



## **STATUTORY PROVISIONS CALLING FOR REVIEW**

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

### **Section 7(2)**

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

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

Review document for the six-month period April-September 2025 is presented herewith.

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## LIST OF ABBREVIATIONS

13 <sup>th</sup> FC	Thirteenth Finance Commission
14 <sup>th</sup> FC	Fourteenth Finance Commission
15 <sup>th</sup> FC	Fifteenth Finance Commission
CGST	Central Goods and Services Tax
CSO	Central Statistical Organization
CSS	Centrally Sponsored Schemes
FDI	Foreign Direct Investment
FRBM	Fiscal Responsibility and Budget Management
GDP	Gross Domestic Product
GLOF	Glacial Lake Outburst Flood
GSDP	Gross State Domestic Product
GST	Goods and Services Tax
IGST	Integrated Goods and Services Tax
IMF	International Monetary Fund
INR	Indian National Rupees
LBs	Local Bodies
MTFP	Medium Term Fiscal Plan
NBC	Net Borrowing Ceiling
NPS	National Pension Scheme
NSO	National Statistical Office
ONTR	Own Non-Tax Revenue
OTR	Own Tax Revenue
PPP	Purchasing Power Parity
RBI	Reserve Bank of India
SCA	Special Central Assistance
SDG	Sustainable Development Goals
SGST	State Goods and Services Tax

# CHAPTER 1: FISCAL POLICY OVERVIEW

## 1.1 Introduction:

Based on the recommendations of the 11<sup>th</sup> Finance Commission, the State of Sikkim adopted Fiscal Responsibility and Budget Management (FRBM) in the year 2010. The FRBM Act aims to bring fiscal discipline, macroeconomic stability, and transparency in the government fiscal operations, and efficient management of funds. The fiscal management revolves around the benchmarks and fiscal indicators provided under the FRBM Act and ensure a defined time path for achieving deficit and debt targets to achieve fiscal stability. To ensure the fiscal stability and sustainability while providing efficient public service is the key feature of a growth oriented fiscal policy.

The FRBM Act stipulates presenting a Medium-Term Fiscal Plan (MTFP) along with the State Budget with an objective to give the detailed fiscal stance of the Government as envisioned in the budget in a transparent manner. The Medium-Term Fiscal Plan statement presented in the Legislature along with the budget documents 2025-26 has clearly stipulated the fiscal management principles, policy choices and fiscal stand enshrined in the Act.

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

The fiscal path chalked out by the Fourteenth Finance Commission (14<sup>th</sup>FC) ended in 2019-20; and from the fiscal year 2020-21 to financial year 2025-26, the recommendations as stipulated by the Fifteenth Finance Commission (15<sup>th</sup>FC) has taken effect. The FRBM Act of the State will take into account the recommendations made by the 15<sup>th</sup>FC starting the fiscal year 2020-21.

The 15<sup>th</sup>Finance Commission has suggested measures to maintain a stable and sustainable fiscal environment consistent with equitable growth. The 15<sup>th</sup> Finance Commission in its report has recommended maintaining fiscal deficit to maximum of 4% of Gross State Domestic Product (GSDP) in 2021-22, 3.5% of Gross State Domestic Product (GSDP) in 2022-23 and maintain it at 3% of Gross State Domestic Product (GSDP) in 2023-24 and thereafter.

Further, they have also recommended an annual fiscal deficit space of 0.5% of Gross State Domestic Product (GSDP) for the period 2021-22 to 2025-26 based on certain performance criteria in the power sector with the option of availing the entire or part of unutilized borrowing amount of the years from 2021-22 to 2024-25 to subsequently borrow within 2021-22 to 2025-26. It has also recommended maintaining a declining trend of the debt to GSDP ratio starting 2022-23. Necessary amendments to the State FRBM Act to reflect the statutory flexible limits on fiscal deficit and debt levels have been carried out.

## 1.2 State of the Economy

India is one of the fastest growing economies of the world and is expected to continue on this path, with a vision of becoming a developed nation by 2047 as envisioned under '*Viksit Bharat*' initiative of the Government of India, which lays emphasis on inclusive development, sustainable progress and effective governance. The International Monetary Fund (IMF) projects India's real GDP to grow by 6.6% in the FY 2025-26 as it continues to be regarded as one of the fastest growing major economies globally because of its broad-based demand, improved macroeconomic stability, export oriented services and fiscal consolidation.

A strong domestic demand and a rise in investment remain crucial drivers of economic growth. India's vast population and expanding middle income group create sustained demand for goods and services facilitated by growth in wages, salaried employment with rapid urbanization. Controlled inflation along with rural employment programs and subsidies help sustain consumption, particularly among lower income groups. Service sector continues to attract the highest share of investment especially in terms of foreign direct investment (FDI) accounting for about 19% of total FDI. This may be attributed to a combination of high growth potential, policy openness, cost efficiency, and capital market resilience.

Data released by National Statistical Office (NSO), estimates India's real GDP growth in half year (April-September 2025) at 8% with 7.8% in Q1 and 8.2% in Q2, the strongest in several quarters. This marks a robust expansion compared to the previous year's growth which was 6%. Nominal GDP or GDP at Current Prices is estimated to rise from ₹330 lakh crore in 2024-25 to ₹360-365 lakh crore in 2025-26, reflecting a growth of roughly 9-10%.

So far in 2025-26, the total GST collection has been 9.8 per cent higher at ₹11.93 lakh crore, as against ₹10.87 lakh crore collected in the corresponding period of 2024-25. Key revenue components of 2025-26 include CGST at ₹2.22 lakh crore, SGST at ₹2.75 lakh crore, IGST at ₹6.20 lakh crore and Cess at ₹0.76 lakh crore.

Between April and September 2025, most monthly GST collections were higher than the corresponding months in 2024. Higher collections reflect steady economic activity and consumption, higher nominal transaction values, better compliance and enforcement, widening of tax base along with effective digital tax administration. Improved GST collections enhance the Central divisible tax pool leading to higher and more predictable tax devolution to States which strengthens fiscal stability, reduces borrowing pressure and improves funding for development and social schemes. This is particularly beneficial for a state like Sikkim, as a major portion of the State Revenue depends on Central tax devolutions.

India's sustained GDP growth, which remains among the fastest in major economies, reflects the combined impact of a strong domestic demand, a resilient and globally competitive services sector, sustained public capital expenditure and a stable macroeconomic environment. Growth has been largely consumption and investment led, supported by rising incomes, improved credit flow and continued government focus on infrastructure development, which has generated multiplier effects across sectors and growth in private investment.

Sikkim's economy continues its trajectory as one of India's fastest-growing and highest-income states, with a projected Gross State Domestic Product (GSDP) of ₹57,000 crore, representing an 8.5% growth over the previous year estimate of ₹ 52,555 crore in nominal terms. The state maintains its lead in per capita income, estimated at a robust ₹7.07 lakhs, significantly outpacing the national average. The economic structure is heavily industrial, with the secondary sector contributing approximately 62% to the Gross State Value Added (GSVA), primarily driven by its established pharmaceutical hub and hydroelectric power generation. Tourism remains a vital service sector pillar, contributing nearly 7% to the GSDP and remains a main source of income for the people of Sikkim.

Fiscally, the 2025-26 budget outlines a net outlay of ₹16,646.62 crore. After accounting for recoveries of ₹ 450.92 crore, the net expenditure is estimated at ₹ 16195.70 crore.

The revenue surplus estimated for 2025-26 is ₹ 1203.20 crore, equivalent to 2.1 percent of GSDP. This is an improvement over budget estimate of 0.9 percent (₹ 499.34) crore as well as revised estimate of 2.0 percent (₹ 1068.71 crore) for 2024-25. The fiscal deficit for 2025-26 is targeted at ₹ 3302.84 crore, or 5.8 percent of GSDP.

The State of Sikkim completed 50 years of statehood on May 16, 2025, marking its historic integration into India as the 22<sup>nd</sup> State in 1975. This milestone reflects five decades of progress, resilience, and cultural preservation as it transitioned into a full-fledged state of the Indian Union. Over the past 50 years, Sikkim has emerged

as a model State of sustainable development with Sikkim being India's first fully organic state in 2016, a testament to its commitment to environmental conservation. The State has also made huge strides in tourism, industrialisation and hydro power generation, while preserving its rich ecology and biodiversity. Sikkim's 50-year journey also underscores its strategic importance as one of the most peaceful State in India, in spite of it being bordered by three international countries viz China, Bhutan, and Nepal. While celebrating its progress, the state continues to address challenges like demographic shifts and economic sustainability, aiming for a future that balances tradition with modernity. The golden jubilee celebrations, launched in May 2024, will showcase Sikkim's cultural heritage and achievements with a theme "Sunaulo, Samridha, and Samarth Sikkim" (Golden, Prosperous, and Capable Sikkim).

### **1.3 The Lingering Impact of the 2023 GLOF**

While Sikkim's economy continues to show resilience, the repercussions of the October 2023 South Lhonak Lake Glacial Lake Outburst Flood (GLOF) remain a severe drag on its 2025-26 economic performance. The power sector, a critical revenue pillar, remains in a state of crisis with the complete stoppage of power generation at the 96 MW Dikchu and 510 MW Teesta Stage-V hydroelectric projects, leading to a total loss of the state's 12% free power entitlement. To manage the resulting energy deficiency, the state has been forced to consume the free power from the Chuzachen HEP, sacrificing the monetary revenue this project typically generates.

Compounding these losses, the persistent instability of National Highway 10, which saw significant closures between July and September 2025, has stifled commercial activity and deterred tourist arrivals. This disruption has not only halted infrastructure projects but has also caused a notable shrinkage in the demand for goods and services, particularly in northern districts where routes remain damaged. Consequently, the 2025-26 fiscal resources are under immense strain, as the government must balance high rehabilitation costs against a weakened revenue base, a situation that is expected may lead to a shortfall in the year's projected budget targets.

### **1.4 Organization of the Paper**

The remaining section of this paper is structured as follows:

Chapter 2 highlights the significant Fiscal Profile of the Budget 2025-26;

Chapter 3 makes a study of trends in Revenue Receipt for the period April to September 2025 in relation to Budget 2025-26;

Chapter 4 makes a study of trends in Expenditure for the period April to September 2025 in relation to Budget 2025-26;

Chapter 5 focuses on Fiscal targets, Guarantees and debt levels.

## CHAPTER 2: FISCAL PROFILE

### 2.1 Macro-economic Outlook

Sikkim is primarily an agrarian state with more than 60% of the population depending on it for its livelihood. Nonetheless, it is transitioning from a primarily agrarian base to a more diversified economic structure that includes industry (pharmaceuticals and manufacturing), services, tourism and hydropower. It is the first State in the Indian Union to have achieved a fully Organic State status providing both domestic supply advantages and export potential. The State has a rich biodiversity with a huge potential in terms of forest resources. It also boasts an abundant source of Hydro power potential of 8,000 MW. The challenge for the State lies in balancing development and industrialization within its fragile environment.

Besides this, tourism industry provides the main thrust to the economy with the State being the first to promote the concept of eco-tourism, village tourism and homestay tourism in the country. The State's high literacy rate combined with sustained investment in infrastructure and connectivity integrating environment resilience makes it an ideal environment for future economic growth.

For the year 2025-26, the Ministry of Finance, Government of India vide their letter no. 40(1)/PF-S/2025-26 dated 4<sup>th</sup> April 2025 has projected the GSDP of the State at ₹57,171 crore, which is a slight increase of ₹ 171 crore against the budget estimated amount of ₹ 57,000 crore. This amount has been calculated as per the formula and methodology prescribed by the 15<sup>th</sup> Finance Commission. This shows an 8.7 percent growth in GSDP as compared to the estimated GSDP of 2024-25 which stood at ₹52,555 crore.

### 2.2 Fiscal Profile of Budget 2025-26

The fiscal profile of the Budget of Sikkim for 2025-26 has been outlined at Table 2.1. The Revenue Receipts for the State is 21.46 percent relative to GSDP, which is an increase from 20.45 percent of GSDP estimated last fiscal year. This may be attributed to an increase in estimate under Own Non-Tax Revenue and Central Transfers. The Own Tax Revenue GSDP Ratio and Own Non-Tax Revenue GSDP Ratio in the budget estimate for 2025-26 is projected at 3.64 percent and 1.77 percent respectively. This is a decrease from 4.12 percent under Own Tax Revenue and an increase from 1.76 percent under Own Non-Tax Revenue compared to last fiscal year 2024-25.

The Central Transfers for 2025-26 is projected at 16.05 percent of GSDP, which shows an increase from 14.57 percent compared to the last fiscal year. There is an increase in Tax devolution from 6.46 percent to 6.86 percent along with an increase in CGST from 2.75 percent to 2.82 percent of GSDP. Previously, there has been a steady decrease in Central Grants annually, which was 8.37 percent in 2021-22, 7.66 percent in 2022-23, 5.48 percent in 2023-24 to 5.36 percent in 2024-25. However, Central Grants has increased to 6.37 percent in the CFY 25-26. The effect of an increase in Central transfers to the State economy is immense as Central transfers including Central Tax devolutions account for about 74.79 percent of total revenues of the State.

**Table 2.1: Budget Profile 2025-26**

Sl. No.	Particulars	Budget Estimate 2025-26 (₹ in Cr)	Budget Estimate 2025-26 As % to GSDP
1	<b>Revenue Receipts</b>	<b>12231.37</b>	<b>21.46</b>
2	<b>Own Tax Revenue</b>	<b>2076.23</b>	<b>3.64</b>
3	Sales Tax+SGST	1292.42	2.27
4	Stamp Duty and Registration	26.88	0.05
5	State Excise Duty	567.00	0.99
6	Motor Vehicle Tax	86.00	0.15
7	Other Taxes	103.93	0.18
8	<b>Own Non-Tax Revenue</b>	<b>1007.24</b>	<b>1.77</b>
9	<b>Central Transfer</b>	<b>9147.90</b>	<b>16.05</b>
10	Tax Devolution	3912.34	6.86
11	CGST	1606.75	2.82
12	Grants	3628.81	6.37
13	<b>Revenue Expenditure</b>	<b>11028.17</b>	<b>19.35</b>
14	<b>General Services</b>	<b>4562.24</b>	<b>8.00</b>
15	Interest Payment	1071.37	1.88
16	Pension	1762.24	3.09
17	Other General Services	1728.63	3.03
18	<b>Social Services</b>	<b>3399.81</b>	<b>5.96</b>
19	Education	1651.87	2.90
20	Medical and Public Health	697.96	1.22
21	Other Social Services	1049.97	1.84
22	<b>Economic Services</b>	<b>2922.60</b>	<b>5.13</b>
23	<b>Assignment to LBs</b>	<b>143.53</b>	<b>0.25</b>
24	<b>Capital Expenditure</b>	<b>4505.01</b>	<b>7.90</b>
25	Capital Outlay	4505.01	7.90
26	Net Lending	-	-
27	<b>Revenue Deficit</b>	<b>1203.20</b>	<b>2.11</b>
28	<b>Fiscal Deficit</b>	<b>3302.84</b>	<b>5.79</b>

Sl. No.	Particulars	Budget Estimate 2025-26 (₹ in Cr)	Budget Estimate 2025-26 As % to GSDP
29	<b>Primary Deficit</b>	<b>2231.47</b>	<b>3.91</b>
30	<b>Outstanding Debt</b>	<b>21755.98</b>	<b>38.17</b>

Source: State Budget document 2025-26 & Medium-Term Fiscal Plan for Sikkim 2025-26

The Revenue Expenditure for 2025-26 is projected at 19.35 percent of GSDP, which is a decline from 19.50 percent of GSDP projected last fiscal. The primary reason for such decline is due to lesser expenditure under General Services. Capital allocation has been annually increasing from 4.17 percent in 2022-23, 4.62 percent in 2023-24, 6.35 percent of GSDP in 2024-25 and 7.90 percent of GSDP in 2025-26.

The State Government over the years have adhered to the FRBM targets and has remained on the path of fiscal consolidation. For the fiscal year 2025-26, the fiscal deficit was fixed at 5.79 percent of GSDP, which consisted of Normal Borrowings, additional Power Sector borrowing allowed within the FRBM limits, as well as additional borrowing allowed by the Central government for Special Central Assistance (SCA) and National Pension Scheme (NPS) contribution.

An amount of ₹ 1591.18 crore is the total loan being drawn over and above the FRBM limits, which consists of ₹ 1037.00 crore under Special Central Assistance, a 50-year interest free loan given to States for Capital Investment and works out to 1.82 percent of GSDP, an amount of ₹274.18 crore pertaining to power constituting about 0.48 percent of the GSDP and an amount of ₹ 280.00 crore loan allowed against NPS contribution, which works out to 0.49 percent of GSDP. Thus, removing the additional borrowing of 2.79 percent of the GSDP as stated above, the State's fiscal deficit would sit within the prescribed limit of 3.00 percent of GSDP, as per the principle enshrined in the Sikkim Fiscal Responsibility and Budget Management Act, 2010.

## CHAPTER 3: TRENDS IN REVENUE

### 3.1 Revenue Profile

The overall achievement under revenue of the State during half yearly period ending September, 2025 is 38.06 percent, which comprises of 50.01 percent Tax revenue, 50.06 percent Non-Tax Revenue and 34.03 percent of Central Transfers (Tax devolution including Grants-in-Aid). The summary of Revenue covering the first six months of the fiscal year 2025-26 is presented in Table 3.1.

The performance of Revenue Receipts has been satisfactory during the first half of the financial year 2025-26, with 50 percent of the annual targets achieved under Own tax Revenue and Non-Tax Revenue. In contrast, the realization under Central Transfers remains comparatively lower at 34.03 percent of the annual target. Accordingly, this indicates that the State is likely to achieve the budgeted revenue targets for the year 2025-26, provided Central Transfers are released in a timely manner in the second half of the financial year.

Table 3.1: Summary of Revenue Profile

Sl. No.	Items	2025-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April-Sept 2025)
A	REVENUE RECEIPTS	12231.37	4655.24	38.06
B	OWN TAX REVENUE	2076.23	1038.27	50.01
C	CENTRAL TRANSFERS	9147.90	3112.80	34.03
D	NON-TAX REVENUE RECEIPTS	1007.24	504.18	50.06

Source: Annual Financial Statement 2025-26 and Civil Accounts September 2025

#### 3.1.1 Own Tax Revenue and Central Transfer

The State's Own Tax Revenue constitutes 16.97 percent relative to the total revenue estimate for the year 2025-26. Revenue from SGST, State Excise Duties and Sales Tax are the major sources of Own Tax Revenue which comprises 89.55 percent of the total Own Tax Revenue. The realization of 50.01 percent of Own Tax Revenue during the period under review indicates a reasonably satisfactory performance. This may be primarily attributed to performance under SGST and Stamp duty and Registration, where the prescribed targets have been largely achieved.

The collection of taxes under Sales Tax upto the half yearly period was unsatisfactory, mainly due to decreased economic activities and closure of NH 10

from July-September, leading to decrease in supply of goods and services. As per the report from the Commercial Tax Division, the closure of NH10 affected consumer demand, leading to many projects being halted, deferring private consumption. The uncertainty in connectivity of National Highway further impacted the inflow of tourists leading to significant shrinkage of demand of goods and services. The shortfall may be substantial and it is necessary to take up additional revenue mobilization to achieve the revenue targets by the end of the fiscal year.

**Table 3.2: Summary of Own Tax Revenue and Central Transfers**

Sl. No.	Items	25-26 (BE) (₹. in cr)	April - Sept 2025 (₹. in cr)	% to budget (April- Sept 2025)
<b>A</b>	<b>TAX REVENUE RECEIPTS &amp; CENTRAL TRANSFERS</b>	<b>11224.13</b>	<b>4151.07</b>	<b>36.98</b>
<b>B</b>	<b>OWN TAX REVENUE</b>	<b>2076.23</b>	<b>1038.27</b>	<b>50.01</b>
0006	SGST	1117.42	628.69	56.26
0028	Other Taxes on Income and Expenditure	20.00	8.99	44.95
0029	Land revenue	24.54	2.49	10.15
0030	Stamp Duty and registration Fees	26.88	27.00	100.45
0039	State Excise Duties	567.00	228.72	40.34
0040	Sales Tax	175.00	75.03	42.88
0041	Motor vehicle Tax	86.00	34.56	40.18
0045	Other Taxes	59.39	32.78	55.20
<b>C</b>	<b>CENTRAL TRANSFERS</b>	<b>9147.90</b>	<b>3112.80</b>	<b>34.03</b>
0005	Central GST (CGST)	1606.75	803.39	50.00
0020	Corporation Tax	1541.12	638.49	41.43
0021	Taxes on Income other than Corporation Tax	2056.30	851.92	41.43
0037	Customs	254.03	127.05	50.01
0038	Union Excise Duties	52.78	26.39	50.00
0044	Service Tax	0.16	0.07	43.75
0045	Other Taxes & Duties on Commodities & Services	7.95	3.99	-
1601	Grants in Aid and Contributions	3628.81	661.50	18.23

Source: Annual Financial Statement 2025-26 and Civil Accounts September 2025

The half yearly target under State Excise Duties is 40.34 percent of the estimated revenue. The lower realization of excise duty during the period under review is largely due to disruption of National Highway, which affected supply and tourist movement, resulting in lower liquor sales.

While most of the sectors have achieved the half yearly targets, there has been shortfall under sectors like Land Revenue and Motor Vehicles. Underperformance by Land Revenue sector in the first half of the fiscal year is reported to be due to

non-registration of properties at the anticipated level during the period under review. As for relatively lower collection under Motor Vehicle, it is stated that rate for registration of new vehicle has been revised which is 15% lower as compared to the rates in 2024.

The major chunk of the total revenue of the State Government comes from Central transfers which help to stabilize fiscal imbalance. The figures of Central Transfer given in Table 3.2 shows that it comprises 74.79 percent relative to the total revenue of the State and 49.17 percent relative to the total Tax Revenues. The Central Transfers including Grants and Contributions in the first half of the current financial year under review is below the anticipated levels and thus its timely release shall provide substantial support to the State's overall revenue position.

The overall achievement of targets envisaged in the budget estimate for the Own Tax Revenues is likely to be achieved provided the current pace of collection is sustained or improves in the second half of the year.

### 3.1.2 Own Non-Tax Revenue

The profile of the Non-Tax Revenue in the first six months of the current financial year 2025-26 is presented in the Table 3.3. The State Own Non-Tax Revenue constitutes 8.23 percent relative to total budgeted Revenue Receipt 2025-26 and 1.77 percent relative to GSDP. While there is variation in absolute non tax revenue figures, share of non-tax revenue in relation to total Revenue Receipts and GSDP remains the same as previous year, reflecting proportional growth.

**Table 3.3: Summary of Non-Tax Revenue**

Heads of Accounts	Items	25-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April-Sept 2025)
	<b>NON-TAX REVENUE RECEIPTS</b>	<b>1007.24</b>	<b>504.18</b>	<b>50.06</b>
<b>A</b>	<b>INTEREST RECEIPTS, DIVIDENDS AND PROFITS</b>	<b>77.20</b>	<b>80.17</b>	<b>103.86</b>
0049	Interest Receipts	73.20	77.07	105.29
0050	Dividends and profits	4.00	3.11	77.63
<b>B</b>	<b>GENERAL SERVICES</b>	<b>209.03</b>	<b>117.08</b>	<b>56.01</b>
0051	Public Service Commission	0.20	0.47	234.80
0055	Police	90.00	65.49	72.77
0058	Stationery and Printing	5.00	1.40	27.99
0059	Public Works	8.00	4.90	61.19
0070	Other Administrative Services	18.38	3.95	21.47
0071	Contributions and Recoveries towards Pension and Other Retirement Benefits	28.00	17.27	61.68
0075	Misc. General Services	59.44	23.61	39.72

Heads of Accounts	Items	25-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April-Sept 2025)
<b>C</b>	<b>SOCIAL SERVICES</b>	<b>41.33</b>	<b>20.63</b>	<b>49.91</b>
0202	Education, Sports, Art & Culture	13.75	6.53	47.51
0210	Medical and Public Health	8.00	3.85	48.10
0215	Water Supply and Sanitation	12.00	3.56	29.63
0216	Housing	0.60	0.31	52.40
0217	Urban Development	2.42	4.20	173.25
0220	Information and Publicity	0.25	0.04	14.76
0230	Labour and Employment	3.50	1.97	56.34
0235	Social Security & Welfare	0.61	0.08	12.45
0250	Other Social Services	0.20	0.10	48.57
<b>D</b>	<b>ECONOMIC SERVICES</b>	<b>679.68</b>	<b>286.29</b>	<b>42.12</b>
0401	Crop Husbandry	0.85	0.39	45.70
0403	Animal Husbandry	2.18	1.01	46.05
0405	Fisheries	0.42	0.28	68.11
0406	Forestry and Wild Life	32.00	20.54	64.19
0407	Plantation	3.00	-	-
0408	Food Storage and Ware Housing	0.25	0.20	80.52
0425	Co-operation	0.10	1.36	1357.19
0515	Other Rural Development Programme	2.20	1.33	60.30
0702	Minor Irrigation	0.40	0.06	15.35
0801	Power	518.80	216.49	41.73
0851	Village and Small Industries	-	0.07	3457.75
0852	Industries	3.81	2.14	56.12
0853	Non-Ferrous Mining & Metallurgical Industries	0.20	0.13	67.29
1055	Road Transport	100.00	35.23	35.23
1452	Tourism	15.00	6.93	46.18
1475	Other General Economic Services	0.47	0.14	29.54
<b>GRAND TOTAL</b>		<b>1007.24</b>	<b>504.18</b>	<b>50.06</b>

Source: Annual Financial Statement 2025-26 and Civil Accounts September 2025

The total non-tax revenue collected in the first half of 2025-26 is about 50.06 percent of the total projected revenue for the fiscal year, indicating that the receipts are progressing at a reasonable rate, though typically, there could be more collection in the second half of the year. The progress under non-tax revenue is strong especially in Interest Receipts, Urban Development, Forest and Industries though some services and sectors like Power, Water Supply and Sanitation and Road Transport need closer attention.

#### Interest Receipts, Dividends, and Profits:

The collection under this head has been strong, as revenue estimated for the full year has already been realized within the first half of the year due to leveraging of funds received from the Government of India. The higher revenue is achieved especially due to better mobilization of Cash balances of the State Government.

**General Services:**

This category is performing reasonably well, with over 56.01 percent of the expected revenue being collected by September. The major components are Police, Public Works and State Lotteries. Receipt under Police mainly comprises of reimbursement of Salaries of Indian Reserve Battalion and other Government Agencies.

Revenue collection under the Public Works majorly comes from Hire Charges of Machinery and Equipment, Receipts from Tenders and Reimbursement from Highways, the targets for which have been achieved.

The better revenue realization under State lottery is mainly due to re-start of paper lotteries, better revenue realization in online gaming and casinos, and also enhancing of license fee for new casinos as well as online gaming operators. Efforts are being made to start operations in States like Kerala & Tamil Nadu for paper lotteries network, which could lead to increase of revenue substantially.

**Social Services:**

The relative share of Social Services under Non-Tax Revenue is 4.10 percent. The receipts under these sectors hardly contribute to the overall revenue to the State exchequer. Overall, the Non-Tax Revenue Receipt under Social Services is at 49.91 percent of the total estimated outlay.

**Economic Services:**

The largest category in terms of budget estimates, Economic Services has only achieved 42.12 percent of the target. This suggests that while this category is vital, the realization of revenue here is comparatively slower in the first half of the fiscal year. Table 3.3 indicates that sectors like Forest, Industries etc. are performing well. However, the Power and Road Sector have low realizations.

Forest Department has from the fiscal year 2022-23 been a significant contributor to the State Exchequer contributing almost 20 percent to the non-tax revenue. This was mainly due to the imposition of natural water user charges under the Ecosystem services.

On the contrary, underperformance in the Power sector is mainly due to complete stoppage of power generation from 96 MW Dikchu Hydro Electric Power and 510 MW Teesta Stage-V Hydro Electric Power due to GLOF leading to a total loss of the state's 12% free power entitlement. To manage the resulting energy deficiency, the state has been forced to consume the free power from the Chuzachen HEP,

sacrificing the monetary revenue this project typically generates. In addition, the transition from pre-paid electronic meters to smart pre-paid meters, including meter replacement system integration and consumer onboarding has temporarily affected efficiency in billing and collection resulting in reduced revenue during the transition period.

The shortfall in revenue from the Road Transport is reported to be due to blockage of national highway and unavailability of permission to ply via alternate highway. Other than Power and Industries, Other General Economic sectors have a small contribution and may have to ensure achievement of their annual target in the later part of the year.

The overall performance of both tax and non-tax revenue up to the first half of the financial year has been encouraging. The steady pace of collection indicates that, if the current momentum is sustained, revenue realization is likely to meet or exceed the budgeted estimates by the end of the financial year. Further, shortfalls observed in certain sectors have been largely offset by better-than-expected performance in other revenue sectors, providing confidence in achieving overall annual targets for the financial year 2025-26.

## CHAPTER 4: TRENDS IN EXPENDITURE

### 4.1 Summary of Expenditure

The total expenditure of the State Government in the first half of the financial year 2025-26 is ₹ 5838.89 crore against the annual budget of ₹ 15533.19 crore which shows utilization of 37.59 % in first half of the year. It means, the trends of expenditure are below the ideal benchmark of 50%.

The Government activities in the first half of the financial year are generally slow in comparison to the second part and is a regular trend as this is reflective in the past years data. This is due to the fact that the preparation of the detailed estimate, design and specifications and obtaining approval and the sanction of the proposal from the Government through Finance and Planning Departments take some time. Further, causes for the slow pace of expenditure under all three sectors are partially due to the delay in release of the fund from the Government of India. Therefore, the fluctuating trend of expenditure in the first half of the financial year as shown in the Table 4.1 is not an unusual feature and could be regulated in the subsequent months.

**Table 4.1: Summary of Expenditure**

Sl. No.	Items	2025-26 (BE) (₹ In cr)	Expdt April – Sept 2025 (₹ In cr)	% to Budget (April – Sept 2025)
<b>A</b>	<b>REVENUE ACCOUNT</b>	<b>11028.17</b>	<b>4698.88</b>	<b>42.61</b>
1	GENERAL SERVICES	4562.24	1892.37	41.48
2	SOCIAL SERVICES	3399.81	1628.34	47.89
3	ECONOMIC SERVICES	2922.60	1177.61	40.29
4	GRANTS IN AID & CONTRIBUTION	143.53	0.57	-
<b>B</b>	<b>CAPITAL ACCOUNT</b>	<b>4505.01</b>	<b>1140.00</b>	<b>25.31</b>
1	GENERAL SERVICES	1449.54	132.30	9.13
2	SOCIAL SERVICES	1353.68	440.84	32.57
3	ECONOMIC SERVICES	1701.80	566.86	33.31
<b>C</b>	<b>GRAND TOTAL</b>	<b>15533.19</b>	<b>5838.89</b>	<b>37.59</b>

### 4.2 Revenue Expenditure

The summary of the expenditure has been depicted in Table 4.2 below. The overall achievement of the expenditure under Revenue Account during the first half of the fiscal year is 42.61%, which is an increase of 1.71% as compared to last financial

year which was at 40.90%. Increase in expenditure in this half yearly period is slightly below the ideal benchmark of 50% indicating moderate under-utilization and, need to focus on acceleration in the remaining financial year.

Out of the total expenditure of ₹4698.88 crore under revenue account up to September 2025, the expenditure on General Services, Social Services and Economic Services stands at ₹1,892.37 crore, ₹1,628.34 crore and ₹1,177.61 crore respectively.

Under General Services, the expenditure is mainly driven by committed liabilities such as salaries, interest payments, pension, police and administration. The utilization is as expected during the first half of the fiscal year.

Social sector is seen to be the best performing sector under revenue account. Nutrition, Urban Development and Welfare scheme show some concern, however, timely flow of funds and strengthening monitoring of nutrition and urban development programme may help to curve the problem in remaining part of the year.

The Economic Sector and Grants-in-Aid and Contributions needs focused intervention to ensure balance expenditure during the remaining part of the year. Timely release of the grants to the local bodies could prevent end-year rush.

Interest Payment, natural Calamities and Power exhibit front-loaded and higher utilization indicating priority and demand driven spending. Thus overall, the expenditure under revenue account shows as expected up to the review period and therefore, may not put extra burden on the State exchequer.

**Table 4.2: Revenue Expenditure**

Heads of Accounts	Items	25-26 (BE) (₹in cr)	April - Sept 2025 (₹in cr)	% to budget (April-Sept 2025)
	<b>REVENUE ACCOUNT</b>	<b>11028.17</b>	<b>4698.88</b>	<b>42.61</b>
<b>A</b>	<b>GENERAL SERVICES</b>	<b>4562.24</b>	<b>1892.37</b>	<b>41.48</b>
2011	Parliament/State/Union Territory Legislature	29.18	14.12	48.40
2012	President, Vice President/Governor	12.45	5.88	47.28
2013	Council of Ministers	35.89	19.56	54.50
2014	Administration of Justice	90.19	45.64	50.60
2015	Elections	12.94	5.82	45.00
2020	Collection of Taxes on Income & Expenditure	3.99	1.95	48.92
2029	Land Revenue	20.93	11.13	53.18

Heads of Accounts	Items	25-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April-Sept 2025)
2030	Stamps & Registration	0.22	0.01	5.16
2039	State Excise	10.96	5.13	46.78
2041	Taxes on Vehicles	18.61	9.81	52.71
2043	Collection charges under state goods & services Tax	12.21	6.78	55.55
2045	Other Taxes & Duties on Commodities & Services	48.40	1.62	3.34
2047	Other Fiscal Services	0.44	0.13	29.55
2048	Appropriation for reduction or avoidance of debt	21.00	-	-
2049	Interest Payments	1071.37	547.66	51.12
2051	Public Services Commission	8.62	4.37	50.72
2052	Secretariat -General Services	121.83	57.30	47.03
2053	District Administration	70.01	36.29	51.84
2054	Treasury and Accounts Administration.	32.28	15.33	47.49
2055	Police	629.23	329.12	52.31
2056	Jails	14.16	7.53	53.17
2058	Stationery and Printing	17.62	8.85	50.21
2059	Public Works	62.54	29.66	47.42
2062	Vigilance	18.50	9.95	53.77
2070	Other Administrative Services	86.54	30.11	34.80
2071	Pensions and Other Retirement Benefits	1762.24	654.69	37.15
2075	Miscell. General Services	349.89	33.92	9.69
<b>B</b>	<b>SOCIAL SERVICES</b>	<b>3399.81</b>	<b>1628.34</b>	<b>47.89</b>
2202	General Education	1621.56	772.79	47.66
2203	Technical Education	30.31	14.89	49.13
2204	Sports and Youth Services	39.75	19.37	48.71
2205	Art and Culture	38.71	17.44	45.06
2210	Medical and Public Health	697.96	345.08	49.44
2211	Family Welfare	21.60	10.55	48.85
2215	Water Supply & Sanitation	107.41	46.29	43.09
2216	Housing	119.89	60.06	50.10
2217	Urban Development	110.35	35.20	31.90
2220	Information and Publicity	19.39	8.66	44.67
2225	Welfare of S/C, S/T and Other Backward classes	60.58	24.47	40.39
2230	Labour & Employment	23.48	11.98	51.02
2235	Social Security & Welfare	308.67	146.42	47.44
2236	Nutrition	30.80	5.95	19.31
2245	Relief on Account of Natural Calamities	130.21	85.31	65.52
2250	Other Social Services	38.52	23.56	61.16
2251	Secretariat- Social Services	0.60	0.32	52.61

Heads of Accounts	Items	25-26 (BE) (₹in cr)	April - Sept 2025 (₹in cr)	% to budget (April-Sept 2025)
<b>C</b>	<b>ECONOMIC SERVICES</b>	<b>2922.60</b>	<b>1177.61</b>	<b>40.29</b>
2401	Crop Husbandry	568.11	156.39	27.53
2402	Soil & Water Conservation	48.29	15.01	31.08
2403	Animal Husbandry	112.94	43.30	38.34
2404	Dairy Development	8.91	-	-
2405	Fisheries	27.48	8.13	29.57
2406	Forestry & Wild Life	195.86	72.97	37.26
2407	Plantations	10.35	4.79	46.30
2408	Food, Storage & Warehousing	52.37	18.52	35.36
2425	Co-operation	40.66	17.45	42.92
2501	Special Programmes for Rural Development	194.37	106.72	54.91
2505	Rural Employment	113.37	51.01	45.00
2515	Other Rural Development Programmes	144.10	53.09	36.85
2575	Other Special Area Programmes	21.10	-	-
2702	Minor Irrigation	37.29	18.68	50.10
2801	Power	538.52	312.30	57.99
2810	Non-Conventional Sources of Energy	2.46	-	-
2851	Village and Small Industries	84.83	27.93	32.92
2852	Industries	19.11	5.57	29.16
2853	Non-ferrous Mining & Metallurgical Industries	9.82	4.40	44.75
3053	Civil Aviation	10.00	-	-
3054	Roads and Bridges	392.22	153.57	39.15
3055	Road Transport	101.61	52.82	51.98
3425	Other Scientific Research	11.48	4.69	40.83
3435	Ecology and Environment	8.83	2.34	26.50
3451	Secretariat-Economic Services	75.36	11.74	15.58
3452	Tourism	64.59	23.74	36.76
3454	Census Surveys & Statistics	16.54	7.97	48.19
3456	Civil Supplies	3.82	1.87	48.96
3475	Other General Economic Services	8.16	2.59	31.79
<b>D</b>	<b>GRANTS IN AID &amp; CONTRIBUTION</b>	<b>143.53</b>	<b>0.57</b>	<b>0.40</b>
3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	143.53	0.57	0.40

### 4.3 Capital Expenditure

The detailed Expenditure profile under Capital sector is presented in Table 4.3 below.

The overall expenditure in the Capital Sector during first half of the year is 25.31% only against the annual Budget estimate of ₹ 4505.01 crore which is 2% of the GSDP, considerably below the implied half yearly target (4% of GSDP). The delayed Capital expenditure can push the infrastructure creation to the year-end, which may cause cost overrun and thereby impact long term growth.

**Table 4.3: Capital Expenditure**

Heads of Accounts	Items	25-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April- Sept 2025)
	<b>CAPITAL ACCOUNT</b>	<b>4505.01</b>	<b>1140.00</b>	<b>25.31</b>
<b>A</b>	<b>GENERAL SERVICES</b>	<b>1449.54</b>	<b>132.30</b>	<b>9.13</b>
4055	Capital Outlay of Police	4.10	0.54	13.22
4058	Capital Outlay on Stationery and Printing	2.72	-	-
4059	Capital Outlay on Public Works	1305.22	120.25	9.21
4070	Capital Outlay on other Administrative Services	137.51	11.51	8.37
<b>B</b>	<b>SOCIAL SERVICES</b>	<b>1353.68</b>	<b>440.84</b>	<b>32.57</b>
4202	Capital Outlay on Education, Sports, Art and Culture	525.55	102.26	19.46
4210	Capital Outlay on Medical and Public Health	58.01	8.84	15.24
4215	Capital Outlay on Water Supply and Sanitation	219.80	42.91	19.52
4216	Capital Outlay on Housing	18.74	13.20	70.43
4217	Capital Outlay on Urban Development	220.87	84.36	38.19
4220	Capital Outlay on Information and Publicity	1.18	0.27	22.61
4225	Capital Outlay on Welfare of SC, ST & OBC	267.94	173.33	64.69
4235	Capital Outlay on Social Security & Welfare	41.30	15.50	37.53
4250	Capital Outlay on Other Social Services	0.30	0.18	60.95

Heads of Accounts	Items	25-26 (BE) (₹ in cr)	April - Sept 2025 (₹ in cr)	% to budget (April- Sept 2025)
<b>C</b>	<b>ECONOMIC SERVICES</b>	<b>1701.80</b>	<b>566.86</b>	<b>33.31</b>
4401	Capital Outlay on Crop Husbandry	4.06	-	-
4403	Capital Outlay on Animal Husbandry	3.57	0.82	22.98
4405	Capital Outlay on Fisheries	0.60	-	-
4406	Capital Outlay on Forestry and Wildlife	16.73	1.50	8.96
4408	Capital Outlay on Food storage & warehousing	4.04	0.18	4.46
4425	Capital Outlay on Cooperation	0.38	0.19	49.06
4515	Capital Outlay on other Rural Development Programmes	24.95	6.21	24.90
4575	Capital Outlay on other Special Areas Programmes	74.66	-	-
4702	Capital Outlay on Minor Irrigation	113.33	4.47	3.94
4711	Capital Outlay on Flood Control Projects	17.19	2.00	11.63
4801	Capital Outlay on Power Projects	419.02	91.56	21.85
4851	Capital Outlay on Village and Small Industries	4.20	2.16	51.53
4853	Capital Outlay on Non-ferrous Mining and Metallurgical Industries	0.19	0.19	99.95
4859	Capital Outlay on Telecommunication and Electronic Industries	0.12	-	-
5054	Capital Outlay on Roads and Bridges	670.35	238.30	35.55
5055	Capital Outlay on Road Transport	0.58	-	-
5425	Capital Outlay on Other Scientific and Environmental Research	0.21	-	-
5452	Capital Outlay on Tourism	346.54	219.07	63.22
5475	Capital Outlay on other general economic services	1.08	0.20	18.58

Source: Annual Financial Statement 2025-26 and Civil Accounts September 2025

Almost all the sectors except Non-ferrous Mining & Metallurgical Industries, Housing, Welfare of SC/ST & OBC, Tourism Other Social Services and Village and Industries, non-have met the half yearly targets. There has been either moderate performer like Urban Development, Roads & Bridges or low performer like Police, Crop Husbandry, road transport etc.

**Table 4.4: Sector-wise Analysis under Capital Expenditure**

SECTOR	BE 2025-26 (₹ in cr)	April to Sept. (Exp) (₹ in cr)	% Utilized	Performance
A. General Services	1449.54	132.30	9.13	Under- Performer
B. Social Services	1353.68	440.84	32.57	Moderate Performer
C. Economic Services	1701.80	566.86	33.31	Moderate Performer

The primary reason for underperformance of the capital expenditure is mainly due to the lesser transfer of fund under the central scheme and the initial time required for the project in pipe- line to get started.

The capital expenditure is usually met from the Central grant and borrowed sources and meant for capital formation for sustainable development of the State. Timely implementation of the scheme with planned strategy is of paramount importance.

# CHAPTER 5: FISCAL TARGETS, GUARANTEE & DEBT LEVELS

## 5.1 Fiscal Targets and Additional Borrowing

### 5.1.1 Fiscal Targets

The Government of Sikkim, as per the FRBM Act 2010, is required to achieve the following mandatory fiscal targets:

- 1) Maintain revenue account balance beginning from the year 2011-12;
- 2) Reduce the fiscal deficit to 3.5 percent of the estimated Gross State Domestic Product in each of the financial year starting from 2011-12 and reduce the fiscal deficit to not more than 3.0 percent of the estimated GSDP at the end of 31st March 2014 and adhere to it thereafter;
- 3) Cap the total outstanding guarantees within the specified limit under the Sikkim Ceiling on Government Guarantees Act, 2000 (21 of 2000);
- 4) Ensure that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the deficit as specified by the Government beginning from the fiscal year 2011-12.

### 5.1.2 Additional Borrowing and Amendment to the FRBM Act, 2010

The 15<sup>th</sup> Finance Commission in its report vide Para 12.61 to 12.63 has recommended that the State Governments shall adhere to maximum fiscal deficit of 4% of Gross State Domestic Product (GSDP) in 2021-22, 3.5% of Gross State Domestic Product (GSDP) in 2022-23 and maintain it at 3% of Gross State Domestic Product (GSDP) for the three-year period from the FY: 2023-24 to 2025-26. The 15<sup>th</sup> FC has provided flexibility to increase this limit by a total of 0.5 percentage points depending upon conditions prescribed.

The Fiscal deficit in 2025-26 is budgeted at 5.8 percent of GSDP, which includes utilization of additional borrowing facility available for capital investment, power sector, and pension fund. Removing the additional borrowings, the fiscal deficit works out to be 3.00 percent to GSDP. For determining the Net Borrowing Ceiling (NBC) of the States for the year 2025-26, NBC @ 3 percent of projected GSDP of ₹ 57,000.00 crore is ₹ 1,710.00 crore. This level of fiscal deficit remains within the FRBM Act limits.

Additional borrowing of 1.82 percent of GSDP amounting to ₹ 1037.00 crore is on account of concessional 50-year interest-free loan under the Scheme for Special Assistance to States for Capital Investment (SASCI).

Additional borrowing ceiling of 0.5 percent of GSDP over and above the borrowing ceiling of 3 percent of GSDP is allowed to the State based on certain performance criteria in the power sector is as per the recommendation of 15<sup>th</sup> FC. The budget estimates for 2025-26 is ₹ 274.18 crore, constituting 0.48 percent of the GSDP.

The State of Sikkim is also allowed extra borrowing ceiling (referred to as "Pension Funding Adjustment") equivalent to employer's and employees' share of contribution of its employees pertaining to the financial year 2025-26 actually deposited with National Pension system (NPS). The additional borrowing of ₹ 280.00 crore, which is 0.49 percent of GSDP is estimated for 2025-26.

Overall, the total borrowings allowed over and above the normal net borrowing ceiling of 3 percent of the GSDP for the year 2025-26 is ₹ 3302.84 crore which amounts to 5.8 percent of GSDP. The other features of borrowing of the State government include adjustment due to off budget borrowing since 2022-23.

The Borrowing limit for the State Government is determined by the Department of Expenditure, Ministry of Finance, Gol for each financial year based on the projected GSDP and taking into consideration the recommendations of the Central Finance Commission.

The 15<sup>th</sup> Finance Commission vide Para 12.65 of its Report has also recommended the State Government to maintain a declining trend of Debt to Gross State Domestic Product (GSDP) after financial year 2022-23. The indicative debt path as indicated in Annex 12.1 (Volume II of the 15<sup>th</sup> FC Report) shall be as under:

Financial Year	Debt to GSDP
2021-22	27.5
2022-23	28.1
2023-24	28.1
2024-25	28.0
2025-26	27.9

The Debt to GSDP for the current fiscal is 38.17 percent. The increase in Debt is mainly due to Additional borrowings allowed by the Central Government. Removing

the additional borrowings allowed, the State Government could be within the debt indicative path prescribed by the 15<sup>th</sup> FC.

## 5.2 Guarantees given by the State Government

One of the fiscal management principles envisaged in the Sikkim Fiscal Responsibility and Budget Management Act 2010 is to manage the guarantees at sustainable level. As per the Sikkim Government Guarantee Act 2000, the ceiling on total outstanding Government guarantee in a year is restricted to three times of the State's Tax Revenue receipts of the second preceding year.

The total outstanding guarantees as on 31<sup>st</sup> March 2025 is ₹ 1,239.93 cr. This is a decrease from ₹ 4,321.02 cr as on 31<sup>st</sup> March 2024, which is mainly due to disinvestment of Sikkim Urja Ltd. (erstwhile Teesta Urja Ltd.), wherein an amount of ₹ 2925.00 crore, which was the guarantee given by the State Government for the purpose is discontinued.

This outstanding Guarantee is within the prescribed limits. This decrease would also result in Guarantee Redemption Fund to be 5.49 % of the Outstanding Guarantee, which will also be in the range specified by the Working Group constituted by RBI.

### Public Debt and Small Savings

As per the Sikkim Fiscal Responsibility and Budget Management Act, 2010, read with Sikkim Fiscal Responsibility and Budget Management (Amendment) Act, 2011, Sikkim Fiscal Responsibility and Budget Management (Amendment) Act, 2016 and Sikkim Fiscal Responsibility and Budget Management (Amendment) Act, 2020 the prudent and the sustainable debt management consistent with the fiscal stability and sustainability through limits on State Government's borrowings, including off budget borrowings is one of the fiscal management principles to be adopted by the State Government.

The details of Public Debt including Small Saving and Provident Fund for current fiscal year upto September 2025 is detailed at Table 5.1.

**Table 5.1: Public debt including Small Saving and Provident Fund**

Head of Accounts	Particulars	Receipt (₹ in cr)	Payment (₹ in cr)	Balance (₹ in cr)
<b>A</b>	<b>PUBLIC DEBT</b>	<b>696.09</b>	<b>26.92</b>	<b>669.17</b>
6003	Internal Debt of the State Government	500.00	22.82	477.18
6004	Loans and Advance from the Central Government	196.09	4.10	191.99

Head of Accounts	Particulars	Receipt (₹ in cr)	Payment (₹ in cr)	Balance (₹ in cr)
<b>B</b>	<b>LOANS AND ADVANCES</b>	<b>0.19</b>	<b>-</b>	<b>0.19</b>
6210	Loans for Medical and Public Health	-	-	-
6425	Loans for Co-Operation	-	-	-
7475	Loans for other General Economic Services	-	-	-
7610	Loans to the Government Servants etc.	0.19	-	0.19

Source: Civil Accounts Sept 2025

### 5.3 Conclusion

Despite the formidable challenges posed by the Glacial Lake Outburst Flood (GLOF) and the recurring blockages of National Highway 10, which caused extensive damage to infrastructure and the power sector, Sikkim remains on a steady growth trajectory. The state's resilience is validated by its emergence as a top gainer in the latest NITI Aayog Sustainable Development Goals (SDGs) assessment, reflecting an unwavering commitment to equitable progress.

As India matures as the world's fifth-largest economy and eyes the third-place spot and is also moving towards a "Viksit Bharat 2047" status, Sikkim is positioned to gain significantly from enhanced central transfers and national growth momentum with enhanced central transfers and funding under various central schemes.

Often hailed as a model state, Sikkim has the potential to leverage progressive policies and better investment decisions to harness the impetus provided by the rising national economy. To ensure a stable fiscal environment, the State must prioritize the enhancement of capital expenditure to generate economic demand and optimize resource utilization.

The half-yearly review indicates positive prospects for revenue receipts, with most sectors meeting their targets. However, the combined impact of monsoonal landslides and the GLOF aftermath is expected to cause a shortfall in the annual budget estimates. Given the state's relatively small resource pool, these shortfalls could lead to fiscal imbalances and strain the exchequer.

The pool of resources, though small, could cause fiscal imbalances and thereby put the finances of the State Government under strain. Moving forward, it is imperative that the overall finances of the State are reviewed and proactive steps are taken to mitigate losses, ensuring that the fiscal balance of the Government remains secure.