



**GOVERNMENT OF SIKKIM
FINANCE, REVENUE AND EXPENDITURE
DEPARTMENT
GANGTOK-SIKKIM**

**Half Yearly Review
Of the trends in Receipts and Expenditure
In relation to the Budget 2012-2013**

**To be presented before the Sikkim Legislative Assembly as
required under sub section (2) of section 7 of the Sikkim
Fiscal Responsibility and Budget Management Act. 2010 (15 of 2010)**

PART I
STATUTORY PROVISIONS CALLING FOR REVIEW.

As a measure to enforce compliance to The Sikkim Fiscal Responsibility and Budget Management, Act 2010, Section 7(2) of the Act, envisages the requirement of six monthly reviews. The provision of the said Act, is reproduced below:

Section 7(2)

The Minister –in-charge of the Department of Finance shall review every quarter, the trends in receipts and expenditure in relation to the budget, remedial measures to be taken to achieve the budget targets and every half year place before the Legislative Assembly the outcome of such reviews while placing a statement :-

- (a) any deviation in meeting the obligations cast on the Government under this ACT,
- (b) whether such deviation is substantial and relates to the actual or the potential budgetary outcomes; and
- (c) the remedial measures the Government proposes to take.

The six monthly reviews for the period April-September 2012 was undertaken by Hon'ble Chief Minister and Minister in-charge of the Finance, Revenue & Expenditure Department on 15/02/2013.

Review document for the six month period April-September 2012 is presented herewith.

PART II

1 Introduction: Fiscal Policy Overview.

With introduction of Fiscal Responsibility and Budget Management (FRBM) Act in the year 2010-11 in the State, formulation of medium term fiscal plan (MTFP) to ensure fiscal stability and sustainability in a prudent manner is a mandate under the Act. The Medium Term Fiscal Plan statement presented in the Legislature along with the budget document 2012-13 has clearly stipulated the fiscal management principles, policy choices and fiscal stand enshrined in the Act. To ensure the fiscal stability and sustainability while providing efficient public service is the key feature of a growth oriented fiscal policy. It has been designed for implementing a rule based fiscal management system for deliverance of efficient public service. The fiscal management principles enshrined in the Act call for maintenance of certain fiscal parameters in form of fiscal indicators.

As a measure to enforce compliance to the Sikkim Fiscal Responsibility and Budget Management, Act 2010, the Minister in-charge of the department of Finance shall review every quarter, the trends in receipt and expenditure and achievements of targets in relation to the budget of every half year and place before the Legislative Assembly the outcome of such reviews.

The assumptions with regard to the revenue augmentation and expenditure restructuring parameters adopted in the M.T.F.P 2012-13 is on the basis on the data covering the period from 2004-05 to 2011-12 RE. The budget 2012-13 has assumed a nominal growth rate of 11.25 per cent in GSDP which is based on the GSDP growth path prescribed by the Thirteenth Finance Commission for Sikkim.

2 Fiscal Profile of Budget 2012-13.

The budget estimate 2012-13 is based on the Growth Rate of 11.25 percent which the Growth Rate of GSDP is prescribed by the 13th Finance Commission though the trend indicates the higher growth rate for Sikkim. The budget 2012-13 has assumed GSDP rate of Rs 6978 crore prescribed by the Ministry of Finance, Government of India in accordance with FC-XIII's recommendations. Own tax and non tax revenue is expected to be 5.06 and 4.22 per cent of GSDP respectively as per the M.T.F.P of 2012-13. As indicated in the Medium Term Fiscal Policy document submitted to the State Legislative assembly along with the budget of the government for the financial year 2012-13, the portion of State Non Tax Revenue includes only the net amount arrived at after netting out the State lottery's expenditure.

The Revenue Expenditure of government of Sikkim has been projected to be 40.69 percent to the GSDP in 2012-13 (BE). Similarly, the Capital Expenditure during the fiscal year is expected to increase to 21.02 percent (BE) and the projection of 3.5 per cent fiscal deficit relative to GSDP is according to the management principle enshrined in the Sikkim Fiscal Responsibility and Budget Management Act 2010.

PART III

1 Revenue Profile:

1:1 Own Tax Revenue and Central Transfer.

The profile of the Total revenue including Own Tax Revenue and Central Transfer covering the review period is presented in Statement –I.

The state Own Tax Revenue constitutes 8.70 percent relative to the Budget Estimate and 5.06 per cent to GSDP. The sales tax /VAT is the major source of own tax revenue. The realization of 25.41 percent in the first half year is obviously under performance. The receipt from excise duties is also a significant contributor to the tax kitty. Unfortunately, the achievement during the review period is little below the target. Barring the receipts from the Taxes on Vehicles the performances of all other sectors are not up to the mark. The overall achievement of only 34.84 per cent relative to the budget estimate is the collateral effect of the under performance in these sectors. Given the present trend of realization of revenues in the first six months, there is dire need of more efforts to put in either exploring the areas for additional resource mobilization or curtailing expenditure to contain the fiscal deficit within the parameter prescribed by the fiscal law.

The major share of the total revenue of the state government comes from the central transfers. This includes the tax share of the state government and the grants. Estimated amount of the central transfer in the current fiscal year is 48.93 per cent relative to GSDP in 2012-13. Total receipt of Central Transfers up to the review period is 29.77 per cent.

Statement I
Own Tax Revenue and Total Revenue Profile for the First Six Month (2012-13)
An Overview

(Rupees in Lacs)

	Budget Estimate 2012-13	April to September 2012-13	Percentage to Budget Estimate
Revenue Receipts	479290.65	152872.48	31.90
Own Tax Revenues	35334.81	12309.51	34.84
Income Tax	0.50	0.00	0.00
Sales Tax	18714.00	4754.63	25.41
State Excise Duties	9500.00	4706.29	49.54
Motor Vehicle Tax	1500.00	782.41	52.16
Stamp Duty and Registration Fees	747.00	307.49	41.16
Other Taxes	4873.31	1758.69	36.09
Own Non-Tax Revenues	102550.00	38918.60	37.95
Central Taransfers	341405.84	101644.37	29.77
Tax Share	72314.00	25839.77	35.73
Grants	269091.84	75804.60	28.17

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

1:2. Non –Tax Revenue.

The profile of the Non–Tax Revenue, in the first six months of the current financial year 2012-13 presented in statement II

Non Tax Revenue is an important source of revenue for the state as it constitutes 21.40 percent to the total Revenue Receipt 2012-13. Income from the power sector is quite significant in terms of constitution of non tax revenue pool. It constitutes 33.97 per cent (after netting lottery's expenditure) of total NTR which is more than one third of the total target. However, the total realization up to the review period is only 33.38 percent against the target which is far below the expected 50 per cent. Similarly, other prominent contributor to the non tax revenue is the state lotteries department with achievement target of 50 crore is hovering at 14.70 crore which is far below the minimum expected target of 25 crore in the first half of the fiscal year. The Department of Forest, Wildlife and Management, Public Works, Urban Development and RMDD who contribute a significant amount of revenues to the consolidated fund of the state have remained under performer as regards to the achievement of revenue target in the first half year of the fiscal year.

The performance of the Transport department (SNT) in the first half year is quite encouraging. Against 50 per cent target, the achievement is 54.07 percent. Given the consistency in trend of revenue realization in the previous and the current year, the Transport Department and some other small departments obviously have potential of higher growth rate. Though the contribution of those small departments is miniscule in output, they are maintaining the consistency in the performances. Their achievement in the first half year of last and the current year are above the target fixed in the estimate. They include sector like Other Administrative Services, departments like Stationary & Printing, Information and Public Relation, Labour and Employment, Crop Husbandry, Fisheries, Food storage and Ware Housing. Restructuring the revenue target of these departments may give fillip to the general pool.

Overall achievement of total revenue receipts during the half yearly period is only 31.90 per cent relative to the estimated budget target which comprise tax revenue of 34.84 per cent, non tax revenue 37.95 and central transfer including Grants in –aids for 29.77 per cent respectively. Achievement of minimum 50 per cent by the end of September 2012 is the expected target. Since the revenue performance is below the target, this will have a negative impact on the cash balance and may divert from the targets set in the fiscal parameter enshrined in the fiscal law. Therefore, all the departments who have under performed during the first six months will have to see that the estimated targets are achieved. Special efforts have to be made by the departments of Power and Energy, Commercial Tax and State Lotteries to achieve their targets which constitutes a major share of own state revenues.

Statement -II
Non Tax Revenue for the First Six Month 2012-13

(Rupees in Lacs)

		B.E	April-Sep	Percentage to B.E
	Intrest Receipts,Dividends and Profits			
0049	Intrest Receipts,Dividends and Profits	2115.00	1808.93	85.53
0050	Dividends & Profits	25.00	29.19	116.76
	Other Non Tax Revenue			
	General Services			
0051	Public Service Commission	9.00	4.85	53.89
0055	Police	4488.46	4001.99	89.16
0056	Jails	3.00		0.00
0058	Stationery and Printing	151.00	85.57	56.67
0059	Public Works	456.00	141.94	31.13
0070	Other Administrative Services	302.63	294.47	97.30
0071	Contribution & Recoveries towards pension	480.01	260.03	54.17
0075	Misc.General Services	78099.02	26068.26	33.38

	Social Services			
0202	Education,SportsAst & Culture	140.17	66.33	47.32
0210	Medical and Public Health	127.00	84.95	66.89
0215	Water Supply and Sanitation	340.30	117.25	34.45
0216	Housing	52.00	28.22	54.27
0217	Urban Development	175.45	42.78	24.38
0220	Information and Publicity	15.02	13.55	90.21
0230	Labour and Employment	12.00	21.14	176.17
0235	Social Security & Welfare	1.25	0.00	0.02
0250	Other Social Services	7.00	0.30	4.31
	Economic Services			
0401	Crop Husbandry	46.60	46.22	99.18
0403	Animal Husdandry	44.35	29.90	67.42
0405	Fisheries	2.33	1.62	69.53
0406	Forestry and wild Life	1348.00	546.30	40.53
0407	Plantation	320.00	110.00	34.38
0408	Food Storage and Ware Housing	15.00	7.88	52.53
0425	Co-operation	0.40	0.02	5.00
0515	Other Rural Development Programme	232.00	54.76	23.60
0702	Minor Irrigation	42.21	8.77	20.78
0801	Power	10005.00	3340.10	33.38
0810	Non-Conventional Sources of Energy			
0851	Village and Small Industries	25.00	2.63	10.52
0852	Industries	35.00	30.33	86.66
0853	Non-Ferrous Minning & Metallurgical Industries	17.00	6.06	35.65
1054	Road & bridges			
1055	Road Transport	2905.00	1570.83	54.07
1425	Other Scientific Research			
1452	Tourism	500.00	90.68	18.14
1475	Other General Economic Services	13.00	2.60	20.00
	Non Tax Revenue	102550.20	38918.45	37.95

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

PART IV

1 EXPENDITURE

1:1 Expenditure Profile

The expenditure profile of the government for the first six month of fiscal year 2012-13 is presented in statement –III

The expenditure profile of first six months shows that the activities of the government have not moved in synchrony with the target made in the budget. Especially, the Capital sector marking with achievement of 11.84 per cent is no way near to the estimated target. The progress of expenditure achieved here in this report is also mainly due to the non-developmental expenditure (NDE) in form of salaries and contingent expenditure of the government. The average trend of expenditure in all the three sectors is only 39.17 per cent.

As it is the progress of the expenditure in the first part of the financial year is usually slow this is due to the fact that the preparation of the detail estimates, designs and specification and obtaining the approval of the Government are to be completed before actual execution of the schemes. The slow trend of the expenditure especially in Capital Sector is due to the delay in release of fund from Government of India as bigger part of the budget fall under the central transfer.

Statement III
Summary of Expenditure for the First Six Month 2012-13
(Rupees in Lacs)

	Sectors	Budget Estimates			Expenditure April - Sep	Percentage To Budget Estimates
		Plan	NonPlan	Total		
A	Revenue Account					
	General Services	3148.11	163019.72	166167.83	63427.16	38.17
	Social Services	49915.88	55268.09	105183.97	44044.50	41.87
	Economic Services	51141.71	29520.37	80662.08	31894.14	39.54
	Grant in Aid		4988.23	4988.23	461.12	9.24
	Total A	104205.70	252796.41	357002.11	139826.92	39.17
B	Capital Account					
	General Services	18017.39		18017.39	974.52	5.41
	Social Services	59763.34		59763.34	4614.59	7.72
	Economic Services	68448.00		68448.00	11718.14	17.12
	Total B	146228.73		146228.73	17307.25	11.84

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

1:2 Revenue Expenditure.

Expenditure profile of the revenue account is presented in the Statement –IV

The revenue expenditure is expected to be at 40.69 per cent to the GSDP in 2012-13 (BE) and stood to Rs.3570.02 crore in absolute figure. Allocation under General Services constitutes 46.55 percent of total provision. The expenditure progress up to the review period is 38.17 per cent which mostly relates to non-developmental expenditure. Similarly, Social and Economic sectors have allocation of 29.46 and 22.59 per cent respectively and Compensation and Assignments to Local Bodies and Panchayati Raj Institutions have been allocated 1.40 per cent. The overall progress of expenditure under Revenue Account is only 39.17 per cent. It is because the activity under all sectors did not gear up as usual in the first half of the fiscal year and is expected to achieve the full target as envisaged in the budget document.

Statement IV

Revenue Account -Disbursement

(Rupees in Lacs)

	Heads of Accounts	BUDGET ESTIMATE			EXPENDITURE	
		2012-13			Expenditure April-Sept.	Percentage to B.E
		Plan	Non Plan	Total		
	B.E	B.E				
A	GENERAL SERVICES					
2011	Parliament/State/Union Territory Legislature	0	1157.85	1157.85	633.75	54.74
2012	President, Vice President/Governor,	0	482.16	482.16	269.93	55.98
2013	Council of Ministers	0	881.75	881.75	410.93	46.60
2014	Administration of Justice	0	2390.91	2390.91	930.16	38.90
2015	Elections	0	513.78	513.78	221.45	43.10
		0	5426.45	5426.45	2466.23	45.45
2020	Collection of Taxes on Income & Expenditure	0	161.47	161.47	55.47	34.35
2029	Land Revenue	2.79	1250.53	1253.32	677.55	54.06
2030	Stamps and Registration	0	20	20	0.00	-0.01
		2.79	1270.53	1273.32	677.55	53.21
2039	State Excise	0	445.81	445.81	232.00	52.04
2040	Taxes on Sales, Trade etc.	230	451.81	681.81	227.86	33.42
2041	Taxes on Vehicles	0	147.47	147.47	97.88	66.37

2045	Other Taxes & Duties on Commodities & Services	0	3191.04	3191.04	52.04	1.63
		230	4236.13	4466.13	609.78	13.65
2048	Appropriation for reduction or avoidance of debt	0	1200	1200	900.00	75.00
2049	Interest Payments	0	20137.83	20137.83	6612.99	32.84
		0	21337.83	21337.83	7512.99	35.21
2051	Public Services Commission	0	233.5	233.5	110.25	47.22
2052	Secretariat -General Services	0	2717.21	2717.21	1394.20	51.31
2053	District Administration	0	898.41	898.41	454.83	50.63
2054	Treasury and Accounts Administration.	0	1286.12	1286.12	539.83	41.97
2055	Police	62	22708.81	22770.81	9932.85	43.62
2056	Jails	0	471	471	204.22	43.36
2058	Stationery and Printing	87.82	471.19	559.01	328.92	58.84
2059	Public Works	211.42	1359.56	1570.98	667.46	42.49
2070	Other Administrative Services	2554.08	2084.92	4639	2433.55	52.46
		2915.32	32230.72	35146.04	16066.10	45.71
2071	Pensions and Other Retirement Benefits	0	23965.85	23965.85	11441.26	47.74
2075	Miscell. General Services	0	74390.74	74390.74	24597.78	33.07
		0	98356.59	98356.59	36039.04	36.64
A	Total GENERAL SERVICES	3148.11	163019.72	166167.83	63427.16	38.17
B	SOCIAL SERVICES					
2202	General Education	14683.78	37703.23	52387.01	27250.50	52.02
2203	Technical Education	135.03		135.03	21.44	15.87
2204	Sports and Youth Services	690.44	182.51	872.95	298.45	34.19
2205	Art and Culture	265.78	348.58	614.36	294.57	47.95
		15775.03	38234.32	54009.35	27864.96	51.59
2210	Medical and Public Health	4019.59	8402.62	12422.21	5595.32	45.04
2211	Family Welfare	1714		1714.00	743.18	43.36
		5733.59	8402.62	14136.21	6338.50	44.84
2215	Water Supply & Sanitation	594.92	1056.12	1651.04	1000.21	60.58
2216	Housing	16152.4	474.84	16627.24	2572.39	15.47
2217	Urban Development	1616.98	537.93	2154.91	476.74	22.12
		18364.3	2068.89	20433.19	4049.34	19.82
2220	Information and Publicity	816.66	320.26	1136.92	413.83	36.40
		816.66	320.26	1136.92	413.83	36.40
2225	Welfare of S/C, S/T and Other Backward classes.	3720.66	440.12	4160.78	486.21	11.69

		3720.66	440.12	4160.78	486.21	11.69
2230	Labour & Employment	276.36	378.37	654.73	208.10	31.78
		276.36	378.37	654.73	208.10	31.78
2235	Social Security & Welfare	3861.21	758.22	4619.43	1110.92	24.05
2236	Nutrition	1319.6	103.38	1422.98	55.15	3.88
2245	Relief on Account of Natural Calamities	48.47	2681.57	2730.04	3340.67	122.37
		5229.28	3543.17	8772.45	4506.74	51.37
2250	Other Social Services	0	1844.34	1844.34	154.00	8.35
2251	Secretariat- Social Services	0	36	36.00	22.81	63.37
		0	1880.34	1880.34	176.82	9.40
B	Total SOCIAL SERVICES	49915.88	55268.09	105183.97	44044.50	41.87
C	ECONOMIC SERVICES					
2401	Crop Husbandry	2854.28	2654.16	5508.44	1712.97	31.10
2402	Soil & Water Conservation	90.8	546.5	637.30	371.22	58.25
2403	Animal Husbandry	1375.71	1845.17	3220.88	1218.22	37.82
2404	Dairy Development	149.04	50.1	199.14	76.40	38.36
2405	Fisheries	25.45	344.21	369.66	215.32	58.25
2406	Forestry & Wild Life	8320.07	2706.63	11026.70	2070.59	18.78
2407	Plantations	38	440.1	478.10	223.69	46.79
2408	Food, Storage & Warehousing	333.5	1610.69	1944.19	827.87	42.58
2415	Agricultural Research and Education			0.00		
2425	Co-operation	326.86	795.77	1122.63	458.48	40.84
2435	Other Agricultural Programmes	3878.21		3878.21	498.03	12.84
		17391.92	10993.33	28385.25	7672.79	27.03
2501	Special Programmes for Rural Development	1448.55		1448.55	1122.74	77.51
2505	Rural Employment	600		600.00	125.00	20.83
2506	Land Reforms	700		700.00		0.00
2515	Other Rural Development Programmes	8216.76	177.66	8394.42	6358.06	75.74
		10965.31	177.66	11142.97	7605.80	68.26
2575	Other Special Area Programmes	100		100.00	6.56	6.56
		100		100.00	6.56	6.56
2702	Minor Irrigation	13823	352.4	14175.40	1924.48	13.58
2705	Command Area Development	200		200.00		0.00
2711	Flood Control & Drainage	400	10	410.00	210.37	51.31
		14423	362.4	14785.40	2134.85	14.44

2801	Power	2433.83	7203.72	9637.55	7039.93	73.05
2810	Non-Conventional Sources of Energy	50		50.00	15.00	30.00
		2483.83	7203.72	9687.55	7054.93	72.82
2851	Village and Small Industries	700.35	735.86	1436.21	838.52	58.38
2852	Industries	405	340	745.00	108.89	14.62
2853	Non-ferrous Mining & Metallurgical Industries	100.99	203.7	304.69	152.62	50.09
		1206.34	1279.56	2485.90	1100.03	44.25
3054	Roads and Bridges	1561.95	5163.78	6725.73	2608.39	38.78
3055	Road Transport	195.53	3461.1	3656.63	1933.21	52.87
		1757.48	8624.88	10382.36	4541.60	43.74
3425	Other Scientific Research	119.9	0	119.90	70.37	58.69
3435	Ecology and Environment	163.23	0	163.23	14.06	8.61
		283.13	0	283.13	84.43	29.82
3451	Secretariat-Economic Services	703.95	52	755.95	268.69	35.54
3452	Tourism	900.43	405.2	1305.63	659.61	50.52
3454	Census Surveys & Statistics	785.85	281.78	1067.63	696.48	65.24
3456	Civil Supplies	0	53.74	53.74	26.33	49.00
3475	Other General Economic Services	140.47	86.1	226.57	42.04	18.55
		2530.7	878.82	3409.52	1693.16	49.66
C	Total ECONOMIC SERVICES	51141.71	29520.37	80662.08	31894.14	39.54
3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	0	4988.23	4988.23	461.13	9.24
	Total Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	0	4988.23	4988.23	461.13	9.24
	TOTAL REVENUE ACCOUNT	104205.70	252796.41	357002.11	139826.93	39.17

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

1:3 Capital Expenditure.

The Capital Expenditure, although uneven and fluctuating, has recorded a rising trend. Its composition was 18.94 per cent to GSDP in 2008-09 and is estimated to 21.02 per cent in 2012-13 (BE) which stands to Rs.1462.29 crore in absolute figures. The composition of capital expenditure is shown in the Statement –V.

The General Services Sector comprises only 12.32 per cent of the total allocation has achieved the financial target of 5.41 per cent. The Social and Economic Sectors constituting 40.87 and 46.81 per cent of allocation have achieved

only 7.72 and 17.12 percent of the targets and are no way near to the expected target of 50 per cent . The overall expenditure in the Capital sector is only 11.84 percent. The Capital expenditure is usually met from the borrowed sources and meant for creating material asset for sustainable development of the state. Timely implementation of the scheme is paramount importance. Most of the schemes have not yet taken off. If the delay is due to non release of fund from Government of India, the matter should be pursued by the departments at the appropriate level.

Statement V
Capital Account Disbursement

(Rupees in Lacs)

		Heads of Accounts	BUDGET ESTIMATE (2012-13)			EXPENDITURE	
			Plan	Non Plan	Total	April-Sept.	Percentage to B.E
			B.E	B.E			
	A	GENERAL SERVICES					
	4055	Capital Outlay on Police	1065	0	1065	83.85	7.87
	4059	Capital Outlay on Public Works	16952.39	0	16952.39	890.67	5.25
Total	A	GENERAL SERVICES	18017.39	0	18017.39	974.52	5.41
	B	SOCIAL SERVICE					
	4202	Capital Outlay on Education, Sports, Art & Culture	9642.71	0	9642.71	390.14	4.05
	4210	Capital Outlay on Medical & Public Health	11290.08	0	11290.08	345.00	3.06
	4215	Capital Outlay on Water Supply & Sanitation	14668.74	0	14668.74	373.14	2.54
	4216	Capital Outlay on Housing	1419.56	0	1419.56	1217.19	85.74
	4217	Capital Outlay on Urban Development	21852.25	0	21852.25	2244.12	10.27
	4220	Capital Outlay on Information and Publicity	95	0	95	0.00	0.00
	4225	Capital Account of Welfare of Scheduled	745	0	745	45.00	6.04
	4235	Capital Outlay on Social Security & Welfare	50	0	50	0.00	0.00
Total	B	SOCIAL SERVICES	59763.34	0	59763.34	4614.59	7.72
	C	ECONOMIC SERVICES					
	4401	Capital Outlay on Crop Husbandry	270	0	270	31.35	11.61
	4402	Capital Outlay on Soil & Water Conservation	0	0	0	0.00	

	4403	Capital Outlay on Animal Husbandry	757.4	0	757.4	0.00	0.00
	4404	Capital Outlay on Dairy Development	0	0	0	0.00	
	4405	Capital Outlay on Fisheries	675.32	0	675.32	0.00	0.00
	4406	Capital Outlay on Forestry and Wildlife	300	0	300	11.15	3.72
	4408	Capital Outlay on Food, Storage & Warehousing	408.01	0	408.01	2.25	0.55
	4425	Capital Outlay on Cooperation	330	0	330	0.00	0.00
	4435	Capital Outlay on Other Agricultural Programmes	0	0	0	0.00	
	4515	Capital Outlay on Other Rural Development Programmes	2840.43	0	2840.43	1178.73	41.50
	4575	Capital Outlay on Other Special Area Programmes	1900	0	1900	325.54	17.13
	4702	Capital Outlay on Minor Irrigation	0	0	0	0.00	
	4711	Capital Outlay on Flood Control Projects	1083.47	0	1083.47	20.49	1.89
	4801	Capital Outlay on Power Projects	10438.19	0	10438.19	1098.93	10.53
	4851	Capital Outlay on Village & Small Industries	0.01	0	0.01	-2.04	-20408.70
	4853	Capital Outlay on Non-Fer. Mining and Metall. Indus.	0.01	0	0.01	0.00	0.00
	4859	Capital Outlay on Telecom. And Electronic Industries.	100	0	100	0.00	0.00
	4860	Capital Outlay on Consumer Industries	327.5	0	327.5	25.00	7.63
	4885	Other Capital Outlay on Industries & Minerals	0	0	0	0.00	
	5053	Capital Outlay on Civil Aviation	0	0	0	0.00	
	5054	Capital Outlay on Roads and Bridges	33358.27	0	33358.27	8071.77	24.20
	5055	Capital Outlay on Roads Transport	150.01	0	150.01	2.84	1.90
	5425	Capital Outlay on Other Scientific and Env. Research	103	0	103	0.00	0.00
	5452	Capital Outlay on Tourism	15381.38	0	15381.38	952.13	6.19
	5465	Investment in General Financial & Trading Institutions	0	0	0	0.00	
	5475	Capital Outlay on other General Economic Services	25	0	25	0.00	0.00
Total	C	ECONOMIC SERVICES	68448.00	0	68448.00	11718.14	17.12
Total		CAPITAL ACCOUNT	146228.73	0	146228.73	17307.26	11.84

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

PART –V

DEBT LIABILITIES

The Sikkim Fiscal Responsibility and Budget Management, Act 2010 read with Sikkim Fiscal Responsibility and Budget Management (Amendment Act, 2011) has set Fiscal Management Targets under Section 5(1). These include that government shall maintain revenue account balance beginning from the year 2011-12, reduce the fiscal deficit to 3.5 percent of GSDP in each of the financial year starting from 2011-12 and maintain the same at 3.00 percent at the end of 31.3.2014 and adhere to it thereafter..

The TFC in their revised fiscal roadmap have worked out the yearly outstanding debt burden aligning with the fiscal path. The outstanding debt burden as per the fiscal roadmap drawn for Sikkim should be 55.90 per cent relative to GSDP in 2014-15 (TFC Period). The position of the State is well within the parameter drawn by TFC in its report. The budget 2012-13 has ensured that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the deficits as specified.

STATEMENT VI

PUBLIC DEBT INCLUDING SMALL SAVINGS, PROVIDENT FUND ETC.

			(Rupees in lakhs)	
		HEAD OF ACCOUNTS	April- September	
	E	PUBLIC DEBT	Receipt	Payment.
	6003	Internal Debt of the State Government	7148.34	2093.81
	6004	Loans and Advances from the Central Govt.	42.17	403.78
Total	E	PUBLIC DEBT	7190.51	2497.59
	F	Loans & advances		
	6202	Loans for Edu,Sports & Culture		300.00
	7610	Loans to Govt Servant	9.64	11.10
Total	F	Loans & advances	9.64	311.10
	I	Small Savings, Provident Fund		
	8009	State Provident Fund	9743.29	10749.50
	8011	Insurance and Pension fund	58.69	76.27
Total	I	Small Savings,Provident Fund	9801.98	10825.77

Source (Basic Data): Civil Accounts for the month of September as compiled by A.G's Office

PART VI

Guarantees Given by the State Government

One of the fiscal management principles envisaged in the Sikkim Fiscal Responsibility and Budget Management Act 2010 is to manage the guarantees at sustainable level. As per the Sikkim Government Guarantee Act 2000 the ceiling on total outstanding Government guarantee in a year is restricted to three times of the State's tax revenue receipts of the second preceding year. The outstanding sums guaranteed by the State Government as on the date of review is Rs.360.00 crore which is within the permissible limit prescribed by the Guarantee Act-2000. Capping the total outstanding guarantees within the specified limit under the Sikkim Ceiling on Government Guarantees Act, 2000

PART VII

SUMMARY OF THE REPORT: AN OVERVIEW.

The fiscal policy objectives of the government and projected fiscal targets to be achieved in the fiscal year 2012-13 were laid down in the Legislative assembly in the form of annual budget and the Medium Term Fiscal Plan as required under sub section (I) of the Sikkim Fiscal Responsibility and Budget Management Act,2010 (15 of 2010). To ensure proper implementation of the policy objectives and for timely achievement of the projected target, the Minister in charge, Finance department is mandated to undertake the half yearly review of the trend in receipts and expenditure and present the report to the Legislature.

The revenue performance and expenditure structuring were considered on the nominal growth rate of 11.25 per cent relative to GSDP as per recommendation of Thirteen Finance Commission report. The trend of growth rates of individual tax component has been analytically reviewed. The reviews covering the performances in the first half year in terms of both the receipts and expenditure show the slow trend of achievement. It shows that the state has not yet fully recovered from the massive damage sustained due to earthquake of September 2011 which adversely affected the entire source of revenue. The component of central transfer in form of tax share and grants constitute a considerable part of total revenue of the state. The release of grants usually takes place in the second part of the fiscal year,

Major contributor in the own tax revenue sector is state sales tax/VAT. The government needs to pay more focus on it and reason out to arrest low performance. Similarly, the performance of the power sector during the period under review is not up to the expectation and state lottery's receipt is far below the target. However, the reviews of accounts covered are only for first and second quarters of the financial year. The government is optimistic about achieving the full target by the end of financial year.

The total Revenue Receipt including Own tax revenue, Own non tax revenue and the Central transfer till the end September 2012 is 31.90 per cent and the

central transfer constitute 29.77 per cent as individual revenue component. The total revenue expenditure during the period is 39.17 per cent. The capital expenditure has recorded the lowest performance of 11.84 percent. The Revenue Deficit of 1.87 , Fiscal Deficit of 0.65, content of outstanding debt and the government guarantee within the parameters of the Sikkim Fiscal Responsibility and Budget Management , Act, 2010 are the positive indications.

Statement VII
SIX MONTHLY REPORT - AN OVERVIEW

(RUPEES IN LACS)

	<i>Budget Estimate</i>	<i>April September</i>	<i>Percentage to Budget</i>
Revenue Receipts	479291	152872	31.90
Own Tax Revenues	35335	12310	34.84
Income Tax	1	0	0.00
Sales Tax	18714	4755	25.41
State Excise Duties	9500	4706	49.54
Motor Vehicle Tax	1500	782	52.16
Stamp Duty and Registration Fees	747	307	41.16
Other Taxes	4873	1759	36.09
Own Non-Tax Revenues	102550	38919	37.95
Central Taransfers	341406	101644	29.77
Tax Share	72314	25840	35.73
Grants	269092	75805	28.17
Revenue Expenditure	357002	139827	39.17
General Services	166168	63427	38.17
Interest Payment	20138	6613	32.84
Pension	23966	11441	47.74
Other General Services	122064	45373	37.17
Social Services	105184	44045	41.87
Education	52522	27272	51.92
Medical and Public Health	12422	5595	45.04
Other Social Services	40240	11177	27.78
Economic Services	80662	31894	39.54
Compensation and Assignment to LBS	4988	461	9.24
Capital Expenditure	146689	17609	12.00
Capital Outlay	146229	17307	11.84
Net Lending	460	301	65.53

	<i>Percentage to GSDP</i>		
Revenue Deficit	-122288	-13046	-1.87
Fiscal Deficit	24400	4563	0.65
Primary Deficit	4263	-2050	-0.29
GSDP (Rs. Lakhs)	697800		

Source (Basic Data): State Budget 2012-13 and Civil Accounts for the month of September as compiled by A.G's Office

The negative sign in revenue deficit & primary deficit indicate surplus.