



GOVERNMENT OF SIKKIM
FINANCE REVENUE & EXPENDITURE DEPARTMENT
GANGTOK

No.____07_____/Bud/Fin

Dated: 21th July 2011

BUDGET CIRCULAR

The Annual Budget of the State Government for the financial year 2012-13 has to be presented to the Legislative Assembly and got passed by March 2012. Further the Finance, Revenue and Expenditure Department has to assess the availability of resource for financing of the Twelfth Plan, 2012-17 and submit to the Government of India before finalization of the Annual Plan. To achieve the above objectives, the process of formulation of Budget Estimates for 2012-13 will have to be completed as early as possible. The Heads of the Departments are, therefore, requested to take immediate steps for formulation of Budget for 2012-13 and estimate the projection for remaining years of the 12th Plan as per the following guidelines:-

CONSOLIDATED ESTIMATE OF REVENUE RECEIPTS (FORM - I)

The estimates should be worked out based on **trend Growth rate** & also on policy decisions and other relevant orders. It must include total arrears and outstanding dues to be recovered during the year under report. The additional yield anticipated from revisions of rates etc, have to be projected in form-I as Additional Resource Mobilization. In case any shortfall is anticipated in the revenue realization in the revised estimate of 2011-12, appropriate explanation has to be recorded (e.g. post-budget decision of the Government, deficiencies in the tax collection machinery) and the measures taken thereof by the Department. During the financial year 2010-11 some Departments may not have been able to realize revenue to the extent estimated by them. These Departments have to furnish detailed explanations for shortfalls and propose measures to bridge the shortfall of the previous year so as to neutralize the deficit in the budget estimates of the current year. The Departments must take urgent steps to increase their revenue commensurate with increase in expenditure.

The Government of Sikkim has enacted the Fiscal Reform and Budget Management Act in 2010-11 and introduced Medium Term Fiscal Plan (MTFP) containing the Fiscal projections for the period 2011-12 (BE) to 2013-14. While preparing the MTFP, 15% in Tax Revenue and 20% in Non Tax Revenue have been targeted. Therefore, estimated growth of tax and non-tax revenue should not be less than the prescribed growth rate projected in the MTFP. However, if there is any variation due to any specific reasons, same may be explained with suitable notes.

CONSOLIDATED ESTIMATE OF EXPENDITURE (FORM-II)

The consolidated estimates of expenditure under “Salaries” have to be framed for **Non-Plan only** duly certified by Heads of Departments. While calculating Salaries, basic pay as on 1.4.2012 in revised scale should be as taken with D.A @ 58%. In addition 15% of total of Column 10 of Appendix I(a) may be added to the gross amount to cover expenses on account of increase in D.A., Leave encashment etc. In case of Departments like Human Resource Development, Police, Health and Rural Management and Development, Nominal Rolls may be segregated District wise, Sub-division wise, Institution wise etc. No provision should be proposed for posts lying vacant for more than one year. Provision for vacant posts should be made with circumspection so as to avoid savings due to non filling up of the posts. A separate **CONSOLIDATED** Statement i.e. **ONE STATEMENT FOR EACH DEPARTMENT** should be prepared showing total strength in Appendix I. All Departments must submit statement of existing strength of Muster Roll employees and Work-Charged establishment, etc **separately** under **Non-Plan** as per **Appendix III and IV.**

The expenditure on encashment of unutilized leave at the credit of government employees at the time of retirement/death/termination is classified under the Head “2071-Pension and other Retirement Benefits 01-Civil 115-Leave Encasement Benefits” under demand No. 10 and operated by the Pension Section of the Finance Revenue & Expenditure Department. All Departments must submit a separate detailed estimate of funds required in Appendix II and submit the same to the Director, GPF/Pension, who will compile the same and submit a consolidated statement. The Works Departments and the Departments operating Stock Suspense/Civil Deposits and other transactions under Public Accounts should furnish a separate statement of the estimated receipt and expenditure under the relevant Major Head showing, i) Opening Balance ii) the transaction during the year, iii) closing balance, to enable the Finance, Revenue & Expenditure Department to project the figures.

For the projection period i.e. from 2013-14 onwards growth rate of Non-Plan revenue expenditure may be taken as 8% except for salaries, pension, interest payment. This growth rate is based on the rate prescribed in the Report of the 13th Finance Commission. However, if there is any variation due to any specific reasons, same may be explained with suitable notes.

Some of the Departments may find it necessary to operate new heads of accounts in the Demands for Grants. Proposals for creation of new Heads may be submitted in the proforma prescribed, as this requires approval of the Accountant General, Sikkim. The following statements should invariably accompany the Budget proposals: -

Form – I	-	Consolidated Estimate of Revenue Receipts
Form – II	-	Consolidated Estimate of Expenditure (Non–Plan)
Appendix - I	-	Consolidated Abstract showing Nominal Roll of Regular Employees–Expenditure Head Wise (Non-Plan)
Appendix – II	-	Estimate of Leave Encashment (This Form be submitted to the Office of Director, Pension)
Appendix – III	-	Consolidated Abstract Showing Muster Roll Employees-Expenditure Head Wise
Appendix –IV	-	Consolidated Abstract showing Nominal Roll of Employees Other Than Regular Employees
Appendix – V	-	Details of Motor Vehicles
Appendix – VI	-	Stock Suspense/Civil Deposits and Other Transactions Under Public Accounts

Abstract of the details of Appendix I, III and IV expenditure head wise and strength are also needed to be submitted. Separate forms have been enclosed for each of these forms and appended as Appendix I (a) & I (b), Appendix III (a) & III (b) and Appendix IV (a) & IV (b) respectively.

The Budget forecast must be presented in the formats prescribed in duplicate and in **book form in the standard A4 size paper** as per above guidelines latest by 31.08.2011 through the concerned Head of the Department. The budget proposals must be submitted along with soft copy (in MS Excel format) directly to the Budget Division for preliminary scrutiny and acceptance.

The schedule of discussions has been proposed from the third week of September 2011 and the same will be notified in due course. Departments are requested to issue similar guidelines to the

Autonomous Bodies/Organizations/Offices under their administrative control to submit the proposals through them and the same to be included in their budget proposals. Finance Revenue & Expenditure Department will not entertain budget proposals of Autonomous Bodies/Organization/Office directly.

The Budget Circular along with the forms can be downloaded from the internet in the State Govt. website <http://www.sikkim.gov.in/asp/budget.php>. The soft copy of all the statements can also be sent by e-mail to budgetfred@gmail.com.

**(S. D. Pradhan)
Director (Budget)**

Copy to:-

1. All the Secretaries/ Heads of Departments
2. The Registrar General, High Court of Sikkim, Gangtok.
3. The Member Secretary, State Legal Service Authority.
4. The Secretary, Public Service Commission
5. The Principal Director, Treasury, Pay & Accounts Office, Gangtok.
6. The District & Session Judges East/ North & south/ West
7. The Director, Internal Audit
8. The District Collector, East/ West/ North & South
9. The Deputy Secretary, Finance Rev. & Expenditure Deptt.
10. All Drawing & Disbursing Officers.