

Fifth State Finance Commission Sikkim

July 2017

**Report for the Award Period
2020-2025**

CONTENTS

List of Members	iii
Preface	iv
Acknowledgements.....	vi
List of Abbreviations	viii
List of Tables	x
<i>List of Annexures</i>	xi
Chapter 1: Introduction	1
The constitution of the Fifth State Finance Commission	3
Terms of Reference (ToR)	3
Appointment of PRIA as Consultant to the Commission	5
Chapter 2: Approaches and Methodology	7
Methodology adopted.....	8
Chapter 3: State Resources	11
Finances of the State	12
Finances of Institutions of Local Self Government	20
Finances of GPs.....	20
Finances of ZPs.....	23
Finances of ULBs	25
Chapter 4: The Status of Local Self-Governments in Sikkim	29
An overview of Panchayati Raj Institutions and Urban Local Bodies.....	29
Envisioning 2020-2025	30
Chapter 5: Devolution of Resources	35
Ways to strengthen local finances.....	38
Chapter 6: Measures to Strengthen Resources – Recommendations for Local Resource Mobilisation	45
Enhanced Collection of Taxes, Fees and Levies	46
Facilitating local entrepreneurship.....	47
Corporate Social Responsibility	48
Federating Financial, Technical and Human Resources	49
Chapter 7: Incentivizing, Capacitating and ensuring Accountability of PRIs and ULBs	51
Enhancing honorarium of Elected Representatives of LGIs.....	51
Incentivize Coordination among the GPs, ZPs and ULBs	52
Creation of Panchayats and Municipal Cadres, and the Directorate of ULBs.....	53

State Capacity Building Framework.....	54
Accountability of the PRIs and the ULBs.....	56
Result Based Monitoring (RBM) System	57
Chapter 8 :Issues to be considered by the Central Government and 15th Central Finance Commission	59
Issues to be considered by the Central Government.....	59
Issues to be considered by the 15 th Central Finance Commission....	60
Chapter 9: Summary of Recommendations	63
<i>Annexures</i>	73

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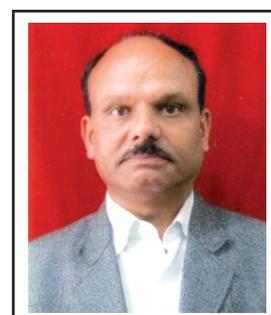
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PREFACE

The Fifth State Finance Commission of Sikkim has been constituted to review the trends in the financial situation for the Award Period of 2020-2025. The Commission started its work at a time when Fourteenth Finance Commission (FFC) Report introduced many financial measures, which have implications on finances and functions of the States and the Local Self Governments. The Central Finance Commission provided per capita resources to the Gram Panchayats and the Urban Local Bodies. However, the FFC did not make any allocation to the Zilla Panchayats. Various other central initiatives such as Smart Cities and Gram Panchayat Development Plans have been influencing local financial systems. The implementation of the national Goods and Services Tax (GST) in Sikkim and the other States has converged all state and central taxes into one tax. The Commission took note of these developments in its approaches and methods. This report is the collation of the outcomes of various discussions, deliberations and the final conclusions of the Commission for devolution of resources to institutions of local self-government of Sikkim.

Sikkim has many advantages as well as disadvantages such as: smaller population size, mountainous landlocked terrain, rich biodiversity, unusual diverse climatic conditions, geo-political strategic location, vulnerabilities to landslide and earthquakes, only 11% of area available for cultivation, better human development advantage and opportunities for growth of tourism, organic cultivation, horticulture, pharmaceutical industries and hydro-powers. Political stability coupled with vibrancy in local governance provides the State greater opportunities for further progress.

Despite being such a vibrant State, its Panchayati Raj Institutions and Urban Local Bodies are highly dependent on Central and State Governments for financial support in order to perform their functions. The situation during 2020-2025 would be remarkably different from that of the current day scenario. Ever increasing size of the population will usher in urbanisation and increased needs and aspirations of people in the State. Increased aspiration will raise the demands on the Panchayati Raj Institutions and Urban Local Bodies for better services. This would call for enhanced financial resources, more efficient and effective governance. Taking note of the existing and possible rural and urban development scenario, the report identifies some of the areas of greater concern and provides recommendations on the same.

The Commission has considered the State's revenue and expenditure, and suggested recommendations for resource provision to Panchayati Raj Institutions

and Urban Local Bodies. The Commission has striven to make recommendations for appropriately increasing devolution of resources to the institutions of local self-government. This includes increasing the percentage of own tax revenue devolved to Panchayati Raj Institutions and Urban Local Bodies. In the spirit of local self-governance and also on suggestions of elected local representatives and experts in local financial management, the Commission has decided to make recommendation under one grant head (not under different heads such as primary and development grants). The Commission desires that Local Self Governments should decide upon the use of the resources allocated to them, following a well-defined financial accountability system. The Commission has, therefore, also recommended a state level grant for creation of a Capacity Building Fund to build the capacity of elected representatives and officials in the Panchayati Raj Institutions and the Urban Local Bodies. The Commission is fully aware of the limitations of financial dependency of local self-governments on Central and State funds. Accordingly, the Commission has emphasised on enhancing local resource mobilisation through optimisation of collection of local taxes (which are outside the purview of the GST), fees and charges, and also undertaking local entrepreneurship initiatives such as local tourism, commercial cropping, and local markets and so on.

Due to historical reasons, some selected Gram Panchayats and Municipal bodies are financially constrained. The Commission asked nodal departments to provide the list of such Gram Panchayats and the Urban Local Bodies. The Commission has also suggested special grants to these selected institutions. Understanding the importance of the Central Government support to Sikkim, the Commission has made special requests for assistance from Central Government to strengthen the PRIs and ULBs in Sikkim. The Commission has also attempted to make recommendations for consideration by the 15th Central Finance Commission.

ACKNOWLEDGEMENTS

The Commission would like to extend their appreciation to all those who contributed to the completion of this Report. The Commission expresses their deepest gratitude to His Excellency the Governor of Sikkim, Shri Shrinivas Patil, and the Government of Sikkim headed by the Hon'ble Chief Minister Shri Pawan Chamling for constituting the Fifth State Finance Commission. The Commission is grateful for being bestowed with the opportunity to recommend measures for devolving powers to and empowering Panchayati Raj Institutions and Urban Local Bodies to carry out their governance roles more efficiently and effectively.

The Commission expresses their gratitude to Shri A. K. Shrivastava, IAS, Chief Secretary to the Government of Sikkim, Shri M. G. Kiran, Principal Secretary, Finance Revenue and Expenditure Department (FRED), Shri D. R. Nepal, Secretary, Rural Management and Development Department, Shri G. T. Bhutia, Secretary, Urban Development and Housing Department and Shri C. P. Dhakal, Special Secretary, Tourism and Civil Aviation Department, for extending their full support and guidance in the preparation of this Report.

The Commission expresses their special appreciation to Shri Gopal Basnet, Controller of Accounts, FRED, Shri B. K. Pradhan, Principal Director, FRED, Shri S. D. Pradhan, Consultant, FRED, Shri Aruni Chakraborty, Director (Budget), FRED, Shri B. K. Mukhiya, Director (FCD), FRED, Shri Linus Rai, Additional Director (FCD), FRED, Shri Kumar Bardewa, Additional Director (Accounts), RM&DD, Shri Raj Narayan Pradhan, Chief Accounts Officer, UD&HD, Shri Binod Sharma, Member Secretary (4th SFC) and Chief Accounts Officer, Energy and Power Department, Shri Ramesh Mukhiya, CE (TS-IV), NHPC, Dr. Ajay Kumar Jha, Dy. Manager (Env.), NHPC, and Shri Dinamani Mallick, IAAS, Dy. Accountant General, Office of the Accountant General, Sikkim, for their valuable inputs and contributions.

The Commission is also thankful for the inputs extended by Ms. Cheden P. Ladingpa, Additional Secretary, Directorate of Panchayati Raj, RM&DD, Smt. S. K. Pradhan, Joint Director, DESM&E, Deputy Commissioner (Adm.), Commercial Tax Division, FRED, Deputy Secretary, Commerce and Industries Department, Shri D. T. Bhutia, Deputy Director (FCD), FRED, Ms. Sweta Pradhan, Senior Accountant (FCD), FRED and Shri B. Dasgupta, Deputy Director, Ministry of Home Affairs, Directorate of Census Operations, Sikkim.

The Commission is also thankful to Hon'ble Zilla Adhyakshas, Hon'ble Zilla

Up-Adhyakshas and Sachivas cum District Collectors of all the 4 districts, Hon'ble Mayor, Hon'ble Deputy Mayor, Hon'ble Chairpersons, Commissioner, Municipal Executive Officers of Urban Local Bodies, all the field level stakeholders at the Gram Panchayat and Zilla Panchayat level. These include the elected representatives, officers and functionaries at the rural and urban local bodies, and the District and Block Administrative Centres for their contribution towards the preparation of the Report.

The Commission expresses great appreciation to the contribution of the Consultant, namely, Society for Participatory Research in Asia (PRIA) ably led by Shri Manoj Rai, Director, PRIA-New Delhi. He and his colleagues Ms. Ankita Bhat, Ms. Monika Aggarwal, Shri Gautam Majumder, Dr. Sakshi Saini and Dr. Alok Pandey provided great support in the various consultative meetings and workshops, and in the preparation and finalisation of this Report. The efforts put in by them helped the Commission in articulating the critical issues of its ToR and creating the template for the State Finance Commission Report. The Commission is thankful to them for their sincere efforts.

The Commission is also thankful to its support staff and assistants who did an efficient job behind the desk in the completion of this Report.

LIST OF ABBREVIATIONS

AATI	Accounts and Administrative Training Institute
BAC	Block Administrative Centre
BE	Budget Estimate
CFC	Central Finance Commission
CSR	Corporate Social Responsibility
DESM&E	Department of Economics, Statistics, Monitoring and Evaluation
DPC	District Planning Committee
ERs	Elected Representatives
FFC	Fourteenth Finance Commission
FRBM	Fiscal Responsibility and Budget Management
FRED	Finance, Revenue and Expenditure Department
GoS	Government of Sikkim
GPDPs	Gram Panchayat Development Plans
GPs	Gram Panchayats
GSDP	Gross State Domestic Product
GSVA	Gross State Value Added
GST	Goods and Services Tax
HDR	Human Development Report
IT	Information Technology
LBs	Local Bodies
LGIs	Institutions of Local Self-Government
MTFP	Medium Terms Fiscal Plan
MRs	Muster Rolls
NEC	North Eastern Council
NGO	Non-Government Organisation
NOTR	Net Own Tax Revenue
O&M	Operation & Management
OSR	Own Source Revenue
PRIA	Society for Participatory Research in Asia
PRIs	Panchayati Raj Institutions
RBM	Result Based Monitoring
RE	Revised Estimate
RM&DD	Rural Management & Development Department
SFC	State Finance Commission Cell
SICB	State Institute of Capacity Building
SIRD	State Institute of Rural Development
SOM	Sikkim Organic Mission
SOTR	State's Own Tax Revenue

TFC	Thirteenth Finance Commission
ToR	Terms of Reference
UD&HD	Urban Development and Housing Department
ULBs	Urban Local Bodies
VAT	Value Added Tax
ZPs	Zilla Panchayats

LIST OF TABLES

	Pages
Table 3.1: Gross State Domestic Product and Per Capita Income	12
Table 3.2: Composition of GSDP (Constant Prices) (Per cent)	13
Table 3.3: Fiscal Profile of Sikkim: An Overview	14
Table 3.4: Sikkim's Total Own Revenue	15
Table 3.5: Components of Own Tax Revenue (OTR)	16
Table 3.6: Composition of Own Tax Revenue (%)	16
Table 3.7: Components of Own Non Tax Revenue	16
Table 3.8: Central Tax Transfers from Government of India	18
Table 3.9: Grants in aid from Government of India	19
Table 3.10: Expenditure Profile of Sikkim	19
Table 3.11: Fund received from Central Government for LGIs	20
Table 3.12: Fund transfers from State Government to GPs	21
Table 3.13: Fund transfers from Central Government to GPs	21
Table 3.14: Committed Expenditure of GPs during 2017-18	22
Table 3.15: Committed Expenditure of GPs during 2020-21	23
Table 3.16: Fund Transfers from State Government to ZPs	23
Table 3.17: Fund Transfers from Central Government to ZPs	24
Table 3.18: Committed Expenditure of ZPs during 2017-18	25
Table 3.19: Committed Expenditure of ZPs during 2020-21	25
Table 3.20: Fund transfers from State Government to ULBs	26
Table 3.21: Fund transfers from Central Government to ULBs	26
Table 3.22: Expenditure details of ULBs in Sikkim	27
Table 5.1: Share of devolution to LGIs by previous SFCs	38
Table 5.2: Devolution of resources in different States	39
Table 5.3: Some of the Awards received by Directorate of Panchayati Raj, RM&DD, GoS as on April, 2017	40
Table 5.4: Own Tax Revenue Receipts projections of the State for the period 2020-2025.	41
Table 5.5: Share of Net Own Tax Revenue for devolution to LGIs	42
Table 5.6: Per Capita devolution of 4.5% of Net Own Tax Revenue to LGIs	42
Table 5.7: Devolution of 0.5% of NOTR for State Capacity Building Fund	43
Table 5.8: Devolution of 0.5% of NOTR as Special Incentive Grant to LGIs	44
Table 7.1: Proposed honorarium of Elected Representatives of LGIs	52

LIST OF ANNEXURES

Pages

Annexure 1.1	Notification Regarding constitution of 5 th SFC	73
Annexure 1.2	Partial Notification of above notification	76
Annexure 1.3	Notification Regarding 1 st extension of term of 5 th SFC	77
Annexure 1.4	Notification Regarding 2 nd extension of term of 5 th SFC.....	78
Annexure 2.1	Issue of Public Notice by 5 th SFC	79
Annexure 2.2	Schedule of meetings held by 5 th SFC	81
Annexure 2.2.1	List of Participants in the meeting held by 5 th SFC, with GPs of East District	84
Annexure 2.2.2	List of Participants in the meeting held by 5 th SFC, with ZPs of East District.....	86
Annexure 2.2.3	List of Participants in the meeting held by 5 th SFC, with GPs of South District	87
Annexure 2.2.4	List of Participants in the meeting held by 5 th SFC, with ZPs of South District	89
Annexure 2.2.5	List of Participants in the meeting held by 5 th SFC, with ULBs of South and West District.....	91
Annexure 2.2.6	List of Participants in the meeting held by 5 th SFC, with GPs of West District	94
Annexure 2.2.7	List of Participants in the meeting held by 5 th SFC, with ZPs of West District.....	96
Annexure 2.2.8	List of Participants in the meeting held by 5 th SFC, with GPs of North District	97
Annexure 2.2.9	List of Participants in the meeting held by 5 th SFC, with ZPs of North District.....	99
Annexure 2.2.10	List of Participants in the meeting held by 5 th SFC, with ULBs of East and North District.....	100
Annexure 2.3	List of Secondary Sources	102
Annexure 4.1	Schedule XI of the Constitution.....	103
Annexure 4.2	National awards received by the Directorate of Panchayati Raj under RMDD, GoS till the year 2016-17	105
Annexure 4.3	Recommendations of the 4 th State Finance Commission.....	108
Annexure 4.4	Projected population of the State in each year from 2017-2025.....	119
Annexure 5.1	GST Letter issued by Commercial Tax Division, FRED	122
Annexure 5.2	Population of Gram Panchayats as per Census 2011	123
Annexure 5.3	Population of Urban Local Bodies as per Census 2011	128
Annexure 5.4	Year-wise distribution of 4.5% of Net Own Tax Revenue to individual GPs for the period 2020-25	129
Annexure 5.5	Year-wise distribution of 4.5% of Net Own Tax Revenue to individual ZPs for the period 2020-25	134

Annexure 5.6	Year-wise distribution of 4.5% of Net Own Tax Revenue to individual ULBs for the period 2020-25.....	135
Annexure 5.7	Year-wise distribution of Special Incentive Grant to individual GPs for period 2020-25	136
Annexure 5.8	Year-wise distribution of Special Incentive Grant to individual ULBs for period 2020-25	138

CHAPTER 1 INTRODUCTION

1.1 As per Article 243I and 243Y of the Constitution of India, the Governor of a State has to constitute a Finance Commission once in every five years to review the financial position of the Panchayati Raj Institutions and Urban Local Bodies. In making its recommendations, the State Finance Commission is expected to review the trends in the financial situation of the State during the recommendation period 2020-2025. With regard to the financial situation of the State, the expenditure on civil administration, debt servicing, development and other committed expenditure is taken into account. The Commission is to consider the State's revenue and expenditure while recommending resource provision for Panchayati Raj Institutions and Urban Local Bodies. The Commission is expected to make suggestions regarding improvements in public expenditure, to obtain better outputs and outcomes for local economic development and social justice interventions by these institutions of local self-government.

1.2 The Commission has striven to make its recommendations in such a way that these institutions of local self-government are resourceful, capable and accountable in delivering development and social justice at local levels. This report is an attempt to collate and present the recommendations of the Commission through the analysis of available data on State and local finances. For this purpose, various discussions and meetings were held within the State Finance Commission, with concerned departments and the State Finance Commission, and the elected representatives of the Panchayats and Urban Local Bodies in the 4 districts of the State to explore the possible measures for strengthening financial resources of the institutions of local self-government. The Commission has striven to make recommendations for appropriately increasing devolution of resources to the institutions of local self-government. However, the Commission has emphasised on enhancing local resource mobilisation through various initiatives such as optimisation of collection of local taxes, fees and charges, and also undertaking local entrepreneurship initiatives such as local tourism, commercial cropping, and local markets and so on.

1.3 The financial strengthening of Panchayati Raj Institutions and Urban Local Bodies is unsustainable if appropriate financial and functional accountability mechanisms are not in place. Therefore, the Commission has also looked into accountability aspects to make appropriate recommendations in this regard. Following fiscal federalism, and observing the current financial transfers to institutions of local self-government the Commission has also suggested some special support to institutions of local self-government from Central Government.

1.4 For providing appropriate context and elaboration to the terms of reference, as suggested by the Governor of Sikkim the report begins with an introduction to the State Finance Commission, its composition and its roles.

1.5 The second chapter describes the approach and methodology followed by the Commission in order to arrive at various recommendations to strengthen local governance. A combination of conventional and participatory approaches has been followed for catalysing appropriate discussions and generating relevant data. The Commission sought technical support from PRIA for this purpose.

1.6 The third chapter provides an overview of financial situation at the level of State and local government. This includes an analysis of income and expenditure patterns of the State and the institutions of local self-government (Panchayati Raj Institutions and Urban Institutions of local self-government).

1.7 The fourth chapter provides a current situational analysis of demography, and development of Sikkim. It also includes a visualisation of possible situation during 2020-2025.

1.8 The fifth chapter highlights the recommendations of the Commission in terms of devolution of resources. This includes an analysis of the trends of devolution of resources and suggests further increase in the share of devolution for the proposed award term of 2020-2025.

1.9 The sixth chapter focuses on local resource mobilisation and measures to strengthen local resources. This section discusses the means through which Panchayati Raj Institutions and Urban Local Bodies could increase their own local resources and reduce their dependency on the State and the Centre.

1.10 The seventh chapter presents the measures to incentivize and build accountability mechanisms in the institutions of local self-government. This includes means to incentivise these institutions for better performance. To introduce efficiency and effectiveness in the system, the Commission also discusses accountability mechanisms to strengthen the implementation and monitoring process of the institutions of local self-government.

1.11 The eighth chapter deliberates on the issues which may require Central assistance for the development of Sikkim. Therefore, the Commission has suggested certain measures to be considered by the Central Government and the 15th Finance Commission of India.

1.12 The ninth and final chapter summarises the recommendations and concludes the report.

The constitution of the Fifth State Finance Commission

1.13 The State Government of Sikkim vide Notification No.22/FCD/Fin/198 on 17/08/2016 followed by an amendment Notification No.22/FCD/Fin/212, dated 30/08/2016, constituted the Fifth State Finance Commission to review the financial position of the institutions of local self-government in Sikkim and accordingly make appropriate recommendations to the Governor for strengthening these institutions (*Annexure 1.1 & 1.2*).

1.14 In exercise of the powers conferred by Article 243I and 243Y of the constitution of India read with Chapter X of Sikkim Panchayat Act, 1993, The Sikkim Municipalities Act, 2007 and in pursuance of Section 3 of the Sikkim (Constitution of Finance Commission) Rules, 1995, the Governor of Sikkim is pleased to constitute the Fifth State Finance Commission consisting of Shri Tsegyal Tashi, IAS, Secretary, Land Revenue and Disaster Management as the Chairman with the following three officers as members, namely:-

Shri Tashi Khangsarpa Special Secretary UD& HD	- Member
Shri Mukti Nath Dhakal Director Panchayat RMDD	- Member
Shri Bikram Tamang Additional Director/Accounts LRDM	- Member Secretary

Terms of Reference (ToR)

1.15 The Terms of Reference (ToR) of the Commission mandated the following:

"2. The Chairman and the other Members of the Commission shall hold the office from the date on which they respectively assume office and not later than 1st September, 2016 for a period of six months unless the Governor extends the terms for the purpose.

The Commission shall make recommendations as to the following matters, namely:-

(1)(a) The principles which should govern:

- (i) The distribution of fund between the State and Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them under part IX and IXA of the constitution of India and the allocation between the Zilla Panchayats, Gram Panchayats and Urban Local Bodies at all levels of their respective shares of such proceeds;
- (ii) The determination of the taxes , duties, tolls and fees which may be assigned to or appropriated by the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats;
- (iii) The Grants-in-Aid to the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats from the consolidated fund of the State.

(b) The measures needed to improve the financial position of the Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats.

(2) The Commission shall also:-

- (i) examine and make suggestions the extent to which and the manner in which the resource available to local bodies could best be utilized for meeting the expenditure of the bodies.
- (ii) make a detailed analysis of the repayment of loans and advances, if any, extended by the Government from time to time to the local bodies and make suitable recommendations for repayment of Government dues and make possibility of adjusting these dues against future devolution of revenues from Government to these bodies.
- (iii) examine the resources of the local bodies for the five years commencing on 1st April 2015, on the basis of the existing and proposed level of taxation and non-tax revenues reached at the end of 2014-15.

(3) In making its recommendations, the Commission shall have regard to among other things, resources of the State Government and the demands thereon on account of expenditure on civil administration, debt servicing, development and other committed expenditure.

- (4)** Suggest to improve the quality of public expenditure to obtain better outputs and outcomes;
- (5)** Examine the component of maintenance and up keep of capital assets created by the local bodies or transferred by the Government to the local bodies.
- (6)** In making its recommendations on various matters, the commission shall take the base of population figure as of 2011, in all such cases where population is a factor for determination of devolution of taxes, duties and grants-in-aids.
- (7)** The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates and expenditure of each tier of local bodies within the State.
- (8)** The Commission shall submit its recommendations to the Governor within 28th day of February 2017, covering the period of five year commencing on the 1st day of April, 2020.
- (9)** The Chairman and Members shall hold office till submission of the final report of the Commission to the Government.”

1.16 Subsequently, the State Government of Sikkim vide Notification No.24/Fin/Adm on 28/03/2017 and Notification No. 32/Fin/Adm on 04/07/2017 extended the term of the Fifth State Finance Commission upto 31st July 2017 (*Annexure 1.3 & 1.4*).

Appointment of PRIA as Consultant to the Commission

1.17 In order to carry out all the roles and responsibilities, the Commission engaged the services of PRIA (Society for Participatory Research in Asia) for providing assistance to the Commission in terms of technical supports, analysing information and facilitating them to reflect on recommendations for the period 2020-2025.

1.18 PRIA has a history of working with Panchayati Raj Institutions and Urban Local Bodies in different States of the country for over two decades. PRIA is a member of a number of expert groups constituted by the Government of India. It has been associated with the functioning of different State Finance Commissions in India, including facilitation of a National Co-learning Platform for State Finance Commissions in many states of India. PRIA has been working in the State of Sikkim since 2007-08 on the issues related to strengthening of local self-governments, local development and gender mainstreaming.

CHAPTER 2 APPROACHES AND METHODOLOGY

2.1 The 5th SFC of Sikkim was constituted on 17/08/2016 for making recommendations for the period 2020-2025. As per the ToR of the 5th SFC, the primary role of the Commission is to recommend for strengthening of finances and related functions of Panchayati Raj Institutions and Urban Local Bodies. In order to perform the mandated functions, institutions of local self-government require certain specific capacities.

2.2 In this report, Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) will henceforth be referred to as institutions of local self-government (LGIs). As these institutions have been devolved and provided powers of governance at the local level by the Constitutional Amendments, the term LGIs have been given to them.

2.3 The following aspects have been considered by the Commission in making its recommendations:

- (i)** Finances - The main aim of the Commission is to recommend the allocation of funds from state resources to the institutions of local self-government. For this purpose, the Commission has reviewed the financial position of the institutions of local self-government (LGIs) as well as the State Government.
- (ii)** Functions – In order to achieve financial efficiency, the LGIs must improve upon their existing and mandated functions. The Commission has also looked into the possible other functions for these institutions, purely from the point of view of local resource mobilisation.
- (iii)** Capacity building - Capacity building is an important aspect to improve the efficiency and effectiveness of institutions of local self-government. The Commission has therefore made special provisions for specific capacity inputs to LGIs such that they become efficient, accountable and effective governments at the local level.

2.4 By focusing on these three aspects, this chapter discusses the approach and the methodology followed in generating data, undertaking collective analysis and arriving at the appropriate recommendations. The approach and methodology

have been worked out based on the tasks enshrined in the ToR for the Commission.

2.5 The Commission held its first meeting on 07/09/2016 where the tasks assigned to it through the ToR were identified, reviewed and elaborated. The Commission then issued a Public Notice through the Information and Public Relations Department, Government of Sikkim in local newspapers and Sikkim Herald on 13th October, 2016 and also on the website of the Commission, inviting views and comments from the general public, panchayats, public representatives, institutions and organisations on various issues relating to the ToR of the Commission (*Annexure 2.1*). The Commission held several meetings thereafter, to formulate the approaches and strategies to give shape to its final report, with the objective of enhancing its own understanding of local government finances and functioning of the LGIs. These meetings involved a range of interactions and analytical discussions with the officials of the Government of Sikkim, representatives of PRIs and ULBs and civil society organisations. All these meetings (details of meeting provided in *Annexure 2.2*) have assisted in the formulation of the vision, the expectations, and the overall direction for the 5th State Finance Commission report. It was realised that extensive data on the finances and services of LGIs would be required. This data was provided by the related departments.

2.6 The data on the financial status of the LGIs, funds and facilities from different departments and status of implementation of the recommendations of the previous State Finance Commissions (SFCs) were sought. This information assisted the Commission to arrive at logical and sound conclusions. The Commission also made extensive use of materials and references available on the internet for obtaining information regarding various issues which are of relevance to it.

Methodology adopted

2.7 The methodology adopted involved participatory discussions and consultations, so as to capture the ideas and needs of the people of Sikkim. Consultations were held with relevant stakeholders, experts and academic and research institutions. Also, discussions were held with government officials of the Nodal Departments for PRIs and ULBs. In order to facilitate a participatory approach, the Commission created an environment where people could express their issues and concerns freely and collectively identify opportunities and challenges for the functioning and financial strengthening of LGIs. This broader approach also encouraged the inclusion and ownership of all citizens in the proposed recommendations. The SFC has also drawn upon the best practices followed in other parts of the country in order to emphasise on institutional improvements and resource generating mechanisms.

2.8 The Commission held meetings with the elected representatives and officials of LGIs of the four districts and other stakeholders who directly or indirectly influence the development of those districts. These interactions provided vital inputs for the Commission to understand the concerns of various LGIs and also provided a ground level understanding of the functioning of the official machinery.

2.9 The consultations provided a number of suggestions and issues. These suggestions were further analysed in the light of the available secondary data from different official sources. This analysis provided useful input for the Commission to formulate its recommendations. With rapid urbanisation the needs and aspirations of citizens are increasing day by day. These enhanced expectations have led to an increased pressure on PRIs and ULBs to provide quality services, infrastructure, and employment opportunities to citizens. It was recognised that mere increase in financial investments in urban and rural areas may not yield significant outcomes. Thus, the Commission examined ways of improving the types of investment made towards overall development. Accordingly, the Commission suggested innovative models for optimal utilisation and generation of local resources.

2.10 Taxation is an important source of revenue generation. However, due to certain politico-administrative reasons, the tax, fees and charges collection in Sikkim has not been at par with the local tax and fees collection by PRIs and ULBs in many other States of the country. This makes the LGIs in Sikkim highly dependent on the resources from Central and State Government. The lack of emphasis on generation of local resource mobilisation acts as an impediment for the greater innovation initiatives by the local government. The Commission has reviewed it in detail and found that the existing rates taxes, fees and charges need to be revised. This revision should be on the basis of rigorous analysis of data and experiences from other States.

2.11 The Commission also considered the rapid growth of Rurban areas, which traditionally fall under the Panchayats but by virtue of their proximity to urban areas need to be addressed by ULBs. These areas typically illustrate potential for growth, have economic drivers and derive locational and competitive advantages. Discussions around the same were organised by the Commission. It was found that due attention to Rurban areas may strengthen rural-urban linkages.

2.12 In addition to all of the above, the Commission extensively used secondary data for the systematic review of finances of State and LGIs to make recommendations regarding the proportion of funds to be devolved. For this purpose, relevant data from concerned line departments was collected and analysed. Reports of previous SFCs and other States were analysed to understand the trends in recommendations. Relevant literature and other reports from Sikkim (Details of secondary sources

have been provided in the *Annexure 2.3*) were studied to have greater insight of the possible best practices which the current Commission could use for framing its recommendations. Field visits and consultations took place with concerned Zilla panchayats, municipalities, selected gram panchayats, past SFC members, key government officials and civil society members.

CHAPTER 3

STATE RESOURCES

3.1 Sikkim, a landlocked State is located in the North-Eastern Region of India and shares its borders with three other countries. Sikkim has a total of 4 districts and 16 sub-divisions¹. It has a total area of 7,096 km², which constitutes 0.22 percent of the total geographical area of India. Its forest cover area is around 47.80 percent of the total geographical area². The population of Sikkim is 6.11 lakhs out of which the rural population is 4.64 lakhs (76 percent). The population is unevenly distributed across the State. For instance, North Sikkim reports a population density of only 10 persons per square kilometre, as its population of 43,709 people is spread over 4,226 square kilometres. On the other hand, East Sikkim reports a population density of 297 as 47 per cent of the State's population resides in this district which is spread over 954 square kilometres. The literacy rate of Sikkim was 82.20 percent as against the All-India rate of 74.04 percent. Similarly, the infant mortality rate at 33 per 1000 live births was better than the All India Average of 53 per 1000 as per the Sample Registration system of the Registrar General and Census Commissioner of India in 2008. NH 10 is the only highway that connects that State with the rest of the country. A newly built airport in Pakyong is expected to be operational at the end of 2017.

3.2 Under certain conditions and circumstances, governance of such a small population of an equally small geographical area might appear to be easily manageable. But as per Sikkim Human Development Report 2014, the State has many advantages as well as disadvantages such as: smaller population size, mountainous landlocked terrain, rich biodiversity, unusual diverse climatic conditions, geo-political strategic location advantage, vulnerabilities to landslide and earthquakes, only 11 percent of area available for cultivation, better human development advantage, and opportunities for growth of tourism, organic cultivation, horticulture, pharmaceutical industries and hydro-powers. Despite the mixed experiences in governance, the State is doing very well in human and economic development. It is one of the States with fast growing gross domestic product. Political stability coupled with vibrancy in local governance provides the State greater opportunities for further growth.

3.3 The PRIs and the ULBs of Sikkim are highly dependent on external sources for financial support in order to perform their functions. This can be observed in

¹ Census of India, 2011

² <https://thewire.in/126320/federalism-vs-14th-finance-commission/>

the financial data of the State as provided below. This data has been collected by the Commission for the purpose of this Report from the concerned departments i.e. the Finance, Revenue and Expenditure Department (FRED), Rural Management and Development Department (RM&DD) and Urban Development and Housing Department (UD&HD). This data includes the State Government and Central Government grants as well as taxes, fees and other charges levied by LGIs. This section analyses the financial situation of Sikkim, as well as the State's local rural and urban institutions of self-government.

Finances of the State

3.4 The Gross State Domestic Product (GSDP) of Sikkim at constant prices is recording a healthy growth rate as shown in Table 3.1. The State GSDP, during 2014-15 and 2015-16, grew consistently at a reasonable rate of 6.34 and 6.51 per cent respectively. The per capita income of the State, which was R30,727 in 2004-05, has increased substantially to R2,59,950 in 2015-16 at current prices. The major socio-economic indicators for the State have improved significantly. The poverty ratio has declined to 8.19 per cent as compared to all India average of 21.92 per cent in 2011-12.

3.5 The composition of the State GSDP given in Table 3.2 reveals that service sector contributes about one third of the GSDP and the manufacturing sector continues to be the mainstay of the State economy. The agriculture sector contributes about 7 to 8 percent of the GSDP. The share of the service sector seems to be growing in the economy. The relative share of the industry sector has been mostly driven by manufacturing, construction and power sectors.

Table 3.1: Gross State Domestic Product and Per Capita Income

(Base Year: 2011-12)

(At Current and Constant Prices)

Year	At Current Prices		At Constant Prices	
	GSDP (₹ in lakh)	Per Capita (GSDP) (in ₹)	GSDP (₹ in lakh)	Per Capita (GSDP) (in ₹)
2011-12	1116510	181842	1116510	181842
2012-13	1233842	198686	1142121	183916
2013-14	1386190	221083	1211405	193207
2014-15	1520933	240274	1288249	203515
2015-16	1663678	259950	1372154	214399

Source: DESM&E, GoS

Table 3.2: Composition of GSDP (Constant Prices) (Per cent)

Item	2011-12	2012-13	2013-14	2014-15	2015-16
Agriculture, forestry and fishing	8.28	8.42	8.30	7.88	7.62
Mining and quarrying	0.07	0.08	0.09	0.09	0.10
Primary	8.35	8.50	8.39	7.97	7.71
Manufacturing	39.54	38.96	40.06	38.39	37.93
Electricity, gas, water supply & other utility services	17.13	15.47	14.10	14.94	14.96
Construction	6.16	5.70	5.71	5.69	5.66
Secondary	62.83	60.13	59.87	59.03	58.56
Trade, repair, hotels and restaurants	2.89	4.60	5.23	4.91	5.07
Transport, storage etc.	2.60	3.05	3.22	3.24	3.44
Financial services	1.52	1.56	1.57	1.55	1.53
Real estate, ownership of dwelling & professional services	5.36	5.38	5.31	5.22	5.11
Public administration	6.80	7.21	7.19	8.36	8.82
Other services	9.66	9.57	9.22	9.72	9.76
Tertiary	28.82	31.37	31.73	33.00	33.73
Total GSVA	100.00	100.00	100.00	100.00	100.00
Growth of GSDP		2.29	6.07	6.34	6.51

Source: MTFP for Sikkim: 2017-18 to 2019-2020, FRED, GoS

3.6 The State has maintained revenue surplus, reduced the deficit to stipulated limit, and reduced the debt burden considerably complying with the FRBM Act (Table 3.3). The revenue surplus continues to be reasonably good, which is budgeted at 3.51 percent in 2017-18. The revenue surplus depends upon the central grants as the own revenue of Sikkim has remained more or less at the same level in recent years. The fiscal deficit increased considerably from 0.53 per cent relative to GSDP in 2012-13 and is projected at 2.79 per cent in the budget estimates for the year 2017-18. Despite the fiscal stress, the State Government has remained on the path of fiscal consolidation and continues to allocate resources to the priority areas.

3.7 The budget classification has undergone changes in this fiscal to reflect the Central Government's decision to remove plan and non-plan distinction. Removal of plan and non-plan distinction is expected to improve budget planning by giving a holistic picture of spending requirement for the programmes. The removal leaves only revenue and capital distinction expenditure classification.

Table 3.3: Fiscal Profile of Sikkim: An Overview

(Percent to GSDP)

Particulars	2012-13	2013-14	2014-15	2015- 16	2016- 17 (RE)	2017- 18 (BE)
Revenues	26.65	28.09	26.88	22.75	28.26	26.22
Own Revenue	5.98	6.40	5.60	5.89	5.57	5.40
Own Tax Revenues	3.53	3.79	3.47	3.41	3.42	3.30
Own Non-Tax Revenues	2.45	2.61	2.13	2.48	2.15	2.10
Central Transfers	20.67	21.69	21.28	16.86	22.69	20.83
Tax Devolution	5.66	5.50	5.32	11.24	12.15	12.20
Grants	15.01	16.19	15.96	5.62	10.54	8.63
Revenue Expenditure	20.32	21.82	22.07	21.91	24.68	22.72
Interest Payment	1.61	1.60	1.58	1.58	1.77	1.82
Pension	1.82	1.88	2.19	2.42	2.62	2.67
Capital Expenditure	6.86	6.65	6.62	3.96	6.56	6.30
Capital Outlay	6.83	6.58	6.45	3.81	6.47	6.22
Net Lending	0.03	0.07	0.17	0.15	0.09	0.08
Revenue Deficit	-6.33	-6.27	-4.81	-0.84	-3.59	-3.51
Fiscal Deficit	0.53	0.38	1.81	3.13	2.98	2.79
Primary Deficit	-1.08	-1.21	0.24	1.55	1.21	0.97
Outstanding Debt	22.35	22.14	22.89	23.81	24.52	24.95

Source: MTFP for Sikkim: 2017-18 to 2019-2020, FRED, GoS

Negative sign indicates revenue surplus

3.8 The MTFP report 2017-18 of Government of Sikkim suggests that Central transfers, taking both the tax devolution and grants, still constitute major share of total revenue receipts of the State. On an average the central transfers constitutes little more than three-fourths of the State's total revenue receipts. The relative share of central transfers in total revenue receipts of the State has decreased from 77.56 per cent in 2012-13 to 74.11 per cent in 2015-16. As percentage to GSDP, the Central transfers have declined due to major decline in grants component. Central transfer is projected to be 20.83 per cent and own tax and own non-tax revenue is expected to be 3.3 and 2.1 per cent of GSDP respectively as per the BE of 2017-18.

3.9 The own revenue receipts of the State, as given in Table 3.4, 3.5 and 3.6, was ₹851.32 crores in 2014-15 and is projected to grow to ₹1095.97 crores in 2017-18. Both the own tax and non-tax revenue show rise in nominal terms. Despite increase in nominal terms, the own revenue receipt show a decline relative to GSDP. The own revenue GSDP ratio has gone down from 5.89 percent in 2015-16 to 5.40 percent in 2017-18 BE. Both the components of the own revenue, the own tax and own non-tax revenue show similar trend. However, the total revenue receipt of the State shows a rise as percentage to the GSDP from 22.75 per cent in 2015-16 to 26.22 percent in 2017-18 BE due to expected rise in Central transfers.

3.10 Composition of own tax revenue shows that the sales tax/VAT and State excise are two major sources of own tax revenue for the State. The relative share of the VAT was at 57.50 percent in 2015-16 and it is set to increase to 58 percent in 2017-18 (BE). The relative share of State excise in total own revenue was at 25.10 percent in 2015-16 and is projected to fall to 23.20 percent in 2017-18 (BE). The overall growth in own tax revenue of the State has followed a steady growth path. If the same trends persist, it is expected that own tax revenue should increase considerably during the SFC recommendation period 2020-25.

Table 3.4: Sikkim's Total Own Revenue

(₹ in Lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Own Tax Revenue	43547.99	52491.97	52754.09	56681.58	62860.98	66951.31
Own Non Tax Revenue	30200.35	36159.39	32377.60	41299.43	39608.14	42645.71
Total	73748.34	88651.36	85131.69	97981.01	102469.12	109597.02

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

3.11 The own non-tax revenue is an important source of revenue for the State. Sikkim's own non-tax revenue, as given in Table 3.7, was ₹412.99 crores in 2015-16 and is budgeted to rise to ₹426.46 crores in 2017-18. However, its share in own revenue of the State has been declining in recent years. The share of non tax revenue in own revenues has gone down from 42.15 percent in 2015-16 to 38.91 percent in 2017-18 BE.

Table 3.5: Components of Own Tax Revenue (OTR)

(₹ in Lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Taxes on sales, trade, etc	22708.38	28632.48	28210.06	32572.03	36100.00	38826.00
State Excise Duties	11112.44	12064.01	13136.19	14208.07	14700.00	15500.00
Stamp Duty & Registration Fees	534.75	645.47	676.56	851.06	764.46	782.46
Motor Vehicle Tax	1638.22	1852.17	1941.39	2235.70	2400.00	2850.00
Land Revenue	565.75	339.46	615.53	184.76	688.96	708.96
Other Taxes	6988.45	8958.38	8174.36	6629.96	8207.56	8283.89
Total	43547.99	52491.97	52754.09	56681.58	62860.98	66951.31

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Table 3.6: Composition of Own Tax Revenue (%)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Own Tax Revenues	100	100	100	100	100	100
Sales Tax	52.1	54.5	53.5	57.5	57.4	58.0
State Excise Duties	25.5	23.0	24.9	25.1	23.4	23.2
Motor Vehicle Tax	3.8	3.5	3.7	3.9	3.8	4.3
Stamp Duty and Registration Fees	1.2	1.2	1.3	1.5	1.2	1.2
Other Taxes	17.3	17.7	16.7	12.0	14.2	13.4

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Table 3.7: Components of Own Non Tax Revenue

(₹ in Lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Interest Receipts	4600.02	6702.16	6644.03	7252.35	4320.96	5040.75
Dividends & Profits	153.20	54.56	87.02	1269.85	100.00	100.00
Other non-tax receipts*	25447.13	29402.67	25646.55	32777.23	35187.18	37504.96
Total	30200.35	36159.39	32377.60	41299.43	39608.14	42645.71

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

*Net of lotteries

3.12 Major changes have happened in Central transfers since 2015-16 after the FFC recommendations and these changes have affected the State adversely. The share in Central taxes, which was at 5.32 percent to GSDP in 2014-15, has increased to 11.24 per cent in 2015-16 and is expected to rise further to 12.20 percent in 2017-18 BE. This was due to higher devolution recommended by the FFC. However, at the same time the grants amount has suffered a major decline from 15.96 percent in 2014-15 to 8.63 percent in 2017-18 (BE). While FFC refrained from making any State specific grants, as was the case for the TFC, the Central Government subsumed the block grants in the tax devolution. The Central tax transfers and the grants released to the State is given in Table 3.8 and 3.9. In nominal terms, while share in Central taxes has increased from ₹809.38 crores in 2014-15 to ₹2477.78 crores in 2017-18 (BE), the grants amount has declined from ₹2426.99 crores to ₹1752.56 crores.

3.13 Despite some odds, the overall financial situation of State seems to be quite healthy and progressing. With a good rising trend in State's Own Tax Revenue and positively rising figures for the GSDP, the State Finance Commission gets good space to suggest appropriate and progressive financial allocations and supportive measures, which may revitalize the institutions of local self-governments in Sikkim.

3.14 The Government of Sikkim has been able to successfully control its revenue expenditure as percentage to GSDP. Accordingly, the State was able to spend more under capital expenditure. The expenditure profile of the State as per MTFP for 2017-18 to 2019-20 released by the FRED, Government of Sikkim is presented in Table 3.10. The revenue expenditure was 20.32 percent relative to GSDP in 2012-13 and is expected to be raised to 22.72 percent in 2017-18. The capital expenditure as percentage to the GSDP declined from 6.86 percent in 2012-13 to 3.96 percent in 2015-16. However, it has revived since then and is budgeted at 6.30 percent in 2017-18.

Table 3.8: Central Tax Transfers from Government of India

(₹ in Lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Share of net proceeds on Corporation Tax	25087.00	25644.00	28258.00	59256.00	71726.00	73176.00
Share of net proceeds on Income other than Corporation Tax	15035.71	16891.23	20185.77	41518.00	49850.00	63975.00
Share of net proceeds on other Income and Expenditure	0.00	0.00	0.00	0.00	1.00	0.00
Share of net proceeds on Wealth Tax	43.00	70.00	76.00	7.00	165.00	-2.00
Share of net proceeds on Customs	11605.00	12441.00	13087.00	29851.00	30854.00	34927.00
Share of net proceeds on Union Excise Duties	7886.00	8787.00	7390.00	24523.00	35233.00	36508.00
Share of net proceeds on Service Tax	10208.00	12434.00	11942.00	31783.00	35501.00	39194.00
Share of net proceeds on Commodities and Services	0.00	0.00	0.00	90.00	0.00	0.00
Total	69864.71	76267.23	80938.77	187028.00	223330.00	247778.00

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Table 3.9: Grants in aid from Government of India

(₹ in Lakh)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 RE	2017-18 BE
Non-Plan Grants	26536.93	14826.38	7350.75	7448.90	6595.00	0.00
Grants for State Plan Schemes	134520.69	180320.44	173854.41	32157.24	47171.66	1924.01
Grants for Central Plan Schemes	103.01	19.50	291.16	123.55	600.00	0.00
Grants for Centrally Sponsored Plan Schemes	18966.04	23316.98	57779.91	50902.41	128943.03	15522.10
Grants for Special Plan Schemes (NEC)	5113.04	5957.67	3423.53	2787.47	10438.52	0.00
Grants for Centrally Sponsored Schemes	0.00	0.00	0.00	0.00	0.00	115091.13
Finance Commission Grants	0.00	0.00	0.00	0.00	0.00	6982.00
Other Transfer/ Grants	0.00	0.00	0.00	0.00	0.00	35737.14
Total	185239.71	224440.97	242699.76	93419.57	193748.21	175256.38

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Table 3.10: Expenditure Profile of Sikkim

(Per cent to GSDP)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 (RE)	2017-18 (BE)
Revenue Expenditure	20.32	21.82	22.07	21.91	24.68	22.72
General Services	7.14	7.47	7.98	7.48	8.21	8.13
Interest Payment	1.61	1.60	1.58	1.58	1.77	1.82
Pension	1.82	1.88	2.19	2.42	2.62	2.67
Other	3.70	3.99	4.22	3.48	3.82	3.63
Social Services	7.68	9.21	8.41	7.43	9.00	7.60
Education	4.17	4.55	4.68	4.54	4.88	4.59
Medical and Public Health	1.02	1.04	1.20	1.06	1.27	1.15
Other social services	2.49	3.62	3.07	2.09	3.62	2.04
Economic Services	5.32	4.89	5.40	6.77	7.15	6.66
Assignment to LBs	0.19	0.26	0.28	0.23	0.32	0.33
Capital outlay	6.86	6.65	6.62	3.96	6.56	6.30

Source: MTFP for Sikkim: 2017-18 to 2019-2020, FRED, GoS

Finances of Institutions of Local Self Government

3.15 An analysis of financial data from Panchayati Raj Institutions and Urban Local Bodies suggests that these two bodies heavily depend on funds from Central and State sources. Both Gram Panchayats and the Urban Local Bodies receive more 'development funds' from Central sources than those from State's sources. The GPs in Sikkim are receiving more funds than what they had in the past. The financial and functional situations of the ZPs and the ULBs are, however, not so exciting. The ZPs did not receive funds from the FFC. The own resource mobilizations by the GPs, ZPs and ULBs have been rather weak in the State. Table 3.11 provides an overview of central funds received by the LGIs.

Table 3.11: Fund received from Central Government for LGIs

(₹ in Lakh)

Particulars	Grants from 13th Finance Commission			Grants from 14th Finance Commission		
	Recommended for 5 years (2010-15)	Actual release (2010-15)	Actual expenditure incurred (2010-15)	Recommended for (2015-16)	Actual release (2015-16)	Actual expenditure incurred (2015-16)
General Basic Grant	12240.00	10674.95	10745.95	2083.00	1844.00	1843.00
a) PRIs	12071.00	10674.95	10674.95	1604.00	1604.00	1604.00
b) ULBs	169.00	71.00	71.00	479.00	240.00	239.00
General Performance Grant	6480.00	1375.16	1370.16	NA	NA	NA
a) PRIs	6390.00	1365.16	1365.16	NA	NA	NA
b) ULBs	90.00	10.00	5.00	NA	NA	NA

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Finances of GPs

3.16 The PRIs in Sikkim do not collect taxes but do collect certain fees and charges, which are negligible. So, the GPs completely depend on funds from Central and State Government for their functional requirements. The overall performance of GPs have been quite good on the national assessment indicators, devised by the Ministry of Panchayati Raj. Table 3.12 highlights the fund transfers from the State Government at the GP level. The Table includes grants under different agency function heads. These grants are essentially meant for salary components, which

is interestingly higher than development funds.

Table 3.12: Fund transfers from State Government to GPs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
Share of State taxes	320.07	358.80	624.89	710.82
Special Incentive Grant	8.00	8.00	0.00	0.00
Primary Grant	0.00	0.00	0.00	490.94
Improvement Grant	0.00	0.00	0.00	210.40
Other grant - Assistance to Gram Panchayats				
i) General Education-Grant in Aid Salaries	25689.53	27049.41	30437.44	28788.15
ii) Grants to Gram Panchayats for Administrative Expenses	63.32	151.47	88.00	1318.55
Total	26080.92	27567.68	31150.33	31518.86

Source: Finance Revenue & Expenditure Department, Government of Sikkim

Table 3.13: Fund transfers from Central Government to GPs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
13th/14th FC Grant				
General Basic Grant	1893.38	1973.69	1604.00	2220.00
General Performance Grant	0.00	240.91	713.39	291.00
Total	1893.38	2214.60	2317.39	2511.00

Source: Finance Revenue & Expenditure Department, Government of Sikkim

3.17 The details of funds transferred from Central Government to the GPs is provided in Table 3.13. However, this Table provides information about only Central Finance Commission grants. The data from funds from Ministry of Panchayati Raj, Government of India and other Central Ministries were not available, at one place, at the time of writing this Report. So, the Commission finds it difficult to analyse the central transfers to GPs in detail.

3.18 As per the State Government's notifications, the taxes and non-taxes levied by the GPs in Sikkim are as follows: Household Tax, Water and Sanitation Tax, Village Road and Environment Tax, Sale of Tender Forms, Building Construction fee, Other Miscellaneous Receipts (Bank interest, donation, disposal of unserviceable items,

charges for use of Panchayat Ghars/ Conference Halls/ other properties etc.). In addition, as per Panchayat resolution duly approved by Gram Sabha, certain other fees are also levied such as Trade License fees and hawker license fees, fees on mela/picnic etc. in rural area, fees for construction of temporary sheds for any kind of social gathering in public property, and fees for minor dispute redressal. But neither the fee/tax/charge collection nor data on the same seem to be systematic. However, on the basis of available Gram Panchayat Development Plans (GPDPs) of some of the GPs and also on the basis of various conversations with GP members and other experts in the field, the Commission finds this to be a potent area to be improved significantly.

3.19 Consolidated, consistent and detailed data on expenditure patterns of GPs are not available. However, the Rural Management & Development Department, Government of Sikkim provided committed expenditure of the GPs for the year 2017-18 and the projected estimates of the committed expenditure during the year 2020-21 which is the first year of implementation of recommendations of the 5th State Finance Commission. The committed expenditure mainly consists of honorarium payments, discretionary grants, expenditure on salaries/wages and office expenses. Tables 3.14 and 3.15 presents the trends in the expenditure on these components during 2017-18 and 2020-21 respectively.

Table 3.14 Committed Expenditure of GPs during 2017-18

(₹ in Lakh)

District	Honorarium	Discretionary Grant	Pay of Contractual Staff & MRs	Office Expenses	Consolidated Committed Expenses
East	126.34	17.95	161.44	100.00	405.73
West	141.7	20.1	176.38	110.00	448.18
North	55.68	7.96	76.53	48.00	188.17
South	122.11	17.31	150.07	94.00	383.49
Total	445.83	63.32	564.42	352.00	1425.57

Source: Rural Management & Development Department, Government of Sikkim

Table 3.15 Committed Expenditure of GPs during 2020-21

(₹ in Lakh)

District	Honorarium	Discretionary Grant	Pay of Contractual Staff & MRs	Office Expenses	Consolidated Committed Expenses
East	553.68	37.88	481.5	175.00	1248.06
West	622.68	53.54	526.65	192.50	1395.37
North	242.64	20.92	228.72	84.00	576.28
South	537.24	46.18	441.21	164.50	1189.13
Total	1956.24	158.52	1678.08	616.00	4408.84

Source: Rural Management & Development Department, Government of Sikkim

Finances of ZPs

3.20 Sikkim has a two tier PRI-system. There are 4 ZPs in Sikkim. All of these ZPs have to play important roles in development of the districts. However, it seems that the ZPs in Sikkim need to become active to play their stipulated roles. They are regularly receiving funds from the State Government as can be seen from Table 3.16. While ZPs received ₹267.81 lakhs in 2015-16 from the State Government, the same increased significantly to ₹632.66 lakhs in 2016-17.

Table 3.16: Fund Transfers from State Government to ZPs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
Share of State taxes	137.17	154.42	267.81	304.64
Special Incentive Grant	5.00	5.00	0.00	0.00
Primary Grant	0.00	0.00	0.00	229.61
Improvement Grant	0.00	0.00	0.00	98.41
Other grant - Assistance to Zilla Panchayats				
i) Grants to Zilla Panchayats for Administrative Expenses	298.60	410.20	912.31	660.00
Total	440.77	569.62	1180.12	1292.66

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

3.21 Unlike the GPs, funds from the Central Government to ZPs have reduced significantly. The details of fund transferred from the Central Government to ZPs is provided in Table 3.17. After the Fourteenth Finance Commission Report, the Central Government did not make any allocation to the intermediate and district tiers of the PRIs. In absence of any compensation (due to lack of funding from Central Government) from the State, the financial and functional aspects of ZPs have been adversely affected.

Table 3.17: Fund Transfers from Central Government to ZPs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
13th/14th FC Grant				
General Basic Grant	828.39	947.10	0.00	0.00
General Performance Grant	0.00	103.25	201.61	0.00
Total	828.39	1050.35	201.61	0.00

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

3.22 On the basis of analysis of these Tables and also on the basis of interactions with ZP members in all 4 districts of the State, the Commission wishes to emphasise upon pivotal roles of ZPs in anchoring local entrepreneurships and the development coordination with clusters of the GPs.

3.23 Consolidated, consistent and detailed data on expenditure patterns of ZPs are also not available. However, the Rural Management & Development Department, Government of Sikkim provided committed expenditure of the ZPs for the year 2017-18 and the projected estimates of the committed expenditure during the year 2020-21 which is the first year of implementation of recommendations of the 5th State Finance Commission. The committed expenditure mainly consists of honorarium payments, discretionary grants, expenditure on salaries/wages and office expenses. Tables 3.18 and 3.19 presents the trends in the expenditure on these components during 2017-18 and 2020-21 respectively.

Table 3.18 Committed Expenditure of ZPs during 2017-18

(₹ in Lakh)

District	Honorarium	Discretionary Grant	Pay of contractual Staff & MRs	Local Area Development Fund	Office Expenses	Consolidated Committed Expenses
East	35.14	4.10	134.41	3.00	15.00	191.65
West	32.84	3.70	133.71	3.00	17.00	190.25
North	29.38	3.10	104.58	3.00	10.00	150.06
South	32.83	3.70	136.06	3.00	16.00	191.59
Total	130.19	14.60	508.76	12.00	58.00	723.55

Source: Rural Management & Development Department, Government of Sikkim

Table 3.19 Committed Expenditure of ZPs during 2020-21

(₹ in Lakh)

District	Honorarium	Discretionary Grant	Pay of Contractual Staff & MRs	Local Area Development Fund	Office Expenses	Consolidated Committed Expenses
East	86.40	8.80	204.42	8.00	20.00	327.62
West	77.76	8.00	203.36	8.00	25.00	322.12
North	64.80	6.80	159.05	8.00	17.00	255.65
South	77.76	8.00	206.93	8.00	23.00	323.69
Total	306.72	31.60	773.76	32.00	85.00	1229.08

Source: Rural Management & Development Department, Government of Sikkim

Finances of ULBs

3.24 The Sikkim Municipalities Act 2007 was enacted by the Legislative Assembly in March 2007. Though the Act was brought into force in 2007, the Urban Local Bodies were formed only in 2010- 11. Sikkim follows a three-tier structure for the Urban Local Bodies namely Municipal Corporation, Municipal Council and Nagar Panchayats. The State has adhered to all the provisions of the 74th Amendment Act of the Constitution. The ULBs in Sikkim are relatively younger thus still need to mature to manage their functions and finances more effectively and efficiently.

3.25 The Tables 3.20 and 3.21 provide an overview of the financial status of the 7 ULBs in Sikkim. The Gangtok Municipal Corporation, being the only Municipal Corporation in the State, significantly influences the financial figures in the Table. Gangtok and Namchi ULBs are bigger and therefore, consume significant resources

from the State's total allocation to the ULBs. The other 5 ULBs are smaller and therefore, they are financially quite constrained in playing their roles optimally. Even in case of ULBs, the own resource mobilization functions and financial data are not so systematic.

Table 3.20: Fund transfers from State Government to ULBs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
Share of State taxes	330.60	375.32	223.18	253.87
Primary Grant	0.00	0.00	0.00	136.80
Improvement Grant	0.00	0.00	0.00	58.62
Total	330.60	375.32	223.18	449.29

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

Table 3.21: Fund transfers from Central Government to ULBs

(₹ in Lakh)

Particulars	2013-14	2014-15	2015-16	2016-17 (RE)
13th/14th FC Grant				
General Basic Grant	15.00	17.14	239.49	663.00
General Performance Grant	3.12	0.00	5.18	196.00
Total	18.12	17.14	244.67	859.00

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

3.26 Table 3.22 provides the expenditure details for all 7 ULBs during the period 2012-16. As could be seen from the Table, the bulk of the total expenditure goes towards administrative and capital expenditure. The development expenditure is limited and needs to be streamlined.

3.27 The Urban Local Bodies in Sikkim need to be equipped to cater to the development aspirations of not only their citizens but also the tourists whose numbers are increasing day by day. There are great potentials for every ULB to enhance their own resources by undertaking innovative entrepreneurial initiatives and also by improving the collections of taxes, fees and charges devolved to them. The nodal department i.e UD&HD must provide necessary support in this regard. During various discussions, the Commission also came to know that the elected representatives of ULB do not receive timely and periodic training to refine their functional roles. Even if they wish to access such trainings from the market, the ULBs do not have necessary funds to support this. Therefore, the Commission feels the need to make provisions for availability of funding for this purpose.

Table 3.22: Expenditure details of ULBs in Sikkim

(₹ in Lakh)

Sl. No.	Head of Account	2012-13	2013-14	2014-15	2015-16
1	Administration Expenditure				
i	Salaries	286.12	296.19	324.40	345.22
ii	Wages	104.36	146.84	155.69	191.83
iii	Pensionary Benefit	43.22	41.90	44.47	43.30
iv	Travel Expenses	21.57	39.69	15.49	17.30
v	Office Expenses	35.91	50.93	46.61	57.05
vi	Honorarium of members	27.61	26.96	32.02	31.84
vii	Computerisation	1.76	1.04	1.02	1.12
viii	Training	9.83	4.81	1.94	6.84
ix	Legal charges	0.00	0.00	2.70	3.60
x	Expenses from discretionary fund	1.06	2.81	1.60	2.20
xi	Other	1.24	1.33	2.14	6.82
	Sub Total - 1	532.68	612.50	628.08	707.12
2	Operation & Maintenance				
i	Water Supply	0.02	0.22	0.15	0.01
ii	Buildings	7.77	26.85	47.07	9.37
iii	Street Lighting	0.00	0.00	0.00	0.00
iv	Sanitation/Drainage	4.60	16.32	29.99	13.83
v	Solid Waste Disposal	13.16	10.57	10.40	18.00
vi	Roads	0.28	0.21	0.00	0.00
vii	Minor-irrigation works	0.00	0.00	0.00	0.00
viii	Drinking Water	0.00	0.00	0.00	0.00
ix	Primary Schools	0.00	0.00	0.00	0.00
x	PHC/PHSC	0.00	0.00	0.00	0.00
xi	Motor Vehicles	53.03	63.96	94.02	86.44
xii	Cremation & Burial Ground	0.00	12.95	0.00	0.00
xiii	Community Assets	29.79	17.00	123.61	19.51
xiv	Other	13.83	18.06	12.44	12.70
	Sub Total - 2	122.48	166.14	317.68	159.86
3	Capital Expenditure				
i	Water Supply	4.50	0.00	5.01	0.00
ii	Buildings	33.90	21.60	60.50	7.40
iii	Roads	3.07	0.00	0.00	15.15
iv	Sanitation/Drainage	26.98	3.53	14.20	16.52
v	Cremation & Burial Ground	9.31	12.95	1.00	0.00

Fifth State Finance Commission

Sl. No.	Head of Account	2012-13	2013-14	2014-15	2015-16
vi	Community Hall	1.50	0.00	0.00	0.00
vii	Market Shed	7.00	3.06	6.07	0.00
viii	Play Grounds/Parks	0.00	7.00	0.00	0.00
ix	Public Conveniences	4.60	3.00	9.31	17.83
x	Land Acquisition	0.00	0.00	14.41	14.34
xi	Other	65.47	132.33	85.77	182.71
	Sub Total - 3	156.33	183.47	196.27	253.95
4	Expenditure on schemes assigned by the central government	29.36	32.68	36.10	20.93
5	Expenditure on schemes assigned by the central government	19.85	31.04	45.18	24.31
	Total expenditure (1+2+3+4+5+6)	860.70	1025.83	1223.31	1166.17

Source: Urban Development and Housing Department, Government of Sikkim

CHAPTER 4 THE STATUS OF LOCAL SELF-GOVERNMENTS IN SIKKIM

An overview of Panchayati Raj Institutions and Urban Local Bodies

4.1 In conformity with the Constitutional Amendment (73rd and 74th) Acts 1992, the Government of Sikkim enacted the Sikkim Panchayat Act, 1993 and the Sikkim Municipalities Act, 2007. Sikkim has a total of 176 Village Panchayats called Gram Panchayats (GPs) and 7 Urban Local Bodies. The Urban Local Bodies comprise of 1 Municipal Corporation, 3 Municipal Councils and 3 Nagar Panchayats. There are a total of 984 wards in the 176 GPs.

4.2 Sikkim has been quite progressive in rural decentralisation. The State Government has already devolved 29 subjects, as mentioned in Schedule XI of the Constitution of India, to the PRIs (*Annexure 4.1*). As per the assessment of the Government of India, the State has ranked among the top 5 States in India, who have devolved powers and authorities to PRIs (*Annexure 4.2*). The ULBs in Sikkim are relatively new. As they are still evolving, devolution to them has not been at par with devolution to PRIs.

4.3 Sikkim has been prompt in constituting their SFCs. The recommendations of the SFCs have been widely accepted by the State Government. It is one of the few States to accept and operationalise almost all the recommendations of its past SFCs (*Annexure 4.3*). This also reflects on a very good beginning been made by the State government in the direction of democratic decentralisation. However, the pace of decentralisation has been not so fast.

4.4 In terms of population, the average size of GPs in Sikkim is 2637, with the smallest GP having a population of 463 and the largest GP with a population of 8860. Most of the GPs in Sikkim are relatively smaller in terms of population. For ULBs, the average population of a Municipality is 20923. The smallest ULB is Gyalshing having a population of 4013 and the largest is Gangtok with a population of 100286. The other ULBs are relatively smaller in terms of population. The population and resource situation in GPs and ULBs vary widely across the State. While the ULBs are easily accessible by road, the GPs are difficult to reach due to their geographical location.

4.5 As a part of the national initiative to prepare Gram Panchayat Development Plans (GPDPs), Sikkim has undertaken GPDPs preparation process in all its GPs. To invoke increased responsibility and ownership, the GPDP initiatives has been given the local name of 'Aafno Gaon Aafai Banau' in Sikkim. This term emphasises upon the ownership of citizens in the development of their village. The plans formulated will broadly reflect the areas like human development, economic development, poverty reduction, service delivery, social development, and ecological development. For the year 2016-17, a total of 176 GPDPs covering all Gram Panchayats of Sikkim had been prepared. The plans are being drafted for the current financial year (2017-18).

4.6 The GPDPs have provided useful data on status of current demand and supply in GPs. The demands come from the people in terms of their developmental needs and expectation of services from GPs. The supply aspects refer to the availability of financial resources and technical capacities at the level of GPs. Though the data arrived at from GPDPs may have certain gaps, however, the Commission found this data very useful in understanding the financial situation of the GPs³.

Envisioning 2020-2025

4.7 The situation of 2020-2025 would be remarkably different from that of the current day scenario. In terms of demography, the projected population of Sikkim in 2025 is expected to be 7.08 lakhs (*Annexure 4.4*). With increase in the size of the population, it is expected that the number of GPs will increase to 183 and Village Wards to 1034. With better road and air connectivity, and also with enhanced exposure to information and technology, aspirations of people will increase manifolds. Increased aspiration will increase the demands on PRIs and ULBs for better services. These rising demands of people would also bring about changes in the existing citizen-Government relationship, as the expectations from the Government and the services provided would increase.

4.8 The rising population would be accompanied by faster urbanisation. Namchi and Gangtok are two smart cities in the making. Naturally, better services in these two major cities will have a ripple effect on other ULBs. There are increasing instances where more rural areas are adopting urban characteristics. Therefore a number of Rurban clusters will increase⁴. These clusters typically illustrate potential for growth, have economic drivers and derive locational and competitive advantages. To bridge the rural-urban divide, these areas may have great potential

³ Ministry of Rural Development and Panchayati Raj

⁴ Discussed in detail in later chapters

to stimulate local economic development, enhance basic services, and create well planned clusters attracting greater investments in rural areas.

4.9 Thus, there would be greater demands on the PRIs and ULBs, thereby calling for a greater need for efficient governance. These areas would not only require greater investments to facilitate growth, but improved governance mechanisms to deal with issues faced by both rural and urban areas. This would also include social issues which institutions of local self-government must be capacitated to handle. This requires that greater emphasis should be laid on rural-urban integration in the development approach adopted by Sikkim.

4.10 The Human Development Report (HDR) of Sikkim, 2014 discusses a number of future opportunities and challenges for the development of the State. Taking note of the existing and possible rural and urban development scenario, the report identifies some of the areas of greater concern. These are managing urbanisation, expanding eco-tourism, and promoting sustainable agriculture through organic farming.

4.11 Sikkim was the first State in India to be declared completely organic. The Sikkim Organic Mission was established in 2010 by Food Security & Agriculture Development in Sikkim which targeted certain crops and now about 99% of the State's cultivable area of 77,000 hectares is under organic management⁵. State laws have been established to ensure an organic status to Sikkim and a ban on chemical fertilizers. However, the State is still heavily dependent on the import of non-organic food items for general consumption. In the future, the organic status of Sikkim may be a big opportunity for innovations in agriculture processes. The State and LGIs need to work together not only to enhance organic outputs but also for better market linkages.

4.12 A very large percentage of the population in Sikkim currently comprises of the youth, as will be the case in the period 2020-2025. The HDR 2014 mentions the issues of employment generation for youth, drug abuse among youth with serious social and health problems. So, the future livelihood challenges need to be addressed by the LGIs. With enhanced aspirations and increased socio-climatic challenges, it is expected that the LGIs should prepare themselves for dealing with a variety of social and climatic issues.

4.13 Another challenge that plagues the State is the regional disparity between districts, which renders the East and South Districts more developed than the North and West Districts. Due to this, there is an unequal growth and development.

⁵ http://economictimes.indiatimes.com/articleshow/50883232.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

The Commission feels it is necessary to think of a more equitable growth of all districts. In the Human Development Report of 2014, Hon'ble Chief Minister Shri Pawan Chamling expressed his concern on challenges in the areas of connectivity, delivery of public services, infrastructure development and making Gram Sabhas the central pillar of planning.

4.14 Sikkim has a high literacy rate of 82.20 percent, with rural literacy at 80 percent and urban literacy at 89 percent⁶. The Central Government has established the mandate of e-Governance with Panchayats having access to internet. The Government of Sikkim is aware of the transformational changes that Information Technology would bring about. This technology is important for having up-to-date citizen services, ensuring greater accountability through e-governance and to promote IT investments in the State. Under the National Literacy Mission, in collaboration with the Ministry of Human Development, e-Literacy and Adult Literacy was handed over to the State. This encompasses establishment of one Adult Education Centre in each Gram Panchayat from where adult literacy classes are imparted, and special training modules for computer literacy. The main aim is to empower citizens and make life easier for them through e-governance. This would help in facilitating income and employment generation in the private sector.

4.15 Sikkim, however, does not possess very high internet speeds and quality due to which this vision remains distant. With slow and disturbed internet speeds, e-literacy and e-governance pose challenges that need to be addressed by the State. Appropriate investments must be made in ensuring regular internet access at the Panchayat. Once this has been achieved, e-literacy can be promoted.

4.16 Finally, as has been observed, there seems to be certain gaps in convergence between the GPs and ZPs and between PRIs and ULBs. This lack of convergence leads to unnecessary expenses which can easily be avoided and limit development activities from reaching their full potential. If not appropriately managed, these gaps in convergence may worsen during 2020-25. Therefore, some mechanism must be visualised to promote convergence between institutions.

4.17 Thus, recognising these challenges, the State needs to work towards meeting the rising demands of the growing population, capacity building of people to meet escalating livelihood needs, enhance the capacity of LGIs to handle increasing governance needs. This would mean that in order to cover all these aspects the State would require a large amount of financial resources. However, tax collection in Sikkim is not strong enough to generate the required amount which means that the net proceeds will not increase as much to address the growing issues. This

⁶ <http://www.sikenvs.nic.in/writereaddata/web-Sikkim%20Census%202011%20Data.pdf>

makes the LGIs highly dependent on the State Government and for financial and technical support. Thus, mobilising more local resources may be helpful to PRIs and ULBs to meet the growing demands.

CHAPTER 5 DEVOLUTION OF RESOURCES

5.1 Following its ToR, the Commission analysed the finances of the State, PRIs and ULBs. In addition to the current financial data, the Commission requested the RM&DD and UD&HD and FRED (Finance, Revenue and Expenditure Department) to provide estimated revenue and expenditure details for State, PRIs and ULBs for 2020-2025 on a yearly basis. Various line departments were also consulted for accessing associated data, if any.

5.2 On the basis of the available data and their analysis, the Commission, in the following chapters, discusses the ways of distribution of resource from the State to the LGIs. Following the conventions established by the past SFCs, the Commission takes the State's Own Tax Revenue as the basis of its recommendations. However, the effect of the newly implemented Goods and Services Tax (GST) has been taken note of. The Commission was informed by FRED regarding the implication of GST on the local taxation.

5.3 As discussed in the previous chapter, the institutions of local self-government need to be more efficient and also scale up their efforts so as to meet the enhanced expectations of their people. Therefore, it is imperative that the LGIs should be provided appropriate powers and financial resources to fulfil people's expectations and the Constitutional mandate. The Commission has taken note of the financial deficiency of the LGIs and therefore recommends that these issues need to be adequately addressed.

5.4 The Commission is aware of national and state level initiatives to streamline financial management systems and processes. There are various guidelines and orders by the Central Government, the State Government and the Fourteenth Finance Commission Report to restrict the number of different financial allocations heads. As per Government of India guidelines, there should not be any distinction between plan and non-plan budget expenditures to support better by state and central government agencies. The Fourteenth Finance Commission allocated funds to the Gram Panchayats and the ULBs on per capita basis with emphasis on performance.

5.5 To streamline financial management at the levels of the PRIs and the ULBs, the State Finance Commission has decided to drift away from the earlier SFC-practices of making recommendations under different budget-heads such as

Primary Grant, Development Grant, Performance Grant et al. *The Commission after due consultations and deliberations has therefore decided to recommend allocations under single budget head. The single budget head, it is expected, will improve budget planning by the PRIs and the ULBs by giving a holistic picture of spending requirement for the need based activities.*

5.6 The PRIs and the ULBs could be allowed to use the allocated resources (as recommended by the SFC) only after advance approval of their annual development plans, as mandated by the respective Constitution and State Acts for the PRIs and the ULBs.

5.7 The expenditure of such resources must be annually scrutinized following standard audit procedures, as established by the Government of Sikkim. The audit objections, if any, should be addressed before release of next year's instalments.

5.8 The Commission has therefore emphasized on capacity building of representative and functionaries of the PRIs and the ULBs for better resource mobilization and financial management. The Commission has also recommended for establishment of transparent and accountable financial practices at the State level.

5.9 There are a number of Gram Panchayats, which are located in difficult terrains. These GPs receive lesser grants due to their lesser population sizes. Because of their disadvantageous locations, their expenditures are also relatively higher. Above that, the own sources for revenue mobilization are limited. Similar are the cases of selected ULBs. The State Finance Commission has therefore recommended for special support grants to selected GPs and ULBs. The selection of such institutions was done by respective nodal departments on the basis of indicators for backwardness.

5.10 As per Commercial Tax Division, FRED, Government of Sikkim, GST is levied on supply of taxable goods and services (*Annexure 5.1*). As PRIs and ULBs are not engaged in such activities, hence they do not come within the ambit of the GST. The services provided by the PRIs and ULBs will however be taxable under reverse charge. The Constitutional (101st Amendment) Act has empowered the LGIs to levy and collect taxes on entertainment and amusement. Therefore, they could continue doing so.

5.11 While deciding on the basis for its recommendations on share of the PRIs and the ULBs from State Resources, the Commission has been informed about the possible impact of Goods and Services Tax (GST) in 2020-25. One of the basic impacts would be lack on separate systematic data on Own Tax Revenue and Own

Non-Tax Revenue. Even then the Commission has taken current trends in Own Tax Revenue as the basis for its recommendation. This was done because of the availability of suitable data on the same.

5.12 However, if due to the impact of the GST the systematic dis-aggregated data for Net Own Tax Revenue are not available, current proportion of Own Tax Revenue in the GSDP in 2016-17 should be considered to extract the figure for total amount of Own Tax Revenue from the State GST (SGST). Currently the Own Tax revenue is estimated to be 3.30 percent of the GSDP.

5.13 The Commission has based its recommendations on the basis of minimum needs of the PRIs and the ULBs. Its calculations are based on the estimates of own tax revenue, as provided by the FRED of Government of Sikkim. So, the Commission recommends that in no case individual PRIs and the ULBs should receive SFC-grants lesser than what has been actually recommended in this report. If the government decides to allocate more, it could do so.

5.14 The Commission also examined the document on activity mapping prepared by RM&DD in 2008 to clearly demarcate the roles of GPs and ZPs. Notification no. 3/RMDD/P dated 29.04.2008 issued by RM&DD, GoS, regarding the list of functions devolved/activities transferred to ZPs and GPs. However, the similar process of activity mapping was not conducted by UD&HD for ULBs.

5.15 The Commission appreciates the efforts of RM&DD in preparing the activity mapping in 2008. But on the basis of field interactions, it was found that the experience of the implementation of activity mapping in the recent years has not been very encouraging. With changing needs and aspirations of the people in PRIs, it becomes necessary that the previously prepared activity mapping must be reviewed and revised to keep up with the current and future development challenges.

5.16 From the past experiences, it has also come to the notice of the Commission that the exclusive roles of the GPs and ZPs should be unambiguously clarified. In many cases, the PRIs and the ULBs depend on their nodal departments to perform their mandated tasks. These involve division of responsibilities between PRIs/ULBs and the Nodal departments. The Commission is of the view that the expected roles of departments and local governments should be clarified and notified. Thus, in place of activity mapping, a responsibility mapping exercise needs to be undertaken. The Commission suggests that the preparation of a Responsibility Matrix must address delineation of roles and responsibilities among various bodies. This matrix should be output oriented.

Ways to strengthen local finances

5.17 There are two ways of strengthening the local government bodies:

- (i) Local governments should receive more capital/funds from State resources
- (ii) Local Governments should enhance their own local resource mobilisation⁷.

5.18 The State of Sikkim has been historically allocating a certain share of the net proceeds to its institutions of local self-government to carry out functions that they are expected to deliver to the citizens as specified in every SFC report. The previous SFC recommendations, in this regard, have been provided in the Table 5.1.

Table 5.1: Share of devolution to LGIs by previous SFCs

State Finance Commission (SFC)	Share of net proceeds
1st SFC (2000-2005)	1% (net proceed of all taxes)
2nd SFC (2005-2010)	1% (of State's Tax Receipts)
3rd SFC (2010-2015)	2% (of net proceeds of State Revenue)
4th SFC (2015-2020)	2.5% (of net proceeds)

Source: SFC 1st, 2nd 3rd and 4th SFC Report

5.19 It can be seen from the above Table that the share of devolution went from 1 percent in the First and Second SFC to 2.50 percent in the Fourth SFC. As discussed earlier, the aspirations of citizens and rising expectations from the local governments demands for a need to re-examine such allocation of funds to the local governments. The Commission examined the various options to appropriately suggest measures for allocation. Taking into account the history of SFC recommendations in Sikkim, as well as SFCs in other States, the net proceeds of the State has been re-considered as the basis for deriving related recommendations.

5.20 The trend in allocation of the resources in other States, as recommended by their respective SFCs, is given in the Table 5.2. As observed from these Tables, the percentage of State's Own Resources devolved to the PRIs and the ULBs is least in Sikkim. For the purpose of comparison, a variety of States have been selected. In the North-East, Assam and Tripura are the only other States where 73rd and 74th Amendments apply to almost all areas. The States of Meghalaya, Mizoram, Nagaland and Arunachal Pradesh have a mix of PRIs and Tribal Council. Therefore, as the Table suggests, in all the states where 73rd and 74th Amendment Acts apply, Sikkim provides the least share of State resources to its institutions of local self-

⁷ This point has been discussed in detail in the next chapter on Local Resource mobilisation

government.

Table 5.2: Devolution of resources in different States

State	State Finance Commission (SFC)	For the award period	Recommended & Accepted Share of resources by Government
Assam	4th	2011-16	14%(of net proceeds of all taxes)
Karnataka	3rd	2008-13	33% (of Net Own Revenue Receipts)
Kerala	4th	2011-16	General Purpose Fund : 3.5% (SOTR) Maintenance Fund : 5.5% (SOTR) Development Fund : 30% (of the Proposed Plan)
Rajasthan	5th	2015-20	7.182% (of SOTR)
Sikkim	4th	2015-20	2.5% (of net proceeds)
Tamil Nadu	5th	2017-22	10% (of SOTR)
Himachal Pradesh	3rd	2007-12	2.75% (of tax + non-tax revenue)
	4th	2012-17	Total Funds : 858.95Cr (PRIs + ULBs=476.48+382.47)
Tripura	3rd	2010-15	PRIs : 161.3 Cr RLBs : 119.53 (Total : 280.83cr)

Source: SFC Reports of all States mentioned in the Table

5.21 Thus, it can be noted that despite lesser resources, the potential of the PRIs of Sikkim has been recognised at the National level through the numerous awards that they have received. As it can be observed from the Table 5.3, Sikkim has received several awards over the years for its efforts and performance in PRIs and devolution of power to institutions of local governments. This suggests that institutions of local self-government of Sikkim have the potential to do more and better if supported appropriately.

5.22 From several discussions the Commission recognised that PRIs and ULBs in Sikkim face certain challenges in three major areas:

- (i) Poor resource allocation insufficient for development initiatives – With increasing population, the needs of the PRIs and the ULBs are increasing. These require greater investment in terms of financial support.
- (ii) Lack of necessary capacities among representatives and officials of Local Government – The fast changing development scenario coupled with growing aspirations of people require PRIs and ULBs to perform roles differently. These require certain sets of capacities among representatives and officials of Local Governments which are currently lacking.

- (iii) Other challenges- A GPU and ULB may be in challenging situation either due to their geographic location or for some other historical reason. This poses a challenge in terms of accessibility to and the availability different types of resources. These types of institutions need to be provided special support.

Table 5.3: Some of the Awards received by Directorate of Panchayati Raj, RM&DD, GoS as on April, 2017

Sl. No.	Award Category
1	3rd Best Performing State in Panchayati Raj for the year 2006-07
2	2nd Best Performing State in Panchayati Raj for the year 2008-09
3	3rd Best Performing State in Panchayati Raj for the year 2009-2010
4	3rd Best Performing State in Panchayati Raj for the year 2010-11
5	State Award for Devolution Index Rashtriya Gram Swaraj Abhiyaan (RGSA) for appraisal year 2013-14
6	Ranked 1st on Cumulative Devolution Index in the North East Region for the year 2014-15
7	Ranked 2nd on Incremental Devolution Index in the Country 2014-15
8	Best Performing State for e-Panchayat in 2015-16

Source: RM&DD, Government of Sikkim

5.23 The Commission suggests a streamlining of resource distribution between the State and the LGIs. Therefore, the Commission recommends that in addition to resource transfer, the LGIs should be prepared to play the expected role by providing them additional modern governance capacity inputs. The Commission did provide due consideration to challenging situations of identified institutions of local self-government. Accordingly, special provisions have been suggested for such institutions in the recommendations of this Commission.

5.24 The estimates of net proceeds of the State Government after adjusting for the cost of collection are as indicated at Table 5.4. For the purpose of this report, the net proceeds are considered as State's Own Tax Revenue subtracted by 10 percent (SOTR – 10%). On the basis of internal calculation, it was found that the current cost of tax collection is calculated at 6 percent. However, in the coming years, with inflation and increase in the number of PRIs, the approximate cost of tax collection will increase. Thus, the Commission has taken 10 percent as the cost of tax collection for the award period of 2020-25.

Table 5.4: Own Tax Revenue Receipts projections of the State for the period 2020-2025.

(₹ in Lakh)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Taxes on sales, trade, etc	46940.84	52767.19	59334.71	66739.67	75091.16
State Excise Duties	16442.41	16771.26	17106.70	17448.83	17797.81
Stamp Duty & Registration Fees	772.91	805.79	843.11	886.77	937.38
Motor Vehicle Tax	3296.00	3460.00	3633.00	3814.65	4005.38
Land Revenue	260.00	260.00	260.00	260.00	260.00
Other Taxes*	1386.46	1521.07	1669.22	1831.19	2010.31
Total	69098.62	75585.31	82846.74	90981.11	100102.04
Collection cost (10%)	6909.86	7558.53	8284.67	9098.11	10010.20
NOTR	62188.76	68026.78	74562.07	81883.00	90091.84

Source: Finance, Revenue and Expenditure Department, Government of Sikkim

* Projection for receipt from cesses under other Acts & Entertainment Tax has been excluded

5.25 Taking into account the discussed challenges and opportunities, the Commission recommends the following resource allocation for the period of 2020-2025:

- (i) 4.5% of the net proceeds of State's Own Tax Revenue should be devolved to PRIs and ULBs.
- (ii) 0.5% of the net proceeds of State's Own Tax Revenue should be allocated for Capacity building of PRIs and ULBs.
- (iii) 0.5% of the net proceeds of State's Own Tax Revenue should be allocated for special support to most backward PRIs and ULBs.

5.26 The Commission recommends that an amount of at least 4.5% of the net proceeds of State's taxes, fees, and levies should be devolved to PRIs and ULBs for the period of 2020-2025. This resource should be made available to PRIs and ULBs in the beginning of each financial year.

- (i) **The share of PRIs and ULBs from the above devolved resource should be in a ratio of 70:30 respectively which roughly corresponds to the expected rural and urban population during 2020-25.**
- (ii) **The resources between GPs and ZPs should be devolved in a ratio of 65:35 respectively. This ratio is suggested after understanding the current challenges of ZPs in accessing any other external resources.**

(iii) **For distribution of fund amongst individual local bodies, the population figures of Census 2011 has been considered. The population figures of GPs and ULBs provided by DESM&E is shown at Annexure 5.2 and 5.3 respectively.**

5.27 The share of Net Own Tax Revenue to institutions of local self-government and the devolution per capita to the ULBs and PRIs (GPs and ZPs) for the Award Period 2020-2025 is elaborated in Table 5.5 and Table 5.6 respectively. The yearwise allocations from share of Net Own Tax Revenue for GPs, ZPs and ULBs are shown in Annexure 5.4 – 5.6 respectively.

Table 5.5: Share of Net Own Tax Revenue for devolution to LGIs

(₹ in Lakh)

Financial Year	Devolution of NOTR			
	PRIs (70%)			ULBs (30%)
	GPs+ZPs	GPs (65%)	ZPs (35%)	
2020-21	1958.95	1273.31	685.63	839.55
2021-22	2142.84	1392.85	750.00	918.36
2022-23	2348.71	1526.66	822.05	1006.59
2023-24	2579.31	1676.56	902.76	1105.42
2024-25	2837.89	1844.63	993.26	1216.24
Total	11867.70	7714.01	4153.70	5086.16

Table 5.6: Per Capita devolution of 4.5% of Net Own Tax Revenue to LGIs

Financial Year	Devolution per capita (in Rupees)		
	PRIs (Population: 464117)		ULBs (Population: 146460)
	GPs	ZPs	
2020-21	274.352	147.728	573.227
2021-22	300.107	161.596	627.039
2022-23	328.938	177.121	687.278
2023-24	361.235	194.511	754.759
2024-25	397.449	214.011	830.425

5.28 In addition to the above, the Commission recommends 0.5% of the net proceeds of the State's Own Tax Revenue to be allocated for the State level Capacity Building Fund. This Fund should be utilised by RM&DD and UD&HD for accessing specific capacity inputs from the market. The division of this pool of resources between RM&DD and UD&HD should be in a ratio of 60:40 respectively. The Commission emphasises that this Fund is not meant for distribution among individual PRIs and ULBs but is to be retained as a State level Fund.

5.29 These capacities are in addition to generic capacity building, funds for which are already available through other channels. This fund should be used for higher order capacities from the market which are contextually relevant to Sikkim. Some examples of this include financial management, business management, entrepreneurship skills, networking and coalition building skills, and conflict resolution. The use of this fund should be decided by the Advance Capacity Building Framework, prepared by an expert committee/institution appointed by the Government of Sikkim.

5.30 The share of distribution of the State Capacity Building Fund to institutions of local self-government for the period 2020-2025 is highlighted in Table 5.7.

Table 5.7: Devolution of 0.5% of NOTR for State Capacity Building Fund

(₹ in Lakh)

Financial Year	Devolution of Net Own Tax Revenue	
	UD&HD (40%)	RM&DD (60%)
2020-21	124.38	186.57
2021-22	136.05	204.08
2022-23	149.12	223.69
2023-24	163.77	245.65
2024-25	180.18	270.28
Total	753.50	1130.26

5.31 Additionally, 0.5% of the net proceeds should be allocated as Special Incentive Grant for special support to a certain number of PRIs and ULBs which are constrained by topography as well as inaccessibility and other peculiarities. These LGIs have been identified by the respective Nodal departments for handholding after scrutinising and analysing their backwardness quotient through various secondary and primary data. The division of this fund between PRIs and ULBs should be in a ratio of

90:10 respectively. The distribution to such PRIs and ULBs which are deemed backward and require Special Incentive Grant is elaborated in the Table 5.8. Based on the list provided by the Nodal departments, the yearwise distribution of such Grant amongst each GP and ULB has been done and shown in *Annexure 5.7 & 5.8* respectively.

Table 5.8: Devolution of 0.5% of NOTR as Special Incentive Grant to LGIs

(₹ in Lakh)

Financial Year	Devolution of Net Own Tax Revenue	
	PRIs (90%)	ULBs (10%)
2020-21	279.85	31.09
2021-22	306.12	34.01
2022-23	335.53	37.28
2023-24	368.48	40.94
2024-25	405.41	45.05
Total	1695.39	188.37

5.32 The Commission recommends for the formation of a State Finance Commission Cell (SFC Cell) in the Finance, Revenue, and Expenditure Department. The SFC Cell should be formed on the lines of the Finance Commission Cell in the Government of India. The utilisation of all the funds for capacity building should be monitored by this SFC cell. The SFC cell should annually produce reports on status of transfer and utilisation of the funds recommended by the SFC.

CHAPTER 6

MEASURES TO STRENGTHEN RESOURCES – RECOMMENDATIONS FOR LOCAL RESOURCE MOBILISATION

6.1 Own Source Revenue (OSR) is an indicator of financial autonomy of any institution. In the changing global contexts, there is a renewed emphasis on enhancing local resource mobilisation by governments to help them manage fluctuating financial receipts from external sources such as aids and grants from external sources. This applies to any national, provincial and local government as inter-governmental financial linkages in any country or region are quite often practiced norms.

6.2 PRIs and ULBs are constitutionally mandated institutions of local self-governments. Their finances also depend on external resources coming from respective State Governments and the Central Government. Lesser dependence on resources from Central and State Governments should be the desired goals for PRIs and ULBs in Sikkim. However, an analysis of available balance sheets of Panchayats and ULBs in Sikkim suggests that contribution of own resources in total revenue of Panchayats are almost negligible. In the case of ULBs, own resource mobilization has remained largely unexplored.

6.3 The SFC undertook consultations with PRIs and ULBs across the State. It also consulted many practitioners and experts associated with the PRIs and the ULBs. During these consultations, a consensus emerged that local resource mobilization must be encouraged and supported. The Commission, therefore, is of the view that the State government and nodal departments (RM&DD and UD&HD) must act as a catalyst to encourage innovative efforts in increasing own resource revenues of PRIs and the ULBs. Although the respective Sikkim Panchayat Act, 1993 and Sikkim Municipalities Act, 2007 have provisions for levying taxes and fees, however, they have yet not been operationalised. Therefore, it is necessary for consequential orders to be passed by the concerned administrative departments for imposition and collection of these provisions related to taxes, fees and levies. Operational rules for imposition and collection of these taxes, fees and levies must be implemented immediately.

6.4 Taxes, fees and levies are important but not exhaustive sources of own revenue. Though very few in numbers, there are examples of Panchayats

successfully undertaking initiatives (such as having parking facilities, car washing centre, local market facilities, home stays etc.) to generate additional (non-tax) own revenue. However, in absence of any structural and intellectual supports, even these Panchayats have not been able to maximise the gains of their innovative own resource mobilization mechanisms.

6.5 The SFC, on the basis of aforementioned examples and also on the basis of consultations with ULBs and PRIs, therefore recommends that institutionalisation of local social entrepreneurship by the PRIs and the ULBs must be encouraged. Needless to say, these endeavours must contribute towards social development. The institutional encouragement for local entrepreneurship requires that the State and Nodal Departments should evolve appropriate mechanism and structures to support the PRIs and ULBs in this regard. The state level capacity building fund (as recommended by this Commission) or any other fund should be used to provide appropriate handholding and capacity building support for PRIs and ULBs.

Enhanced Collection of Taxes, Fees and Levies

6.6 The recommendations of the Commission for enhancing local resource mobilization are, therefore, elaborated as follow:

- (i) In pursuance of Sikkim Panchayat Act, 1993 and Sikkim Municipalities Act, 2007 the respective nodal departments, namely RM&DD and the UD&HD must duly notify the taxes, fees and levies. The rates of these taxes, fees and levies must be fixed at the State level.
- (ii) The rates of different taxes, fees and levies must take into account the paying capacities of people and also quality of services made available by the PRIs and the ULBs. Accordingly, rates of taxes, fees and levies may vary in different PRIs and ULBs in different regions.
- (iii) Since the financial situation in PRIs and ULBs vary significantly, these institutions should be provided flexibilities to choose their rates. Accordingly, the SFC advises the nodal departments to fix a minimum and maximum amount for different rates at State or regional levels. Individual PRIs and ULBs could in turn decide upon exact rates in their jurisdictions within the suggested ranges of rates.
- (iv) While LGIs must be encouraged to deliberate upon innovative sources for generating their own resources, these charges must not be imposed irrationally. The charges must be in lieu of credible and equitable services provided.

- (v) The nodal departments should continuously monitor tax/charge collections and review and revise their rates at least once in two years.

Facilitating local entrepreneurship

6.7 It is the responsibility of the State Government to inculcate the culture of local entrepreneurship among the PRIs and the ULBs. This requires that the State must provide basic infrastructure and other necessary support such as subsidized loan, linkages and capacity building. Accordingly, the Commission recommends that:

- (i) The State government should provide infrastructure and facilities available with them on concessional or subsidised rates to the PRIs and the ULBs for carrying out any activities related to their own resource mobilisation.
- (ii) In exceptional cases, where the PRIs and the ULBs due to their remoteness or certain peculiar circumstances, are not in a position to access appropriate sources for generating their own revenue, the State Government needs to consider remedial or compensatory measures (Remote areas like Karji-Mangman Panchayat in West Sikkim, Sakyong-Pentong Panchayat in North Sikkim and Gyalshing Municipal Council in West Sikkim are some of the classic examples of such a situation).
- (iii) Over a period of time various agencies and departments in State Government have constructed Rural Marketing Centres and Tourism Wayside Amenities. These infrastructures are either underutilized or remain 'abandoned'. The RM&DD in rural areas and UD&HD in urban areas must identify/map such infrastructures in consultation with respective departments.
- (iv) The Commission is of the opinion that such infrastructure particularly within the Panchayat areas and also in the ULBs could be far better managed and put to optimal use if handed over to the respective LGIs. While handing over such infrastructure, the PRIs and the ULBs must be made accountable for operation and maintenance of the infrastructure. One aspect that needs to be looked into is whether the concerned PRIs and the ULBs have the capacity to manage the infrastructure proposed to be transferred.

Purely viewed from the point of maintenance of such infrastructure created by the State and later on transferred to the LGIs, the Commission would like to take this opportunity to suggest that in future construction of such

infrastructure, locally available materials should be used for ease of future maintenance. The transfer of such infrastructure should also not unnecessarily overburden the financial resources of PRIs and ULBs and therefore, certain compensatory arrangements could also be considered.

- (v) The Commission recommends that the terms and conditions associated with any such transfer and services associated with it should not be financially detrimental to financial or non-financial functions of PRIs. If Operation and Management (O&M) of any such infrastructure is not possible in this way, the State should provide part or full O&M cost to PRIs/ULBs so that these infrastructures should not become burden to meagre resources of the PRIs/ULBs.
- (vi) The terms and conditions of aforementioned transfers should be mutually agreed between the agency of State Government and the PRIs.

Corporate Social Responsibility

6.8 Section 135 of the Indian Companies Act 2013 provides the threshold limit for applicability of the Corporate Social Responsibility (CSR) to a Company i.e. (a) net worth of the company to be Rupees 500 crore or more; (b) turnover of the company to be Rupees 1000 crore or more; (c) net profit of the company to be Rupees 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India. The Act requires a company to spend at least 2 percent of its average net profit on CSR activities in its areas of operations.

6.9 During field consultations and otherwise, the Commission noticed instances of development partnerships between PRIs/ULBs and the locally operating companies. Representatives of corporates also visualize greater potential in development partnerships with the local self-governments. It is expected that with increase in number of companies operating in Sikkim during the period 2020-25, CSR could be a significant source of financial assistance for local development. Thus, the Commission in this regard, recommends the following:

- (i) PRIs/ULBs and local corporates should develop project partnerships as part of the Clause 1 of Section 135 of the Indian Companies Act 2013.
- (ii) These partnerships need to be institutionalized for optimization of CSR resources available in the State and accordingly an institutional arrangement must be made to pool and distribute the CSR resources in every district.

- (iii) The pooled resources should be appropriately managed for development expenditure through the District Planning Committee in the district. The detailed guidelines for such pooling and distribution of resources should be discussed and agreed between Representatives of Corporates and the nodal departments (RM&DD and UD&HD).
- (iv) The operation and management and the guidelines in this regard should be notified and published before the commencement of the financial year 2020.

Federating Financial, Technical and Human Resources

6.10 Due to the size of the population, the advantages of economy of scale cannot be experienced in Sikkim. However, such advantages can be accessed by forming development clusters of GPs to undertake joint resource generating activities.

- (i) The Commission, therefore, recommends a collective of GPs to federate to develop joint business opportunities with a clear-cut division of labour and sharing of resources. An example of this could be joint farming and joint asset development. The Commission recommends the State to provide appropriate technical guidance and support in this regard such as organic farming for floriculture and horticulture. The role of the GPs and the ZPs would be in marketing the farm produce collectively.
- (ii) The Commission recommends promoting village tourism through the concept of home stays by forming clusters of interested GPs. The PRIs will play a role as a marketing agent of these home stays and therefore ensure the quality of services provided to the tourists. A structural arrangement needs to be discussed and finalized by the State Government delineating the roles of different levels of agencies such as GPs, Block Administrative Centre (BAC), ZPs, District Administration and the Department of Tourism. The Tourism Department should take the lead in guiding the development of tourist facilities at home, GP, Block and district level. The rates of services, including tariff of home stay, need to be standardized. The responsibility mapping along with resource sharing arrangements must be made to incentivize different actors. The home stays, in addition to providing good resources to the State could also help concerned GPs in generating additional resources through commission sharing mode.
- (iii) A resource saved is a resource generated. Following the concept of 'economy

of scale', the federation of GPs could more effectively and efficiently implement their GPDPs by consolidating their individual plans. The bigger the scale of implementation, the lesser will be cost thereby saving the resources of every GP. In order to achieve this scale, a participatory consolidation process under the GPDPs must be implemented. This process must be within the control of the DPC. Financial federation of GPs will usher healthier relations between GPs and ZPs. The ZPs will effectively play the role of coordination and implementation which could in-turn generate some resources for Zilla Panchayats as well by receiving coordination service charges from the GPs concerned.

- (iv) The ULBs and PRIs must collaborate to enhance their financial as well as service providing capacities. The market in urban areas should be linked to sustained supplies from rural areas. Rurban areas provide opportunities for such innovative business models for collaborations between PRIs and the ULBs. The rural and urban collaboration by integrating their development agendas will be a win-win situation for all parties.
- (v) The Commission recognises that without staff capacity and functioning of the institution, these efforts will go to vain. Hence the primary objective should be to create proper futuristic and viable business models for the sustainability of the institutions and slowly and steadily decrease dependency on the government. In this regard, intra-organisation coordination is important. This is visualised between PRIs and ULBs for proper development of rurban business models and ultimately, coordination will be maintained to keep the supply chain intact between UD&HD, RM&DD, PRIs and ULBs and a holistic development model will be created.

CHAPTER 7

INCENTIVIZING, CAPACITATING AND ENSURING ACCOUNTABILITY OF PRIs AND ULBs

7.1 The PRIs and the ULBs are the most proximate institutions and so, the most prominent governing institutions in the lives of people residing in any area. Because of their physical proximities, the PRIs and the ULBs can deliver basic services for their people more efficiently and more effectively. Performance of the PRIs in Sikkim is widely recognized nationally, as reflected in over 30 National Awards to them during last 10 years (*Annexure 4.2*).

7.2 The levels of expectations from people and ground realities of available resources do not match. This poses challenges in functioning of the PRIs and the ULBs. Elected representatives (ERs) of the PRIs and the ULBs are expected to spend their time in deliberating and implementing development projects in their areas. The Sikkimese tradition and culture also obliges them to respond to social invitations from their electorates. These invitations are meant essentially to the position (not the person) of elected representatives. Thus, these elected representatives are expected to spend their time and financial resources to respond to their expected developmental and social roles. The Commission, therefore, recommends for appropriate compensation for elected representatives of the PRIs and the ULBs.

7.3 As discussed in Chapter 5 & 6 of the report, the Commission visualizes the PRIs and the ULBs to act as very vibrant institutions of local self-government. Accordingly, the Commission has emphasized on enhancing resources of these institutions. The Commission has also recommended for creation of responsibility matrix for the PRIs and the ULBs as well as responsibility of the State government in relation to responsibilities of the PRIs/ULBs. The responsibility matrix must be implemented in letter and spirit.

Enhancing honorarium of Elected Representatives of LGIs

7.4 The current honorarium rates are meagre to compensate current expenditures of ERs. Thus, the Commission supports revision of the honorarium of elected representatives of the PRIs and the ULBs. This revision should not only consider the workload, social obligations, and inflation but also commensurate with the honorarium of similar positions in Sikkim and other States of the country. The Commission, accordingly, recommends the enhancement of honorarium of elected

representatives of LGIs as elaborated in the Table 7.1. The Commission suggests that the honorarium amount could be arranged from the Consolidated Fund of the State and not acquired from the net proceeds of the State.

Table 7.1: Proposed honorarium of Elected Representatives of LGIs

Position of the Elected Government Representative	Honorarium (Rs. Per Month)	
	Current	Proposed
Zilla Panchayats and Gram Panchayats		
ZP Members & Sabhapatis of GPs	4800	18000
Up-Sabhapati of Gram Panchayat	4000	17000
Sachiva of Gram Panchayat*	4000	-
Gram Panchayat Members	3200	16000
Urban Local Bodies		
Councillors of Gangtok Municipal Corporation (excluding Mayor & Deputy Mayor)	4800	18000
Councillors of Municipal Councils (excluding Chairperson & Vice Chairperson)	4400	17000
President of Nagar Panchayats	4800	18000
Vice-President of Nagar Panchayats	4400	17000
Councillors of Nagar Panchayats	4400	17000

*As per RM&DD, Sachiva will now be recruited government employee.

Incentivize Coordination among the GPs, ZPs and ULBs

7.5 It seems currently GPs, ZPs and ULBs are in general working in silos. They do meet occasionally when some departments of the State Government invite them together for some meetings. Otherwise there is no common forum for them to meet. This is a serious issue and is also not in conformity with the spirit of local self-government. The Constitution of India and the Sikkim Panchayat Act 1993 and the Sikkim Municipalities Act 2007 visualize a system of integrated, inter-dependent units of local government. The Commission, therefore, recommends the following:

- (i) Regular meetings of Gram Sabhas, as per provision of the Sikkim Panchayat Act 1993, must take place with due process of participation and decision making. The records of the process documentation and resolutions must be scrutinized regularly by appropriate authorities within the nodal departments.

- (ii) Similarly, the UD&HD must ensure regular meetings of the Area Sabhas, on the lines of meetings of Gram Sabhas for providing people a forum to periodically participate in their local governance process.
- (iii) The nodal departments RM&DD and UD&HD must support every PRI and ULB respectively, to prepare an annual calendar of their activities, including the meetings of Gram Sabhas and Area Sabhas.
- (iv) The joint deliberation and planning meetings must take place among the GPs of a BAC, along with ZP members from the BAC, at least once in every quarter. The District collector as the Secretary of the DPC must designate ADC-Development to co-ordinate such meetings and report the results of such meetings to the DPC.
- (v) Similarly, the Secretary of District Planning Committee must ensure that representatives of ZPs and ULBs do meet at least twice in a year to discuss the emerging development opportunities and challenges. The agenda of such meetings must be prepared on the basis of outputs of above mentioned periodic meetings: Area Sabhas and Gram Sabhas. The output of these conversations may be included as some of the points of the agenda for future DPC meeting.

Creation of Panchayats and Municipal Cadres, and the Directorate of ULBs

7.6 The existing workload and increasing expectations do require that the PRIs and the ULBs should have appropriate staffing support. As per available data from nodal departments and also during the field consultations, the Commission noted the instances of understaffing, overstaffing and inappropriate staffing, especially in the case of the ULBs. Appropriate staffing is a very important aspect for ensuring functional efficacy of any institution. The support staff should be recruited, trained, posted and promoted to provide energetic support for efficient and effective performance of the PRIs and the ULBs. The Commission, therefore, recommends the following:

- (i) The nodal departments (RM&DD and UD&HD) must review staffing at every Panchayat and Municipality and suggest the redressal measures in terms of redeployments and recruitments, if necessary.
- (ii) The Panchayat Cadre has been recently created under Sikkim Panchayat

Subordinate Services Rules. The implementation of the said Rules must be done expeditiously.

- (iii) Taking into consideration the actual population of any city (its permanent residents and the floating population such as tourists and labourers et al.), the urban services are over stretched. The current staffing pattern in ULBs is inadequate. This trend will accelerate in future and so, may derail the urban governance processes if remedial measures are not taken urgently. The Commission, therefore, strongly recommends for creation of a Municipal Cadre.
- (iv) Also, a separate directorate of ULBs is being recommended by the Commission.

State Capacity Building Framework

7.7 It has come to the notice of the Commission that the elected representatives of ULBs do not receive timely and periodic training. However, the routine training inputs are regularly received by elected representatives of the Panchayats. The SIRD plays an important role in imparting training to elected representatives of the PRIs. In doing so, it is adequately supported by the Central Government. There are different training institutions in Sikkim such as SIRD, Capacity Building Institute, SICB (State Institute of Capacity Building), Skill Building, AATI (Accounts and Administrative Training Institute). But none of these training institutes cater to contemporary needs of elected representatives.

7.8 Also in the case of the PRIs, the current capacity building arrangements, though appreciable and important, are not sufficient to support the PRIs for delivering ever changing and ever increasing expectations of the people and the Government of Sikkim. All Capacity Building arrangements in the State should be reviewed to explore their convergence for undertaking integrated capacity building approaches. The Commission therefore recommends the following:

- (i) There must be a separate training institution or a separate division in SIRD, with exclusive mandates to periodically build capacities of the elected representatives and functionaries of the ULBs.
- (ii) The RM&DD and the UD&HD should separately review/create the Training Need Assessments for the elected representatives and functionaries of the PRIs, the ULBs and the DPCs, with reference to the projected development challenges during 2020-25.

- (iii) On the basis of the Training Needs Assessment above, RM&DD should prepare a 5 year training plan for the PRIs, UD&HD for the ULBs. In the case of the DPCs, the RM&DD and UD&HD should jointly prepare capacity building plans.
- (iv) The RM&DD and the UD&HD should jointly review all capacity building structures and arrangements to suggest an integrated framework in capacity building for elected representatives, functionaries of the PRIs and ULBs and people residing in the PRIs and the ULBs. This framework must be ready and implemented before commencement of the financial year 2020.
- (v) The State Capacity Building Framework must be ready for implementation by 2020. It should include:
 - Calendar of all routine trainings with deadlines of their completion,
 - Specific learning exposure visits with clear-cut expected results,
 - Capacity inputs outsourced to other specialised departments of the State Government and other capacity building agencies including the market.
- (vi) The State Capacity Building Framework must be implemented in letter and spirit with the use/pooling of already available resources from Central and State Governments under different schemes, and Capacity Building Fund as recommended by this Commission earlier (refer Chapter 5).
- (vii) Flowing from the above point, the accountability of implementation of this State Capacity Building framework must be fixed with the Directorate of Panchayats in RM&DD and the Directorate of Municipalities in UD&HD as proposed by this Commission.

7.9 It is important to bear in mind that these capacity building institutions should be experienced in specialized trade; only then appropriate and need based capacity on entrepreneurial skills can be built up. Also, this type of capacity building should not be generic capacity building, it should be specialized and need based. These types of trainings can help in performance development activities to areas sustainability and can be used in further livelihood activities.

7.10 The Commission is of the opinion that the strategies for capacity and training and capacity building efforts must aim at making delivery of services quick, cost effective and responsive to people's requirements. These should focus on a wide range of target groups including all levels of officials, elected representatives and

NGOs. The strategy should be related to the demand driven needs of Local Bodies, agencies, parastatals and NGOs engaged in rural and urban management. For this purpose, even the capacity building of functionaries including policy makers of institutions is extremely necessary.

7.11 The Commission, therefore, recommends more such state level training centres for capacity building and developing soft skills of the citizens for increasing employment opportunities for them. For this purpose, linkages with national level institutions can also be considered for improved quality.

7.12 Taking note of emerging ground realities, the Commission expresses its concern on poor functional coordination between the GPs and the ZPs as well as between the PRIs and the ULBs. The Commission also recommends for an unambiguous and efficient accountability mechanism for all financial expenditures done at the level of PRIs and the ULBs as well as expenses incurred by nodal departments for the PRIs and the ULBs. All such expense related data should be made available in one place for scrutiny of State audit authorities.

Accountability of the PRIs and the ULBs

7.13 In order to improve the efficient functioning of institutions of Local Self-Government and also to increase their ownership, an effective accountability mechanism should be operationalised. However, the Commission, on the basis of financial data received from the nodal departments and also on the basis of different field interactions, expresses its concerns on state of accountability system in institutions of local self-government. This needs to be addressed urgently. The Commission therefore recommends the following:

- (i) Mandatory annual audit of GPs, ZPs, ULBs and the DPCs must be undertaken as per standard operating procedures for the financial audit, as suggested by the Comptroller and Auditor General of India.
- (ii) The Audited Statement of a Unit (GP/ZP/ULB/DPC) must be publicly displayed in its office for public scrutiny and comments.
- (iii) The audit observations should result in necessary corrective actions.

Result Based Monitoring (RBM) System

7.14 The PRIs and the ULBs are very important institutions affecting the daily lives of the people of Sikkim. So, their decisions and actions have serious implications. This entails importance of ensuring timely and appropriate decisions and actions of the PRIs/ULBs with full compliance to be laid down systems of financial and functional operations. The Commission has already made recommendations for preparation of a contemporary Responsibility Matrix. This matrix will become meaningless if not implemented sincerely. The Commission therefore recommends that:

- (i) The RM&DD must prepare and implement a Result Based Monitoring System on the basis of Responsibility Matrix for PRIs and the DPCs.
- (ii) The UD&HD must do similar exercise for the ULBs.
- (iii) Both nodal departments must assign the responsibility of implementation of the Result Based Monitoring at different levels to exclusively designated officers.
- (iv) The existing infrastructures/systems for e-governance should be used for the RBM so that quarterly data is available to nodal departments.
- (v) The nodal departments must annually publish a summary report on experiences of RBM for public consumption and use.

CHAPTER 8

ISSUES TO BE CONSIDERED BY THE CENTRAL GOVERNMENT AND 15TH CENTRAL FINANCE COMMISSION

Issues to be considered by the Central Government

8.1 Due to limited funds, the state is not able to address certain operational challenges. These challenges need to be addressed sooner but are too large for the State to handle, the Commission urges the Central Government to consider certain issues, which are important for the State. This would also mean that the 15th Central Finance Commission should consider these issues while making recommendations to provide to the Central Government. These challenges have been identified after various discussions with different departments of the State Government as well as the institutions of local self-government. It is expected that with active supports from the Central Government, these challenge could be addressed effectively for providing desired momentum to the development of Sikkim.

(i) Issues of Connectivity

(a) **All weather road connectivity** - Due to erratic weather conditions road connectivity often gets disrupted. This leads to hampered road connectivity and thus a lack of coordination and communication between institutions of local self-government. Thus, there is a need for all weather road connectivity. As this is an issue too large for the State to handle, the Commission recommends the Central Government to address this issue.

(b) **Internet connection (For e-governance and e-literacy)** - Another challenge that is faced by Sikkim is the lack of good internet connectivity. With increasing need for digitisation as can be seen by the Central Government's schemes and programmes, the need for internet based development has increased. E-governance and e-literacy have taken the forefront and payments through internet are promoted. However, internet connectivity at such a large scale is difficult for the State Government to address. Hence, the Commission suggests the Central Government to pitch in for funding to improve the internet connectivity.

(ii) Strategic linkages by government for professional capacity building

The Commission suggests that specialised institutions should be established by Central Government. These should focus on building professional capacity building skills such as soft skills for youth in the hospitality sector, in order to cater to the growing needs for employment and necessary capacity building skills in the State and also in line with the skill development projects undertaken by the Central Government.

(iii) Disaster mitigation/management

With extreme weather conditions, disasters tend to occur. Due to lack of accurate weather reports, Panchayats have reported disruptions in farm activities and functionality of the Panchayat systems. There is thus a need for improved meteorological mechanisms and accurate weather reports to prevent damage and destruction. This meteorological infrastructure deficiency requires the State to check for mechanisms required for disaster mitigation. This will not only help to avoid damage during disasters but also help farmers to plan their crops. However, the State is not equipped with the appropriate technology and thus the Centre should provide financial input to provide technological support to understand the weather for early warning systems. The Commission recommends the Central Government to install Doppler weather radar for improving weather reports and updates. This would benefit not just Sikkim but also neighbouring States.

(iv) Special UD&HD training institutes

As per demand of ULBs and after consultation with ULB officers, the commission feels it is important to have special UD&HD training institutes which the Centre should provide assistance for. The Centre must support the State's initiative by providing funds to create institutions for training.

Issues to be considered by the 15th Central Finance Commission

8.2 The Commission would like to draw attention of the 15th Finance Commission about the special needs of PRIs and ULBs in hilly and resource constrained states such as Sikkim. As discussed in chapter 3 of this Report, Sikkim depends heavily on central grants to provide its citizens the much-needed public services. The PRIs and the ULBs have special needs, which cannot be fulfilled by the State alone without the additional supports from Central Government. The Commission therefore requests the 15th Finance Commission to look into recommendations elaborated in section 8.1 above and suggest the appropriate measures for institutionalization of such

special supports from Central Government for the PRIs and the ULBs in Sikkim.

8.3 In addition to the above, the Central Finance Commission should also consider the following needs of local self-governments in Sikkim.

(i) Grants for Zilla Panchayats:

The ZPs in Sikkim play important roles in Sikkim. Being the only second tier of two tier system of Panchayati Raj Institutions in Sikkim, the ZPs are the only elected bodies to take care of any development needs above the Gram Panchayat. Moreover, ZPs in Sikkim have historically been quite active in rural development planning in the district. Somehow these bodies did not receive any grant from the Fourteenth Finance Commission. Due to absence of Central financial supports, the ZPs in Sikkim are in dire need of resources to play their constitutionally mandated roles. It has also affected the efficiency in functioning of the PRI system as a whole. This Commission would therefore urge the 15th Finance Commission to consider the financial needs of ZPs and make appropriate recommendations for them.

(ii) Infrastructural support

After discussions with ULBs and UD&HD of Sikkim, it was found that no ULBs have buildings/separate offices for their proper functioning. Currently, they are renting out buildings belonging to private owners and other Government offices. Hence, there is a need to build their offices in order to improve their efficiency and effectiveness. However, the cost for these buildings is not in the capacity of the State to spend. The Central Government can support them in providing funding for the same. Thus, it is proposed that the 15th Finance Commission should suggest appropriate institutional mechanism for financial supports to construct the separate offices for each of the ULBs in the State.

CHAPTER 9 SUMMARY OF RECOMMENDATIONS

9.1 In this report, the Commission has striven to make recommendations for appropriately increasing the devolution of resources to the institutions of local self-government. However, the Commission has emphasised on enhancing local resource mobilisation through various initiatives such as optimisation of collection of local taxes, fees and charges, and also undertaking local entrepreneurship initiatives such as local tourism, commercial cropping, and local markets and so on.

9.2 The financial strengthening of Panchayati Raj Institutions and Urban Local Bodies is unsustainable if appropriate financial and functional accountability mechanisms are not in place. Therefore, the Commission has also looked into incentivisation and accountability aspects to make appropriate recommendations in this regard.

9.3 The institutions of local self-government need to be more efficient and also scale up their efforts so as to meet the enhanced expectations of their people. Therefore, it is imperative that the LGIs should be provided appropriate powers and financial resources to fulfil people's expectations and the Constitutional mandate. The Commission has taken note of the financial deficiency of the LGIs and therefore recommends that this issue needs to be adequately addressed.

(Para 5.3)

9.4 The Commission recommends that the preparation of an output oriented Responsibility Matrix. This matrix will map the responsibility of the PRIs and the ULBs as well as responsibility of the State government in relation to responsibilities of the PRIs/ULBs.

(Para 5.16)

9.5 The Commission recommends that an amount of at least 4.5% of the net proceeds of State's taxes, fees, and levies should be devolved to PRIs and ULBs for the period of 2020-2025. This resource should be made available to PRIs and ULBs in the beginning of each financial year.

(Para 5.26)

9.6 The Commission recommends that an amount of 0.5% of the net proceeds of the State's Own Resources should be allocated for the State level Capacity Building Fund. This Fund should be utilised by RM&DD and UD&HD for accessing specific

capacity inputs from the market.

(Para 5.28)

9.7 The Commission recommends that an additional 0.5% of the net proceeds should be allocated as Special Incentive Grant for special support to a certain number of PRIs and ULBs which are constrained by topography as well as inaccessibility and other peculiarities.

(Para 5.31)

9.8 The Commission recommends for the formation of a SFC Cell within FRED for the monitoring of resource transfer and resource utilization, as per recommendations of this Commission.

(Para 5.32)

9.9 The Commission recommends for enhanced collection of taxes, fees and levies by PRIs and ULBs which may vary in different PRIs and ULBs in different regions.

- (i) The nodal departments should fix a minimum and maximum amount for different rates at State or regional levels.
- (ii) While LGIs must be encouraged to deliberate upon innovative sources for generating their own resources, these charges must not be imposed irrationally.
- (iii) The nodal departments should continuously monitor tax/charge collections and review and revise their rates at least once in two years.

(Para 6.6)

9.10 The Commission recommends that the institutionalisation of local social entrepreneurship by the PRIs and the ULBs must be encouraged by the State Government.

- (i) The State government should provide infrastructure and facilities available with them on concessional or subsidised rates to the PRIs and the ULBs for carrying out any activities related to their own resource mobilisation.
- (ii) The Commission recommends that those PRIs and the ULBs that are not in a position to access appropriate sources for generating their own revenue, due to their remoteness or certain peculiar circumstances, should be considered for remedial or compensatory measures by the State Government. (Remote areas like Karji-Mangman Panchayat in West Sikkim, Sakyong-Pentong

Panchayat in North Sikkim and Gyalshing Municipal Council in West Sikkim are some of the classic examples of such a situation).

- (iii) The Commission recommends that the RM&DD in rural areas and UD&HD in urban areas in consultation with respective departments must identify/map constructions like Rural Marketing Centres and Tourism Wayside Amenities that are either underutilized or abandoned. Such infrastructure must be handed over to the respective LGIs for optimal utilisation.
- (iv) The Commission recommends that the terms and conditions associated with any such transfer and services associated with it should not be financially detrimental to financial or non-financial functions of PRIs.
- (v) The terms and conditions of aforementioned transfers should be mutually agreed between the agency of state government and the PRIs.

(Para 6.7)

9.11 The Commission recommends that PRIs/ULBs and local corporates should develop project partnerships as part of the Clause 1 of Section 135 of the Indian Companies Act 2013.

- (i) An institutional arrangement must be made to optimise and pool the available CSR resources and distributed in every district.
- (ii) The pooled resources should be appropriately managed for development expenditure through the District Planning Committee in the district.
- (iii) The detailed guidelines for such pooling and distribution of resources should be discussed and agreed between Representatives of Corporates and the nodal departments (RM&DD and UD&HD).
- (iv) The operation and management and the guidelines in this regard should be notified and published before the commencement of the financial year 2020.

(Para 6.9)

9.12 The Commission recommends a collective of GPs to federate to develop joint business opportunities with a clear-cut division of labour and sharing of resources.

- (i) The Commission recommends the State to provide appropriate technical guidance and support in this regard such as organic farming for floriculture and horticulture. The role of the GPs and the ZPs would be in marketing the

farm produce collectively.

- (ii) The Commission recommends promoting village tourism through the concept of home stays by forming clusters of interested GPs. The PRIs will play a role as a marketing agent of these home stays and therefore ensure the quality of services provided to the tourists.
- (iii) The Commission recommends for the implementation of a participatory consolidation process under the GPDPs within the control of the DPC. Financial federation of GPs will usher healthier relations between GPs and ZPs.
- (iv) The Commission recommends that intra-organisation coordination for this is important. This is visualised between PRIs and ULBs for proper development of rural business models and ultimately, coordination should be maintained to keep the supply chain intact between UD&HD, RM&DD, PRIs and ULBs and a holistic development model will be created.

(Para 6.10)

9.13 For the purpose of incentivising the PRIs and the ULBs, the Commission recommends for an increase in the current honorarium rates keeping in mind the workload, social obligations, and inflation of the elected representatives and government officials. The Commission suggests that the honorarium amount should be arranged from the Consolidated Fund of the State.

(Para 7.4)

9.14 The Commission recommends incentivising coordination between GPs, ZPs and ULBs. This includes:

- (i) Regular meetings of Gram Sabhas with due processes of participation and decision making, and documentation.
- (ii) Similarly, the UD&HD must ensure regular meetings of the Area Sabhas, on the lines of meetings of Gram Sabhas.
- (iii) The nodal departments RM&DD and UD&HD must support every PRI and ULB respectively, to prepare an annual calendar of their activities.
- (iv) The joint deliberation and planning meetings must take place among the GPs of a BAC, along with ZP members from the BAC, at least once in every quarter.

- (v) Similarly, the Secretary of District Planning Committee must ensure that representatives of ZPs and ULBs do meet at least twice in a year to discuss the emerging development opportunities and challenges.

(Para 7.5)

9.15 The Commission recommends the creation of Panchayats and Municipal Cadres, and Directorate of ULBs. Under this, the Commission recommends:

- (i) The nodal departments (RM&DD and UD&HD) must review staffing at every Panchayat and Municipality and suggest the redressal measures in terms of redeployments and recruitments, if necessary.
- (ii) The expeditious implementation of the recently created Panchayat Cadre under Sikkim Panchayat Subordinate Services Rules.
- (iii) The creation of a Municipal Cadre.
- (iv) The creation of a separate Directorate of ULBs.

(Para 7.6)

9.16 The Commission recommends that the Capacity Building arrangements in the State should be reviewed to explore their convergence for undertaking integrated capacity building approaches. For this purpose, the Commission recommends that:

- (i) There must be a separate training institution or a separate division in SIRD, with exclusive mandates to periodically build capacities of the elected representatives and functionaries of the ULBs.
- (ii) The RM&DD and the UD&HD should separately review/create the Training Need Assessments for the elected representatives and functionaries of the PRIs, the ULBs and the DPCs, with reference to the projected development challenges during 2020-25.
- (iii) On the basis of the Training Needs Assessment above, RM&DD should prepare a 5 year training plan for the PRIs, UD&HD for the ULBs. In the case of the DPCs, the RM&DD and UD&HD should jointly prepare capacity building plans.
- (iv) The RM&DD and the UD&HD should jointly review all capacity building structures and arrangements to suggest an integrated framework in capacity building for elected representatives, functionaries of the PRIs and ULBs and people residing in the PRIs and the ULBs. This framework must be ready

and implemented before commencement of the financial year 2020.

- (v) The State Capacity Building Framework must be ready for implementation by 2020. It should include:
- Calendar of all routine trainings with deadlines of their completion,
 - Specific learning exposure visits with clear-cut expected results, and
 - Capacity inputs outsourced to other specialised departments of the State Government and other capacity building agencies including the market.
- (vi) The State Capacity Building Framework must be implemented in letter and spirit with the use/pooling of already available resources from Central and State Governments under different schemes, and Capacity Building Fund.
- (vii) Flowing from the above point, the accountability of implementation of this State Capacity Building framework must be fixed with the Directorate of Panchayats in RM&DD and the Directorate of Municipalities in UD&HD as proposed by this Commission.

(Para 7.8)

9.17 The Commission recommends that the strategies for capacity and training and capacity building efforts must aim at making delivery of services quick, cost effective and responsive to people's requirements.

(Para 7.10)

9.18 The Commission recommends more such state level training centres for capacity building and developing soft skills of the citizens for increasing employment opportunities for them. For this purpose, linkages with national level institutions can also be considered for improved quality.

(Para 7.11)

9.19 The Commission recommends for an unambiguous and efficient accountability mechanism for all financial expenditures done at the level of the PRIs and the ULBs as well as expenses incurred by nodal departments for the PRIs and the ULBs. All such expense related data should be made available in one place for scrutiny of State audit authorities.

(Para 7.12)

9.20 The Commission expresses its concerns on state of accountability system in institutions of local self-government and recommends the following:

- (i) Mandatory annual audit of GPs, ZPs, ULBs and the DPCs must be undertaken

as per standard operating procedures for the financial audit, as suggested by the Comptroller and Auditor General of India.

- (ii) The Audited Statement of a Unit (GP/ZP/ULB/DPC) must be publicly displayed in its office for public scrutiny and comments.
- (iii) The audit observations should result in necessary corrective actions.

(Para 7.13)

9.21 The Commission has already made recommendations for preparation of a contemporary Responsibility Matrix. In order to ensure the functioning of all LGIs, result based monitoring is necessary. For this purpose, the Commission recommends that:

- (i) The RM&DD must prepare and implement a Result Based Monitoring System on the basis of Responsibility Matrix for PRIs and the DPCs.
- (ii) The UD&HD must do similar exercise for the ULBs.
- (iii) Both nodal departments must assign the responsibility of implementation of the Result Based Monitoring at different levels to exclusively designated officers.
- (iv) The existing infrastructures/systems for e-governance should be used for the RBM so that quarterly data is available to nodal departments.
- (v) The nodal departments must annually publish a summary report on experiences of RBM for public consumption and use.

(Para 7.14)

9.22 The Commission recommends the Central Government to address the following issues that are too large for the State to handle:

(i) Issues of Connectivity

- (a) All weather road connectivity - Hampered road connectivity leading to a lack of coordination and communication between institutions of local self-government call for a need for all weather road connectivity.
- (b) Internet connection - The Commission recommends the Central Government to pitch in for funding to improve the internet connectivity.

(ii) Strategic linkages by government for professional capacity building

The Commission suggests that specialised institutions should be established by Central Government. These should focus on building professional capacity building skills.

(iii) Disaster mitigation/management

The Commission recommends the Central Government to install Doppler weather radar for improving weather reports and updates. This would benefit not just Sikkim but also neighbouring States.

(iv) Special UD&HD training institutes

The Commission recommends that the Centre must support the State's initiative by providing funds to create institutions for training.

(v) Infrastructural support

The Commission recommends for separate offices as well as a town hall should be constructed for each of the ULBs of the State.

(Para 8.1)

9.23 The Commission therefore requests the 15th Finance Commission to look into recommendations elaborated in section 8.1 above and suggest the appropriate measures for institutionalization of such special supports from Central Government for the PRIs and the ULBs in Sikkim.

(Para 8.2)

9.24 In addition to the above, the Central Finance Commission should also consider the following needs of local self-governments in Sikkim.

(i) Grants for Zilla Panchayats:

The ZPs in Sikkim play important roles in Sikkim. Being the only second tier of two tier system of Panchayati Raj Institutions in Sikkim, the ZPs are the only elected bodies to take care of any development needs above the Gram Panchayat. Moreover, ZPs in Sikkim have historically been quite active in rural development planning in the district. Somehow these bodies did not receive any grant from the Fourteenth Finance Commission. Due to absence of Central financial supports, the ZPs in Sikkim are in dire need of resources to play their constitutionally mandated roles. It has also affected the efficiency in

functioning of the PRI system as a whole. This Commission would therefore urge the 15th Finance Commission to consider the financial needs of ZPs and make appropriate recommendations for them.

(ii) Infrastructural support

After discussions with ULBs and UD&HD of Sikkim, it was found that no ULBs have buildings/separate offices for their proper functioning. Currently, they are renting out buildings belonging to private owners and other Government offices. Hence, there is a need to build their offices in order to improve their efficiency and effectiveness. However, the cost for these buildings is not in the capacity of the State to spend. The Central Government can support them in providing funding for the same. Thus, it is proposed that the 15th Finance Commission should suggest appropriate institutional mechanism for financial supports to construct the separate offices for each of the ULBs in the State.

(Para 8.3)

Gangtok
31ST July, 2017



(Tsegyal Tashi), IAS
Chairman



(Tashi W. Khangsarpa)
Member



(Mukti Nath Dhakal)
Member



(Bikram Tamang)
Member Secretary

months unless the Governor extends the term for the purpose.

3. The Commission shall make recommendations as to the following matters, namely:-

(1) (a) The principles which should govern:-

(i) The distribution of fund between the State and Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them under part IX and IX A of the Constitution of India and the allocation between the Zilla Panchayats, Gram Panchayats and Urban Local Bodies at all levels of their respective shares of such proceeds;

(ii) The determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats;

(iii) The Grants-in-Aid to the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats from the consolidated fund of the State.

(b) The measures needed to improve the financial position of the Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats.

(2) The Commission shall also:-

(i) examine and make suggestions the extent to which and the manner in which the resource available to the local bodies could best be utilised for meeting the expenditure of the bodies;

(ii) make a detailed analysis of the repayment of loans and advances , if any, extended by the Government from time to time to the local bodies and make suitable recommendation for repayment of Government dues and make possibility of adjusting these dues against future devolution of revenues from Government to these bodies.

(iii) examine the resources of the Local Bodies for the five years commencing on 1st April 2015 , on the basis of the existing and proposed level of taxation and non-tax revenues reached at the end of 2014-15.

(3) In making its recommendations, the Commission shall have regard to among other things, resources of the State Government and the demands thereon on account of expenditure on civil administration, debt servicing, development and other committed expenditure.

(4) Suggest to improve the quality of public expenditure to obtain better outputs and outcomes;

(5) examine the component of maintenance and up keep of capital assets created by the Local Bodies or transferred by the Government to the Local Bodies.

(6) In making its recommendations on various matters, the Commission shall take the base

of population figure as of 2011, in all such cases where population is a factor for determination of devolution of taxes, duties and grants-in-aids.

(7) The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates and expenditure of each tier of Local Bodies within the State.

(8) The Commission shall submit its recommendations to the Governor within 28th day of February 2017, covering the period of five years commencing on the 1st day of April, 2020.

(9) The Chairman and Members shall hold office till submission of the final report of the Commission to the Government.

Sd/-

(M.G. KIRAN)

Principal Secretary

Finance Revenue & Expenditure Department



GOVERNMENT OF SIKKIM
FINANCE, REVENUE AND EXPENDITURE DEPARTMENT
GANGTOK

No: 22/FCD/Fin/212

Date: 30/08/2016

NOTIFICATION

In partial modification of Notification No: 22/FCD/Fin/198, dated: 17/08/2016, Shri Tsegyal Tashi, IAS, Secretary, Land Revenue & Disaster Management Department is hereby appointed as Chairman of the Fifth State Finance Commission in place of Shri L.M. Pradhan, IAS, Secretary, Sikkim Legislative Assembly.

By order and in the name of the Governor.

Sd/-

(M.G. KIRAN)

Principal Secretary

Finance Revenue & Expenditure Department



**GOVERNMENT OF SIKKIM
FINANCE, REVENUE & EXPENDITURE DEPARTMENT
GANGTOK**

No. 32/Fin/Adm

Date : 04/07/2017

NOTIFICATION

In terms of Clause 2 of Notification No. 22/FCD/Fin/198, dated: 17/08/2016 read with Notification No: 22/FCD/Fin/212, dated : 30/08/2016, the term of the 5th State Finance Commission is further extended upto 31st July 2017.

By Order and in the name of the Governor.

Sd/-

(M.G. KIRAN)

PRINCIPAL SECRETARY

PUBLIC NOTICE

The Fifth State Finance Commission has been constituted by the Governor of Sikkim under the Chairmanship of Shri Tsegyal Tashi, IAS vide Notification No.22/FCD/Fin/198, dated 17/08/2016 read with amendment Notification No.22/FCD/Fin/212, dated 30/08/2016 with the following Terms of Reference:

The Commission shall make recommendations as to the following matters, namely:-

(1) (a) The principles which should govern:-

- (i) The distribution of fund between the State and Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them under part IX and IX A of the Constitution of India and the allocation between the Zilla Panchayats, Gram Panchayats and Urban Local Bodies at all levels of their respective shares of such proceeds;
- (ii) The determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats;
- (iii) The Grants-in-Aid to the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats from the consolidated fund of the State

(b) The measures needed to improve the financial position of the Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats.

(2) The Commission shall also:-

- (i) examine and make suggestions the extent to which and the manner in which the resource available to the local bodies could best be utilised for meeting the expenditure of the bodies;
- (ii) make a detailed analysis of the repayment of loans and advances , if any, extended by the Government from time to time to the local bodies and make suitable recommendation for repayment of Government dues and make possibility of adjusting these dues against future devolution of revenues from Government to these bodies.
- (iii) examine the resources of the Local Bodies for the five years commencing on 1st April 2015, on the basis of the existing and proposed level of taxation and non-tax revenues reached at the end of 2014-15.

(3) In making its recommendations, the Commission shall have regard to among other things, resources of the State Government and the demands thereon on account of expenditure on civil administration, debt servicing, development and other committed expenditure.

Fifth State Finance Commission

- (4) Suggest to improve the quality of public expenditure to obtain better outputs and outcomes;
- (5) Examine the component of maintenance and up keep of capital assets created by the Local Bodies or transferred by the Government to the Local Bodies.
- (6) In making its recommendations on various matters, the Commission shall take the base of population figure as of 2011, in all such cases where population is a factor for determination of devolution of taxes, duties and grants-in-aids.
- (7) The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates and expenditure of each tier of Local Bodies within the State.
- (8) The Commission shall submit its recommendations to the Governor within 28th day of February 2017, covering the period of five years commencing on the 1st day of April, 2020.
- (9) The Chairman and Members shall hold office till submission of the final report of the Commission to the Government.

The Fifth State Finance Commission invites views and suggestions on issues related to terms of reference from the general public, panchayats, public representatives, institutions and organisations in writing by 26th November 2016 to Shri Bikram Tamang, Member Secretary, Fifth State Finance Commission, Second Floor, Room No.24, Manan Bhawan, Gangtok. The views and suggestions can also be sent by email to 5thsfcsikkim@gmail.com.

Other Contact Numbers of the Commission are given as below:

1. Shri Tsegyal Tashi, IAS - Chairman
Secretary cum Relief Commissioner,
Land Revenue & Disaster Management Department
Mobile No.7063592044
2. Shri Tashi Khangsharpa - Member
Special Secretary
Urban Dev. & Housing Department
Mobile NO. 9434010509
3. Shri Mukti Nath Dhakal - Member
Director Panchayat
Rural Management & Dev. Department
Mobile No.9434241481

Sd/-
(BIKRAM TAMANG)
Member Secretary,
Fifth State Finance Commission
Mobile No.9434022575

Schedule of meetings held by 5th SFC

Sl. No.	Date	Venue	Present
1	07.09.2016 (1.00 PM)	Office chamber of the Chairman	4. Mr. Tsegyal Tashi, IAS 5. Mr. Tashi W. Khangsarpa 6. Mr. Mukti Nath Dhakal 7. Mr. Bikram Tamang - Chairman - Member - Member - Member Secretary
2	15.12.2016 (12.30 PM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Gautam Majumder - Chairman - Member - Member - Member Secretary - PRIA
3	24.12.2016 (2.00 PM)	Office chamber of the Secretary, RMDD (meeting with RMDD & UDHD)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Gautam Majumder 6. Mr. D.R. Nepal 7. Mr. G.T. Bhutia - Chairman - Member - Member - Member Secretary - PRIA - Secretary, RMDD & his officials - Secretary, UDHD & his officials
4	19.01.2017 (12 Noon)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Mukti Nath Dhakal 3. Mr. Bikram Tamang 4. Mr. Gautam Majumder - Chairman - Member - Member Secretary - PRIA
5	08.02.2017 (10.00 AM)	Janta Bhawan, Gangtok	Meeting with GPs of East District. List of participants enclosed at <i>Annexure - 2.2.1.</i>
6	08.02.2017 (2.00 PM)	ZP Bhawan, Sichey	Meeting with ZPs of East District. List of participants enclosed at <i>Annexure - 2.2.2.</i>
7	15.02.2017 (10.00 AM)	ZP Bhawan, Namchi	Meeting with GPs of South District. List of participants enclosed at <i>Annexure - 2.2.3.</i>
8	15.02.2017 (2.00 PM)	ZP Bhawan, Namchi	Meeting with ZPs of South District. List of participants enclosed at <i>Annexure - 2.2.4.</i>
9	16.02.2017 (10.00 AM)	SIRD, Karfectar	Meeting with ULBs of South & West District. List of participants enclosed at <i>Annexure - 2.2.5.</i>
10	17.02.2017 (10.00 AM)	ZP Bhawan, Gyalshing	Meeting with GPs of West District. List of participants enclosed at <i>Annexure - 2.2.6.</i>
11	17.02.2017 (2.00 PM)	ZP Bhawan, Gyalshing	Meeting with ZPs of West District. List of participants enclosed at <i>Annexure - 2.2.7.</i>
12	21.02.2017 (10.00 AM)	ZP Bhawan, Mangang	Meeting with GPs of North District. List of participants enclosed at <i>Annexure - 2.2.8.</i>
13	21.02.2017 (2.00 PM)	ZP Bhawan, Mangang	Meeting with ZPs of North District. List of participants enclosed at <i>Annexure - 2.2.9.</i>
14	23.02.2017 (10.00 AM)	GMC Conference Hall, Deorali	Meeting with ULBs of East & North District. List of participants enclosed at <i>Annexure - 2.2.10.</i>

Fifth State Finance Commission

Sl. No.	Date	Venue	Present
15	04.03.2017 (10.30 AM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Mukti Nath Dhakal 3. Mr. Bikram Tamang 4. Mr. Gautam Majumder - Chairman - Member - Member Secretary - PRIA
16	06.04.2017 (3.00 PM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang - Chairman - Member - Member - Member Secretary
17	25.04.2017 (2.30 PM)	Office chamber of the Chairman (meeting with UDHD)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Bikram Tamang 4. Mr. G.T. Bhutia 5. Mr. Raj N. Pradhan 6. Mr. J.B. Karki 7. Mr. Manoj Rai 8. Mr. Gautam Majumder - Chairman - Member - Member Secretary - Secretary, UDHD - CAO, UDHD - CAO, UDHD - Director, PRIA - PRIA
18	26.04.2017 (10.00 AM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Manoj Rai 5. Mr. Gautam Majumder - Chairman - Member - Member - Member Secretary - Director, PRIA - PRIA
19	26.04.2017 (1.00 PM)	Office chamber of the Chairman (meeting with Consultant, FRED)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. S.D. Pradhan 6. Mr. Manoj Rai 7. Mr. G. Majumder - Chairman - Member - Member - Member Secretary - Consultant, FRED - Director, PRIA - PRIA
20	26.04.2017 (2.30 PM)	Office chamber of the Chairman (meeting with FCD, FRED)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. B.K. Pradhan 6. Mr. Linus Rai 7. Manoj Rai 8. Mr. Gautam Majumder - Chairman - Member - Member - Member Secretary - Pr. Director, FRED - Addl. Director, FCD, FRED - Director, PRIA - PRIA
21	27.04.2017 (2.00 PM)	Office chamber of the Chairman (meeting with RMDD)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Tashi W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. D.R. Nepal 6. Mr. Kumar Bardewa 7. Mr. Manoj Rai 8. Mr. Gautam Majumder - Chairman - Member - Member - Member Secretary - Secretary, RMDD - Addl. Director, F&A, RMDD - Director, PRIA - PRIA

Sl. No.	Date	Venue	Present
22	28.04.2017 (11.30 AM)	Office chamber of the Chairman (meeting with Tourism & CA Department)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Mukti Nath Dhakal 3. Mr. Bikram Tamang 4. Mr. C.P. Dhakal 5. Mr. U.M. Rai 6. Mr. Prashant Dahal 7. Mr. Manoj Rai 8. Mr. Gautam Majumder - Chairman - Member - Member Secretary - Special Secretary, Tourism & CA - Joint Director, T & CA - Sr. Accounts Officer - Director, PRIA - PRIA
23	28.04.2017 (3.00 PM)	Office chamber of the Chairman (meeting with NHPC)	1. Mr. Tsegyal Tashi, IAS 2. Mr. Mukti Nath Dhakal 3. Mr. Bikram Tamang 4. Mr. Ramesh Mukhiya 5. Dr. Ajay Kumar Jha 6. Mr. Manoj Rai 7. Mr. Gautam Majumder - Chairman - Member - Member Secretary - CE(TS-IV), NHPC - Dy. Manager, NHPC - Director, PRIA - PRIA
24	29.05.2017 (11.00 AM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. Mukti Nath Dhakal 3. Mr. Bikram Tamang 4. Mr. Manoj Rai 5. Mr. Gautam Majumder 6. Ms. Ankita Bhat - Chairman - Member - Member Secretary - Director, PRIA - PRIA - PRIA
25	30.05.2017 (11.00 AM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. T.W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Manoj Rai 6. Mr. Gautam Majumder 7. Ms. Ankita Bhat - Chairman - Member - Member - Member Secretary - Director, PRIA - PRIA - PRIA
26	31.05.2017 (1.00 PM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. T.W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Manoj Rai 6. Mr. Gautam Majumder 7. Ms. Ankita Bhat - Chairman - Member - Member - Member Secretary - Director, PRIA - PRIA - PRIA
27	01.06.2017 (1.30 PM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. T.W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Manoj Rai 6. Mr. Gautam Majumder 7. Ms. Ankita Bhat - Chairman - Member - Member - Member Secretary - Director, PRIA - PRIA - PRIA
28	02.06.2017 (10.30 AM)	Office chamber of the Chairman	1. Mr. Tsegyal Tashi, IAS 2. Mr. T.W. Khangsarpa 3. Mr. Mukti Nath Dhakal 4. Mr. Bikram Tamang 5. Mr. Manoj Rai 6. Mr. Gautam Majumder 7. Ms. Ankita Bhat - Chairman - Member - Member - Member Secretary - Director, PRIA - PRIA - PRIA

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH MEMBERS AND OFFICIALS OF GRAM PANCHAYATS, EAST DISTRICT****VENUE: JANTA BHAWAN, GANGTOK****DATE: 8TH FEBRUARY, 2017 (10.00 AM)**

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Gautam Majumder	PRIA	-	
6	Mr. Alok Pandey	PRIA	-	
7	Ms. Suvekcha Tamang	PRIA		
8	Dawa Pintso Lepcha	Panchayat Secretary	Bhusuk Naitam	9434103475
9	Rosila Dorjee	P.D.A	Bhusuk Naitam	9647809480
10	Sandhya Lepcha	Panchayat President	Rey Mendu	9609878121
11	Hari Chandra Rai	PDA/Rey Mendu GP	Rey Mendu	9733335213
12	Karma Sonam Chopel	RDA	Rey Mendu	
13	Thendup N. Lepcha	PAA	Rey Mendu	7602087072
14	Hissay Lhamu Lepcha	P.D.A	Namcheybong	8388870409
15	Deena Rai	Panchayat President	Namcheybong	9609876133
16	Suresh Rai	R.D.A	Namcheybong	9734101221
17	Lachi Maya Chettri	Panchayat President	Central Pandam	9938434286
18	Hemlata Sharma	PDA/Rey Mendu GP	Central Pandam	8509822908
19	Yog Prasad Sapkota	Panchayat President	Tumin	9735944492
20	Rupesh Dahal	PAA	Tumin	9002159248
21	Bimla Bhattarai	P.D.A	Samdong Kambel	8348150720
22	Mani Raj Rai	RDA	Samdong Kambel	9735007193
23	Sonam Chiki Bhutia	Panchayat President	Lingtam Phadamchen	7797885027
24	M.J. Rai	Panchayat President	Khamdong	9733033098
25	J.C. Lepcha	RDA	Khamdong	8348760922
26	Chandra Maya Rai	Panchayat President	Dalapchen	9609858023
27	Neeti Rai	PDA	Dalapchen	9932011802
28	TashiWangal	Sr. VAA	O/o ADC Dev./East	

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
29	Yogita Pradhan	Sr.VAA	ADC Office	9434117528
30	Pema Kunzang Sherpa	PAA	Lingtam Phadamchen	9734964428
31	Munna Chettri	PDA	Lingtam Phadamchen	9734126063
32	Manisha Nepal	J.I.A	IPR Department	9734760039

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF ZILLA PANCHAYAT, EAST DISTRICT****VENUE: ZILLA PANCHAYAT BHAWAN, GANGTOK****DATE: 8TH FEBRUARY, 2017 (2.00 PM)**

SL. NO.	NAME	DESIGNATION	NAME OF ZP	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Alok Pandey	PRIA		9990865888
6	Mr. Gautam Majumder	PRIA		8420823894
7	Ms. Suvekcha Tamang	PRIA		7076154696
8	Mr. Bimal Dawari	Hon'ble Adhyaksha	East District	
9	Mrs. Kalpana Moktan	Hon'ble Up-Adhyaksha	East District	
10	Mr. Prabhakar Verma, IAS	Sachiva	East District	9434741997
11	Mr. N. Chettri	DPO/EDZP	East District	9933005505
12	Tshering Dolma	Sr. A.O/EDZP	East District	7872952272
13	Surya Kumar Rai	Zilla Panchayat	Luing Ranka	9733027526
14	Parsu Ram Rai	Zilla Panchayat	Bering-Sudunglakha	9832037226
15	Dimple Luitel	Zilla Panchayat	Amba Taza	9832681494
16	Dayange Sherpa	Zilla Panchayat	Kyongnosla	9475635099
17	Lakpa Doma Bhutia	Zilla Panchayat	Rey Rumtek	9474769170
18	Deepak Tamang	Zilla Panchayat	Byeng Martam	9434338999
19	Srijana Rai	Zilla Panchayat	Chujachen	9734142370
20	Meera Rai	Zilla Panchayat	Bhusuk Nandok	9775869649
21	Lochan Khatiwara	Zilla Panchayat	Central Pendam	8001865386
22	Hem Raj Adhikari	Zilla Panchayat	Singbel Tumin	9733245708
23	Saraswati Chettri	Zilla Panchayat	Samdong akdong	9733124077

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH MEMBERS AND OFFICIALS OF GRAM PANCHAYATS, SOUTH DISTRICT**

VENUE: ZILLA PANCHAYAT BHAWAN, NAMCHI

DATE: 15TH FEBRUARY, 2017 (10.00 AM)

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Manoj Rai	Director, PRIA	-	
6	Mr. Gautam Majumder	PRIA	-	
7	Mr. Raj Kumar Yadav, IAS	District Collector	South District	7063592011
8	Ms. Benu Gurung	ADC/Dev	Namchi	9434117309
9	Mr. Bimal Rai	BDO	BAC, Namchi	9593280804
10	Nima Chosang Sherpa	P. Inspector	BAC, Namchi	9775457701
11	Reena Rai	P. Inspector	BAC, Namchi	9733037933
12	D.B. Pradhan	Panchayat President	Melli Dara Payong	7407180258
13	Mani Kr. Rai	Office Supervisor	Melli Dara Payong	8101639005
14	Madhav Sharma	RDA	Melli Dara Payong	9647783143
15	Topda Bhutia	Panchayat President	Maniram Phalidara	9734041165
16	Raju Tamang	RDA	Maniram Phalidara	8348981842
17	Jas Bdr. Rai	P. Secretary	Salghari	9609807616
18	Mani Kumar Rai	RDA	Salghari	9434338963
19	Prem Kr. Rai	BDO,BAC	Poklok Nandugaon	8768453817
20	Bhawan Kr. Subba	PAA	Salghari	9735939870
21	Pranay Sharma	ITA,Sumbuk	BAC, Sumbuk	8001725438
22	Bhagat Kr. Gurung	Panchayat President	Chuba Phong	8768545199
23	Dhan Maya	PAA	Chuba Phong	8906106558
24	Lalit Subba	RDA	Chuba Phong	7432020826
25	Pranita Pradhan	PDA	Chuba Phong	9593785309
26	Dil Kri. Rai	Panchayat	Sorok Shyampani	9647857154
27	Usha Pradhan	P. Secretary	Mickhola Boomtar	8016464385
28	B.B. Rai	Panchayat President	Mickhola Boomtar	9734875321

Fifth State Finance Commission

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
29	Bandana Rai	Panchayat	Assangthang	9734272618
30	Yozna Rai	PDA	Assangthang	7384130750
31	Pemba Sonam Sherpa	RDA	Assangthang	8925853025
32	Rinchen Ongmu	Panchayat	Ralong Namlung	9734144617
33	Sonam Gyaltzen	P.S	Ralong Namlung	7047848149
34	Yugsang Bhutia	RDA	Ralong Namlung	9733433329
35	Lanzey Ongmu Bhutia	PAA	Ralong Namlung	7872785260
36	Bina Limboo	Vice President	Damthang GPU	8509435817
37	Prakash Chettri	RDA	Damthang GPU	9733098529
38	Bikash Sharma	P. President	Namphing	7602530167
39	Kalpana Rai	OS	Namphing	9734959921
40	Smt. Amrit Maya Tamang	P. Secretary	Kateng Pamphok	8116813725
41	Ramjit Tamang	Panchayat President	Kateng Pamphok	9609879385
42	Pranit Gurung	PDA	Kateng Pamphok	8972391743
43	Shyam Mangar	RDA	Kateng Pamphok	9564989126
44	Priya Dahal	Panchayat Inspector	Poklok Nandugaon	7602679946
45	Ma Tsh. Lepcha	Panchayat Sachiva	Rong Bul	8906102056
46	Kenchaman rai	Panchayat President	Mamley Kamrang	
47	Kumar Thapa	RDA	Manlay Kamrang	
48	Sonam Denka Bhutia	PDA	Ben-Namprick	3593286456
49	Kishore Rai	RDA	Ben-Namprick	9564032673
50	B.B. Subba	Panchayat (S)	Ben-Namprick	9609852616
51	Boshanta Chettri	PAA	Ben-Namprick	
52	Prakash Sanjel	VAA	Niya Mangzing	9609854227
53	Pahal Man Limbu	PAA	Kolathang Tokdey	9733449446
54	Bishnu M. Dhamla	Panchayat Member	Kitam Manpur	7602599375
55	Savitri Chettri	Panchayat President	Kitam Manpur	9733249046
56	Meera Pradhan	P. Member	Kitam Manpur	8670852208
57	Sashi Tamang	Secretary	Kitam Manpur	9593887464
58	Prakash Tamang	Media	Nayuma, Namchi	7550978235

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF ZILLA PANCHAYAT, SOUTH DISTRICT**

VENUE: ZILLA PANCHAYAT BHAWAN, NAMCHI

DATE: 15TH FEBRUARY, 2017 (2.00 PM)

SL. NO.	NAME	DESIGNATION	NAME OF ZP	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	9434241481
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Manoj Rai	Director, PRIA		9871198821
6	Mr. Gautam Majumder	PRIA		8420823894
7	Mr. Chabilal Gurung	Hon'ble Adhyaksha	South District	9474352811
8	Ms. Devi Maya Baraily	Hon'ble Up-Adhyaksha	South District	9733266354
9	Mr. Raj Kumar Yadav, IAS	District Collector	South District	7063592011
10	Ms. Benu Gurung	ADC/Dev.	Namchi	9434117309
11	Rinchen Choden	Under Secretary	SDZP	9474522583
12	Sunil Kr. Mothay	DPO	SDZP	
13	D. Mukhia	Accounts Officer	SDZP	9733255176
14	Bishwaraj Rai	Sr. Accountant	SDZP	7063063889
15	Mr. Himlal Tamang	Zilla Member	Rongbul Maniram	9733391476
16	Chandra Kala Chettri	Zilla Member	Sadam Suntaley	7872884623
17	Farwanti Tamang	Zilla Member	Turuk Mellidara	9734186156
18	Jayanti Manger	Zilla Member	Mangley Kamrang	7341818340
19	Kamal Gurung	Zilla Member	Tingrithang Damthang	9832091151
20	K.N. Pradhan	Zilla Member	Kitam Manpur	9832427887
21	Tulshi Maya Manger	Zilla Member	Assangthang Salghari	9434488065
22	C.P. Rai	Zilla Member	Poklok Chisopani	9002380402

Fifth State Finance Commission

SL. NO.	NAME	DESIGNATION	NAME OF ZP	CONTACT NO.
23	Sunita Tamang	Zilla Member	Sorok Shyampani	9832427328
24	Gokul Rai	Zilla Member	Tanzi Rateypani	9647738217

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF URBAN LOCAL BODIES, SOUTH AND WEST DISTRICT**

VENUE: SIRD MEETING HALL, KARFECTAR

DATE: 16TH FEBRUARY, 2017 (10.00 AM)

SL. NO.	NAME	DESIGNATION	ULB NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC		
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC		
3	Mr. Mukti Nath Dhakal	Member, 5th SFC		
4	Mr. Bikram Tamang	Member Secretary, 5th SFC		
5	Mr. Manoj Rai	Director, PRIA		
6	Mr. Gautam Majumdar	PRIA		
7	Mr. S.T. Tamang	Additional Secretary (S/W)	UD&HD	8016277137
8	Mr. Bimal C. Rai	SDM	Namchi	9734946292
9	Mr. Udai Chandra Rai	Chairman	Namchi Municipal Council	9832417327
10	Diki Lhamu Bhutia	Vice Chairperson	Namchi Municipal Council	9593776793
11	Bandana Rai	Executive Councillor	Namchi Municipal Council	9002041817
12	Rajiv Rai	MEO	Namchi Municipal Council	9832063663
13	Khusbu Kumari Burma	Councillor	Namchi Municipal Council	
14	Somnath Rizal	Sr. Accountant	Namchi Municipal Council	9474058389
15	Chung Chung Lepcha	Accounts Clerk	Namchi Municipal Council	9647892231

Fifth State Finance Commission

SL. NO.	NAME	DESIGNATION	ULB NAME	CONTACT NO.
16	I.K. Neopaney	Chairman	Gyalshing Municipal Council	9593887122
17	Zangmoo Bhutia	Vice Chairperson	Gyalshing Municipal Council	9593969028
18	Roshan Gurung	Executive Councillor	Gyalshing Municipal Council	9733133369
19	R.B. Bhandari	MEO	Gyalshing Municipal Council	9832014743
20	Chunkila Bhutia	Councillor	Gyalshing Municipal Council	9933877008
21	Nirmala Hingmang	Councillor	Gyalshing Municipal Council	9593389907
22	Sarda Devi Agarwal	Councillor	Gyalshing Municipal Council	9608476888
23	Sanjay Subba	Councillor	Gyalshing Municipal Council	8348167884
24	P.B. Rai	SI	Gyalshing Municipal Council	9733076920
25	Tashi Bhutia	L.D.C	Gyalshing Municipal Council	8016124035
26	Tika Gurung	Chairman	Jorethang Municipal Council	9609895767
27	Pema Tamang	Vice Chairperson	Jorethang Municipal Council	9733225009
28	Purnima Pradhan	Executive Councillor	Jorethang Municipal Council	9775438690

SL. NO.	NAME	DESIGNATION	ULB NAME	CONTACT NO.
29	Ganesh Adhikari	Councillor	Jorethang Municipal Council	9734335688
30	Pavitra Rai	Councillor	Jorethang Municipal Council	8436482333
31	Bharat Prasad	Councillor	Jorethang Municipal Council	9434409844

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH MEMBERS AND OFFICIALS OF GRAM PANCHAYATS, WEST DISTRICT**

VENUE: ZILLA PANCHAYAT BHAWAN, GYALSHING

DATE: 17TH FEBRUARY, 2017 (10.00 AM)

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Manoj Rai	Director, PRIA	-	
6	Mr. Gautam Majumder	PRIA	-	
7	Ms. Hondala Gyaltzen	Additional District Collector	West District	
8	Mr. Surat Kr. Gurung	ADC (Dev.) Gyalsing	Gyalsing	
9	Mr. Biswa B. Raj Gurung	BDO	Gyalsing	7797883008
10	Mr. T.T. Bhutia	BDO,	Chongrong	9734101006
11	Mr. J.P. Chettri	BDO,	Dentam	9674798809
12	Ms. Nickjay Lamu Bhutia	BDO,	Yuksom	9647853812
13	Nimakit Lepcha	P. Vice President	Sangkhu Radukkhadu	9593783635
14	Laxmi Maya Subba	P. Secretary	Sangkhu Radukkhadu	9733209932
15	Urmila Gurung	PDA	Sangkhu Radukkhadu	7432051503
16	Dew Kumari Poudyal	Panchayat Member	Sangkhu Radukkhadu	9733357605
17	Seema Subba	Panchayat Member	Sangkhu Radukkhadu	9593884789
18	Phul Moti Subba	RDA/VAA	Sangkhu Radukkhadu	8348560612
19	Babita Sharma	PAA	Sangkhu Radukkhadu	7432946570
20	Santa Kr. Subba	Panchayat Secretary	Gerethang	9734188122
21	Padam Kr. Subba	RDA	Gerethang	9733148534
22	Barsha Limboo	PAA	Gerethang	9609602187

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
23	Laxuman Chettri	Panchayat Secretary	Gyaten Kamatan	9733187031
24	Indira Kri. Gurung	Vice President	Gyaten Kamatan	7407716052
25	P.B. Gurung	RDA	Gyaten Kamatan	9733088684
26	Karuna Chettri	PAA	Gyaten Kamatan	7797883316
27	Sanchaman Subba	Panchayat Secretary	Malbasey	9563935722
28	Shyam Bdr. Thapa	Panchayat President	Malbasey	7797894640
29	Bishal Katwal	PDA	Malabasey	7797294329
30	Jai Kri. Subba	PAA	Malabasey	9735016933
31	Yoshna Subba	P/Vice President	Soreng	9564926733
32	Bhakta Pd. Sharma	P. Secretary	Soreng	9734945573
33	Purna Singh Subba	PAA	Soreng	8348278844
34	Dillu Ram Chettri	RDA/VAA	Soreng	7872966306
35	Ongyal Lepcha	P/Vice President	Sangadorjee	9647855988
36	B.K. Subba	VAA	Sangadorjee	9593987883
37	Suresh Kr. Tamang	PAA	Sangadorjee	9593060976
38	Dadhi Ram Bhujel	P. President	Lungchok Salyangdong	9593771901
39	Hus Bir Subba	RDA/VAA	Lungchok Salyangdong	9734049771
40	Milan Kr. Bhujel	PDA	Lungchok Salyangdong	8436403746
41	Mahendra Chettri	P. Secretary	Lungchok Salyangdong	8906107865
42	K.B. Subba	P. President	Lower Fambong	9775883531
43	Til Bdr. Thatal	RDA/VAA	Lower Fambong	9647877844
44	Indra Pradhan	PAA	Lower Fambong	9647877507
45	Purna Kr. Chettri	PDA	Karji Mangam	9735037345
46	Manoj Thapa	PAA	Karji Mangam	9609853171
47	R.B. Shilal	AE/BAC	Martam	9609855143
48	Sonam Wangdi Bhutia	RDA	Arithang-Chongrang	9733076803
49	Nisha Rai	PDA	Arithang- Chongrang	8372839148
50	Bishal Shankar	S.I.A (IPR)		8337807832

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF ZILLA PANCHAYAT, WEST DISTRICT****VENUE: ZILLA PANCHAYAT BHAWAN, GYALSHING****DATE: 17TH FEBRUARY, 2017 (2.00 PM)**

SL. NO.	NAME	DESIGNATION	NAME OF ZP	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Manoj Rai	Director, PRIA		
6	Mr. Gautam Majumder	PRIA		
7	Mrs. Devika Subba	Hon'ble Adhyaksha	West District	
8	Mr. Laximi Prasad Kafley	Hon'ble Up-Adhyaksha	West District	
9	Ms. Hondala Gyaltzen	Additional District Collector	West District	9609850005
10	Mr. Ongdila Bhutia	Zilla Member	Darap Chumbong	9735978498
11	Mr. K.B. Chettri	Zilla Member	Bermiok Martam	9775185467
12	Ms. Dawa Jambu Sherpa	Zilla Member	Manybong Sopakha	8116197471
13	San Moti Subba	Zilla Member	Yangthang Tikjya	9733124918
14	Bhadray Biswakarma (Kami)	Zilla Member	Zoom	9593988135
15	Indra Gurung	Zilla Member	Sangadorji Rinchenpong	9733270185
16	Hemanta Gurung	Zilla Member	Buriakhop	9779789355
17	C.B. Gurung	Zilla Member	Karzi Labdang	9733092826
18	Bichitra Manger	Zilla Member	Suldong Khaniserbong	9734101173
19	S. Dorjee Bhutia	Chief Accounts Officer	WDZP	9733077501

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH MEMBERS AND OFFICIALS OF GRAM PANCHAYATS, NORTH DISTRICT****VENUE: ZILLA PANCHAYAT BHAWAN, MANGAN DATE: 21ST FEBRUARY, 2017 (10.00 AM)**

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Gautam Majumder	PRIA	-	
6	Karma R. Bonpo, IAS	District Collector	North District	8116012999
7	Tashi Chopel	ADC (Dev)		
8	B. Lepcha	ADC (Dev)	Chungthang	8161182685
9	K.R. Limboo	BDO	Dzongu	9434444559
10	K.T. Bhutia	BDO	Mangan	8116617948
11	Saran D. Kalikotey	OS, NDZP	Mangan	9832080790
12	Ongdup Bhuita	P. Secretary	Namok - Swayam	9593600156
13	Tshering Choda Lepcha	Zilla Member	Ringhim-Nampatam	9734782246
14	Pinkiel Penchungpa	P. President	Ringhim-Nampatam	9593279777
15	Rinzing Ongmu Bhutia	P. Secretary	Ringhim-Nampatam	9733978646
16	Sapna Tamang	PDA	Ringhim-Nampatam	8768866747
17	Sonam Puthit Lepcha	VAA	Ringhim-Nampatam	8972816331
18	Pintso Tashi Bhutia	P. President	Kabi Tingda	7550801904
19	Tashi Lhendup Bhutia	P.Secretary	Kabi Tingda	9679900430
20	Naku Bhutia	PDA	Kabi Tingda	9775460540
21	Rinzing Namgyal	VAA	Kabi Tingda	9474349019
22	Wangyal Tsh. Bhutia	VAA	Namok - Swayam	9543982703
23	Samdup Bhutia	VAA	Ramthang Tangyek	8016677681
24	Kumar Limboo	P. Secretary	Mangshila -Tibuk	9932588298
25	Passang N. Katuk	PDA	Mangshila	8370995166
26	Anita Limboo	PAA	Mangshila	7076103062
27	Subash Rai	VAA	Mangshila	9734126398
28	Norgay Lepcha	VAA	Tingvong	9434178953
29	Pema Bhutia	PDA	Ramthang Tangyek	7076739181

Fifth State Finance Commission

SL. NO.	NAME	DESIGNATION	GPU NAME	CONTACT NO.
30	Tashi Doma Lepcha	PAA	Ramthang Tangyek	9083914946
31	Sonam Chopel Bhutia	PDA	Singhik	9593761483
32	Singtook Lepcha	P. President	Toong-Naga	9800965973
33	Karma Loday Lachungpa	RDA/VAA	Toong-Naga	9434204240
34	Lakden Lepcha	P. President	Shipgyer	8670515598
35	Tencho Lepcha	RDA	Shipgyer	9932053806
36	Blomith Lepcha	PAA	Shipgyer	8116163072
37	Kamal Nath Bhattarai	PDA	Tingvong	8145973111
38	Raj Kr. Rai	RDA	Sakyong Pentong	9593772829
39	Hoomit Lepcha	PAA	Sakyong-Pentong	7872389835
40	Kumar Gurung	SBHIC	SB	7797232346
41	Chung Chung Lepcha	P. President	Lum Gor Sangtok	8768752324
42	Sonam Wangchuk	RDA	Lum Gor Sangtok	9434153045
43	Pema Lepcha	VAA	Lachung Dzumsa	7602761785
44	Norzing Bhutia	PAA	Lachung Dzumsa	8967235373
45	Palzor Lachenpa	Pipon - I	Lachen	8372989038
46	Sonam N. Bhutia	J.I. A	IPR	9046688821
47	C.P. Sharma	J.I.A	IPR	
48	Sandeep Rai	J.I.A	IPR Deptt.	9932719686

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF ZILLA PANCHAYAT, NORTH DISTRICT****VENUE: ZILLA PANCHAYAT BHAWAN, MANGAN DATE: 21ST FEBRUARY, 2017 (2.00 PM)**

SL. NO.	NAME	DESIGNATION	NAME OF ZP	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Gautam Majumder	PRIA		
6	Ms. Anguli Lepcha	Hon'ble Adhyaksha	North District	9933103222
7	Mr. Nim Tshering Lepcha	Hon'ble Up-Adhyaksha	North District	9434191531
8	Mr. Karma R. Bonpo, IAS	District Collector	North District	8116012999
9	Subhas Cintury	Divisional Engineer	NDZP	9434153267
10	P.T. Lepcha	DPO	NDZP	7822971552
11	Bishal Subba	Under Secretary	NDZP	9733136228
12	Umesh Thapa	Accountant	NDZP	7602029669
13	Arpan Gurung	Accounts Clerk	NDZP	9735892470
14	Khimoo Lepcha	Zilla Member	Men Rongong	9679907768
15	Choda Lepcha	Zilla Member	Passingdang-Safo	9635642245
16	Tshering Choden Lepcha	Zilla Member	Ringhim Nampatam	9734782246
17	Dhan Maya Limboo	Zilla Member	Mangshila	9733307438
18	Songkit Lepcha	Zilla Member	Singhik	8972253108
19	Chungden Lepcha	Zilla Member	Tingvong	7872979270
20	Palzor Lachenpa	Pipon	Lachen	8372989038

ATTENDANCE SHEET**FIFTH STATE FINANCE COMMISSION MEETING WITH PUBLIC REPRESENTATIVES AND OFFICIALS OF URBAN LOCAL BODIES, EAST AND NORTH DISTRICT**

VENUE: GMC MEETING HALL, GANGTOK

DATE: 23RD FEBRUARY, 2017 (10.00 AM)

SL. NO.	NAME	DESIGNATION	ULB NAME	CONTACT NO.
1	Mr. Tsegyal Tashi, IAS	Chairman, 5th SFC	-	
2	Mr. Tashi W. Khangsarpa	Member, 5th SFC	-	
3	Mr. Mukti Nath Dhakal	Member, 5th SFC	-	
4	Mr. Bikram Tamang	Member Secretary, 5th SFC	-	
5	Mr. Gautam Majumder	PRIA	-	
6	Ms. Karnitmit Lepcha	Deputy Secretary	UD & HD	8116158301
7	Mr. Shakti Singh Choudhury	Mayor	Gangtok Municipal Corporation	9932009911
8	Mr. Ashis Rai	Chairman	Gangtok Municipal Corporation	9733188484
9	Mr. T. Gyachho	Commissioner	Gangtok Municipal Corporation	9733224497
10	Mr. S. Pradhan	Municipal Fin. Officer	Gangtok Municipal Corporation	9832089345
11	S. Bhutia	Accounts Assistant	Gangtok Municipal Corporation	9874133454
12	Dawthi Bhutia	Executive Councillor	Lower Sichey-II, GMC	8906800659
13	Prashant Rai	Councillor	Lower Sichey-I, GMC	8372898692
14	Pradeep Chettri	Councillor	Upper Burtuk, GMC	9932293623
15	Mahendra Chettri	MEO	Mangan Nagar Panchayat	9932777222
16	Zangmoo Bhutia	President	Mangan Nagar Panchayat	9733161849
17	Ugen P. Kazi	Councillor	Mangan Nagar Panchayat	9002122345
18	Tempo Tashi Bhutia	O.S.	Mangan Nagar Panchayat	9734008393

SL. NO.	NAME	DESIGNATION	ULB NAME	CONTACT NO.
19	Himmat Rai	MEO	Rangpo & Singtam Nagar Panchayat	5832556777
20	Rajani Singh	Councillor	Singtam Nagar Panchayat	9474693715
21	Aruna Tamang	Accounts Assistant	Singtam Nagar Panchayat	7602461322
22	Durga Bdr. Chettri	Accountant	Rangpo Nagar Panchayat	9593982143

List of Secondary Sources

- <http://sfcassam.nic.in/4thSFC/FASFC%20Main%20Report-pdf.pdf>
- <http://rural.assam.gov.in/schemes/4th-assam-state-finance-commission-grant>
- <http://www.sfckarnataka.mrc.gov.in/sites/sfckarnataka.mrc.gov.in/files/3rd%20SFC%20Karnataka.pdf>
- http://sfc.kerala.gov.in/downloads/REPORT_PART_I-IVth_SFC.pdf
- http://sfc.rajasthan.gov.in/includes/IR_english.pdf
- http://www.sfc.rajasthan.gov.in/includes/ATR_for_year_2016-17.pdf
- <http://www.sikkimfred.gov.in/FCD/Documents/4th%20SFC%20ATR.pdf>
- http://www.tn.gov.in/tnsfc/fifth_sfc/gos/fin_e_84_2017.pdf
- <http://www.panchayat.gov.in/documents/10198/378720/devolution.pdf>
- <http://evidhan.nic.in/Home/DisplayLobPDF/92>
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- <http://www.sikenvis.nic.in/writereaddata/web-Sikkim%20Census%202011%20Data.pdf>
- http://sikkimfred.gov.in/FCD/DOCUMENTS14th_FC/volumeIV/Vol_4.pdf
- <http://www.prsindia.org/parliamenttrack/state-budgets/>
- Sikkim 1st, 2nd, 3rd and 4th SFC Report

Schedule XI of the Constitution

Article 243G – Powers, authority and responsibilities of Panchayats – Subject to the provisions of the Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to -

- (a) the preparation of plans for economic development and social justice;
- (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule. The Eleventh Schedule lists the 29 subjects as follows:

1. Agriculture, including agricultural extension
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.

26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Article 243W – Powers, authority and responsibilities of Municipalities, etc. - Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow -

- (a) the Municipalities with such powers and authority as may be necessary to enable them to junction as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to –
 - (i) the preparation of plans for economic development and social justice;
 - (ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule.
- (b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule.

**Rural Management and Development Department, Government of Sikkim
till the year 2016-17:**

Sl. No.	Award Category	Name of the State/ZP/ GP
1.	3 rd Best Performing State in Panchayati Raj for the year 2006-07	RM & DD
2.	2 nd Best Performing State in Panchayati Raj for the year 2008-09	RM & DD
3.	3 rd Best Performing State in Panchayati Raj for the year 2009-10	RM & DD
4.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2009-10 under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Mellidara GPU, South Sikkim
5.	3 rd Best Performing State in Panchayati Raj for the year 2010-11	RM & DD
6.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2010-11 under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Sangdorjee GPU, West Sikkim
7.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2011-12 under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Yangang Rangang GPU, South Sikkim
8.	Best District Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2011-12, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	South District Zilla Panchayat, Namchi, South Sikkim
9.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2011-12, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Mellidara Paiyong GPU, South Sikkim
10.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2011-12, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Gerethang GPU, West Sikkim
11.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2012-13 under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Samdong GPU, West Sikkim
12.	Best District Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2012-13, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Namchi, South Sikkim
13.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2012-13, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Karmatar Gyaten GPU, West Sikkim

Sl. No.	Award Category	Name of the State/ZP/GP
14.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2012-13, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Mellidara Paiyong GPU, South Sikkim
15.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2013-14, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Namphing GPU, South Sikkim
16.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2013-14, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Sangu Rashu-Khandu GPU, West Sikkim
17.	Best District Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2013-14, Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	West District Zilla Panchayat
18.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2013-14 under Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA)	Kolthang Tokdy GPU, South Sikkim
19.	State Award for Devolution Index Rashtriya Gram Swaraj Abhiyan (RGSA) for appraisal year 2013-14	Sikkim
20.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for apprRashtriya Gram Swaraj Abhiyan (RGSA)	Namphing GPU, South Sikkim
21.	Best Gram Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2014-15, Rashtriya Gram Swaraj Abhiyan (RGSA)	District
22.	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2014-15, Rashtriya Gram Swaraj Abhiyan (RGSA)	Sikkim
23.	Best District Panchayat Award under Panchayat Sashaktikaran Puraskar for appraisal year 2014-15, Rashtriya Gram Swaraj Abhiyan (RGSA)	West District Zilla Panchayat
24.	Ranked 1 st on Devolution Cumulative Index in the North East Region 2014-15	Sikkim
25.	Ranked 2 nd on Incremental Devolution Index in the Country 2014-15	Sikkim
26.	Best Performing State for e-Panchayat in 2015-16	Sikkim
27.	Best District Panchayat Award under Deen Dayal Upadhaya Panchayat Sashaktikaran Puraskar for appraisal year 2015-16, Rashtriya Gram Swaraj Abhiyan (AGSA)	East District Zilla Panchayat
28.	Best Gram Panchayat Award under Deen Dayal Upadhaya Panchayat Sashaktikaran Puraskar for appraisal year 2015-16, Rashtriya Gram Swaraj Abhiyan (RGSA)	Poklok Denchung GPU, South Sikkim
29.	Best Gram Panchayat Award under Deen Dayal Upadhaya Panchayat Sashaktikaran Puraskar for appraisal year 2015-16, Rashtriya Gram Swaraj Abhiyan (RGSA)	Dolepchen GPU, East Sikkim

Sl. No.	Award Category	Name of the State/ZP/ GP
30	Rashtriya Gaurav Gram Puraskar for Best Gram Sabha for appraisal year 2015-16, Rashtriya Gram Swaraj Abhiyan (RGSA)	Rey Mendu GPU, Sikkim

Recommendations of the 4th State Finance Commission

Sl. No.	Theme	Recommendation	Action Taken
1	Recommendation pertaining to uploading of information on web portal	The Commission recommends that a web portal and online MIS is essential for not only having a ready to use database but also for tracking and updating the fund transfers and utilization certificates received on a monthly basis. The Commission also noticed that information on implementation status /impact of previous SFCs/CFCs recommendations is not readily available. The Commission recommends that Action Taken Reports (ATRs)/status on recommendations must be updated annually, and include mandatory write up on the changes/improvements being achieved in local finances and governance due to SFC/CFC recommendations. The ATRs along with the implementation status of the recommendations should be uploaded, annually, on the web portal. (Para 1.10)	Installation of Panchayati Raj Institute Accounting Software (PRIASoft) subject to improvement of present poor network connectivity in all GPs and also necessary training for official functionaries. Similar standard software for ULBs also to be developed, strengthening manpower and connectivity.
2	Constitutional mandated of District Planning Committee	The Commission recommends that constitutionally mandated DPCs should be given their rightful ownership in deciding the decentralized district development planning priorities through their involvement as parties to the agreement as per the relevant guidelines. (Para 2.15)	The Government accepted the above recommendation of the Commission.
3	Integration of District Plans into State Plan	The Commission recommends that the District Plans should invariably be integrated into State Plan as per the guidelines in force. (Para 2.16)	The Government accepted the above recommendation of the Commission.
4	Recommendation pertaining to the Collection of Taxes:	The Commission recommends that a suitable mechanism be devised by the concerned departments to include Sabhapatis of Gram Panchayats as grassroots level representatives of the citizens in the DPCs. (Para 2.18)	The Government accepted the above recommendations with suitable Notification to be issued by the competent authority in line with the Notification 27/RM&DD/P dated 13.04.2013.
5	Direct transfer of fund to Gram Panchayats	The Commission recommends that fund transfers meant for GPs should be made directly to them, with intimation of such fund transfers communicated to Additional District Collector (Development) and other relevant functionaries. (Para 3.23)	The Government accepted the above recommendation of the Commission and FRED will issue suitable Notification.

Sl. No.	Theme	Recommendation	Action Taken
6	Preparation of Plan at Gram and Zilla Panchayat Level	The Commission recommends that the plan proposals for the activities transferred to the Rural Local Bodies (i.e. GPs and ZPs) should be prepared by themselves. However, to facilitate the preparation of plan proposals by Rural Local Bodies (RLBs) the concerned Line Department must provide GP and ZP wise fund allocations (usually termed as resource envelope), as an annual practice, and the timely release of these funds directly to the RLBs need to be ensured by DPER&NECAD and FRED. (Para 4.3)	The Government has accepted the above recommendation subject to preparation of plan proposal based on the actual expenditure of last financial year with certain growth acceptable to the Planning Commission.
7	Deployment of functionaries to Gram Panchayats	The Commission recommends that the officials and field functionaries should be deputed to the GPs to the extent possible, and they shall have lien to their concerned parent departments, but shall be directly under the administrative control of the GPs for the period of their posting. (Para 4.4)	The Government has accepted to maintain status quo till such time requisite infrastructure is created.
8	Devolution and activity mapping	The Commission, after consultations with various Line Departments, GPs, and ZPs on the existing devolution and review of the activity mapping vis-à-vis the list of matters in the Eleventh Schedule, and duly examining the limited but valuable information/views shared by them, has decided to recommend the following: i. Payment of salaries of employees of PHSC through GP by fund transfer from the concerned Line Department. ii. Payment of honorarium to ASHA workers through GPs. iii. Issue of certificate of birth and death by GPs. iv. Maintenance & minor repairs of PHSC and PHC through GPs. v. Community fodder bank/pasture development through GPs. vi. Silage preparation at farmer's level in the GPs. vii. Implementation of drought relief through GPs. viii. Functionaries from veterinary dispensaries and stockman centers under direct administrative control of GPs. ix. Renting of houses for veterinary centers in villages through ZPs. x. Bull maintenance through ZPs. xi. Although payment and disbursement of salaries of teachers under Primary and Junior High Schools are made by PRIs, the Assistant Directors, HRDD, posted to BACs are entrusted with the administrative matters of the teachers under PRIs. The Commission recommends that GPs should also have the responsibility over administrative/ disciplinary matter of Primary School teachers. xii. The Commission recommends release of grants-in-aid (from NRHM) to Village level Health & Sanitation Committees (VHSCs) through respective GPs, and utilization of untied fund of NRHM by PHSCs and PHCs through GPs. xiii. Collection of irrigation tax shall be assigned to the GPs. xiv. Transfer repair works of Minor Irrigation Channels to the GPs. xv. 10% funds of National Rural Drinking Water Supply Program (NRDWP) should be transferred to PRIs as O&M fund, as per the program guidelines. xvi. Review of the Activity Mapping of all Central Sponsored Schemes (CSSs) wherein the GPs are a centrality to the implementation of such schemes, and assign functions and functionaries to PRIs as	The Government has accepted the above recommendation of the Commission except Sl. No. iii and xiii.

Sl. No.	Theme	Recommendation	Action Taken
		per the CSSs guidelines. (Para 4.6)	
9	Power and function of Panchayats	Regarding the power and functions of Panchayats, the Commission recommends that the GPs should have the responsibility over the disciplinary matter of the following officials: vii. Primary Teacher (Para 4.7)	The Government has accepted the above recommendation of the Commission.
10	Preparation of budget of Gram Panchayat and Zilla Panchayat	The Commission recommends that all the GPs and ZPs prepare the budgets for each year as stipulated in Sikkim Panchayat Act, which will enable them to spend on revenue and capital accounts as per the sanctioned funds by the State Government against the approved budgets of PRIs. This arrangement will push the PRIs towards financial planning and accountability on their expenditures, and establish financial discipline in accounting practices as well.	The Government has accepted the above recommendation of the Commission.
11	Administrative functionary at Gram Panchayat Level.	The Commission recommends that an administrative functionary be appointed as the Secretary (Sachiva) of the Gram Panchayat, as is the practice in other States, to streamline the grassroots activities of the Gram Panchayats, and to have a functionary who can be held accountable as well. The ZP in Sikkim already have an administrative functionary as its Sachiva, the same arrangement be extended to GPs. The concerned line department shall also make necessary amendment to the Panchayat Act to facilitate such appointment. (Para 4.25)	The above recommendation is being implemented vide Notification No. 100/RM&DD dated 10.06.2013.
12	District Planning Officer to be nodal officer for all the Local Bodies	The Commission recommends that the DPO shall be the district level nodal official for all the Local Bodies (PRIs and ULBs) and for all planning activities arising from the Local Bodies. The DPO should be an official of DPER&NECAD posted in district, which would enable the DPO to optimally perform the role of Member Secretary-DPC, and thus allow him/her to coordinate with the Local Bodies and State Planning Department - DPER&NECAD, in a streamlined manner. (Para 4.28)	The Government has accepted the above recommendation of the Commission.

Sl. No.	Theme	Recommendation	Action Taken
13	Review of the activity mapping vis-a-vis the list of matters in the Twelfth Schedule.	The Commission, after consultation with various Line Departments and ULBs on the existing devolution of functions and functionaries, and review of the activity mapping vis-à-vis the list of matters in the Twelfth Schedule, and after deliberating on the information/ views shared by them, the Commission has decided to recommend the following: i) To strengthen the administrative capacities of Nagar Panchayats, an Under Secretary or a suitable official be deputed to each of the Nagar Panchayats for functioning as full-fledged Municipal Executive Officer and efficient discharge of the duties and functions. ii) Matters/activities related to other line departments as listed in the Twelfth Schedule should be fully devolved to ULBs, particularly since the ULBs will be in their fifth year of existence, and have gained requisite operational experience and administrative strength. iii) DPO shall be the district level nodal official for all the ULBs and for all decentralized planning activities/functions arising from the ULBs. The DPO should be an official of DPER&NECAD posted in district, which would enable the DPO to optimally perform the role of Member Secretary-DPC and thus allow him/her to coordinate with the Local Bodies (both ULBs and PRIs) and State Planning Department -DPER&NECAD, in a in a streamlined manner. iv) Ward Committees should be constituted in all ULBs for effective implementation of development schemes as per the subjects listed in the Twelfth Schedule. (Para 4.34)	The Government has accepted the above recommendation of the Commission except Sl. No ii. in view of inadequate experienced manpower which may be regulated with proper studies.
14	Man power at Nagar Panchayats	In the interest of the Nagar Panchayats, the Commission recommends that a suitable accounts official be transferred to them, which will not only enhance their capacities to deal with various transactions, but state of financial accountability will also be enhanced. (Para 4.41)	The Government did not accept the above recommendation of the Commission, however advised Nagar Panchayats to appoint suitable man power as per their requirements.
15	Decentralized governance framework	The Commission recommends that, in the spirit of true decentralized governance framework, the GPs should be the final issuing authority for trade license at grassroots level. This will not only give higher accountability to GPs but also provide a platform to them to perform, conclusively, on the function devolved. (Para 5.4)	The Government has accepted the above recommendation of the Commission.
16	Training of accounting personnel at Zilla Panchayats	The Commission recommends that accounting personnel at ZPs be trained on financial accounting and management, so that reliable and meaningful information on finances of ZPs is available at all times. (Para 5.25)	The Government has accepted the above recommendation of the Commission.

Sl. No.	Theme	Recommendation	Action Taken
17	Capacity building of accounting personnel at ULBs.	The Commission recommends that the in-house capacities of the accounting personnel of the ULBs need to be enhanced on accrual accounting and other financial accountability processes. (Para 6.16)	The Government has accepted the above recommendation of the Commission.
18	Levy of taxes and charges	The Commission recommends that the levy of taxes and charges should be made after passing resolution in the Gram Sabhas. (Para 7.8)	The Government has accepted the above recommendation of the Commission subject to maintaining uniformity in levying taxes and charges.
19	Irrigation tax by the Gram Panchayats	The Commission recommends that both the concerned Line Department and GPs to work in tandem for finalizing a mechanism to enable collection of Irrigation Tax by the GPs. (Para 7.9)	The Government has accepted the above recommendation of the Commission subject to maintaining uniformity in levying taxes and charges.
20	Collection of tourist tax from tourist	After, due consultations with GMC, and studying reports related to collection of Tourist Tax from tourists in other places in India, this Commission recommends that a minimum of Rs. 5.00 per tourist can be collected by the ULBs, and GMC shall develop a mechanism for collection of tourist tax from the tourists. (Para 7.12)	This recommendation can not be acted upon.
21	Review and revisiting of Activity Mapping	The Commission recommends that the existing activity mapping be revisited by the State Government, and all the functions be devolved fully to PRIs and ULBs along with necessary functionaries and funds, so that all Local Bodies will be in a position to maximize their own revenues. (Para 7.17)	The Government has accepted the above recommendation of the Commission.
22	Involvement of Local Bodies for collection of Revenue	The Commission recommends that in revenue heads/ functions where cost of collection is more than actual collection of revenue/income, the concerned Line Departments may involve the Local Bodies for collection of such revenues duly paying them necessary service charges, and wherever it is practicable to assign entire function to the Local Bodies, the concerned Line Depart may transfer such functions, as well. (Para 7.18)	Status quo to be maintained as this may cause further loss of revenue

Sl. No.	Theme	Recommendation	Action Taken
23	Recommendation pertaining to sharing of Tax from the State Government	Considering the historical inflows to the Local Bodies against the share of taxes from the State Government, the Commission has, with constraint, decided to recommend only 2.5% of the divisible pool of taxes for vertical sharing to the Local Bodies (PRIs & ULBs), with a premise that State Finances will be elastic enough to transfer the recommended minimal percentage of funds out of the divisible pool of taxes, duties, tolls, and fees, and thus the need for the State Government to further reduce the fund transfers against the recommendations of the Commission may not crop up. (Para 7.26)	The Government has accepted the above recommendation subject to: 1. Net Tax Revenue based on actual. 2. Excluding Cess – as Cess is collected based on certain Act and its accounting procedure is different
24	Recommendation pertaining to allocation of resources to PRI s and UBLs.	The share of taxes to Local Bodies at 2.5% of the divisible pool of revenues is Rs.6967.10 lakhs for the award period 2015-20 as given in Table 7.14. The allocation of share of taxes to PRIs and ULBs is made on the basis of provisional rural and urban population figures of Census 2011, which is in the ratio of 75:25. (Para 7.27)	The Government has accepted the above recommendation with minor modification in the ratio of 80:20 in place of 75:25 as recommend by the Commission
25	Recommendation pertaining to internal distribution of share of revenue.	The Commission recommends that Grants-in-Aid as shown in Table 7.17 would be split into two grants namely – 'Primary Grant' and Improvement Grant' – in the ratio of 70:30. Both Grants would be disbursed to all the Local Bodies on the basis of their respective population figures for all the years during the award period 2015-20. Improvement Grant will be applicable from the financial year 2016-17 onwards, and for the year 2015-16, 100% of the Grants-in-Aid is Primary Grant, which will be transferred to the Local Bodies as in Table 7.17. (Para 7.31)	In view of the floating population and the devolution of fund, Government has accepted the disbursement of both the grants in the ratio of 70:30 to the Local Bodies.

Sl. No.	Theme	Recommendation	Action Taken
26	Conditions for availing Improvement grant.	The Commission, after due consultations with Local Bodies, Line Departments, and other stakeholders, has finalized three simple conditions that are to be met by the Local Bodies to qualify for the Improvement Grant. The conditions, which will improve the quality of expenditure and financial accountability of the Local Bodies, are as follows: i. Utilization Certificate for SFC grants should invariably be submitted in time and jointly signed by the Elected Representative heading the concerned local body and Secretary/Executive Officer of that particular body. ii. The schemes/plans – of the Local Bodies – intending to utilize the SFC grants must be approved by the Gram Sabhas for PRIs, and the Area Sabhas for ULBs, and such schemes/plans should be included in the District Annual Plan for the year 2016-17 (the district plan shall be prepared in the preceding year i.e. 2015-16), which shall have the approval of the District Planning Committee (DPC), in accordance with the guidelines on preparation of District Plans issued by the Planning Commission, Government of India. Same mechanism should be followed for the subsequent years. iii. Each Local Body should prepare the GP/ZP/Municipal budget, as relevant, for the year 2016-17 and seek approval of the State Government for sanction of funds by March 2016, as per the provisions of Sikkim Panchayat Act and Sikkim Municipalities Act. Similarly, the Local Bodies should prepare their respective budgets for the next year and seek approval of the State Government by March 2017, for claiming its Improvement Grant for the year 2017-18, and so on. (Para 7.31)	The Government has accepted the above recommendation of the Commission. The budget should be as prescribed in the Accounting manual of PRIs and ULBs.
27	Recommendation pertaining to Improvement Grant to Local Bodies.	The Commission recommends that the concerned Line Departments i.e. UDHD for ULBs and RMDD for PRIs shall ensure that Local Bodies satisfy these conditions for the release of Improvement Grant. In the event wherein a Local Body is unable to meet these conditions by 31st March of a particular financial year, it will only be entitled to the Primary Grant for the succeeding financial year. All Local Bodies which do not qualify the conditions will forfeit their share of Improvement Grant, and such forfeited grants for non-performance by Local Bodies will be retained by the State Government, and will not be adjusted or re-allocated to any other Local Body, for that particular year. (Para 7.33)	The Government has accepted the above recommendation of the Commission.
28	Conditionality for availing the Improvement Grant through GVAs.	The Commission recommends that GVAs should be given responsibility for GPs under their jurisdiction to satisfy the conditionality for availing the Improvement Grant. (Para 7.34)	The Government has accepted the above recommendation of the Commission and same shall apply for ULBs as well

Sl. No.	Theme	Recommendation	Action Taken
29	Recommendation of fourteenth Central Finance Commission	While not limiting to the above observations, the Commission suggests that on the basis of per capita expenditure, the award of grant under Article 280 (3) (BB) from 14th CFC towards augmenting the Consolidated State Fund for supplementing the resources of Panchayats and Urban Local Bodies, to be at least Rs. 900.00 per capita annually for the award period 2015-20. (Para 7.37)	The Government has accepted the above recommendation of the Commission and this has already been incorporated in the Memorandum of the 14th Finance Commission.
30	Fourteenth Central Finance Commission	The Commission suggests the 14th CFC to consider Census 2011 population figures while ascertaining the allocations to Local Bodies, wherever population is the criterion considering the demographic changes that have occurred after Census 1971, primarily for the reason that the State of Sikkim became part of the Indian Union only in 1975, and the population explosion in the State occurred mainly during the last four decades. Hence, the Commission believes that the population figure as of 1971 becomes inapplicable for determination of devolution of taxes/duties/grants-in-aid for the State of Sikkim.(Para 7.38)	The matter is already in the State's view. It has been reiterated in the MOU submitted to 14th Finance Commission.
31	Nomenclature BDO be replaced with BAO.	The Commission recommends that nomenclature Block Development Officer be replaced with Block Administrative Officer. (Para 9.3)	The Block Development Officers are re-designated as Gram Vikash Adhikari vide Notification No.155/Gen/Dop dated 29.05.2013 and the Block Administrative Centre as Gram Vikash Kendra.
32	Recommendations pertaining to suggestion to Central Commission	The Commission urges the Central Finance Commission/ Planning Commission/ concerned Central Line Ministries to devise a 'budgetary and fund transfer' mechanism that will allow the State Line Departments to invariably communicate the resources envelopes, well in advance, to the Local Bodies and the DPCs. The Commission, further suggests that BRGF allocations to the Districts/States may be made partly conditional, and substantially incentivize (both in District and State components) those States, which have standardized processes in place to provide timely resource envelopes to the Local Bodies / DPCs. (Para 10.2)	No action regarding this is required as the matter pertains to Central Government.

Sl. No.	Theme	Recommendation	Action Taken
33	e-panchayat module (Panchayat Enterprise Suite Application)	The Commission suggests that in line with the Plan Plus software, the Central Plan Scheme Monitoring System (CPSMS) should also have an option for the Citizens to publicly view the funds received by the implementing agencies and beneficiaries through treasury and society modes on various plan and non-plan schemes. The Commission feels that the age of 'Open Governance' with advent of e-modules for many a scheme has set in, and this is an appropriate time to facilitate such facilities to the Citizens (even without Aadhar number). This may even be considered as a step in the right direction towards maximum public disclosure. (Para 10.3)	The e- Panchayats module (Panchayats Enterprise Suite Application software) designed by the Ministry of Panchayati Raj, Government of India which includes 8 application software including Plan plus, PRIA soft, National Asset Directory, Action Soft etc. are available in the public domain.
34	Recommendation pertaining dissemination of issues/ recommendations of SFC/ CFC to Local Bodies.	The Commission feels that the issues/recommendations pertaining to the Local Bodies in the SFC/ CFC reports should be widely disseminated and percolated down to them through focused knowledge transfer and capacity enhancement initiatives. The 14th CFC may allocate special grants to the districts for undertaking such capacity enhancement and knowledge dissemination initiatives across all the PRIs and ULBs. (Para 10.4)	Included in the public domain of the 14th Finance Commission
35	Suitable legislative provision to be introduced to empower the SFCs	The Commission recommends that suitable legislative provision be introduced to empower the SFCs to address those accepted recommendations (pertaining to the award period of immediate/previous SFC) but not being implemented with corrective measures, as the subsequent SFC is being constituted for its report submission, well in advance of the termination/lapse of the previous SFC award period. (Para 10.5)	This recommendation cannot be acted upon.
36	Recommendation pertaining to Social Audit-cum-Vigilance Committee	The Commission recommends that Social Audit-cum-Vigilance Committee should also perform Social Audit for the works/schemes of all the Line Departments as per the activity mapping, irrespective of whether the works/schemes are implemented by the Local Bodies or directly by the Line Departments. ULBs should also adhere to similar social audit mechanism. (Para 11.1)	The Government has accepted the above recommendation of the Commission.

Sl. No.	Theme	Recommendation	Action Taken
37	Transfer of fund to Local Bodies in four tranches	The Commission recommends that the SFC funds/ grants may be transferred in four tranches in a particular financial year, preferably, in the months of April, July, October, and January, to lend a degree of certainty on timely fund transfers to the Local Bodies. (Para 11.2)	The Government has accepted the above recommendation of the Commission with minor modification that instead of April, July October and January, the transfer of fund in four tranches in the month of May, August, November and February considering the release of resource.
38	Recommendation pertaining to impact assessment study by Local Bodies.	The Commission recommends that impact assessment study covering various parameters through utilization of SFC/CFC grants by the Local Bodies be carried out by the State Finance Commission Division, as a mid-term evaluation measure, the results /findings of which can be further used to streamline various systemic processes and identify areas for improvement within the decentralized governance and devolution framework. (Para 11.3)	The Government has accepted the above recommendation of the Commission.
39	Capacity Building of PAA and similar accounting personnel of ZPs & ULBs.	The Commission recommends that Panchayat Account Assistants (PAAs) for GPs, and similar accounting personnel for ZPs and ULBs should be intensively trained in the preparation of budgets, maintenance of accounts, and database management. (Para 11.4)	The Government has accepted the above recommendation of the Commission
40	The Commission would like to record the following small yet critical points for the consideration of the State Government.	The Commission would like to record the following small yet critical points for the consideration of the State Government. i. The 12th FC has recommended a lifespan of 18 months for the SFCs. This Commission realized that the SFC tenure - in Sikkim - should be atleast for duration of 12 months, if not 18 months, as against the current practice of 6 months, for the fact that a detailed report addressing all the topics as per the model templates, needs to be prepared. The Commission recommends that the Fifth State Finance Commission (5th SFC) may be constituted, by all means, in April 2017. ii. The Commission recommends that a suitable budgetary allocation be made in the State budget for 2017-18 so that requisite funds can be allocated in advance to the 5th SFC for its effective functioning.	The Government has accepted the above recommendation of the Commission and sl. no. ii to be included under State Finance Department at the appropriate time and Sl. No. v will be upload on the State portal.

Sl. No.	Theme	Recommendation	Action Taken
40		ii. The Commission recommends that a suitable budgetary allocation be made in the State budget for 2017-18 so that requisite funds can be allocated in advance to the 5th SFC for its effective functioning. iii. The Commission recommends that the State Finance Commission Cell/Division be suitably strengthened for maintaining and updating the financial data of local bodies, at least, on a monthly basis. SFC Division should also be given the overall responsibility for processing of SFC /CFC grants, and related utilization and impact reports for the PRIs and ULBs in coordination with the concerned Line Departments. The SFC Division should devise mechanisms for monitoring the growth related to revenue receipts and expenditure of the State, PRIs, and ULBs. iv. The Commission recommends that the hard and soft copies of its report and ATR be circulated to all the GPs, ZPs, and ULBs by the SFC Division. v. The Commission recommends that its report and ATR be uploaded on the State and National web portals. vi. The Commission recommends that requisite dissemination of its recommendations and ATR should be taken up through focused knowledge and capacity enhancement initiatives by the institutions such as SFC Division, DLFA, and SIRD. (Para 11.6)	

Projected population of the State in each year from 2017-2025

Census 2011 and 2001 population			Projected population by linear method in each year from 2017-2025										
State/ District/ Sub-division	NAME	Total/ Rural/ Urban	2011 Population	2001 Population	2017	2018	2019	2020	2021	2022	2023	2024	2025
State	Sikkim	Total	610577	540851	652413	659385	666358	673330	680303	687276	694248	701221	708193
State	Sikkim	Rural	456999	480981	442610	440212	437813	435415	433017	430619	428221	425822	423424
State	Sikkim	Urban	153578	59870	209803	219174	228544	237915	247286	256657	266028	275398	284769
DISTRICT	North	Total	43709	41030	45316	45584	45852	46120	46388	46656	46924	47192	47460
DISTRICT	North	Rural	39065	39782	38635	38563	38491	38420	38348	38276	38205	38133	38061
DISTRICT	North	Urban	4644	1248	6682	7021	7361	7700	8040	8380	8719	9059	9398
SUB DIVISION	Chungthang	Total	10038	10502	9760	9713	9667	9620	9574	9528	9481	9435	9388
SUB DIVISION	Chungthang	Rural	10038	10502	9760	9713	9667	9620	9574	9528	9481	9435	9388
SUB DIVISION	Chungthang	Urban	0	0									
No urban Population													
SUB DIVISION	Mangan	Total	33671	30528	35557	35871	36185	36500	36814	37128	37443	37757	38071
SUB DIVISION	Mangan	Rural	29027	29280	28875	28850	28825	28799	28774	28749	28723	28698	28673
SUB DIVISION	Mangan	Urban	4644	1248	6682	7021	7361	7700	8040	8380	8719	9059	9398
DISTRICT	West	Total	136435	123256	144342	145660	146978	148296	149614	150932	152250	153568	154886
DISTRICT	West	Rural	131187	121432	137040	138016	138991	139967	140942	141918	142893	143869	144844
DISTRICT	West	Urban	5248	1824	7302	7645	7987	8330	8672	9014	9357	9699	10042
SUB DIVISION	Gyalshing	Total	71675	64419	76029	76754	77480	78205	78931	79657	80382	81108	81833

Census 2011 and 2001 population				Projected population by linear method in each year from 2017-2025											
State/ District/ Sub-division	NAME	Total/ Rural/ Urban	2011 Population	2001 Population	2017	2018	2019	2020	2021	2022	2023	2024	2025		
SUB DIVISION	Gyalshing	Rural	67662	63591	70105	70512	70919	71326	71733	72140	72547	72954	73361		
SUB DIVISION	Gyalshing	Urban	4013	828	5924	6243	6561	6880	7198	7517	7835	8154	8472		
SUB DIVISION	Soreng	Total	64760	58837	68314	68906	69498	70091	70683	71275	71868	72460	73052		
SUB DIVISION	Soreng	Rural	63525	57841	66935	67504	68072	68641	69209	69777	70346	70914	71483		
SUB DIVISION	Soreng	Urban	1235	996	1378	1402	1426	1450	1474	1498	1522	1546	1570		
DISTRICT	South	Total	146850	131525	156045	157578	159110	160643	162175	163708	165240	166773	168305		
DISTRICT	South	Rural	125651	127579	124494	124301	124109	123916	123723	123530	123337	123145	122952		
DISTRICT	South	Urban	21199	3946	31551	33276	35001	36727	38452	40177	41903	43628	45353		
SUB DIVISION	Namchi	Total	98895	87350	105822	106977	108131	109286	110440	111595	112749	113904	115058		
SUB DIVISION	Namchi	Rural	77696	83404	74271	73700	73130	72559	71988	71417	70846	70276	69705		
SUB DIVISION	Namchi	Urban	21199	3946	31551	33276	35001	36727	38452	40177	41903	43628	45353		
SUB DIVISION	Ravong	Total	47955	44175	50223	50601	50979	51357	51735	52113	52491	52869	53247		
SUB DIVISION	Ravong	Rural	47955	44175	50223	50601	50979	51357	51735	52113	52491	52869	53247		
SUB DIVISION	Ravong	Urban	0	0											
No urban Population															
DISTRICT	East	Total	283583	245040	306709	310563	314417	318272	322126	325980	329835	333689	337543		
DISTRICT	East	Rural	161096	192188	142441	139332	136222	133113	130004	126895	123786	120676	117567		
DISTRICT	East	Urban	122487	52852	164268	171232	178195	185159	192122	199086	206049	213013	219976		
SUB DIVISION	Gangtok	Total	219450	188517	238010	241103	244196	247290	250383	253476	256570	259663	262756		
SUB DIVISION	Gangtok	Rural	102846	135665	83155	79873	76591	73309	70027	66745	63463	60181	56899		

Census 2011 and 2001 population				Projected population by linear method in each year from 2017-2025									
State/ District/ Sub-division	NAME	Total/ Rural/ Urban	2011 Population	2001 Population	2017	2018	2019	2020	2021	2022	2023	2024	2025
SUB DIVISION	Gangtok	Urban	116604	52852	154855	161230	167606	173981	180356	186731	193106	199482	205857
SUB DIVISION	Pakyong	Total	36392	32213	38899	39317	39735	40153	40571	40989	41407	41825	42243
SUB DIVISION	Pakyong	Rural	36392	32213	38899	39317	39735	40153	40571	40989	41407	41825	42243
SUB DIVISION	Pakyong	Urban	0	0	No urban Population								
SUB DIVISION	Rongli	Total	27741	24310	29800	30143	30486	30829	31172	31515	31858	32201	32544
SUB DIVISION	Rongli	Rural	27741	24310	29800	30143	30486	30829	31172	31515	31858	32201	32544
SUB DIVISION	Rongli	Urban	0	0	No urban Population								

Note: In Rongli Sub-division, though Rhenack is shown as Census Town in 2011 census town, but in administrative jurisdiction it is a village. Therefore, no urban area is shown in Rongli Sub-division.

GST Letter issued by FRED, Government of Sikkim

C/DIARY NO. 732 /LR&MD
DATE 15/06/2017


GOVERNMENT OF SIKKIM
COMMERCIAL TAX DIVISION
FINANCE, REVENUE & EXPENDITURE DEPARTMENT
GANGTOK - 737101, SIKKIM

No. 286/GO/2017 Dated the 15/6/2017

To

The Member Secretary,
Fifth State Finance Commission,
Room No. 24, Land Revenue & Disaster Management Dept.,
Government of Sikkim,
Manan Kendra, Gangtok.

Sub : **Levy of GST to local Bodies (PRIs & ULBs).**

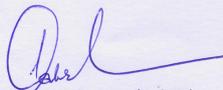
Sir,

Kindly refer to your letter No. 5th SFC/SKM/2017/45 dated 07.06.2017 on the subject cited above, I have been directed to inform you that GST is levied on supply of taxable goods and service. PRIs & ULBs are not engaged in such activity hence they do not come in the ambit of taxable person.

The services provided by PRI/ULBs to business entity will be taxable under GST under reverse charge. The Constitutional (101st Amendment) Act has empowered the local bodies to levy and collect tax on entertainment and amusement.

Thanking You,

Yours faithfully,


Deputy Commissioner (Adm.)
Commercial Taxes Division, FRED.



Population of Gram Panchayats as per Census 2011

Sl. No.	District	Name of GP	Total Population	Percentage share of each ULB in Total Population
1	North	Lachen	2622	0.56
2	North	Lachung	2499	0.54
3	North	Chungthang	3970	0.86
4	North	Shipgyer	710	0.15
5	North	Tung Naga	1995	0.43
6	North	Singhik	2635	0.57
7	North	Lingthem Lingdem	1618	0.35
8	North	Tingvong	992	0.21
9	North	Sakyong Pentong	593	0.13
10	North	Lum Gor Sangtok	1831	0.39
11	North	Hee Gyathang	1513	0.33
12	North	Lingdong Barfok	1253	0.27
13	North	Ringhim Nampatam	2469	0.53
14	North	Tingchem Chadey	2166	0.47
15	North	Mangshila Tibuk	2229	0.48
16	North	Namok Swayem	1442	0.31
17	North	Ramthang Tangyek	1124	0.24
18	North	Rongong Tumlung	1902	0.41
19	North	Men Rongong	1239	0.27
20	North	Phensang	1308	0.28
21	North	Kabi Tingda	2082	0.45
22	North	Passingdang Saffo	873	0.19
23	South	Wok Omchu	1856	0.40
24	South	Damthang	1580	0.34
25	South	Tingrithang	1298	0.28
26	South	Mamley Kamrang	2519	0.54
27	South	Poklok Denchung	2748	0.59
28	South	Tinik Chisopani	3114	0.67
29	South	Salghari	2014	0.43
30	South	Sorok Shyampani	2138	0.46
31	South	Assangthang	1659	0.36
32	South	Mikhola Boomtar	3302	0.71
33	South	Kitam Manpur	1263	0.27

Sl. No.	District	Name of GP	Total Population	Percentage share of each ULB in Total Population
34	South	Sumbuk Kartikey	2355	0.51
35	South	Rongbul	1323	0.29
36	South	Maniram Phalidara	1798	0.39
37	South	Turuk Ramabung	2833	0.61
38	South	Mellidara Paiyong	6073	1.31
39	South	Sadam Suntaley	4021	0.87
40	South	Tangzi Bikmat	1768	0.38
41	South	Rateypani	1769	0.38
42	South	Kateng Pamphok	2290	0.49
43	South	Namthang Maneydara	2772	0.60
44	South	Nagi Karek	3096	0.67
45	South	Perbing Dovan	1617	0.35
46	South	Chuba Phong	1452	0.31
47	South	Rameng Nizrameng	1474	0.32
48	South	Barnayak Tokal	2497	0.54
49	South	Temi	3353	0.72
50	South	Tarku	2713	0.58
51	South	Namphing	6157	1.33
52	South	Turung Mamring	2876	0.62
53	South	Borong Phamtam	2705	0.58
54	South	Ralong Namlung	2433	0.52
55	South	Barfung Zarong	5835	1.26
56	South	Kewzing Bakhim	2831	0.61
57	South	Legship	2302	0.50
58	South	Lamten Tingmo	2387	0.51
59	South	Sanghanath	893	0.19
60	South	Tinkitam Rayong	1502	0.32
61	South	Rabong Sangmo	4575	0.99
62	South	Lingi	2325	0.50
63	South	Lingmo Paiyong	2417	0.52
64	South	Kolthang Tokdey	2588	0.56
65	South	Niya Mangzing	2711	0.58
66	South	Sripatam Gagyong	4509	0.97
67	South	Yangang Rangang	4342	0.94
68	South	Ben Nampruk	3837	0.83
69	South	Lungchok Kameray	1731	0.37
70	East	Rakdong Tintek	4187	0.90

Sl. No.	District	Name of GP	Total Population	Percentage share of each ULB in Total Population
71	East	Samdong Kambel	4886	1.05
72	East	Tumin	2974	0.64
73	East	Simik Lingzey	1498	0.32
74	East	Patuk Singbel	4215	0.91
75	East	Dung-Dung Thasa	2194	0.47
76	East	Khamdong	2881	0.62
77	East	Sirwani Chisopani	5487	1.18
78	East	Byeng Phegyong	3483	0.75
79	East	Martam Nazitam	4530	0.98
80	East	Sumin Lingzey	2842	0.61
81	East	West Pendam	6836	1.47
82	East	Central Pendam	6342	1.37
83	East	Namli	2764	0.60
84	East	Samlik Marchak	2610	0.56
85	East	Rawatey Rumtek	3987	0.86
86	East	Ranka	1431	0.31
87	East	Rey Mendu	5011	1.08
88	East	Lingdok Namphong	1861	0.40
89	East	Navey Shotak	3241	0.70
90	East	Luing Parbing	2478	0.53
91	East	Rongey Tathangchen	4105	0.88
92	East	Kopibari Syari	3826	0.82
93	East	Nandok Saramsa	3604	0.78
94	East	Bhusuk Naitam	2081	0.45
95	East	Gnathang	8860	1.91
96	East	Assam Lingzey	3741	0.81
97	East	Kyongnosla	1037	0.22
98	East	Aho Yangtam	4185	0.90
99	East	Pachey Samsing	2953	0.64
100	East	Namcheybong	5128	1.10
101	East	Budang Kamarey	2780	0.60
102	East	Rhenock	5883	1.27
103	East	East Pendam	3418	0.74
104	East	Pakyong	3045	0.66
105	East	Chalamthang Pacheykhani	2977	0.64
106	East	Taza	1899	0.41

Sl. No.	District	Name of GP	Total Population	Percentage share of each ULB in Total Population
107	East	Amba	2193	0.47
108	East	Bering Tareythang	2058	0.44
109	East	Thekabong Parkha	2302	0.50
110	East	Riwa Machong	1575	0.34
111	East	Latuk Chuchenperi	1421	0.31
112	East	Rolep Lamaten	1419	0.31
113	East	Lingtam Phadamchen	1742	0.38
114	East	Premlakha Subaneydara	1865	0.40
115	East	Regoh	1988	0.43
116	East	Chujachen	4781	1.03
117	East	Rongli Changeylakha	2216	0.48
118	East	Dolepchen	2553	0.55
119	East	Sudunglakha	1808	0.39
120	East	Tarpin	1858	0.40
121	East	Aritar	3175	0.68
122	West	Yoksum	2543	0.55
123	West	Gerethang	2441	0.53
124	West	Thingle Khecheoperi	2667	0.57
125	West	Meliaching	2531	0.55
126	West	Darap	3168	0.68
127	West	Singyang Chumbong	2997	0.65
128	West	Yangtey	3252	0.70
129	West	Arithang Chongrong	2384	0.51
130	West	Khongri Labdang	983	0.21
131	West	Dhupidara Narkhola	1048	0.23
132	West	Karzi Mangnam	463	0.10
133	West	Tashiding	3987	0.86
134	West	Gyalshing Omchu	3406	0.73
135	West	Yangthang	3492	0.75
136	West	Lingchom Tikja	3130	0.67
137	West	Sardong Lungzik	1612	0.35
138	West	Bongten Sapong	1975	0.43
139	West	Karmatar Gitang	1839	0.40
140	West	Maneybong Sopakha	4227	0.91
141	West	Dentam	3362	0.72
142	West	Sangkhu Radhukhandu	3796	0.82
143	West	Hee	2514	0.54

Sl. No.	District	Name of GP	Total Population	Percentage share of each ULB in Total Population
144	West	Pecherek Hee Patel	1309	0.28
145	West	Martam	1963	0.42
146	West	Bermiok Barthang	3118	0.67
147	West	Chingthang	3385	0.73
148	West	Tadong Rinchenpong	2903	0.63
149	West	Sangdorji	2899	0.62
150	West	Samdong	3806	0.82
151	West	Deythang	2584	0.56
152	West	Takothing	2157	0.46
153	West	Suldung Kamling	3038	0.65
154	West	Mabong Segeng	1958	0.42
155	West	Samsing Gelling	3108	0.67
156	West	Khaniserbung Suntaley	1503	0.32
157	West	Chota Samdong Arubotey	1633	0.35
158	West	Singling	2376	0.51
159	West	Karthok Bojek	619	0.13
160	West	Dodak	2167	0.47
161	West	Buriakhop	1337	0.29
162	West	Rumbuk	1838	0.40
163	West	Ribdi Bhareng	1424	0.31
164	West	Okhery	1719	0.37
165	West	Siktam Tikpur	2421	0.52
166	West	Longchok Salyangdang	1986	0.43
167	West	Lower Fambong	2613	0.56
168	West	Upper Thambong	2995	0.65
169	West	Timburbong	2156	0.46
170	West	Tharpu	1117	0.24
171	West	Soreng	3846	0.83
172	West	Malbasey	2888	0.62
173	West	Mendogaon Berbotey	925	0.20
174	West	Chakung	1859	0.40
175	West	Chumbong	1796	0.39
176	West	Zoom	1924	0.41
		Total	464117	100

Source: DES&ME

Population of Urban Local Bodies as per Census 2011

Sl. No.	Name of Urban Local Body	Total Population	Percentage share of each ULB in Total Population
1	Gangtok Municipal Corporation	100286	68.47
2	Namchi Municipal Council	12190	8.32
3	Gyalshing Municipal Council	4013	2.74
4	Jorethang Municipal Council	9009	6.15
5	Mangan Nagar Panchayat	4644	3.17
6	Rangpo Nagar Panchayat	10450	7.14
7	Singtam Nagar Panchayat	5868	4.01
	Total	146460	100

Source: DES&ME

Year-wise Distribution of 4.5% of Net Own Tax Revenue to individual GPs for the period 2020-25

(₹ in Lakh)

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Lachen	7.19	7.87	8.63	9.47	10.42
Lachung	6.85	7.49	8.21	9.02	9.92
Chungthang	10.89	11.91	13.05	14.33	15.77
Shipgyer	1.95	2.13	2.34	2.56	2.82
Tung Naga	5.47	5.99	6.56	7.21	7.93
Singhik	7.23	7.91	8.67	9.52	10.48
Lingthem Lingdem	4.44	4.86	5.33	5.85	6.44
Tingvong	2.72	2.98	3.27	3.59	3.95
Sakyong Pentong	1.63	1.78	1.95	2.15	2.36
Lum Gor Sangtok	5.03	5.50	6.03	6.62	7.29
Hee Gyathang	4.15	4.54	4.98	5.47	6.01
Lingdong Barfok	3.44	3.76	4.12	4.53	4.98
Ringhim Nampatam	6.77	7.41	8.12	8.92	9.81
Tingchem Chadey	5.95	6.50	7.13	7.83	8.61
Mangshila Tibuk	6.11	6.69	7.33	8.05	8.85
Namok Swayem	3.96	4.33	4.75	5.21	5.74
Ramthang Tangyek	3.08	3.37	3.69	4.06	4.46
Rongong Tumlung	5.22	5.71	6.26	6.87	7.56
Men Rongong	3.40	3.72	4.08	4.48	4.93
Phensang	3.59	3.93	4.30	4.73	5.20
Kabi Tingda	5.72	6.25	6.85	7.53	8.28
Passingdang Saffo	2.39	2.62	2.87	3.15	3.47
Wok Omchu	5.09	5.57	6.11	6.71	7.38
Damthang	4.33	4.74	5.19	5.70	6.27
Tingrithang	3.57	3.90	4.27	4.69	5.16
Mamley Kamrang	6.91	7.56	8.29	9.10	10.02
Poklok Denchung	7.54	8.25	9.04	9.92	10.92
Tinik Chisopani	8.54	9.35	10.24	11.25	12.38
Salghari	5.53	6.04	6.63	7.28	8.01
Sorok Shyampani	5.87	6.42	7.04	7.73	8.50
Assangthang	4.55	4.97	5.45	5.98	6.59
Mikhola Boomtar	9.05	9.90	10.85	11.92	13.12

Fifth State Finance Commission

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Kitam Manpur	3.46	3.79	4.15	4.56	5.02
Sumbuk Kartikey	6.46	7.06	7.74	8.50	9.35
Rongbul	3.63	3.97	4.35	4.78	5.26
Maniram Phalidara	4.93	5.39	5.91	6.49	7.14
Turuk Ramabung	7.77	8.50	9.31	10.23	11.25
Mellidara Paiyong	16.67	18.23	19.98	21.95	24.15
Sadam Suntaley	11.03	12.06	13.22	14.52	15.97
Tangzi Bikmat	4.85	5.31	5.82	6.39	7.03
Rateypani	4.85	5.31	5.82	6.39	7.03
Kateng Pamphok	6.28	6.87	7.53	8.26	9.09
Namthang Maneydara	7.60	8.32	9.11	10.01	11.01
Nagi Karek	8.49	9.29	10.18	11.18	12.30
Perbing Dovan	4.43	4.85	5.31	5.83	6.42
Chuba Phong	3.99	4.36	4.78	5.25	5.77
Rameng Nizrameng	4.05	4.43	4.85	5.33	5.87
Barnayak Tokal	6.85	7.49	8.21	9.02	9.92
Temi	9.19	10.06	11.02	12.10	13.32
Tarku	7.45	8.15	8.93	9.81	10.79
Namphing	16.90	18.47	20.26	22.25	24.48
Turung Mamring	7.89	8.64	9.46	10.39	11.44
Borong Phamtam	7.42	8.12	8.90	9.77	10.75
Ralong Namlung	6.67	7.30	8.00	8.78	9.67
Barfung Zarong	16.01	17.51	19.19	21.07	23.19
Kewzing Bakhim	7.77	8.50	9.31	10.23	11.25
Legship	6.32	6.91	7.57	8.32	9.15
Lamten Tingmo	6.54	7.16	7.85	8.62	9.48
Sanghanath	2.44	2.67	2.93	3.22	3.54
Tinkitam Rayong	4.13	4.51	4.95	5.43	5.98
Rabong Sangmo	12.55	13.73	15.05	16.53	18.19
Lingi	6.38	6.98	7.65	8.40	9.24
Lingmo Paiyong	6.63	7.26	7.95	8.73	9.61
Kolthang Tokdey	7.10	7.77	8.52	9.35	10.29
Niya Mangzing	7.44	8.13	8.92	9.79	10.77
Sripatam Gagyong	12.38	13.54	14.84	16.30	17.93
Yangang Rangang	11.92	13.04	14.29	15.69	17.27
Ben Nampruk	10.53	11.52	12.63	13.86	15.26
Lungchok Kameray	4.75	5.20	5.69	6.25	6.88

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Rakdong Tintek	11.49	12.56	13.77	15.12	16.64
Samdong Kambel	13.41	14.67	16.08	17.65	19.42
Tumin	8.16	8.93	9.79	10.75	11.82
Simik Lingzey	4.11	4.50	4.93	5.41	5.96
Patuk Singbel	11.56	12.65	13.86	15.22	16.75
Dung-Dung Thasa	6.02	6.59	7.22	7.93	8.72
Khamdong	7.91	8.65	9.48	10.41	11.45
Sirwani Chisopani	15.05	16.46	18.04	19.82	21.80
Byeng Phegyong	9.55	10.45	11.45	12.57	13.83
Martam Nazitam	12.43	13.59	14.90	16.36	18.00
Sumin Lingzey	7.79	8.52	9.34	10.26	11.29
West Pendam	18.75	20.52	22.49	24.69	27.17
Central Pendam	17.39	19.03	20.85	22.90	25.20
Namli	7.59	8.30	9.10	9.99	10.99
Samlik Marchak	7.15	7.83	8.58	9.42	10.37
Rawatey Rumtek	10.94	11.96	13.11	14.40	15.85
Ranka	3.92	4.29	4.70	5.16	5.68
Rey Mendu	13.75	15.04	16.49	18.11	19.92
Lingdok Namphong	5.11	5.59	6.12	6.72	7.40
Navey Shotak	8.89	9.72	10.66	11.70	12.88
Luing Parbing	6.80	7.44	8.15	8.95	9.85
Rongey Tathangchen	11.25	12.31	13.50	14.82	16.31
Kopibari Syari	10.49	11.48	12.58	13.81	15.20
Nandok Saramsa	9.89	10.82	11.86	13.03	14.33
Bhusuk Naitam	5.70	6.24	6.84	7.51	8.26
Gnathang	24.31	26.59	29.14	32.01	35.21
Assam Lingzey	10.26	11.23	12.30	13.51	14.87
Kyongnosla	2.84	3.11	3.40	3.74	4.11
Aho Yangtam	11.48	12.56	13.77	15.12	16.64
Pachey Samsing	8.10	8.86	9.71	10.66	11.73
Namcheybong	14.07	15.39	16.87	18.53	20.38
Budang Kamarey	7.63	8.34	9.14	10.04	11.05
Rhenock	16.15	17.66	19.36	21.26	23.39
East Pendam	9.37	10.25	11.24	12.34	13.58
Pakyong	8.35	9.14	10.01	11.00	12.10
Chalamthang Pacheykhani	8.16	8.93	9.79	10.75	11.82
Taza	5.21	5.70	6.24	6.86	7.54

Fifth State Finance Commission

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Amba	6.02	6.59	7.22	7.93	8.73
Bering Tareythang	5.64	6.17	6.76	7.43	8.17
Thekabong Parkha	6.32	6.91	7.57	8.32	9.15
Riwa Machong	4.32	4.72	5.17	5.68	6.25
Latuk Chuchenperi	3.90	4.26	4.67	5.13	5.64
Rolep Lamaten	3.90	4.26	4.67	5.13	5.64
Lingtam Phadamchen	4.77	5.22	5.72	6.29	6.92
Premlakha Subaneydara	5.12	5.60	6.14	6.74	7.41
Regoh	5.45	5.96	6.53	7.18	7.90
Chujachen	13.11	14.35	15.72	17.27	19.00
Rongli Changeylakha	6.07	6.64	7.28	8.00	8.80
Dolepchen	7.00	7.66	8.40	9.22	10.15
Sudunglakha	4.97	5.43	5.95	6.54	7.19
Tarpin	5.09	5.57	6.11	6.71	7.38
Aritar	8.71	9.53	10.44	11.47	12.62
Yoksum	6.98	7.63	8.37	9.19	10.11
Gerethang	6.70	7.33	8.03	8.82	9.70
Thingle Khecheoperi	7.32	8.01	8.78	9.64	10.61
Meliaching	6.94	7.59	8.32	9.14	10.05
Darap	8.70	9.51	10.43	11.45	12.60
Singyang Chumbong	8.23	9.00	9.86	10.83	11.92
Yangtey	8.93	9.76	10.70	11.75	12.93
Arithang Chongrong	6.54	7.16	7.85	8.62	9.48
Khongri Labdang	2.70	2.95	3.24	3.55	3.91
Dhupidara Narkhola	2.88	3.15	3.45	3.79	4.17
Karzi Mangnam	1.27	1.39	1.53	1.68	1.84
Tashiding	10.94	11.96	13.11	14.40	15.85
Gyalshing Omchu	9.35	10.22	11.21	12.31	13.54
Yangthang	9.57	10.47	11.48	12.61	13.87
Lingchom Tikja	8.58	9.39	10.29	11.30	12.43
Sardong Lungzik	4.42	4.83	5.30	5.82	6.40
Bongten Sapon	5.42	5.93	6.50	7.14	7.86
Karmatar Gitang	5.04	5.52	6.05	6.64	7.30
Maneybong Sopakha	11.60	12.69	13.91	15.27	16.80
Dentam	9.22	10.08	11.05	12.14	13.36
Sangkhu Radhukhandu	10.42	11.39	12.49	13.71	15.09
Hee	6.90	7.55	8.27	9.09	10.00

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Pecherek Hee Patel	3.59	3.93	4.31	4.73	5.20
Martam	5.39	5.89	6.46	7.09	7.80
Bermiok Barthang	8.56	9.36	10.26	11.27	12.40
Chingthang	9.28	10.15	11.13	12.22	13.45
Tadong Rinchenpong	7.96	8.71	9.54	10.48	11.53
Sangdorji	7.96	8.71	9.54	10.48	11.53
Samdong	10.44	11.42	12.52	13.75	15.13
Deythang	7.09	7.76	8.50	9.34	10.27
Takothang	5.92	6.48	7.10	7.80	8.58
Suldung Kamling	8.34	9.12	10.00	10.98	12.08
Mabong Segeng	5.37	5.88	6.44	7.07	7.78
Samsing Gelling	8.53	9.33	10.23	11.23	12.36
Khaniserbung Suntaley	4.13	4.51	4.95	5.43	5.98
Chota Samdong Arubotey	4.48	4.90	5.37	5.90	6.49
Singling	6.52	7.13	7.82	8.58	9.44
Karthok Bojek	1.69	1.85	2.03	2.23	2.45
Dodak	5.95	6.50	7.13	7.83	8.61
Buriakhop	3.67	4.01	4.40	4.83	5.31
Rumbuk	5.04	5.52	6.05	6.64	7.30
Ribdi Bhareng	3.91	4.28	4.69	5.15	5.66
Okhery	4.71	5.15	5.65	6.20	6.83
Siktam Tikpur	6.65	7.27	7.97	8.75	9.63
Longchok Salyangdang	5.45	5.96	6.53	7.18	7.90
Lower Fambong	7.17	7.84	8.60	9.44	10.39
Upper Thambong	8.21	8.98	9.85	10.81	11.90
Timburbong	5.92	6.48	7.10	7.80	8.58
Tharpu	3.07	3.36	3.68	4.04	4.45
Soreng	10.56	11.55	12.66	13.90	15.29
Malbasey	7.92	8.66	9.50	10.43	11.47
Mendogaon Berbotey	2.53	2.77	3.04	3.34	3.67
Chakung	5.11	5.59	6.12	6.72	7.40
Chumbong	4.93	5.39	5.91	6.49	7.14
Zoom	5.28	5.78	6.34	6.96	7.66
Total	1273.31	1392.85	1526.66	1676.56	1844.63

Year-wise Distribution of 4.5% of Net Own Tax Revenue to individual ZPs for the period 2020-25*(₹ in Lakh)*

Name of ZP	2020-21	2021-22	2022-23	2023-24	2024-25
North District	57.71	63.13	69.20	75.99	83.60
West District	193.80	211.99	232.36	255.17	280.75
East District	248.50	271.83	297.94	327.20	360.00
South District	185.62	203.05	222.55	244.40	268.91
Total	685.63	750.00	822.05	902.76	993.26

**Year-wise Distribution of 4.5% of Net Own Tax Revenue to individual
ULBs for the period 2020-25**

(₹ in Lakh)

Name of Urban Local Body	2020-21	2021-22	2022-23	2023-24	2024-25
Gangtok Municipal Corporation	574.87	628.83	689.24	756.91	832.80
Namchi Municipal Council	69.88	76.44	83.78	92.01	101.23
Gyalshing Municipal Council	23.00	25.16	27.58	30.29	33.32
Jorethang Municipal Council	51.64	56.49	61.92	68.00	74.81
Mangan Nagar Panchayat	26.62	29.12	31.92	35.05	38.57
Rangpo Nagar Panchayat	59.90	65.52	71.82	78.87	86.78
Singtam Nagar Panchayat	33.64	36.80	40.33	44.29	48.73
Total	839.55	918.36	1006.59	1105.42	1216.24

Year-wise Distribution of Special Incentive Grant to individual GPs for period 2020-25

(₹ in Lakh)

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Shipgyer	2.28	2.49	2.73	3.00	3.30
Lingthem Lingdem	5.19	5.68	6.23	6.84	7.52
Tingvong	3.18	3.48	3.82	4.19	4.61
Sakyong Pentong	1.90	2.08	2.28	2.51	2.76
Lum Gor Sangtok	5.88	6.43	7.05	7.74	8.51
Hee Gyathang	4.86	5.31	5.83	6.40	7.04
Lingdong Barfok	4.02	4.40	4.82	5.29	5.83
Tingchem Chadey	6.95	7.61	8.34	9.16	10.07
Namok Swayem	4.63	5.06	5.55	6.09	6.71
Ramthang Tangyek	3.61	3.95	4.32	4.75	5.23
Rongong Tumlung	6.11	6.68	7.32	8.04	8.85
Men Rongong	3.98	4.35	4.77	5.24	5.76
Phensang	4.20	4.59	5.03	5.53	6.08
Passingdong Saffo	2.80	3.06	3.36	3.69	4.06
Wok Omchu	5.96	6.52	7.14	7.84	8.63
Damthang	5.07	5.55	6.08	6.68	7.35
Tingrithang	4.17	4.56	5.00	5.49	6.04
Salghari	6.46	7.07	7.75	8.51	9.37
Assangthang	5.33	5.83	6.39	7.01	7.71
Kitam Manpur	4.06	4.44	4.86	5.34	5.87
Rongbul	4.25	4.65	5.09	5.59	6.15
Maniram Phalidara	5.77	6.31	6.92	7.60	8.36
Tangzi Bikmat	5.68	6.21	6.81	7.47	8.22
Rateypani	5.68	6.21	6.81	7.48	8.23
Kateng Pamphok	7.35	8.04	8.82	9.68	10.65
Perbing Dovan	5.19	5.68	6.22	6.83	7.52
Chuba Phong	4.66	5.10	5.59	6.14	6.75
Rameng Nizrameng	4.73	5.18	5.67	6.23	6.86
Sanghanath	2.87	3.13	3.44	3.77	4.15
Tinkitam Rayong	4.82	5.27	5.78	6.35	6.99
Lungchok Kameray	5.56	6.08	6.66	7.32	8.05

Name of GP	2020-21	2021-22	2022-23	2023-24	2024-25
Ranka	4.59	5.02	5.51	6.05	6.65
Kyongnosla	3.33	3.64	3.99	4.38	4.82
Bering Tareythang	6.61	7.23	7.92	8.70	9.57
Rolep Lamaten	4.56	4.98	5.46	6.00	6.60
Premlakha Subaneydara	5.99	6.55	7.18	7.88	8.67
Sudunglakha	5.80	6.35	6.96	7.64	8.41
Khongri Labdang	3.16	3.45	3.79	4.16	4.57
Dhupidara Narkhola	3.36	3.68	4.03	4.43	4.87
Karzi Mangnam	1.49	1.63	1.78	1.96	2.15
Sardong Lungzik	5.17	5.66	6.20	6.81	7.50
Gitang Karmatar	5.90	6.46	7.08	7.77	8.55
Pecherek Hee Patel	4.20	4.60	5.04	5.53	6.09
Takuthang	6.92	7.57	8.30	9.12	10.03
Khaniserbung Suntaley	4.82	5.28	5.79	6.35	6.99
Chota Samdong Arubotey	5.24	5.73	6.28	6.90	7.59
Singling	7.63	8.34	9.14	10.04	11.05
Kartok Bojek	1.99	2.17	2.38	2.62	2.88
Dodak	6.96	7.61	8.34	9.16	10.08
Buriakhop	4.29	4.70	5.15	5.65	6.22
Rumbuk	5.90	6.45	7.07	7.77	8.55
Ribdi Bhareng	4.57	5.00	5.48	6.02	6.62
Okhery	5.52	6.04	6.62	7.27	8.00
Lungchok Salyangdang	6.37	6.97	7.64	8.39	9.24
Tharpu	3.58	3.92	4.30	4.72	5.19
Mendogaon Berbotey	2.97	3.25	3.56	3.91	4.30
Chakung	5.97	6.53	7.15	7.86	8.64
Chumbung	5.76	6.31	6.91	7.59	8.35
Total	279.85	306.12	335.53	368.48	405.41

Year-wise Distribution of Special Incentive Grant to individual ULBs for period 2020-25

(₹ in Lakh)

Name of Urban Local Body	2020-21	2021-22	2022-23	2023-24	2024-25
Gyalshing Municipal Council	8.59	9.4	10.3	11.31	12.45
Mangan Nagar Panchayat	9.94	10.87	11.92	13.09	14.4
Singtam Nagar Panchayat	12.56	13.74	15.06	16.54	18.2
Total	31.09	34.01	37.28	40.94	45.05

