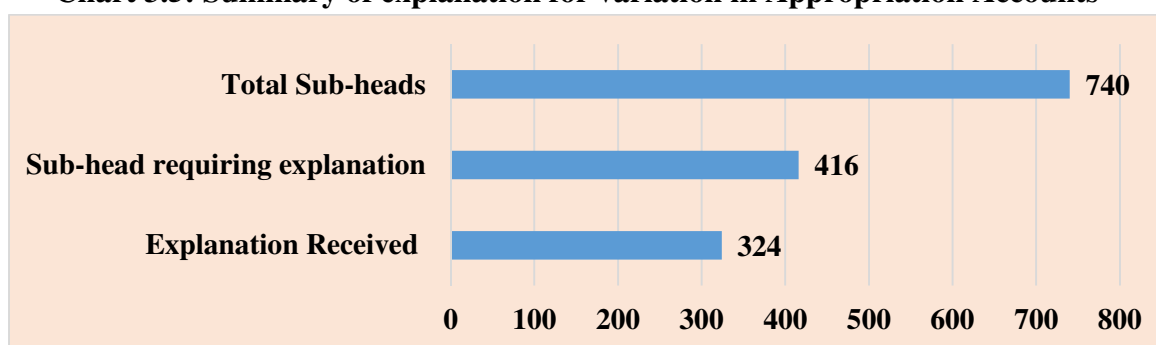
(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Original Budget	5669.98	5884.43	6364.02	7133.82	8887.99
Supplementary Budget	209.06	684.66	1099.75	1294.13	674.79
Revised Estimate	5879.04	6569.09	7463.77	8427.95	9562.80
Actual Expenditure	4503.29	4772.15	6019.07	7083.41	7337.03
Gross Savings	1375.75	1796.95	1445.48	1344.85	2233.18
Percentage of saving	23.40	27.35	19.37	15.96	23.35

Source: Appropriation Accounts

The savings/ excess were intimated (17 September 2020) to the Controlling Officers by Office of Sr. DAG (A&E) requesting them to explain the significant variations. Out of 740 sub-heads, explanations in respect of 54 sub-heads (48 savings and six excess) were received up to 30 September 2020 and explanations in respect of 270 sub-heads (237 saving and 33 excess) were received after 30 September 2020. Thus, explanations in respect of 416 sub-heads (56.22 per cent) were not received. The status is depicted in the **Chart 3.5** below:

**Chart 3.5: Summary of explanation for variation in Appropriation Accounts**



Source: A&E Office

### 3.5.2 Supplementary budget and opportunity cost

At times, while obtaining supplementary provision, the departments report to Legislature large additional requirements for different purposes under various schemes/ activities, but fail to utilize the budget allocation.

The result of review of Grants and Appropriations under Capital Section with savings of more than ₹ 50 lakh and where supplementary allocations were sought is shown in **Table 3.10**.

**Table 3.10: Grants and Appropriations under Capital Section with savings of more than ₹ 50 lakh**  
(₹ in crore)

Sl. No.	Grant No.	Name of Grant/ Appropriation	Original	Supplementary	Total	Actual Expenditure	Unutilised fund
<b>CAPITAL (Voted)</b>							
1	3	BHD	19.71	23.82	43.53	35.86	7.67
2	7	Education	32.30	13.60	45.90	20.10	25.80
3	13	Health	34.38	21.83	56.21	44.30	11.91
4	14	Home	4.99	0.10	5.09	4.32	0.77
5	22	LRD	18.07	74.00	92.07	85.05	6.02
6	30	Police	--	1.50	1.50	1.00	0.50
7	31	Power	42.35	4.82	47.17	20.41	26.76
8	33	Irrigation	133.72	18.39	152.11	59.22	92.89
9	34	Roads & Bridges	160.72	211.32	372.04	189.58	182.46
10	35	Rural Dev.	509.91	95.48	605.39	145.19	460.20
11	38	Social Welfare	25.01	2.07	27.08	10.99	16.09
12	39	Sports & Youth	16.32	3.30	19.62	15.25	4.37
13	40	Tourism	24.95	12.92	37.87	29.81	8.05
14	41	Urban Dev	34.96	0.41	35.37	19.88	15.49
15	43	PRI	318.85	0.05	318.90	280.27	38.63
16	47	Skill Dev	14.26	-	14.26	1.61	12.65

*Source: Appropriation Accounts*

It is seen that there was substantial saving of more than ₹ 50 lakh observed in 16 cases under the Capital Section. The Departments were unable to spend not only the entire supplementary provision or parts thereof but also the original budget provision. As a result, the unutilised funds could not be made use of. At the same time, some of the schemes remained incomplete due to want of funds. Thus, the intended benefit of the unfinished schemes could not be extended to the public at large in such cases and also might have led to escalation of project cost.

There were 233 incomplete projects at the end of 2019-20 (Reference *Appendix 2.5*). Out of these, there were 26<sup>27</sup> incomplete projects with project cost of ₹ 10 crore or more. The details of projects lying incomplete with estimated cost of ₹ 10 crore and above are given in *Appendix 3.6*.

The Several schemes/ programmes declared by the Government do not typically get operationalised and run beyond the target schedule dates due to lack of preparatory work and lack of adequate allocation of budget.

<sup>27</sup> Sports & Youth Affairs-2 Projects; Police – 2 Projects; Power – 1 Project; Education – 13 Projects and UDD – 8 Projects

**3.5.3 Schemes on which no expenditure was made**

Several policy initiatives taken up by Government are partially or not executed due to non-approval of scheme guidelines/ modalities, non-commencement of works for want of administrative sanction, non-release of budget, etc. This deprives the beneficiaries of intended benefits. Savings in such schemes deprives other Departments of the funds which they could have utilized. The details are given in **Table 3.11**.

**Table 3.11: Details of the schemes with Nil expenditure for which allocations of ₹ 10 lakh and above were made**

(₹ in lakh)

Sl. No.	Grant No. & Department	Detailed Head	Scheme Name	Approved outlay	Revised outlay	Actual expenditure
1	5- Culture	4202-04-800-60-48	Community Centre at Tarku	10.00	10.00	Nil
2	19- Irrigation	2702-01-103-47-76	Anti-Erosion/ FMW (ACA)	35.00	35.00	
3	19- Irrigation	2702-01-103-48-76	Anti-Erosion/ FMW)ACA)	70.70	70.70	
4	19- Irrigation	2711-01-103-60-44-72	Flood Control & River Training	11.36	11.36	
5	19- Irrigation	2702-01-103-60-45-76	Anti-Erosion/FMW (ACA)	239.77	239.77	
6	30-Police	4055-211-60-75	Constt of police Qtr & Station	50.00	50.00	
7	33- PHE	4215-01-101-60-71-71	WSS for Soreng in West Sikkim	183.15	183.15	
8	33- PHE	4215-01-101-60-71-72	WSS for Chakung	96.96	96.96	
9	33- PHE	4215-01-101-62-00-76	Pollution Abatement of Rani Chu	1000.00	1000.00	
10	34- Roads	5054-04-337-62-00-78	Link road from Amlsay to Sokpay	41.27	41.27	
11	37- Transport	3055-00-201-62-00-81	Integrated depot management system	28.64	28.64	
12	40- Tourism	5452-01-101-60-00-86	Dev. of Buddhist Circuit at Tashiding	592.00	592.00	

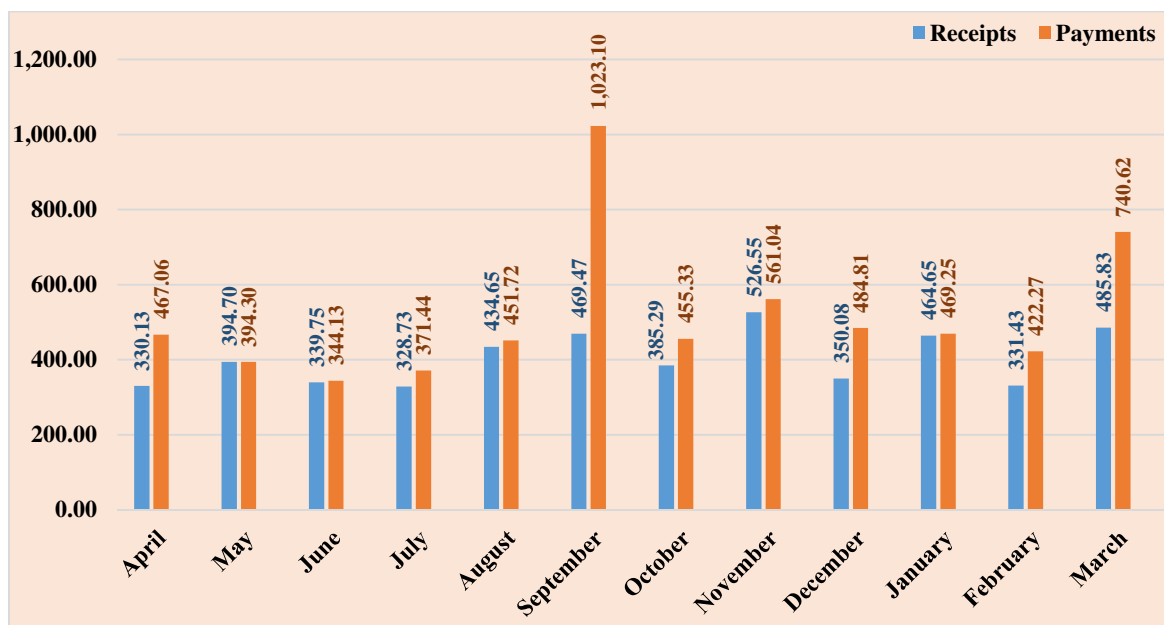
Source: Detailed Appropriation Accounts

The Audit analysed schemes for which allocation of ₹ 10.00 lakh and above had been made, but no expenditure had been incurred on them during 2019-20. It was noticed that in respect of 12 schemes for which budget allocation of ₹ 23.59 crore was made, not a single rupee was spent. Reasons for non-utilisation were not on record.

**3.5.4 Rush of Expenditure**

Government funds should be evenly spent throughout the year. The rush of expenditure towards the end of the financial year is regarded as a breach of financial propriety. Instruction regarding this are available in Financial Rule of the State. Maintaining a steady pace of expenditure is a crucial component of sound public financial management, as it obviates fiscal imbalance and temporary cash crunches due to mismatch of revenue expenditure during a particular month arising out of unanticipated heavy expenditure in that particular month. Rush of expenditure particularly in the closing month of the financial year should be avoided as per Financial Rules.

Chart 3.6: Monthly receipts and expenditure during the FY for the State



As can be seen from the chart above, the receipts were paced more or less evenly across all the months during the financial year 2019-20. However, the pattern of expenditure during 2019-20 revealed that the State Government incurred an expenditure of ₹ 740.62 crore, constituting about 11.97 per cent of the total expenditure of ₹ 6,185 crore, in March 2020. Except during the months of September and March, the expenditure was evenly spread during the year.

However out of ₹ 740.62 crore incurred in March 2020, ₹ 108.53 crore (14.67 per cent of the total expenditure of March 2020) was spent on the last day of the financial year i.e., 31 March 2020.

It was observed that seven departments had spent about 31 per cent to 68 per cent of their expenditure in March 2020. Details are given below:

Table 3.12: Grants with more than 50 per cent of expenditure in March alone

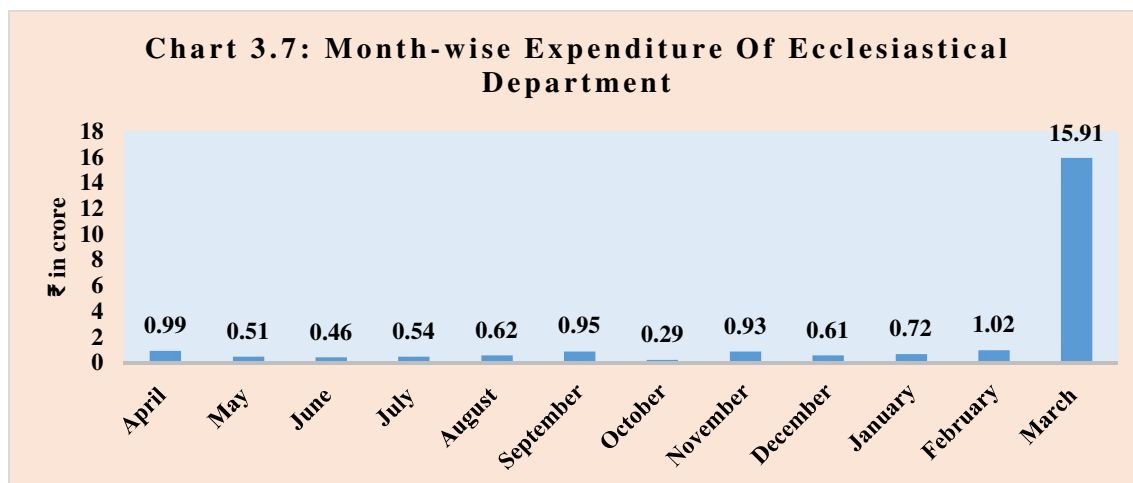
(₹ in crore)

Sl. No.	Grant No.	Description	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Total	Expend - iture in March	Expenditure in March as percentage of total expenditure
1	6	Ecclesiastical	1.96	2.11	1.83	17.66	23.56	15.91	67.55
2	46	Municipal Affairs	4.43	2.21	0.00	6.92	13.56	6.92	51.04
3	1	Agriculture	11.51	20.87	13.38	93.96	139.72	66.46	47.57
4	38	Social Welfare	14.06	52.44	33.66	102.22	202.38	84.06	41.54
5	3	Building	10.69	12.96	10.99	41.83	76.46	30.91	40.43
6	5	Culture	3.04	4.24	3.40	13.77	24.46	7.78	31.80
7	22	Land Revenue	21.35	54.65	22.35	82.29	180.63	56.38	31.21

Source: VLC data



The Ecclesiastical Department (Grant– 6) had incurred about 68 *per cent* of its annual expenditure in March 2020. The details of month-wise expenditure of this department expenditure during the year 2019-20 is depicted in Chart below:



Source: VLC data

Thus, contrary to the spirit of financial regulations, several departments of the Government incurred substantial quantum of expenditure at the fag end of the year indicating inadequate control over the expenditure and poor budgetary management.

### **3.5.5 Review of selected grants**

Grant No. 34 –Roads and Bridges Department (RBD), was selected for detailed scrutiny in audit to assess the compliance with prescribed budgetary procedures, monitoring of expenditure, control mechanisms and implementation of schemes within these grants. Outcome of the audit is discussed in the succeeding paragraphs. The audit examination of the budgetary procedure and control over expenditure for the period 2015-16 to 2019-20 of RBD was conducted during October-November 2020.

#### **3.5.5.1 Budgetary control/ monitoring system**

Financial Management involves efficient and effective use of financial resources to achieve the objectives of the organisation. Roads & Bridges Department is entrusted with the onus of providing basic infrastructure in the State, which involves planning, construction and maintenance of Roads & Bridges. The Department’s vision is to create well developed network of roads, bridges and other transport infrastructure facilities for improved productivity and economic efficiency of transport that will act as catalyst to expedite the development of the State of Sikkim. In the context, ensuring timely availability of funds to fulfil contractual commitments, optimising cost, allocating resources in a fair and transparent manner, timely utilisation of funds and proper record keeping are essential to achieve its objectives.

Review by Audit showed that authorities of RBD bypassed the mandatory provisions of Financial Rules *etc.*, resulting in persistent savings of project funds, surrender of project funds less than actual *saving*, unnecessary/ excessive re-appropriation of scheme funds as discussed in the following paragraphs:

The summarised position of actual expenditure against grants during 2015-16 to 2019-20 in respect of Grant No. 34 – Roads and Bridges Department is given below:



Table 3.13: Summarised position of actual expenditure

(₹ in crore)

Year	Section	Original grant	Supplementary	Total	Actual Expenditure	Excess + savings -	Surrender	Remained to be surrendered
2015-16	Capital	166.89	61.68	228.57	129.1	-99.47	53.21	46.26
	Revenue	66.28	0	66.28	60.91	-5.37	1.14	4.23
2016-17	Capital	124.79	122.1	246.89	85.29	-161.6	85.61	75.99
	Revenue	77.53	4.34	81.87	71.69	-10.18	10.16	0.02
2017-18	Capital	206.08	144.56	350.64	293.05	-57.59	21.36	36.23
	Revenue	81.56	13.31	94.87	95.63	+0.76	1.63	-
2018-19	Capital	168.81	257.58	426.39	364.75	-61.64	19.46	42.18
	Revenue	109.77	33.03	142.8	132.37	-10.43	3.01	7.42
2019-20	Capital	160.72	211.32	372.04	189.58	-182.46	44.86	137.6
	Revenue	218.29	11.65	229.94	191.06	-38.88	33.31	5.57
<b>Total</b>	<b>Capital</b>	<b>827.29</b>	<b>797.24</b>	<b>1624.53</b>	<b>1061.77</b>	<b>-562.76</b>	<b>224.5</b>	<b>338.26</b>
	<b>Revenue</b>	<b>552.39</b>	<b>62.33</b>	<b>614.72</b>	<b>551.66</b>	<b>-63.06</b>	<b>49.25</b>	<b>13.81</b>
<b>Grand Total</b>		<b>1379.68</b>	<b>859.57</b>	<b>2239.25</b>	<b>1613.43</b>	<b>-625.82</b>	<b>273.75</b>	<b>352.07</b>

Source: Appropriation Accounts

### 3.5.5.2 Unnecessary/excessive supplementary provision

Rule-86 of SFR requires obtaining supplementary provision if the sanctioned budget is found to be insufficient or to meet additional expenditure upon new services not contemplated in the original budget. Audit observed that RBD obtained supplementary provision of ₹ 859.57 crore (Capital ₹ 797.24 crore and Revenue ₹ 62.33 crore) during 2015-16 to 2019-20 (*Reference: Table 3.13*).

It was seen that under Capital Head during 2015-16 and 2016-17, the supplementary provisions of ₹ 61.68 crore and ₹ 122.10 crore was not required as the Department could not utilise even the original budget provision. Similarly, under Revenue Head during 2016-17, there were unnecessary supplementary provisions of ₹ 4.34 crore which was not utilised by the Department at all. The unnecessary obtaining of Supplementary Provision kept in the budget without utilisation resulted in non-adherence to State Financial Rules.

### 3.5.5.3 Persistent savings

Persistent savings in the Grants is indicative of inaccurate budget estimation and tendency of the Department to over-estimate the requirement of funds. Persistent and substantial savings during 2015-16 to 2019-20 ranged between seven *per cent* and 17 *per cent* of the provision under Revenue Heads. Similarly, there were persistent savings under Capital Heads which ranged between 14 *per cent* and 65 *per cent* during the entire review period from 2015-16 to 2019-20. However, there was excess expenditure of ₹ 0.76 crore during 2017-18 under Revenue Head. The details are given in **Table 3.13** above. Thus, inaccurate estimation by the Department of required funds led to persistent savings under both Capital as well as Revenue Head.

### 3.5.5.4 Surrender of funds less than actual savings

According to Rule-84 of SFR, all the anticipated savings should be surrendered to the Finance Department before the close of the financial year. During 2015-16 to 2019-20, against the saving of ₹ 625.82 crore, RBD surrendered ₹ 273.75 crore (44 per cent) leading to non-surrender of saving of ₹ 352.07 crore (56 per cent). The details are shown below:

**Table 3.14: Surrender of funds less than actual savings**

(₹ in crore)

Year	Section	Saving	Surrendered	Saving not surrendered
2015-16	Capital	-99.47	53.21	46.26
	Revenue	-5.37	1.14	4.23
2016-17	Capital	-161.6	85.61	75.99
	Revenue	-10.18	10.16	0.02
2017-18	Capital	-57.59	21.36	36.23
	Revenue	+ 0.76	1.63	-2.39
2018-19	Capital	-61.64	19.46	42.18
	Revenue	-10.43	3.01	7.42
2019-20	Capital	-182.46	44.86	137.6
	Revenue	-37.84	33.31	4.53
<b>Total</b>	<b>Capital</b>	<b>-562.76</b>	<b>224.50</b>	<b>338.26</b>
	<b>Revenue</b>	<b>-63.06</b>	<b>49.25</b>	<b>13.81</b>
<b>Grand Total</b>		<b>-625.82</b>	<b>273.75</b>	<b>352.07</b>

Source: Appropriation Accounts

Audit observed that surrender of funds was less than the actual savings during the entire review period (2015-16 to 2019-20) except in Revenue Sector during 2017-18, under this grant.

Against aggregate savings of ₹ 562.76 crore during 2015-20 under Capital Head, only ₹ 224.50 crore (40 per cent) was surrendered and ₹ 338.26 crore (60 per cent) was not surrendered. Similarly, under Revenue Head, against the total savings of ₹ 63.06 crore, only ₹ 49.25 crore (78 per cent) was surrendered leaving an amount of ₹ 13.81 crore (22 per cent) non-surrendered. Further, during 2017-18, there was excess expenditure of ₹ 0.76 crore under Revenue Head. Failure to surrender the amount of ₹ 352.07 crore (Revenue ₹ 13.81 + Capital ₹ 338.26 crore) was indicative of violation of SFR and surrender of fund less than the actual savings and availing of unnecessary supplementary provision indicated inadequate budgetary controls.

### 3.5.5.5 Anticipated savings not surrendered

In terms of Rule 84 of Sikkim Financial Rules, 1979, the spending departments are required to surrender the grants/appropriation or portion thereof to the Finance Department as and when the savings are anticipated as shown in below:

**Table 3.15: Funds not surrendered**

(₹ in lakh)

Year	Name of the scheme	Head	Total grant	Actual expenditure	Savings
2016-17	Externally Aided Project	5054-337-95	44.28	16.37	27.91
2017-18	Special Plan Assistance	5054-337-91	27.91	2.44	25.47
<b>Total</b>			<b>72.19</b>	<b>18.81</b>	<b>53.38</b>

Source: Detailed Appropriation Accounts

Audit analysis of surrender under Grant No- 34 revealed that despite savings, no funds were surrendered in case of two schemes.

### 3.5.5.6 Substantial savings

Budget is prepared based on the activities to be undertaken for a year and the provision of funds is made to discharge the payment required for them. Analysis of budget provision and actual expenditure for the period 2015-16 to 2019-20 covered under review revealed that in two Major Heads there were substantial savings as detailed below:

**Table 3.16: Substantial savings during 2015-20**

(₹ in crore)

Year	Name of the scheme	Total Grant	Actual expenditure	Savings	% of Saving
2015-16	5054 –Capital Outlay on Roads and Bridges	228.56	129.10	99.46	44
2016-17	5054-Roads and Bridges	246.90	85.29	161.61	65
	<b>Total</b>	<b>475.46</b>	<b>214.39</b>	<b>261.07</b>	

Source: Appropriation Accounts

The reasons for the savings were not found on record.

### 3.5.5.7 Non-utilisation of funds

The estimates of expenditure should be as accurate as possible. An avoidable excess in an estimate is as much a financial irregularity as an excess in actual expenditure. Test check of sub-heads for detailed analysis revealed that the Department did not utilise the entire budget provision (more than ₹ 50.00 lakh) and surrendered the budget allotment as shown in **Table 3.17**.

**Table 3.17: Non utilisation of funds**

(₹ in lakh)

Sl. No.	Year	Major Head effecting the Grant	Amount not utilised
1	2015-16	3054 -797 Transfer of Reserve Fund /Deposit Account	400.00
2		5054-68 Construction of Bridges in West Sikkim	184.48
3		5054-70 Construction of Bridges in East Sikkim	190.20
4	2016-17	5054 Capital Outlay-70 Construction of Bridges in West Sikkim	187.20
5	2017-18		187.20
6	2018-19		187.20
7	-do-	2059- 35 Maintenance of Roads and Bridges	100
<b>Total</b>			<b>1436.28</b>

Source: Appropriation Accounts

Audit analysis on the review of the grant revealed that in respect of seven cases consisting of three Major Heads, an amount of ₹ 1436.28 lakh provided for various activities was not utilised. Further, it was observed that during the period 2016-19, the Department made a budget provision of ₹ 187.20 lakh for each financial year under MH 5054-Capital outlay ‘Construction of Bridges in West Sikkim’, but the entire provision was surrendered every year without incurring any expenditure. Reasons for non-utilisation was not on record.

### **3.5.5.8 Rush of expenditure**

As per Note 3 under Rule 84 of SFR, rush of expenditure, particularly in the closing month of the financial year, is to be regarded as a breach of financial propriety and should be avoided. Contrary to this, rush of expenditure during the closing month of the financial year was noticed under review. The expenditure ranged from 9 to 32 *per cent* of the total expenditure as shown below:

**Table 3.18: Rush of Expenditure during 2015-20**

Particular	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Expenditure during April to December	154.55	123.83	256.42	253.76	272.75
Expenditure during January to February	15.41	18.51	36.01	98.18	40.07
Expenditure during March	20.06	14.64	126.25	145.19	67.82
<b>Total</b>	<b>190.02</b>	<b>156.98</b>	<b>388.68</b>	<b>497.13</b>	<b>380.64</b>
(Percentage of Expenditure during March)	11	9	32	29	18

Source: VLC figures

During the month of March the expenditure incurred by the Department ranged from nine *per cent* in 2016-17 to 32 *per cent* in 2017-18. The Department had made the payment to clear the previous month's liabilities during March *i.e* at the verge of closing of a financial year, which generally indicated tendency to utilize the unspent budget.

Hence, the budgetary management and control over expenditure for the period 2015-16 to 2019-20 in respect of Grant No. 34 Roads & Bridges Department, Government of Sikkim revealed that against total provision of ₹ 2,239.25 crore, expenditure of ₹ 1613.43 crore was incurred, resulting in unspent provision of ₹ 625.82 crore (28 *per cent*), cases of unnecessary Supplementary provision (₹ 188.12 crore), surrender of funds less than actual savings (₹ 352.07 crore) and anticipated savings of ₹ 53.38 crore not surrendered. There were cases of persistent and substantial savings, non- utilisation of funds, unnecessary rush of expenditure during the month of March during 2017-18 (32 *per cent*) and expenditure in excess of provision was also noticed.

## **3.6 Conclusion**

Budgetary assumptions of the State Government were not very realistic during 2019-20 and despite carrying out an elaborate pre-budget exercise to bring about efficiency and transparency in budget formulation and execution, budgetary estimates were off the mark to a considerable extent, and control over the execution and monitoring of budget was inadequate.

Savings during the year were ₹ 2,233.18 crore, accounting for about a fourth (23.35 *per cent*) of the budget provision. However, the Controlling Officers surrendered savings of ₹ 1978.08 crore, during last month of the year, with major portion of savings (₹ 1977.40 crore) being surrendered on the last day of the financial year 2019-20.

During 2019-20, excess expenditure of ₹ 7.41 crore had taken place in three Grants which was the largest during the period 2015-20. Moreover, an excess expenditure of ₹ 83.28 crore in respect of previous years (from 2012-13 to 2018-19) was pending for regularization by the PAC/State Legislature.

During 2019-20, State Government incurred an expenditure of ₹ 740.62 crore, constituting about 11.97 *per cent* of the total Revenue expenditure of ₹ 6185 crore, in March 2020 (except during the months of September 2019 and March 2020). However out of ₹ 740.62 crore incurred in March 2020, ₹ 108.53 crore (14.67 *per cent* of the total Revenue expenditure of March 2020) was spent on the last day of the financial year *i.e.*, 31 March 2020.

The explanations for variations in expenditure *vis-à-vis* allocations were not provided in respect of 416 sub-heads out of 740 sub-heads (56.22 *per cent*) to the Sr. Dy Accountant General (A&E) in respect of significant number of heads of accounts.

During the period 2015-20, the Government had substantial savings ranging between 15.96 *per cent* and 27.35 *per cent* of total budget allocation and could utilize between 72.65 *per cent* and 85.04 *per cent* of total allocation. Although the issue of persistent savings is being highlighted in the Reports of the CAG on State Finances every year, Departments had not taken any perceptible action in this regard.

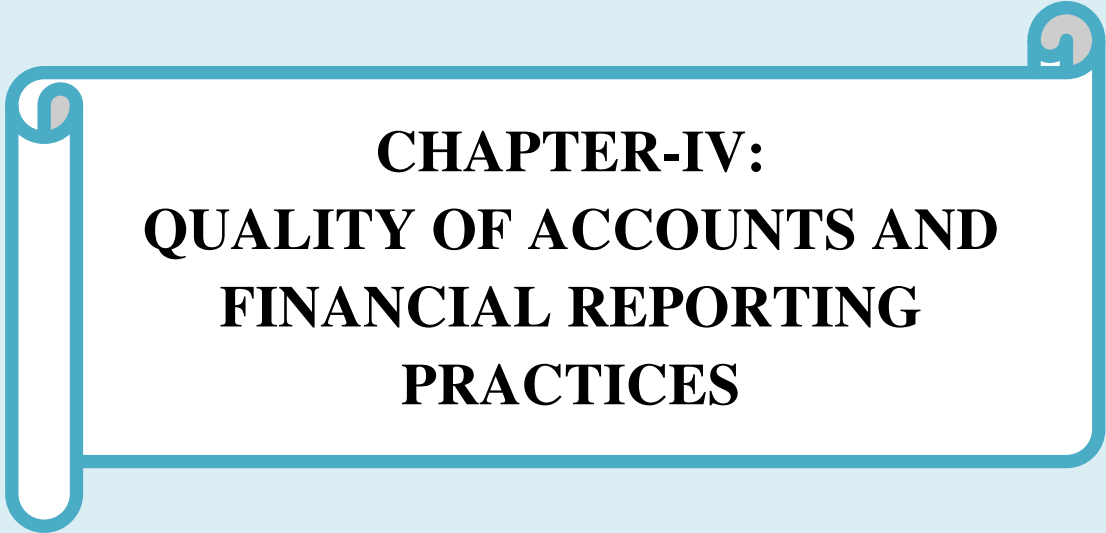
Supplementary Grants/ Appropriations were obtained without adequate justification. During 2019-20, Supplementary provision aggregating ₹ 230.96 crore obtained in 24 cases (with ₹ 50.00 lakh or more), proved unnecessary as the total expenditure did not come up to the level of original provision and re-appropriations under 13 Heads of Account proved excessive or insufficient and resulted in saving/ excess of over ₹ 10.00 lakh. Despite flagging this issue every year over the last several years, the State Government had failed to take corrective measures in this regard.

The review of the budgetary procedure and control over expenditure for the period 2015-16 to 2019-20 of **Grant No. 34 –Roads and Bridges Department (RBD)** showed:

- Under Capital Head during 2015-16 and 2016-17, the supplementary provisions of ₹ 61.68 crore and ₹ 122.10 crore proved unnecessary as the Department could not utilise even the original budget provision. Similarly, under Revenue Head during 2016-17, there were unnecessary supplementary provisions of ₹ 4.34 crore.
- Persistent/substantial savings during 2015-16 to 2019-20 ranged between seven *per cent* and 17 *per cent* of the provision under Revenue Heads. Similarly, there were persistent savings under Capital Heads that ranged between 14 *per cent* and 65 *per cent* during the entire review period from 2015-16 to 2019-20. However, there was excess expenditure of ₹ 0.76 crore during 2017-18 under Revenue Head.
- During 2015-16 to 2019-20 against the saving of ₹ 625.82 crore, RBD surrendered ₹ 273.75 crore (44 *per cent*) leading to non-surrender of saving of ₹ 352.07 crore (56 *per cent*).
- During the period 2016-19, the Department made a budget provision of ₹ 187.20 lakh for each financial year under MH 5054-Capital outlay ‘Construction of Bridges in West Sikkim’, but the entire provision was surrendered every year without incurring any expenditure.

### **3.7 Recommendations**

- *State Government needs to formulate a realistic budget based on reliable estimates of the needs of the Departments and their capacity to utilise the allocated resources;*
- *An appropriate control mechanism needs to be instituted by the Government to enforce proper implementation and monitoring of budget to ensure that savings are curtailed, large savings within the Grant/ Appropriation are controlled, and anticipated savings are identified and surrendered within the specified time frame;*
- *Controlling Officers need to be made aware of their responsibility to explain the variation in expenditure from the allocation to facilitate proper analysis of budget and preparation of meaningful Appropriation Accounts;*
- *Excess expenditure over grants approved by the Legislature are in violation of the approvals of the Legislature. It therefore, needs to be viewed seriously and got regularized at the earliest.*
- *The Roads and Bridges Department (RBD) may strengthen its budgetary management on basis of realistic estimates so that financial resources can be allocated/ utilised efficiently and effectively to achieve the desired objectives.*



**CHAPTER-IV:  
QUALITY OF ACCOUNTS AND  
FINANCIAL REPORTING  
PRACTICES**





## Chapter IV: Quality of Accounts and Financial Reporting Practices

*This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.*

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with 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. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

### **4.1 Funds outside Consolidated Fund or Public Account of the State**

Article 266 (1), subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled the Consolidated Fund of the State. Article 266 (2) provides that all other public money received by or on behalf of the Government of a State shall be credited to the public account of the State, as the case may be.

#### **4.1.1 Irregularities in accounting of receipts and expenditures by the Power Department of Sikkim**

The Sikkim Financial Rules (SFR) stipulates that all money received by or on behalf of Government should be brought into Government account without delay; and “the head of every Department/office shall be responsible to ensure that all revenue, receipts or other sums due to Government are regularly and promptly assessed, realized and credited to Government Account under the relevant head of account”. Further, as per the provisions of Articles 266(3), 267(2) and 283(2) of the Constitution of India, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of money for investment or deposit from Government Account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special orders of Government or by any authority to which power has been duly delegated on its behalf.

The Power Department of Sikkim (PDS) is entrusted with management of electricity operations in the State. The activities of PDS include generation of electricity, supply of electricity, create, operate and maintain infrastructure required for distribution of electricity within the State. In addition, the PDS also conducts trading *i.e.* selling and purchasing of electricity outside the state. As PDS is a

government Department, it is required to follow Government accounting rules for accounting of receipts<sup>28</sup> and expenditure.

**Table 4.1** shows the details of irregularities *w.r.t* accounting of receipts and expenditure during 2019-20 during audit of PDS.

**Table 4.1: Irregularities *w.r.t* accounting of receipts and expenditure by PDS**

(₹ in crore)

Particulars	Amount Involved	Audit Observations
<b>Receipts</b>		
<b>Sale proceeds of electricity sold outside the State (Surplus Power)</b>	103.69	PDS does not credit the sale proceeds of electricity sold outside the state into Government Account, instead the same is credited into a bank account.
<b>Royalty receipts from the HEPs located in the State</b>	284.60	Royalty amounting to ₹ 284.60 crore from five <sup>29</sup> HEPs had not been credited into Government Account and was lying in the Bank Accounts maintained by the PDS. <ul style="list-style-type: none"> <li>• The royalty receipts of ₹ 238.97 crore from two<sup>30</sup> HEPs are being paid for repayment of loans availed by Sikkim Power Investment Corporation Limited (SPICL, a State PSU) from Power Finance Corporation (PFC) and</li> <li>• During 2019-20 the royalty receipts of ₹ 45.63 crore from the remaining three<sup>31</sup> HEPs were not transferred to Government Account, and was lying in the bank account as on 31 March 2020.</li> </ul>
<b>Total</b>	<b>388.29</b>	
<b>Expenditure</b>		
<b>Purchase of electricity</b>	261.86	During the winter season the State experiences shortage in electricity. The PDS purchases electricity from the revenue earned by selling the surplus electricity and the expenditure was incurred from the same bank account in which the receipts from the sale of electricity outside the state are credited (Sl. No.1). As such the expenditures were being incurred without approval of Legislature and were not reflected in Government Accounts.
<b>Repayment of Loans</b>	225.75	The PDS had borrowed loans from PFC, through

<sup>28</sup> The PDS has three mainsources of revenue (i) sale proceeds of electricity sold to outside the State, (ii) royalty receipts from the Hydro-electric Projects (HEPs) located in the State and (iii) sale proceeds of electricity within the state.

<sup>29</sup> i). Chuzachen (GATI), ii) Teesta Stage III (TeestaUrja Ltd) iii) JorethangLopp (DANS Energy), iv) Dikchu (Sneha Kinetic) and v) Tashiding (Shiga Energy)

<sup>30</sup> i). Chuzachen (GATI): Out of royalty amounting to ₹ 23.06 crore, ₹ 9.84 crore was transferred to SPICL, which was used for servicing loan from PFC. The balance amount of ₹ 12.83 crore was invested in FD and ₹ 0.39 crore was lying the bank account, ii) Teesta Stage III (TeestaUrja Ltd): royalty amounting to ₹ 215.91 crorewas directly paid by this HEP to PFC for repayment of loans availed by SPICL.

<sup>31</sup> i) JorethangLopp (DANS Energy): ₹ 14.30 crore, ii) Dikchu (Sneha Kinetic): ₹ 15.93 crore and iii) Tashiding (Shiga Energy): ₹ 15.40 crore.

Particulars	Amount Involved	Audit Observations
		SPICL. The servicing of the loans availed by the SPICL from PFC was done from the royalty money received from two HEPs (Sl. No. 2). However, the legislative approval for incurring expenditure on servicing of loans was not obtained. Therefore, these expensed were also not included in Government Account.
<b>Total</b>	<b>487.61</b>	

As can be seen from the above, Revenue Receipts of ₹ 388.29 crore earned from sale proceeds of electricity sold to outside the State and royalty receipts from the HEPs located in the State, were not deposited in the Consolidated Fund of State by PDS. This led to understatement of Government Revenue Receipts by ₹ 388.29 crore and overstatement of Revenue Deficit to that extent. Further, an expenditure of ₹ 487.61 crore had been incurred without routing through Government Accounts resulting in understatement of Government expenditure by ₹ 487.61 crore with consequential understatement of Revenue Deficit and Fiscal Deficit. This led to an overall understatement of Revenue Deficit and Fiscal Deficit by ₹ 99.32 crore during 2019-20.

In reply (February 2021), the Power Department stated that the department is ready to streamline the present system as required and mandatory under Rules/Norms.

***Recommendation: Departments should adhere to the Government Accounting Rules and all the transactions of financial assistance to Departments and State Bodies should be routed through Government Accounts to reflect actual financial position of the State.***

## **4.2 Off-Budget Borrowings**

Off-budget borrowings or off-budget financing generally refer to use of those financial resources by the Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year/ those years for seeking grant/ appropriation, hence remaining outside legislative control. These are financed through Government owned or controlled public sector enterprises or departmental commercial undertakings, which raise the resources through market borrowings on behalf of the Government. However, the Government is to repay the debt and/or service the debt from its budget. Therefore, off-budget borrowings/ financing involve (a) payment of interest on recurrent basis and (b) repayment of the borrowings from budget as and when it is due.

Further, the State Fiscal Responsibility & Budget Management (SFRBM) Act, 2010 provides for prudent and sustainable debt management consistent with fiscal stability through limits on State Government's borrowings, including off-budget and achieving greater transparency in fiscal operation of the Government and

conduct of fiscal policy in a medium term fiscal framework<sup>32</sup> and for matters connected therewith or incidental thereto.

In line with the Act, the MTFP contains medium term fiscal objectives of the Government, evaluation of performance of the prescribed fiscal indicators in the previous year and the likely performance during the current year. Further, the Plan also contains the policies of the State Government for the ensuing financial year relating to taxation, expenditure, borrowings and other liabilities, subsidies, lending and investments, guarantees, off-budget borrowings and activities of Public Sector Undertakings that have potential budgetary implication.

Two Government Entities (PSUs) raised loans amounting to ₹ 245.60 crore during 2019-20 for implementation of State Government Schemes/ Programmes, as detailed in **Table 4.2:**

**Table 4.2: Off-Budget Borrowings during 2019-20**

(₹ in crore)

Name of the Institution	Bank/ Financial Institution	Borrowings of the Institution during 2019-20	Maximum amount Guaranteed/ LOC issued	Purpose of Loan	Source of Repayment (Principal & Interest)
<b>Sikkim Housing and Development Board</b>	HUDCO	139.58	361.00	Chief Minister's Rural Housing Mission Phase-I	Budgetary Support (Rural Development Department, GoS)
<b>State Trading Corporation of Sikkim</b>	CBI, Gangtok	106.02	300.00	Multispeciality Hospital, Socheygang (Procurement of equipment)	Budgetary Support (Health Department, GoS)
<b>Total</b>		<b>245.60</b>			

As can be seen from the table above, the borrowings made by the PSUs have budgetary implications since the repayment of the loans raised was to be done through budgetary support, these borrowings would have been made part of the MTFP for the year 2019-20 and 2020-21. However, none of these loans raised by PSUs amounting to ₹ 245.60 crore during 2019-20 formed part of the outstanding liabilities of the State Government, which was violative of the FRBM Act. As such, these borrowings led to understatement of fiscal liabilities by ₹ 245.60 crore as on 31 March 2020.

On this being pointed out, Controller (Accounts), Finance Department stated that the borrowings were made by the PSUs for funding the capital nature of work of the departments concerned. The Department further replied that the State Government did not make these borrowings and the State Government had only

<sup>32</sup> As per Section 3 of the SFRBM Act, the State Government has to lay before the State Legislature, a Medium Term Fiscal Plan along with Budget. The Medium Term Fiscal Plan (MTFP) sets forth a year rolling target for the prescribed fiscal indicators.

stood as a guarantor for which, details are shown in Statement 9 of the Finance Accounts.

The reply was not acceptable, as the PSUs had borrowed funds for implementation of Government projects / schemes as such, these loans were availed through SPUs to keep the State's borrowings within the ceilings prescribed under FRBM Act. Moreover, these loans were not reflected in the MTFP as stipulated in SFRBM Act.

During the Exit Conference Meeting, the Principal Accountant General brought the matter of off-budget borrowings to the notice of the members of FD and emphasised that such practices compromise the prudent and sustainable debt management on the part of the State Government.

***Recommendation: The Government may enhance the scope and coverage of budget provision by including the extra budgetary resources given to various State Government PSUs/entities for implementation of various State Government Schemes/ Programmes etc.***

### **4.3 Funds transferred directly to State implementing agencies**

As per GoI decision (08 July 2015), all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under the various schemes would be released directly to the State Government and not to the Implementing Agencies (SIA) in the State and hence these funds would be routed through the State Budget from 2015-16 onwards. However, during 2019-20, the GoI transferred ₹ 40.13 crore directly to Implementing Agencies in the state (Details in **Appendix 4.1**). The out-side the budget funds transferred by GoI to SIAs during 2019-20 was more as compared to the previous year's amount which stood at ₹ 18.83 crore.

Out of ₹ 40.13 crore, major portion *i.e.* ₹ 7.50 crore (18.69 *per cent*) was transferred for MPLAD (Member of Parliament Local Area Development) Scheme, Rastriya Gokul Mission - ₹ 6.78 crore (16.90 *per cent*), Sikkim State AIDS Control Society - ₹ 5.54 crore (13.81 *per cent*), Sikkim Tourism Dev Corp - ₹ 3.03 crore (7.55 *per cent*), Sikkim University ₹ 2.88 crore (7.18 *per cent*), Establishment of AYUSH ₹ 2.82 crore (7.03 *per cent*), Sikkim State NSS Cell ₹ 1.66 crore (4.14 *per cent*) and Registrar General High Court of Sikkim ₹ 1.61 crore (4.01 *per cent*).

As the funds were not routed through the State Budget/ State Treasury System, the Annual Finance Accounts did not capture these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them did not represent the complete picture. Further, direct transfers from the GoI to the SIAs run the risk of poor oversight.

### **4.4 Delays in submission of Utilisation Certificates of Grants-in-aid**

Rule 115 of SFR states that in the case in which conditions are attached with the utilisation of a grant in the form of specification or particular objects or expenditure or the time within which the money must be spent, or otherwise, the sanctioning

authority shall be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of conditions attached to grant, unless there is any special rule or order to the contrary. Further, Rule 116 (1) of the SFR stipulates that every grant made for a specific object is subject to implied conditions: (i) that the grant shall be spent upon the object within a reasonable time of one year from the date of issue of the letter sanctioning grant and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government.

Utilisation Certificates (UCs) outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final.

Grantor obtains assurance through means of UCs about proper utilisation of the funds placed at the disposal of the Grantee for the sanctioned purpose. Any delay in furnishing UCs to the Grantor or an inaccuracy in such reporting essentially undermines the control mechanism designed to prevent the diversion from the intended purposes as well as timely utilisation of grants. To the extent of non-receipt of UCs, the expenditure shown in accounts cannot be treated as final nor can it be confirmed that the amount has been expended for the purpose sanctioned.

Status of outstanding UCs as per the records of the office of the Sr. Deputy Accountant General (Accounts & Entitlement) {(Sr. DAG) (A&E)} Sikkim is given at **Appendix 4.2**.

**Table 4.3: Age-wise arrears in submission of Utilisation Certificates**

(₹ in crore)

Year	Opening Balance		Additions		Clearance		Closing Balance	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Up to 2017-18	1806	176.40	281	95.18*	554	77.87	1533	193.71
2018-19	1533	193.71	230	87.06	459	108.56	1304	172.21
2019-20	1304	172.21	306	65.96**	174	34.18	1436	203.99

*Source: Finance Accounts and VLC data*

\* The oldest outstanding UCs pertains to 2002-03 amounting to 1.24 crore.

\*\* Except where the sanction order states otherwise, utilisation certificates in respect of grants disbursed during 2019-20 become due only during 2020-21.

It can be seen from the above table that 1436 UCs involving an amount of ₹ 203.99 crore were awaited as on 31 March 2020. Out of these, 1138 UCs worth ₹ 140.33 crore were outstanding as on 31 March 2020. The remaining 298 UCs for ₹ 63.66 crore pertaining to 2019-20 will become due in 2020-21 only.

Year-wise trend of outstanding UCs for the period 2013-20 is given in the following table.

**Table 4.4: Year wise break up of awaiting/ outstanding UCs**

(₹ in crore)

Year	Number of UCs awaiting/ outstanding	Amount
2013-14	4877	634.24
2014-15	4848	598.67
2015-16	3314	429.62
2016-17	1808	176.40
2017-18	1533	193.71
2018-19	1304	172.21
2019-20	1436	203.99

Source: Figures furnished by A&E office (VLC)

As can be seen from the table above, the State has managed to reduce its number of awaiting/ outstanding UCs from 4877 in 2013-14 to 1304 in 2018-19 but the number of awaiting/ outstanding UCs increased to 1436 during 2019-20.

High pendency of UCs was fraught with the risk of misappropriation, thus it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

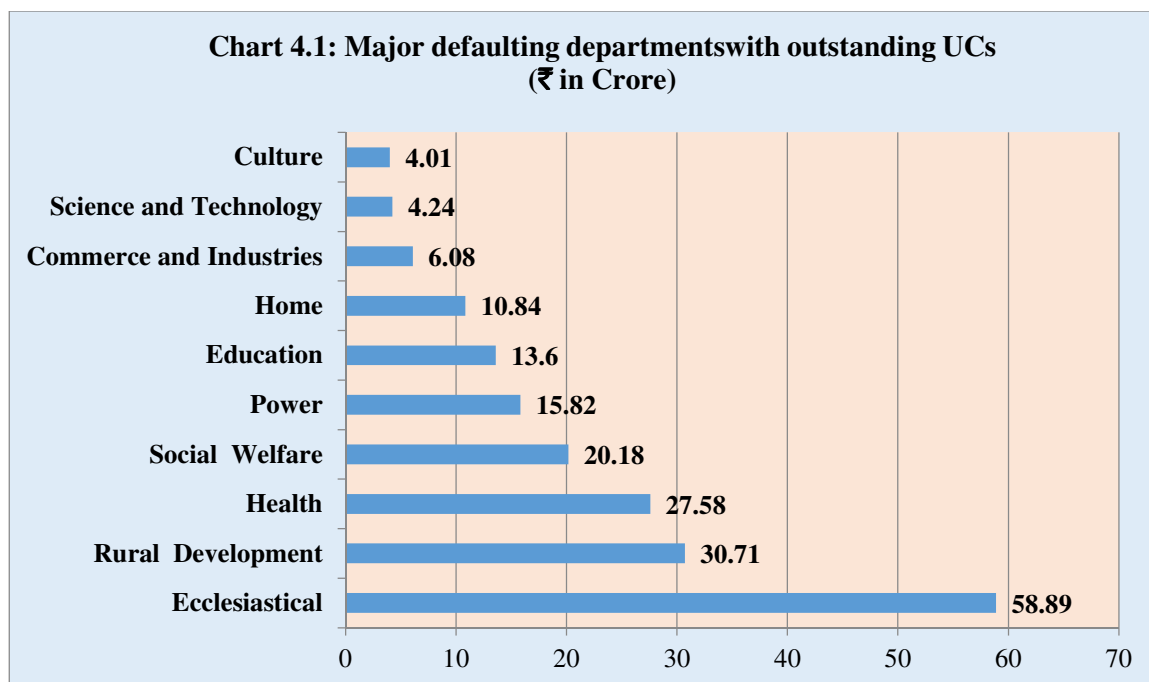
The major defaulting departments are listed in **Table 4.5**.

**Table 4.5: Major defaulting departments who had not submitted UCs**

Major Defaulting Department	Number	Amount (₹ in crore)	Percentage of outstanding UCs
Ecclesiastical	116	58.89	28.87
Rural Development	91	30.71	15.06
Health	26	27.58	13.52
Social Welfare	377	20.18	9.89
Power	20	15.82	7.75
Education	16	13.60	6.67
Home	16	10.84	5.31
Commerce and Industries	20	6.08	2.98
Science, Technology	20	4.24	2.08
Culture	141	4.01	1.97

Source: Figures furnished by A&E office





Source: Figures furnished by A&E office

The major defaulting departments which failed to submit utilisation certificates with ten *per cent* or more of the total outstanding UCs were Ecclesiastical with ₹ 58.89 crore (28.87 *per cent*), Rural Development – ₹ 30.71 crore (15 *per cent*), Health – ₹ 27.58 crore (14 *per cent*) and Social Welfare – ₹ 20.18 crore (10 *per cent*).

During the Exit Conference, the Principal Accountant General requested the Finance Department to settle the outstanding UCs as per existent rules, to which, Director of Budget assured that a meeting will be held soon to expedite settlement of outstanding UCs.

## 4.5 Abstract Contingent bills

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

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers is not available at the time of drawal are made on ‘Abstract Contingent’ (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bill. DC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bill. Drawing and Disbursing Officers are required to present Detailed Countersigned Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within the period prescribed in the State Treasury Rules.

Government of Sikkim, Finance Department Office Circular No. 168/Fin (Accts) dated 27 December 1983 states that Drawing and Disbursing Officers (DDOs) are required to present Detailed Contingent (DC) Bills containing vouchers in support



of final expenditure within three months of the withdrawal of Abstract Contingent (AC) Bills. Besides, the DDOs should not make payments through AC Bills unless DC Bills for previous month are submitted to the Controlling Officers. Non-submission of DC Bills renders the expenditure under AC Bills opaque. Details of DC Bills outstanding as on 31 March 2020 are given below.

**Table 4.6: Details of DC Bills Outstanding**

Year	AC Bills Drawn		DC Bills submitted		Unadjusted AC Bills	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Upto 2017-18	17934	496.11	15875	456.96	2059	39.15
2018-19	1131	77.78	701	60.93	430	16.85
2019-20	754	15.16	269	3.28	485	11.88
<b>Total</b>	<b>19819</b>	<b>589.05</b>	<b>16845</b>	<b>521.17</b>	<b>2974</b>	<b>67.88</b>

*Source: VLC data of office of the Sr. DAG (A&E).*

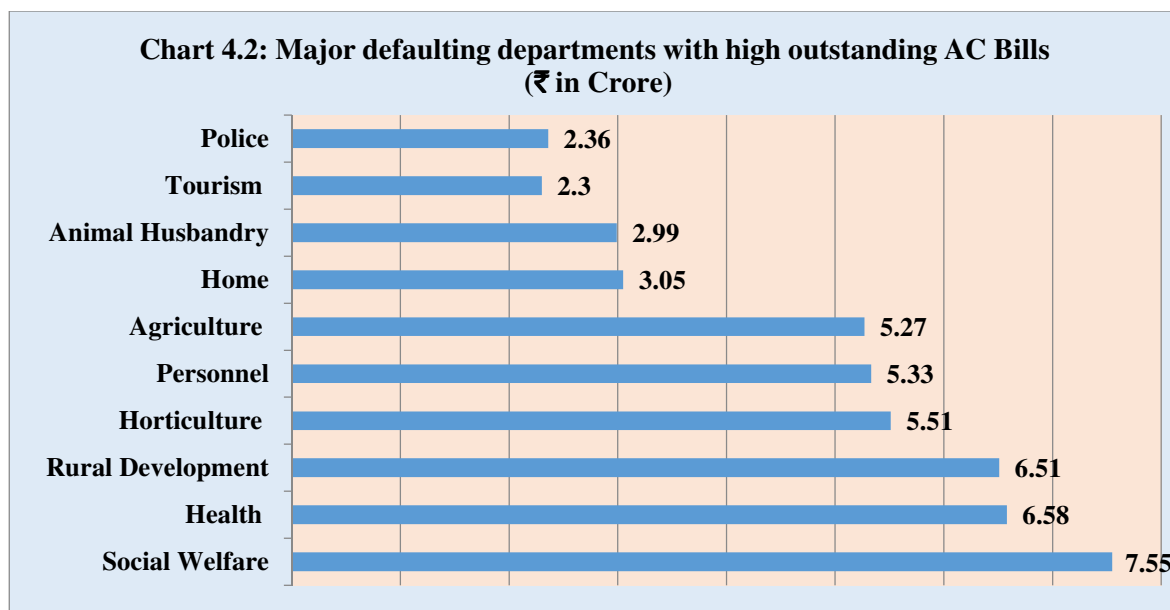
Out of ₹ 15.16 crore drawn through 754 AC Bills during 2019-20, ₹ 5.99 crore (39.52 per cent) was drawn through 77 AC Bills in March 2020 and of this, ₹ 4.21 crore (27.77 per cent) was drawn through 26 AC Bills on the last day of the financial year. Significant expenditure against AC Bills in the last month of the financial year indicates that the drawals were made primarily to exhaust the budget provisions and points to inadequate budgetary planning. The oldest outstanding AC Bills amounting to ₹ 0.18 crore pertained to 2001-02.

The ten major defaulting departments with high outstanding AC Bills as on 31 March 2020 are given in the table and chart below:

**Table 4.7: Major defaulting departments who had not submitted DC bills**

Sl. No.	Departments	No.	Amount (₹ in crore)	Percentage of outstanding AC Bills
1	Social and Welfare	182	7.55	11.13
2	Health	171	6.58	9.70
3	Rural Development	178	6.51	9.58
4	Horticulture	155	5.51	8.12
5	Personnel	107	5.33	7.85
6	Agriculture	56	5.27	7.76
7	Home	295	3.05	4.49
8	Animal Husbandry	47	2.99	4.40
9	Tourism	90	2.30	4.31
10	Police	339	2.36	3.48

*Source: Figures furnished by A&E office*



Source: Figures furnished by A&E office

As can be seen from the Chart 4.2 and table 4.7 above, the Social Welfare Department was a major defaulting department with highest amount of outstanding AC bills amounting to ₹ 7.55 crore (11.13 per cent of total outstanding AC bills) with 182 numbers of outstanding AC bills. In terms of number of outstanding AC bills the Police Department with 339 numbers and Home Department with 295 numbers of outstanding AC bills were the top defaulters.

The office of Sr. DAG (A&E) has been highlighting the status of outstanding DC bills to the Finance Department on monthly basis, however the outstanding balances persisted.

Due to the non-submission of DC bills, there was no assurance that expenditure has actually been incurred before the close of the financial year for the stated purpose. Department-wise pending DC bills for the years up to 2019-20 are detailed in **Appendix 4.3**.

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During Exit Conference Meeting, Principal Accountant General also asked to settle the outstanding Abstract Contingent Bills as per existent rules to which the Secretary cum Controller of Accounts agreed.

**4.5.2 Outcome of review on pendency in submission of Detailed Contingent (DC) Bills in Department of Personnel and Sikkim Information Commission**

A review of Abstract Contingent (AC) Bills drawn during the period 2015-16 to 2019-20 by Department of Personnel (DOP) including Sikkim Information Commission (SIC) was conducted in October 2020.

The SIC is an independent quasi-judicial body established in 2006 under the provision of section 15 of the RTI Act 2005 and all the administrative and accounts related works of SIC were performed by DOP before April 2009. Thereafter SIC performed its functions independently. However, the SIC was operating the same Major Head 2052 as was being operated by DOP.

The findings arising out from review of AC Bills drawn by DOP including SIC during the period 2015-20, are given in the following paras:

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

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

During review of pendency of advances of DOP, it was noticed that the records maintained by the office of the Sr. DAG (A&E), showed ₹ 4.99 crore outstanding from 2004-05 to 2019-20 towards various advances, viz., Impersonal Advances (Contingency) - ₹ 4.97 crore and Personal Advances (Medical and Tour Advances) - ₹ 0.02 crore were lying unadjusted which did not match with the Department's figures, viz. Impersonal Advances (Contingency) - ₹ 3.80 crore. The year wise pendency of advances in respect of the DOP with that of the figures maintained by the office of the Sr. DAG (A&E) office is given in **Appendix 4.4** and figures of advances lying pending with the Department since 2015-16 to 2019-20 is shown in the table below:

**Table 4.8: Details of Advances of DOP**

(Amount in ₹)

Year	Figure of A&E office			Departmental Figure		
	Contingency Advance	Medical /TA Advance	Total	Contingency Advance	Medical / TA Advance	Total
Upto 2015-16	49533725	110604	49644329	37916929	0	37916929
2016-17	27766	50000	77766	35000	0	35000

Year	Figure of A&E office			Departmental Figure		
	Contingency Advance	Medical /TA Advance	Total	Contingency Advance	Medical / TA Advance	Total
2017-18	33588	0	33588	20636	0	20636
2018-19	0	50000	50000	0	0	0
2019-20	91355	0	91355	0	0	0
<b>Total</b>	<b>49686434</b>	<b>210604</b>	<b>49897038</b>	<b>37972565</b>	<b>0</b>	<b>37972565</b>

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

Similarly, the pendency of advances in respect of SIC revealed that the Office of the Sr. DAG (A&E), Sikkim showed ₹ 0.33 crore outstanding from 2009-10 to 2019-20 towards various advances, viz., Impersonal Advances (Contingency)-and Personal Advances (Medical and Tour Advances) -₹ 0.04 crore were lying unadjusted. These figures did not match with SIC's figures, viz. Impersonal Advances (Contingency) ₹ 0.4 crore and Personal Advances (Medical -₹ 0.05 crore and Tour Advances -₹ 0.24 crore). The year wise pendency of advances in respect of the SIC with that of the figures maintained by the office of Sr. DAG (A&E) office is shown in the table below:

Table 4.9: Details of Advances of SIC

(Amount in ₹)

Year	Figure of A& E Office			Departmental figure		
	Contingency Advance	Medical/TA Advance	Total	Contingency Advance	Medical /TA Advance	Total
2009-10	5695	0	5695	0	6000	6000
2010-11	0	0	0	0	35000	35000
2011-12	0	0	0	0	26158	26158
2012-13	834478	0	834478	245686	58000	303686
2013-14	0	0	0	0	0	0
2014-15	547068	0	547068	88358	0	88358
2015-16	116404	340000	456404	122912	0	122912
2016-17	50000	105000	155000	479000	75000	554000
2017-18	990989	0	990989	1070989	110000	1180989
2018-19	402000	0	402000	477000	200000	677000
2019-20	0	0	0	0		0
<b>TOTAL</b>	<b>2946634</b>	<b>445000</b>	<b>3391634</b>	<b>2483945</b>	<b>460158</b>	<b>2994103</b>

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

In spite of the standing rule provision, the DOP and SIC had not properly reconciled the figures, leading to a difference of ₹ 1.23 crore (DOP ₹ 1.19 crore and SIC ₹ 0.04 crore).

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

#### 4.5.2.2 Delay in adjustment of outstanding AC bills

Rule 20(5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 stipulates that 'The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under this rules and the balance, if any,

recovered from the pay of the Government Servant concerned in ten equal monthly instalments'. Similarly, as per Rule 213 and 216 of Sikkim Financial Rules, the Head of Department may with the concurrence of Finance Department sanction a tour advance. The amount of advance granted under this section shall be adjusted immediately on the completion of the tour or by the 31 March whichever is earlier. Advances drawn in the month of March may, however, be adjusted on completion of the tour or by the 30<sup>th</sup> April whichever is earlier.

It was observed (October 2020) in audit that due to inaction of DOP and SIC, contingency advances for supply and implementation of schemes amounting to ₹ 4.05 crore (DOP ₹ 3.80 crore and SIC ₹ 0.25 crore) remained unadjusted for period ranging between up to two years and more than ten years. Similarly, personnel advances amounting to ₹ 0.05 crore also remained unadjusted for above mentioned period as on March 2020. In such cases, the chances of recovery become remote. The details of outstanding advances of these organisations are shown below:

**Table 4.10: Details of year-wise outstanding advances**

(₹ in lakh)

Period of pendency	DOP		SIC		Total	
	Contingency advance	Personal advance	Contingency advance	Personal advance	Contingency advance	Personal advance
More than 10 years	37937392	0	0	6000	37934897	6000
More than 5 years and less than 10 years	2495	0	334044	119158	336539	119158
More than 2 years and less than 5 years	55636	0	1672901	185000	1728537	185000
Up to 2 years	0	0	477000	200000	477000	200000
<b>Total</b>	<b>37995523</b>	<b>0</b>	<b>2483945</b>	<b>510158</b>	<b>40476973</b>	<b>510158</b>

*Source: Audit analysis based on departmental figures*

#### **4.5.2.3 Improper maintenance of Advance Registers**

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

DOP till March 2009 had maintained one combined Advance Register of both the Departments (DOP and SIC). However, since 2009-10 the SIC has maintained separate advance register of its own.

While verifying these Advance Registers of both the Departments, audit observed that the Advance Registers were not monitored by the Department/Office concerned to ensure that the advances did not remain outstanding for more than the period stipulated for settlement and to monitor the submission of detailed bills there against. Thus, non-adherence to the Rules and non-compliance with instructions

resulted in accumulation of huge outstanding advances amounting to ₹ 5.32 crore (DOP ₹ 4.99 crore and SIC ₹ 0.33 crore). Non settlement of advances within the scheduled period indicated deficient financial management and lack of effective control and monitoring over expenditure by the Controlling Officers.

**Recommendations:**

- *It may be ensured that the outstanding personal advances be recovered from the defaulters from their salaries and for other advances the DDOs may evolve a system for settlement of the advances in a timely manner.*
- *Advances should be monitored closely for effective control and action should be taken against officials who failed to adjust advances in a timely manner.*

**4.6.1 Indiscriminate use of Minor Head 800**

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (A&E) and obtain approval to open appropriate Minor Heads.

Details of receipts and expenditure booked under Minor Head 800 – Other Expenditure during financial year 2017-18 to 2019-20 are given below.

**Table 4.11: Receipts and expenditure booked under Minor Head 800 – Other Expenditure during the period 2017-20**

(₹ in crore)

Year	Receipts booked under Minor Head 800	Percentage of Receipts	Expenditure booked under Minor Head 800	Percentage of Expenditure
2017-18	370.87	7.11	434.56	7.68
2018-19	386.32	6.53	805.89	12.36
2019-20	388.43	8.02	588.90	8.53

Source: Finance Accounts

During the year 2019-20, the State Government booked ₹ 388.43 crore under 800-Other Receipts in 32 Revenue Receipts Heads and ₹ 588.90 crore under 800-Other Expenditure in 30 Expenditure Heads, constituting 8.02 per cent of total revenue receipts and 8.53 per cent of the total expenditure (Revenue and Capital) under the respective Major Heads. Thus, routine operation of Minor Heads 800 is to be discouraged, since it renders the accounts opaque and affects transparency and nature of transactions.

Instances where a substantial proportion (50 per cent or more) of the receipts and expenditure were classified under the Minor Head 800-Other Receipts/ Other Expenditure are given in the tables below:

**Table 4.12: Significant expenditure booked under Minor Head 800 – Other Expenditure during financial year (50 per cent or more)**

(₹ in crore)

Major Head	Major Head Description	Total Expenditure	Expenditure under Minor Head 800	Percentage
2217	Urban Development	171.75	149.23	87
4216	Capital Outlay on Housing	71.69	71.69	100
2245	Relief on Account of Natural Calamities	41.14	26.58	65
4801	Capital Outlay on Power Projects	20.41	20.41	100
2075	Miscellaneous General Services	33.15	18.57	56
2216	Housing	22.83	17.01	74
4225	Welfare of SC/ST/OBC	5.22	4.63	89
2852	Industries	4.23	4.23	100
2810	Non-Conventional Sources of Energy	2.84	2.84	100

**Table 4.13: Significant receipts booked under Minor Head 800 – Other Receipts during financial year (50 per cent or more)**

(₹ in crore)

Major Head	Major Head Description	Total Receipts	Receipt under Minor Head 800	Percentage
0801	Power	256.37	256.37	100
0059	Public Works	23.13	22.15	96
0406	Forestry and Wild Life	15.78	12.58	80
0070	Other Administrative Services	12.65	11.76	93
1452	Tourism	11.67	10.47	90
0217	Urban Development	4.16	4.16	100
0210	Medical and Public Health	2.48	2.08	84
0407	Plantations	2.00	2.00	100
0202	Education, Sports, Art and Culture	3.55	1.93	55
0403	Animal Husbandry	1.35	0.81	60
0852	Industries	0.73	0.65	90
0401	Crop Husbandry	0.68	0.40	59
0515	Other Rural Development	0.31	0.31	100
0853	Non-ferrous Mining and Metallurgical Industries	0.19	0.19	100
0235	Social Security and Welfare	0.18	0.18	100
0702	Minor Irrigation	0.12	0.12	100
0250	Other Social Services	0.07	0.07	100
0056	Jails	0.01	0.01	100

In exit conference meeting held with FD, on the issue of booking under MH 800, the PAG raised the issue of routine operation of the head and requested the Finance Department to operate the appropriate Minor Heads.

#### 4.6.2 Suspense and Remittances

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. The position of gross figures under major suspense heads for the last three years is given in **Table 4.14**.



**Table 4.14: Outstanding Balances under Suspense and Remittance Heads**

(₹ in crore)

Particulars	2017-18		2018-19		2019-20	
<i>(I) Major Head (MH) 8658- Suspense</i>						
<b>Minor Head</b>	<b>Dr.</b>	<b>Cr.</b>	<b>Dr.</b>	<b>Cr.</b>	<b>Dr.</b>	<b>Cr.</b>
101-PAO - Suspense	17.57	13.68	21.48	20.57	5.20	1.05
Net	Dr 3.89		Dr 0.91		Dr 4.15	
102-Suspense Account (Civil)	14.15	14.57	28.66	29.56	2.46	2.98
Net	Cr 0.42		Cr 0.90		Cr 0.52	
112 – Tax Deducted at Source	46.44	51.70	50.82	57.17	8.83	16.91
Net	Cr 5.26		Cr 6.35		Cr 8.08	
123-AIS Suspense	0.01	0.31	0.01	0.33	0.01	0.33
Net	Cr 0.30		Cr 0.32		Cr 0.32	
135-Cash Settlement between A.G. Sikkim and other States	2.47	2.34	2.83	2.75	0.31	0.09
Net	Dr 0.13		Dr 0.08		Dr 0.22	
<i>(II) MH 8658- Cash Remittance and adjustment between officers rendering accounts to same Accounts Officers</i>						
102-Public Works Remittances	1957.16	2338.37	2162.11	2416.17	3473.54	3622.89
Net	Cr 3,81.21		Cr 2,54.06		Cr 1,49.35	
103-Forest Remittances	36.36	48.50	33.22	49.90	120.38	130.61
Net	Cr 12.14		Cr 16.68		Cr 10.23	
108-Other Remittances	74.05	85.56	1,21.05	1,24.50	233.23	231.99
Net	Cr 11.51		Cr 3.45		Dr 1.24	

Source: Figures furnished by A&E office

Outstanding debit balance under 101-PAO Suspense head would mean that the AG on behalf of a PAO, which were yet to be recovered, has made payments. The variation in net balances of the components under suspense is given below:

- Outstanding credit balance would mean that the AG on behalf of a PAO, which were yet to be paid, has received payments. The net debit balance under this head from ₹ 0.91 crore in 2018-19 increased to ₹ 4.15 crore in 2019-20. On clearance/settlement of this, the cash balance of the State Government will increase.
- The net suspense account balance decreased from ₹ 0.90 crore to ₹ 0.52 crore in 2019-20 as compared to previous year.
- Receipts on account of TDS are credited to TDS Suspense and the balances under this suspense head are to be cleared when the receipts of TDS are transferred to the Income Tax Department. There was outstanding credit balance of ₹ 8.08 crore under this head as on 31 March 2020.
- The net AIS suspense balance during all three years remained almost same at ₹ 0.30 to ₹ 0.32 crore.
- The Cash Settlement balance between PAG Sikkim and other States increased to ₹ 0.22 crore in 2019-20 as against the balance of previous years.

During the Exit Conference Meeting, on the issue of PAO and Cash Settlement Suspense, Deputy Director of Pension, Gratuity, Insurance & Provident Fund



(PGIPF) stated that letter has been issued to the concerned Ministries for clearance. The Secretary cum Controller of Accounts assured that the matter will be taken up for clearance of outstanding amount. The Pr. AG observed that substantial amount was outstanding under this suspense head, this issue should be treated with due urgency.

#### **4.7 Reconciliation of Receipts and Expenditure between CCOs and Sr. Deputy Accountant General (A&E)**

To exercise effective control of expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, all Chief Controlling Officers (CCOs) are required to reconcile the Receipts and Expenditure recorded in their books every month during the financial year with the figures accounted for in the office of the Senior Deputy Accountant General (A&E). For the financial year 2019-20, all the CCOs completed reconciliation for all Revenue and Capital expenditure of ₹ 6905.69 crore and Revenue Receipt of ₹ 4841.27 crore respectively.

**Table 4.15: Status of reconciliation during the three years 2017-18 to 2019-20**

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
Receipts				
2017-18	38	38	Nil	Nil
2018-19	38	38	Nil	Nil
2019-20	38	38	Nil	Nil
Expenditure				
2017-18	47	47	Nil	Nil
2018-19	47	47	Nil	Nil
2019-20	47	47	Nil	Nil

*Source: Figures furnished by A&E office*

As per the records of office of Sr. DAG (A&E), the State Government had reconciled 100 *per cent* of all their Receipts and Expenditure through CCOs and DDOs with the figures booked in the accounts of the Sr. DAG (A&E).

#### **4.8 Reconciliation of Cash Balances**

Under a resolution passed in the year 1968-69, the State Bank of Sikkim (SBS) 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. It was seen there were differences in cash balances as per the records of Sr. DAG (A&E) and SBS each year. As per records of Sr. DAG (A&E) the cash balance of Government with the State Bank of Sikkim as on 31 March 2020 was ₹ 299.96 crore. But as per the record of the State Bank of Sikkim, the cash balance stood at ₹ 265.23 crore leaving behind an unreconciled balance of ₹ 34.73 crore.

The difference in cash balance between the figures of Sr. DAG (A&E) and SBS for last five years is shown below:

**Table 4.16: Differences in cash balances**

(₹ in crore)

Financial Year	As per records of office of Sr. DAG (A&E)	As per records of State Bank of Sikkim (SBS)	Difference
2015-16	210.80	135.71	75.09
2016-17	59.34	39.91	19.43
2017-18	548.77	514.56	34.21
2018-19	70.20	38.78	31.42
2019-20	299.96	265.23	34.73

Source: Figures furnished by A&E office

The difference was mainly due to non-reconciliation of figures by the State Treasuries with the SBS.

During the Exit Conference Meeting on non-reconciliation of government cash balances with SBS, PAG suggested to hold tripartite meeting with SBS, Finance Department and Office of the Sr. DAG (A&E), Sikkim to settle the matter. The Secretary cum Controller of Accounts acceded to this.

#### **4.9 Compliance with Accounting Standards**

Three Indian Government Accounting Standards (IGASs) have been notified by the Ministry of Finance, Government of India viz., IGAS 1- Guarantees given by the Government, IGAS 2- Accounting and classification of Grants-in-aid and IGAS 3- Loans and Advances made by Government. These three Accounting Standards describe the disclosure norms for Guarantees, Principles for Accounting and Classification of Grants-in-aid and disclosure norms for Loans and Advances made by Government in the Financial Statements of Government respectively.

The disclosure requirements as per IGAS -1, IGAS 2 and IGAS-3 have been complied with in the Finance Accounts of Government of Sikkim.

#### **4.10 Submission of Accounts/Separate Audit Reports of Autonomous Bodies**

The audit of accounts of 14 Autonomous Bodies (ABs) in the State has been entrusted to the CAG under Section 20(1) of the C&AG (DPC) Act, 1971.

Fifty-eight accounts of above 14 ABs were pending for submission to Audit with pendency ranging between one and 13 years. Sikkim Khadi and Village Industries Board had highest pendency as it had not submitted accounts for 12 years. The AB-wise details of pendency are given in **Appendix 4.5**.

#### **4.11 Departmental Commercial Undertakings/Corporations/Companies**

The Heads of departments in the Government are to ensure that the undertakings prepare and submit such accounts to the PAG for audit within a specified timeframe. The position of arrears in preparation of accounts is given as follows:

**Table 4.17: Arrears in finalisation of accounts and Government investment of government companies/corporations**

Sl. No.	Name of the Undertakings	Accounts finalised up to	Investment as per the last accounts finalised (₹ in crore)
1	Government Fruit Preservation Factory (GFPF)	2018-19	0.00
2	Temi Tea Estate	2017-18	0.00
3	State Bank of Sikkim	2018-19	0.53
4	State Trading Corporation of Sikkim	2018-19	1.61
5	Teesta Urja Limited	2018-19	0.00
6	Teesta Valley Power Transmission Limited	2019-20	0.00
7	Sikkim Power Investment Corporation Limited	2019-20	0.01
8	Sikkim Power Development Corporation	2018-19	15.35
9	Sikkim Industrial Development & Investment Corp	2018-19	12.80
10	SC, ST & OBC Development Corporation	2017-18	9.30
11	Sikkim Tourism Development Corporation	2016-17	6.46
12	Sikkim Hatcheries Limited	2017-18	0.44
13	Sikkim Poultry Development Corporation	2017-18	0.00
14	Sikkim Livestock Processing Development Corporation	2013-14	0.35
15	Namchi Smart City Limited	2018-19	1.02
16	Gangtok Smart City Development Limited	2018-19	0.00
17	Sikkim Handlooms and Handicraft Development Corporation Limited	2016-17	0.92
<b>Total</b>			<b>48.79</b>

Source: Figures compiled from Companies and PSUs Annual Accounts

#### 4.12 Non-submission/ delay in submission of accounts by Autonomous Bodies/ Authorities

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

The substantially funded Autonomous Bodies/Authorities are required to submit their annual accounts for audit by the CAG under the provision, *ibid.* A total of 58 annual accounts of 19 Autonomous Bodies/Authorities for the period from 2014-15 to 2017-18 had not been received in the office of Principal Accountant General till December 2020 as detailed in **Appendix 4.6**. The age-wise delay in submission of accounts is detailed in the table below.

**Table 4.18: Statement Showing Age-wise Non-furnishing of Accounts**

Sl.No.	Range of delays in number of years	Total number of accounts
1	Five years and above	12
2	Three and four years	28
3	Two years and below	18
<b>Total</b>		<b>58</b>

Due to non-finalisation of accounts, the same could not be audited. Thus, it could not be ensured whether the grants and expenditure had properly been accounted for and whether the purpose for which the grants were provided had actually been achieved.

Due to non-finalisation of accounts, the stakeholders were not able to assess financial status of these bodies. Besides, delay in finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provision of the respective legislations under which these bodies were constituted.

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

#### **4.13 Misappropriations, losses, thefts, etc.**

State Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

There were six cases of misappropriation involving Government money amounting to ₹ 264 lakh {Rural Development (₹ 97.40 lakh), Transport Department (₹ 8.78 lakh), Building & Housing (₹ 157.56 lakh) and Finance Department (₹ 0.26 lakh)} out of which an amount of ₹ 1.78 lakh was recovered from the tanker driver concerned of the Sikkim Nationalised Transport in February 2020. The unrecovered amount of ₹262.22 lakh is pending at the end of 2019-20 where the final action was still pending. The department-wise break-up of pending cases and age-wise analysis of misappropriation cases are as following.

**Table 4.19: Profile of pending cases of misappropriation, loss, defalcation, etc.**

Age-profile of the pending cases				Nature of the cases	Action taken by the Department	Amount Received
Range in years	Number of cases	Name of the Department	Amount involved ₹ in lakh			
0-5	02	Rural Development	7.99	Cash transaction was not recorded in the cash book	Action yet to be taken by the Department	Nil
			89.41	Short supply of stock materials by Block Office to the Beneficiaries	Enquiry is being conducted by the O/o the ADC (Dev), Rabongla, South Sikkim	Nil
	01	Building & Housing	157.56	Misappropriation	Departmental Enquiry Committee has been set-up. Further the case has been referred to State Vigilance Deptt and registered vide case no-1/2020 u/s 409 IPC and it is under investigation.	Nil

Age-profile of the pending cases				Nature of the cases	Action taken by the Department	Amount Received
Range in years	Number of cases	Name of the Department	Amount involved ₹ in lakh			
5-10	01	Finance	00.26	Cash embezzlement by staff	The person involved in the case is still untraceable.	Nil
	01	Transport	01.78	Shortage of POL during transportation in SNT tanker	Driver of the SNT tanker involved. Departmental enquiry under process	₹ 1.78 deposited vide bank receipt no. 19205-1100 / 529 dated 20.02.2020
15-20	01	Transport	07.00	Shortage of POL during transportation in SNT tanker	Case referred to Vigilance Department for investigation	Nil
<b>Total</b>	<b>06</b>		<b>264.00</b>			<b>1.78</b>

*Source: Departmental and audited figures*

During the Exit Conference Meeting with the FD, the matter relating to pending cases of misappropriation, loss, defalcation *etc.* was discussed and the Controller of Accounts assured to write to the Heads of Rural Development Department, Building and Housing Department, Finance and Transport Department for speedy settlement of the cases.

#### **4.14 Follow up action on State Finances Audit Report**

The preparation of Report on State Finances started in 2008-09 and the Public Accounts Committee (PAC) had discussed the Reports for the years 2009-10 and 2010-11. PAC recommended compliance with the recommendations as contained in the Report of the Comptroller and Auditor General of India on State Finances for 2009-10. In respect of the Report for the year 2010-11, the PAC stated that it would appreciate the setting up of a prudent financial management mechanism and that persistent planning may be required wherever there is need to do so. Reports on State Finances upto 2010-11 has been discussed in the PAC and 2011-12 to 2018-19 have not been discussed by the PAC.

#### **4.15 Conclusions**

During the year 2019-20, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Sr. DAG (A&E).

However, the practice of not furnishing UCs in a timely manner resulted in pendency of large number of UCs. At the end of March 2020, 1436 UCs involving an aggregate amount of ₹ 203.99 crore were pending for submission even after a lapse of one to seventeen years by various departments. Advances amounting to ₹ 67.87 crore remained unsettled as on March 2020 distorting the amount of expenditure being shown as spent.

Audit noticed that the Power Department (PDS) did not deposit Revenue receipts of ₹ 388.29 crore (selling surplus power outside the State: ₹ 103.69 crore and royalty: ₹ 284.60 crore) in the Consolidated Fund of the State during 2019-20. Besides, PDS had also incurred expenditure of ₹ 261.86 crore towards purchase of

power without routing it through the Government account and they transferred ₹ 225.75 crore to SPICL for repayment of loan availed on behalf of Government of Sikkim without obtaining legislative approval. These transactions, which were not routed through the State Budget and Accounts, led to an overall understatement of Revenue Deficit as well as Fiscal Deficit by ₹ 99.32 crore during 2019-20.

During 2019-20, the State Government advised its PSUs to raise debt from financial institutions and two PSUs (Sikkim Housing and Development Board and State Trading Corporation of Sikkim) raised ₹ 245.60 crore which have been guaranteed by the State. The State Government will further provide budgetary support for repayment of debt alongwith interest. Non-furnishing of detailed information about financial assistance given to various institutions and non-submission of accounts by 14 Autonomous Bodies/ Authorities as per timelines led to non-compliance with Financial Rules. There were also delays in placement of SARs to Legislature, thereby diluting of accountability of these Bodies.

There were five cases of misappropriation involving Government money in respect of four Departments with money value of ₹ 2.62 crore at the end of 2019-20 where final action was pending.

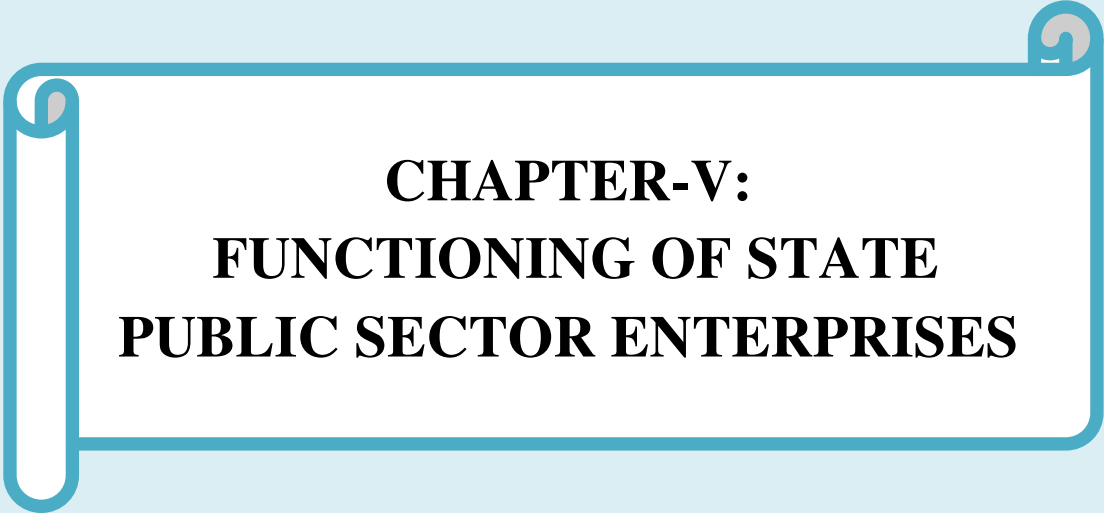
#### **4.16 Recommendations**

- *Departments should adhere to the Government Accounting Rules and all the transactions of financial assistance to Departments and State Bodies, should be routed through Government Accounts, to reflect actual financial position of the State.*
- *It is recommended that Government may enhance the scope and coverage of budget provision by including the extra budgetary resources given to various State Government PSUs/ entities for implementation of various State Government Schemes/ Programmes etc.*
- *Finance Department may chalk out an action plan for ensuring submission of all pending UCs. Further, release of further grants should be linked with submission of outstanding UCs.*
- *Finance Department may make special efforts to settle old outstanding AC bills. At the same time, the DDOs should be asked to ensure that the DC bills are submitted within prescribed time, in order to stem the accretion of unadjusted AC bills. Advances should be monitored closely for effective control and old outstanding AC bills should be adjusted by making special efforts in a time bound manner.*
- *Timely reconciliation may be done with figures of the PAO and AG's office to avoid discrepancies in Accounts.*
- *It may be ensured that the outstanding personal advances be recovered from the defaulters from their salaries and for other advances the DDOs may evolve a system for settlement of the advances in a timely manner.*

- *Advances should be monitored closely for effective control and action should be taken against officials who failed to adjust advances in a timely manner.*
- *In order to make accounts transparent, the Government should operate appropriate Minor Heads instead of booking under Minor Head 800.*
- *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in timely manner to assess their financial position. Appropriate action should be taken against defaulting bodies.*
- *The Government needs to put in place necessary mechanism to ensure timely submission of SARs before the Legislature.*
- *The Government should prepare a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system in Departments to prevent recurrence of such cases.*







**CHAPTER-V:  
FUNCTIONING OF STATE  
PUBLIC SECTOR ENTERPRISES**



## Chapter V: Functioning of State Public Sector Enterprises

*This Chapter provides an overall picture on the functioning of the State Public Sector Enterprises (SPSEs). The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned/controlled Government Companies set up under the Companies Act, 2013/Sikkim Registration of Companies Act 1961 and Statutory Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim.*

### SUMMARY OF FINANCIAL PERFORMANCE OF STATE PUBLIC SECTOR ENTERPRISES

#### 5.1 Introduction

This Chapter presents the financial performance of ‘State Public Sector Enterprises’. The term State Public Sector Enterprises (SPSEs) encompasses the State Government owned companies set up under the Companies Act, 2013, Registration of Companies Act, Sikkim 1961 and Statutory Corporations setup under the statutes enacted by the Parliament and State legislature.

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary of a Government Company.

Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

#### 5.2 Mandate

Audit of ‘Government Companies’ and ‘Government Controlled Other Companies’ is conducted by the Comptroller & Auditor General (CAG) of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG’s (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants as Statutory Auditors for Government companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has right to conduct the supplementary audit of the financial statements of such companies.

The Companies Act, 2013 and the erstwhile Companies Act, 1956 had not been extended to the State of Sikkim. Out of 12 Government Companies existing in the State of Sikkim, four companies were registered under the Companies Act, 1956/2013 while remaining eight were registered under the ‘Registration of Companies Act, Sikkim, 1961’.

The Companies registered under Registration of Companies Act, Sikkim 1961 are audited on entrustment basis, under the provisions of Section 20 (1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. The statutes governing some Statutory Corporations require their accounts to be audited only by CAG.

### 5.3 Working and non-working SPSEs

As on 31 March 2020, there were 22 SPSEs (16 working and six non-working) in Sikkim and only 16 working SPSEs were under the audit jurisdiction of the CAG. The State Government did not extend the audit entrustment of six non-working SPSEs to CAG. The 16 working SPSEs audited by CAG included 12 Government Companies, and four Statutory Corporations as shown in **Table 5.1**.

**Table 5.1: Details of working SPSEs audited by CAG**

Type of SPSEs	SPSEs (all working)	Audit Mandate
<b>Government Companies</b> registered under the Sikkim Registration of Companies Act 1961	8	Audited by CAG on entrustment basis under section 20(1) of CAG (DPC)'s Act 1971
<b>Government Companies</b> registered under the Companies Act, 2013	4	Supplementary audit by CAG as per the provisions of the Companies Act, 2013
<b>Statutory Corporations</b> established under the proclamations of the erstwhile Chogyal (King) of Sikkim	4	Audited by CAG under Section 19(3) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971
<b>Total</b>	<b>16<sup>33</sup></b>	

**Table 5.2** below provides the comparative details of working SPSEs' turnover and State GSDP for a period of three years ending 2019-20.

**Table 5.2: Contribution of SPSEs-turnover to GSDP**

(₹ in crore)

Particulars	2017-18	2018-19	2019-20
SPSEs-Turnover <sup>34</sup>	290.83	2,119.51	2,518.51
GSDP	25,971	28,723	32,496
Percentage of Turnover to GSDP	1.12	7.38	7.75

Source: As per latest finalised accounts of SPSEs.

As could be noticed from the Table above, the contribution of SPSEs' turnover to GSDP over the past three years from 2017-18 to 2019-20 has shown a significant (overall) increase from 1.12 per cent to 7.75 per cent. The major contributors to SPSEs' turnover during 2019-20 were Teesta Urja Limited (₹ 1,613.52 crore) and Teestavalley Power Transmission Limited (₹ 300.43 crore).

<sup>33</sup> Does not include Sikkim Handicraft and Handloom Development Corporation Limited which was entrusted to CAG in August 2020

<sup>34</sup> As per the latest finalised accounts of working SPSEs as on 30<sup>th</sup> September of respective years.

## 5.4 Investment in SPSEs

### State Government's investment in SPSEs

The State's investment in the SPSEs was by way of Equity Share Capital and Long Term Loans. The figures of State investment towards Equity Capital and Loans of SPSEs as per the records of the SPSEs should agree with the corresponding figures appearing in the Finance Accounts of the State. In case of differences in the investment figures, the SPSEs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard for last three years is given in **Table 5.3**.

**Table 5.3: Equity and Loans outstanding as per the State Finance Accounts vis-à-vis records of SPSEs for last three years**

(₹ in crore)

Year	2017-18			2018-19			2019-20		
	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference	Amount as per Finance Accounts	Amount as per records of SPSEs	Difference
<b>Equity</b>	47.26	39.38	7.88	50.19	45.40	4.79	43.70	47.90	4.20
<b>Loans</b>	37.03	2.03	35.00	37.03	2.03	35.00	37.03	2.03	35.00

*Source: As per State Finance Accounts and as per records of SPSEs.*

*Note: The figure of equity and loans (as per SPSEs records) having arrear of accounts, are provisional*

It can be noticed from the **Table** above that, as on 31 March 2020, as per records of SPSEs, the Equity investment made by Government of Sikkim (GoS) increased by ₹ 8.52 crore from ₹ 39.38 crore in 2017-18 to ₹ 47.90 crore in 2019-20, an increase of 21.64 per cent. The GoS had not extended any loans to the SPSEs during the same period. However, there were differences in the figures of Equity (₹ 4.20 crore) and Loan (₹ 35.00 crore) as on 31 March 2020, as per two sets of records. Out of total 10 SPSEs where the GoS had made direct investment, the differences existed in respect of eight<sup>35</sup> SPSEs.

The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in a time bound manner. The Government should correct the system of financing the SPSEs and the Finance accounts may be updated.

<sup>35</sup> Sikkim SC ST OBC Development Corporation, Sikkim Industrial Development and Investment Corporation, Sikkim Power Investment Corporation Limited, Sikkim Power Development Corporation, Sikkim Tourism Development Corporation, Gangtok Smart City Development Limited, Namchi Smart City Limited and Sikkim Trading Corporation of Sikkim

## 5.5 Budgetary assistance to SPSEs

The State Government provides financial support to SPSEs in various forms through annual budgetary allocations. The summarised details of budgetary support towards Equity, Loans and Grants/ Subsidies extended to the SPSEs during past three years are given in **Table 5.4**.

**Table 5.4: Details regarding annual budgetary support to SPSEs**

Particulars	2017-18		2018-19		2019-20 <sup>36</sup>	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Equity capital outgo from budget	0	0	2	6.02	1	2.50
Loans given from budget	0	0	0	0	0	0
Grants/subsidy from budget	2	11.60	2	10.79	1	6.50
<b>Total Outgo</b>	<b>2</b>	<b>11.60</b>	<b>4</b>	<b>16.81</b>	<b>2</b>	<b>9.00</b>

Source: As per SPSEs records

It can be noticed from Table 5.4 that the budgetary support provided by State Government to SPSEs decreased from ₹ 11.60 crore in 2017-18 to ₹ 9.00 crore in 2019-20. The recipients of budgetary support during 2019-20 were Sikkim Power Development Corporation (Equity ₹ 2.50 crore) and Temi Tea Estates (Grants: ₹ 6.50 crore).

## 5.6 Returns from Government Companies and Corporations

### Profit earned and Dividend paid by SPSEs

The position of aggregate profit earned and dividend paid by profit earning SPSEs during the past three years as per the latest finalised accounts as on 30 September of respective year is given in **Table 5.5**.

**Table 5.5: Details of profits earned and dividend paid by working SPSEs**

Year	2017-18	2018-19	2019-20
Number of profit earning working SPSEs	5	7	7
Aggregate profit earned (₹ in crore)	12.98	15.75	59.28
Dividend paid	1.33	1.33	1.33

As can be noticed from Table above, during last three years five to seven working SPSEs earned aggregate profits ranging from ₹ 12.98 crore (2017-18) to ₹ 59.28 crore (2019-20). Only one SPSE (State Bank of Sikkim) had declared dividend during each of the last three years. There was no recorded information about the existence of any specific policy of the State Government regarding payment of minimum dividend by the SPSEs.

<sup>36</sup> As of 31.03.2020 except for Sikkim Poultry Development Corporation (2017-18), Sikkim Hatcheries Limited (2017-18) and Sikkim Livestock Processing Development Corporation Limited (2013-14)

During 2019-20, out of total 16 working SPSEs, seven SPSEs (three Companies and four Statutory Corporations) earned aggregate profits of ₹ 59.28 crore as per their latest finalised accounts. Analysis of the working results of the SPSEs revealed that more than 96 per cent (₹ 57.43 crore) of the SPSEs aggregate profits (₹ 59.28 crore) were contributed by two SPSEs (Teestavalley Power Transmission Limited (₹ 34.19 crore) and State Bank of Sikkim (₹ 23.24 crore) as per its latest finalised accounts (2019-20/2018-19) as on 30 September 2020. This indicated that the other SPSEs had not contributed towards the profit of the public sector enterprises.

### 5.7 Long Term Debt of SPSEs

The position of outstanding Long Term Debts of the SPSEs during the last three years as per their latest finalised accounts is given in **Table 5.6**.

**Table 5.6: Position of Outstanding loans of the SPSEs**

Particulars	2017-18	2018-19	2019-20
Total Loans outstanding (State Government and Others)	14063.14	13284.89	13468.47
State Government Loans outstanding	2.03	2.03	2.03
Interest on Total Loans	473.37	1533.88	1725.66
Interest on State Loan <sup>37</sup>	0	0	0

It can be noticed from the Table above that during 2019-20, the total long-term borrowings of the SPSEs (Companies and Corporations) from all sources registered an increase of ₹ 183.58 crore as compared to previous year (2018-19). This was mainly due to increase of ₹ 225.39 crore in loans of the power sector SPSE (Sikkim Power Investment Corporation Limited) during 2019-20 from ₹ 2,781.35 crore (2018-19) to ₹ 3,006.74 crore (2019-20). The State Government loans to SPSEs during last three years remained constant at ₹ 2.03 crore as per their latest finalised accounts. There were, however, no outstanding long-term loans in respect of seven out of 16 working SPSEs as per their latest finalised accounts.

### 5.8 Operating Efficiency of SPSEs

#### Key parameters

Some of the key parameters of the operational efficiency of working SPSEs for last three years as per their latest finalised accounts as on 30 September of the respective year are given in **Table 5.7** below:

<sup>37</sup> Interest figures as available in the latest finalised accounts of respective SPSEs.

**Table 5.7: Key parameters of operational efficiency of working SPSEs**

(₹ in crore)

Year	No. of working SPSEs	Paid up capital	Net overall Accumulated profits (+)/losses(-)	Net overall profits (+)/losses(-)	EBIT	Capital Employed <sup>38</sup>
2017-18	16	3680.55	-761.27	-320.47	201.08	17078.60
2018-19	16	3693.83	-2089.94	-567.36	1201.19	15006.94
2019-20	16	3713.39	-2266.61	-438.76	1534.38	15054.90

From the Table above, it can be seen that, over the last three years the position of the Net overall losses has deteriorated from ₹ 320.47 crore (2017-18) to ₹ 438.76 crore (2019-20) while 'Earnings before Interest and Tax' (EBIT) during the three years has shown improvement. The Capital Employed of SPSEs during 2019-20 has decreased mainly due to decrease in the long term borrowings of the SPSEs from ₹ 14,063.14 crore (2017-18) to ₹ 13,468.47 crore (2019-20).

Further, the net overall accumulated losses of SPSEs have increased over the period. The major contributors to the accumulated losses of SPSEs during 2019-20 were Teesta Urja Limited (₹ 1,169.47 crore) and Sikkim Power Investment Corporation Limited (₹ 1,000.30 crore). The accumulated losses of above mentioned SPSEs during 2019-20 were set off marginally, by the accumulated profits of Teestavalley Power Transmission Limited (₹ 18.39 crore) and Sikkim Industrial Development and Investment Corporation (₹ 14.17 crore).

## 5.9 Return on Capital Employed

Return on Capital Employed (ROCE) is a profitability metric that measures the long term profitability and efficiency of the total capital employed by a company. Companies create value when they generate returns on the capital employed in excess of the cost of capital. ROCE is an important metric for long term lenders. ROCE is calculated by dividing a company's Earnings Before Interest and Taxes (EBIT) by the Capital Employed.

During 2019-20, the overall capital employed in respect of 16 working SPSEs as per their latest finalised accounts was ₹ 15,054.90 crore. Further, out of 16 working SPSEs, ten SPSEs<sup>39</sup> had positive ROCE.

In comparison, however, the overall capital employed in respect of working SPSEs during the previous two years were ₹ 17,078.60 crore (2017-18) and

<sup>38</sup> **Capital Employed**= Paid up share capital plus Free reserves and Surplus plus Long term loans minus Accumulated losses minus Deferred revenue expenditure.

<sup>39</sup> Sikkim SC ST & OBC Development Corporation, Sikkim Industrial Development and Investment Corporation, Teesta Urja Limited, Teestavalley Power Transmission Limited, Sikkim Power Investment Corporation Limited, Sikkim Power Development Corporation Limited, Sikkim Tourism Development Corporation, State Bank of Sikkim, State Trading Corporation of Sikkim and Government Fruit Preservation Factory.



₹ 15,006.94 crore (2018-19) respectively. Further, out of 16 working SPSEs, seven and nine SPSEs<sup>40</sup> had positive ROCE during 2017-18 and 2018-19 respectively.

### 5.10 Return on Equity (ROE)

Return on Equity<sup>41</sup> (ROE) is a measure of financial performance of companies calculated by dividing the 'net income earned' by the Equity. During 2019-20, seven working SPSEs had earned profits of ₹ 59.28 crore, as per their latest finalised accounts as on 30 September 2020. However, one<sup>42</sup> SPSE earning profit had negative ROE.

The ROE of remaining six SPSEs that earned profit ranged from 1.26 to 68.89 per cent as detailed in **Table 5.8** below.

**Table 5.8: Return on Equity**

Sl. No.	Name of the Company	Year of Accounts	ROE (in per cent)
1.	Sikkim Industrial Development and Investment Corporation	2018-19	2.46
2.	Teestavalley Power Transmission Limited	2019-20	8.40
3.	Sikkim Tourism Development Corporation	2016-17	1.26
4.	State Bank of Sikkim	2018-19	29.88
5.	State Trading Corporation of Sikkim	2018-19	1.86
6.	Government Fruit Preservation Factory	2018-19	68.89

### 5.11 SPSEs incurring Losses

The position of aggregate losses incurred by loss making working SPSEs during the past three years as per their latest finalised accounts is given **Table 5.9**.

**Table 5.9: Details of loss making working SPSEs**

Year	2017-18	2018-19	2019-20
Total No. of working SPSEs	16	16	16
Number of loss making working SPSEs	11	10	9 <sup>43</sup>
Aggregate losses (₹ in crore)	329.66	583.18	498.04

*Source: Latest finalised Accounts of SPSEs*

The details of major contributors to losses of working SPSEs (₹ 498.04 crore) incurred during 2019-20 are given in **Table 5.10** below:

<sup>40</sup> Sikkim SC ST & OBC Development Corporation, Sikkim Industrial Development and Investment Corporation, Teesta Urja Limited, Teestavalley Power Transmission Limited, Sikkim Power Investment Corporation Limited, Sikkim Tourism Development Corporation, State Bank of Sikkim, State Trading Corporation of Sikkim (2018-19) and Namchi Smart City Limited (2018-19).

<sup>41</sup> **Return on Equity** = (Net Profit after Tax and preference Dividend ÷ Equity) x 100, where **Equity** = Paid up Capital plus Free Reserves and Accumulated profit minus Accumulated losses and Deferred Revenue Expenditure.

<sup>42</sup> Temi Tea Estates

<sup>43</sup> Including one SPSE (Gangtok Smart City Ltd.) which made nominal losses (₹ 833.00) as per its latest finalised accounts for 2018-19.

**Table 5.10: Major contributors to losses of working SPSEs during 2019-20**

(₹ in crore)

Sl. No.	Name of the Company	Latest finalised accounts	Net Loss
1	Teesta Urja Limited	2018-19	313.06
2.	Sikkim Power Investment Corporation Limited	2019-20	184.31
<b>Total</b>			<b>497.37</b>

It can be noticed that more than 99 per cent (₹ 497.37 crore) of the losses incurred by working SPSEs (₹ 498.04 crore) during 2019-20 were contributed by the above mentioned two SPSEs.

### 5.12 SPSEs having complete erosion of capital

The aggregate paid-up capital and accumulated losses of 16 working SPSEs as per their latest finalised accounts as on 30 September 2020 were ₹ 3,713.39 crore and ₹ 2,266.61 crore respectively. Analysis of investment and accumulated losses of these SPSEs revealed that the accumulated losses of four working SPSEs (₹ 1,119.52 crore) had completely eroded their paid-up capital (₹ 73.50 crore) as detailed in **Table 5.11**.

**Table 5.11: Erosion of Capital of SPSEs**

(₹ in crore)

Name of SPSE	Latest finalised accounts	Paid up capital	Accumulated losses
Sikkim Hatcheries Limited	2017-18	0.46	(-) 2.71
Sikkim Livestock Processing and Development Corporation Limited	2013-14	0.69	(-) 1.04
Sikkim Power Investment Corporation Limited	2019-20	0.01	(-) 1,000.30
Sikkim Power Development Corporation	2018-19	72.34	(-) 115.47
<b>Total</b>		<b>73.50</b>	<b>(-) 1,119.52</b>

Accumulation of huge losses by these SPSEs had eroded public wealth, which is a cause of serious concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.

## OVERSIGHT ROLE OF COMPTROLLER & AUDITOR GENERAL OF INDIA

### 5.13 Audit of State Public Sector Enterprises (SPSEs)

The CAG of India appoints the Statutory Auditors of a Government Company and Government Controlled Other Company under Section 139(5) and (7) of the Companies Act, 2013. For Companies registered under Sikkim Registration of Companies Act, 1961, the Board of Directors of the respective companies appoints the Statutory Auditors. The CAG has a right to conduct a supplementary audit and supplement or comment upon the Audit Report of the Statutory Auditor in respect of companies registered under the Companies Act, 2013. Besides, supplementary

audit of the accounts of the Companies registered under Sikkim Registration of Companies Act, 1961 as well as the Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim has been entrusted to the CAG and Audit Reports are submitted to the State Legislature.

#### **5.14 Appointment of statutory auditors of SPSEs by CAG**

Sections 139 (5) of the Companies Act, 2013 provides that the Statutory Auditor in case of a Government Company or Government Controlled Other Company is to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The Statutory Auditors of four SPSEs<sup>44</sup> registered under Companies Act, 2013 and the erstwhile Companies Act, 1956, are appointed by the CAG. In respect of eight Companies registered under Sikkim Registration of Companies Act 1961 and four Corporations, the Statutory Auditors are to be appointed by the Board of Directors of the SPSEs concerned.

#### **5.15 Submission of accounts by SPSEs**

##### **Need for timely submission**

According to Section 394 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the State Legislature together with a copy of the Audit Report and any comments up on or supplement to the Audit Report made by the CAG. This mechanism provides the necessary legislative control over the utilization of public funds invested in the four working companies from the State budget, registered under the Companies Act, 2013. However, similar provisions do not exist in the Sikkim Registration of Companies Act 1961 regulating the remaining eight working Companies and in the Acts regulating the four working statutory corporations. The Separate Audit Reports along with the Accounts of these 12 SPSEs are laid before the State Legislature under Section 20(1)/ 19A(3) of the CAG's DPC Act 1971.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also states that not more than 15 months shall elapse between the dates of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM for their consideration. Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment of the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

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<sup>44</sup> *Companies Act, 1956: Teesta Urja Limited (TUL) and Teestavalley Power Transmission Limited (TPTL) and Companies Act, 2013: Namchi Smart City Limited (NSCL) and Gangtok Smart City Development Limited (GSCDL).*

No such provisions exist either in the Sikkim Registration of Companies Act, 1961 or in the Acts regulating the Statutory Corporations, under which eight Companies and four Statutory Corporations have been incorporated.

The details of annual accounts of various SPSEs pending finalisation as on 30 September 2020 are discussed in the succeeding paragraphs.

### **5.16 Timeliness in preparation of accounts by SPSEs**

The details relating to finalisation of accounts by 16 working SPSEs (12 Government Companies and four Statutory Corporations) during the last three years as of 30 September of respective year are given **Table 5.12**.

**Table 5.12: Position relating to finalisation of Accounts of working SPSEs**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
1.	Number of working SPSEs	16	16	16
2.	Number of Accounts finalised during the year	7	39	11
3.	Number of Accounts in arrears	45	22	27
4.	Number of Working SPSEs with arrears in Accounts	13	12	14
5.	Extent of arrears (number in years)	1 to 9	1 to 6	1 to 6

The accounts of only two<sup>45</sup> out of 16 working SPSEs were up-to-date as on 30 September 2020. Remaining 14 working SPSEs had a backlog of 27 accounts for periods ranging from one to six years. The highest number of six Accounts was pending finalisation in respect of Sikkim Livestock Processing and Development Corporation, which finalised its accounts upto 2013-14 as on 30 September 2020.

The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of SPSEs under their control are finalised and adopted by the SPSEs within the stipulated / reasonable period.

The Principal Accountant General (Audit), Sikkim had been regularly pursuing with the Administrative Departments and concerned SPSEs for liquidating the arrears of accounts of SPSEs. However, the Departments and the SPSEs concerned could not address the issue to clear pendency of accounts of the SPSEs in a time bound manner.

### **5.17 CAG's oversight - Audit of accounts and supplementary audit**

#### **Financial reporting framework**

Companies are required to prepare the Financial Statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Advisory Committee on Accounting Standards. However, there is no such

<sup>45</sup> Teestavalley Power Transmission Limited and Sikkim Power Investment Corporation Limited

prescribed framework under Sikkim Registration of Companies Act 1961. The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts as stipulated under the Act governing such Corporations.

### **5.18 Audit of accounts of Government Companies by Statutory Auditors**

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act 2013, conduct audit of accounts of the Government Companies and submit their Report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG provides oversight by monitoring the performance of the Statutory Auditors in conducting the audit of the SPSEs with the overall objective that the Statutory Auditors discharge the functions assigned to them properly and effectively.

This function is discharged by exercising the power:

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013;
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013; and
- to supplement or comment upon the statutory auditor's report under Section 20 (1) and 19 (3) of the CAG DPC Act 1971.

### **5.19 Supplementary Audit of accounts of Government Companies**

The prime responsibility for preparation of Financial Statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Acts is of the Management of the Entity.

The Statutory Auditors appointed by the CAG under Section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the Financial Statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by the CAG. The Statutory Auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

The certified accounts of selected Government Companies along with the Report of the Statutory Auditors are reviewed by CAG by carrying out a Supplementary Audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting. The Separate Audit Report, containing the supplementary audit findings of the CAG, of companies registered under Sikkim Registration of Companies Act, 1961 may be placed before the State Legislature at the discretion

of the CAG<sup>46</sup>. In respect of the Statutory Corporations, Section 19 A(3) of the CAG DPC Act, 1971 stipulates that the Separate Audit Report should be placed before the State Legislature.

## **5.20 Result of CAG’s oversight role**

### **❖ Audit of accounts of SPSEs**

#### **Government Companies/ Government Controlled Other Companies**

During 2019-20, six working Companies forwarded total eight accounts to the Principal Accountant General (Audit), Sikkim. All accounts were selected for Supplementary Audit during the year. None of the SPSEs was issued a ‘Non-Review Certificate’ (NRC) during the year 2019-20.

#### **Statutory Corporation**

The Principal Accountant General (Audit), Sikkim has four Statutory Corporations under his audit purview for which the Supplementary Audit is conducted. During 2019-20, two Statutory Corporations submitted three accounts to the PAG (Audit), Sikkim for audit.

The audit reports of Statutory Auditors appointed by the CAG and the Supplementary Audit conducted by the CAG indicated that the quality of maintenance of SPSEs’ accounts needs to be improved substantially. The results of the review are detailed below:

### **❖ Significant comments of the CAG issued as supplement to the Statutory Auditors’ reports on SPSEs**

Some of the significant comments issued on the financial statements of the SPSE are detailed **Table 5.13**.

**Table 5.13: Gist of significant comments on the accounts of the SPSEs**

<b>Sl. No.</b>	<b>Name of the SPSEs</b>	<b>Comments</b>
1	Sikkim Power Investment Corporation Limited (SPICL) (Year of Accounts: 2019-20)	<ul style="list-style-type: none"> <li>• SPICL erroneously accounted ₹ 49.52 crore infused by the State Government towards Equity Capital, as its Revenue. This resulted in understatement of “Share Capital (Share application money pending allotment)” as well as “Accumulated losses” by ₹ 49.52 crore each.</li> <li>• SPICL failed to provide for the permanent diminution in value of investment leading to overstatement of “Investments” and understatement of “Provision for losses” by ₹ 50 crore each.</li> </ul>

<sup>46</sup> As per Clause 7 of Standard Terms and Conditions for entrustment of audit to CAG under section 20(1) of the CAG (DPC) Act 1971

Sl. No.	Name of the SPSEs	Comments
2	State Trading Corporation of Sikkim (STCS) (Year of Accounts: 2018-19)	<ul style="list-style-type: none"> <li>• STCS did not account the appreciation in the value of Land from ₹ 0.03 crore to ₹ 2.56 crore in violation of the provisions of paragraph 13.7 of Accounting Standard 10. This has resulted in understatement of “Land” and ‘Reserves and Surplus-Revaluation Reserves’ by ₹ 2.56 crore each.</li> </ul>
3	State Bank of Sikkim (Year of Accounts: 2018-19)	<ul style="list-style-type: none"> <li>• The Cash Balances of the Government of Sikkim of ₹ 38.78 crore with the bank was depicted as ₹ 70.20 crore in the Finance Account. The difference of ₹ 31.42 crore has neither been reconciled nor the fact disclosed under the ‘notes to accounts’ of the Financial Statements</li> </ul>

### 5.21 Management Letters

One of the objectives of financial audit is to establish communication on audit of Financial Statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the Financial Statements of SPSEs were reported as comments by the CAG under Section 143 (6)(b) of the Companies Act, 2013 or as per Section 20(1)/ 19(3) of CAG’s DPC Act 1971. Besides these comments on accounts, the irregularities or deficiencies observed by CAG in the Financial Statements or in the reporting process, were also communicated to the management separately through a ‘Management Letter’ for taking corrective action. These deficiencies generally related to -

- application and interpretation of accounting policies and practices,
- adjustments arising out of audit that could have a significant effect on the Financial Statements, and
- Inadequate or non-disclosure of certain information on which management of the concerned SPSE gave assurances that corrective action would be taken in the subsequent year.

During 2019-20, the ‘Management Letters’ were issued to two SPSEs as shown in **Table 5.14**.



Table 5.14: List of the SPSEs where Management Letters were issued

Sl. No.	Name of the SPSEs (Year of accounts finalised)
1	Gangtok Smart City Development Limited (2018-19)
2	State Bank of Sikkim (2018-19)

## 5.22 Conclusion

As on 31 March 2020, the State of Sikkim had 22 SPSEs (16 working and six non-working) and only 16 working SPSEs were under the audit jurisdiction of the CAG. The State Government did not extend the audit entrustment of six non-working SPSEs to CAG. The 16 working SPSEs audited by CAG included 12 Government Companies, and four Statutory Corporations. The CAG conducts supplementary audit of four SPSEs (all companies registered under the Companies Act, 2013) as per the provisions of the Companies Act, 2013 while the audit of remaining 12 SPSEs (eight companies registered under the Sikkim Registration of Companies Act 1961 and four Corporations established under the proclamations of the erstwhile Chogyal (King) of Sikkim) is conducted by CAG on entrustment basis under section 20 (1)/19 (3) of CAG's (Duties, Powers and Conditions of Services) Act, 1971.

As on 31 March 2020, there was a difference of ₹ 39.20 crore in the investment figures of the State Government (Equity: ₹ 4.20 crore; Long-term Loans: ₹ 35.00 crore) as per State Finance Accounts *vis-à-vis* records of SPSEs. The differences in investment figures existed in respect of eight SPSEs.

During 2019-20 the State Government has provided budgetary support of ₹ 9.00 crore to two SPSEs in the form of Equity (₹ 2.50 crore) and Grants/subsidy (₹ 6.50 crore). The recipients of budgetary assistance were Sikkim Power Development Corporation (Equity: ₹ 2.50 crore) and Temi Tea Estates (Grants: ₹ 6.50 crore).

During 2019-20, out of total 16 working SPSEs, seven SPSEs earned profits (₹ 59.28 crore) as per their latest finalised accounts. However, more than 96 per cent (₹ 57.43 crore) of the profits (₹ 59.28 crore) earned by seven SPSEs was contributed by two SPSEs, namely, Teestavalley Power Transmission Limited (₹ 34.19 crore) and State Bank of Sikkim (₹ 23.24 crore). Further, the accumulated losses (₹ 1,119.52 crore) of four out of 16 working SPSEs had completely eroded their paid-up capital (₹ 73.50 crore) as per their latest finalised accounts.

As on 30 September 2020, 14 out of 16 SPSEs had a total arrear of 27 Accounts ranging from one to six years. The highest number of accounts pending finalisation pertained to Sikkim Livestock Processing and Development Corporation (six Accounts).



**5.23 Recommendations**

- *The State Government and the SPSEs concerned should take concrete steps to reconcile the differences in the investment figures (Equity and Long term Loans) of the State Government as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.*
- *Accumulation of huge losses by four out of 16 working SPSEs had eroded public wealth, which is a cause of concern and the State Government needs to review the working of these SPSEs to either improve their profitability or close their operations.*
- *The Administrative Departments overseeing the SPSEs having backlog of Accounts need to ensure that these SPSEs finalise and adopt their Accounts within the stipulated period, failing which financial support to them be reviewed.*

**Gangtok**  
**The: 08 October 2021**

  
**(SUSHIL KUMAR)**  
**Principal Accountant General (Audit), Sikkim**

**Countersigned**

**New Delhi**  
**The: 14 October 2021**

  
**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**





**APPENDICES**



## Appendix 1.1: Part A: State Profile

(Reference: Paragraph 1.1, 1.4 & 2.3.2.2)

General Data					
Sl. No.	Particulars	Sikkim		All India	
1	Area in sq. Km	7096		31,87,240	
2	Population in lakh (As per 2011 Census)	6.11		12108.55	
3	Density of Population (2011 Census) <sup>1</sup> (person per sq.km)	86		382	
4	Population below poverty line <sup>2</sup>	8.19		21.9	
5	Literacy rate <sup>3</sup> (percentage)	81.40		73.0	
6	Infant mortality (per 1,000 live births) <sup>4</sup>	07		33	
7	Human Development Index (All India) <sup>5</sup> a. 2017 b. 2018	0.643		0.647	
		0.647			
8	Gross State Domestic Product (GSDP) 2019-20 at current prices As per Ministry of Statics and Programme Implementation, GOI (₹ in crore)	32,496		2,03,39,849	
9	Per capita GDP CAGR (2011-12 to 2019-20) in percentage	12.15		11.14	
11	Per capital GDP 2018-19 (in ₹)	4,87,196		1,51,677	
12	Decadal Population Growth (2011-20) in percentage	11.30		11.09	
13	Financial Data	CAGR (2010-11 to 2018-19) in per cent		Growth Rate (2018-19 to 2019-20)	
		NE and Himalayan States	Sikkim	NE and Himalayan States	Sikkim
a.	Revenue Receipts	12.26	13.49	- 9.88	-18.23
b.	Tax Revenue	13.29	15.62	-8.10	8.68
c.	Non Tax Revenue	13.92	13.31	-19.72	5.42
d.	Total Expenditure	12.56	13.00	-6.05	5.46
e.	Capital Expenditure	11.41	14.05	-15.60	-44.20
f.	Revenue Expenditure on Education	12.75	7.59	-8.16	33.41
g.	Revenue Expenditure on Health	15.50	13.05	-4.96	22.10
h.	Salary and Wages	12.05	10.38	-7.07	50.84
i.	Pension	16.56	21.03	3.05	23.51

### Financial Data comparison of Sikkim with the other states of North Eastern Region

(₹ in crore)

Sl. No.	Particulars	Assam	Nagaland	Meghalaya	Arunachal Pradesh	Manipur	Mizoram	Tripura	Sikkim
a.	Revenue Expenditure	65817.28	11637.02	9565.12	12218.73	10238.63	9447.48	13376.91	6185.08
b.	Capital Expenditure	13185.42	1206.32	939.71	3693.05	1155.24	1372.67	883.22	720.61
c.	Loans & Advances	316.16	9.27	43.78	16.02	0.00	82.63	3.75	17.06
d.	Expenditure on Education (Revenue)	15813.66	1594.89	1989.72	1726.93	1422.18	1573.18	2583.82	1326.98
	Expenditure on Education (Capital)	166.04	66.14	0.30	59.36	47.61	14.14	19.24	41.54
e.	Expenditure on Health (Revenue)	4846.90	660.32	816.43	926.15	600.35	551.92	848.34	386.12
	Expenditure on Health (Capital)	487.36	7.62	49.39	59.08	41.09	31.29	51.40	39.07
f.	Salary and Wages	27437.62	5249.81	3439.81	4917.24	3826.70	3211.44	5663.10	2932.74
g.	Pension	9609.02	1810.91	1131.56	882.31	1738.47	1432.50	2370.59	910.58
h.	GSDP at current rates	351318	30508	36572	27037	31989	26503	57358	32496
i.	Capital expenditure ratio with GSDP	3.75	3.95	2.57	13.66	3.61	5.18	1.54	2.22
j.	Revenue Expenditure ratio with GSDP	18.73	38.14	26.15	45.19	32.01	35.65	23.32	19.03

<sup>1</sup> Table 2.3 Statistical Year Book 2018 -MoSPI

<sup>2</sup> Economic Survey 2018-19 Vol. II Page A 168 (Table-9.8)

<sup>3</sup> Economic Survey 2018-19 Vol. II Page A 164 (Table-9.4)

<sup>4</sup> Economic Survey 2018-19 Vol. II Page A 160 (Table-9.1)

<sup>5</sup> HDI Report 2019 by UNDP

## Appendix 1.1 Part B: Layout of Finance Accounts

(Reference: Paragraph 1.4)

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

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

## Appendix 1.1: Part C Structure of Government Accounts

(Reference: Paragraph 1.4)

**The accounts of the State Government are kept in three parts viz., Consolidated Fund, Contingency Fund and Public Account**

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

**Part II: Contingency Fund:** Contingency Fund of the State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the fund.

**Part III: Public Account:** Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

### List of Terms used in Chapter I and Basis for their Calculation

Terms	Basis of Calculation
Buoyancy of a parameter	
Buoyancy of a parameter (X) with respect to another parameter	Rate of Growth of the parameter (X)/Rate of Growth of the parameter (Y).
Rate of Growth (ROG)	$(\text{Current year Amount}/\text{Previous year Amount} - 1) \times 100$ .
Average	Trend of growth over a period of 5 years
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be.
Development Expenditure	Social Services + Economic Services
Interest received <i>as per cent</i> to loans outstanding	$\text{Interest received}/[(\text{opening balance} + \text{closing balance of loans and advances})/2] \times 100$ .
Revenue Deficit	Revenue receipt - revenue expenditure.
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances - Revenue Receipts - Miscellaneous Capital Receipts.
Primary Deficit	Fiscal deficit - Interest payments.
Balance from Current Revenue (BCR)	Revenue receipts <i>minus</i> plan grants and non-plan revenue expenditure excluding debits under 2048 - Appropriation for reduction or avoidance of debt.
Compound Annual Growth Rate (CAGR)	The compound annual growth rate is calculated by taking the $n^{\text{th}}$ root of the total percentage growth rate, where n is the number of years in the period being considered. $\text{CAGR} = [\text{Ending Value}/\text{Beginning Value}]^{(1/\text{no. of years})} - 1$
GSDP	GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production at current prices.
Buoyancy Ratio	Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy at 0.7 implies that revenue receipts tend to increase by 0.7 percentage points, if the GSDP increases by one <i>per cent</i> .

<b>Terms</b>	<b>Basis of Calculation</b>
Core Public and Merit Goods	<p>Core public goods are those which all citizens enjoy in common in the sense that each individual's consumption of such goods lead to no subtractions from any other individual's consumption of that goods, e.g. enforcement of law and order, security and protection of our rights; pollution free air, other environmental good, road infrastructure etc. Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption. Examples of such goods include the provision of free or subsidised food for the poor to support nutrition, delivery of health services to improve quality of life and reduce morbidity, providing basic education to all, drinking water and sanitation, etc.</p> <p>"The analysis of expenditure data is disaggregated into developmental and non-developmental expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into social services, economic services and general services. Broadly, the social and economic services constitute developmental expenditure, while expenditure on general services is treated as non-developmental expenditure</p>
Debt Sustainability	<p>The Debt sustainability is defined as the ability of the State to maintain a constant debt- GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt therefore also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt.</p>
Non-debt Receipts	<p>Adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure.</p>
Net Availability of Borrowed Funds	<p>Defined as the ratio of the debt redemption (principal+ interest payments) to total debt receipts indicates the extent to which the debt receipts are used in debt redemption and gives the net availability of borrowed funds.</p>



## Appendix 1.2 Time Series Data on the State Government Finances

(Reference: Paragraph 1.4)

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>3,784.29</b>	<b>4,610.30</b>	<b>5,212.79</b>	<b>5920.36</b>	<b>4841.27</b>
	<b>99.96</b>	<b>(99.97)</b>	<b>99.98</b>	<b>99.97</b>	<b>99.99</b>
<b>(i) Tax Revenue</b>	<b>566.82</b>	<b>652.56</b>	<b>688.33</b>	<b>892.92</b>	<b>970.41</b>
Taxes on Sales, Trade, etc.	325.72 (57.46)	364.82 55.91	249.66 31.57	188.20 (21.08)	197.63 20.37
State Goods & Service Tax (SGST)	0	0	171.39 100	405.72 (45.44)	454.89 46.88
State Excise	142.08 (25.07)	156.24 23.94	150.47 21.86	183.09 (20.50)	207.15 21.35
Taxes on Vehicles	22.36 -3.94	24.9 3.82	29.37 4.27	33.11 3.71	41.08 4.23
Stamps and Registration fees	8.51 -1.5	12.57 1.93	13.57 1.97	14.95 1.67	13.30 1.37
Land Revenue	1.85 -0.33	6.39 0.98	7.44 1.08	9.09 1.02	4.40 0.45
Other Taxes on Income and Expenditure	7.92 -1.4	7.82 1.2	8.04 1.17	15.63 1.75	0.00 0.00
Other Taxes	58.38 -10.3	79.82 12.23	58.4 8.48	43.13 4.83	51.96 5.35
<b>(ii) Non Tax Revenue</b>	<b>412.99</b> <b>(10.91)</b>	<b>451.64</b> <b>9.8</b>	<b>654.38</b> <b>12.55</b>	<b>657.78</b> <b>11.11</b>	<b>693.40</b> <b>14.32</b>
<b>(iii) State's share of Union taxes and duties</b>	<b>1,870.28</b> <b>(49.42)</b>	<b>2,069.19</b> <b>44.88</b>	<b>2,634.66</b> <b>50.54</b>	<b>2794.67</b> <b>47.2</b>	<b>2295.56</b> <b>47.42</b>
<b>(iv) Grants in aid from Government of India</b>	<b>934.20</b> <b>(24.69)</b>	<b>1,436.91</b> <b>31.17</b>	<b>1,235.42</b> <b>(23.70)</b>	<b>1574.99</b> <b>(26.60)</b>	<b>881.90</b> <b>18.22</b>
<i>2. Miscellaneous Capital Receipts</i>	-				0.00
<i>3. Recoveries of Loans and Advances</i>	<b>1.38</b> <b>(0.04)</b>	<b>1.37</b> <b>0.03</b>	<b>0.91</b> <b>0.02</b>	<b>1.77</b> <b>0.03</b>	<b>0.30</b> <b>0.01</b>
<b>4. Total Revenue and Non debt Capital Receipts (1+2+3)</b>	<b>3,785.67</b> <b>(85.25)</b>	<b>4,611.67</b> <b>85.48</b>	<b>5,213.70</b> <b>(83.19)</b>	<b>5922.13</b> <b>(83.80)</b>	<b>4841.57</b> <b>85.32</b>
<b>5. Public Debt Receipts</b>	<b>654.88</b> <b>(14.75)</b>	<b>783.34</b> <b>14.52</b>	<b>1,053.46</b> <b>(16.81)</b>	<b>1145.21</b> <b>(16.20)</b>	<b>833.21</b> <b>14.68</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	652.05 (99.57)	776.61 99.14	1,050.93 (99.76)	1140.09 (99.55)	819.36 98.34
Net transactions under Ways and Means Advances and Overdrafts	-	0.00	0.00	0.00	0.00
Loans and Advances from Government of India	2.83 (0.43)	6.73 0.86	2.53 (0.24)	5.12 (0.45)	13.85 1.66
<b>6. Total Receipts in the Consolidated Fund (4+5)</b>	<b>4,440.55</b> <b>(38.43)</b>	<b>5,395.01</b> <b>45.99</b>	<b>6,267.16</b> <b>(45.76)</b>	<b>7067.34</b> <b>(46.84)</b>	<b>5674.78</b> <b>38.70</b>
<i>7. Contingency Fund Receipts</i>	0.00(0.00)	0.00(0.00)	0.00(0.00)	0.00(0.00)	0.00
<i>8. Public Account Receipts(Gross)</i>	7114.68 (61.57)	6,335.06 (54.01)	7,429.63 (54.24)	8022.31 (53.16)	8987.23 61.30
<b>8A. Public Account Receipts(Net)(8-19)</b>	<b>248.8</b>	<b>89.19</b>	<b>308.77</b>	<b>183.66</b>	<b>465.77</b>

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
<b>9. Total Receipts of the State (6+7+8)</b>	<b>11,555.23</b>	<b>11,730.08</b>	<b>13,696.79</b>	<b>15089.7</b>	<b>14662.01</b>
<b>9A. Total Receipts of the State (net)(6+7+8A)</b>	<b>4,689.35</b>	<b>5,484.20</b>	<b>6,575.93</b>	<b>7251</b>	<b>6140.55</b>
<b>Part B. Expenditure/ Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>3,644.58</b>	<b>3,788.08</b>	<b>4,151.85</b>	<b>5226.57</b>	<b>6185.08</b>
	<b>(84.65)</b>	<b>-83.71</b>	<b>(73.15)</b>	<b>(79.62)</b>	<b>89.34</b>
Plan	1,270.68 (34.86)	1,250.98 -33.02	Not Applicable		
Non Plan	2,373.9 (65.14)	2,537.10 -66.98			
General Services (including interest payments)	1,243.80 (34.13)	1,420.77 -37.51	1,528.13 (36.81)	1960.24 (37.51)	2419.77 39.12
Social Services	1,236.19 (33.92)	1,335.07 -35.24	1,532.15 (36.90)	2071.77 (39.64)	2253.69 36.44
Economic Services	1,125.79 (30.89)	976.61 -25.78	1,028.25 (24.77)	1128.16 (21.59)	1427.76 23.08
Grants-in-aid and contributions	38.8 -1.06	55.63 -1.47	63.32 -1.53	66.4 -1.27	83.86 1.36
<b>11. Capital Expenditure</b>	<b>633.98</b>	<b>720.29</b>	<b>1,506.78</b>	<b>1291.31</b>	<b>720.61</b>
	<b>(14.72)</b>	<b>-15.92</b>	<b>(26.55)</b>	<b>(19.67)</b>	<b>10.41</b>
Plan	633.98 -100	720.29 -100	Not Applicable		
Non Plan	0	0			
General Services	63.97 -10.09	71.18 -9.88	149.76 -9.94	72.71 (5.63)	128.85 17.88
Social Services	200.80 (31.67)	243.21 -33.77	534.53 -35.47	363.45 (28.15)	265.76 36.88
Economic Services	369.21 (58.24)	405.89 -56.35	822.49 -54.59	855.15 (66.22)	326.00 45.24
<b>12. Disbursement of Loans and Advances</b>	<b>27.03</b>	<b>17</b>	<b>16.95</b>	<b>46.57</b>	<b>17.06</b>
	<b>-0.63</b>	<b>-0.38</b>	<b>-0.3</b>	<b>(0.71)</b>	<b>0.25</b>
<b>13. Total (10+11+12)</b>	<b>4,305.59</b>	<b>4,525.37</b>	<b>5,675.58</b>	<b>6564.45</b>	<b>6922.75</b>
	<b>(95.64)</b>	<b>94.84</b>	<b>94.31</b>	<b>94.58</b>	<b>94.36</b>
<b>14. Repayments of Public Debt</b>	<b>196.13</b>	<b>246.26</b>	<b>342.63</b>	<b>375.88</b>	<b>413.78</b>
	<b>(4.36)</b>	<b>-5.16</b>	<b>-5.69</b>	<b>(5.42)</b>	<b>5.64</b>
Internal Debt (excluding Ways and Means Advances and Overdrafts)	186.16 (94.92)	236.05 -95.85	332.49 -97.04	365.44 (97.22)	403.13 97.43
Net Transactions under Ways and Means Advances and Overdraft	-	-	-		
Loans and Advances from Government of India	9.97(5.08)	10.21 -4.15	10.14 -2.96	10.44 (2.78)	10.65 2.57
<b>15. Appropriation to Contingency Fund</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>16. Gross Expenditure on Lotteries</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>17. Total disbursement out of Consolidated Fund (13+14+15 +16)</b>	<b>4,501.72</b>	<b>4,771.63</b>	<b>6,018.21</b>	<b>6940.33</b>	<b>7336.53</b>
	<b>(39.60)</b>	<b>(43.31)</b>	<b>(45.81)</b>	<b>(46.96)</b>	<b>(46.26)</b>
18. Contingency Fund disbursements	0	0.31 0	(-) 0.31 0	0	0.00 0.00
19. Public Account disbursements	6,865.88 (60.40)	6,245.87 -56.69	7,120.86 -54.19	7838.63 (53.04)	8521.46 53.74
<b>20. Total disbursement by the State (17+18+19)</b>	<b>11,367.60</b>	<b>11,017.81</b>	<b>13,138.76</b>	<b>14779</b>	<b>15857.99</b>

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Part C: Deficits</b>					
21. Revenue Deficit (-)/Revenue Surplus (+) (1-10)	139.71	822.22	1,060.94	693.79	-1343.81
22. Fiscal Deficit (-)/Fiscal Surplus (+) (4-13)	(-)519.92	86.3	-461.88	-642.32	-2081.18
23. Primary Deficit (-)/ Primary Surplus (+)(22-24)	(-)257.85	410.69	-99.71	-209.27	-1571.50
<b>Part D: Other data</b>					
24. Interest Payments (included in revenue expenditure)	262.07	324.39	362.17	433.05	509.68
25. Financial Assistance to Local Bodies etc.	317.78	304.9	369.27	411.39	184.83
26. Ways and Means Advances/Overdraft availed (days)	-	-	-	-	0.00
27. Interest on Ways and Means Advances/Overdraft	-	-	-	-	0.00
<b>28 Gross State Domestic Product</b>	<b>18,034</b>	<b>20687</b>	<b>25971</b>	<b>28723</b>	<b>32496</b>
<b>29. Outstanding Fiscal Liabilities (year end)</b>	<b>3,961.16</b>	<b>4,671.18</b>	<b>5,451.04</b>	<b>6,335.06</b>	<b>7400.66</b>
30. Outstanding Guarantees (beginning of year) (including interest)	112.14	89.17	441.49	425.45	3455.04
31. Maximum amount Guaranteed (year end)	156.7	517.9	648.71	3849.19	3941.97
32. Number of Incomplete Projects	265	413	146	201	233
33. Capital blocked in Incomplete Projects	1,080.92	717.78	302.96	666.41	644.37
<b>Part E: Fiscal Health Indicators</b>					
<b>I Resource Mobilisation</b>					
Revenue Receipts/GSDP	0.21	0.22	0.20	0.21	0.15
Own Tax Revenue/GSDP	0.03	0.03	0.03	0.03	0.03
Own Non-Tax Revenue/GSDP	0.02	0.02	0.03	0.02	0.02
State's share in Central taxes and Duties/GSDP	0.11	0.10	0.10	0.10	0.07
<b>II Expenditure Management</b>					
Total Expenditure/GSDP	0.24	0.22	0.22	0.23	0.21
Total Expenditure/Revenue Receipts	1.14	0.98	1.09	1.11	1.43
Revenue Expenditure/Total Expenditure	0.85	0.84	0.73	0.8	0.89
Expenditure on Social Services/Total Expenditure	0.33	0.35	0.36	0.37	0.36
Expenditure on Economic Services/Total Expenditure	0.35	0.31	0.33	0.3	0.25
Capital Expenditure/Total Expenditure	0.15	0.16	0.27	0.2	0.10
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.13	0.14	0.24	0.19	0.09
<b>III Management of Fiscal Imbalances (in per cent)</b>					
Revenue deficit (surplus)/GSDP	0.77	3.97	4.09	2.42	-4.14
Fiscal deficit/GSDP	-2.88	0.42	-1.78	-2.24	-6.40
Primary Deficit (surplus) /GSDP	1.43	1.99	-0.38	-0.73	-4.84
Revenue Deficit(surplus) /Fiscal Deficit	-26.87	952.75	-229.70	-108.01	64.57
<b>IV Management of Fiscal Liabilities</b>					
Fiscal Liabilities/GSDP	0.22	0.23	0.21	0.22	0.23
Fiscal Liabilities/RR	1.05	1.01	1.05	1.07	1.53
<b>V Other Fiscal Health Indicators</b>					
Return on Investment (₹ in crore)	12.7	2.01	2.92	4.38	3.06
Balance from Current Revenue (₹ in crore)	562.68	713.01	NA**	--	--
Assets/Fiscal Liabilities	2.74	2.63	2.64	2.53	

**Appendix – 2.1A: Abstract of Receipts & Disbursement**  
(Reference Paragraph 2.2)

Receipts				Disbursements			
2018-19			2019-20	2018-19			2019-20
<b>Section A: Revenue</b>							
<b>5,920.36</b>	<b>I-Revenue Receipts</b>		<b>4841.27</b>	<b>5,226.57</b>	<b>I-Revenue Expenditure</b>		<b>6185.08</b>
892.92	Tax revenue	970.41		<b>1,960.24</b>	<b>General Services</b>	<b>2419.77</b>	
657.78	Non-tax revenue	693.4		<b>2,071.77</b>	<b>Social Services</b>	<b>2253.69</b>	
2,794.67	State's share of Union Taxes	2295.56		994.64	Education, Sports, Art and Culture.	1326.98	
1,574.99	Grants-in-aid	881.90		316.24	Health and Family Welfare	386.12	
	Non-Plan Grants	0		431.06	Water Supply, Sanitation, Housing and Urban Development	258.8	
-0.30	Grants for State Plan Schemes	0		15.47	Information and Broadcasting	11.52	
4.49	Grants for Centrally Sponsored Plan Schemes	-0.48		69.61	Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	58.89	
	Grants for Special Plan Schemes	0		8.35	Labour and Labour Welfare	11.22	
1,147.81	Grants for Centrally Sponsored Schemes	609.52	St. 3	206.70	Social Welfare and Nutrition	175.9	
125.86	Grants for Finance Commission	76.5		29.70	Others	24.26	
297.13	Other Grants	196.36		<b>1,128.16</b>	<b>Economic Services</b>	<b>1427.76</b>	
				427.69	Agriculture and Allied Activities	489.36	
				140.78	Rural Development	181.53	
				0.13	Special Areas Programmes	0.74	
				30.96	Irrigation and Flood Control	40.94	
				205.27	Energy	285.17	
				37.82	Industry and Minerals	47.6	
				227.67	Transport	320.11	
				11.27	Science Technology and Environment	9.35	
				46.57	General Economic Services	52.94	
				<b>66.40</b>	Grants in Aid and Contribution	<b>83.86</b>	
-	<b>II-Revenue deficit carried over to Section- B</b>	-	<b>1343.81</b>	<b>693.79</b>	<b>II-Revenue surplus carried over to Section-B</b>		

Receipts				Disbursements			
2018-19			2019-20	2018-19			2019-20
<b>5920.36</b>			6185.08	<b>5920.36</b>			6185.08
	<b>Section-B</b>						
<b>2994.87</b>	<b>III-Opening Cash balance including Permanent Advances and Cash Balance Investment</b>		<b>3280.55</b>	<b>1291.31</b>	<b>III-Capital Outlay</b>		<b>720.61</b>
<b>0</b>	<b>IV-Miscellaneous Capital receipts</b>		<b>0</b>	<b>72.71</b>	<i>General services</i>	<b>128.85</b>	
				<b>363.45</b>	<i>Social Services</i>	<b>265.76</b>	
				<b>70.03</b>	<i>Education, Sports, Art and Culture</i>	41.54	
				<b>90.67</b>	<i>Health and Family Welfare</i>	39.07	
				<b>185.03</b>	<i>Water Supply, Sanitation, Housing and Urban Development</i>	174.16	
				<b>0</b>	<i>Information &amp; Broadcasting</i>	0	
				<b>10.3</b>	<i>Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes</i>	5.22	
				<b>7.42</b>	<i>Social Welfare</i>	5.77	
				<b>0</b>	<i>Others</i>	0	
				<b>855.15</b>	<i>Economic Services</i>	<b>326</b>	
				<b>13.46</b>	<i>Agriculture and Allied Activities</i>	5.04	
				<b>5.34</b>	<i>Rural Development</i>	0.42	
				<b>37.06</b>	<i>Special Areas Programmes</i>	21.73	
				<b>51.88</b>	<i>Irrigation and Flood Control</i>	0.82	
				<b>63.58</b>	<i>Energy</i>	20.41	
				<b>0.67</b>	<i>Industry and Minerals</i>	7.47	
				<b>628.57</b>	<i>Transport</i>	240.3	
				<b>0</b>	<i>Science and Environment</i>	0	
				<b>54.59</b>	<i>General Economic Services</i>	29.81	
<b>1.77</b>	<b>V-Recoveries of Loans and Advances</b>		<b>0.3</b>	<b>46.57</b>	<b>IV- Loans and Advances Disbursements</b>		<b>17.06</b>
<b>693.79</b>	<b>VI-Revenue Surplus brought down</b>			<b>0</b>	<b>V-Revenue deficit brought down</b>		<b>1343.81</b>

Receipts				Disbursements			
2018-19			2019-20	2018-19			2019-20
<b>1145.21</b>	<b>VII-Public Debt Receipts</b>		<b>833.21</b>	<b>375.88</b>	<b>VI-Repayment of Public Debt</b>		<b>413.78</b>
0	External debt				External debt	0	
<b>1140.09</b>	Internal Debt other than Ways and Means Advances and Overdraft	819.36		365.44	Internal Debt other than Ways and Means Advances and Overdraft	403.13	
0	Net transaction under Ways and Means Advances including Overdraft	0		0	Net transaction under Ways and Means Advances including Overdraft	0	
<b>5.12</b>	Loans and Advances from Central Government	13.85		10.44	Repayment of Loans and Advances to Central Government	10.65	
0	<b>VIII-Amount transferred to Contingency Fund</b>		0	0	VII-Expenditure from Contingency Fund	0	
<b>7997.31</b>	<b>IX-Public Account Receipts</b>		<b>8987.23</b>	<b>7,838.63</b>	<b>VIII-Public Account Disbursements</b>		<b>8521.46</b>
323.01	Small Savings and Provident fund	391.67		<b>229.08</b>	Small Savings and Provident Funds	234.46	
181.57	Reserve Funds	540.81		<b>121.36</b>	Reserve Funds	84.35	
4974.75	Suspense and Miscellaneous	6135.86		<b>4,855.09</b>	Suspense and Miscellaneous	6249.59	
2185.73	Remittance	1394.92		<b>2,316.37</b>	Remittances	1510.78	
332.25	Deposits and Advances	523.97		<b>316.73</b>	Deposits and Advances	442.28	
				<b>3,280.56</b>	<b>IX- Cash balance at the end</b>		<b>2084.57</b>
				-	Cash in Treasuries and Local Remittances	0	
				<b>120.27</b>	Deposits with Reserve Bank/other Bank	381.18	
				<b>1.40</b>	Departmental Cash Balance including permanent Advances	1.41	
				<b>3,158.89</b>	Cash Balance Investment and Investment from Earmarked Funds.	1701.98	
<b>12832.95</b>	<b>Total</b>		<b>13101.29</b>	<b>12832.95</b>	<b>Total</b>		<b>13101.29</b>

**Appendix 2.1B**

(Reference Paragraph no. 2.2)

**Summarised Financial Position of the Government of Sikkim as on 31 March 2020**

(₹ in crore)

As on 31.03.2019	Liabilities		As on 31.03.2020
<b>4,888.77</b>	<b>Internal Debt</b>		<b>5305.00</b>
4,416.22	Market Loans bearing Interest	4895.00	
0.00	Market Loans not bearing Interest	0.00	
73.14	Loans from Life Insurance Corporation of India	62.95	
399.41	Loans from other Institutions	347.05	
0.00	Overdrafts from Reserve Bank of India	0.00	
<b>97.52</b>	<b>Loans and Advances from Central Government</b>		<b>100.73</b>
0.43	Non-Plan Loans	0.30	
94.63	Loans for State Plan Schemes	98.30	
0.77	Loans for Centrally Sponsored Plan Schemes	0.66	
1.24	Other Loans	1.02	
0.45	Centrally Sponsored Scheme	0.45	
<b>1.00</b>	<b>Contingency Fund</b>		<b>1.00</b>
<b>1,005.65</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>1162.86</b>
<b>279.81</b>	<b>Deposits</b>		<b>361.50</b>
<b>566.20</b>	<b>Reserve Funds</b>		<b>1022.66</b>
<b>330.92</b>	<b>Suspense and Miscellaneous Balances</b>		<b>217.19</b>
<b>274.19</b>	<b>Remittance Balances</b>		<b>158.33</b>
<b>8,554.44</b>	<b>Surplus on Government Accounts Last year balance</b>		<b>7210.61</b>
	Add Revenue Surplus		
<b>15,998.50</b>	<b>Total</b>		<b>15539.88</b>
	<b>Assets</b>		
<b>12,479.61</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>13200.22</b>
105.46	Investments in shares of Companies, Corporations, etc.	104.16	
12,374.15	Other Capital Outlay	13096.06	
<b>237.30</b>	<b>Loans and Advances -</b>		<b>254.06</b>
<b>1.03</b>	<b>Advances</b>		<b>1.03</b>
<b>3,280.56</b>	<b>Cash</b>		<b>2084.57</b>
120.27	Deposits with other Bank	381.18	
0.00	Cash in Treasuries and Local Remittances	0	
0.00	Deposits with Reserve Bank	0	
0.95	Departmental Cash Balance	0.95	
0.45	Permanent Advances	0.46	
2,656.00	Cash Balance Investments	1149.90	
502.89	Earmarked funds Investment	552.08	
<b>15998.50</b>	<b>Total</b>		<b>15539.88</b>

**Appendix 2.2**

(Reference: Paragraph 2.3.2 & 2.3.2.2)

**Tax and Non-Tax Revenue Collected during 2015-20**

(₹ in crore)

Sl. No.	Head of Revenue	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
	<i>Tax Revenue</i>												
1	Sales Tax/Value Added Tax	300	325.7	361	364.82	388.26	249.66	154	188.2	200	197.6	29.87	5.01
2	Sikkim Goods & Services Tax	-	-	-	-	0	171.39	363.65	405.72	660	454.9	81.49	12.12
3	Taxes on Income and Expenditure other than Corporation Tax	8.51	7.92	9	7.82	10	8.04	10	15.63	15	15.17	50.00	-2.94
4	State Excise	135	142.1	144.45	156.24	155	150.47	158.54	183.09	237	207.2	49.49	13.14
5	Stamps and Registration Fees	7.64	8.51	7.64	12.57	7.82	13.58	13.34	14.95	16.14	13.3	20.99	-11.04
6	Taxes on Vehicles	21.07	22.36	24	24.9	28.5	29.37	31.05	33.11	49.16	41.08	58.33	24.07
7	Other Taxes and Duties on Comm and Services	81.26	58.38	93.07	79.82	72.84	58.4	32.63	43.13	44.32	36.79	35.83	-14.70
8	Land Revenue	6.89	1.85	6.89	6.39	7.09	7.44	7.1	9.09	8.6	4.4	21.13	-51.60
	<b>Total</b>	<b>560.37</b>	<b>566.8</b>	<b>646.05</b>	<b>652.56</b>	<b>669.51</b>	<b>688.33</b>	<b>770.31</b>	<b>892.92</b>	<b>1230</b>	<b>970.4</b>	<b>59.70</b>	<b>8.68</b>
	<i>Non-tax Revenue</i>												
1	Power	125.1	147.7	140.1	170.04	160.1	310.26	190.1	269.44	320.1	256.4	68.39	-4.85
2	Interest Receipts	31.21	72.52	37.21	78.38	50.41	114.76	50.41	125.33	96.99	143.8	92.40	14.75
3	Police	55.35	61.68	52.42	41.43	52.74	45.39	57.11	46.64	88.12	86.77	54.30	86.04
4	Road Transport	39.35	41.55	47	48.71	55	52.08	59	53.96	65	57.1	10.17	5.82
5	Forestry and Wild Life	12.06	12.79	12.06	16.02	13.5	14.21	13.5	17.53	18.5	15.78	37.04	-9.98
6	Other Adm Services	10.4	7.3	2.38	9.32	4.83	5.3	7.79	5.04	23.23	12.65	198.20	150.99
7	Public Works	6.83	4.25	4.22	8.65	4.37	15.38	4.59	28.01	21.75	23.13	373.86	-17.42
8	Plantations	5.18	3.86	5.18	5.21	5.18	2.19	7	2.41	2.5	2	-64.29	-17.01
9	Water Supply and Sanitation	3.99	3.8	4.26	4.04	5	4.88	10	4.23	8	4.92	-20.00	16.31



Sl. No.	Head of Revenue	2015-16		2016-17		2017-18		2018-19		2019-20		Percentage of increase (+) or decrease (-) in 2019-20 over 2018-19	
		BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual	BE	Actual
10	Tourism	3.14	3.96	3.8	5.42	4.5	5.14	4.64	6.16	10	11.67	115.52	89.45
11	Medical and Public Health	2.5	2.15	2.5	2.59	2.5	2.11	2.5	2.37	5.75	2.48	130.00	4.64
12	Other Rural Development Programmes	1.5	0.94	1.5	0.51	1.5	0.91	1.5	0.98	1.65	0.31	10.00	-68.37
13	Stationery and Printing	2.03	1.83	1.81	2.16	1.85	3.08	1.95	1.52	3.1	2.6	58.97	71.05
14	Crop Husbandry	0.91	0.7	0.91	0.57	0.91	0.34	0.63	0.37	0.69	0.68	9.52	83.78
15	Education,	1.17	1.16	1.12	2.05	1.15	2.32	1.17	2.32	1.32	3.55	12.82	53.02
16	State Lotteries	Gross	-	-	-	-	-	-	-	-	-	-	-
		Net	37.4	20.02	33.55	45	50	55.03	55	-10	40	40.1	-27.27
17	Others	12.2	26.79	12.24	11.54	12.92	21	15.03	33.65	27.85	29.47	85.30	-12.42
	Total	350.36	413	362.26	451.64	426.46	654.38	481.92	657.78	734.6	693.4	52.42	5.42
	<b>Grand Total</b>	<b>910.73</b>	<b>979.8</b>	<b>1,008.31</b>	<b>1,104.20</b>	<b>1,095.97</b>	<b>1,342.71</b>	<b>1252.23</b>	<b>1550.7</b>	<b>1965</b>	<b>1664</b>	<b>56.90</b>	<b>7.29</b>

**Appendix 2.3**

(Reference: Paragraph 2.4.3.2 (i))

**Statement showing Investment at the end of 2019-20**

(₹ in lakh)

Sl. No.	Name of the Companies/Corporations	Amount
<b>Statutory Corporations</b>		
1	State Bank of Sikkim	53.38
2	Sikkim Mining Corporation	611.50
3	State Trading Corporation of Sikkim	148.88
<b>Companies</b>		
4	Sikkim Time Corporation	1371.54
5	Sikkim Industrial Development and Investment Corporation	1582.50
6	Sikkim Livestock Development Corporation	22.00
7	Sikkim Livestock Development and Processing Corporation	35.00
8	Sikkim Tourism Development Corporation	704.87
9	Sikkim Power Development Corporation	1786.16
10	Sikkim SC/ST/OBC Finance Development Corporation	495.59
11	Sikkim Jewels Ltd.	1154.03
12	Sikkim Distilleries Ltd.	243.34
13	Star Cinema	1.75
14	Denzong Cinema	1.75
15	Sikkim Flour Mills Limited	265.09
16	Cold Storage	27.90
17	Indian Telephone Industries	25.94
18	Ginger Processing Plant	1.00
19	Investment in B.O.G.Ltd.	14.03
20	Chanmari Workshop and Automobiles Ltd.	30.00
21	M/S Sikkim Precision Industries Ltd	430.00
22	Sikkim Himalayan Orchid Ltd.	16.00
23	Sikkim Flora Ltd.	15.00
24	Sikkim Handloom & Handicrafts	102.40
25	Joint Ventures	42.92
26	Wood Working Centre, Singtam	1.02
27	Food Security & Agri. Dev. Deptt. and Indian Farmers Fertilizer Co-operative Ltd. IFFCO	12.25
28	Sikkim SC/ST/OBC Development Corporation (SABCCO)	59.00
<b>Bank and Co-operative Societies</b>		
29	State Bank of India	0.26
30	Sikkim Marketing Federation (SIMFED)	93.83
31	Sikkim Consumer's Co-operative Society	5.00
32	Multipurpose Co-operative Society	60.00
33	Denzong Agricultural Cooperative Society Ltd (DACS)	50.00
34	Nayuma Women's Cooperative Society Ltd	15.00
35	Investment in Sikkim State Co-operative Bank (SISCO)	935.60
36	Sikkim Dairy Co-operative Society (Sikkim Milk Union)	2.00
37	Sang Martam Tea growers C S Ltd	1.00
<b>Total</b>		<b>10417.53</b>

## Appendix 2.4

(Reference: Paragraph 2.4.3.2 (iii))

**Delay in completion/adoption of Accounts by the Board of Directors  
Accounts pending finalisation as on September 2020**

OB arrear (internal arrears)	Addition during the month				Clearance/audited/Return			CB arrears (internal arrears) (a+e-h)	
	A	B	C	D	E	F	G		H
	Internal Arrear					External Arrear <sup>6</sup>			
Sl. No.	Name of PSUs	Years upto which Annual Accounts with Board adoption received	Years up to which audit conducted/NR C issued	Years for which audit Due	No. of A/Cs received but not audited	Years for which annual A/c to be received from the organization	No. of A/Cs to be received from the organization	Years upto which SAR issued to the Govt (printed SAR)	
<b>Entities registered under Sikkim Registration of Companies Act &amp; audit entrusted under section 20 (1) of CAG (DPC) Act</b>									
1.	SPDCL (Poultry)	2009-10 to 17-18	2008-09	2009-10 to 17-18	9	18-19 to 19-20	2	NA	
2.	SHL	2009-10 to 17-18	2008-09	2009-10 to 17-18	9	18-19 to 19-20	2	NA	
3.	SLPDC	13-14	2012-13	13-14	1	14-15 to 19-20	6	NA	
4.	SABCCO	15-16	2014-15	2015-16	1	16-17 to 19-20	4	2014-15	
5.	SIDICO	18-19	2017-18	2018-19	1	19-20	1	NA	
6.	SPDCL (Power Dev)	18-19	2018-19	-	0	19-20	1	NA	
7.	STDC	16-17	2016-17	-	0	17-18 to 19-20	3	NA	
8.	SPICL	19-20	2019-20	-	0	-	0	NA	
9	SHHDCC <sup>7</sup> (Handloom)	13-14 to 14-15	-	2013-14 to 2014-15	2	2015-16 to 2019-20	5	NA	
<b>Entities created prior to the merger of Sikkim to India and audit entrusted under section 19(3) of CAG (DPC) Act</b>									
10.	SBS	2018-19	2018-19	-	-	19-20	1	2016-17	
11.	STCS	2018-19	2018-19	-	-	19-20	1	2016-17	
12.	GFPF	2018-19	2017-18	2018-19	1	19-20	1	NA	
13.	TEMI TEA	2017-18	2017-18	-	0	18-19 to 19-20	2	NA	
<b>Entities registered under Indian Companies Act, 2013/1956 and audit entrusted under section 19 (1) of CAG (DPC) Act</b>									
14.	TUL	2018-19	2018-19	-	0	19-20	1	NA	
15.	TPTL	2019-20	2018-19	2019-20	1	-	0	NA	
16.	NSCL	2018-19	2018-19	-	0	19-20	1	NA	
17.	GSCL	2018-19	2017-18	2018-19	1	19-20	1	NA	
<b>T=17</b>	<b>PSUs Total</b>						<b>32</b>		

<sup>6</sup> Due Date of submission of Annual Accounts of SAB/CAB is 30<sup>th</sup> June and Companies/Corporation is 30<sup>th</sup> Sep of every year.

<sup>7</sup> Being new units entrusted (2013-14 to 2017-18) by Government of Sikkim vide letter no.1002/SHHDC Ltd., Dated: - 06/08/2020, Annual Account for periods 2013-14 to 2018-19 was furnished to this office. However, the Board approval in respect of annual account for the years 2013-14 & 2014-15 were only furnished by the Corporation.

**Appendix 2.5**  
(Reference to para no. 2.4.3.2 (iv))

**Statement Showing Details of Year-Wise Incomplete Works as on 31 March 2020**

(₹ in lakh)

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
	Prior to 2011-12							
1	Education	Establishment of Govt. Degree College at Rungdung, Rhenock, East	1594.96	2009	2009	15.02.11	85	1366.41
2	Education	Const. of MPH cum 12RSB at Mangalbaria SSS, West	243.60	2009	2009	31.03.2011	97	200.89
			<b>1838.56</b>					<b>1567.3</b>
	<b>2011-12</b>							
1	Urban Development	Construction of State of Art Entry Gate @ Rangpo	610.24	2011	2011	17.01.12	20	99.32
2	Building	Construction of Community Centre at Jorethang South Sikkim	581.04	18.06.09	2009-2010	31.03.2012	84	319.90
3	Urban Development	Improvement work at Mintogang and construction of RCC retaining wall along JN Road (Phase-II)	375.51	2010	2010	31.03.2012	70	248.09
			<b>1566.79</b>					<b>667.31</b>
	<b>2012-13</b>							
1	Urban Development	Intergated Slum Development-Housing and Basic Amneties at a Nayabazar town	1261.25	2011	2011	27.12.12	100	0
2	Education	Construction of Clsaa - III Staff qtr at Hee-Gyatthang SSS, North	76.05	2012	2012	19.02.13	62	29.70
3	Education	Const.of MPH cum Classrooms at Lachung SS, North	250.47	2011	2011	31.03.2013	60	65.14
4	Education	Construction of 6RSB at Pacheykhani	54.11	2012	2012	25.03.13	100	36.43
5	Education	Construction of Auditorium Hall at Nondugaon SS, South	49.99	2012	2012	05.03.13	100	38.16
6	Education	Construction of MPH at Lingee SS, South	59.98	2012	2012	11.03.13	100	37.19
7	Building	Construction of Security Boundary fencing at Raj Bhawan	750.61	28.11.11	2011-12	31.03.2013	65	525.62

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
8	Agriculture	Construction of VLW Centre, Hee Gyathang, North Sikkim	36.00	14.02.12	2012	31.03.2013	100	35.25
9	Education	Establishment of Polytechnic College at Yangthang West	1230.00	2011	2011	31.03.2013	60	405.94
			<b>3768.46</b>					<b>1173.43</b>
	<b>2013-14</b>							
1	Education	Construction of 4RSB at Jholungay PS South	32.71	2012	2012	19.04.13	82	27.61
2	Education	Construction of MPH at Rateypani South	51.78	2012	2012	19.04.13	45	12.00
3	Education	Construction of MPH at Lingmoo SSS South	61.10	2012	2012	04.06.13	100	44.95
4	Education	Construction of Auditorium at Rangpo Mining SS, East	53.84	2012	2012	23.09.13	70	44.26
5	Urban Development	Improvement & Modification of Inner Road at Gangtok	4344.44	2011	2011	11.12.13	80	3590.20
6	Education	Construction of 4RSB at L/Aasangthang, South	33.66	2013	2013	03.03.14	80	24.05
7	Education	Construction of MPH cum 12 RSB at Sadam SSS, South	308.51	2012	2012	31.03.2014	50	110.95
8	Building and Housing	Special face lifting furniture furnishing and other allied works for Residential & Non Residential Govt. Building	252.00	2014	2014	31.03.2014	100	150.00
			<b>5138.04</b>					<b>4004.02</b>
	<b>2014-15</b>							
1	Education	Construction of MPH cum 12 RSB at Assam lingzey SSS, East	239.11	2012	2012	30.09.14	88	215.35
2	Education	Const.of Women Hostel at CCCT Chisopani	100.00	2013	2013	17.11.14	100	90.00
3	Education	Construction of 8 RSB at Tareng PS, North	60.20	2012	2012	30.03.15	100	41.54
			<b>399.31</b>					<b>346.89</b>
	<b>2015-16</b>							
1	Education	Construction of 6RSB at TNA, GTK, East	54.22	2012	2012	30.9.2015	50	45.95
2	Education	Construction of Auditorium at Runtak SSS East	54.59	2012	2012	30.9.2015	92	21.56
3	Education	Construction of Auditorium at Lower Samdong SS East	54.59	2012	2012	30.9.2015	100	43.50
4	Education	Construction of Girls Hostel at Khamdong, East	81.99	2012	2012	30.9.2015	100	67.11

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
5	Urban Development	Upgradation of Melli bazar South Sikkim	3637.00	2014	2014	07.10.15	78	2490.40
6	Education	Construction of MPH at Rong SS, South	55.63	2012	2012	31.12.15	90	45.77
7	Education	Construction of 4RSB at Sumin Lingzey SS, East	50.75	2015	2015	09.02.16	100	29.01
8	Education	Construction of 6RSB at Borong SS, South	61.99	2015	2015	28.02.16	100	42.48
9	Education	Vertical Extension for MPH at Temi SSS, South	72.08	2015	2015	15.02.16	66	26.58
10	Building and Housing	Const. Of DGP's bungalow at Gangtok	430.33	15.09.14	2014	31.03.2016	72	287.12
11	Education	Construction of 4RSB at Kateng Dingtar PS, South	45.50	2014	2014	08.03.16	60	16.42
12	Education	Construction of 4RSB at Amalay PS, South	43.99	2014	2014	05.03.16	55	17.75
13	Education	Construction of 4RSB at Sada PS, South	14.19	2014	2014	09.03.16	100	11.09
14	Education	Construction of 6RSB at Kamarey JHS PS, South	59.17	2014	2014	08.03.16	90	36.39
15	Building and Housing	Construction of Chief Secretary's bungalow at Gangtok	419.00	15.9.14	2014	31.03.2016	70	287.37
16	Education	Construction of Class-III Quarter at Bermiok Tokal SSS, South	73.35	2014	2014	05.03.16	58	38.77
17	Building and Housing	Construction of Speaker's bungalow at Gangtok	841.18	15.09.14	2014	31.03.2016	45	185.55
18	Irrigation	Sik 25	1380.00	2011-12	2012-13	31.03.2016	100	507.00
19	Irrigation	Sik 26	1466.00	2011-12	2012-13	31.03.2016	100	524.00
20	Irrigation	Sik 27	4625.00	2011-12	2012-13	31.03.2016	75	1495.00
21	Irrigation	Sik 28	466.99	2011-12	2012-13	31.03.2016	100	109.74
22	Education	Vertical Extension of 3RSB at Phalidara JHS, South	20.58	2014	2014	09.03.16	100	17.47
			<b>14008.12</b>					<b>6346.03</b>
	<b>2016-17</b>							
1	Police	Construction of 2nd & 3rd IR Bn Hq at Mangley, South Sikkim	1775.40	2014	2014	3.9.2016	89	1340.00
2	Education	Construction of 6RSB at Topung PS under Yuksam Tashiding Constituency	64.37	2017	2017	10.09.16	95	51.50

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
3	Education	Construction of 4RSB at Parengaon PS, West	49.65	2014	2014	8.2017	100	37.43
4	Education	Construction of Auditorium at Sang, East	82.74	2015	2015	01.01.17	100	67.88
5	Education	Construction of 12RSB at Temi SSS, South	136.50	2015	2015	08.02.17	100	121.20
6	Urban Development	Upgradation & Extension of road from ICAR gate to NHPC turing, 5th mile Tadong	206.64	2009	2009	05.02.17	95	148.76
7	Education	Construction of 4RSB at Karjee PS, South	47.72	2015	2015	11.03.17	60	3.41
8	Education	Construction of 4RSB at Malling PS North	50.78	2013	2013	31.03.17	70	46.16
9	Education	Construction of 4RSB at Nampatam PS North	52.10	2013	2013	31.03.17	80	34.18
10	Education	Construction of 4RSB at Simkharka PS South	32.00	2015	2015	31.03.17	35	13.60
11	Education	Construction of 4RSB at Suntaley Makerzung PS, South	33.13	2014	2014	31.03.17	60	9.15
12	Education	Construction of 4RSB cum MPH at Chungthang SS North	94.97	2011	2011	31.03.17	93	58.13
13	Education	Construction of 6RSB at Manul JHS North	83.56	2011	2011	31.03.17	99	74.35
14	Education	Construction of 6RSB at Namphok SS, South	60.95	2015	2015	31.03.2017	86	34.87
15	Education	Construction of 8RSB at Singhik SS North	142.96	2011	2011	31.03.17	95	139.83
16	Education	Construction of Auditorium at Kewzing, South	66.25	2015	2015	11.03.17	100	66.25
17	Education	Construction of Auditorium to NTL vok SS South	66.03	2013	2013	13.03.17	80	46.62
18	Education	Construction of Basketball court, vertical extension of Annex block, approach road to ground, const. of reservoir tank, upgradation of play field & const. of car park at GDC Tadong, East	324.59	2010	2010	31.3.17	62	184.62
19	Building and Housing	Construction of Composite Check Post at Reshi	586.68	02.03.15	2015	31.03.2017	29	115.53
20	Education	Construction of MPH cum 12 RSB at Bermionk Tokal SSS, South	206.37	2008	2008	31.03.17	100	198.41
21	Education	Renovation & special repair of staff qtr CI-III 16 units, CI-IV 8 units at GDC Tandong, East	25.20	2010	2010	31.3.17	95	16.80
22	Education	Renovation & special repair of staff qtr3 Block 18 units at GDC Tadong, East	54.55	2010	2010	31.3.17	90	20.28

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
23	Education	Restoration of 4RSB at Aritar SS East	45.68	2015	2015	31.03.17	95	30.85
24	Education	Restoration of 6RSB at Jhusing PS North	52.19	2013	2013	31.03.17	98	36.47
25	Education	Restoration of 6RSB at Shipgyar, North	52.59	2015	2015	31.03.17	98	36.06
26	Education	Vertical Extension of 2RSB at Denchung JHS, South	15.49	2015	2015	31.03.2017	80	4.91
			<b>4409.09</b>					<b>2937.25</b>
	<b>2017-18</b>							
1	Urban Development	Construction of Kissan Bazar at Namchi	2826.00	2013	2013	24.04.17	98	1586.57
2	Education	Const. of Women Hostel at ATTC Bardang	100.00	2013	2013	30.06.17	100	97.65
3	Education	Construction of 4RSB at Rankey PS, South	43.27	2015	2015	15.06.17	100	31.64
4	Education	Construction of 9RSB at Raley JHS, East	88.44	2015	2015	11.06.17	100	59.95
5	Education	Construction of Auditorium at TurukSS, South	69.88	2015	2015	15.06.17	92	60.23
6	Education	Construction of MPH cum 12 RSB at Rhenock SSS, East	221.27	2014	2014	30.06.17	100	221.27
7	Education	Construction of 9RSB at lingdok SSS, East	82.45	2015	2015	04.07.17	100	77.39
8	Urban Development	Improvement & Upgradation of Rangpo Bazar	645.66	2015	2015	27.08.17	92	462.49
9	Education	Construction of Auditorium at Uttarey, West	52.16	2012	2012	30.09.17	95	46.27
10	Education	Construction of MPH cum 12 RSB at Dikling SSS, East	332.99	2012	2012	30.09.17	89	221.23
11	Education	Construction of 4RSB at Leythang PS, West	31.79	2012	2012	31.12.2017	99	5.47
12	Education	Construction of 4RSB at Lower Takuthang PS, West	36.26	2012	2012	31.12.2017	55	9.82
13	Education	Construction of 4RSB at Reythang PS West	34.00	2012	2012	31.12.2017	80	27.21
14	Education	Construction of 6RSB at Chingthang JHS, West	42.86	2012	2012	31.12.2017	100	25.13
15	Education	Construction of Auditorium at Temburbong SS, West	50.89	2012	2012	31.12.2017	100	28.66
16	Education	Construction of Hostel Building at Kyongsa Girls SSS West	79.51	2012	2012	31.12.2017	90	58.22



Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
17	Education	Construction of MPH cum 12 RSB at Singtam SSS, East	379.23	2012	2012	31.12.17	84	310.31
18	Education	Construction of 5RSB at DeythangJ HS, West	38.00	2014	2014	31.12.17	70	34.74
19	Education	Construction of 4RSB at Suntalay PS, West	45.78	2014	2014	31.12.2017	93	22.94
20	Education	Construction of 6RSB at Khaniserbong SS, West	60.82	2017	2017	31.12.2017	100	49.64
21	Education	Construction of 8RSB at Soreng, West	74.80	2014	2014	31.12.2017	100	67.07
22	Urban Development	Construction of Community Hall @ Tadong	276.51	2014	2014	24.02.18	45	154.90
23	Urban Development	Construction of Foot over bridge from old bridge to Hospital Dara, Singtam	298.05	2017	2017	13.02.18	85	141.65
24	Urban Development	Construction of MPCC at Balbir Goan	201.80	2014	2014	12.02.18	65	143.52
25	Urban Development	Construction of Kissan Bazar at Gangtok	2374.99	2011	2011	28.03.18	87	1123.43
26	Animal Husbandry	Const. Of Veterinary Dispensary at Parrengoan	24.88	6.7.2018	2018	31.03.2018	99	21.62
27	Animal Husbandry	Const. Of Veterinary Dispensary at Kamrang	24.88	6.7.2018	2018	31.03.2018	99	21.62
28	Animal Husbandry	Const. Of Veterinary Dispensary at Pachak	24.88	6.7.2018	2018	31.03.2018	99	16.17
29	Animal Husbandry	Const. Of Veterinary Dispensary at Rakdong - Tintek	24.88	6.7.2018	2018	31.03.2018	99	21.85
30	Education	Construction of Model School at Assam Lingzay, East	1187.82	2014	2014	31.03.18	82	827.66
31	Education	Construction of MPH cum 12 RSB at Pelling SSS, West	275.52	2013	2013	31.03.18	87	193.64
32	Education	Infrastructure Development at Tharpu SSS Soreng-Chaug Constituency West Sikkim	409.50	2017	2017	31.03.2018	20	137.12
			<b>10459.77</b>					<b>6307.08</b>
	<b>2018-19</b>							
1	Urban Development	Construction of Drainage System & Upgradation of road @ Mazigoan, Jorethang	128.70	2008	2018	10.05.18	75	0.00

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
2	Education	Establishment of Polytechnic College at Mangshila, North	1230.00	2010	2010	30.06.18	78	912.37
3	Education	Const.of Toilet Block, Playground & Volleyball court at thegu	56.82	2017	2017	26.08.18	60	53.81
4	Urban Development	Construction of Community Toilet @ Hee Bazar	18.00	2018	2018	22.10.18	85	0.00
5	Urban Development	Construction of Townhall at Rangpo	189.61	2017	2017	09.10.18	85	75.16
6	Urban Development	Providing footpath with MS railing at Nayabazar	187.19	2018	20108	14.11.18	95	0.00
7	Urban Development	Upgradation of road from Raj Gram, Opp Holy Cross School to Tiny Pearls School, Lr. Tadong	175.82	2017	2017-18	09.12.18	20	50.00
8	Education	Construction of 2RSB at Darap SSS Yangthang Constituency	35.00	2017	2017	07.01.19	100	31.95
9	Urban Development	Construction of Approach road at Old Palace	342.29	2018	2018	28.02.19	85	267.30
10	Irrigation	32 days HCM tour ( under FCRT)	3611.00	2018-19	2018-19	31.03.2019	100	3514.00
11	Urban Development	Beautification of Bazar & Development of Parking @ Sang	207.92	2018	2018	21.03.19	63	0.00
12	Education	Const. 4RSB at Linkey Secondary School	35.00	2017	2017	31.03.2019	25	11.45
13	Education	Const.of 8RSB at Govt.SeniorSec.SchoolMangshila in North Sikkim	145.00	2017	2017	31.03.2019	65	21.60
14	Education	Const.of State Council of Education Research and Training, Burtuk	594.21	2017	2017	31.03.2019	65	161.01
15	Education	Construction of 4RSB at Bhirkuna (CMRF)	40.00	2017	2017	31.03.2019	85	14.71
16	Education	Construction of 4RSB at Kaputhang Primary School	40.00	2017	2017	31.03.2019	70	23.53
17	Education	Construction of 4RSB at Lokdara Primary School	40.00	2017	2017	31.03.2019	50	16.83
18	Education	Construction of 4RSB at Lower Sapung PS under ManeybongDentam Constituency West Sikkim	35.00	2017	2017	31.03.2019	25	0.00
19	Education	Construction of 4RSB at Majgaon under Gyalshing Bermiok Constituency West Sikkim	35.00	2017	2017	31.03.2019	70	0.00

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
20	Education	Construction of 4RSB at Taza JHS School	40.00	2017	2017	31.03.2019	70	40.00
21	Education	Construction of 4RSB at Tsong, under Yuksam Tashiding Constituency West Sikkim	35.00	2017	2017	31.03.2019	34	0.00
22	Education	Construction of 6RSB at Gtang JHS under Maneybong Dentam Constituency	80.00	2017	2017	31.03.2019	0	0.00
23	Education	Construction of 8RSB at Nima Sherpa SSS AT RibdiDaramdin Constituency	150.00	2017	2017	31.03.2019	0	0.00
24	Education	Construction of Gallery and Drainage system at Utteray SSS under Maneybong Dentam Constituency	170.00	2017	2017	31.03.2019	0	0.00
25	Building and Housing	Construction of Hostel at Karthok Gumpa	200.42	2017	2017	31.03.2019	...	0.00
26	Education	Construction of Science block at Government College at Yangthang	2650.71	2011	2011	31.03.2019	80	1984.37
27	Building and Housing	Construction of SDO's Office at Pakyong	516.61	09.10.14	2014	31.03.2019	80	275.79
28	Education	Construction of Ten (10) Room School Building JHS Chanatar in East Sikkim	118.84	2017	2017	31.03.2019	100	87.07
29	Education	Extension of assembly ground at Namchi Girls Sec. School	5.00	2017	2017	31.03.2019	100	0.00
30	Education	Extension of assembly ground at Namchi New Sec. School	5.00	2017	2017	31.03.2019	99	0.00
31	Education	Reconstruction of 4RSB to Lower Jarrong PS South	39.00	2013	2013	31.03.2019	75	19.95
32	Animal Husbandry	Re-construction of Sub-Divisional AH&BVS Complex at Chungthang, North Sikkim Damaged during the earthquake of	174.94	2018	2018	31.03.2019	60	68.00
33	Urban Development	Upgradation & Beautification of Lindok Bazar	50.00	2018	2018	31.03.2019	50	0.00
			<b>11382.08</b>					<b>7628.9</b>
	<b>2019-20</b>							
1	Urban Development	Construction of Footpath	40.00	2019	2019	01.05.19	...	0.00
2	Urban Development	Kisan Bazar, Mangan	488.94	2019	2019	01.05.19	...	5.00

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
3	Urban Development	Labdang Eco-City West Sikkim	966.99	2019	2019	01.05.19	...	49.93
4	Urban Development	Repair of Foot Bridges	45.84	2019	2019	01.05.19	80	17.96
5	Urban Development	Construction of Parking Haat Shed at Uttarey	285.97	2017	2017	14.06.19	60	0.00
6	Urban Development	Development of Crematorium Shed at Jalipool	650.00	2017	2017	06.06.19	50	283.80
7	Urban Development	Construction of Exit Road from Car Plaza to NH 510 to Ravangla	136.70	2018	2018	24.07.19	50	0.00
8	Urban Development	Construction of Tunnal @ Ridge Park	1860.71	2018	2018	29.09.19	15	0.00
9	Urban Development	Infrastructure Development and Beautification of Daramdin Bazar	100.00	2018	2018	18.09.19	38	0.00
10	Urban Development	Construction of Marketing Centre@Magshila	125.00	2018	2018	22.10.19	20	0.00
11	Urban Development	Construction of Namchi Garden Centre	477.66	2017	2017	09.10.19	33	147.01
12	Urban Development	Infrastructure Dev. And beautification of Tashinding Bazar	200.00	2018	2018	22.10.19	48	0.00
13	Urban Development	Construction of Walkways along the Ghurpisay Road, Namchi	537.55	2014	2014	31.11.19	98	507.63
14	Education	Const. of 6RSB at Sopakha SS under Maneybong Dentam Constituency	80.00	2017	2017	01.12.19	37	56.45
15	Urban Development	Construction of Cobbler Shed cum Sweeper Quarter at Singtam	130.95	2018	2018	01.12.19	37	50.00
16	Urban Development	Construction of Scholar Residence at Namgyal Institute of Tibetology, Deorali	245.89	2014	2014	31.12.19	83	179.36
17	Urban Development	Improvement & Upgradation of Rangpo Bazar	763.50	2014	2014	31.12.19	88	593.16
18	Urban Development	Pedestrian Track from upper Rabong connecting Bazar, Ravongla	754.29	2014	2014	31.12.19	98	575.53
19	Education	Providing Fencing works to Lachen Secondary School	41.82	2018	2018	16.12.19	70	27.00

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
20	Urban Development	Upgradation of Rongli Bazar	382.50	2015	2015	24.12.19	98	369.65
21	Urban Development	Construction of approach road from Gumpa Dara via Lukshey Colony to Bega Bazar	346.04	2018	2018	04.01.20	52	37.23
22	Urban Development	Construction of Multipurpose Hall at Hee Bazar	90.75	2018	2018-19	06.01.20	...	11.67
23	Urban Development	Infrastructure Dev. And beautification of Dentam Bazar	374.52	2018	2018	19.01.20	80	0.00
24	Urban Development	Repair Renovation of road surface from NH 10 to Mechanical workshop	366.11	2018	2018	19.01.20	70	0.00
25	Urban Development	Beautification and upgradation of Yangyang Bazar	269.09	2017	2017-18	18.02.20	47	26.04
26	Urban Development	Construction of Link Road from Forest Bypass and upgradation of road from TNHS to Dhupidara Gangtok	1210.23	2017	2017	20.02.20	30	356.64
27	Irrigation	156 nos AIBP works under PMKSY	5710.00	2013-14	2014-15	31.03.2020	100	4594.60
28	Urban Development	b) Chakung	464.00	2011	2011	30.03.20	55	1501.32
29	Urban Development	Basic Infrastructure Development Beautification & Construction of Public Toilet @ Sombaria	289.14	2017	2017	30.03.20	51	104.96
30	Animal Husbandry	Boundary Fencing at Gyaba, Gyalshing, West Sikkim	20.00	18.12.2019	2019-20	31.03.2020	30	0
31	Animal Husbandry	Boundary fencing at Pig farm at HeeGyathang in North Sikkim	8.00	2019	2019-20	31.03.2020	100	0
32	Animal Husbandry	Boundary Fencing at Pig Farm, Assam Lingzey, East Sikkim	15.00	18.12.2019	2019-20	31.03.2020	95	0
33	Animal Husbandry	Boundary Fencing of Pig Farm at Melli Dara, South Sikkim	6.00	26.12.2019	2019-20	31.03.2020	20	0
34	Urban Development	Central Park extension Namchi	1800.37	2016	2016	30.03.20	57	944.35
35	Food	Construction of Food Godown at KongriNaku in West Sikkim	206.00	18.02.20	2020	31.03.2020	15	0
36	Energy and Power	Construction of 11kv Heavy Duty Transmission Line from Mangan to Upper Dzongu and Lower Dzongu	2102.29	2014-15	2013-14	31.03.2020	100	1537.60

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
		and Installation of 11/11 kv Control Room at Phidang, Lower Dzongu and Lingza						
37	Education	Construction of 12RSB cum MPH at Middle Gyalshing Sec.School, under Gyalshing Bermiok Constituency, West Sikkim	337.09	2018	2018	31.03.2020	26	23.86
38	Education	Construction of 4RSB at cum Multipurpose Hall at Taksang Primary School	75.80	2018	2018	31.03.2020	20	17.32
39	Education	Construction of 4RSB at Govt.JHS at Badamtam	61.86	2018	2018	31.03.2020	31	20.00
40	Education	Construction of 4RSB at Kaiyong Primary School	45.21	2018	2018	31.03.2020	25	9.42
41	Education	Construction of 6RSB at Kharpaney PS Soreng-Chaug Constituency, West Sikkim	95.15	2018	2018	31.03.2020	0	0.00
42	Education	Construction of 6RSB at Mukrung JHS under ManeybongDentam Constituency	80.00	2018	2018	31.03.2020	0	0.00
43	Education	Construction of 6RSB at Rongli JHS in East Sikkim	80.93	2018	2018	31.03.2020	85	39.88
44	Education	Construction of 7RSB at SekrepBudhang PS Soreng-Chaug Constituency, West Sikkim	67.05	2018	2018	31.03.2020	0	0.00
45	Sports	Construction of Approach road & parking at Soreng stadium	800.00		2014	31.03.2020	60	495.28
46	Education	Construction of Auditorium hall at Okhrey SS Daramdin Constituency West Sikkim	50.00	2018	2018	31.03.2020	0	0.00
47	Sports	Construction of Bhaichung stadium at Namchi in South Sikkim	5133.47	25.12.2011	2011-12	31.03.2020	85	3681.89
48	Urban Development	Construction of Cafeteria/car park and wash Room at Samkhoma, Lachen	130.09	2018	2018	15.03.20	65	50.00
49	Building and Housing	Construction of Ethnic Cultural Centre, Buriakhop West Sikkim (Phase-I)	10000.00	06.03.17	2017-18	31.03.2020	16	1199.98
50	Police	Construction of Fire Station at Soreng, West Sikkim	524.50	22.2.2018	2018	28.3.2020	40	174.66
51	Building and Housing	Construction of Folk History Centre at Assam Linzey, Gaucharan (Phase-I)	11000.00	27.02.18	2018	31.03.2020	15	1399.64
52	Education	Construction of Food Court at Government College Kamrang	406.61	2018	2018	31.03.2020	40	88.52
53	Food	Construction of Food Godown at 13th Mile J.N. Road	175.00	21.11.17	2017-18	31.03.2020	95	0

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
54	Food	Construction of Food Godown at Darap in West Sikkim	206.00	18.02.19	2019-20	31.03.2020	20	0.00
55	Food	Construction of Food Godown at Dorongpani in South Sikkim	226.00	18.02.19	2019-20	31.03.2020	10	0
56	Food	Construction of Food Godown at Hee- Gaon in West Sikkim	190.00	18.02.19	2019-20	31.03.2020	10	0.00
57	Food	Construction of Food Godown at kaluk in West Sikkim	238.00	18.02.19	2019-20	31.03.2020	20	0
58	Food	Construction of Food Godown at Lachen in North Sikkim	154.00	21.11.17	2017-18	31.03.2020	85	110.89
59	Food	Construction of Food Godown at Namthang in South Sikkim	194.00	18.02.19	2019-20	31.03.2020	10	0
60	Food	Construction of Food Godown at Sardong Lunzik in West Sikkim	209.00	18.02.19	2019-20	31.03.2020	0	0.00
61	Food	Construction of Food Godown at Soreng in West Sikkim	232.00	18.02.19	2019-20	31.03.2020	10	0.00
62	Food	Construction of food Godown at Talkharka in East Sikkim	150.00	21.11.17	2017-18	31.03.2020	45	0
63	Food	Construction of Food Godown at Temi in South Sikkim	187.00	18.02.19	2019-20	31.03.2020	10	0
64	Food	Construction of Food Godown at Tokol Bermick in South Sikkim	210.00	18.02.20	2020	31.03.2020	12	0
65	Food	Construction of Food Godown at Uttarey in West Sikkim	240.00	18.02.19	2019-20	31.03.2020	20	0
66	Animal Husbandry	Construction of Goat Shed at Namthang Rateypani, South Sikkim.	25.00	23.1.20	2020	31.03.2020	80	0
67	Education	Construction of Multipurpose Hall with 2RSB at Singithang Primary School	73.64	2018	2018	31.03.2020	34	22.09
68	Urban Development	Construction of Parking Plaza at Lr. Pelling	225.60	2018	2018	31.03.2020	50	0.00
69	Education	Construction of Principal Quarter & Ground Upgradation at Namthang Senior Sec. School	77.03	2018	2018	31.03.2020	37	20.00
70	Education	Construction of School Play ground at Pachey Senior Sec. School	33.00	2018	2018	31.03.2020	40	10.00

Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
71	Building and Housing	Construction of Sub-Divisional Magistrate Complex at Jorethang S. Sikkim	540.11	10.08.17	2017-18	31.03.2020	...	44.41
72	Building and Housing	Construction of Sub-Divisional Magistrate Complex at Rangpo, E. Sikkim	540.11	30.11.17	2017-18	31.03.2020	...	46.85
73	Building and Housing	Construction of Sub-Divisional Magistrate Complex at Yangyang, S. Sikkim	587.18	30.11.17	2017-18	31.03.2020	5	44.82
74	Education	Construction of various School in Sikkim	1358.26	2018	2018	31.03.2020	60	516.07
75	Urban Development	Construction of Vegetable Market at Rangrang	150.00	2018	2018	31.03.2020	45	0.00
76	Education	Construction of Vertical Extension of auditorium hall at Lower Ghurpisay JHS	30.00	2018	2018	31.03.2020	86	10.00
77	Animal Husbandry	Construction of Veterinary farm(Community yak farm)-cum-Organic manure storage with manure/silage and urine pit at Byamjey Busty under Lachen	96.61	2018	2018	31.03.2020	100	50.00
78	Agriculture	Construction of VLW Center Arigaon Geyzing , West Sikkim	33.61	29.09.18	2018-19	31.03.2020	35	0
79	Agriculture	Construction of VLW Center Namthang, South Sikkim	34.78	29.09.18	2018-19	31.03.2020	25	8.35
80	Agriculture	Construction of VLW Centre, Smick Lingzey, East Sikkim	36.58	29.09.18	2018-19	31.03.2020	100	29.12
81	Sports	Construction/Extension of player-ground at Bhega sec. School under Maneybong Dentam Constituency, West Sikkim (phase II)	150.00	7.8.2018	2018-19	31.03.2020	35	0
82	Sports	Construction/Extension of player-ground at Bhega, West Sikkim.	21.00	21.11.2017	2017-18	31.03.2020	5	0
83	Education	Construction/Upgradation of School Ground with pavilion at Padamchey SS in East Sikkim	43.32	2018	2018	31.03.2020	40	10.75
84	Urban Development	Construction of Parking @ Lachen	150.00	2018	2018	31.03.2020	75	0.00
85	Urban Development	Development of Chungthang Bazar as river side city	100.04	2018	2018	31.03.2020	72	0.00
86	Energy and Power	Establishment of 11/kv, 2.5 switching s/s upgrading of 11kv T/S, augmentation and rejuvenation of d/s extension, phase balancing and enhancing the load	3074.64	2013-14	2013-14	31.03.2020	86	2277.88



Sl. No.	Department	Name of the project/works	Estimated cost of work	Date of Sanction	Year of Commencement	Target of Completion	Physical progress of the work as on 31 <sup>st</sup> March 2020 (in %)	Progressive expenditure at the end of year 2019-20
		carrying capacity LT d/n and improvement of scs under Pakyong Division East.						
87	Animal Husbandry	Establishment of Dairy farm(Community) at Latong villiage under Lachen Dzumsa in North Sikkim	70.00	2019	2019	31.03.2020	76	20.00
88	Animal Husbandry	Extension of piggery shed from 12 units to 16 units and construction of septic tank with soak pit at Mangalbaria, West Sikkim	9.50	14.11.2019	2019-20	31.03.2020	90	0
89	Animal Husbandry	Major Repair of one old sheep farm at Begha, West Sikkim.	8.00	14.4.2020	2020	31.03.2020	100	8.00
90	Urban Development	Solid Waste Treatment Plant for Mangan	1599.37	2018	2018	29.03.20	...	293.91
91	Animal Husbandry	Strengthening of Veterinary Dispensary at Rinchenpong, West Sikkim.	6.00	30.1.2019	2019-20	31.03.2020	100	0
92	Sports	Upgradation of (Phu-Phu ground) Chungthang ground at North Sikkim.	92.00	21.11.2017	2017-18	31.03.2020	100	70.00
93	Sports	Upgradation of Kyongsa playground upto international standard with track and field.	2798.00	25.12.2011	2011-18	31.03.2020	75	1137.12
94	Urban Development	Upgradation of Phodong Bazar	150.00	2018	2018	31.03.2020	67	0.00
95	Urban Development	Upgradation of Rorathang Bazar ( 2nd Phase)	232.53	2018	2018	31.03.2020	29	0.00
			<b>65436.52</b>					<b>23907.6</b>

Note: Out of 19 Works executing departments only ten furnished the details of works executed and remaining nine departments did not furnish any details to the Audit. The departments did not furnish the information were Culture, Forest, Health, Horticulture, Public Health Engineering, Roads & Bridges, Rural Development, Social Welfare and Tourism.

**Appendix 3.1**

(Reference: Paragraph 3.4.1)

**Statement Showing Cases where Supplementary Provisions Proved Unnecessary (₹ 50 lakh or more in each case)**

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Original	Supplementary	Actual Expenditure	Savings out of original provision
<b>A – REVENUE (VOTED)</b>						
1	1	Agriculture	221.56	1.97	138.67	82.89
2	2	Animal Husbandry	75.34	6.40	72.52	2.82
3	7	Education	1202.27	28.87	1178.45	23.82
4	9	Excise	12.60	0.58	11.80	0.80
5	11	Food & Civil suppl	24.33	1.55	22.69	1.64
6	12	Forest& Environment	261.99	6.85	154.11	107.88
7	14	Home	74.78	1.29	73.10	1.68
8	15	Horticulture	167.31	3.60	86.26	81.05
9	19	Irrigation	49.86	3.42	40.94	8.92
10	29	Planning	18.30	0.8	15.68	2.62
11	30	Police	521.83	3.91	473.56	48.27
12	34	Roads and Bridges	218.29	11.65	191.06	27.23
13	35	Rural Development	244.32	11.34	206.13	38.19
14	37	Transport	87.77	1.02	78.14	9.63
15	38	Social Welfare	247.54	2.06	191.39	56.15
16	40	Tourism	37.31	2.31	32.18	5.13
17	41	Urban Development	369.33	5.00	183.96	185.37
18	47	Skill Development and Entrepreneurship	25.50	0.68	11.65	13.85
<b>Total – REVENUE</b>			<b>3860.23</b>	<b>93.30</b>	<b>3162.29</b>	<b>697.94</b>
<b>B- CAPITAL (VOTED)</b>						
19	7	Education	32.30	13.60	20.10	12.20
20	31	Power	42.35	4.82	20.41	21.94
21	33	Water Security and Public Health Engineering	133.72	18.39	59.22	74.50
22	35	Rural Development	509.91	95.48	145.19	364.72
23	38	Social Welfare	25.01	2.07	10.99	14.02
24	39	Sports and Youth	16.32	3.30	15.25	1.07
<b>Total CAPITAL</b>			<b>759.61</b>	<b>137.66</b>	<b>271.16</b>	<b>488.45</b>
<b>Grand Total</b>			<b>4619.84</b>	<b>230.96</b>	<b>3433.45</b>	<b>1186.39</b>

## Appendix 3.2

(Reference: Paragraph 3.4.3)

## Statement Showing list of grants having large savings (savings above ₹ 1 crore or more in each case)

(₹ in crore)

Sl. No.	Grant No.	Name of Grant/Appropriation	Original	Supplementary	Total	Actual Expenditure	% of utilisation	Savings out of Total provision	Surrendered	Surrender as % of saving	Saving excl surrender
<b>A – REVENUE (VOTED)</b>											
1	1	Agriculture	221.56	1.97	223.53	138.67	62.04	84.86	78.34	92.32	6.52
2	2	Animal Husbandry	75.34	6.4	81.74	72.52	88.72	9.22	7.27	78.85	1.95
3	3	Buildings & Housing	42.1	0.13	42.23	40.6	96.14	1.63	1.12	68.71	0.51
4	7	Education	1202.27	28.87	1231.14	1178.45	95.72	52.69	51.54	97.82	1.15
5	9	Excise	12.6	0.58	13.18	11.8	89.53	1.38	1.18	85.51	0.20
6	12	Forest	261.99	6.85	268.84	154.11	57.32	114.73	64.87	56.54	49.86
7	14	Home	74.78	1.29	76.07	73.1	96.10	2.97	2.28	76.77	0.69
8	15	Horticulture	167.31	3.6	170.91	86.26	50.47	84.65	84.55	99.88	0.10
9	19	Irrigation	49.86	3.42	53.28	40.94	76.84	12.34	6.48	52.51	5.86
10	20	Judiciary	35.79	0.25	36.04	26.03	72.23	10.01	9.99	99.80	0.02
11	29	Planning	18.3	0.8	19.1	15.68	82.09	3.42	2.70	78.95	0.72
12	30	Police	521.83	3.91	525.74	473.56	90.07	52.18	48.84	93.60	3.34
13	34	Roads and Bridges	218.29	11.65	229.94	191.06	83.09	38.88	33.31	85.67	5.57
14	35	Rural Development	244.32	11.34	255.66	206.13	80.63	49.53	48.11	97.13	1.42
15	37	Transport	87.77	1.02	88.79	78.14	88.01	10.65	10.35	97.18	0.3
16	38	Social Welfare	247.54	2.06	249.6	191.39	76.68	58.21	57.45	98.69	0.76
17	40	Tourism	37.31	2.31	39.62	32.18	81.22	7.44	7.35	98.79	0.09
18	41	Urban Development	369.33	5	374.33	183.96	49.14	190.37	190.12	99.87	0.25
19	47	Skill Development	25.5	0.68	26.18	11.65	44.50	14.53	14.47	99.59	0.06
<b>Total – REVENUE</b>			<b>3913.79</b>	<b>92.13</b>	<b>4005.92</b>	<b>3206.23</b>		<b>799.69</b>	<b>720.32</b>		<b>79.37</b>
<b>B- CAPITAL (VOTED)</b>											
20	7	Education	32.3	13.6	45.9	20.1	43.79	25.8	25.74	99.77	0.06
21	31	Power	42.35	4.82	47.17	20.41	43.27	26.76	26.74	99.93	0.02
22	33	Irrigation	133.72	18.39	152.11	59.22	38.93	92.89	90.08	96.97	2.81
23	35	Rural Dev	509.91	95.48	605.39	145.19	23.98	460.20	460.07	99.97	0.13
24	38	Social Welfare	25.01	2.07	27.08	10.99	40.58	16.09	16.1	100.06	-0.01
25	39	Sports & Youth	16.32	3.3	19.62	15.25	77.73	4.37	4.36	99.77	0.01
26	41	Urban Dev	34.96	0.41	35.37	19.88	56.21	15.49	19.46	125.63	-3.97
<b>Total CAPITAL</b>			<b>794.57</b>	<b>138.07</b>	<b>932.64</b>	<b>291.04</b>		<b>641.6</b>	<b>642.55</b>		<b>-0.95</b>
<b>Grand Total</b>			<b>4708.36</b>	<b>230.2</b>	<b>4938.56</b>	<b>3497.27</b>		<b>1441.29</b>	<b>1362.87</b>		<b>78.42</b>

Appendix 3.3

(Reference: Paragraph.3.4.3.1)

Summarised Position of Expenditure and Savings for the Period 2015-16 to 2019-20  
(₹ in crore)

2015-16						
	Nature of Expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
<b>Voted</b>	<i>I Revenue</i>	4,073.16	82.23	4,155.39	3,349.62	(-)805.77
	<i>II Capital</i>	1,085.63	126.83	1,212.46	660.94	(-)551.52
	<i>III Loans and Advances</i>	0.55	-	0.55	0.07	(-)0.48
	<b>Total Voted</b>	<b>5,159.34</b>	<b>209.06</b>	<b>5,368.40</b>	<b>4,010.63</b>	<b>(-)1,357.77</b>
<b>Charged</b>	<i>IV Revenue</i>	310.60	-	310.60	296.53	(-)14.07
	<i>V Capital</i>	0.00	0	0.00	0.00	0.00
	<i>VI Public Debt-</i>	200.04	0	200.04	196.12	(-)3.92
	<b>Total charged</b>	<b>510.64</b>	<b>0</b>	<b>510.64</b>	<b>492.65</b>	<b>(-)17.99</b>
	<b>Grand Total</b>	<b>5,669.98</b>	<b>209.06</b>	<b>5,879.04</b>	<b>4,503.28</b>	<b>(-) 1,375.76</b>
						Percentage of savings as compared to total allocation 23.40 %
2016-17						
<b>Voted</b>	<i>I Revenue</i>	4394.48	293.60	4688.08	3426.75	(-)1261.33
	<i>II Capital</i>	877.65	391.06	1268.71	737.29	(-)531.42
	<i>III Loans and advances</i>	0.55	00.00	0.55	0.00	(-)0.55
	<b>Total Voted</b>	<b>5272.68</b>	<b>684.66</b>	<b>5957.34</b>	<b>4164.04</b>	<b>(-)1793.30</b>
<b>Charged</b>	<i>IV Revenue</i>	364.51	00.00	364.51	361.85	(-)2.66
	<i>V Capital</i>	0.00	0.00	0.00	0.00	0.00
	<i>VI Public Debt-</i>	247.24	00.00	247.24	246.26	(-)0.98
	<b>Total charged</b>	<b>611.75</b>	<b>0.00</b>	<b>611.75</b>	<b>608.11</b>	<b>(-)3.64</b>
	<b>Grand Total</b>	<b>5884.43</b>	<b>684.66</b>	<b>6569.09</b>	<b>4772.15</b>	<b>(-)1796.94</b>
						Percentage of savings as compared to total allocation 27.35 %
2017-18						
<b>Voted</b>	<i>I Revenue</i>	4,312.60	389.60	4,702.20	3,749.32	-952.88
	<i>II Capital</i>	1,311.10	693.81	2,004.91	1,523.28	-481.73
	<i>III Loans and advances</i>	0.55	0	0.55	0.45	-0.10
	<b>Total Voted</b>	<b>5,624.25</b>	<b>1,083.41</b>	<b>6,707.66</b>	<b>5,273.05</b>	<b>-1,434.71</b>
<b>Charged</b>	<i>IV Revenue</i>	412.68	0.82	413.50	403.39	-10.11
	<i>V Capital</i>	327.10	15.53	342.63	342.63	0.00
	<i>VI Public Debt-</i>					0.00
	<b>Total charged</b>	<b>739.78</b>	<b>16.35</b>	<b>756.13</b>	<b>746.02</b>	<b>-10.11</b>
	<b>Grand Total</b>	<b>6,364.03</b>	<b>1,099.76</b>	<b>7,463.79</b>	<b>6,019.07</b>	<b>-1,444.82</b>
						Percentage of savings as compared to total allocation 19.36 %
2018-19						
<b>Voted</b>	<i>I Revenue</i>	4911.60	763.32	5674.92	4829.64	- 845.28
	<i>II Capital</i>	1329.08	529.19	1858.27	1392.68	-465.59
	<i>III Loans and advances</i>	0.55	0	0.55	0.55	0.00
	<b>Total Voted</b>	<b>6241.23</b>	<b>1292.51</b>	<b>7533.74</b>	<b>6222.87</b>	<b>- 1310.87</b>
<b>Charged</b>	<i>IV Revenue</i>	517.27	0.55	517.82	484.66	-33.16
	<i>V Capital</i>	375.32	0.57	375.89	375.88	-0.01
	<i>VI Public Debt-</i>	0.0	0.0	0	0	0.00
	<b>Total charged</b>	<b>892.59</b>	<b>1.12</b>	<b>893.71</b>	<b>860.54</b>	<b>- 33.17</b>
	<b>Grand Total</b>	<b>7133.82</b>	<b>1293.63</b>	<b>8427.45</b>	<b>7083.41</b>	<b>- 1344.04</b>
						Percentage of savings as compared to total allocation 15.95 %
2019-20						
	Nature of Expenditure	Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure	Savings (-)/ Excess (+)
<b>Voted</b>	<i>I Revenue</i>	6727.36	179.09	6906.46	5621.37	(-) 1285.09
	<i>II Capital</i>	1150.82	495.71	1646.53	736.95	(-) 909.58
	<i>III Loans and advances</i>	1.35	0	1.35	0.72	(-) 0.63
	<b>Total Voted</b>	<b>7879.53</b>	<b>674.81</b>	<b>8554.34</b>	<b>6359.04</b>	<b>(-) 2195.30</b>
<b>Charged</b>	<i>IV Revenue</i>	594.36	0	594.36	564.21	(-) 30.15
	<i>V Capital</i>	414.1	0	414.10	413.78	(-) 0.32
	<i>VI Public Debt-</i>	0.0	0	0	0	0
	<b>Total charged</b>	<b>1008.46</b>	<b>0</b>	<b>1008.46</b>	<b>977.99</b>	<b>(-) 30.47</b>
	<b>Grand Total</b>	<b>8887.99</b>	<b>674.81</b>	<b>9562.80</b>	<b>7337.03</b>	<b>(-) 2225.77</b>
						Percentage of savings as compared to total allocation 25.04%

## Appendix 3.4

(Reference: Paragraph 3.4.3.2)

Statement Showing Results of Review of Substantial Surrenders  
(50 per cent or more of Total Provision) made during the Year

(₹ in lakh)

Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
			(Head of Account)			
1	1	Food Security and Agriculture Development	National Oilseed and Oil Palm Mission ( 103-04)	105.00	99.30	94.57
		Due to non-receipt of fund from Government of India				
2	1	Food Security and Agriculture Development	Agriculture Department (800-02)	2727.93	1717.79	62.97
		Surrender in March 2020 was due to limited fund received from Government of India and also due to non receipt bill under relevant head.				
3	2	Animal Husbandry & Veterinary Services Department	National Livestock Health and Disease Control Programme ( 101-07)	90.54	51.35	56.72
		Surrender was attributed to non receipt of fund from Government of India.				
4	2	Animal Husbandry & Veterinary Services Department	Green Revolution (08)	25.00	25.00	100
		Surrender of entire provision in March 2020 was attributed to non-receipt of Central Share from the Central Government				
5	2	Animal Husbandry & Veterinary Services Department	Blue Revolution- Integrated Development of Fisheries. (101-81)	764.81	513.15	67.09
		Surrender in the month March 2020 was due to delay in completion of tank by beneficiaries.				
6	2	Animal Husbandry & Veterinary Services Department	Scheme funded by Power Developers (72)	68.45	68.45	100
		Entire provision was surrendered in March 2020 due to non receipt of fund .				
7	3	Building and Housing	Development of Infrastructure Facilities for Judiciary including Gram Nayalayayas (31)	753.58	496.58	66
		Surrender was mainly due to non receipt of approval for new proposal forwarded to Government of India.				
8	4	Co-operation	Godwons Assistance (62)	3.85	3.85	100
		Entire provision was surrender due to savings could not be utilize due to miniscule amount insufficient for construction wor.				
9	7	Education Department	Establishment of State Institute of Science & Technology (SIST) (78)	73.30	40.40	55.12
		Surrender of equivalent amount of supplementary demand for making payment from other head of account for releasing pay and allowances to SIST, Chisopani as Grant-in-aid.				
10	7	Education Department	Buildings (70)	1721.55	1523.25	88.48
		Surrender due to non anticipated equivalent central fund and also due non receipt of bills.				
11	7	Education Department	National Education Mission (29)	510.00	510.00	100
		Entire provision was surrender in March 2020 due to non submission of bills.				

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Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
12	10	Finance, Revenue and Expenditure	Cost of Stamps (101)	5.00	5.00	100
		Surrender of entire provision due to non printing of stamps.				
13	10	Finance, Revenue and Expenditure	Motor Conveyance to State Govt. Employees (62)	10.00	10.00	100
		Entire provision was surrender in March 2020 due to less demand HBA loans.				
14	10	Finance, Revenue and Expenditure	Special Power Bonds (66)	0.01	0.01	100
		Entire provision was surrender in March 2020 due to re-scheduling of loan.				
15	12	Forest & Environment Department	Integrated Water shed Management Programme (IWMP) (38)	500.01	500.01	100
		Entire provision was surrender in March 2020 due to non receipt of fund from Government of India.				
16	12	Forest & Environment Department	Forest Protection Schemes (66)	5311.33	2929.42	55.15
		Surrendered due to restriction of expenditure within actual receipt of fund.				
17	12	Forest & Environment Department	Schemes funded under Sikkim Ecology fund (61)	0.01	0.01	100
		Entire provision was surrender due to non receipt of fund from Government of India.				
18	13	Health Care, Human Services and Family Welfare.	National Health Mission including NRHM (15)	143.00	143.00	100
		Entire provision was surrender due to non receipt of resources.				
19	13	Health Care, Human Services and Family Welfare.	National Mission on Aush including Mission on Medicinal Plants. (17)	200.00	165.33	82.67
		Surrender were stated to be due to non receipt of bills.				
20	14	Home Department	Entertainment and Hospitality Expenses (104).	70.00	45.93	65.61
		Surrendered in March 2020 was attributed to non submission of bills.				
21	15	Horticulture Department	National Horticulture Mission (02).	7158.96	5488.00	76.66
		Surrendered was stated to be mainly due to non receipt of fund from Central Ministries.				
22	15	Horticulture Department	National Mission on Sustainable Agriculture (03)	2500.00	2500.00	100
		Entire provision was surrendered during march 2020 due to non-receipt of fund form Central Ministry.				
23	15	Horticulture Department	Horticulture Department (16)	2.93	2.78	94.88
		Was anticipated and surrendered in March 2020.				
24	19	Water Resources and River Development	Pradhan MantriKrishiSinchaiYojana-HarKhetdopani	100.08	100.08	100
		₹1,00.08 lakh through surrendered in the Month of March 2019 stated to be due to non-receipt of central share.				
25	19	Water Resources and River Development	Rationalization of Minor Irrigation Statististics (100% CSS)	103.18	68.81	66.69
		Surrendered in March 2020 due to non receipt of Central share.				
26	22	Land Revenue and Disaster Management Department	Repairs and restoration of damaged roads and bridges (106)	1000.00	860.43	86.04
		Surrendered due to non submission bills by the implementing department due to Covid -19				

Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
27	22	Land Revenue and Disaster Management Department	Repairs and restoration of damaged water supply, drainage and sewerage works (109)	250.00	250.00	100
		Entire provision was surrendered non submission bills by the implementing department due to Covid-19.				
28	22	Land Revenue and Disaster Management Department	Capacity Building for Disaster Response (62)	490.74	389.51	79.37
		Surrendered due to non submission bills by the implementing department due to Covid-19 and also non receipt of fund from Government of India.				
29	22	Land Revenue and Disaster Management Department	Census Enumeration for Decennial Population Census-2021 (Reimbs by Govt. of India)	0.01	0.01	100
		Entire Provision was surrendered reason thereof not intimated.				
31	22	Land Revenue and Disaster Management Department	Reconstruction of Assets Damaged by 18 <sup>th</sup> September Earthquake (SPA) (75)	807.17	580.34	71.90
		Surrendered due to non submission bills by works department due to Covid-19				
32	25	Mines, Minerals and Geology	Research Works (61)	20.00	13.51	67.55
		Surrender in march 2020 was due to late approval of project of the department.				
33	25	Mines, Minerals and Geology	Other Minerals Exploration	25.00	22.83	91.32
		Surrendered in march 2020 was due to late approval of project of the department.				
34	31	Power Department	Schemes under Non-Lapsable Pool of Central Resources (NLCPR) (46)	3370.98	1998.39	59.28
		Surrender due to non receipt of fund from government of India.				
35	31	Power Department	Schemes under North Eastern Council (NEC) (47)	592.68	445.19	75.11
		Surrender stated due to non receipt of fund from Government of India.				
36	31	Power Department	Construction of D/C 132 KV Transmission Lines from LLHP to Nathula with LILO at Bulbuley (84)	68.53	68.53	100
37	31	Power Department	Drawing of new 66 KV Double Circuit Transmission Line from LLHP to Tadong 66/11KV Sub-station, East Sikkim (NLCPR) (98)	161.99	161.99	100
		Entire provision above two were due to non-receipt of fund from Government of India.				
38	33	Water Security and Public Health Engineering	Pakyong Water Supply Schemes East (63)	17.35	17.35	100
		Surrender due to non-receipt of CSS fund from Government of India.				
39	33	Water Security and Public Health Engineering	Water supply for East District (73)	47.90	47.90	100
		Entire provision was surrendered due to non receipt of bills due to Covid-19.				
40	33	Water Security and Public Health Engineering	PHE Department (34)	16.83	16.83	100
		Entire Provision of was surrendered due to closure of scheme.				

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Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
41	34	Roads & Bridges Department	Roads and Bridges Department (35)	100.00	97.66	97.66
		Surrender stated to be due to non receipt of bills				
42	34	Roads & Bridges Department	Transfer to Reserve Fund/Deposit Accounts (797)	3000.00	2545.79	84.60
		Surrender stated to be due to non receipt of bills.				
43	34	Roads & Bridges Department	Construction of Steel Bridge in South Sikkim (68)	470.57	470.57	100
		Entire provision was surrender stated due to non receipt of bills.				
44	34	Roads & Bridges Department	District Roads (60)	0.02	0.02	100
		Entire provision was surrender stated to be token provision surrendered.				
45	35	Rural Development Department	Rural Development Department (36)	50.00	36.44	72.88
		Surrender of fund in March 2020 was attributed to less receipt of bill and anticipated saving surrender based on actual.				
46	35	Rural Development Department	Rural Development (103)	170.56	170.56	100
		Entire provision was surrender stated due to non receipt of fund from Government of india.				
47	35	Rural Development Department	Infrastructure Development for Destinations and Circuits (50)	314.39	195.07	62.05
		Surrender was attributed to non receipt of fund from Government of India and due to non receipt of bill.				
48	35	Rural Development Department	Pradhan Mantri Gram Sadak Yojana (PMGSY) (35)	46479.00	45140.00	97.12
		Surrender was attributed to non receipt of fund from Government of India.				
49	38	Social Justice & Welfare Department	Education Support (61)	5.00	4.07	81.4
		Surrender of provision was due to non receipt of fund from Government of India.				
50	38	Social Justice & Welfare Department	Tribal Sub Plan Central Plan Schemes (62)	3200.00	1847.47	57.73
		Surrender stated to be due to non receipt of bills.				
51	38	Social Justice & Welfare Department	Umbrella Programme for Development and Marketing of Tribal Products/Produce.	219.00	123.64	56.46
		Surrender stated to be due to non receipt of detail bill.				
52	38	Social Justice & Welfare Department	Lepcha Primitive Tribe Group Welfare Board (65)	5.00	5.00	100
		Entire provision was surrendered due to board not formed.				
53	38	Social Justice & Welfare Department	Scheme for Development of OBC and DNT and Semi Nomadic Tribes	815.00	506.19	62.11
		Surrender stated to be due to non receipt of fund from centre.				
54	38	Social Justice & Welfare Department	Multi Sectoral Development Programme for Minority (32)	1000.00	565.72	56.57
		Surrender to be stated due to bill remain pending for incomplete work..				
55	38	Social Justice & Welfare Department	Umbrella Schemes for Development of Minorities (33)	7.00	7.00	100
		Entire provision was surrender due to the scheme directly handled by centre.				



Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
56	38	Social Justice & Welfare Department	Scheme for Development of Schedule Caste (42)	330.00	230.88	69.96
		Surrender stated to be due to non receipt fund from Government of India.				
57	38	Social Justice & Welfare Department	Asharam Schools (52)	20.00	10.00	50
		Surrender to be stated due to non receipt of fund from Government of India.				
58	38	Social Justice & Welfare Department	Rajeev Gandhi Schemes for Empowerment of Adolescent Girls (RGSEAG)SABLA (CSS) (54)	1.70	1.70	100
		Entire provision was surrender due to non receipt of resource from Government of India.				
59	38	Social Justice & Welfare Department	Maternity Benefit Programme (65)	319.91	294.39	92.02
		Surrender stated to .be due to non receipt of resource from Government of India.				
60	38	Social Justice & Welfare Department	National Mission for Empowerment of women including Indira Gandhi Matritav S Y (CSS) (53)	201.55	109.24	54.20
		Surrender stated to be due to non receipt of resource from Government of India.				
61	38	Social Justice & Welfare Department	Working Women's Hostel, Deorali (63)	3.14	2.04	64.97
		Surrender stated to be due to non receipt of bill.				
62	38	Social Justice & Welfare Department	Other Women's Welfare Programme (64)	1.00	1.00	100
		Entire provision was surrender stated to be due to non receipt bill.				
63		Social Justice & Welfare Department	Senior Citizen Welfare Board (67)	10.00	10.00	100
		Entire provision was surrender stated to be due to non formation board.				
64	38	Social Justice & Welfare Department	Tribal Area Sub Plan (796)	100.00	77.97	77.97
		Surrender stated to be due to non approval of work.				
65	38	Social Justice & Welfare Department	Construction (60)	365.84	298.61	81.62
		Surrender in March 2020 stated to be due to non receipt of bills.				
66	38	Social Justice & Welfare Department	Umbrella scheme for Education of ST student (51)	305.46	305.46	100
		The entire provision was surrender stated to be due to non receipt of bills				
67	38	Social Justice & Welfare Department	Construction (60)	284.88	239.39	84.03
		The provision was surrender in March 2020 stated to be due to non receipt of bills.				
68	38	Social Justice & Welfare Department	Other expenditure (800)	50.00	27.73	55.46
		The provision was surrender in March 2020 stated to be due to non receipt of bills.				
69	38	Social Justice & Welfare Department	Social welfare (39)	140.66	102.16	72.63
		Surrender was due to non receipt of bills.				
70		Social Justice & Welfare Department	Social welfare (39)	334.19	252.13	75.45
		Surrender was due to non receipt of bills and non execution of work.				
71	40	Tourism and Civil Aviation Department	Establishment (60)	670.12	464.57	69.33
		Surrender due non receipt of increment order.				
72	41	Urban Development Department	Urban Development (42)	109.90	58.80	53.50

Sl. No.	Grant No.	Name of Grant	Name of the scheme	Original Provision	Amount of Surrender	% of surrender
		Surrender due to regularization of muster roll staff.				
73	41	Urban Development Department	Swachh Bharat Mission (81)	649.74	556.52	85.67
		Surrender due to non receipt of fund from MOHUA in the forms of Central share.				
74	41	Urban Development Department	Scheme under Ministry of Urban Development and HUPA (2).	31869.36	17878.83	56.10
		Sunder due to non receipt of fund from MOHUA in the forms of Central share.				
75	41	Urban Development Department	National Urban Livelihood Mission (20)	222.00	212.00	95.50
		Surrender due to non accordance of sanction from the competent authority.				
76	41	Urban Development Department	Land Acquisition (60)	500.00	500.00	100
		Surrender due to non clearance of the proposal within the laid down procedure.				
77	41	Urban Development Department	Projects/Schemes for the benefit of N.E. Region and Sikkim (Central Share) (83)	1366.97	780.44	57.09
		Surrender due to non receipt of bills				
78	43	Panchayat Raj Institutions	Performance grant recommended by the 14th FC	490.00	490.00	100
		Entire provision of was surrendered in March 2020 due to non-receipt of performance grant under 14 <sup>th</sup> FC from Ministry of Finance, Government of India.				
79	46	Municipal Affairs	Improvement Grant recommended by the 14th State Finance Commission.	53.27	53.27	100
		Surrender of entire provision due to non receipt of grants from Government of India.				
80	47	Skill Development & Entrepreneurship Department	Skill Development Mission (29)	1519.96	1425.52	93.79
		Surrender was due to late approval of the revised project, non receipt of fund from Government of India and non release of full amount of Central Share of the scheme.				
81	47	Skill Development & Entrepreneurship Department	Construction of three hostels and 3 boundary walls (66)	205.20	205.20	100
82	47	Skill Development & Entrepreneurship Department	Upgradation of Government ITI, Namchi into Model ITI (67)	237.45	237.45	100
83	47	Skill Development & Entrepreneurship Department	Construction of ITI at Chambung West Sikkim (70)	350.00	350.00	100
84	47	Skill Development & Entrepreneurship Department	State Industry Integrated Training cum Production and service centre at Sokeythang (71)	350.00	350.00	100
		Surrender of entire provision above four cases were due to non receipt of central share from Government of India.				
			<b>Total</b>	<b>126715.53</b>	<b>99120.81</b>	

## Appendix 3.5

(Reference: Paragraph 3.4.3.3)

## Details of surrender of funds in excess of ₹ one crore at the end of March 2020

(₹ in crore)

Grant No.	Original	Supple- mentary	Total Provision	Actual Expenditure	Saving/ Excess	Surrendered
<b>REVENUE</b>						
1	221.56	1.97	223.53	138.67	-84.86	78.34
2	75.34	6.40	81.74	72.52	-9.22	7.26
3	42.10	0.14	42.24	40.60	-1.64	1.12
7	1202.27	28.87	1231.14	1178.45	-52.69	51.54
8	25.82	0.00	25.82	24.33	-1.49	1.48
9	12.60	0.58	13.18	11.80	-1.38	1.18
10	2302.22	0.00	2302.22	1949.38	-352.84	345.18
12	262.00	6.85	268.85	154.11	-114.74	64.87
13	386.30	37.45	423.75	388.31	-35.44	26.57
14	74.78	1.29	76.07	73.10	-2.97	2.28
15	167.31	3.60	170.91	86.26	-84.65	84.55
19	49.86	3.42	53.28	40.94	-12.34	6.48
20	35.79	0.25	36.04	26.030	-10.01	9.99
22	167.36	0.64	168	94.58	-73.42	38.03
29	18.30	0.08	18.38	15.68	-2.70	2.70
30	521.83	3.91	525.74	473.56	-52.18	48.84
33	44.63	0.00	44.63	42.78	-1.85	1.71
34	218.29	11.65	229.94	191.06	-38.88	33.31
35	244.32	11.34	255.66	206.13	-49.53	48.11
37	87.77	1.02	88.79	78.14	-10.65	10.35
38	247.54	2.06	249.6	191.39	-58.21	57.45
40	37.31	2.31	39.62	32.18	-7.44	7.35
41	369.33	5.00	374.33	183.96	-190.37	190.12
43	318.85	0.05	318.9	280.27	-38.63	68.50
46	22.73	0.00	22.73	13.56	-9.17	9.16
47	25.50	0.00	25.50	11.65	-13.85	14.47
<b>Total</b>	<b>7181.71</b>	<b>128.88</b>	<b>7310.59</b>	<b>5999.44</b>	<b>-1311.15</b>	<b>1210.94</b>
<b>CAPITAL</b>						
2	3.87	0.00	3.87	1.71	-2.16	2.15
3	19.71	23.82	43.53	35.86	-7.67	5.61
7	32.3	13.60	45.90	20.1	-25.80	25.74
13	34.37	21.83	56.20	44.30	-11.90	17.06
22	18.07	74.00	92.07	86.05	-6.02	5.80
29	42.40	0.00	42.40	21.73	-20.67	20.41
31	42.35	4.82	47.17	20.41	-26.76	26.74
33	133.72	18.39	152.11	59.22	-92.89	90.08
34	160.72	211.32	372.04	189.58	-182.46	44.86

<b>Grant No.</b>	<b>Original</b>	<b>Supple- mentary</b>	<b>Total Provision</b>	<b>Actual Expenditure</b>	<b>Saving/ Excess</b>	<b>Surrendered</b>
35	509.91	95.48	605.39	145.19	-460.20	460.07
38	25.01	2.07	27.08	10.99	-16.09	16.10
39	16.32	3.30	19.62	15.25	-4.37	4.36
40	24.95	12.92	37.87	29.81	-8.06	7.65
41	34.96	0.41	35.37	19.88	-15.49	19.46
47	14.26	0.00	14.26	1.61	-12.65	12.66
<b>Total</b>	<b>1112.92</b>	<b>481.96</b>	<b>1594.88</b>	<b>701.69</b>	<b>-893.19</b>	<b>758.75</b>

## Appendix 3.6

(Reference: Paragraph 3.5.2)

## Statement showing details of incomplete projects more than one crore

(₹ in crore)

Sl. No.	Name of the project/works(having estimated cost of ₹ 10 crore or more)	Target Date of Completion	Estimated cost of work	Progressive expenditure at the end of year 2019-20	Pending Payments	Physical progress as on 31 March 2020 (in percent)
<b>A</b>	<b>Sports and Youth Affairs</b>					
1	Construction of Bhaichung stadium at Namchi in South Sikkim	31.3.2020	51.33	36.82	14.52	85
2	Upgradation of Kyongsa playground upto international standard with track and field.	31.3.2020	27.98	11.37	16.61	75
<b>B</b>	<b>Police</b>					
3	Construction of 2nd & 3rd IRBn Hq at Mangley, South Sikkim	3.9.2016	17.75	13.40	4.35	89
4	Sik 27	31.3.2016	46.25	14.95	31.30	75
<b>C</b>	<b>Power Department</b>					
5	Establishment of 11/kv, 2.5 switching s/s upgrading of 11kv T/S,.	31.3.2020	30.75	22.78	7.97	86
<b>D</b>	<b>Education</b>					
6	Establishment of Govt. College at Rhenock	15.02.11	15.95	13.66	2.29	85
7	Construction of Model School at Assam Lingzay,	31.03.18	11.88	8.28	3.60	82
8	Construction of various School in Sikkim	31.3.2020	13.58	5.16	8.42	60
9	Establishment of Polytechnic College at Mangshila,	30.06.18	12.30	9.12	3.18	78
10	Establishment of Polytechnic College at Yangthang	...	12.30	4.06	8.24	60
11	Construction of Science block at Government College at Yangthang	...	26.51	19.84	6.66	80
12	Construction of Ethnic Cultural Centre, Buriakhop	31.3.2020	100.00	12.00	88.00	16
13	Construction of Gyan Mandir State Library, Gangtok	2021	199.96	46.16	153.80	30
14	Construction of Folk History Centre at Assam Linzey, Gaucharan	31.3.2020	110.00	14.00	96.00	15
15	Construction of State Guest House	2021	82.60	0.00	82.60	0
16	Conceptualizing Preparation of Drawing and execution of art Gallery at Gangtok	2021	38.81	0.00	38.81	0
17	Renovation & Upgradation of 100 Brded District Hospital to 300 Bedded MSH at Namchi	2021	358.23	0.00	358.23	0
18	Establishment of liabrary infrastructure & archive of Gyan Mandir at Gtk.	2021	39.38	0.00	39.38	0
<b>E</b>	<b>Urban Development and Housing</b>					
19	Central Park extension Namchi	30.03.20	18.00	9.44	8.56	57
20	Solid Waste Treatment Plant for Mangan	29.03.20	15.99	2.94	13.05	0
21	Construction of Link Road from Forest Bypass and upgradation of road from TNHS to Dhupidara Gangtok	20.02.20	12.10	3.57	8.54	30
22	Construction of Kissan Bazar at Gangtok		23.75	11.23	12.52	87
23	Construction of Kissan Bazar at Namchi	24.04.17	28.26	15.87	12.39	98

<b>Sl. No.</b>	<b>Name of the project/works(having estimated cost of ₹ 10 crore or more)</b>	<b>Target Date of Completion</b>	<b>Estimated cost of work</b>	<b>Progressive expenditure at the end of year 2019-20</b>	<b>Pending Payments</b>	<b>Physical progress as on 31 March 2020 ( in percent)</b>
24	Improvement & Modification of Inner Road at Gangtok	11.12.13	43.44	35.90	7.54	80
25	Upgradation of Melli bazar	07.10.15	36.37	24.90	11.47	78
26	Construction of Tunnal @ Ridge Park	29.09.19	18.61	0.00	18.61	15

## Appendix 4.1

(Reference: Paragraph 4.3)

## Statement showing funds transferred directly to implementing agencies in the State under the Schemes/Programmes outside the State Budget during 2019-20

(₹ in lakh)

Sl. No.	Government of India Scheme	Government of India Releases	
		2019-20	2018-19
1.	Aid to Voluntary Organisations Working for the Welfare of Scheduled Tribes	30.47	85.02
<b>2.</b>	<b>Ambedkar Hastshilp Vikas</b>	<b>9.80</b>	<b>0.00</b>
3.	Atal Innovation Mission	24	240.00
<b>4.</b>	<b>Bio Technology Research and Development</b>	<b>226.44</b>	<b>15.51</b>
<b>5.</b>	<b>Beti Bachao Beti Padhao</b>	<b>47.50</b>	<b>0.00</b>
6.	Capacity Building and Publicity	0.00	0.00
7.	CIC and RTI	0.00	3
8.	Disha Programme for Women in Science	0.00	0.00
9.	Domestic Promotion and Publicity including Market Development Assistance	50	0.00
<b>10.</b>	<b>e-Courts Phase II</b>	<b>161.17</b>	<b>80.4</b>
<b>11.</b>	<b>Environmental Education Awareness and Training</b>	<b>71.19</b>	<b>0.00</b>
<b>12.</b>	<b>Environmental Information Systems</b>	<b>70.54</b>	<b>0.00</b>
13.	Establishment Expenditure AYUSH	281.89	291.14
14.	Establishment Expenditure Higher Education	0.59	0.77
15.	Human Resource Development- Handicrafts	32.28	0.00
16.	Industrial Research and Development	0.00	0.38
<b>17.</b>	<b>Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)</b>	<b>302.93</b>	<b>0.00</b>
18.	Kala Sanskriti Vikas Yojana	8.64	35.00
19.	Member of Parliament Local Area Development Scheme (MPLAD)	750.00	1000.00
20.	Marketing Support and Services	6.81	0.00
<b>21.</b>	<b>National AIDS and STD Control Programme</b>	<b>554.19</b>	<b>0.00</b>
<b>22.</b>	<b>National Handloom Development Programme</b>	<b>26.16</b>	<b>0.00</b>
<b>23.</b>	<b>National Service Scheme</b>	<b>166.35</b>	<b>27.67</b>
24.	National Young Leaders Programme	0.00	1.41
25.	NER Textiles Promotion Scheme	20.9	
26.	Pollution Abatement	7	0.00
27.	Promotional Services Institutions and Programme	2.45	0.00
<b>28.</b>	<b>Rastriya Gokul Mission</b>	<b>677.98</b>	<b>0.00</b>
<b>29.</b>	<b>Scheme for Prevention of Alcoholism and Substance (DRUGS) Abuse</b>	<b>18.55</b>	<b>0.00</b>
30.	Schemes for differently Abled persons	0.00	3.9
31.	Schemes of North East Council - Special Development Projects	0.00	0.00
32.	Scheme for Prevention of Alcoholism and Substance	0.00	38.19

Sl. No.	Government of India Scheme	Government of India Releases	
		2019-20	2018-19
	(Drugs) Abuse		
<b>33.</b>	<b>Science and Technology Institutional and Human Capacity Building</b>	<b>413.8</b>	<b>0.00</b>
34.	Small Hydro Power - Grid Interactive	5	0.00
35.	Space Science Promotion	0.00	14.22
36.	Space Technology	0.00	<b>0.5</b>
37.	Transport Planning and Capacity Building in Urban Transport	46.44	46.44
<b>Total</b>		<b>4013.07</b>	<b>1883.55</b>

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



**Appendix 4.2**  
(Reference: Paragraph 4.4)  
**Statement Showing Outstanding Utilisation Certificates in Respect of Various  
Departments Up to 31 March 2020**

(₹ in lakh)

Sl. No.	Name of the Department	Voucher	Amount
1	Agriculture	163	29.69
2	Animal Husbandry	25	8.39
3	Co-operation	15	127.92
4	Culture	141	401.13
5	Ecclesiastical	116	5888.74
6	Education	16	1360.12
7	Forest and Environment	6	59.45
8	Health and Family Welfare	26	2758
9	Home	16	1084.19
10	Horticulture	3	130
11	Commerce and Industries	20	608.03
12	Information Technology	35	93.07
13	Labour	9	4.44
14	Motor Vehicles	7	13.25
15	Parliamentary Affairs	184	181.79
16	Power	20	1581.51
17	Rural Development	91	3071.4
18	Science and Technology	20	423.99
19	Social Justice and Welfare	377	2017.94
20	Sports and Youth Affairs	118	209.32
21	Tourism and Civil Aviation	17	71.61
22	Panchayat Raj Institutions	9	43
23	Skill Development	3	232
	<b>Total</b>	<b>1436</b>	<b>20398.98</b>

**Appendix 4.3**

(Reference: Paragraph 4.5.1)

**Statement Showing Pending DC bills for the Years up to 2019-20**

Sl. No.	Grant No.	Department/Particulars	No. of AC bills	Amount (₹ in lakh)
1	1	Agriculture	56	526.53
2	2	Animal Husbandry and Veterinary Services	47	298.91
3	3	Buildings and Housing	51	16.87
4	4	Co-operation	15	28.45
5	5	Culture	12	24.58
6	6	Ecclesiastical	8	54.60
7	7	Education	94	227.63
8	8	Election	33	87.60
9	9	Excise	4	1.09
10	10	Finance	103	43.69
11	11	Food and Civil Supplies	14	119.99
12	12	Forest and Environment	44	60.61
13	13	Health and Family Welfare	171	658.40
14	14	Home	295	304.84
15	15	Horticulture	155	551.30
16	16	Commerce and Industries	8	4.72
17	17	Information and Public Relation	15	13.51
18	18	Information Technology	20	26.82
19	19	Water Resources	16	2.81
20	20	Judiciary	66	41.58
21	21	Labour	41	14.91
22	22	Land Revenue and Disaster Management	76	22.34
23	23	Law	6	0.98
24	24	Legislature	41	31.18
25	25	Mines and Geology	7	14.04
26	26	Motor Vehicles	10	5.36
27	27	Parliamentary Affairs	10	1.59
28	28	Department of Personnel	107	532.99
29	29	Planning and Development	80	235.38
30	30	Police	339	236.16
31	31	Power	41	57.05
32	32	Printing and Stationary	10	202.44
33	33	Public Health Engineering	62	25.15
34	34	Roads & Bridges	53	29.51
35	35	Rural Development	178	650.54
36	36	Science and Technology	34	7.26
37	37	Transport	3	0.05
38	38	Social Justice and Welfare	182	755.29
39	39	Sports and Youth Affairs	111	223.51
40	40	Tourism and Civil Aviation	90	292.53
41	41	Urban Development	30	10.80
42	42	Vigilance	6	4.59
43	43	Panchayat Raj Institutions	54	183.99
44	44	Governor	142	69.79
45	45	Public Service Commission	28	81.97
46	47	Skill Development	6	3.57
<b>Total</b>			<b>2974</b>	<b>6787.50</b>

**Appendix 4.4**  
(Reference: Paragraph 4.5.2.1)  
**Statement Showing Pending Abstract Contingent bills of Department of  
Personnel**

Year	Figure of A & E Office			Departmental figure			
	Contingency Advance	Medical/ TA Advance	Total	Contingency Advance	Medical	TA Advance	Total
2004-05	110481	0	110481		0	0	
2005-06	350866	10604	361470	15926	0	0	15926
2006-07	16565573	0	16565573	16337052	0	0	16337052
2007-08	1805694	0	1805694	97500	0	0	97500
2008-09	21424331	0	21424331	21390794	0	0	21390794
2009-10	5914007	0	5914007	73162	0	0	73162
2010-11	36942	0	36942	0	0	0	0
2011-12	41695	0	41695	0	0	0	0
2012-13	128769	0	128769	0	0	0	0
2013-14	3120367	0	3120367	0	0	0	0
2014-15	25000	70000	95000	2495	0	0	2495
2015-16	10000	30000	40000	0	0	0	0
2016-17	27766	50000	77766	35000	0	0	35000
2017-18	33588	0	33588	20636	0	0	20636
2018-19	0	50000	50000	0	0	0	0
2019-20	91355	0	91355	0	0	0	0
<b>Total</b>	<b>49686434</b>	<b>210604</b>	<b>49897038</b>	<b>37972565</b>	<b>0</b>	<b>0</b>	<b>37972565</b>

**Appendix 4.5**  
(Reference: Paragraph 4.10)  
**Arrears of accounts of bodies or authorities**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to F.Y. 2019-20
1	SIMFED	2015-16	5
2	DACS	2013-14	7
3	NWCS	2013-14	7
4	CAMPA	2014-15	6
5	Sikkim Khadi & Village Industries Board	2007-08	13
6	SHDB	2013-14	7
7	BOCW	2017-18	3
8	Backward commission	2018-19	2
9	Biodiversity Boards	2018-19	2
10	Human Right Commission	2018-19	2
11	SISCO	2019-20	1
12	SMU	2019-20	1
13	SSERC	2019-20	1
14	SLSA	2019-20	1
	<b>Total</b>		<b>58</b>

*Note: cut-off date of the pendency of any previous F.Y is to be taken on 30 September of succeeding F.Y*

## Appendix 4.6

(Reference: Paragraph 4.12)

## Statement Showing names of Autonomous Bodies and Authorities, the Accounts of which had not been received under Section 14 (1) and 15 of CAG's DPC Act, 1971

Sl. No.	Name of the Body/Authorities	Section under which audited	Years for which accounts are pending	Number of accounts pending
1	Sikkim Institute of Rural Development (SIRD), Karfactor	14	2018-19	2
2	Member Secretary, State Health & Family Welfare Society (NHM)	14	2017-18 & 2018-19	3
3	Sikkim Renewable Energy Development Agency (SREDA)	14	2016-17 to 2018-19	4
4	Project Director, National Aids Control Society, Gangtok	14	2018-19	2
5	Project Officer, Prevention & Control of Blindness	14	2016-17 to 2018-19	4
6	Member Secretary, Council of Science & Technology	14	2018-19	2
7	Principal, Institute of Hotel Management	14	2018-19	2
8	Sikkim Urban Development Agency, (SUDA)	14	2018-19	2
9	Small Farmers Agri-Business Consortium (SFAC)	14	2017-18 & 2018-19	3
10	CEO Sikkim Livestock Development Board	14	2017-18 & 2018-19	3
11	State Organic Mission	14	2018-19	2
12	Sikkim Organic Certification Agency	14	2016-17 to 2018-19	4
13	Mission Organic Value Chain for North Eastern Region (MOVCT)	14	2016-17 to 2018-19	4
14	State Institute of Capacity Building, Karfactor, Jorethang	14	2018-19	2
15	<i>District Project Management Unit (Rural Livelihood Project), Jorethang*</i>	14	2018-19	2
16	<i>District Project Management Unit (Rural Livelihood Project), Geyzing*</i>	14	2018-19	2
17	Indian Himalayan Centre for Adventure Tourism, Chemchey, South Sikkim	14	2014-15 to 2018-19	6
18	Himalayan Zoological Park	14	2014-15 to 2018-19	6
19	State Pollution Control Board	14	2017-18 & 2018-19	3
			<b>Total</b>	<b>58</b>

\* Units under Sl. Number 15 and 16 are closed





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