



GOVERNMENT OF SIKKIM

**THE COMPENDIUM ON ACHIEVEMENTS
FOR
THE PERIOD FROM 1994-2016**

**FINANCE, REVENUE AND EXPENDITURE
DEPARTMENT**

AUGUST 2016

Chapter -I

OVERVIEW

1.1 Introduction

The Sikkim Democratic Front (SDF) came to power on 12th December, 1994 at a very critical juncture in the history of Sikkim. In the backdrop of the given difficult economic condition, the financial situation of the state posed difficult and immediate challenges characterized by issues such as high annual fiscal deficit, disproportionate increase in expenditure, critical financial position of the State Public Sector Enterprise and financial institutions.

To overcome the problem the primary task was to set right the prevailing negative economic conditions and therefore without losing anytime, the Government prepared a White Paper on the financial position of the state (A study on the financial position of the Government of Sikkim as on 31st March 1994 which was presented to the State Legislative Assembly on 31st March, 1995).

During the last 23 years, the State Government has taken various measures and reforms which resulted in rapid economic growth. Post 1994 period has proved golden years for the State with revenue expanding due to robust growth in economic activities, information technology, increased transfers from the Finance Commissions and the then Planning Commission, own tax collection through implementation of VAT etc. All these factors have resulted in rapid growth of GSDP and per capita income of the state which has been impressive over the decade, surpassing even the regional and national averages.

The Finance, Revenue and Expenditure Department play a pivotal role in the development of the state by providing sound and efficient financial management system for good governance. The Department is mainly concerned with the matters of taxation that are under the purview of the state governments, financial matters and the preparation of the state government budget. The main aim of the Department is to create and sustain a framework that contributes to prudent fiscal management and thereby ensures fiscal stability. The approach of the department revolves around optimum utilization of resources, maintaining revenue surplus, enabling sustainable debt management and ensuring greater transparency in the financial operations of the Government of Sikkim. The fiscal framework created in such a manner contributes to sound public finances, enabling the state government to contribute towards the public welfare by financing greater number of schemes with higher availability of resources.

1.2 Business allocated to the Department as per Government of Sikkim (Allocation of Business) Rules, 1994.

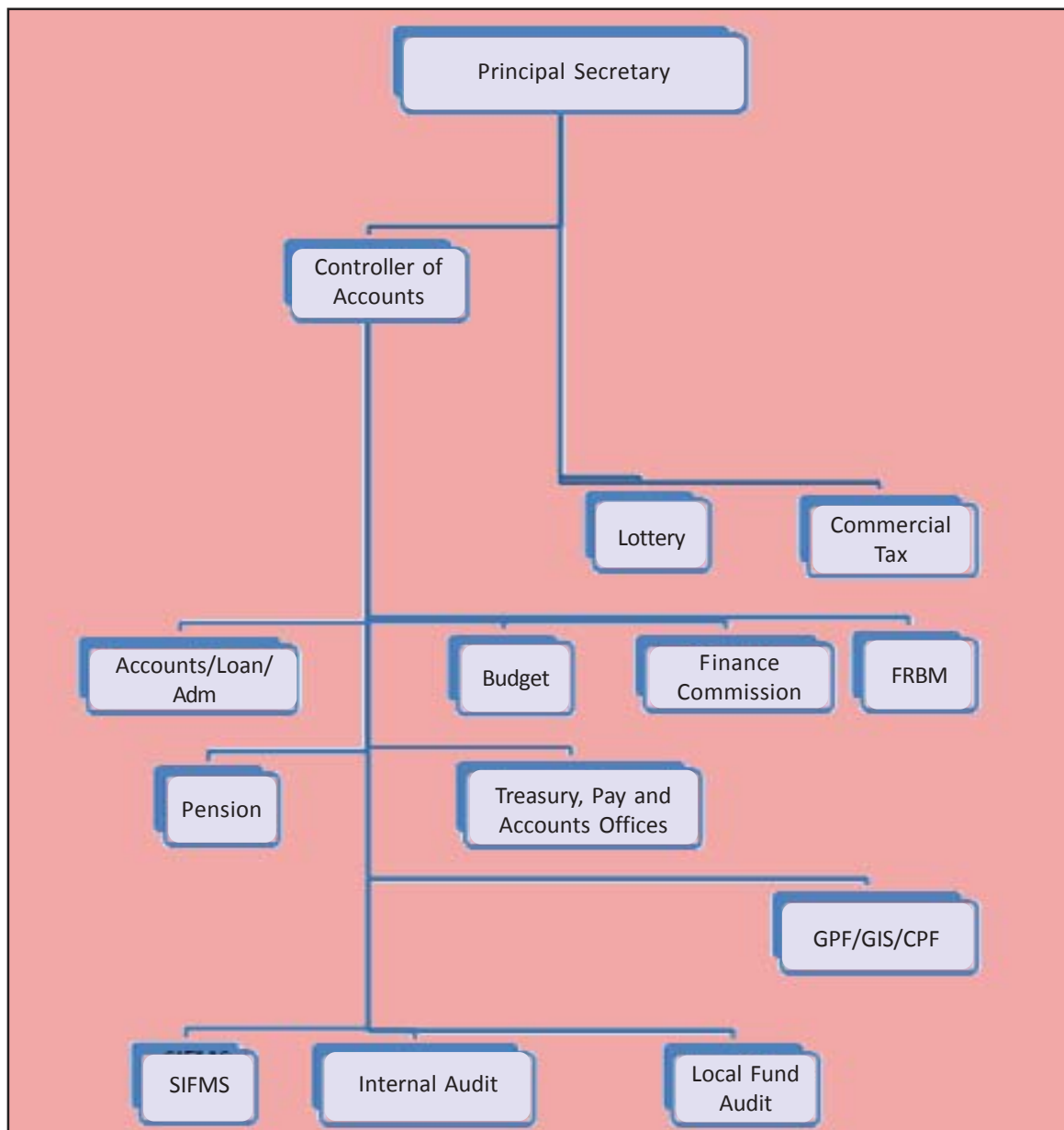
As per the Government of Sikkim (Allocation of Business) Rules, 1994, the Finance, Revenue and Expenditure Department have been allocated with the following business of the State Government:-

1. Annual Financial Statement (Budget), Vote on Account , Supplementary Demands and Appropriation Bills.
2. Consolidated and Contingency Funds of the State.
3. Loans and Advance.
4. Public Debt of the State.
5. Cash balance of the State.
6. Ways and Means.
7. Taxation and allied measures.
8. Mobilization of Resources.
9. Lotteries.
10. Economy in expenditure.
11. Accounts and allied matters.
12. Appropriation Accounts, Finance Accounts and Comptroller and Auditor Generalís Report.
13. Financial Rules.
14. Travelling Allowances Rules.
15. General Provident Fund Rules.
16. The State Government Group Insurance Scheme.
17. Treasury Rules.
18. Matters relating to Banking and Financial Institutions.
19. Internal Audit.
20. Treasury, Pay and Accounts Office.
21. Sikkim Subordinate Accounts Service.

1.3 Organizational Structure

In order to discharge the allocated business effectively and efficiently, the department has created an organizational structure within the department as can be seen in the following chart:-

ORGANISATIONAL CHART



Chapter -II

ACCOUNTS, LOAN AND ADM DIVISION

2.1 Introduction

This division generally deals with the Accounts & Loans of the State Government and co-ordinates with the office of the Accountant General (Sikkim) on behalf of the State Government.

2.2 Functions and Responsibilities of the Division

Following jobs are further assigned to the Accounts Division:-

1. Compilation of accounts of receipts and expenditure received from various departments.
2. Analysis of Civil Accounts involving evaluation and review of revenue receipts and expenditure of the State Government.
3. Cadre Management of Sikkim Sub- Ordinate Accounts Service.
4. Attend to all correspondences of the department which are received from within or outside the State.
5. General administration of Finance, Revenue & Expenditure Department.
6. Analysis of Appropriation Accounts, Finance Accounts submitted by the Comptroller & Auditor General of India and corrective action taken if any.
7. Over see the financial matters relating to public sector undertakings.
8. Public debt management including Government borrowings, discharge of liabilities and its accounting in the Government.
9. Monitoring of advances and grants-in-aid drawn by various departments. Coordinate with the Government departments and the office of the Accountant General, Sikkim for its timely adjustments.
10. Over see the accounts maintained outside the Government Accounts by various departments, declaration of Heads of Offices & Drawing & Disbursing Officers.

11. Participate and give inputs in the State Level Bankers Committee Meetings and State Level Co- ordination Meetings. Act as a stakeholder with regard to the Sikkim Public Demand Recovery Act, 2006, Sikkim Protection of Interest on Depositors (in Financial Establishments) Act, 2009, Prize Chits and Money Circulation Schemes (Banning) Act 1978.
12. Interpretations, applications and amendments of various Financial Rules and procedures concerning financial transactions having bearing on State finances and their implementation.
13. Drafting of notifications, circulars, and office memorandums to be issued by the department concerning the financial matter of the state.
14. Examination of various government department's proposals forwarded for obtaining financial concurrence or seeking advice/ suggestion on financial matters.
15. Attending to Public Accounts Committee matters relating to the department.

2.3 Achievements of the Division

Some of the achievements of the division during the recent years are summarized as follows:-

- *Due to persistent monitoring by this division, the unadjusted advances drawn by various departments in the books of the Accountant General's Office that was hovering around Rs. 177.00 crore at the end of 2011-12 was brought down to Rs. 65.00 crore at the end of 2015-16.*
- *The department being a cadre controlling authority of Sikkim Sub- Ordinate Accounts Service had conducted successful examinations during 2013 for recruitments to the post of Accounts Clerks where more than 11,000 candidates applied for the examination out of which 145 candidates were selected.*
- *A White paper on Financial Position of Sikkim as on 31st March 2013 was compiled and drafted by the Division which was laid on the table of the Sikkim Legislative Assembly on 25/06/2014.*

2.4 Revenue Generation

Over the years, the State Government has taken various measures for additional revenue generation like increase rates for land revenue /tax, taxes on tobacco products, state excise duty, motor vehicle tax, tariff for electricity etc. In addition to this the Government also enacted Sikkim Educational Cess on alcoholic beverages, levying of cess under the Sikkim Ecology Fund and Environment Cess Act 2005 and Sikkim Transport Infrastructure Development Fund Act 2004.

2.4.1 Tabular Statement of State's Own Revenue and Transfers from the Centre (1994-95 to 2016-17)

The comparison of such trend can be seen from the figures enumerated in the following table:

Rs in crore

Year	State's Own Revenue			Transfer from the Centre	
	Tax Revenue	Non- Tax Revenue	Total	Share in Central Taxes	Grants-in-aid
1994-95	18.93	25.79	44.72	36.62	158.55
1995-96	27.28	34.81	62.09	45.11	242.10
1996-97	29.91	39.34	69.25	73.34	225.00
1997-98	36.50	43.03	79.53	79.91	253.24
1998-99	46.76	42.92	89.68	92.21	280.78
1999-00	49.07	64.79	113.86	99.54	320.47
2000-01	65.39	65.63	131.02	72.20	435.98
2001-02	80.38	71.12	151.50	84.83	513.75
2002-03	105.53	143.36	248.89	77.20	581.95
2003-04	108.00	95.04	203.04	112.33	583.56

2004-05	116.95	111.36	228.31	107.35	675.63
2005-06	147.20	113.94	261.14	182.15	644.90
2006-07	173.18	171.75	344.93	222.78	635.54
2007-08	197.86	212.03	409.89	345.12	742.71
2008-09	199.19	292.26	491.45	364.20	902.55
2009-10	223.65	447.42	671.07	374.68	1299.62
2010-11	279.54	242.14	521.68	524.99	1105.02
2011-12	293.92	244.04	537.96	611.65	1722.50
2012-13	435.48	302.00	737.48	698.48	1852.40
2013-14	524.92	361.59	886.51	762.62	2244.41
2014-15	527.54	323.77	851.31	809.33	2427.00
2015-16 (BE)	560.38	350.36	910.74	1924.69	1966.48
2015-16 (RE)	592.28	364.42	956.70	1870.28	2026.70
2016-17 (BE)	646.06	362.26	1008.32	2094.95	1782.03

Source: Finance Accounts and Budget documents.

2.5 Expenditure Profile

During the last 23 years of the government, the allocation in the budget has increased many folds. The Government of Sikkim gave special attention to the expenditure needs of all the sectors particularly education and health sectors.

As per Article 202(2) (b) of the Constitution of India, expenditure is to be classified into Revenue and Capital.

2.5.1 Tabular Statement of Revenue & Capital Expenditure (1994-95 to 2016-17)

The Revenue and Capital Expenditure which forms the Budget and the comparisons of such trends from 1994-95 to 2016-17 can be seen from the figures enumerated in the following table:-

Rs. in crore

YEAR	EXPENDITURE		TOTAL
	REVENUE	CAPITAL	
1994-95	220.05	66.78	286.83
1995-96	289.26	101.17	390.43
1996-97	328.86	94.16	423.02
1997-98	371.30	107.23	478.53
1998-99	517.61	91.76	609.36
1999-00	532.01	94.34	626.34
2000-01	539.92	150.93	690.84
2001-02	607.15	210.73	817.88
2002-03	710.14	208.98	919.12
2003-04	738.68	211.49	950.16
2004-05	842.38	353.54	1195.92
2005-06	891.44	345.73	1237.16
2006-07	974.27	326.42	1300.69
2007-08	1146.87	415.47	1562.35

2008-09	1380.56	611.78	1992.33
2009-10	1829.03	648.53	2477.55
2010-11	2011.93	451.07	2462.99
2011-12	2429.61	615.76	3045.37
2012-13	2507.39	842.35	3349.74
2013-14	3025.06	911.95	3937.01
2014-15	3356.64	980.71	4337.35
2015-16 (BE)	4258.51	1045.53	5304.04
2015-16 (RE)	4312.75	1091.14	5403.89
2016-17 (BE)	4624.79	846.68	5471.47

Source: Finance Accounts & Budget Documents

2.6 Public Debt Management

Public debt refers to obligations of governments, particularly those evidenced by securities, to pay sums to the holders at some future date. Borrowed funds are normally utilized for development activities. Debts funding are normally obtained on long - term basis. The interest on debt is to be paid regularly and the government has the option to repay the principal before the maturity if financial conditions are favorable.

The composition of debt stock of Indian States has changed considerably since the year 2005-2006 after the 12th Finance Commission had recommended that Central Government should no longer play role of an intermediary and allow the State Government to raise funds directly from the market with the Centre Government largely dis-intermediating from borrowing of State Government. Introduction of Fiscal Responsibility and Budget Management Act (FRBM Act) and formulation of a Medium Term Fiscal Plan (MTFP) in the State is aimed at designing and implementing the rule based fiscal management system to ensure fiscal sustainability while ensuring efficient provision for public services.

All types of borrowing are regulated and authorized by the Ministry of Finance, Government of India and the market borrowing which constitute major borrowing are raised through the Reserve Bank of India. Therefore, the State Government is required to follow the path set out in the fiscal legislation.

2.7 Outstanding Debt

Maintaining the debt burden of the State at sustainable level remains one of the major objectives of the fiscal management of the State as reflected in the fiscal legislation. The 14th Finance Commission (FFC) in their revised fiscal roadmap has worked out the yearly outstanding debt burden for all the states aligning with the fiscal path. The Debt-GSDP ratio in the State has been reduced considerably, which is projected to be 23 per cent in 2016-17 BE. The decline in the average cost of debt of the state because of the debt restructuring formula of the Twelfth Finance Commission has helped in lowering the debt burden. Decline in the average cost of debt will result in a relative reduction in the volume of interest payments and availability of higher fiscal space for the State Government. The interest payment has declined from 2.5 per cent in 2009-10 relative to GSDP to 1.6 per cent in 2016-17 (BE). Based on the recommendations of the FFC, the State Government has amended the FRBM Act in March 2016.

2.7.1 Tabular Statement of Debt Position & Other Liabilities (1994-95 to 2016-17)

The debt position of the Government of Sikkim from 1994-95 to the end of the financial year 2016-2017 is enumerated below.

YEAR WISE STATEMENT OF DEBT POSITION AND OTHR LIABILITIES

Rs. in crore				
Year	Opening Balance	Addition during the year	Discharged during the year	Closing Balance
1994-95	214.93	42.15	13.41	243.67
1995-96	243.67	48.50	15.55	276.61
1996-97	276.61	69.84	33.57	312.90
1997-98	312.90	80.22	36.44	356.69

1998-99	355.54	190.04	42.51	503.67
1999-00	503.67	203.54	30.86	676.35
2000-01	676.02	121.74	68.39	729.37
2001-02	729.37	150.32	73.62	806.06
2002-03	806.06	142.10	80.42	867.69
2003-04	867.69	202.11	127.39	942.41
2004-05	942.41	262.78	129.07	1076.13
2005-06	1076.13	218.87	93.22	1201.78
2006-07	1201.78	222.76	102.81	1321.74
2007-08	1321.74	363.88	127.82	1559.80
2008-09	1561.59	434.85	144.40	1852.05
2009-10	1933.06	585.51	233.81	2284.76
2010-11	2292.74	368.69	231.58	2428.84
2011-12	2429.84	693.24	570.26	2552.82
2012-13	2552.82	704.07	498.79	2758.10
2013-14	2758.10	856.90	546.49	3068.51
2014-15	3068.51	984.33	571.40	3481.44
2015-16 (BE)	3481.44	948.23	425.23	4004.44
2015-16 (RE)	3481.44	1002.18	425.23	4058.39
2016-17 (BE)	4058.39	1185.58	582.64	4661.33

Source: Finance Accounts & Budget Documents

Note: There are differences between the opening and closing balance in some financial years which are due to proforma correction in the books of the Accountant General. Further, there has been a shift and a change in the Finance Accounts regarding the reporting system pertaining to borrowing and other liabilities from the financial year 2009-10 onwards.

The finance accounts for the financial year 2015-16 is yet to be finalized by the office of the Accountant General, Sikkim.

2.7.2 Statement of comparison between other states in regard to outstanding debt (excluding other liabilities of public account) at the end of the Financial Year 2012-13 and 2013-14

A comparative study of total debt stock with other States of India is also provided in a separate table herein under:-

Comparison between other States in regard to outstanding debt (excluding other liabilities of public account) at the end of the Financial Year 2012-13 and 2013-14

Rs. in crore

State	Public Debt 2012-13	Public Debt 2013-14	Growth rate of Public Debt (Excluding other Liabilities of Public Account) in %age)
Andhra Pradesh	138736.79	156743.48	13.00
Bihar	57474.35	64261.88	11.80
Chhattisgarh	11704.00	14946.23	27.70
Gujarat	136367.04	149506.16	9.60
Haryana	50658.28	60293.96	19.00
Jharkhand	27326.13	30032.11	9.90
Karnataka	75052.48	88522.45	18.00
Kerala	72250.19	83466.56	15.50
Madhya Pradesh	66577.14	72113.32	8.30
Maharashtra	200466.64	216909.20	8.20

Odisha	23317.39	23314.42	-0.01
Punjab	71211.64	78669.20	10.50
Rajasthan	76953.95	87329.77	13.50
Tamil Nadu	120204.68	140041.80	16.50
Uttar Pradesh	164810.41	171544.12	4.10
West Bengal	202847.53	220977.82	8.9
Arunachal Pradesh	2319.17	2504.24	8.0
Assam	19804.19	19823.03	0.1
Jammu and Kashmir	24635.16	26490.35	7.5
Himachal Pradesh	20765.02	23111.45	11.3
Manipur	4041.08	4163.69	3.0
Meghalaya	3352.58	3686.38	10.0
Mizoram	2265.29	2263.87	-0.06
Nagaland	5247.47	5786.85	10.3
Sikkim	1977.96	2185.51	10.5
Tripura	4487.37	5054.44	12.6
Uttarakhand	18798.76	21355.12	13.6

2.8 RESERVE FUNDS

2.8.1 Consolidated Sinking Fund

In terms of the recommendations of the 12th Finance Commission and detailed guidelines provided by the Reserve Bank of India, the department has constituted the Consolidated Sinking Fund. The Fund has been constituted largely to provide for the amortization of the outstanding liabilities of the State Government. The State Government is making annual contribution to the fund which is Rs. 12.00 crore at present. At the end of the year 2014-15, the fund balance is Rs. 269.87 crore including accrued interest, which is reinvested in fixed deposits in nationalized banks as per the directives of the Reserve Bank of India and the provision in the Act.

2.8.2 Guarantee Redemption Fund

The State Government has constituted a Guarantee Redemption Fund in the year 2000 and the Government is required to contribute an amount equal to at least one fifth of the already invoked guarantee plus an amount likely to be invoked as a result of incremental guarantees issued during the year. The State of Sikkim has a corpus of Rs. 24.15 crore at the beginning of the year 2014-15 and has been contributing Rs. 2.00 crore every year. There has been no discharge from the fund and the entire amount has been re-invested to strengthen the resource base.

2.9 SIKKIM FINANCE & ACCOUNTS SERVICE AND SIKKIM SUBORDINATE ACCOUNTS SERVICE

2.9.1 Sikkim Finance & Accounts Service

The service was constituted vide notification No 957/Fin dated 30th April 1979 with initial authorized strength of 96 officers including deputation, leave and training reserves. These officers are posted in various departments to act as financial advisors to the Head of the Departments and also to supervise and manage the Finance and Accounts of the department. The cadre was revised twice and the latest cadre review was considered by the present government on 15/12/2008 duly increasing the strength to 319.

The post wise composition of strength and comparison since its inception is as under:

Sanction Strength of Sikkim Finance & Accounts Service

Sl. No.	Name of posts	Sanctioned Strength as on	
		1979	2016
1	Controller of Accounts/ Principal Director (Accounts)	-	5
2	Director of Accounts	2	8
3	Additional Director of Accounts	-	16
4	Chief Accounts Officer / Joint Director/ CP & AO	5	32
5	Senior Accounts Officer/ Dy. Director /Dy. CP & AO	12	64
6	Accounts Officer /Asstt. Director / Adm. /Accounts cum Admn Director	50	103
7	Deputation Reserve 20%	14	46
8	Leave Reserve 5%	3	11
9	Training Reserve 15%	10	34
	Total	96	319

2.9.2 Sikkim Subordinate Accounts Service

This service was constituted vide notification No 9/Fin dated 13th December 1984. Though the initial rules for recruitments were notified but no cadre strength was defined and sanctioned. The initial inductions were made from the existing available man powers in the departments.

At the time of initial constitution of cadre, the total manpower that opted for induction in the cadre were considered as sanctioned strength after the vacancies in the department were filled up.

Therefore, the initial authorized strength worked out to 1012 under different grades. This subordinate staffs were posted in various departments to assist in discharging the function relating to Finance and Accounts matter. Thereafter, the cadre was further revised by the present government on 24th November 2008 duly increasing the strength to 1170.

The post wise comparison of strength and composition is as under

Sl. No.	Name of posts	Sanctioned Strength as on	
		1984	2016
1	Senior Accountant	90	130
2	Accountant /Chief Cashier	255	300
3	Junior Accountant / Sr. Storekeeper /Cashier	314	350
4	Accounts Clerk Jr. Storekeeper	353	390
	Total	1012	1170

Chapter-III

BUDGET DIVISION

3.1 Introduction

Under Article 203 of the Constitution of India the estimates relating to expenditure charged on the Consolidated Fund of the State and estimates relating to other expenditure shall be submitted in the form of Demands for Grants to the Legislative Assembly. Further under Article 204 of the Constitution of India a bill shall be introduced to provide for appropriation out of the Consolidated Fund of the State. Similarly same procedure has to be followed for Supplementary Demands for Grants, Excess Demands for Grants and Vote on Account under Article 205 and 206 of the Constitution of India. Accordingly, the Budget Division is responsible for preparation of the above documents as prescribed in the Constitution of India.

3.2 Functions and Responsibilities of the Division

The Division is responsible for:-

- a) Maintenance, monitoring and investment of cash balance of the State.
- b) Maintenance of the Contingency Fund of the State.
- c) Monitoring and release of resources to various departments based on their requisition and availability of the budget provision and fund.
- d) Presentation of Appropriation Accounts, Finance Accounts and Comptroller and Auditor General's Report in the State Legislative Assembly.
- e) Estimation of State resources for subsequent financial year for finalization of Annual Plan.
- f) Estimation of State Government's borrowings.
- g) Examination of the re-appropriation of funds proposed by the department and resumption of the surrender statement for onward submission to the office of the Accountant General, Sikkim.

- h) Monitoring of State Government Guarantee extended to department and public sector undertaking as per the Sikkim Ceiling on Government Guarantee Act 2000.
- i) In addition to work of routine administrative nature, the Division further deals with all budgetary matters and allied subjects of different Departments. The major work undertaken in the Budget Division relates to the Scrutiny of Receipt and Expenditure Estimates in the process of preparation of Budget Estimates and Revised Estimates, related Statements and annexure of the various budget documents. The detailed estimates of receipts and expenditure are prepared by the Departments in the prescribed forms and furnished to the Budget Division. These estimates are scrutinised in detail and further consolidated as part of process of compilation of the Budget and related documents. A discussion with the major revenue earning departments is held each year to finalise the target of both Tax Revenue and Non- Tax Revenue. It also examines the proposals received from the Departments for opening of new sub head(s), detailed head(s) and object head(s) of accounts in Detailed Demands for Grants. In the process of preparation of the Budget, detail analysis of Finance Accounts of the previous financial year is done and the actual figures pertaining to both receipts and expenditure are taken into account for inclusion in the Budget Documents.
- j) All receipts from the Government of India under Grant-in- aid (Centrally Sponsored Schemes & Central Plan Schemes), Share of Taxes and Borrowings are routed through the Central Bank of India through RTGS. The Central Bank of India immediately transfers the amount to the State Bank of Sikkim and thereafter the Budget Division credits these funds to the Consolidated Fund of the State through challans. The details of receipts are maintained and subsequently are reconciled with the accounts maintained by the office of the Accountant General, Sikkim on quarterly basis. At the close of every financial year these reconciled figures of receipts are reflected in the Finance Accounts.
- k) The Division is also uploading data to Sikkim Integrated Financial Management web-site relating to Demands for Grant, Supplementary Demands for Grants immediately after it is passed. These datas are maintained in the State Data Centre and since these are on real time basis the Treasury, Pay and Account Offices are able to release payments once these data are uploaded and authenticated by the Division. Adoption of this process has helped the various departments to function smoothly.

Chapter IV

FINANCE COMMISSION DIVISION

4.1 Central Finance Commission

4.1.1 Introduction

The Finance Commission Division is concerned with the implementation of the recommendation of the Central Finance Commissions and the State Finance Commissions. The Central Finance Commission is set up under Article 280 of the Constitution by the Act of Parliament and mandated to recommend measures and methods on how revenues need to be distributed between the Centre and states. Besides suggesting the mechanism to share tax revenues, the Commission also lays down the principles for giving out grant-in-aid to states and other local bodies. In the case of 14th Commission, these principles will apply for a five-year period beginning April 1, 2015.

In pursuance of the provisions of Article 243(I) and Article 243(Y) of the Constitution of India, Government have been constituting the State Finance Commissions which make recommendations on the principles which should govern the distribution of revenues between the State Government and the Local Bodies and quantum of Grant-in-aid over a period of five years.

4.1.2 Functions and Responsibilities of the Division

The following works are assigned to the Division:-

1. Compilation of basic data relating to the State Finances in the forms prescribed by the Central Finance Commission once it is constituted.
2. Presentation of State's demand to the Central Finance Commission.
3. Detailed analysis of the Finance Commission report.
4. Monitoring of flow of receipt and expenditure relating to the Finance Commission and to submit the detailed report to the Finance Commission Division, Ministry of Finance periodically.
5. Support and compliance to the conditions contained in the Report of the Finance Commissions (both State and Central).

6. Periodical review meeting of the High Power Committee constituted to look into the progress of expenditure and receipts.
7. Constitution of State Finance Commission at the interval of every five years.
8. Administrative support to the State Finance Commissions and monitoring of the implementation in regard to the recommendation of the report.
9. Examination of various government department's proposals forwarded for obtaining financial concurrence or seeking advice/ suggestion on financial matters.

4.1.3 Award of the Central Finance Commissions

The details of the awards from 10th Finance Commission to 14th Commission are as follows:-

Rs. in crore		
Finance Commission	Period	Total Award
Tenth	1995-2000	698.89
Eleventh	2000-2005	1633.92
Twelfth	2005-2010	1829.14
Thirteenth	2010-2015	4525.60
Fourteenth	2015-2020	14867.39

4.2 Fiscal Responsibility and Budget Management (FRBM)

In an effort to bring about fiscal consolidation and reforms, Fiscal Responsibility and Budget Management (FRBM) Act was implemented in the year 2010-11. This is in essence, a target based framework to ensure that Government finances are managed to achieve equitable, long term macroeconomic stability, consistent with attainment of the medium term growth. In recognition of fiscal efforts, the 13th Finance Commission has awarded Rs. 200.00 crore as incentive to the State. The Sikkim Fiscal Responsibility and Budget Management (FRBM) Act 2010 was further amended in March 2016 to implement the recommendation of the 14th Finance Commission award to manage the fiscal deficit target and limit the extent of annual borrowings.

Fiscal Deficit has been reduced to the level prescribed by Finance Commission and with diligent management of the State Government the Debt GSDP ratio has been kept within manageable limit. The fiscal deficit refers to the gap between total receipts (excluding borrowings) and total expenditure. This gap, therefore, indicates the extent to which expenditure is financed by borrowings.

4.2.1 Statement of Fiscal indicators from 2011-12 to 2014-15

The main fiscal indicators of the State for past few years are as under, which are well within and in compliance with the targets set by the Fiscal Reform Legislation.

Fiscal Indicator	Percentage to GSDP			
	2011-12	2012-13	2013-14	2014-15
Revenue Deficit	-4.97	-7.46	-7.02	-5.04
Fiscal Deficit	2.50	0.63	0.43	1.90
Primary Deficit	0.35	-1.27	-1.36	0.25
Outstanding Debt	28.66	26.34	24.79	23.98

(Negative indicates surplus) Source: MTFP for Sikkim-2016-17

Terminology

- 1) *Revenue Deficit- When the revenue expenditure of a State exceeds the revenue receipts.*
- 2) *Fiscal Deficit- It is the difference between the revenue receipts plus non-debt capital receipt and the total expenditure excluding repayment of loan.*
- 3) *Primary Deficit- It is the fiscal deficit less interest payments.*

Chapter -V

INTERNAL CONTROL MECHANISM

5.1 Internal Audit Division

Normally, people view internal audit as an activity of self imposed internal check and audit which supposedly involves the activity of going around telling people what they were doing wrong. However even if one takes it in a narrow sense, the contribution of the activity of internal audit is potentially of major importance for an effective internal control system leading to improved accountability, ethical and professional practices, effective risk management, improves quality of output, better decision making and performance tracking. Historically it was always held that internal auditing is confined to merely ensuring that the accounting and allied records are being properly maintained, the assets management system is placed in order and also to see whether policies and procedures are in place and are duly being complied with. With changing times this concept has undergone a sea change with regard to its definition and scope of coverage. Modern approach suggests that it should not be restricted to financial issues alone but also include issues such as cost benefit analysis, resource utilisation and their deployment, matters of propriety, effectiveness of the management, etc.

5.1.2 Functions and Responsibilities of the Division

The function of Internal Audit is to conduct audit of various Government Departments, Public Sector Undertakings and Other Local bodies. To submit independent, credible, balanced and timely report of its finding. Suggest ways and means to bring about improvement in the functioning of the audited entities.

Some of the departments which have been audited during 2014-15 are Information and Technology department, SABBCO and Special Branch under Police department. During 2015-16 it had audited Labour Department (Labour Cess) SICB (Karfector), DHH, Food and Civil Supplies and Tourism Department (Kanchenjunga Tourist Villa)

5.2 Local Fund Audit Division

The Thirteenth Finance Commission had in its report vide para 10.161 stipulated that the State Government would be eligible to draw its share of the general performance grants only if it complied with certain conditions. One of the conditions was to put in place an audit system for all local bodies i.e. all categories of ULBs and all tiers of PRIs and the Annual Report of the Director of Local Fund Audit was required to be placed before the state legislature.

Consequently the Sikkim Local Fund Audit Act, 2012 was passed by the Sikkim Legislative Assembly which received the assent of the Governor on 3rd day of May, 2012. The corresponding Rule has also been put in place. The Act provides for and to regulate the audit of the local funds under the management and control of Finance, Revenue and Expenditure Department.

So far it has audited Rural & Urban Local Bodies for the year ended March 2012, 2013 and 2014 and has presented its Annual Consolidated Report in the Sikkim Legislative Assembly.

Chapter -VI

PENSION, GROUP INSURANCE SCHEMES, CONTRIBUTORY PENSION SCHEME AND GENERAL PROVIDENT FUND (PGIPF DIVISION)

6.1 Introduction

The Pension, Group Insurance and Provident Fund (PGIPF) Division is an important division of the department. The Division has four sections namely: Pension Section, General Provident Fund (GPF) Section, Group Insurance Scheme (GIS) Section and New Pension Scheme (NPS) or Contributory Pension Fund (CPF) Section. Senior Accounts Officer and Accounts Officers head the respective sections with Chief Accounts Officer and Director overseeing the entire Division.

6.2. Developments made and its present day function

The pension payment to retired Government employees is also part of committed expenditure of the Government which is estimated at Rs. 481.12 crore for 2016-17 as against pension payment of Rs.3.04 crore during 1994-95. With longer life span on account of better health and medication the committed expenditure on pension is on a rising trend. In order to reduce future pension burden of the Government, the State Government has introduced new Contributory Pension fund Scheme for employees appointed after 1st April, 2006. Under this scheme, Government Servants are required to contribute 10% of their basic pay plus Dearness Allowance and the Government is committed to contribute equal share to the employees account.

With the introduction of the New Pension Scheme the state government has signed an agreement with the National Securities Depository Limited (NSDL) as the Central Recordkeeping Agency (CRA) on 11/11/2011 and with the Pension Fund Regulatory and Development Authority (PFRDA) as the regulator on 06/03/2012. The government adopted the Centralized System of Accounting and is being operated by the PGIPF Division,

In 1994-95 there were only 2080 pensioners and where as in 2015-16 there are 10373 pensioners including 349 pensioners from army, civil central and other States. Currently the Division is maintaining the GPF/GIS accounts of over 28,000 regular government employees under the Defined Benefit Pension (Old) Scheme and over 11,500 employees under the New Pension Scheme (NPS/CPF).

The Division receives the subscriptions/contributions to GPF/GIS and CPF in two modules namely; (a) online data transfer in case of all those employees who draw their salaries through the Treasury, Pay & Accounts Offices and (b) through *Challans* accompanied by the corresponding deduction schedules in case of self drawing D&DOs and salaries disbursed through Panchayats. The subscriptions/contributions received through *Challans* are entered in the system and the ledgers manually. The issue of introducing NPS to state government undertakings is under the active consideration of the government and the modalities for the same is being worked out.

Record keeping of the pensioners is one of the main functions of the Division. On retirement the personal file of the employees that contains all the service records are received in the Division. After all the pensionry benefits are paid to the retired employee the personal file is kept in record. The recordkeeping in the Division is one of the best and maintained systematically duly following alphabetical as well chronological order. Owing to limited physical storage space the personal files, after the payments are released, are bifurcated into two parts; one part containing the documents relevant to the payments made and the other part containing the rest of the documents which have archival importance. Scanning and digitalizing of the first part of the file for future reference is also done.

In keeping with the benevolent policy of the government towards its pensioners, the Division has recently established two resting/waiting rooms for the pensioners equipped with provisions for newspapers/periodicals and drinking water. This is a step towards *administration with a human touch*.

Chapter - VII

TREASURY, PAY & ACCOUNTS OFFICES

7.1 Introduction

The responsibility of the Treasury, Pay and Accounts Division is mainly pre-checking, passing, releasing payments, preparing and rendering of compiled monthly accounts to the office of the Accountant General, Sikkim in respect to all government spending and revenues.

The Treasury, Pay & Accounts Offices under Finance, Revenue & Expenditure Department came into existence during 1978 with the issuance of the Notification No. 4/Fin dated 17th June, 1978. Over the years, the District Pay & Accounts Offices were established at Geyzing, Namchi and Mangan in 1981, 1982 and 1984 respectively.

7.2 Decentralisation of Treasury, Pay & Accounts Office

In line with the vision of the government towards decentralization of power at the district level, the payment system was also decentralized which benefited the common masses with payment procedure being made simpler and prompt. The decentralization of self drawing departments was started from August 2003 and was vested with powers to perform and discharge the duties under the administrative control of each Pay and Accounts Office.

Accordingly the Notification No. 14/Fin/Adm./date 22nd July 2003, introducing a module that envisaged checks and balance not only in the Government spending but as well as in government receipts as a step towards decentralization of payment system.

7.3 Present day Treasury, Pay & Accounts Office

Presently the Treasury, Pay and Accounts Division, is functioning with the help of the Sikkim Integrated Financial Management System (SIFMS), a software which has been designed to facilitate proper financial control and overall financial management and financial discipline, a pioneer to showcase the use of modern technology in introducing computerization in processing of bills, pre-checking etc..

In the Sikkim Integrated Financial Management System (SIFMS) the PAOs carries out real time bills processing, passing and making payments through cheques. With the modernization we have been able to achieve the objective as envisaged in the e-governance with an ultimate aim to become a paperless office.

7.4 Achievement made by Treasury, Pay & Accounts Office

Some of the significant achievements of Treasury, Pay & Accounts Office are as under:

1. Total decentralization of payment system after 2003.
2. First phase of computerized bills processing started in the year 2004.
3. Generation and timely rendition of accounts to the office of the Accountant General, Sikkim.
4. Substantive improvement in resource control and management system.
5. Check and balance in government spending mechanism has improved substantially
6. Implementation of SIFMS facilitated quick and easy access of financial information.
7. Transparency in bills processing & payment system.

Chapter -VIII

COMMERCIAL TAX DIVISION

8.1 Introduction

Commercial Taxes Division is one of the wings of the Finance, Revenue and Expenditure Department entrusted with the collection of state revenue from sale of commodities in the form of taxes and cess. The administration of the division is divided into two zones viz., the North/East zone and South/west zone. The North-East Zone has its office in Gangtok, and South-West in Jorethang, South Sikkim.

8.2 Acts Administered

The details of the Act administered and different offices under the Division for implementation of the Acts are as under:-

ACTS ADMINISTERED BY THE COMMERCIAL TAXES DIVISION

1. Sikkim Sales Tax Act, 1983
2. Central Sales Tax Act, 1956
3. Sikkim Value Added Tax Act, 2005
4. Sikkim Ecology Fund and Environment Cess Act, 2005
5. Sikkim Tax on Professions, Trades, Callings and Employment Act, 2006
6. Sikkim Transport Infrastructure Development Fund Act, 2004

8.3 Offices and Section of the Division

1. Commercial Taxes Division(Head Office), Old SITCO Building, Deorali, Gangtok
2. Office of the Deputy Commissioner of Commercial Taxes(south/West Section), Jorethang, South Sikkim
3. Office of the Deputy Commissioner of Commercial Taxes, Rangpo Check Post
4. Office of the Assistant Commissioner, Melli Check Post
5. Raman Check Post, West Sikkim
6. Reshi Check Post, East Sikkim
7. Office of the Assistant Commissioner, Geyzing, West Sikkim.
8. 3rd Mile Check- Post (Gangtok- Nathula Road).

8.4 Statement of Revenue collection (1994-95 to 2016-17)

Sl.No	Year	Actual Achievement Rs. in crore
1	1994-1995	10.30
2	1995-1996	13.94
3	1996-1997	16.44
4	1997-1998	24.57
5	1998-1999	27.50
6	1999-2000	31.00
7	2000-2001	34.50
8	2001-2002	37.00
9	2002-2003	57.00
10	2003-2004	74.10
11	2004-2005	77.26
12	2005-2006	105.03
13	2006-2007	128.12
14	2007-2008	142.54
15	2008-2009	134.00
16	2009-2010	144.18
17	2010-2011	176.80
18	2011-2012	161.30
19	2012-2013	289.94
20	2013-2014	367.81
21	2014-2015	356.00
22	2015-16 (BE)	381.51
23	2015-16 (RE)	414.00
24	2016-17 (BE)	455.00

8.5 MISSION MODE PROJECTS

With a clear aim to go for e-governance under the Mission Mode Project, the Commercial Taxes Division prepared a Detailed Project Report (DPR) on the current state of computerization in the Department and need for further modernization of the same. The DPR for the Mission Mode Project for the Commercial Taxes of Government of Sikkim was approved by the Government of India in November, 2010 with the prescribed funding pattern ratio of 90:10 by Central Government and the State Government respectively. Since there were some e-governance solutions to be made, a 2nd DPR was submitted to the Ministry of Information Technology, Government of India in 2012 with the approval of the state government. The Government of India granted approval to the revised Project proposal for funding under the Mission Mode Project for Computerization of Commercial Taxes administration.

At present the Commercial Taxes Division is fully computerized and electronically governed under the Mission Mode Project. The following e- services can be availed of by the Dealers:

1. E-Registration
2. E- Payment
3. E-filing of Returns
4. E-C forms
5. E-waybills
6. E -notices
7. E -Grievances
8. E-information
9. E-informer
10. SMS
11. Helpdesk/contact centers

The report of individual dealer's business can be generated and analysis thereof can be done online by any authority of the Commercial Taxes Division. Voluminous data pertaining to sales and purchases by the dealers and the position of the payment of tax/cess are captured by the system. Data in any form, as and when required can be generated, which will be helpful during the time of assessment, auditing, etc.

Under this project SeVa (State electronic Vanijakar Administration) has been launched officially on 6th January, 2012. The official website of Commercial Taxes Division under the name www.sikkimtax.gov.in has been made operational from 06.01.2012. This system has covered Government to Business Services, government to Government Services and Government to Citizen Services.

8.6 Registration of Dealers

All the dealers liable for payment of taxes are required to get registered themselves online under the Commercial Taxes Division. Total no. of dealers as on 22.07.2016 is 4440 (Four thousand four hundred forty).

8.7 Goods & Service Tax (GST)

A revolutionary taxation measure likely to be implemented across the country very shortly which will replace most of central and state indirect taxes. GST will be implemented concurrently by the Central and State Government adhering to the core principle. The State Government has already made all preparation for the implementation of GST in the State.

Chapter- IX

DIRECTORATE OF STATE LOTTERIES

9.1 Lotteries

The Directorate of Sikkim State Lotteries is one of the divisions under Finance, Revenue & Expenditure Department. The off line (paper lottery) and the online lotteries in the State is governed by the **Lotteries (Regulation) Act, 1998, Lotteries (Regulation) Rules, 2010 and State Rules.**

The State Government with an objective to generate and raise its revenue to promote fund for various developmental activities and social importance, has been conducting, organizing and promoting State lotteries by appointing Marketing Agent(s)/Distributor(s) by means of open National Level Tender in accordance with the provision of the Lotteries (Regulation) Act, 1998 (Central Act 17(a) 1998) and the rules made there under. At present, the State Government of Sikkim is drawing 24 lotteries (08 paper lotteries and 16 online lotteries) which are marketed through 3 (three) Marketing Agent(s)/Distributor(s) appointed for the purpose. This is in conformity with the rule 3(vi) of the Lotteries (Regulation) Rules, 2010.

Apart from lotteries, casinos and online games & sports games are under the administrative control of the Directorate of Sikkim State Lotteries.

As per Lotteries (Regulation) Rules, 2010 the number of lottery draws except Bumper draw by the organizing State from all the lottery schemes put together shall not be more than 24 draws per day (clause 6 of the Rule, 2010). At present 24 lotteries are divided into three parts i.e. 08 lotteries each and are awarded on the basis of National Level Tender process

9.2 On line Gaming

In order to generate more government revenue for the State, the Sikkim online games & sports gaming was introduced by the State of Sikkim in the year 2015-16. The concept of the game is to be played through intranet (terminals) which cannot traverse outside the State of Sikkim. To regulate Sikkim online games & sports gaming, the Sikkim Online Gaming (Regulation) Act, 2008 and the Sikkim Online Gaming (Regulation) Amendment Act, 2009 was introduced. Till date, the Directorate of Sikkim State Lotteries has issued 02 online games & sports gaming licenses.

On receipt of an application, the Government may grant a provisional license on payment of a fee of Rs. 1 lakh to enable the licensee to set up the necessary infrastructure and other requirement so as to be in a position to commence operation of the online games. The Government may grant a regular license for operation of online games and sport gaming for a period of five years on payment of fee of Rs. 1 crore. The licensee shall pay gaming yield @10% of gross gaming yield or Rs. 5 crore whichever is higher

9.3 Casino Games

In the State of Sikkim, two numbers of casino licenses have been issued to the hotels having 5 Star Hotel facilities under the Sikkim Casino Games (Control & Tax) Act, 2002. The casino license is normally issued on the basis of fulfillment of following criteria:-

- a) The provisional license for six months on payment of Rs. 1 lakh subject to satisfaction of the government that the applicant has a hotel having infrastructure and other facilities of a 5 Star category with the capability to establish and operate casino games.
- b) On full compliance of the stipulation prescribed in the said provisional license and such other terms and conditions prescribed in the Act and Rules, the Government may grant regular license under rule 17 for operation of casino games.
- c) The gaming fee (yield) payable by the licensee to the State Government shall be Rupees One crore per annum.
- d) The renewal of license fee for casino is Rs. 50 lakh per annum

Apart from revenue collection from online gaming, sports gaming & casinos, this sector has been able to generate more employment to the locals. In fact near about 550 locals are employed in this sector.

9.4 Regulation on Entry

In order to safe guard the interest of local people the State Government vide notification No Fin/DSSL/III/2010/247/167 dated 4th July 2016 has banned the entry of locals to casinos.

9.5 Statement showing Receipts from Lotteries (1994-95 to 2016-17)

The statement of collection of revenue from lotteries is enumerated below:-

RECEIPTS FROM LOTTERIES FROM 1994-95 TO 2016-17

Rs. in crore

Sl.no	Year	Gross Receipt	Gross Expenditure	Net Receipt
1	1994-95	312.91	306.37	6.54
2	1995-96	602.27	591.92	10.35
3	1996-97	797.62	789.94	7.63
4	1997-98	900.81	886.80	14.01
5	1998-99	993.03	977.99	15.04
6	1999-00	1005.87	977.96	27.91
7	2000-01	240.60	223.39	17.21
8	2001-02	1074.40	1057.09	17.31
9	2002-03	1256.62	1172.48	84.14
10	2003-04	473.67	442.25	31.42
11	2004-05	912.27	881.11	31.16
12	2005-06	898.52	876.16	22.36
13	2006-07	963.58	913.29	50.29
14	2007-08	1236.71	1201.71	35.00
15	2008-09	957.02	913.05	43.97
16	2009-10	950.92	909.02	41.90
17	2010-11	941.32	895.61	45.71
18	2011-12	843.9	800.53	43.37
19	2012-13	546.39	504.96	41.43
20	2013-14	488.98	432.9	56.08
21	2014-15	418.64	374.31	44.33
22	2015-16 (BE)	37.40	0.00	37.40
23	2015-16 (RE)	34.77	0.00	34.77
24	2016-17 (BE)	33.55	0.00	33.55

Source: Finance Accounts & Budget Documents

Note: Unlike previous years from the Financial Year 2015-16 onwards the Receipts from Lottery is taken on net basis.

Chapter-X

SIKKIM INTEGRATED FINANCIAL MANAGEMENT SYSTEM (SIFMS)

10.1 Introduction

One of the important achievements of the current Government in terms of financial transformation and administration in the last 23 years has been the development and implementation of the iSikkim Integrated Financial Management System (SIFMS) from the financial year 2013-14 onwards.

The Sikkim Integrated Financial Management System (SIFMS) is a software package that has been deliberated, designed and put in place to provide improved management and control of finances of the State of Sikkim. It provides real-time financial position of State by on-line updating and consolidation of receipts and expenditures of the State Government.

SIFMS has been implemented in all the Pay and Accounts Offices (Head quarter and the districts) including the Self-cheque drawing Departments viz. Raj Bhawan, Sikkim Legislative Assembly, Land Revenue & Disaster Management and the Transport Department, the Budget, Pension, GPF, GIS and the Accounts divisions of the Finance Department.

The modules developed and implemented in SIFMS are the Post Budget, Receipt, Fund Management, Treasury (Expenditure and Compilation), and Payroll, Pension, GIS, GPF, Accounts, DDO code and the Loan modules. It is a web-based application with all financial transactions being carried out on a real time (online) mode. All the receipts and expenditures of the State Government are captured and stored in a centralized system of database at the Sikkim State Data Centre. The transactions and data entries are carried out from a single source iof truth which ensures accurate and consistent data.

10.2 Features and Reforms introduced by SIFMS

The salient features of SIFMS are:

- Real time availability of the State Financial Position ñ Comparison of expenditure against budget estimates and grant distributed.
- Automated consolidation and aggregation of data for effective and efficient monitoring and control of State Government receipts and expenditures.

- Automated generation of accounts of the State for improved accuracy and timeliness.
- Real time Management Information Systems (MIS) for better and effective decision making.
- Entry only at source reducing time & effort and increase in accuracy.
- Transparency and efficiency in public delivery systems.

10.3 Facilities for long term / future solutions and new business processes being developed

The SIFMS software has core accounting and analysis facilities that would be a means for a long-term integrated solution for carrying out functions like Estimation, Planning, Budgeting and Control of resources of the State.

The new business processes that are under development in SIFMS are as under:

- Budget (Pre-budget) module for effective preparation of State Budget.
- E-payments and e-receipts for transparent and efficient financial transactions.
- Link to Drawing and Disbursing Officers (DDOs) for e-bills and generation of reports.
- Link to the Accountant General's Office for seamless transformation and automated reconciliation of data.
- Link to Internal Audit for e-audit and facilitate internal audit management.

The Sikkim Integrated Financial Management System has been able to improve the delivery of public services at multiple levels and simplify the process of accessing them such that the finer points of Governance, such as citizen centricity, services and transparency is encapsulated.

Chapter- XI

OTHER IMPORTANT ACHIEVEMENTS

11.1 Austerity Measures

Government has constituted austerity committee over the period of time in order to reduce unproductive and wasteful Government expenditures like; avoidable administrative expenses, creation of new posts, purchase of furniture & fixtures, grant of convenience allowance in lieu of Government vehicles and discontinuance of allocation for housing

11.2 Growth in the size of the Annual Plan

The State plan size during 1994-95 was only Rs. 120.00 crore which has increased to Rs. 2817.68 crore during the year 2016-17.

11.3 Banking Network

In the year 1994, there were only 98 branches of commercial banks and as on 31st March 2016 there are 142 branches of commercial banks, beside presence of several other financial institutions like NABARD, SIDBI, RBI etc. Presently, there are 23 Public Sector banks, 7 private sector banks and 1 State Cooperative bank in the State. These 31 banks have covered the entire State of Sikkim. Out of 142 branches, 108 branches are located in the rural areas. There are also 172 numbers of ATMs which are operational in the State.

State Bank of Sikkim has also expanded their branch network to 40 numbers. The State Cooperative Bank (SISCO) also has 14 branches covering all the four districts of the State.

11.4 Credit Deposit Ratio

The Credit Deposit Ratio of various banks in Sikkim has been low and as on 31st March 2016 it stands only 36.30%. Commercial Banks are persuaded for advancement of credit facilities to the young entrepreneurs and to provide educational loans to the local students for higher education.

11.5 Sikkim Protection of Interest of Depositors (in Financial Establishments) Act 2009

The above Act has been introduced to protect the interest of the depositors in Financial Establishment. The relevant Rules were framed for its implementation vides notification no. 21/Fin/

Adm dated 7th September, 2010. A State Level Steering Committee has been constituted comprising of regulators and law enforcement agencies to oversee the implementation of the Act and Rules.

11.6 Prize Chits and Money Circulation Schemes (Banning) Act 1978

The chit fund had gained popularity in the country and their growth was phenomenon. Inspire of the growth there have been several unhealthy trends and fixtures leading to stringent Acts by way of cheating the general public on the assurance and promises of high rate of returns from their investments. In order to control this impropriety this Act was in acted by the Government of India and extended in the State of Sikkim. Further the State Government vide notification no. 10.Fin/Adm/ dated 28th August 2014 has framed rules for its implementation.

11.7 Departmental Portal

The Department has its own website i.e. www.sikkimfred.gov.in . It is dynamic, user friendly and informative. It is updated on day to day basis and the website provides timely information on various issues and development pertaining to all divisions of the department. Some of the information/ reports being Budget Speeches, Budget Circulars, Sikkim Financial Rules and other rules framed by the department, Transfer Orders, FRBM reports, DA circulars etc..

The Finance, Revenue & Expenditure Department is committed to fulfill the vision of the popular government. It continues to discharge its allocated business as per the government of Sikkim (Allocation of Business) Rule, 1994 more efficiently and effectively through better use of information technology, scientific management of resources, formulation of strategy to meet targeted goals to augment own Tax & Non-Tax revenues and to manage government finances with a view to achieving equitable, long term macroeconomic stability consistent with attainment of targets envisaged in the fiscal reforms.

While continuing with fiscal consolidation process the government of Sikkim is committed to provide an enabling environment for the development of State through adequate resource allocation to social and economic sector and strengthening infrastructure base remains the priority for the State government.



Pawan Chamling

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Sikkim

FOREWORD

Finance is the life line of any entity, organization or a Government, and its efficient management determines how successfully a Government can serve its people and the State. Finance, Revenue & Expenditure Department who manages the State Finances can, therefore, be called the heart of the State Government.

In order to ascertain how the State Finances have been managed over the years, this Compendium on Achievements for the period from 1994 to 2016 has been brought out with a comprehensive data on the State Finances. It provides an opportunity to analyse in depth the fiscal position of the State, development and reforms made over the years and the gaps which could be identified to guide the Government and the people towards the future course of action.

I heartily congratulate FRED for producing this comprehensive document.

Dated: 15th August 2016

Pawan Chamling

Vision, Mission and Core Values

- As an important stakeholder in public finance and governance, the Finance, Revenue & Expenditure Department's (FRED) **vision** and aspiration is to adopt the best accounting and financial management practices so to execute the allocated business in a manner that-the public funds are being used efficiently for intended purposes.
- FRED's **mission** as mandated by Government of Sikkim (Allocation of Business) Rule, 1994 and thereafter by various legislature put in place, engages the department in improving the financial management system, making the internal control system more effective, making the best use of information technologies to ensure that the Public Finances are managed in the best possible manner and in adherence to the targets set by the Government.
- FRED's **core values** are the guiding principles in day to day functioning and these are the standards set for self appraisal:-Integrity, Equity, Transparency, Scientific and Creative thinking with Positive and Progressive approach.

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GOVERNMENT OF SIKKIM

**THE COMPENDIUM ON ACHIEVEMENTS
FOR
THE PERIOD FROM 1994-2016**

FINANCE, REVENUE AND EXPENDITURE
DEPARTMENT

AUGUST 2016