GOVERNMENT OF SIKKIM

FINANCE DEPARTMENT

GANGTOK

MEDIUM TERM FISCAL PLAN FOR SIKKIM 2023-24 to 2025-26

As presented before the Sikkim Legislative Assembly as required under sub-section (1) of section 3 of the Sikkim Fiscal Responsibility and Budget Management Act, 2010 (Act No. 15 of 2010)

May 2023

Contents

Medium Term Fiscal Plan for Sikkim: 2023-24 to 2025-26

Preface: MTFP as the Fiscal Management Plan of the State Government

The Indian economy, after facing a contraction of 5.8 percent in the pandemic year of 2020-21, recovered significantly and appears to have staged a full recovery in 2022-23. The recovery of GDP at 9.1 percent in 2021-22 after resumption of economic activities and a strong 7 percent growth rate in 2022-23 (latest data provided by CSO) shows that the country has reached the pre-pandemic growth path. The growth process is commendable given the difficult global challenges like high commodity prices, disruptions emerging from the European strife, domestic inflationary pressure and depreciating rupee. The Economic Survey of Government of India for the year 2022-23 opined that the optimistic growth scenario reflects the resilience of the Indian economy and improvement in private consumption and domestic production activity.

With the revival of GDP, the public finance in the country and states in particular will see positive impact. The state finances of Sikkim is set to improve considerably with effective resource mobilization and expenditure rationalization coupled with enhanced flow of resources from the Union government. The FC-XV has provided a fiscal consolidation roadmap until 2025-26, which will be instrumental for the state to get back to long term fiscal consolidation path. The Medium Term Fiscal Policy (MTFP) for the year 2023-24 takes all these factors into consideration while formulating a medium term fiscal plan.

The annual average growth of Gross State domestic product (GSDP) of Sikkim at constant prices during 2015-16 to 2021-22 remained healthy at 8.41 percent leaving the pandemic affected year of 2020-21in which the GSDP contracted by 2.32 percent. The economy has been on the path of recovery since then and it grew at a rate of 8.57 percent in 2021-22. The improvement in GSDP growth is expected to facilitate higher internal revenue generation.

The achievement of socio-economic development in Sikkim has been significant. The State economy has experienced substantial growth in recent years and the per capita income of the state has increased significantly in recent years. The major socio-economic indicators for the State show commendable improvement. The poverty ratio has declined to 8.19 per cent as compared to all India average of 21.92 per cent in 2011-12. The literacy rate at 81.40 per cent in 2011-12 is significant achievement. The IMR has gone down to 5 per 1000 in 2020 as compared to the all India average of 28.

Government of Sikkim adopted Fiscal Responsibility and Budget Management Act (FRBM Act) in 2010. Post FRBM fiscal management experienced considerable improvement in fiscal outcomes in terms of reduced fiscal deficit and stabilization of debt burden. The state continued to generate revenue surplus. Fiscal rules helped the state government to establish fiscal targets as bench marks to manage state finances. The fiscal stress experienced in 2019-20 and 2020-21 in terms of reduced central transfers and Covid-19 distortions resulted in some slippage in the fiscal deficit targets. The state government is committed to calibrate the fiscal policy within the available resources and observing restraint on spending to achieve fiscal consolidation.

The FRBM Act stipulates presenting a Medium Term Fiscal Plan (MTFP) along with the budget in the State Legislative Assembly.

- The objective of presenting an MTFP is to give the detailed fiscal stance of the Government as envisioned in the budget in a transparent manner.
- The MTFP 2023-24 presents medium term fiscal objectives, strategic priorities in resource allocation, and fiscal policies in conformity with fiscal management principles enunciated in the Act.
- It gives projected fiscal targets in ensuing budget year, 2023-24, and two outward years.
- It reviews the macroeconomic and fiscal performance of Sikkim for the recent years.
- The MTFP, while drawing out the fiscal plan, provides the assumptions with regard to the revenue augmentation and expenditure restructuring parameters arrived at based on trend of the variables and the recent policy changes relating to revenue augmentation measures and expenditure priorities in various sectors.

- The MTFP is prepared following the format provided in the rules associated with the Act.
- The MTFP reflects the fiscal management policy of the government reflecting efforts to create an enabling environment for economic development.

The state government conducts review of its compliance to the FRBM Act regularly by a reputed independent Institution, which is placed in the legislature. This follows the specific provision contained in the Act as per the recommendations of the 13^{th} FC. This provision has established an institutional process where achievement of the fiscal targets and fiscal management principles has been examined by an independent agency to improve transparency in fiscal management. It has become part of accountability structure of the State government following the constitutional process relating to public financial management.

Medium Term Fiscal Plan (MTFP)
Form F -1
{See Rules 3 (3)}

A. Fiscal Policy Overview

Fiscal Profile of the State

Fiscal Responsibility and Budget Management (FRBM) Act adopted by the State government in 2010 continues to anchor the fiscal management process. FRBM Act provides a self-regulating framework to take resource allocation decisions aligning with the inclusive growth process. Economic growth in Sikkim has remained healthy over the year despite the contraction experienced in the Covid-19 affected year of 2020-21. While central transfers including tax devolution and grants assumes significance in the aggregate revenue receipts, State government made efforts to improve own revenue receipts and streamlined the spending pattern to adhere to the fiscal consolidation process.

The state had maintained revenue surplus, reduced the deficit to stipulated limit, and stabilized debt burden considerably complying with FRBM Act. From a fiscal deficit of 4.27 percent of GSDP in 2010-11, the state managed to limit it below 3 percent until 2018-19. The state government availed the flexibility provided by FC-XIV to increase the fiscal deficit by 0.5 percent, meeting conditions related to interest payment and fiscal prudence in previous years. During the pandemic, the state of public finance in the country deteriorated due to the economic contraction faced by the national economy in 2020-21. The process of fiscal consolidation in Sikkim, like other states in the country, faced challenges to comply with FRBM targets.

Fiscal policy overview in recent years, responding to emerging economic situation, has been described in the following paragraphs.

- The state government, like all other states, faced severe shortfall in actual receipt of share in central taxes due to lower collection of tax revenue by the Union government in 2019-20. Responding to demands from the states to relax the FRBM Act limits, the Union government allowed increasing the net borrowing (NBC) from the existing 3 percent of GSDP to adjust against states' share of central taxes on account of lower tax revenue collection in 2018-19 Sikkim was allowed the flexibility to incur additional NRC of Rs.216 crores.

- In 2020-21, the state was allowed to increase the fiscal deficit by 5 percent through additional borrowing (partly conditional and partly unconditional) as part of central government package in the wake of Covid-19 pandemic. Government of India also provided assistance under "Scheme for Special Assistance to States for Capital Expenditure". Sikkim, like other NE states was allowed to avail Rs.200 crores under this facility. This has further increased the fiscal deficit limit.
- Government of Sikkim amended the state FRBM Act as per the recommendations of the FC-XV. According to the amendments the fiscal deficit was pegged at 4 percent of GSDP for the year 2021-22, 3.5 percent for 2022-23, and maintain at 3 Percent in 2023-24 and thereafter. An annual additional borrowing space of 0.5% of GSDP was allowed for the period 2021-22 to 2024-25 based on certain performance criteria in the power sector. The additional borrowing by the state was placed beyond the FRBM Act limit relating to the fiscal deficit.
- The State was allowed to avail borrowing facility of Rs.300 crore under special assistance scheme for capital expenditure in 2021-22, which was interest free with liability of repayment arising after 50 years. In the fiscal year 2022-23, additional borrowing under this facility has increased to Rs.551.36 crore. Under the redesigned "Scheme for Special assistance to States for Capital Investment 2023-24", financial assistance in the form of 50-year interest free loan up to 1 percent of GSDP over and above the normal borrowing ceiling was allowed for capital investment. This amount works out to be Rs.449.89 crores for Sikkim.
- The state government also brought in amendments to the Act relating to the debt GSDP ratio reflecting the additional borrowing following the recommendations of the FC-XV. The debt GSDP ratio was set to fall from 28.1 percent in 2022-23 to 27.9 percent in 2025-26

The medium term fiscal policy (MTFP) for the year 2023-24 is prepared taking into consideration the amended FRBM Act limits, own revenue efforts, spending plan reflecting priority areas, thrust on capital investment, and additional borrowing facility over and above the normal fiscal deficit. The MTFP projects to maintain the fiscal consolidation process in the two outward years and improve resource availability to social and economic sectors.

Macroeconomic outlook

The State FRBM Act in section 3 {4 (iii)} calls upon the Government to provide a statement on economic trend and future prospects for growth and development affecting fiscal position of the Government. The fiscal projection for the budget is instrumental in adopting the planned fiscal strategy of the government and depends to a large extent on growth prospects. The trend of economic growth and contribution of various sectors to the state economy have significance in calibrating fiscal plan for the year, primarily for assessing the possible revenue implications. As the fiscal variables are presented as percentage to GSDP in the FRBM Act targets and the borrowing limit is fixed as percentage to GSDP, the GSDP numbers assumes significance in preparation of MTFP. As the State economy made a strong recovery after the Covid-19 pandemic, macroeconomic outlook for Sikkim looks favorable.

GSDP of Sikkim exhibited strong recovery in 2021-22 as it grew at 8.57 percent at constant prices and 18.50 percent in current prices (Table 1). The annual average growth rate during 2015-16 to 2021-22, leaving Covid-19 affected year of 2020-21, was 8.41 percent at constant prices and 15.53 percent at current prices (based on latest data given by the Central Statistical Organization (CSO)). While the state economy contracted by 2.32 percent in 2020-21 at constant prices, it grew at 1.14 percent at current prices. Most of the state governments in India experienced decline in their growth rates during the Covid-19 affected year. The GDP of the country contracted by 5.80 percent in 2020-21.

The past growth performance based on higher investments in secondary sector propelled Sikkim very high in the per capita income ladder across Indian states. Per capita income (Per capita GSDP) of Sikkim has improved from Rs.2,81,780 in 2015-

16 to Rs.5,41,544 in 2021-22 at current prices. The per capita income of the State shows an annual average growth rate of 14.31 percent during this period (2015-16 to 2021-22, leaving 2020-21). The growth of per capita income in 2020-21 went down to 0.03 percent. The average per capita income during the period from 2015-16 to 2021-22 shows that the state stood in second position among all the states. The revival of growth process in the state after the Covid-19 pandemic is expected to facilitate overall development process and help in achieving improved socio-economic indicators.

Table 1

Growth Performance of the State Economy

GSVA at Constant (2011-12) Prices (Rs. in Lakh)							
Item	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Gross State Value Added at basic prices	**1373908**	**1458525**	**1632631**	**1767550**	**1857006**	**1819263**	**1975180**
Taxes on Products	74326	90208	140920	101404	98652	94178	102249
Less Subsidies on Products	11284	9006	6215	6457	6454	9449	10259
Gross State Domestic Product	**1436950**	**1539727**	**1767336**	**1862497**	**1949204**	**1903992**	**2067171**
Growth Rate	9.93	7.15	14.78	5.38	4.66	-2.32	8.57
GSVA at Current Prices (Rs. in Lakh)							
Gross State Value Added at basic prices	**1724275**	**1959619**	**2399135**	**2695452**	**2995383**	**3038495**	**3518624**
Taxes on Products	93280	121200	207080	154638	159127	157294	182149
Less Subsidies on Products	14161	12100	9133	9847	10410	15782	18276
Gross State Domestic Product	**1803394**	**2068719**	**2597082**	**2840243**	**3144100**	**3180007**	**3682497**
Growth Rate	17.05	14.71	25.54	9.36	10.70	1.14	15.80

Source: CSO, GoI

Contribution of various sectors is crucial to assess the trend of state GSDP. The secondary sector including manufacturing, construction and electricity contributes the largest share to gross state value added (GSVA) of the state. Investments in hydroelectricity and pharmaceuticals sectors have strengthened the secondary sector over the years. Average relative share of secondary sector during 2015-16 to 2021-22 was 59 percent as against 28 percent of services sector (Table 2). The relative share of primary sector remained at 8 percent during this period.

Table 2
Composition of GSVA (Constant Prices)

(Percent)

Item	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Primary	7.26	7.37	7.46	7.87	7.77	7.83	7.86
Agriculture, forestry and fishing	7.17	7.29	7.38	7.81	7.72	7.79	7.82
Mining and quarrying	0.09	0.08	0.07	0.06	0.05	0.04	0.0
Secondary	59.57	60.16	60.24	60.92	57.61	56.60	56.37
Manufacturing	41.62	43.85	44.30	44.08	40.27	39.59	39.64
Construction	5.05	4.24	3.94	3.87	4.19	3.71	3.57
Electricity, gas, water supply & other utility services	12.90	12.08	12.00	12.97	13.16	13.30	13.15
Tertiary	28.78	27.19	24.68	26.12	29.89	31.12	31.33
Transport, storage, communication & services related to broadcasting	3.00	3.16	2.82	2.78	2.89	2.89	2.85
Trade, repair, hotels and restaurants	4.31	4.31	4.31	4.72	5.07	5.65	5.76
Financial services	2.59	1.57	1.36	1.38	1.66	1.89	1.99
Real estate, ownership of dwelling & professional services	4.38	4.22	3.78	3.72	3.78	3.87	3.69
Public administration	6.27	5.87	5.20	6.43	7.51	7.70	7.88
Other services	8.23	8.06	7.21	7.09	8.97	9.12	9.16

Source: CSO, GoI

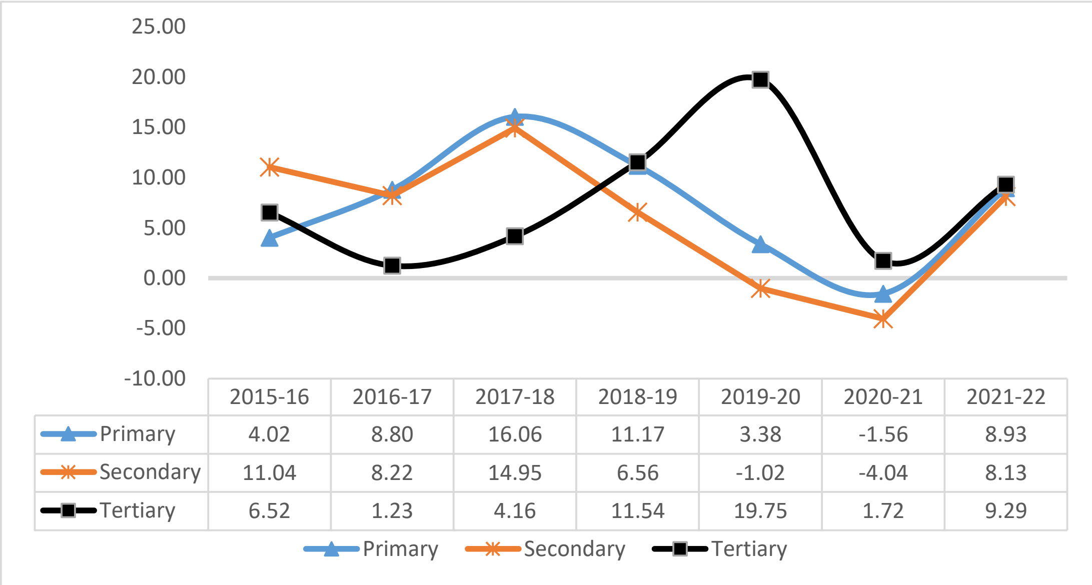
The composition of GSVA shows that all three sectors have shown higher growth rate in 2021-22 after the Covid-19 induced decline in 2020-21. While industry sector showed some deterioration in 2019-20 reflecting overall economic situation in 2019-20 and 2020-21, it rebounded strongly in 2021-22. The growth rate of tertiary sector continues to be strong leaving the pandemic affected year. The relative share of primary sector shows improvement since 2015-16.

FC-XV in their full report for the award period 2021-26, took the prevailing economic situation in India into consideration while suggesting state wise growth rates of GSDP. For Sikkim, the Commission assumed a negative growth of 0.5 percent in 2020- 21 and a higher growth rate of 14.5 percent for the year 2021-22 at current prices. Starting from 2022-23, the FC-XV prescribed growth rates ranging from 11.5 to 12.5 percent. The growth of state economy in 2021-22 at 15.80 at current prices exceeded the Finance Commission targets.

Figure 1

Sector growth Rates

(percent)



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Primary	4.02	8.80	16.06	11.17	3.38	-1.56	8.93
Secondary	11.04	8.22	14.95	6.56	-1.02	-4.04	8.13
Tertiary	6.52	1.23	4.16	11.54	19.75	1.72	9.29

The state of Sikkim has always remained as a high performer in terms of growth of the economy. The State witnessed high economic growth in recent years as the annual average growth rate during 2015-16 to 2021-22 was at 8.14 percent at constant prices. The contraction faced during 2020-21 was due to the impact of slowdown of the economic activities. The state economy rebounded in 2021-22 with a growth rate of 8.57 percent. State Government's focus on capital investment, improvement of social sector infrastructure and tourism is expected further strengthen the state economy.

The growth rate at current prices in 2021-22 was sharp at 15.80 percent as the growth was on a lower base for 2020-21. The advance estimates for 2022-23 and 2023-24 at current prices based on GSDP numbers used in the budget projections show sustained growth rates of 9.76 and 17.09 percent respectively. The average growth rate at current prices during 2012-13 to 2021-22 was 12.83. The MTFP uses an assumed growth rate of 12 percent for GSDP at current prices for two outward years of 2024-25 and 2025-26 for projection purpose.

B. Fiscal Policy for the Year 2023-24

1. Fiscal Profile of the State

The budget for the year 2023-24 addressed broad objectives of improving capital investment, safeguarding social sector commitments, facilitating higher growth in the state. Fiscal policy plays an important role in supporting growth process. Robust recovery of economy of the state after the pandemic induced contraction and subsequent growth process needs to be sustained. The budget for the year 2023-24 intends to augment revenue growth, streamline revenue expenditure in priority sectors, and direct the capital expenditure towards boosting economic growth. Additional resources through interest free borrowing facilitates government's effort in infrastructure building.

The revenue and expenditure policy and resultant budget outturns indicate government's commitment towards fiscal consolidation process as recommended by the FC-XV. The FC-XV while revising the fiscal consolidation path looking at the fiscal distress faced by the state prescribed for a fiscal deficit of 4.5 percent of GSDP in 2020-21 and tapering off to 3 percent in 2025-26. The Commission recommended greater flexibility to the States for additional unconditional borrowing meeting the criteria for power sector reforms. The budget for 2023-24 balances the need for remaining in the fiscal consolidation process and make resource allocations in priority areas.

The fiscal profile of the State given in table 3 shows that aggregate revenue receipts as percent to GSDP has been budgeted at 19.78 in 2023-24 percent as compared to 19.23 percent achieved in 2021-22 for which audited figures are available. Higher revenue to GSDP ratio as shown in revised estimates in 2022-23 was due to higher receipt of central transfers, particularly the grants component. Rise in own tax revenue relative to GSDP from 3.41 percent in 2021-22 to 3.65 in 2023-24 shows higher revenue effort. Own non-tax revenue also shows an increase during this period. Central transfers that include tax devolution and grants show a marginal decline from 13.97 percent in 2021-22 to 13.85 percent in the budget estimates of 2023-24. The figures for the revised estimates, however, was at higher level due to higher receipt of grants from Centre. In nominal terms aggregate revenue increased from Rs.7080.72 crores in 2021-22 to Rs.9362.40 crores in the budget estimates of 2023-24.

Table 3
Fiscal Profile of Sikkim: An Overview

Percent

	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Revenues	**22.10**	**14.91**	**17.14**	**19.23**	**22.49**	**19.78**
Own Tax Revenues	3.35	2.99	2.95	3.41	3.55	3.65
Own Non-Tax Revenues	2.46	2.14	2.02	1.85	2.47	2.28
Central Transfers	**16.29**	**9.79**	**12.16**	**13.97**	**16.46**	**13.85**
Tax Devolution	10.41	7.09	10.05	8.93	8.79	8.37
Grants	5.88	5.17	5.68	5.05	7.67	5.48
Revenue Expenditure	**19.51**	**19.05**	**19.46**	**18.11**	**20.37**	**19.69**
Interest Payment	1.62	1.57	1.68	1.72	1.81	1.93
Pension	2.75	2.81	2.78	2.67	2.77	2.75
Capital Expenditure	**4.99**	**2.27**	**4.62**	**3.57**	**6.82**	**4.63**
Revenue Deficit	**-2.59**	**4.14**	**2.32**	**-1.12**	**-2.12**	**-0.09**
Fiscal Deficit	**2.40**	**6.41**	**6.95**	**2.46**	**4.70**	**4.54**
Primary Deficit	**0.78**	**4.84**	**5.27**	**0.73**	**2.89**	**2.61**
Outstanding Debt	**23.65**	**22.80**	**27.68**	**29.50**	**31.57**	**31.50**

Note: Negative sign in revenue deficit indicates surplus

Over the years the State government managed to restrain the growth of revenue expenditure. Revenue expenditure as percentage to GSDP has increased from 18.11 percent to 19.69 percent. The budget estimates for 2023-24 remained less than the revised estimates for 2022-23. While interest payment and pension payments show an increase in BE 2023-24, spending on priority sectors have also increased. The revenue account remained in surplus in BE 2023-24 due to control exercised over the revenue expenditure. The State government availed the flexibility provided by the Central government and utilized the additional borrowing facility improve the capital expenditure, which has increased from 3.57 percent to GSDP in 2021-22 to 4.63 percent in BE 2023-24.

Fiscal deficit was budgeted at 4.54 percent of GSDP in 2023-24, which includes utilization of additional borrowing allowed by the state government. Removing the additional borrowing the fiscal deficit works out to be at 3 percent of GSDP. This level of fiscal deficit remains within the FRBM Act limits. As the additional borrowing interest free, it does not increase the revenue expenditure in subsequent years. The outstanding liabilities include the additional borrowing incurred by the Government since 2020-21.

2. Tax Policy

Own tax revenue of the State has increased from Rs.897.98 crores in 2018-19 to Rs.1726.95 crores in BE 2023-24 (Table 4). Out of this nearly Rs.1240 crores are projected to be generated from sales tax (VAT) and State Goods and Services Tax (SGST). These two taxes constitute 71. 8 percent of total own tax receipts of the state in BE 2023-24 (Table 5). State excise duty and Moto Vehicle tax are two other important taxes, which constitute about 18.2 and 3.2 percent of own tax revenue respectively.

Table 4
Own Tax Receipts of the State

Rs. Crores

	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Own Tax Revenues	**897.98**	**970.40**	**966.70**	**1254.43**	**1436.42**	**1726.95**
Sales Tax	188.20	197.63	195.25	227.18	233.00	280.00
SGST	405.72	454.89	463.04	655.55	786.82	960.00
State Excise Duties	183.09	207.15	210.27	249.21	297.00	315.00
Motor Vehicle Tax	33.11	41.08	28.96	39.09	46.00	56.00
Stamp Duty and Registration Fees	14.95	13.30	13.13	23.35	14.33	27.00
Other Taxes	72.93	56.36	56.05	60.05	59.27	88.95
Sales tax + SGST	593.91	652.52	658.29	882.73	1019.82	1240.00

Table 5
Own Tax Receipts Composition

Rs. Crores

	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Sales Tax	21.0	20.4	20.2	18.1	16.2	16.2
SGST	45.2	46.9	47.9	52.3	54.8	55.6
State Excise Duties	20.4	21.3	21.8	19.9	20.7	18.2
Motor Vehicle Tax	3.7	4.2	3.0	3.1	3.2	3.2
Stamp Duty and Registration Fees	1.7	1.4	1.4	1.9	1.0	1.6
Other Taxes	8.1	5.8	5.8	4.8	4.1	5.2
Sales tax + SGST	66.1	67.2	68.1	70.4	71.0	71.8

Relative share of own tax revenue in aggregate revenue receipts of the State is set to rise from 26.80 percent in RE 2022-23 to about 30 percent in BE 2023-24. Improvement in own revenue was driven by rise in relative share of own tax revenue from 15.80 percent to 18.45 percent. The internal revenue generation got a boost in 2023-24 budget as the own tax revenue is budgeted to rise at a healthy rate of 20.2 percent. The higher growth of own tax revenue in 2023-24 was mostly due to higher growth of sales tax and SGST. Sales and SGST taken together show a growth rate of 21.6 percent over the previous year. While own tax revenue show an annual buoyancy of 1.18, suggesting a higher growth as compared to the growth of GSDP, the sales tax and SGST taken together show a buoyancy coefficient of 1.26.

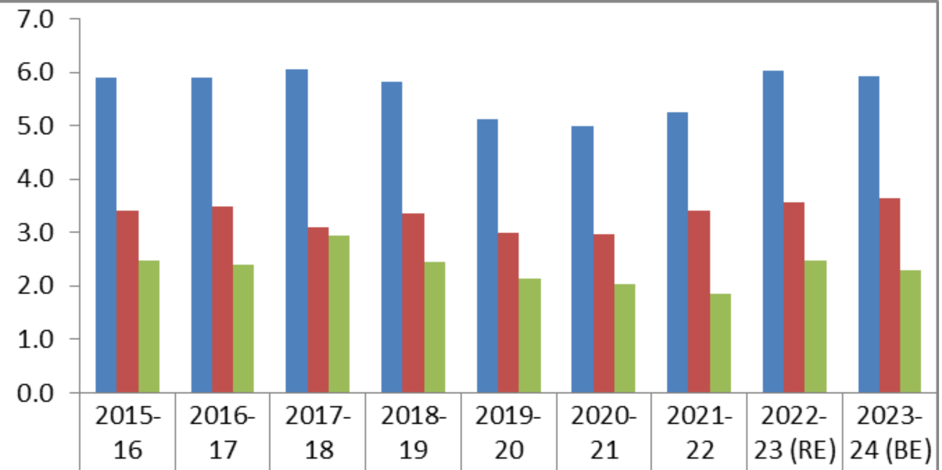
Goods and Services Tax is the major broad-based tax administered by both the State and the Central Authorities, higher growth in SGST reflect the efforts undertaken by the State government. While the contours of GST taxation policy is determined by the GST Council, the State’s policy for GST has been to improve compliance by expanding the tax base, preventing frauds, enhanced enforcement measures and tracking the non-filers. The tax administration was reinforced with technological improvement, which helped better collection. VAT is collected from Petroleum products and alcohol for human consumption. Factors like increased prices of the petroleum products, resumption of demand and removal of the anomalies between intrastate and interstate transactions have been taken into consideration in the tax receipts from this source in BE 2023-24.

State excise duty has remained an important source of revenue for the State. While major rate revision has not been undertaken, streamlining tax administration and technological improvement has resulted in higher collection from this source. The Motor Vehicle Tax collection in BE 2023-24 has registered a growth of 21.7 percent due to recovery of the economy. The ‘Stamp Duties and Registration Fees’ is collected in case of sale and/or transfer of property.

3. Own Non-tax Revenue

The relative share of own non-tax revenue in aggregate revenue receipt of the State has increased from 9.61 percent in 2021-22 to 11.52 percent in BE 2023-24. As percentage to GSDP it has increased from 1.8 percent to 2.3 percent. The major sources for income from this source include interest receipts from past investments, lottery income from online gaming and casinos, income from power sector and transport. The power sector and road transport are two major sources of non-tax revenue for the state.

Figure 2
Own Revenue as Percent to GSDP



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Own Revenue	5.9	5.9	6.0	5.8	5.1	5.0	5.3	6.0	5.9
Own Tax	3.4	3.5	3.1	3.4	3.0	3.0	3.4	3.6	3.6
Own Non-tax	2.5	2.4	2.9	2.5	2.1	2.0	1.8	2.5	2.3

4. Expenditure Profile

One of important policies relating to spending pattern of the State has been restraining the growth of revenue expenditure to give space to capital investment. It is important note here that the Government also has to meet large committed spending demands. The policy of controlling growth of revenue expenditure over the years has helped generating revenue surplus consistently and expand the capital expenditure. The revenue expenditure, which was 19.51 percent to GSDP in 2018-19, declined to 18.11 percent in 2021-22. While in RE 2022-23 shows a rise in revenue expenditure to 20.37

percent to GSDP, the BE 2023-24 projected it at 19.69 percent. The priority sectors in social and economic services continue to be focus areas in terms of resource allocation. The state managed to generate revenue surplus consistently since 2021-22.

Table 6
Expenditure Profile of Sikkim

(Per cent to GSDP)

	2018-19	2019-20	2020-21	2021-22	2022-23 (RE)	2023-24 (BE)
Revenue Expenditure	**19.51**	**19.05**	**19.46**	**18.11**	**20.37**	**19.69**
General Services	**7.32**	**7.45**	**7.38**	**6.95**	**7.53**	**8.06**
Interest Payment	1.62	1.57	1.68	1.72	1.81	1.93
Pension	2.75	2.81	2.78	2.67	2.77	2.75
Other	2.95	3.08	2.93	2.55	2.94	3.38
Social Services	**7.73**	**6.94**	**7.43**	**6.71**	**7.79**	**6.92**
Education	3.55	3.93	3.65	3.32	3.27	2.94
Medical and Public Health	1.12	1.11	1.33	1.44	1.42	1.28
Others	3.07	1.90	2.45	1.94	3.10	2.70
Economic Services	**4.21**	**4.40**	**4.36**	**4.16**	**4.74**	**4.42**
Assignment to LBs	0.25	0.26	0.29	0.30	0.32	0.29
Capital Outlay	**4.99**	**2.27**	**4.62**	**3.57**	**6.82**	**4.63**

Source (Basic Data): Finance Accounts and State Budget 2022-23

The capital expenditure continues to be the focus area for the State due to infrastructure requirements in a hilly state. Capital outlay as percentage to GSDP declined in 2019-20 to 2.27 percent due to resource constraints alluded earlier. Since the fiscal year 2020-21 capital expenditure continued to increase due to availing of special assistance program of the central government and increase in borrowing limit. The budget estimates for the year 2023-24 shows a projections of 4.63 percent of GSDP as compared to 3.57 percent in 2021-22. This is based special assistance for capital spending announced by the central government in the budget for 2023-24 and State borrowing during the year. Adequate transfer of resources from Central Government to a state like Sikkim has always remained crucial factor in building social and physical infrastructure and improvement of human development indicators, which constitute core development strategy. The MTFP is prepared based on the rationale of restructuring the government spending by emphasizing the critical areas.

5. Government Borrowing and Outstanding Liabilities

Borrowing limit for the State government is determined by the Department of Expenditure Ministry of Finance, GoI for each financial year on the basis of projected GSDP and taking into consideration the recommendation of Finance Commission. As per the recommendation of the FC-XV, the normal borrowing ceiling for the State is determined at 3 percent of GSDP. Under normal borrowing ceiling, the State government decided to borrow an amount of Rs. 1417.48 crores, which amounts to 3 percent of projected GSDP. The State government was allowed to avail the flexibility of additional borrowing of 1 percent of GSDP as special assistance for capital investment. This borrowing is 50 year interest free loan. The additional borrowing works out to be Rs.449.80 crores.

The State of Sikkim was also allowed extra borrowing ceiling (referred to as "Pension Funding Adjustment") equivalent to employer's and employees' share of contribution of its employees pertaining to the financial year 2023-24 actually deposited with National Pension system (NPS). The additional borrowing of Rs.280 crores is over and above the normal net borrowing ceiling of 3 percent of the GSDP for the year 2023-24. The aggregate borrowing taking into consideration all these sources works out to be Rs. 2147.37 crores for the year 2023-24.

One of the major objectives of the FRBM Act is to maintain debt burden of the state at sustainable level. Sikkim was successful to remain within the limit stipulated by the FC-XII in their fiscal roadmap containing the yearly outstanding debt burden for all the states aligning with the fiscal path. FC-XIV in their fiscal roadmap for the States recommended anchoring the fiscal deficit at 3 percent of the GSDP and provided flexibility to increase this limit by a total of 0.5 percentage points, 0.25 percent separately depending upon conditions prescribed. One of the major conditions was to limit the debt-GSDP limit to 25 percent in the previous year. Thus, for all effective purposes the new benchmark of debt-GSDP ratio has been 25 percent. The state government managed to remain within this limit during the award period of the 14th FC.

FC-XV indicated an annual debt-GSDP ratio in their recommendations for fiscal restructuring path. The state government amended the FRBM Act in 2021-22 by indicating annual debt-GSDP ratio following the recommendations. While Sikkim FRBM Act limit for the year 2023-24 was 28.10 percent of GSDP, the outstanding debt-GSDP ratio reached at 31.50 percent (Table 3). The outstanding debt-GSDP ratio has exceeded the limit due to availing additional borrowing facilities extended by the Government of India over the years since the Covid-19 affected 2020-21. As it has been pointed out, the State government's normal borrowing for the year 2023-24 was within the target of 3 percent of GSDP.

6. Government Guarantees

Guarantees are contingent liabilities on the Consolidated Fund of the State in case of default by the borrower for whom the guarantees are extended. Statutory Corporations, Government Companies, Joint-Stock Companies, Co-operative Institutions, Local Bodies, Firms, and Individuals can raise loans to discharge their liabilities with explicit state government guarantees. The issue of off-budget borrowing through the sovereign guarantee given by the states has come into prominence after the report of the FC-XV came into being and concerns raised in the context of large off budget borrowing incurred by several states. According to the directive of the union government, from 2021-22 the guarantees given by the state government for borrowing by state entities will now form part of the state borrowing limit. The guarantees given by the state government are based on Constitutional provisions and are reported in the budget.

Government of Sikkim 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.

Sikkim Ceiling on Government Guarantees Act, 2000 controls the process of giving guarantees. As per the total outstanding Government Guarantees as on the first of April of any year shall not exceed thrice the State's tax revenue receipts of the second preceding year as in the books of the Accountant General of Sikkim. The FRBM Act stipulates that total outstanding guarantees of the government should follow the

Government Guarantees Act, 2000. The total outstanding guarantees in 2021-22 were Rs.4158.41, which was within the limits prescribed as per the interpretation of the guarantees Act provided by the state government for this study. During the year 2022-23, Government has extended guarantee to the power department to the extent of Rs.375 crores.

C. Strategic Priorities for the Year 2023-24

Table 7
Strategic Priorities for the Year 2023-24

Rs.Crores

Department to which the Demand/Appropriation Relates		**Budget Estimate 2023-24**					
		Revenue	*% to Total*	**Capital**	*% to Total*	**Total**	*% to Total*
Agriculture	Voted	210.02	2.19	2.39	0.09	212.41	1.75
Animal Husbandry and Veterinary Services	Voted	117.27	1.22	0.77	0.03	118.04	0.97
Building and Housing	Voted	45.38	0.47	250.81	9.87	296.19	2.44
Culture	Voted	31.99	0.33	69.30	2.73	101.30	0.83
Education	Voted	1422.37	14.81	277.98	10.94	1700.36	14.00
Finance	*Charged*	*929.85*	9.68	*296.41*	11.67	*1226.26*	10.10
	Voted	1757.87	18.30	2.35	0.09	1760.22	14.49
Forest and Environment	Voted	350.08	3.64	2.15	0.08	352.23	2.90
Health and Family Welfare	Voted	652.93	6.80	77.80	3.06	730.74	6.02
Home	Voted	99.23	1.03	13.70	0.54	112.93	0.93
Horticulture	Voted	148.45	1.55	1.75	0.07	150.20	1.24
Water Resources	Voted	30.89	0.32	102.00	4.01	132.89	1.09
Land Revenue and Disaster Management	Voted	384.91	4.01	21.84	0.86	406.75	3.35
Police	Voted	587.69	6.12	9.72	0.38	597.41	4.92
Power	Voted	404.94	4.22	64.80	2.55	469.74	3.87
Public Health Engineering	Voted	53.29	0.55	79.80	3.14	133.09	1.10
Roads and Bridges	Voted	281.03	2.93	239.04	9.41	520.07	4.28
Rural Development	Voted	513.61	5.35	301.21	11.86	814.82	6.71
Social Welfare	Voted	247.42	2.58	17.05	0.67	264.48	2.18
Tourism and Civil Aviation	Voted	43.25	0.45	112.30	4.42	155.55	1.28
Urban Development	Voted	121.57	1.27	456.58	17.97	578.15	4.76
Panchayati Raj Institutions	Voted	159.29	1.66	0.00	0.00	159.29	1.31
Women and Child	Voted	282.90	2.95	8.32	0.33	291.22	2.40

Source: Demand for Grants 2023-24

Budget allocation under revenue and capital expenditure for various department has been given in Table 7. A large chunk of total expenditure, about 25 percent, has been allocated to the Department of Finance to be utilized for repayment of liabilities, interest payment and pension payment. Leaving out these committed expenditure, allocation to education has remained the largest spending item for the year 2023-24. The other priority areas for the Government in the year 2023-24 are health, urban development, power, agriculture, building and houses under works department, forest and environment, land revenue and disaster management, roads and bridges, police, rural development, social welfare and local bodies. While the government has allocated sufficient funds to committed spending heads, human development through education and health and infrastructure creation has taken lead in spending decisions.

D. Rationale for Policies and Evaluation

The government has presented a pragmatic budget for the ensuing year 2023-24 to strengthen the encouraging trends emerging from the recovery process from a very disruptive period of pandemic induced fiscal crisis. The revenue receipts of the state as percentage of GSDP remained subdued at 19.78 percent showing an improvement over 2021-22 for which audited accounts are available. While own revenue of the state increased riding high on growing own tax and non-tax revenue, the central transfers show marginal decline in the ensuing budget year. Within the available resource envelope, the government managed to generate revenue surplus.

Committed spending on interest payment, pension outgo, and salaries continue to put pressure on resource allocation. The revenue expenditure as percentage to GSDP has increased from 18.11 percent in 2021-22 to 19.69 percent in BE 2023-24. This has remained less than the RE 2022-23. Spending under revenue expenditure heads are aligned keeping the priorities like social and human infrastructure creation. The continuing and new programs introduced in the last year's budget received sufficient resources to realize their full potential. The Government has made sufficient provisions for sectors like housing and sanitation, transport, rural roads, urban infrastructure, health facilities and infrastructure, education, organic farming, eco-tourism, sustainable forest management and so on.

The capital expenditure has increased considerably in 2023-24 due to special assistance provided by the central government as part of the economic revival process. The additional resources through borrowing played crucial role in the budget allocation process towards capital investment. The special assistance through additional borrowings are interest free loans for 50 years for which they do not put pressure on revenue expenditure. The capital investment is expected to result in higher growth process and enable the government to reduce the debt burden in future years.

Medium Term Fiscal Plan (MTFP)

Form F -2
{See Rules 3 (1)}

A. Fiscal Indicators – Rolling Targets

Table 8
Fiscal Indicators-Rolling Targets

		Previous Year (Y-2) Actuals	Current Year (Y-1) Revised Estimates	Ensuing Year (Y) Budget Estimates	Targets for Year (Y+1	Targets for Year Y+2)
		2021-22	**2022-23 (RE)**	**2023-24 (BE)**	**2024-25**	**2025-26**
1	Revenue deficit as percentage of GSDP	-1.12	-2.12	-0.09	-0.50	-0.75
2	Fiscal deficit as percentage to GSDP	2.46	4.70	4.54	3.50	3.25
3	Primary deficit as percentage of GSDP	0.73	2.89	2.61	1.49	1.23
4	Total Debt Stock as Percentage of GSDP	29.50	31.57	31.50	31.63	31.49

Notes: *1.* ***GSDP*** *is the Gross Domestic Product at current prices given by CSO at 2011-12 base*
2. The negative sign in revenue deficit indicates surplus.

The fiscal outcomes in the form of indicators like fiscal deficit, revenue deficit, and outstanding liabilities for previous year, current year, ensuing budget year and two outward years are presented in Table 8. The Table follows the template given by the Sikkim FRBM Act rules as Form F-2.

- The fiscal outcomes of the 2021-22, the last year for which audited figures are available, show that the state government remained within the FRBM Act targets relating to deficits. The government generated surplus in the revenue account and limited the fiscal deficit below 3 percent of GSDP. Availing of the special assistance to enhance capital outlay raised the debt-GSDP ratio.

- In the revised estimates for the year 2022-23, fiscal deficit exceeded the amended FRBM Act of the state, which provided for a fiscal deficit of 3.5 percent with an additional 0.5 percent of borrowing for power sector included. Availing the special assistance of Rs.551.56 crores for capital expenditure provided by central government for this year 2022-23 raised the fiscal deficit.

If the additional borrowing is removed then fiscal deficit comes down to be 3.3 percent of GSDP. The revised estimates for 2022-23 shows revenue surplus of 2.12 percent of GSDP.

- The budget projection of fiscal deficit for the year 2023-24 is aligned with FRBM Act target of 3 percent and an additional borrowing facility of about Rs.730 crores, which takes it to 4.54 percent. The budget projection is grounded on prudent assumptions and shows smaller revenue surplus. The budget projection is the first year of the MTFP.

- The MTFP projection for 2024-25 and 2025-26, the two outward years, conforms to the amended FRBM Act following the recommendations of 15th FC. The MTFP tries to control the spending and reduce debt-GSDP ratio as this has increased considerably due to higher borrowing.

The detailed projection of fiscal variables presented in Table 9 shows that the revenue account surplus has increased in two outward years of the MTFP as compared to the budget year. The fiscal deficit has been stabilized at 3.5 per cent relative to the GSDP in 2024-25, which includes a 0.5 percent additional borrowing in the power sector and declines to 3.25 percent in 2025-26. Thus, the fiscal deficit is aligned with of FRBM Act.

The revenue expenditure growth has been restrained during the MTFP period reflecting the emerging revenue receipts scenario and resource allocation focusses on funding the priority areas of the Government. The spending pattern for the priority areas of the state has remained favorable in the medium term. The resource allocation to social and economic services shown as percentage to GSDP was allowed to rise during the MTFP period. The expenditure under general service declines as percentage to GSDP allowing realignment of resources to priority sectors.

The MTFP takes restrained path for revenue expenditure due to the pressure on revenue receipts. It is expected that with improvement in growth scenario in the country, there will be improvement in central transfers including the GST components.

The rolling nature of the MTFP allows to make revisions in the future. The capital expenditure, which is at 4.63 percent in 2023-24, has declined to 4 percent during last two years. Availability of additional resources has not been factored in this projection. If the State government is allowed to incur additional borrowing over and above the normal borrowing ceiling for capital investment, the capital expenditure will rise.

As the revenue receipt as percentage to GSDP declined in budget year, the MTFP projects improvement in two outward years. The tax base being small, it is difficult to expand the resource envelope dramatically. The SGST, infused some growth in revenue receipts in the MTFP period.

Table 9

Medium Term Fiscal Plan: 2023-24 to 2025-26

(Per cent to GSDP)

	2023-24 (BE)	2024-25	2025-26
Revenue Receipts	**19.78**	**20.66**	**21.60**
Own Tax Revenues	**3.65**	**3.78**	**3.92**
Sales Tax +SGST	2.62	2.76	2.91
State Excise Duties	0.67	0.67	0.67
Motor Vehicle Tax	0.12	0.12	0.12
Stamp Duty and Registration Fees	0.06	0.06	0.06
Other Taxes	0.19	0.18	0.17
Own Non-Tax Revenues	**2.28**	**2.28**	**2.28**
Central Transfers	**13.85**	**14.60**	**15.39**
Tax Share	8.37	8.97	9.61
Grants	5.48	5.63	5.78
Revenue Expenditure	**19.69**	**20.16**	**20.85**
General Services	**8.06**	**7.99**	**7.92**
Interest Payment	1.93	2.01	2.02
Pension	2.75	2.90	3.06
Other General Services	3.38	3.08	2.84
Social Services	**6.92**	**7.10**	**7.29**
Education	2.94	3.02	3.10
Medical and Public Health	1.28	1.32	1.37
Other Social Services	2.70	2.76	2.83
Economic Services	**4.42**	**5.07**	**5.64**
Compensation and Assignment to LBs	**0.29**	**0.30**	**0.31**
Capital Expenditure	**4.63**	**4.00**	**4.00**
Capital Outlay	4.62	4.00	4.00
Net Lending	0.00	0.00	0.00
Revenue Deficit	**-0.09**	**-0.50**	**-0.75**
Fiscal Deficit	**4.54**	**3.50**	**3.25**
Primary Deficit	**2.61**	**1.49**	**1.23**
Outstanding Debt	**31.50**	**31.63**	**31.49**

Notes: *1. GSDP is the projected Gross Domestic Product at current prices*
2. The negative sign in revenue deficit indicates surplus.

The MTFP shows the fiscal stance of the Government, which strives at fulfilling the sector objective and achieve better results from the utilization of public resources. GSDP is assumed to grow at 12 percent, aligning with the recovery process of the State economy. Improvement in national economy will have its impact on the growth of GSDP. The MTFP projects improvement of own revenue and improvement in central transfers. Given the growth scenario in the country, the projection is carried out keeping the fiscal reality witnessed in baseline period with possible improvements.

The challenges of fiscal management during this difficult times and provision for additional borrowing since the pandemic affected year of 2020-21, the debt burden of the state has remained at an elevated level. The outstanding debt-GSDP ratio of 31.50 percent of GSDP in the budget year of 2023-24 exceeds the limit of 28.1 percent prescribed by FC-XV. This was due to additional borrowing as alluded above. The MTFP projections show decline from this high level of debt burden. However, much more needs to be done at both at national and state level in a coordinated manner to reduce it further.

B. Assumption Underlying the Fiscal Indicators

The State FRBM Act stipulates that assumptions underlying fiscal projections should be elaborated in the MTFP, which enhances the transparency. The assumptions made to project the fiscal variables reflect the fiscal policy choices of the Government operating with limited resource availability. The MTFP 2023-24 is based on realistic assumptions relating to the likely behavior of fiscal variables. The projections take into account the new schemes launched and forthcoming spending requirements.

The MTFP conforms to the provisions made in the FRBM Act of the state and the recommendations made by the Central Finance Commission regarding fiscal consolidation. Given the uncertainties in growth process, the trends in resource transfers under tax devolution, grants, and GST related transfers have been projected with caution. The fund flows to the programs are protected and provisions have been made to focus on the priority sectors to help the development process. The assumptions underlying the projection of fiscal variables are contained in Box 1.

GSDP

MTFP uses the growth rate of 12 percent for projecting GSDP, which is aligned with GSDP growth rate prescribed by the 15th FC for 2023-24 and lower for 2024-25 and 2025-26. The 15th FC prescribed growth rates of 12.0 percent for 2023-24 and 12.5 percent for 2024-25 and 2025-26.

Revenue Receipts

The own tax revenue of the State in medium term is the sum of components projected separately to arrive at aggregate figure. The total own revenue of the State was derived after projecting the state taxes and non-tax revenue in a disaggregated manner. The state taxes were projected using a buoyancy based growth rate assuming that the growth in the economy would help improving the tax base. Some adjustments were made to the buoyancy coefficients derived for the period 2011-12 to 2022-23 for making projection in the medium term, which implies higher revenue generation effort. The prescriptive buoyancies for individual taxes like sales tax, excise duty, motor vehicle tax, and other taxes were derived giving due consideration to the growth prospects. The prescriptive buoyancy resulted in growth rate of 17.49 percent for own taxes.

The own non-tax revenue is projected in the MTFP period by assigning the observed trend growth rate for the period from 2011-12 to 2021-22. In the case of central transfers, the recommendations of the FC-XV are factored in during the projection period. For the share in central taxes budgetary figure for the year 2023-24 is allowed to grow at the observed rate. The grants were projected using the observed growth rate after the restructuring of the central grants were undertaken.

Expenditure Restructuring under MTFP

The growth of revenue expenditure was controlled given the resource problem faced by the State. Funding to the priority sectors were protected during the MTFP period. Higher availability of resources in future years will be helpful in further enhancing the expenditure. As the revenue expenditure has been growing in nominal terms, the growth was required to be controlled given the availability of resources. It is expected that effective program management and implementation of the projects in a timely manner will help achieving the value for money.

The growth of revenue expenditure declined to 13.20 percent in 2023-24 due to severe resource constraint. During the last two years of the MTFP period, the revenue expenditure increases by 14.66 and 15.80 percent respectively that gives an average growth rate of 14.55 percent during the MTFP period. This has become necessary to safeguard resource allocation to priority areas. The amount of money available to priority sectors will continue to rise. The MTFP proposes to continue with this resource allocation approach and provide higher level of funding to priority sectors. The social sector expenditure increases from Rs.3273.08 crore in BE 2023-24 to Rs.4823.64 crores in 2025-26.

The capital expenditure declined as compared to the budget year. It has moderated from 4.63 percent in 2023-24 to 4 percent in two outward years of MTFP. Given the importance accorded to the capital expenditure by the government, care has been taken keep it at a reasonably high level. The special assistance window for capital expenditure will further increase the capital outlay. The MTFP keeps the requirements of infrastructural development in the State while projecting the capital expenditure.

Debt and Deficit under MTFP

The fiscal deficit was projected to be 4.54 percent for the budget year, which declines to 3.5 percent and 3.25 percent in last two years of MTFP respectively. This is based on the targets given in the FRBM Act of the state and takes into account additional 0.5 percent borrowing in the power sector. During the MTFP period, given the growth of revenue and expenditure, the revenue accounts remains at surplus. The restrained revenue expenditure helps in protecting the capital outlay. The emerged fiscal profile shows that the outstanding debt declines marginally from 31.50 percent in 2023-24 to 31.49 percent in 2025-26. This level of debt remains higher than debt level stipulated in the amended FRBM Act. Further efforts to generate additional revenue mobilization and some coordinated effort from both central and state governments will reduce the borrowing requirement and debt burden.

Box 1
Proposed MTFP Targets

Macro Parameters

- Nominal Growth rate of GSDP was assumed to be 12 percent, aligning with GSDP growth prescribed by 15th FC for 2023-24 and slightly lower than that for 2024-25 and 2025-26.

Revenue Resources

- Buoyancy coefficient for sales tax + GST increases from observed coefficient of 1.336 to 1.5 to derive the prescriptive growth rate of 18 percent reflecting the rising collection from this source.
- The state excise duty assumes a buoyancy of 1.00 as against the observed coefficient of 0.742.
- The stamp duty and registration fees assumes a buoyancy of 1.20 as against the observed coefficient of 0.827.
- Motor Vehicle tax assumes a buoyancy of 1.00 as against an observed buoyancy of 0.777.
- Other taxes assume a buoyancy of 0.50, as against the observed buoyancy of -0.180.

Expenditure Projections

- Pension payments are projected taking into account the requirements in 2022-23 as per the Government policy. The projection for two outward years, takes a growth rate of 18 percent.
- The interest payments have been estimated on the basis of the effective rate of interest calculated by dividing the value of interest payment during 2023-24 by the stock of debt of the previous year.
- The growth rates in the area of high priority development expenditure in social services and within that, in health and education, are assumed to continue during the MTFP period.
- Social services expenditures will grow at the rate of 15 per cent per annum in last two years of MTFP.
- Education expenditure will grow at the rate of 15 per cent per annum in last two years of MTFP.
- Health expenditure will grow at the rate of 15.68 per cent per annum.
- Capital expenditure to GSDP ratio is projected to decline from 4.63 percent in the budget year to 4 percent in two outward years of MTFP.

Deficit and Debt targets

- The MTFP projects the revenue surplus during the MTFP period.
- The fiscal deficit is projected to decline from 4.54 percent to 3.5 percent and 3.25 percent in two outward years of MTFP respectively.
- The outstanding debt to GSDP ratio declines marginally from 31.50 percent in 2022-24 to 31.49 percent in last year of MTFP.

Disclosures

Form D-1
(*See* Rule 4)
Select Fiscal Indicators

Sl. No.	Item	Previous Year 2021-22 (Actuals)	Current Year 2022-23 (RE)
1	Gross Fiscal Deficit as Percentage to GSDP	2.46	4.70
2	Revenue Deficit as Percentage of GSDP	-1.12	-2.12
3	Revenue Deficit as Percentage of Gross Fiscal Deficit	- 45.55	- 45.07
4	Revenue deficit as Percentage of TRR	- 5.82	- 9.42
5	Debt Stock as Percentage of GSDP	29.50	31.57
6	Total Liabilities as Percentage to GSDP	39.94	42.53
7	Capital Outlay as Percentage of Gross Fiscal Deficit	66.60	145.50
8	Interest Payment as Percentage of TRR	8.97	8.06
9	Salary Expenditure as Percentage of TRR	39.92	34.44
10	Pension Expenditure As Percentage of TRR	13.89	12.32
11	Non-development Expenditure as Percentage of Aggregate Disbursements	33.87	36.94
12	Non-tax Revenue as Percentage of TRR	9.61	11.00

Note: Negative sign indicates Surplus

Form D-2
(*See* Rule 4)
Components of State Government Liabilities

Category	Opening Balance		Raised during the fiscal year		Repayment during the fiscal year		Outstanding Amount (End March)	
	Previous Year (Actuals)	Current year (RE)	Previous Year (Actuals)	Current year (RE)	Previous Year (Actuals)	Current year (RE)	Previous Year (Actuals)	Current year (RE)
Internal Debt	6598.09	7733.20	1579.00	1694.45	108.70	156.61	8068.38	9271.03
Loan from Centre	293.34	389.32	303.60	3.50	11.20	11.55	585.74	381.27
State Provident Funds	1318.29	1478.98	446.42	457.65	348.39	364.25	1416.31	1572.38
Reserve Funds	487.51	308.69	143.66	203.44	215.66	299.40	415.51	212.73
Deposits	362.34	362.50	342.16	543.69	327.52	543.69	376.99	362.50

Source: Finance Accounts Vol-I 2020-21 & State Budget 2022-23

Form D-3

(*See* Rule 4)

Guarantees given by the Government

Sl. No	**Name of the Institution to which Guarantees is given**	**Maximum Guarantee given (As on 31.03.2021)**
1	State Finance Corporation	930.71
2	SABCCO	20.91
3	Sikkim Housing & Development Board	306.84
4	State Trading Corporation of Sikkim	246.21
5	SPICL (Teesta Urja Ltd) Stage III	2634.12
6	SPICL (Rangit IV)	19.70
	Total	**4158.49**

Source: Finance Accounts Vol-I 2021-22

Form D-4

(*See* Rule 4)

Number of Employees in Government

Sl.No	**Sector Name**	**Total Employees as on 31.3.2023**	**Related Expenditure Rs. in crore**	
			On Salary	On Pension
(a)	Regular government Employees	36375	3326.52	-
(b)	Work Charged	437	DNA	-
(c)	Muster Roll	6602		-
(d)	Others	28907		-
(e)	Pensioners	15430	-	1302.46
	Total	**87751**	**3326.52**	**1302.46**

Source: Employees and Pension Database for No. of Employees and pensioners & Budget documents 2023-24

**DNA: Data Not Available in a consolidated format*