



Macro and Fiscal Landscape of the State of Sikkim

Macro and Fiscal Brief: Sikkim

March 2025

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1. Summary and Overview of the State of Sikkim

Demography and Employment

- As per Census population projections for 2022-23, Sikkim has a population of 0.7 million and represents 0.05 percent of India's total population. The State's projected population growth at 0.9 is equal to the national average, as of 2022-23.
- As per 2021 projections, the State's population density at 86 people per square kilometre is one of the lowest in the country. Its dependency ratio (51.3 percent), as of 2021, is lower than the national average. Nearly half of the State's population (49.5 percent) resides in urban areas.
- As per the National Family Health Survey (NFHS V, 2019-21), sex ratio at birth (female births per 1000 male births) in the State is above the national average.
- As of 2022-23, the State's annual unemployment rate at 2.2 percent is below the national average and Female Labour Force Participation rate at 68.6 percent is higher than the national average, respectively.
- The working population in the State is predominantly concentrated in Agriculture (45.8 percent); Services (39.2 percent); and, Construction (9.2 percent), respectively.

Economic Structure (Growth and Sectoral Composition)

- Sikkim's real GSDP has grown at an average rate of 6.4 percent during the period from 2012-13 to 2021-22, which is higher than the national average growth of 5.6 percent.
- The State's share in the country's nominal GDP is 0.2 percent, as of 2021-22. Its nominal per capita income is 3.2 times higher than the national per capita income, as of 2021-22.
- With a share of 62.6 percent, the industry sector is the largest contributor to the state's GSVA, followed by services (28.3 percent) and agriculture sector (9.1 percent) in that order, as of 2021-22.
- During the period from 2013-14 to 2022-23 these three sectors have grown by 7.1 percent, 6.7 percent, and 4.7 percent per annum, respectively*.

Socio-Economic Indicators (Health and Education)

- Sikkim's literacy rate, at 81.4 percent, is higher than the national average of 73 percent as of 2011.
- As of 2016-17, the State had a lower school drop-out rate (22.2 percent for Class X) compared to the national average of 35.2 percent. The pass percentage for students - 94.6 percent for Class X and 93.2 percent Class XII in 2015-16 – are both above their respective national averages.
- The Gross Enrolment Ratio at the Higher Secondary level (39.9 percent in 2015-16) is lower than the national average, but at the Higher Education level it is higher than the national average.
- For the age group between 18 to 23 years, the Gender Parity Index in Higher Education (the ratio of girls to boys enrolled in higher education institutions) is higher than the national average while college density is closer to the national average, as of 2021.
- In terms of health indicators, the infant mortality rate in the State at 5 deaths per 1000 live births is one of the lowest in the country and total fertility rate at 1.1 children per woman is also very low compared to the national average, as of 2019-21. The share of fully immunized children (80.6 percent) is higher than the national average, as of 2019-21.
- The State has improved on “quality of life” indicators over time - households access to electricity (99.3 percent) and sanitation facilities (85.3 percent) is much better compared to the national average, but access to drinking water (94 percent) is slightly below the national benchmark, as of 2021.

Source: i. Census of India 2011; ii. Unified District Information System for Education (UDISE) 2016-17; iii. All India Survey on Higher Education (AISHE) 2021-22; iv. Sample Registration System 2020; v. National Family Health Survey 2019-21.

State of Public Finances and Tax Devolutions

- Sikkim's debt-to-GSDP ratio at 31.2 percent is at par with that of a median state and its contingent liabilities, at 10.4 percent, are much higher than that of a median state, as of 2022-23. The fiscal and primary deficit levels at 4.4 percent and 2.7 percent respectively, are higher than that of a median state, as of 2022-23. The State has a revenue surplus of 2 percent of GSDP in 2022-23 which is higher than that of a median state's deficit of 0.4 percent .
- As of 2022-23, the State collects more revenue as a percentage of GSDP (21.3 percent) compared to a median state. Its expenditure-to-GSDP ratio (25.7 percent) is higher than that of a median state
- The State's Debt Sustainability Analysis shows that under the baseline scenario (where debt level, primary deficit, real GDP growth, real effective interest rate remain as they are), debt-to-GSDP ratio is projected to decrease over the next five years. If the state absorbs its outstanding contingent liabilities, then its debt to GSDP ratio is projected to increase by 6 percentage points in next 5 years
- The State's share in taxes from Centre, as per the FC recommendations, has remained consistent at 0.4 percent under 14th and 15th FCs. Its share in the total grants-in-aid has remained low but increased from 0.1 percent under the 14th FC to 0.3 percent under the 15th FC.

Source: Reserve Bank of India, State Finances Report, 2022-23.

Note: For calculation of median state, variable as a percentage of GSDP was computed for each state, with the median across 22 major states shown (excluding all Union Territories and North Eastern States, except Assam).

Fiscal Rules

- The Sikkim Fiscal Responsibility and Budget Management (FRBM) Act, 2010, enacted under the 12th FC recommendations. Since 2010, the Act has been amended thrice in 2011, 2020 and 2021.
- **Revenue Deficit:** The 2010 Act required the state to maintain revenue account balance beginning from the year 2011-12.
- **Fiscal Deficit:** The initial Act mandated the state to reduce its the fiscal deficit-to-GSDP ratio starting in FY 2011-12, with a goal of maintaining it below 3 percent by March 31, 2014. The 2020 amendment allowed an additional borrowing capacity up to Rs. 216 crores for the financial year 2019-20 as one-time special dispensation. In view of COVID-19 pandemic, the State was eligible for an additional borrowing of 2 percent of GSDP above and beyond the previous 3 percent limit in 2020-21. The relaxation to the borrowing limits were partly conditional and partly unconditional. The 2021 amendment mandated the State to adhere to a maximum fiscal deficit of 4 percent of GSDP in 2021-22, 3.5 percent of GSDP in 2022-23 and maintain it at 3 percent of GSDP in 2023-24 and after.
- **Outstanding Liabilities:** Initially the State Act 2010 mandated to cap the total outstanding guarantees within the specified limit under the Sikkim Ceiling on Government Guarantees Act, 2000 and ensure that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the fiscal deficit as specified by the Government beginning from the fiscal year 2011-12. The 2011 amendment required to reduce debt stock to 55.9 percent of the GSDP within a period of 5 years commencing from the year 2010-11 onwards and achieving this target by 2014-15. The 2021 amendment mandated the State to maintain a declining trend in the Debt-GSDP with an indicative path as follows: 27.5 percent in 2021-22, 28.1 percent in 2022-23, 28.1 percent in 2023-24, 28 percent in 2024-25, and 27.9 percent in 2025-26.
- **Fiscal Discipline:** As per the State Finances Audit Report of the CAG, during the period from 2016-17 to 2020-21, the State missed achieving the revenue and fiscal deficit targets for only two out of five years (2019-20 and 2020-21). However, the State failed to achieve the targeted ratios for the outstanding liabilities for all five years.

2. Demography and Employment

- **Population data covers the Census period 1951 – 2011;**
- **Population Projections cover the period 2012 – 2023;**
- **Employment data covers the period 2017-18 to 2022-23.**

Table 1: Area and Demography of Sikkim

Indicator	Most Recent Value	As of Year	Decadal Change (b/w 2011 and 2021)	India's estimates for benchmark (iii)
Area (i)	7,096 sq. km.	2011	-	0.2 % of national total
Forest Cover	3,341 sq. km.	2021	-0.02 % points	0.5 % of national total
Total Population	0.7 million persons	2023*	-	0.05 % of national total
Population Growth Rate	0.88 %	2023*	-0.1 % points (b/w 2012 and 2021)	0.91 % (India)
Population Density (ii)	86 persons per sq. km.	2011	-	382 persons per sq. km. (India)
Dependency Ratio	51.3 %	2011	-16.6 % points (2001-2011)	55.7 % (India)
Sex Ratio	944 females per 1000 males	2011	-	914 females per 1000 males (India)
Urban Population	49.5 % of State population	2023*	+19.7 % points	35.1 % of total population (India)
Rural Population	50.5 % of State population	2023*	-19.7 % points	64.9 % of total population (India)
Urbanization Rate	11.2%	2023*	-59.3% (b/w 2011 and 2021)	3.7% (India)

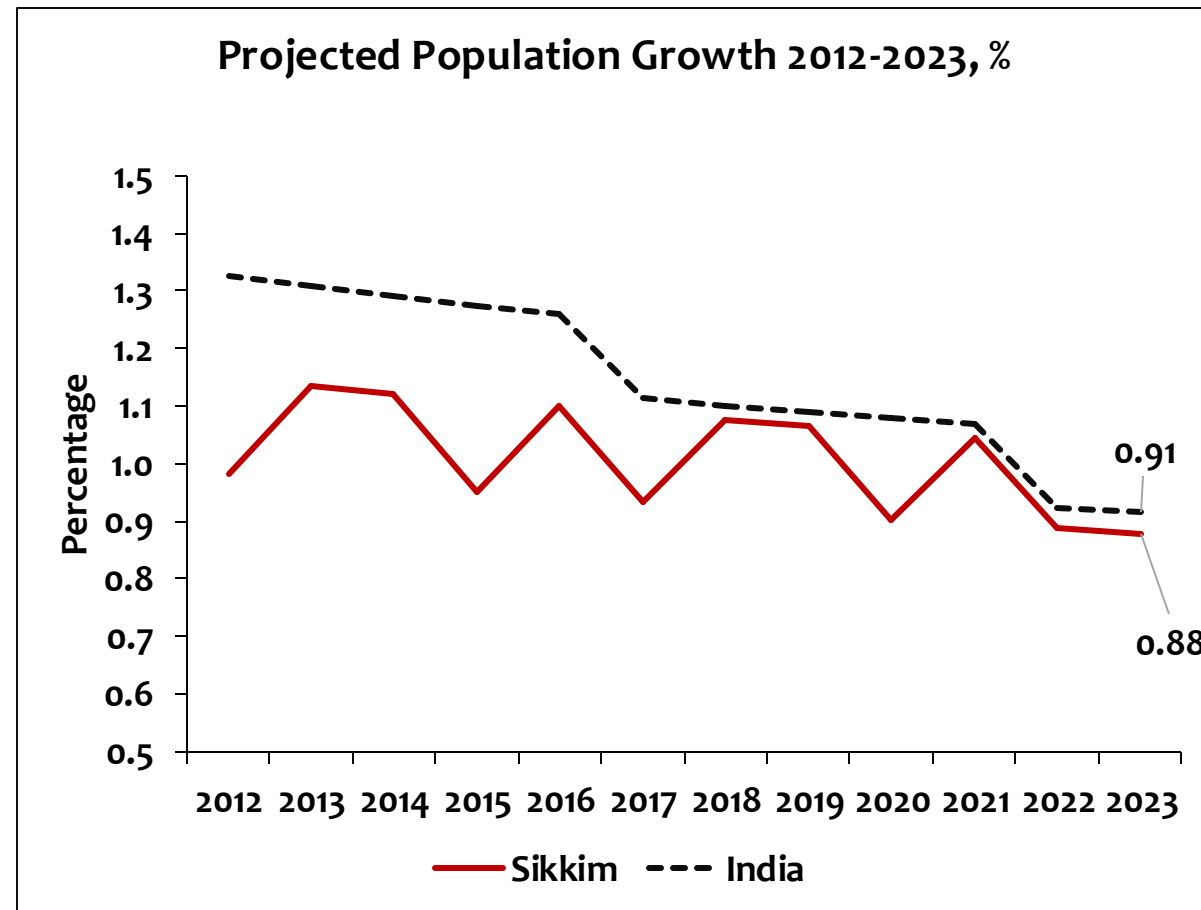
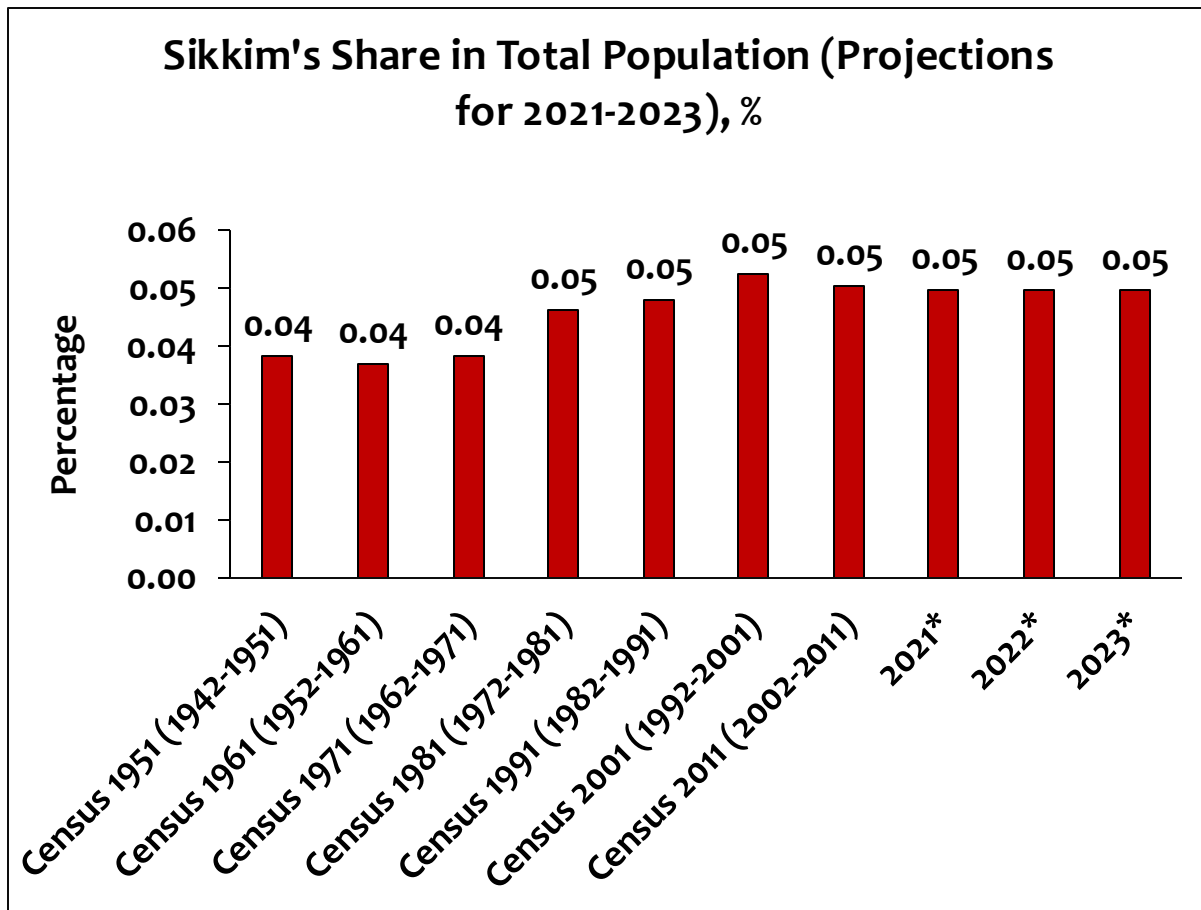
* Projected

Source: Census, Forest Survey of India, Ministry of Environment, Forest and Climate Change, and "Population Projections for Indian States 2011-2036" by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

Note:

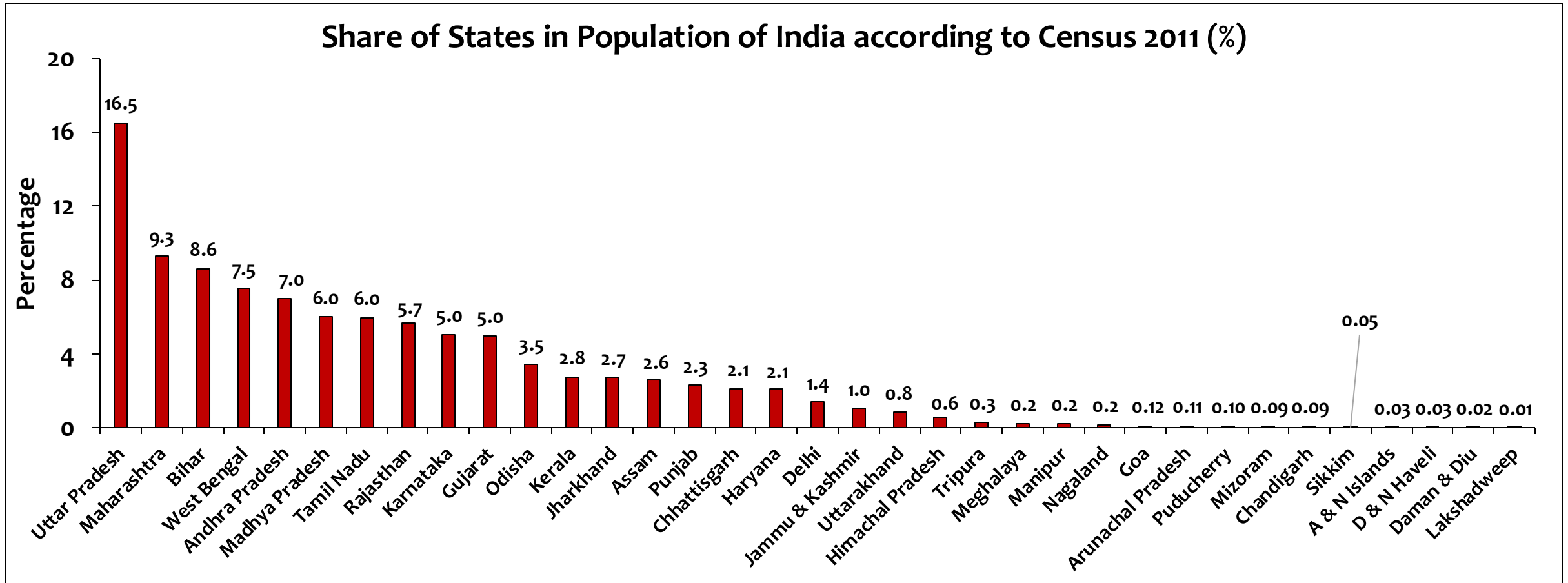
- Area figure for India (national total) includes the area under unlawful occupation of Pakistan and China. The area includes 78,114 Sq.km under illegal occupation of Pakistan, 5180 Sq.km illegally handed over by Pakistan to China and 37,555 Sq.km under illegal occupation of China.
- For working out the density of India, the entire area and population of those portions of Jammu & Kashmir which are under illegal occupation of Pakistan and China have not been taken into account, except for 2011 census.
- India's estimates for benchmark pertain to the actual data for India (except for Area, Forest Cover, and Total Population where the State's share in India's estimates have been shown).¹⁰

Sikkim has a share of 0.05 percent of national population and its population growth rate is almost at par with the national average



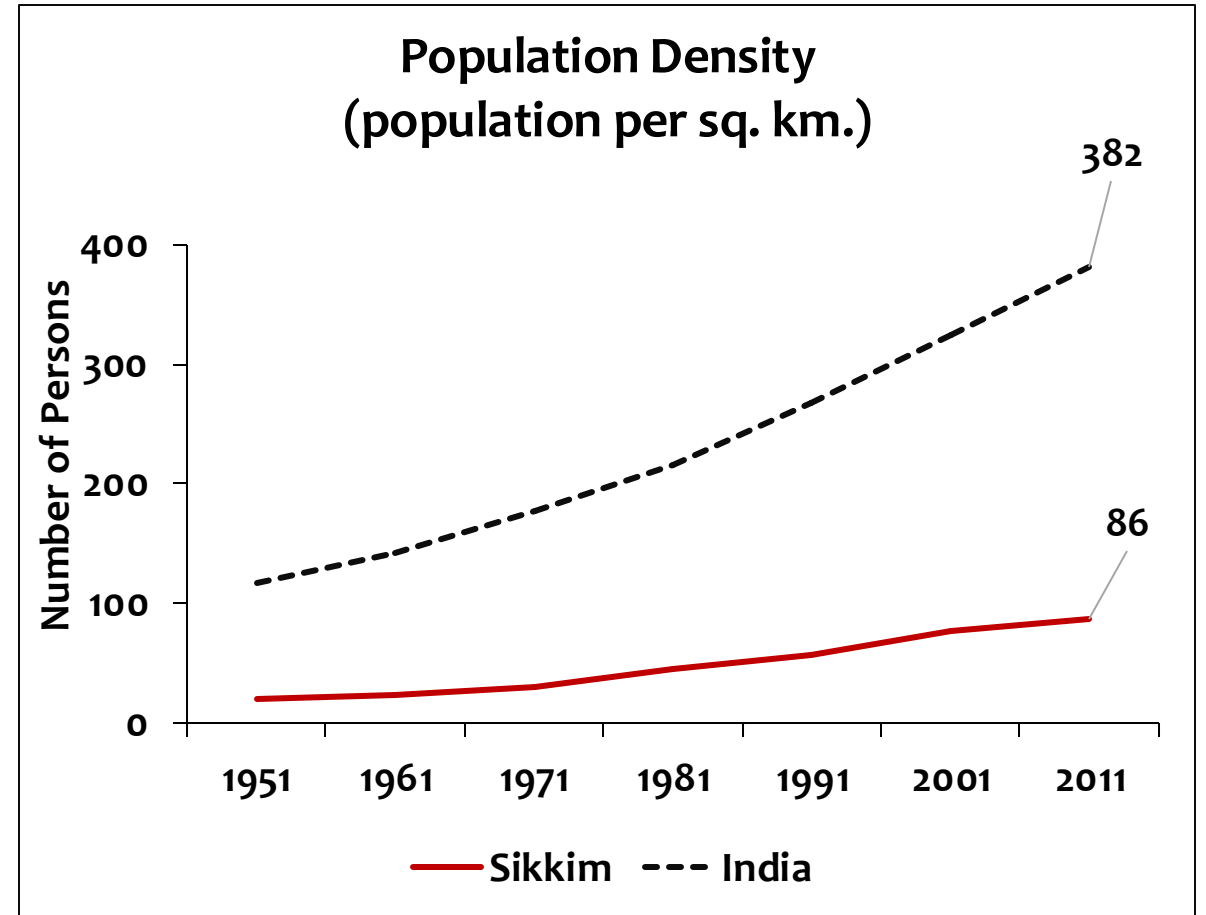
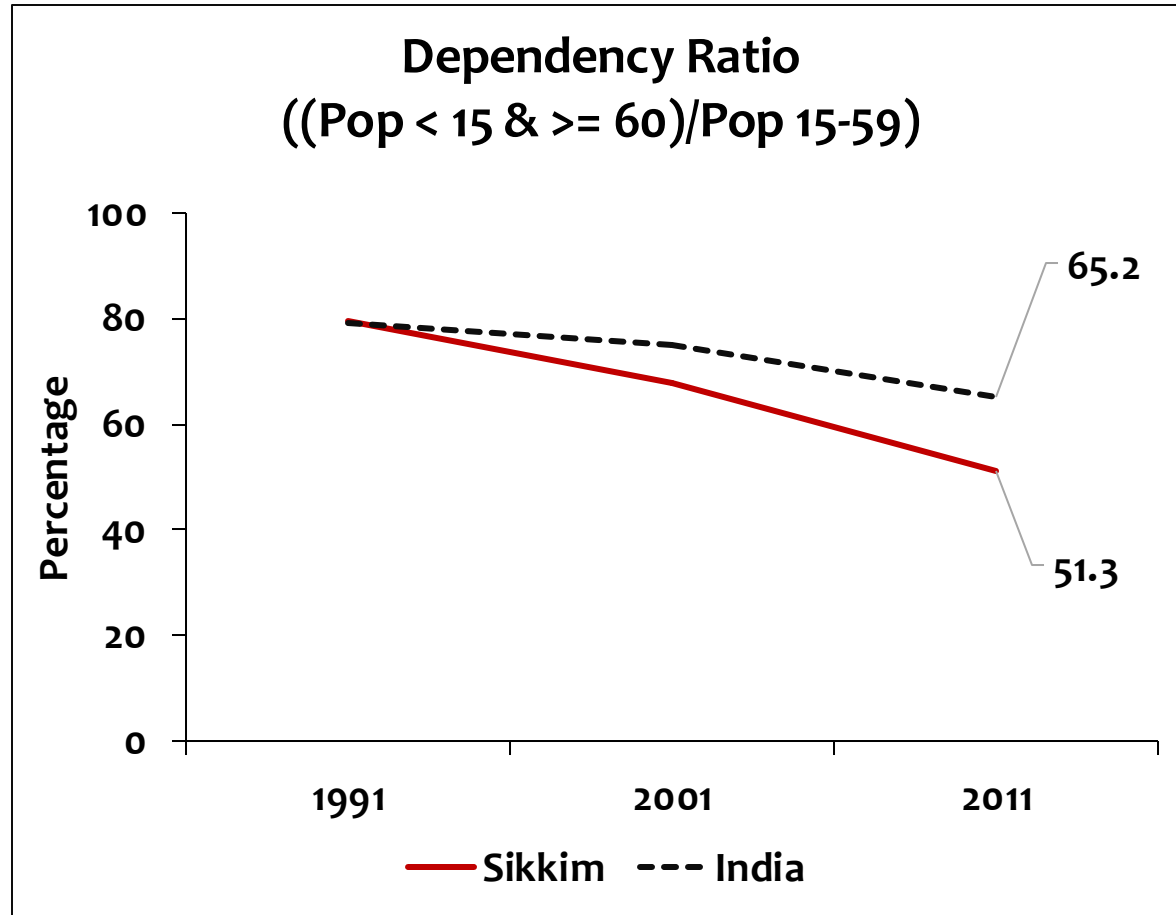
Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs. Projections are sourced from the “Report of the Technical group on Population Projections 2011 - 2036”, (July 2020) by National Commission on Population and Ministry of Health and Family Welfare. Note: i. Census Population Projections are constructed using the Cohort Component Method, where the components of population change (fertility, mortality and net migration) are used to project the base population each year separately for each birth cohort (persons born in a given year). The detailed methodology can be found in Chapter 2, [Population Projection Report 2011-2036](#).

As per the Census of 2011, Sikkim ranked as the bottom fifth state in terms of share in the total population



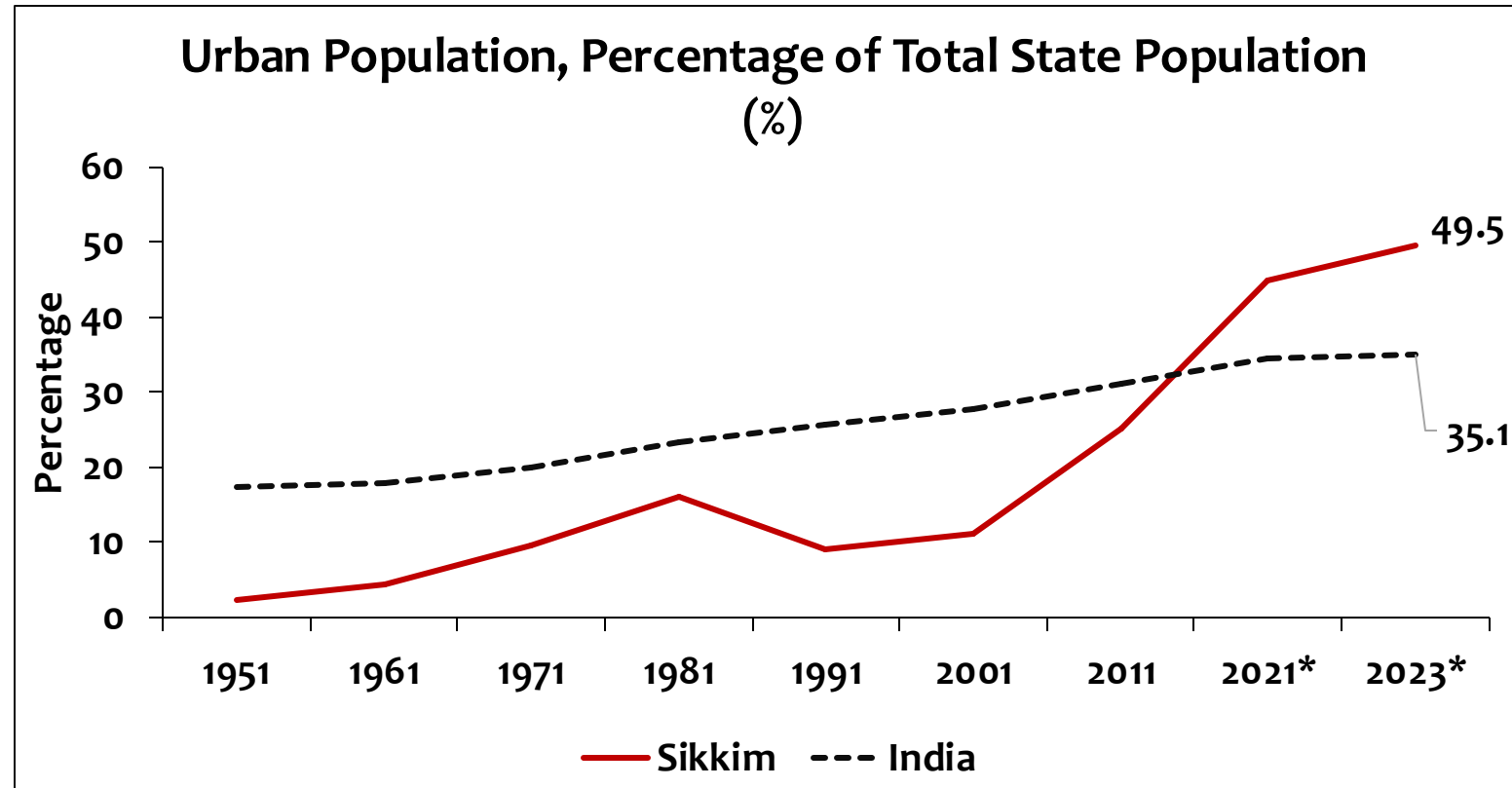
Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Dependency Ratio in Sikkim remained below national estimates since 2001. Population Density has increased over the decades, but it consistently remained below the all-India figure since 1951



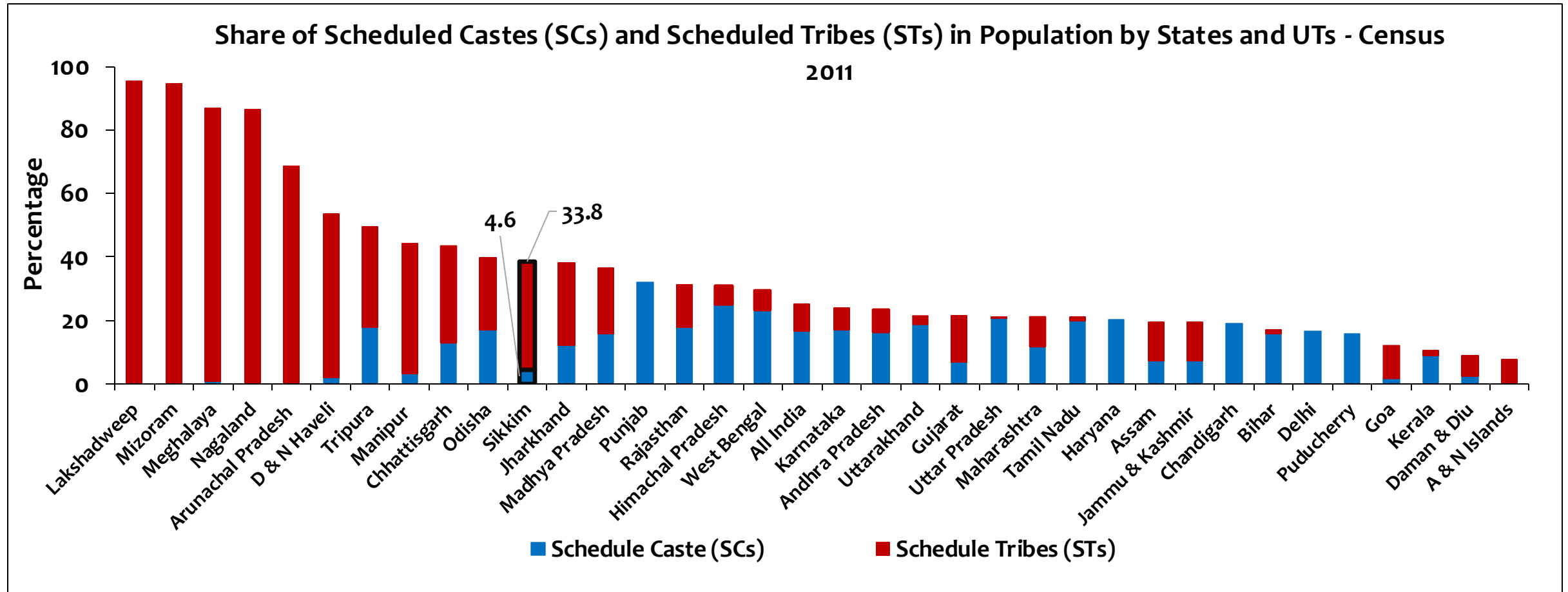
Source: Census data (1951-2011) is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Urban Population in Sikkim has remained below national estimates as of 2011, but it is expected to have surpassed national estimates over the decades in 2021* with the gap increasing in 2023*



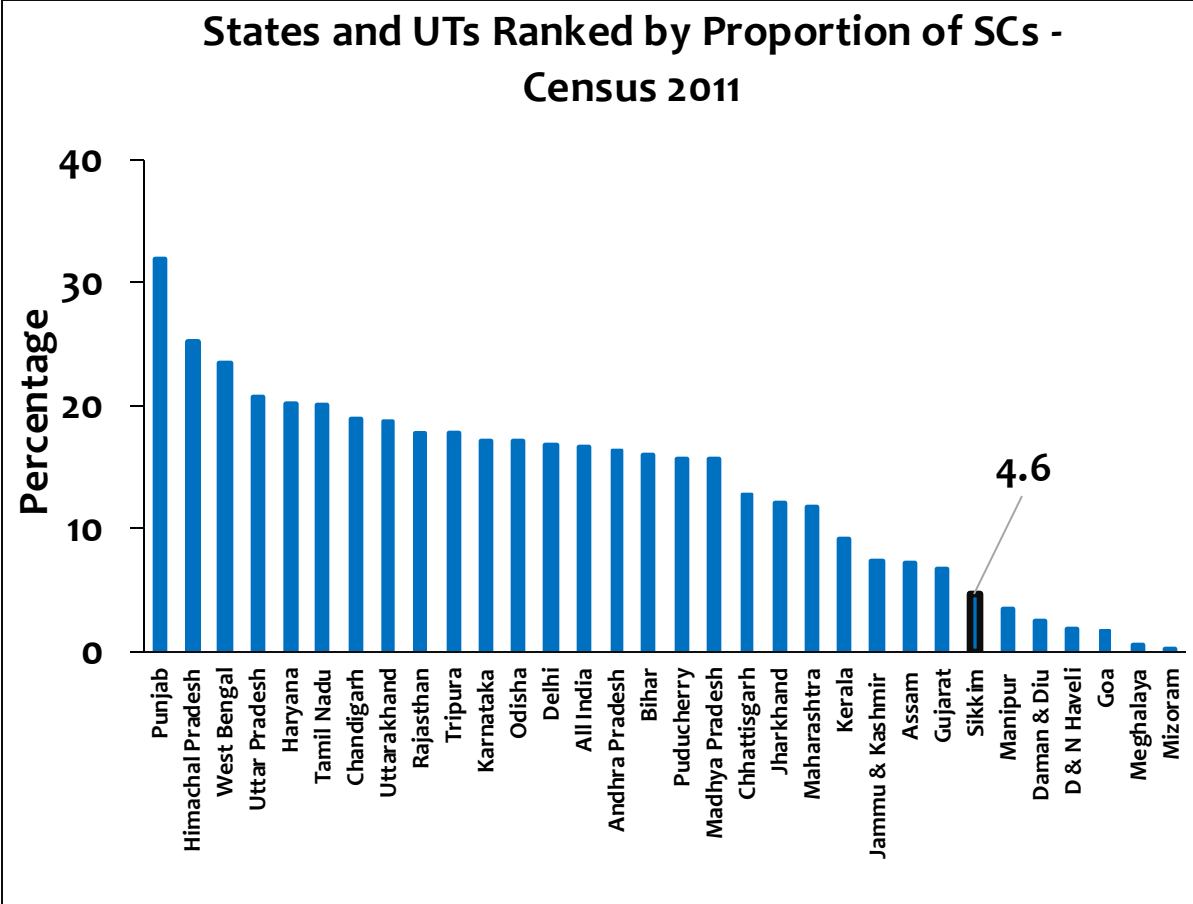
Source: Census data and “Population Projections for Indian States 2011-2036” by the Technical Group on Population Projections, National Commission on Population Ministry of Health and Family Welfare, Government of India.

In Sikkim, Scheduled Castes (SCs) constituted 4.6 percent of its total population while Scheduled Tribes constituted 33.8 percent of its total population as per the 2011 Census



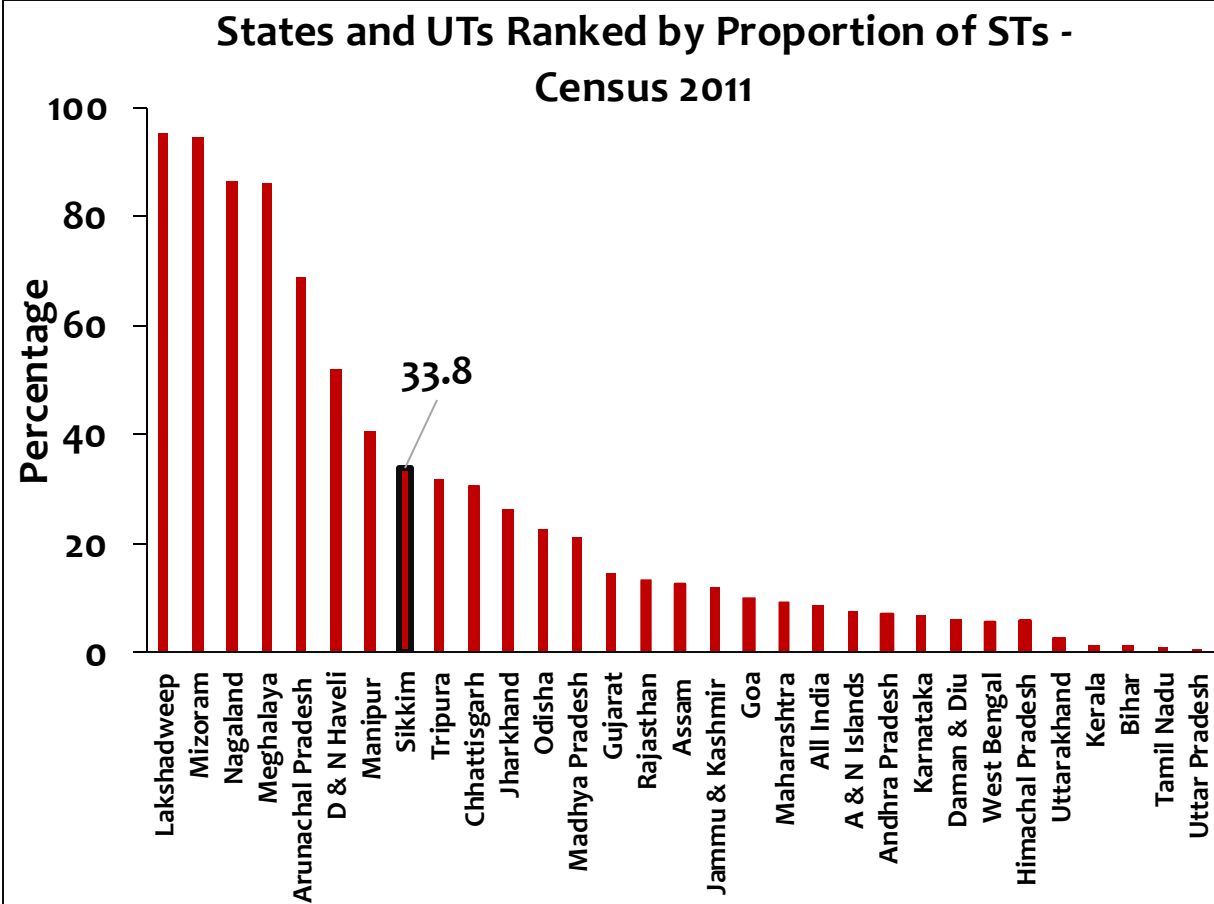
Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Sikkim ranked as the bottom seventh among states with regard to the percentage of SC population. It is ranked as the eighth largest among states with regard to the percentage of ST population



Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

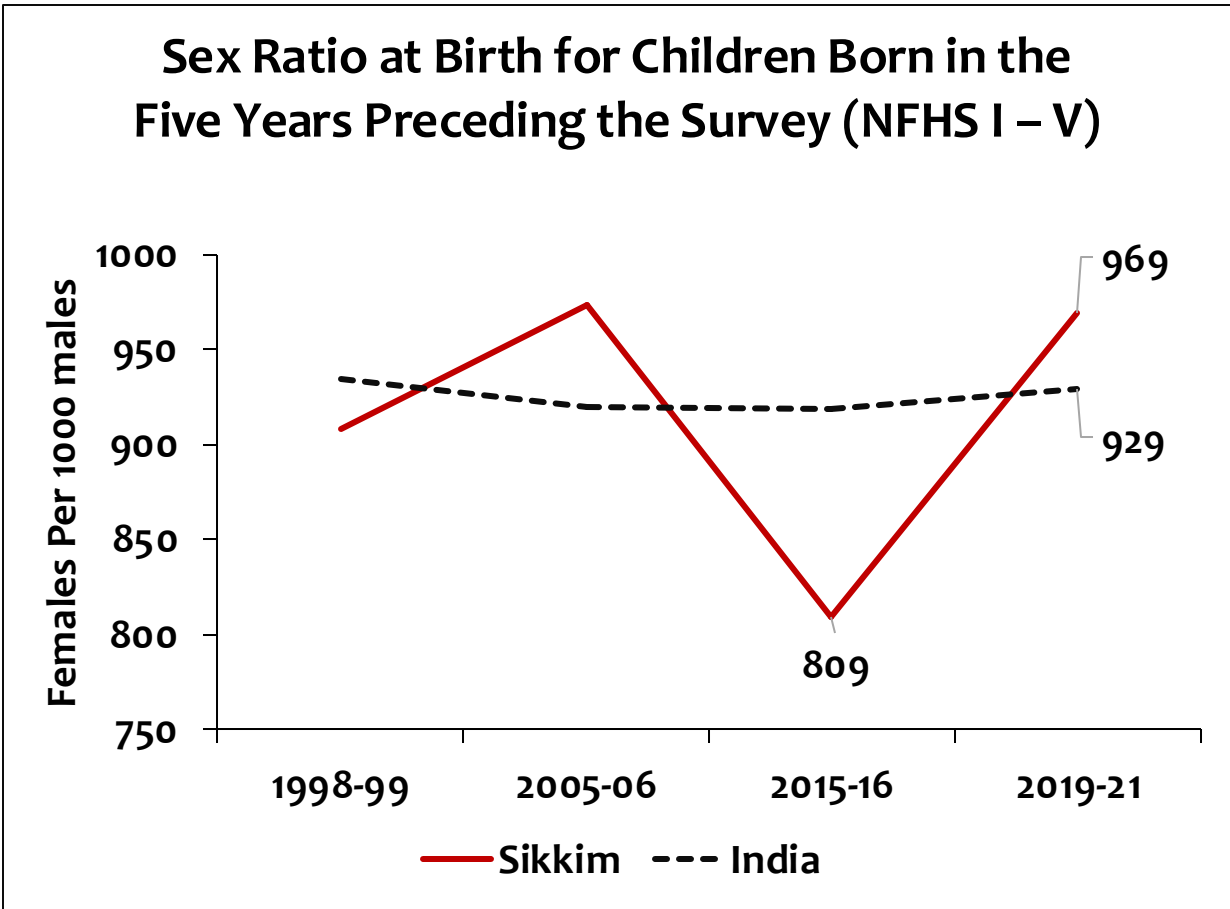
Note: As per the census data, Lakshadweep, Nagaland, Arunachal Pradesh, and Andaman & Nicobar Islands do not report any SC Population.



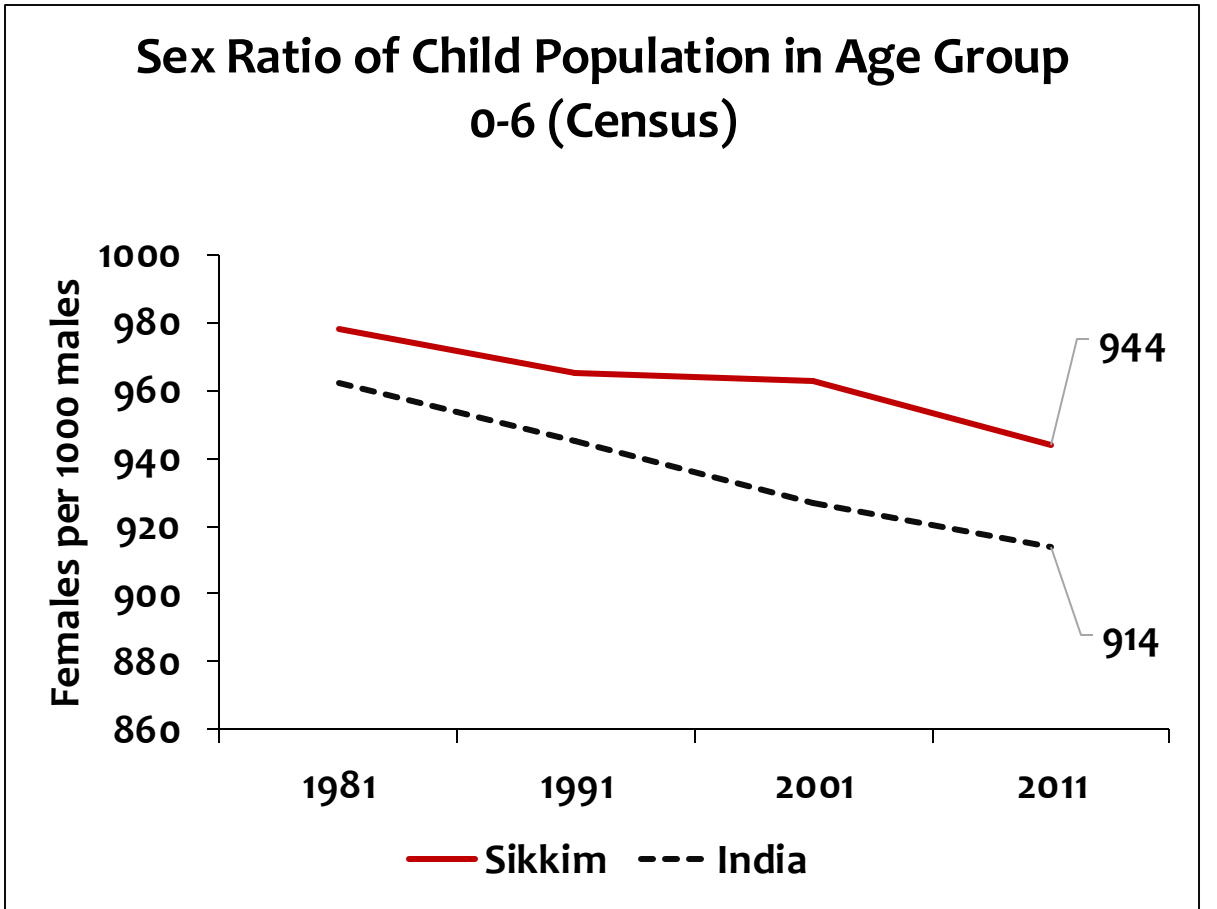
Source: Census data for 2011 is sourced from Office of the Registrar General of India, Ministry of Home Affairs.

Note: As per the census data, Punjab, Haryana, Chandigarh, Delhi, and Puducherry do not report any ST population.

Sex Ratio at Birth (female births per 1000 male births in a given population), as per the National Family Health Survey (NFHS) for Sikkim is above the national estimate as of 2019-21. Census Sex Ratio of child population (0-6 age group) has remained slightly above national estimate since 1981

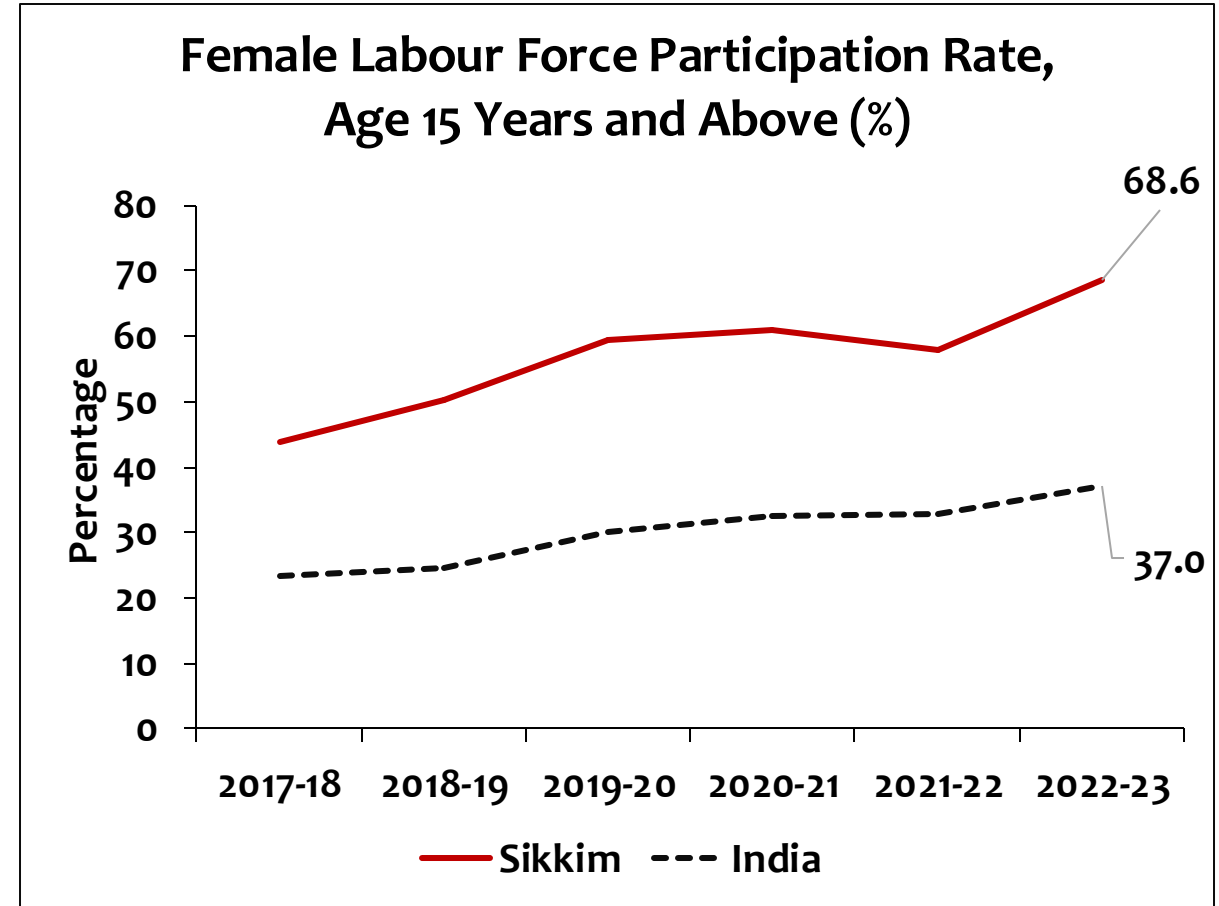
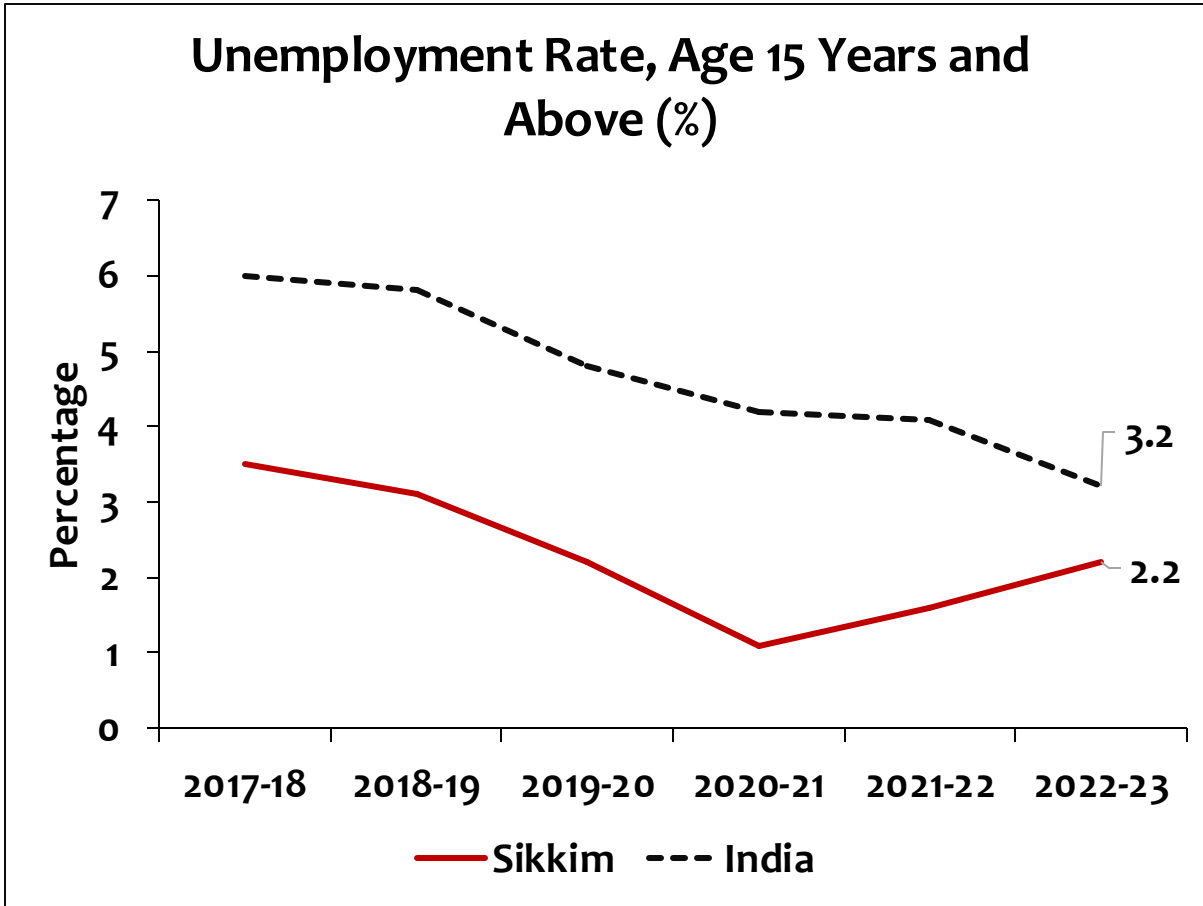


Source: NFHS I – V



Source: Census of India

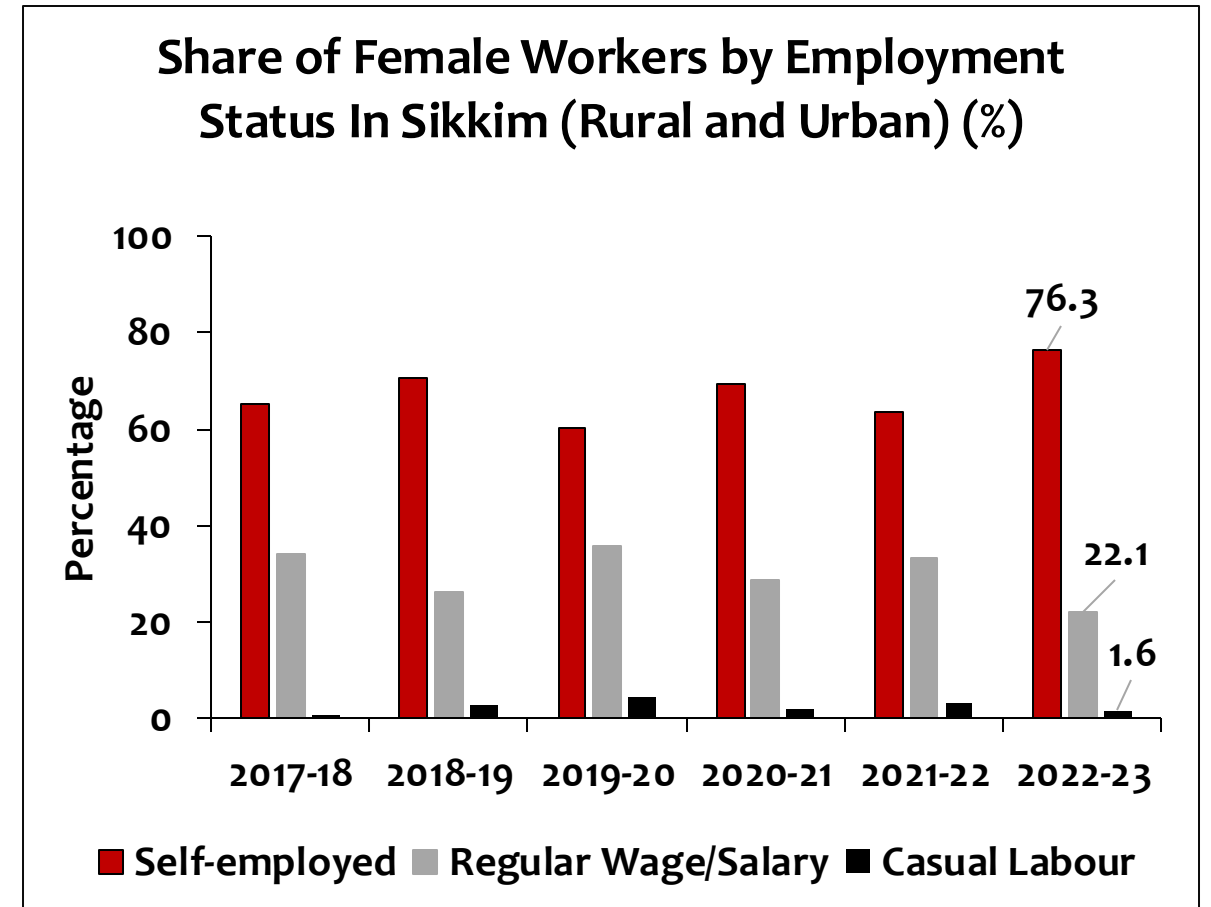
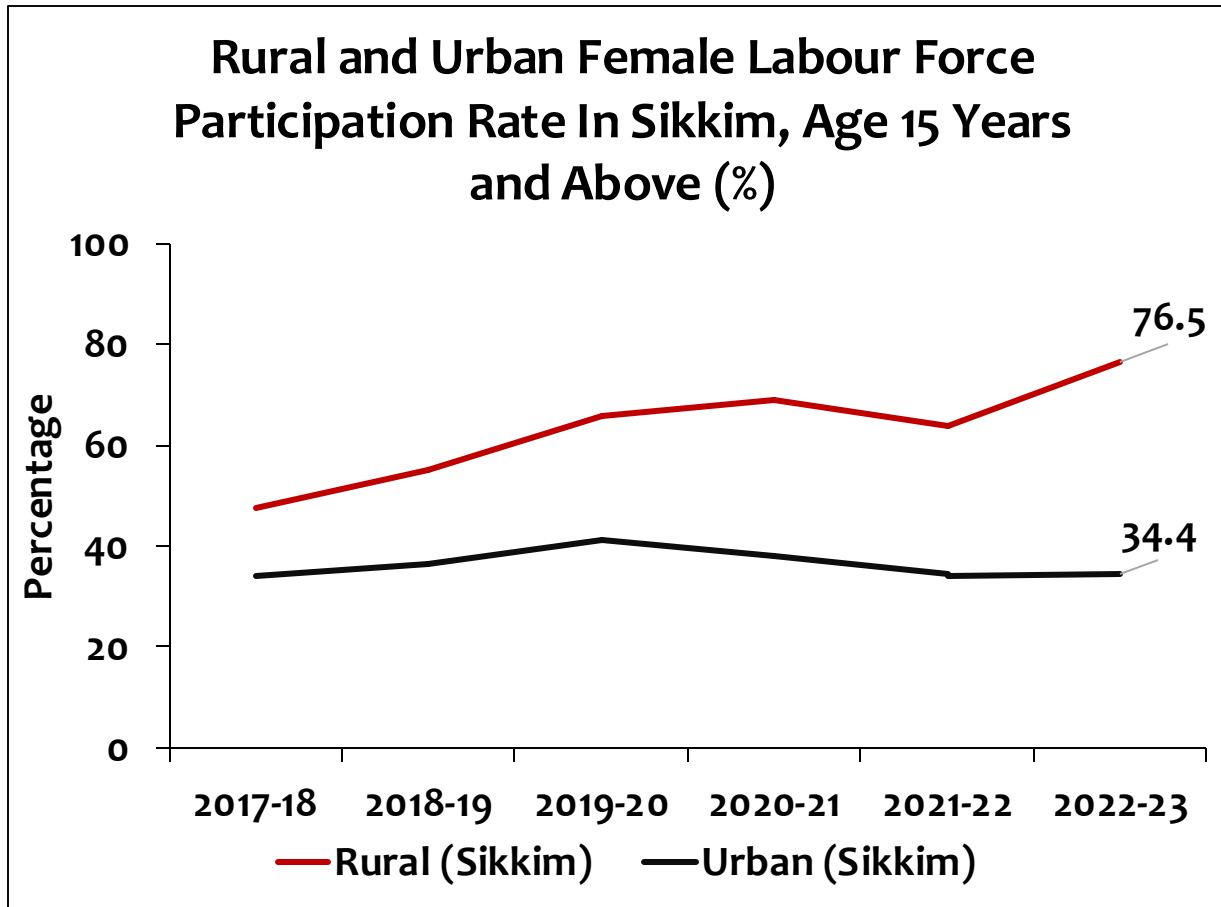
Annual Unemployment Rate for Sikkim decelerated to 2.2 percent and it has consistently remained below national estimates since 2017-18. Female Labour Force Participation has improved and it has remained above national estimates since 2017-18, with the gap increasing in 2022-23



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. The Rural and Urban Female Labour Force Participation Rate (FLFPR) and Distribution of Female Workers by Employment Status, is as per the Usual Status (PS+SS) approach, considering both Rural and Urban labour force for the age group 15 years and above. The PLFS uses two reference periods for measuring employment status, Principal Status (PS) and Subsidiary Status (SS). The PS+SS category combines information from both reference periods to determine the usual status of employment.

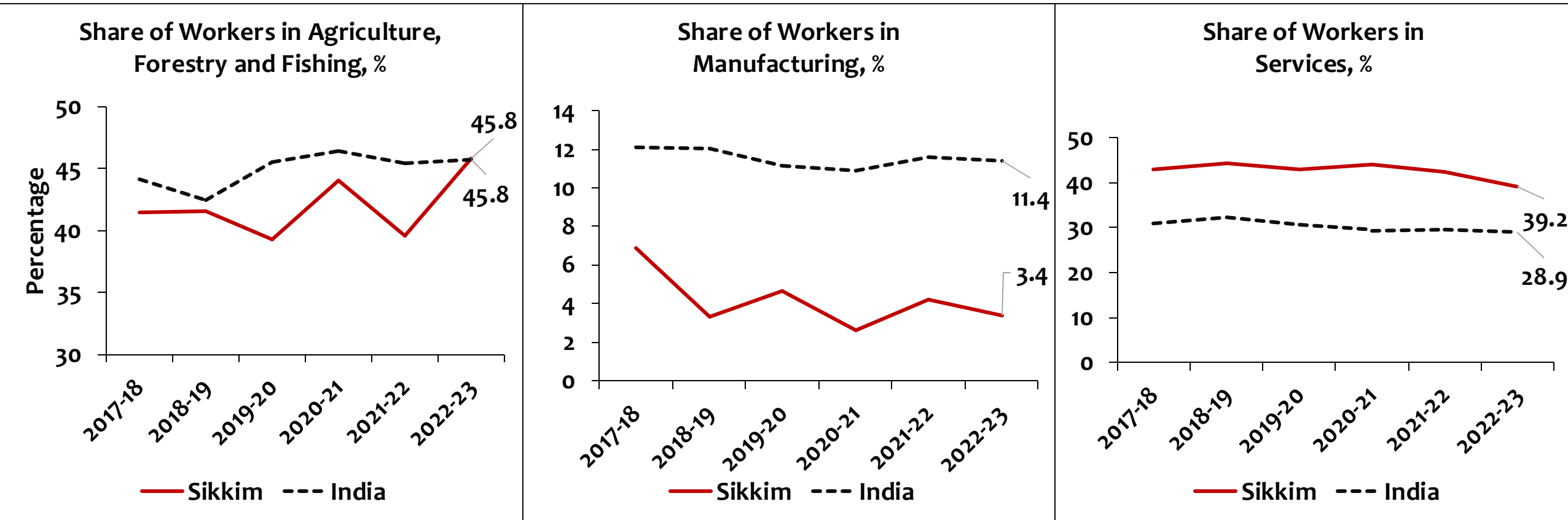
In Sikkim, Female Labour Force Participation is predominantly higher in rural areas. Additionally, majority of the female workforce comprises of self employed workers



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

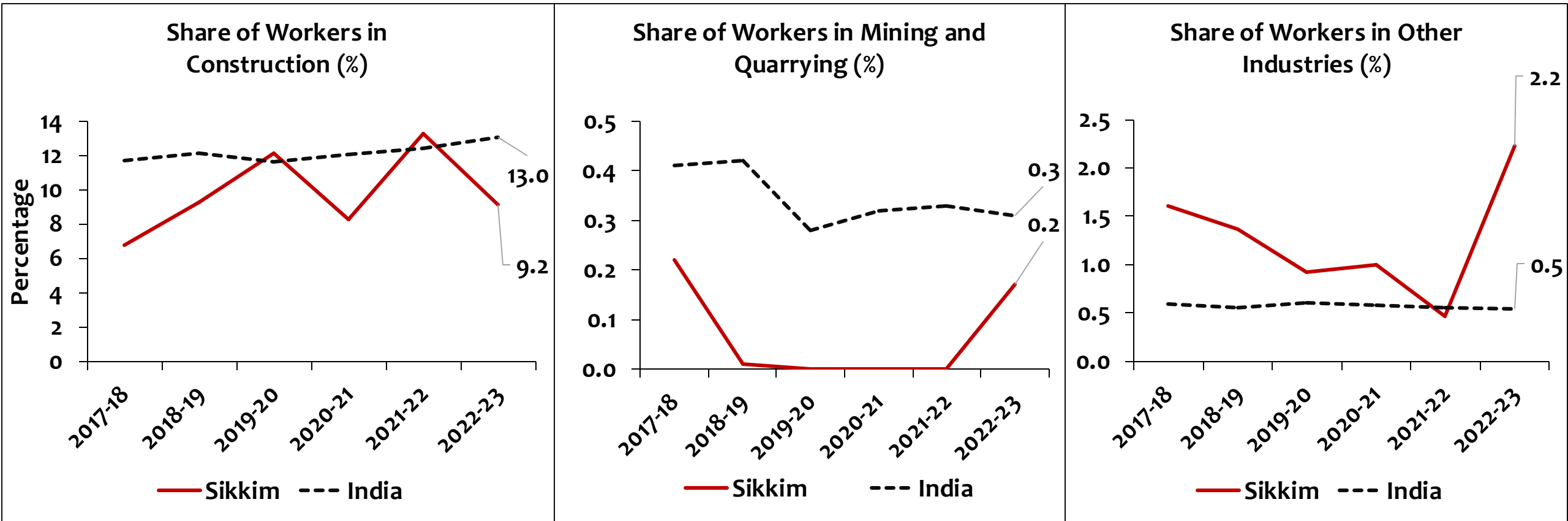
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Working population in Sikkim is predominantly concentrated in Agriculture, Services, Construction and Manufacturing sectors. Manufacturing constituted 3.4 percent of the total share of workers as of 2022-23. The proportion of workers involved in Mining and Quarrying is below national estimates as of 2022-23 and for Other Industries it is above the national estimates as of 2022-23



Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.
 Note: i. Number for India has been taken directly from the source; ii. Services includes Transportation and Storage; Accommodation and Food Service Activities; Information and Communication; Financial and Insurance Activities; Real Estate Activities; Professional, Scientific and Technical Activities; Administrative and Support Service Activities; Public Administration and Defense; Compulsory Social Security; Education; Human Health and Social Work Activities; Arts, Entertainment and Recreation; Activities of Households as Employers; Undifferentiated Goods and Services Producing Activities of Households for Own Use; Activities of Extraterritorial Organizations and Bodies; Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles; and other Services.

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Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023.

Note: i. Number for India has been taken directly from the source; ii. Other industries include Electricity, Gas, Steam and Air Conditioning Supply; and Water Supply, Sewerage, Waste Management and Remediation Activities.

3. Economic Structure (Growth and Sectoral Composition)

- Income data covers the fiscal period 1990-91 to 2022-23

Table 2A: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Sikkim

Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2012-13 and 2021-22)	Source
Nominal Gross State Domestic Product (GSDP)	Rs. 3,755,740 (Lakh) (FY 2021-22)	Rs. 2,347,101,174 (Lakh; India) (FY 2021-22)	+ 204.4% growth	MoSPI; EPWRF
Nominal GSDP share in India's Nominal GDP, %	0.2% (FY 2021-22)	-	+ 0.04% points	MoSPI; EPWRF
Real Gross State Domestic Product Growth Rate, %	6.4% (Decadal avg. b/w 2012-13 and 2021-22)	5.6% (Decadal avg. b/w 2012- 13 and 2021-22 for India)	+ 3.7% points	MoSPI; EPWRF
Nominal Per Capita GSDP	Rs. 552,315 (FY 2021-2022)	Rs. 171,498 (India) (FY 2021-22)	+ 178.0% growth	MoSPI; EPWRF
Nominal Per Capita GSDP in India's Nominal Per Capita GSDP (Ratio)	3.2 (FY 2021-22)	-	+ 0.8 points	MoSPI; EPWRF
Share of Agricultural Sector to Total Gross State Value Added (GSVA) (Nominal), %	9.1% (FY 2021-22)	19.7% (FY 2021-22)	+ 0.1% points	MoSPI; EPWRF
Share of Industry Sector to Total GSVA (Nominal), %	62.6% (FY 2021-2022)	29.3% (FY 2021-22)	+ 2.8% points	MoSPI; EPWRF
Within Industry: Share of Manufacturing Sector to Total GSVA (Nominal), %	37.5% (FY 2021-22)	14.8% (FY 2021-22)	- 1.1% points	MoSPI; EPWRF
Within Industry: Share of Utility Supply Sector to Total GSVA (Nominal), %	20.6% (FY 2021-22)	4.4% (FY 2021-22)	+ 5.2% points	MoSPI; EPWRF
Share of Services Sector to Total GSVA (Nominal), %	28.3% (FY 2021-2022)	51.0% (FY 2021-22)	- 2.9% points	MoSPI; EPWRF
Within Services: Share of Other Services Sector to Total GSVA (Nominal), %	8.7% (FY 2021-2022)	10.1% (FY 2021-22)	- 0.9% points	MoSPI; EPWRF
Within Services: Share of Public Administration Sector to Total GSVA (Nominal), %	6.8% (FY 2021-2022)	7.8% (FY 2021-22)	- 0.3% points	MoSPI; EPWRF

Source: Data is taken from MOSPI, as of August 2023.

Note: i. States' Average for shares are simple averages of each state's/UT's share for that year; ii. States' average growth rates are calculated as the simple average of each state/UT's growth rate for that year.

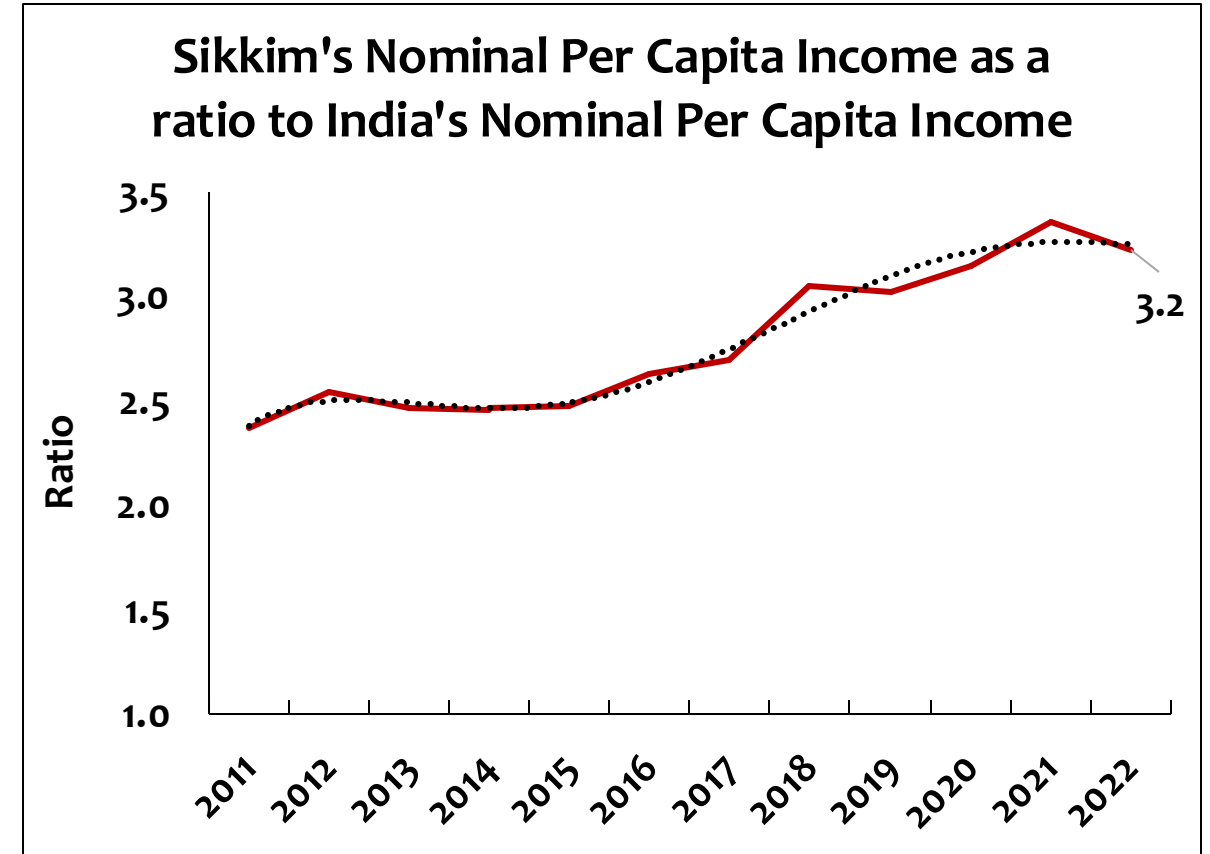
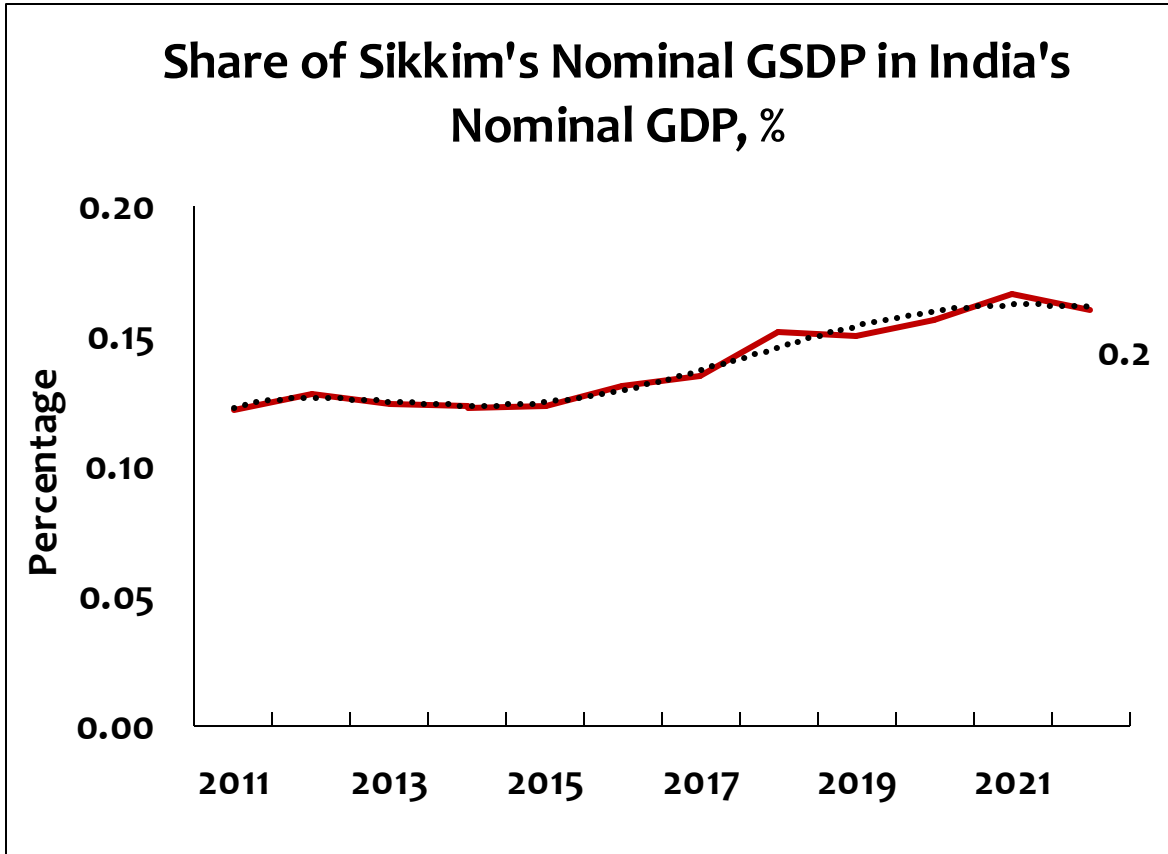
Table 2B: State Domestic Product, Per Capita Income, Sectoral Shares, Inflation, FDI inflow and Exports for Sikkim

Indicator	Most Recent Value	States' Average	Decadal Change, % (b/w 2013-14 to 2022-23)	Source
Share of Agricultural Sector to Total GSDP (Nominal), %	8.4% (FY 2022-23)	15.8% (FY 2022-23)	-0.4% points	MoSPI; EPWRF
Share of Industry Sector to Total GSDP (Nominal), %	59.7% (FY 2022-23)	25.3% (FY 2022-23)	+2.9% points	MoSPI; EPWRF
Within Industry: Share of Manufacturing Sector to Total GSDP (Nominal), %	34.0% (FY 2022-23)	13.1% (FY 2022-23)	-4.0% points	MoSPI; EPWRF
Share of Service Sector to Total GSDP (Nominal), %	27.3% (FY 2022-23)	42.6% (FY 2022-23)	-3.1% points	MoSPI; EPWRF
Inflation Rate (based on Consumer Price Index)	+4.0% (FY 2022-23)	+ 5.5 % (FY 2022-23)	-2.9% points	MoSPI; EPWRF
FDI Inflow	-	-	-	-
Exports	19 Million \$ (2022-23)	15,346 Million \$	15 Million \$ (b/w 2014-15 and 2022-23)	Multiple Sources*

Source: i. Data on sectoral shares to GSDP is taken from MOSPI, as of March 2024; ii. (*)Multiple sources for exports are various Issues of Economic Survey, Department of Economic Affairs, (data.gov.in); Various Issues of Bulletin on Foreign Trade Statistics, Directorate General of Foreign Trade (DGFT); iii. FDI data is available State-wise in a cumulative format with the starting date as December 2019 till the month and year of the DPIIT publication.

Note: i. The State average for FDI has been calculated as the sum of all States/region divided by the number of states/regions, and this is divided by India's FDI inflow, multiplied by 100; ii. Benchmark number for exports is an average of all States/UT number.

Sikkim's share in India's Nominal GDP and its Nominal Per Capita Income as a ratio to India's Nominal Per Capita Income both have been increasing. As of 2021-22, Sikkim's Nominal Per Capita Income ratio to India's Nominal Per Capita Income ranks highest among all states at 3.2 points



Source: The Ministry of Statistics and Programme Implementation (MoSPI). Back series with 2011-12 base has been taken from Economic and Political Weekly Research Foundation (EPWRF).

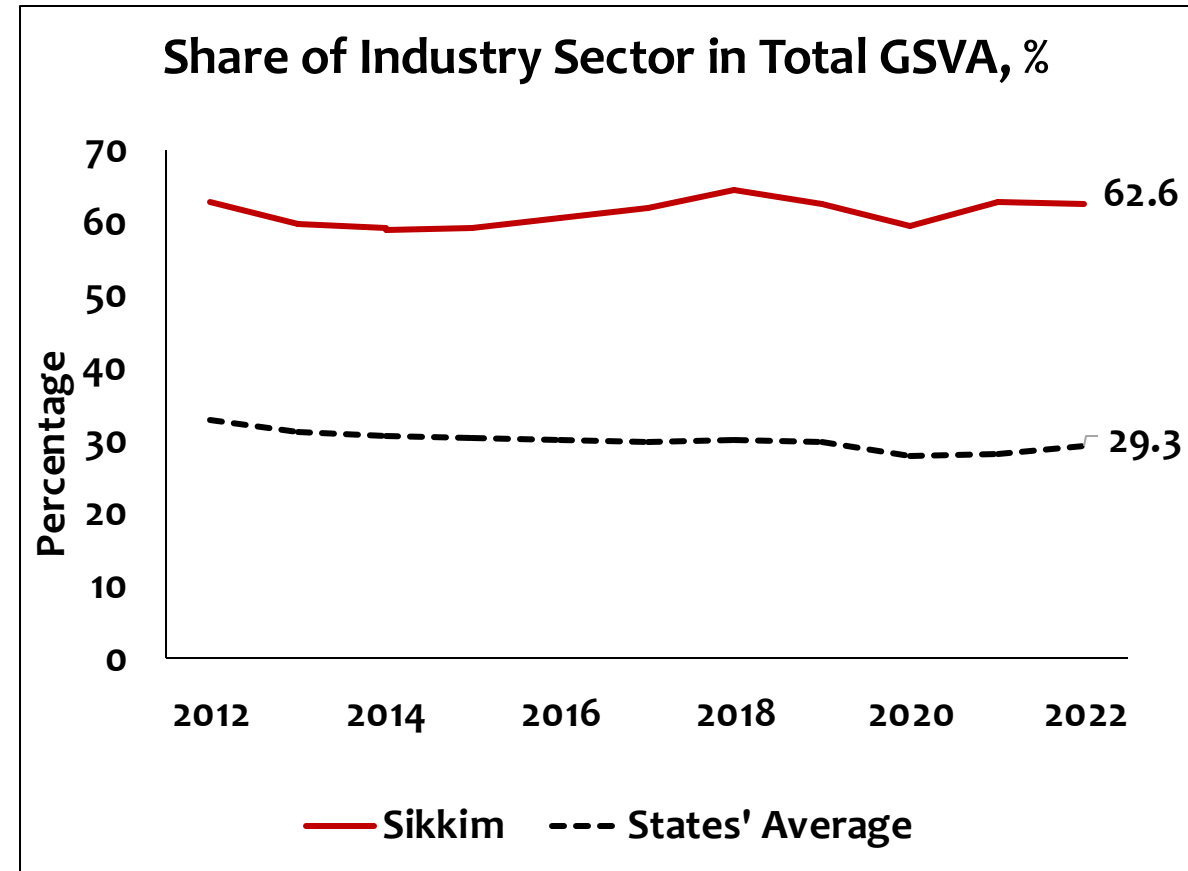
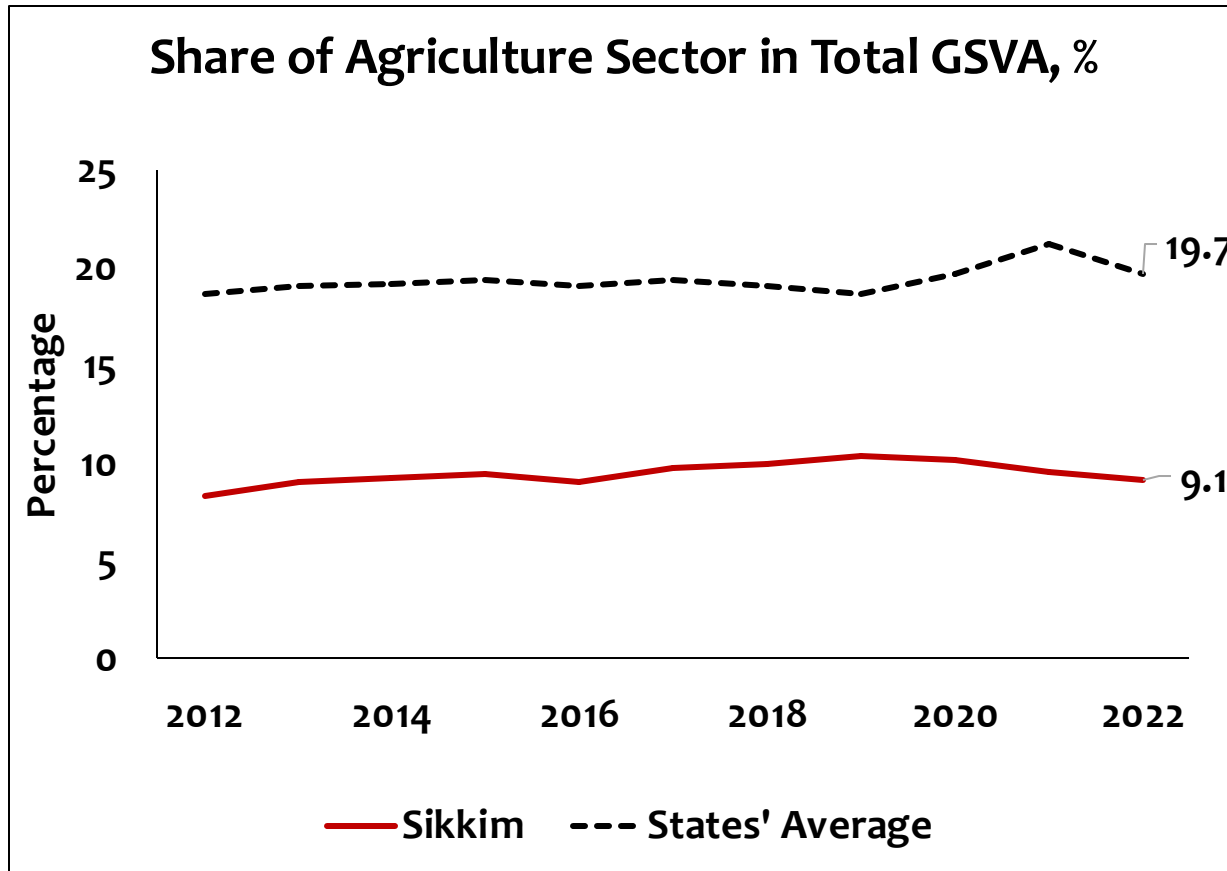
Note: i. GSDP refers to Gross State Domestic Product at current market prices; ii. As per EPWRF, this series is spliced with earlier GSDP series to generate the long time series; iii. National GDP is the National Gross Domestic Product of India at current market prices; iv. This series has been spliced with earlier GDP series to generate the long time series. Iv. The GDP data is taken after 2010 because there was a spike in GDP in 2009-10 due to two factors: a) many pharmaceutical companies began commercial production during this period b) Teesta hydroelectric project of NHPC commenced operations, leading to an increase in the sectoral contribution from the electricity sector ([CAG Report, 2019](#)); iv. The low population (six lakhs as per Census 2011) can be comprehended as the major contributory factor to the high per capita income of the state. ([NIPFP Working paper, 2016](#)).

Sectoral Gross State Value Added (GSVA): Sikkim vis-à-vis rest of India (FY2021-22)

- According to official estimates for FY 2021-22, the Industry sector has a 62.6 percent share of Sikkim's GSVA, whereas the states' average stands lower at 29.3 percent. This sector is primarily driven by Manufacturing (37.5 percent), and Electricity (20.6 percent) with minor contributions from Construction (4.4 percent), and Mining and Quarrying (0.04 percent).
- For FY 2021-22, The Services sector contributes 28.3 percent share to the GSVA in Sikkim, while the states' average stands at 51 percent. Within the services sector, the largest contributors are Other Services (8.7 percent); Public Administration (6.8 percent); and Trade, Hotels and Restaurants (5.9 percent).
- For FY 2021-22, Sikkim's Agriculture sector is 9.1 percent of its GSVA, lower than the states' average of 19.7 percent.
- For FY 2021-22, Sikkim ranks 1st out of 33 States and UTs in its share of GSVA in the Industry sector (62.6 percent) and ranks 33rd in its share of GSVA in the Services Sector (28.3 percent).

Note: Gross State Value Added (GSVA) is defined as the sum of the value added by each of the sectors under agriculture, industry, and services. This series currently is available at basic prices with 2011-12 base and it can be spliced with the earlier GSVA series to obtain the long-time series for this variable.

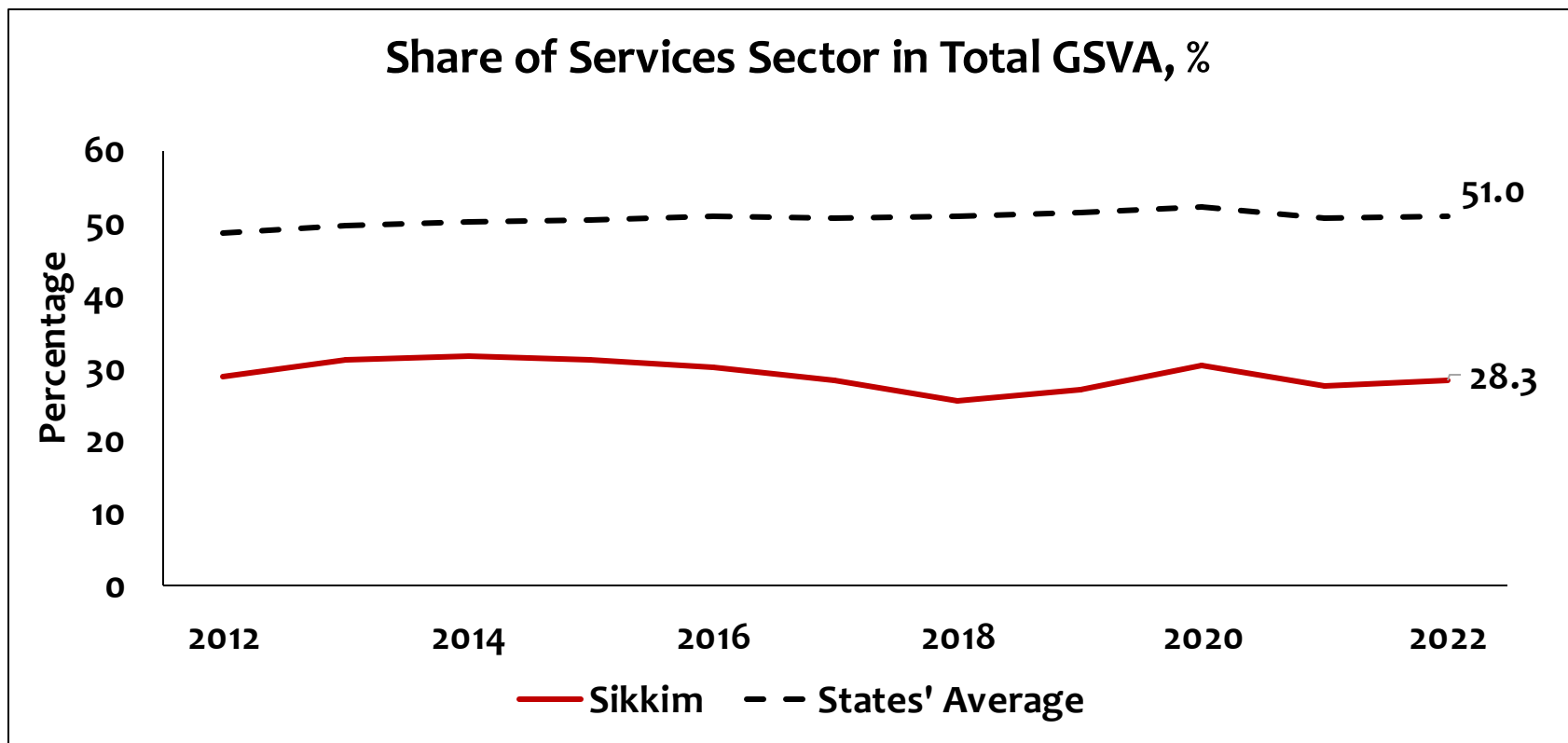
The Agriculture sector's share of GSVA remained below the states' average, while the Industry sector's share was above the average of all states by 33.3 percent points as of 2021-22



Source: MoSPI, as of August 2023.

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares; iii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iv. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water.

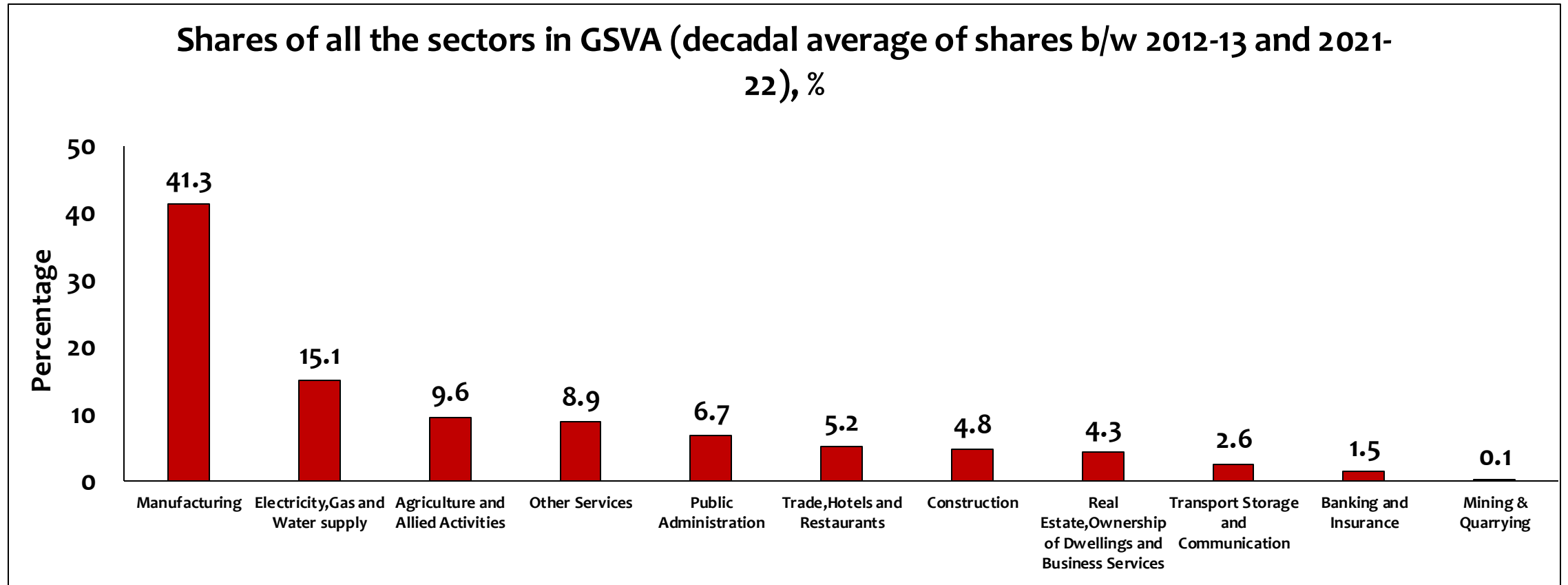
Sikkim's share of the Services sector at 28.3 percent in its total GSVA was 23 percentage points lower than an average state as of 2021-22



Source: MoSPI, as of August 2023.

Note: i. States' average refers to a simple average of the shares of 33 States and UTs; ii. Nominal variables have been used to calculate the shares; iii. Services include Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

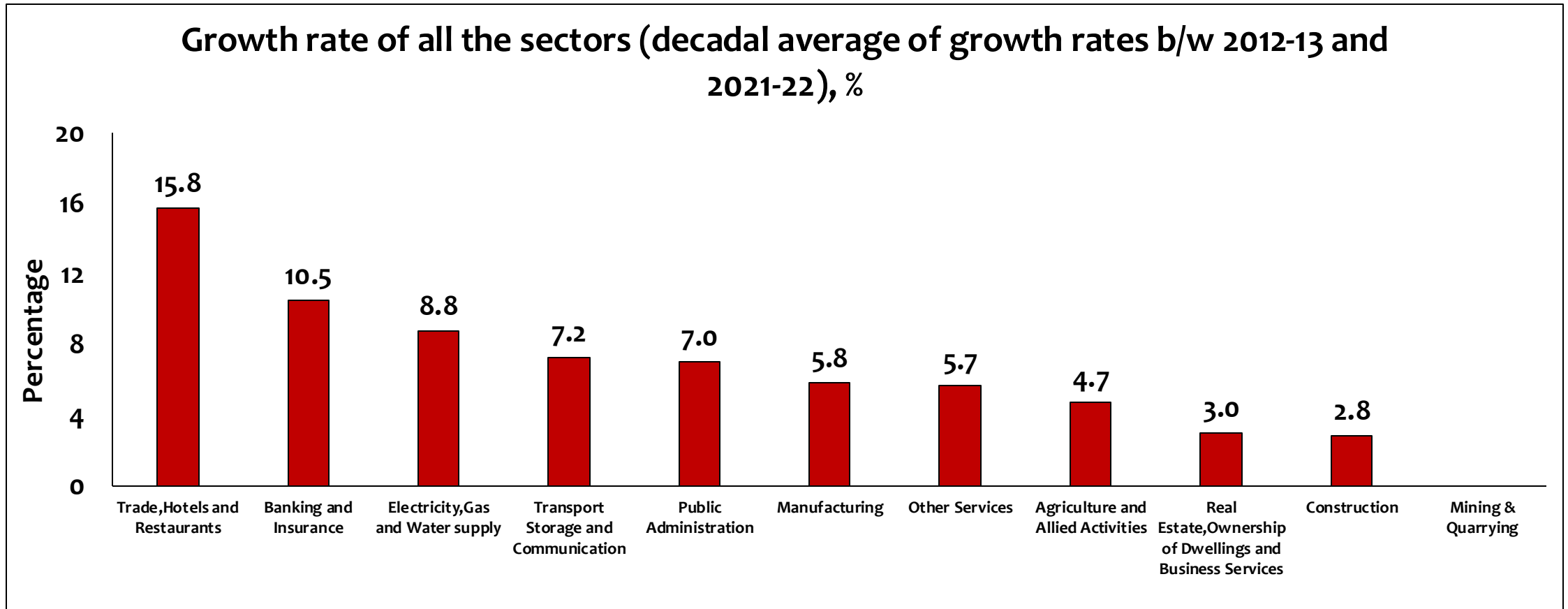
Over the past 10 years, the Manufacturing sector has held the largest share, accounting for 41.3 percent of the total GSVA



Source: MoSPI, as of August 2023.

Note: i. Nominal variables have been used to calculate the shares; ii. The implementation of the North East Industrial and Investment Promotion Policy (NEIIPP) by the Government of India was a major contributing factor to the growth of manufacturing industries in the state, with 16 units established prior to NEIIPP and 106 units thereafter ([CAG Report, 2019](#)).

Trade and Hospitality sector has shown the highest growth of 16 percent among all the major sectors over the last decade



Source: MoSPI, as of August 2023.

Note: i. Real variables have been used to calculate the shares; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services include Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

Table 2C: Sikkim's Sectoral Growth Rates and Decadal Averages

Sector	Latest Annual Growth Rate (2019-20)	Decadal Average of Growth rates (b/w 2010-11 and 2019-20)	Decadal Average of Growth rates for India (b/w 2010-11 and 2019-20)
Agriculture	3.5%	9.7%	4.4%
Industry	-1.0%	7.1%	5.3%
Manufacturing	-4.4%	11.9%	6.0%
Services	19.8%	6.5%	7.7%
GSVA	5.1%	7.5%	6.4%
GSDP	4.7%	7.8%	6.6%

Source: MoSPI, as of August 2023. Back series with 2011-12 base has been taken from EPWRF.

Note: i. Real variables have been used to calculate the growth rate; ii. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; iii. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; iv. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

Table 2D: Sikkim's Sectoral Growth Rates and Decadal Averages of Growth Rates

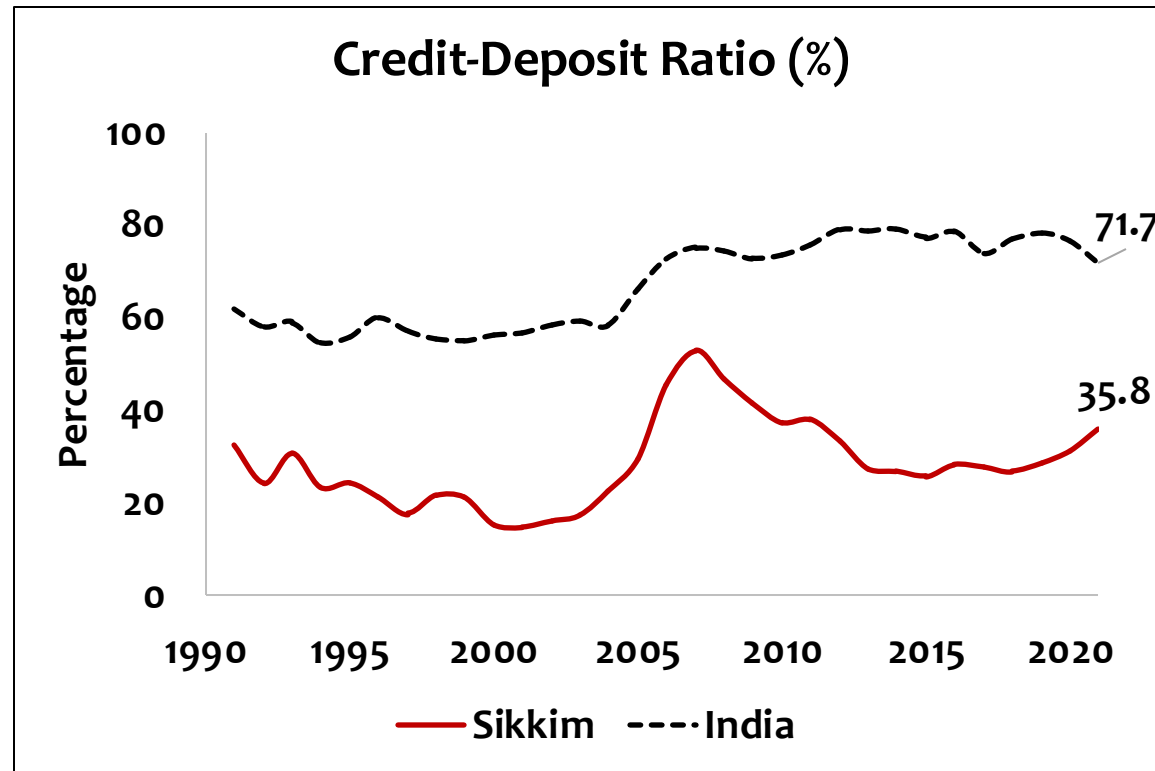
Sector	Latest Annual Growth Rate (2022-23)	Average of Growth rates (b/w 2018-19 and 2022-23)	Decadal Average of Growth rates (b/w 2013-14 and 2022-23)	Decadal Average of Growth rate for India (b/w 2013-14 and 2022-23)
Agriculture	3.4%	2.3%	4.7%	4.1%
Industry	6.4%	4.2%	7.1%	5.2%
Manufacturing	1.5%	-0.8%	5.9%	5.5%
Services	8.5%	8.8%	6.7%	6.6%
GSVA	6.8%	5.3%	6.7%	5.7%
GSDP	6.8%	4.6%	6.9%	5.8%

Source: MoSPI, as of March 2024. Back series with 2011-12 base has been taken from EPWRF.

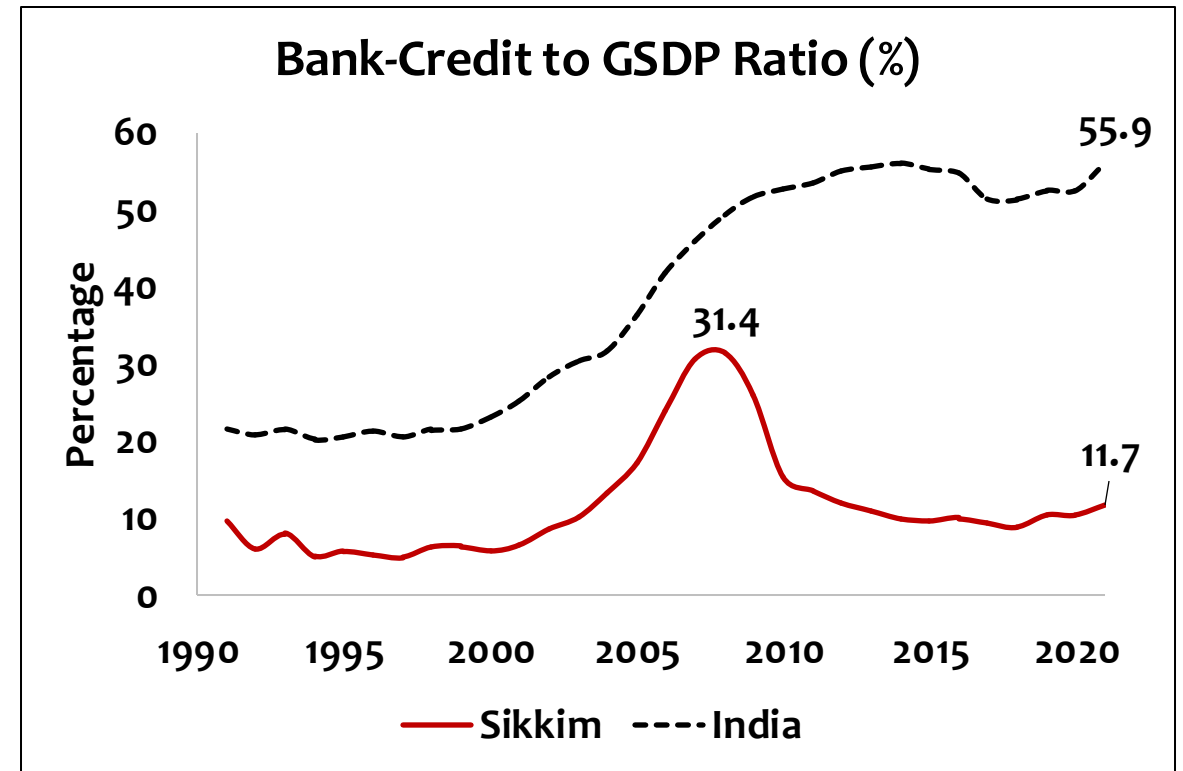
Note: i. India's GVA has been calculated taking a simple sum of the three sectors; ii. Real variables have been used to calculate the growth rate; iii. Sectoral growth rates are calculated based on GSVA numbers; iv. Agriculture refers to Agriculture and its allied activities such as fishing, animal husbandry, crops etc.; v. Industry includes Mining & Quarrying, Manufacturing, Construction, and Supply of Electricity & Water; vi. Services includes Transport, Storage & Communications, Trade, Hotels and Restaurants, Real Estate, Banking and Financial Services, Public Administration and some other miscellaneous services.

Sikkim's Credit-Deposit Ratio is more than 35 percent points below the national average as of 2021. The Credit to GDP Ratio gap with the national average has also been increasing since 2008 and is 44 percent points below it as of 2021

Indicators	Most Recent Value	Year	Decadal Change (b/w 2011-12 & 2020-21)	India
Credit - Deposit Ratio (%)	35.8%	2020-21	+2.7% points	71.7%
Credit - GDP Ratio (%)	11.7%	2020-21	-0.2% points	55.9%

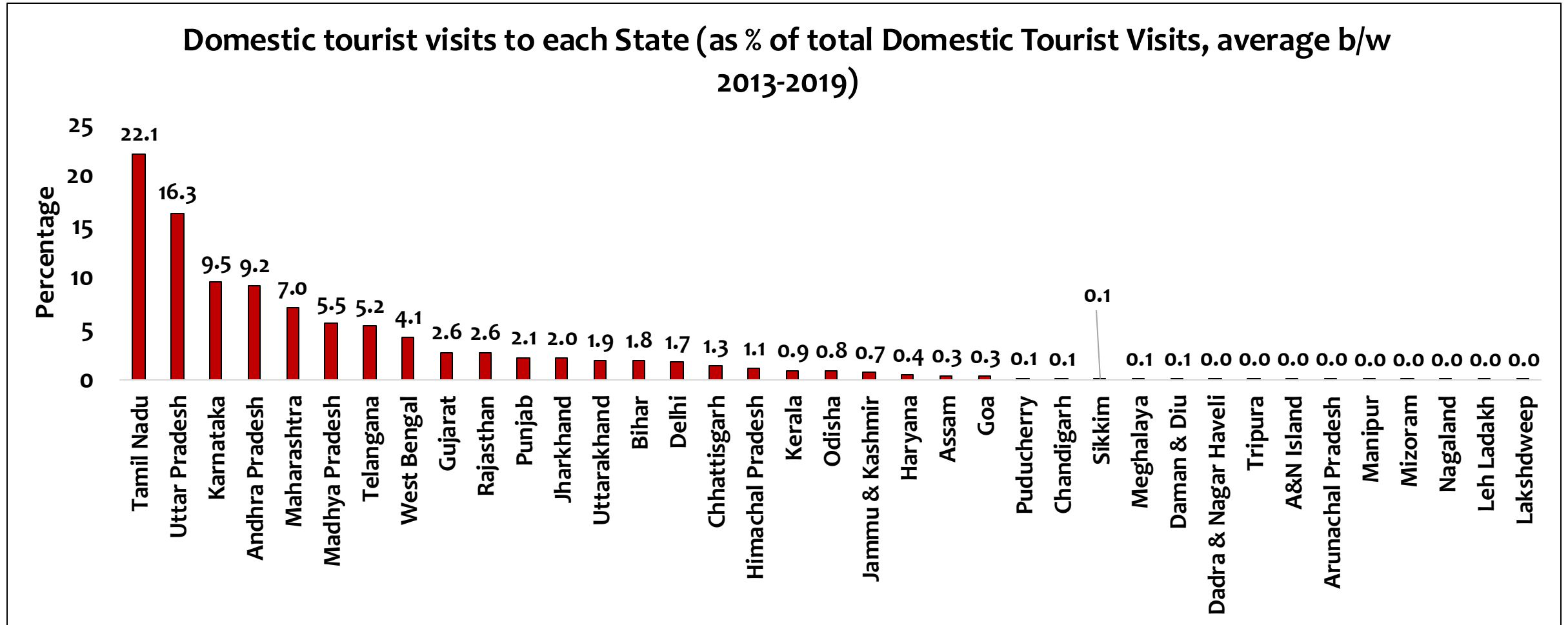


Source: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21).
 Note: India's numbers have been taken directly from the source.



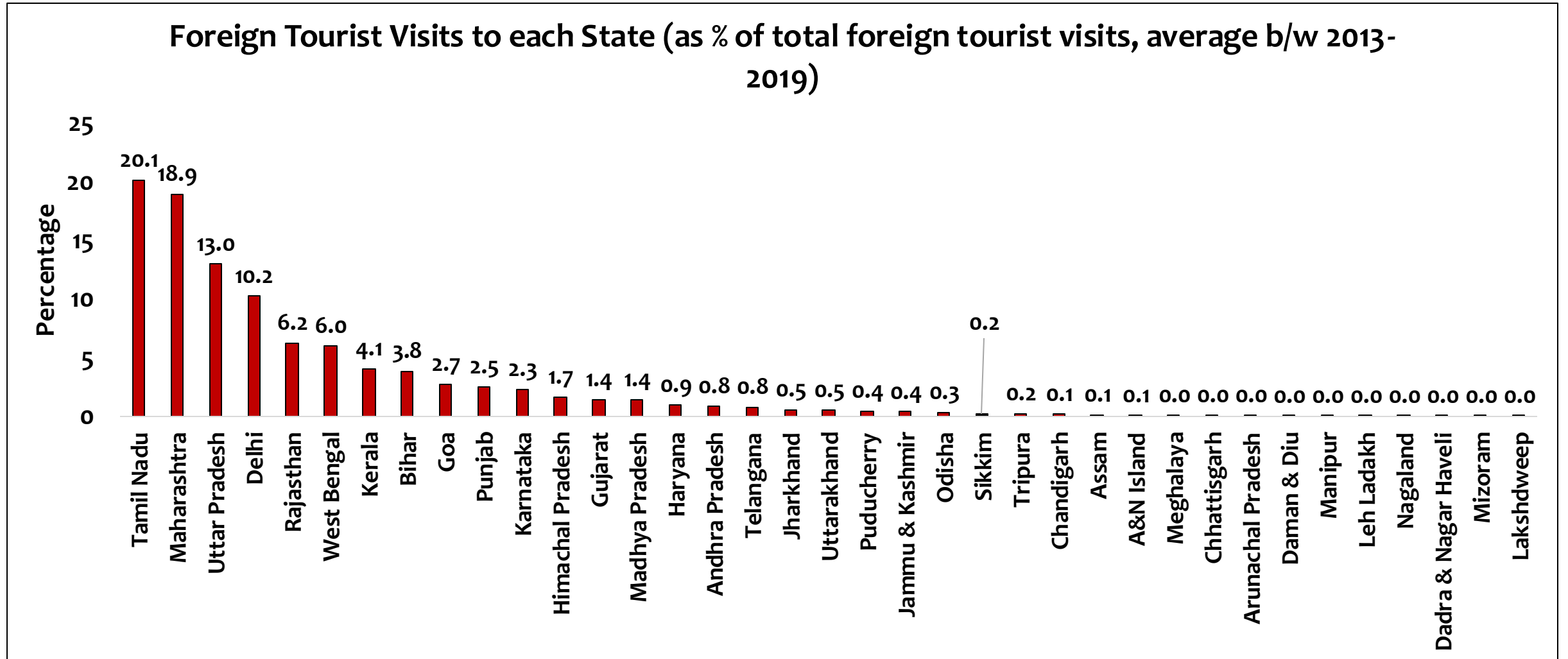
Source: i. Bank-Credit: Basic Statistical Returns (BSR) of Scheduled Commercial Banks, RBI (2020-21); ii. GDP: MOSPI (2020-21). Back series with 2011-12 base has been taken from EPWRF. Note: The Credit variable used is Credit Outstanding as per Sanction.

Sikkim holds an average 0.1 percentage share of total Domestic Tourist Visits between 2013 - 2019



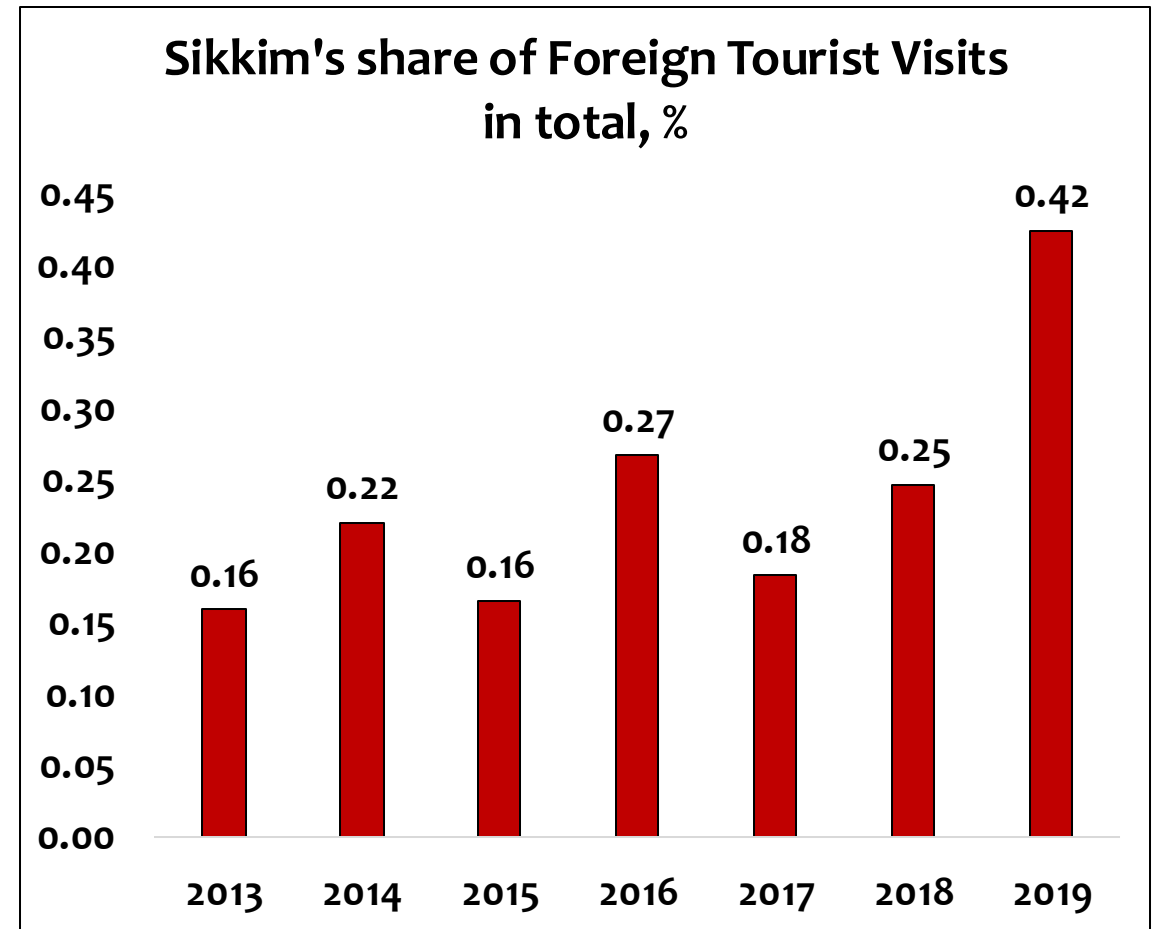
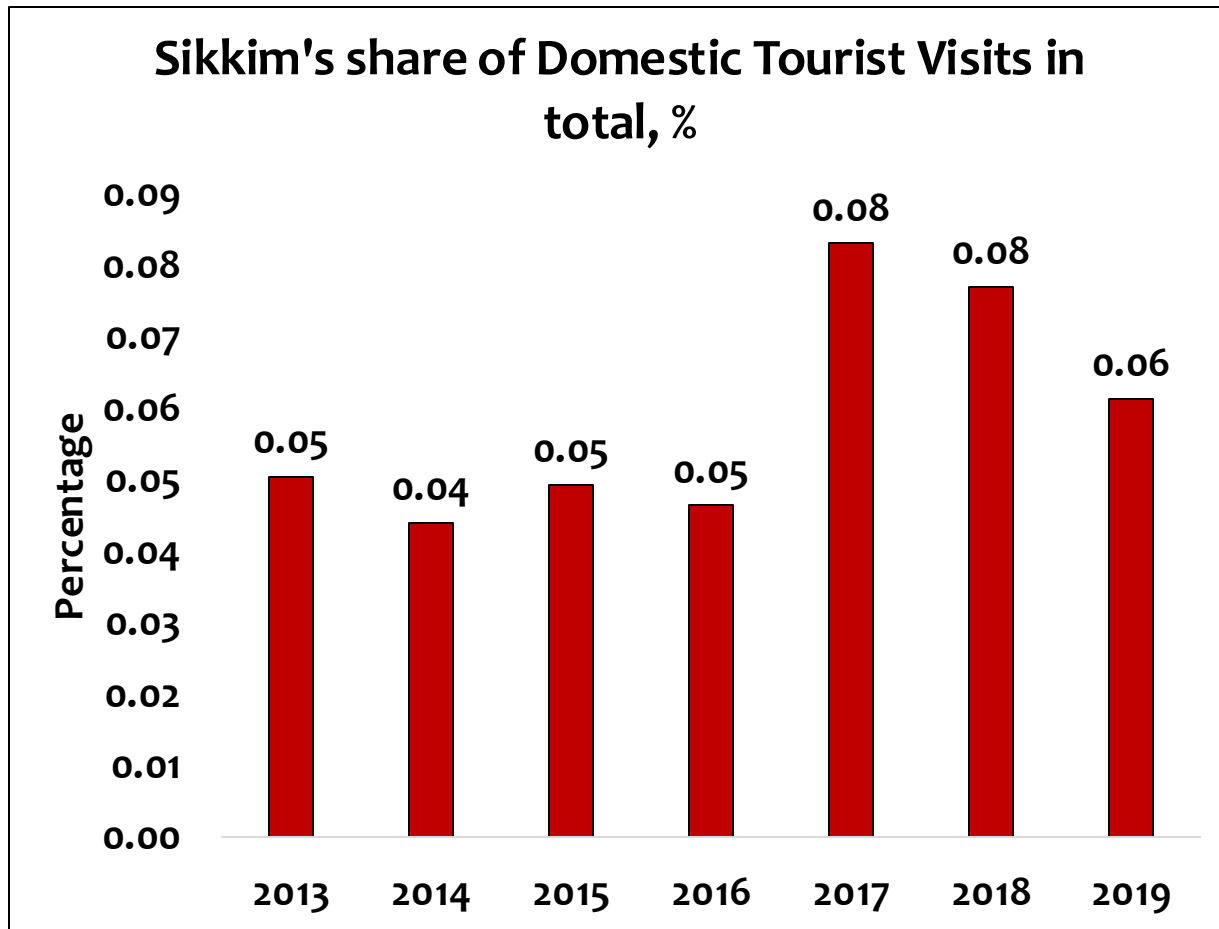
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

Sikkim holds an average 0.2 percentage share of total Foreign Tourist Visits between 2013 - 2019



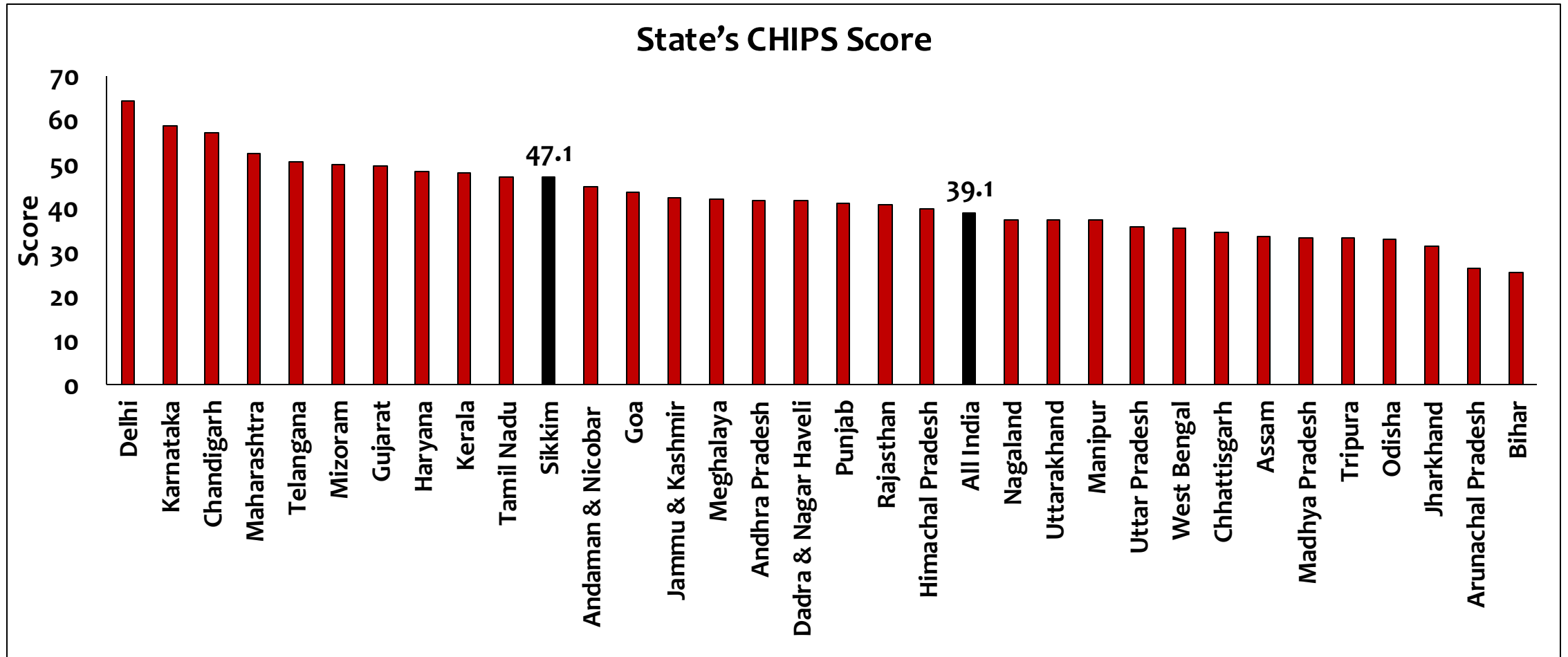
Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

Domestic and Foreign Tourist Visits over the years in Sikkim



Source: Data on tourist visits have been compiled from multiple issues of India Tourism Statistics published by the Ministry of Tourism (2013 – 2019).

Sikkim has the 11th highest CHIPS score among 34 States and UTs of India



Source: The State of India's Digital Economy Report 2024 by Indian Council for Research on International Economic Relations (ICRIER).

Note: 50 indicators have been used to measure the CHIPS score.

4. Socio-Economic Indicators (Education and Health)

- School Education data covers the period 2012-13 to 2016-17;
- Higher Education data covers the period 2012 to 2021;
- Health data covers the period 2011 – 2020 (SRS) and 1992-93 to 2019-21 (NFHS)

Table 3A: Education Indicators for Sikkim

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
Literacy Rate	81.4% (2011)	73.0%	+12.6% points (b/w 2001 & 2011)	Census of India
Drop-Out Rates (Class X)	22.2% (2016-17)	35.2%	+12.7% points (b/w 2013-14 & 2016-17)	U-DISE
Drop-Out Rates (Class VIII-X)	24.2% (2016-17)	21.1%	+14.9% points (b/w 2014-15 & 2016-17)	U-DISE
Students passing Board Examinations (Class X)	94.6% (2015-16)	86.1%	-5.4% points (b/w 2013-14 & 2015-16)	U-DISE
Student passing Board Examinations (Class XII)	93.2% (2015-16)	87.3%	+1.6% points (b/w 2013-14 & 2015-16)	U-DISE
Gross Enrolment Ratio (Higher Secondary)	39.9% (2015-16)	56.2%	+15.1 points (b/w 2012-13 & 2015-16)	U-DISE
Gross Enrolment Ratio (Higher Education)	33.8% (2021)	27.3%	+11.7% points (b/w 2012 & 2021)	AISHE
Gender Parity Index (Higher Education)	1.21 (2021)	1.05	+0.26 points (b/w 2012 & 2021)	AISHE
Colleges per 100,000 population	30 (2021)	31	+16.4 points (b/w 2012 & 2021)	AISHE

Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal changes are across a period of 10 years unless data is available for a lesser period; iv. All years represent corresponding survey years.

Table 3B: Health Indicators for Sikkim

Indicator	Most Recent Value	India Value	Decadal Change (% points)	Source
Infant Mortality Rate	5 deaths per 1000 live births (2020)	28 deaths per 1000 live births	26 deaths per 1000 live births (2011)	Sample Registration System
Total Fertility Rate	1.1 children per woman (2019-21)	2 children per woman	2.0 children per woman (2005-06)	Sample Registration System
Children Fully Immunized	80.6% (2019-21)	76.4%	+11.0% points	NFHS
Households with Access to Improved Drinking Water Source	94.0% (2019-21)	95.9%	+16.4% points	NFHS
Households with Access to Electricity	99.3% (2019-21)	96.5%	+7.2% points	NFHS
Households with Access to Sanitation Facilities	85.3% (2019-21)	69.3%	+24.6% points	NFHS

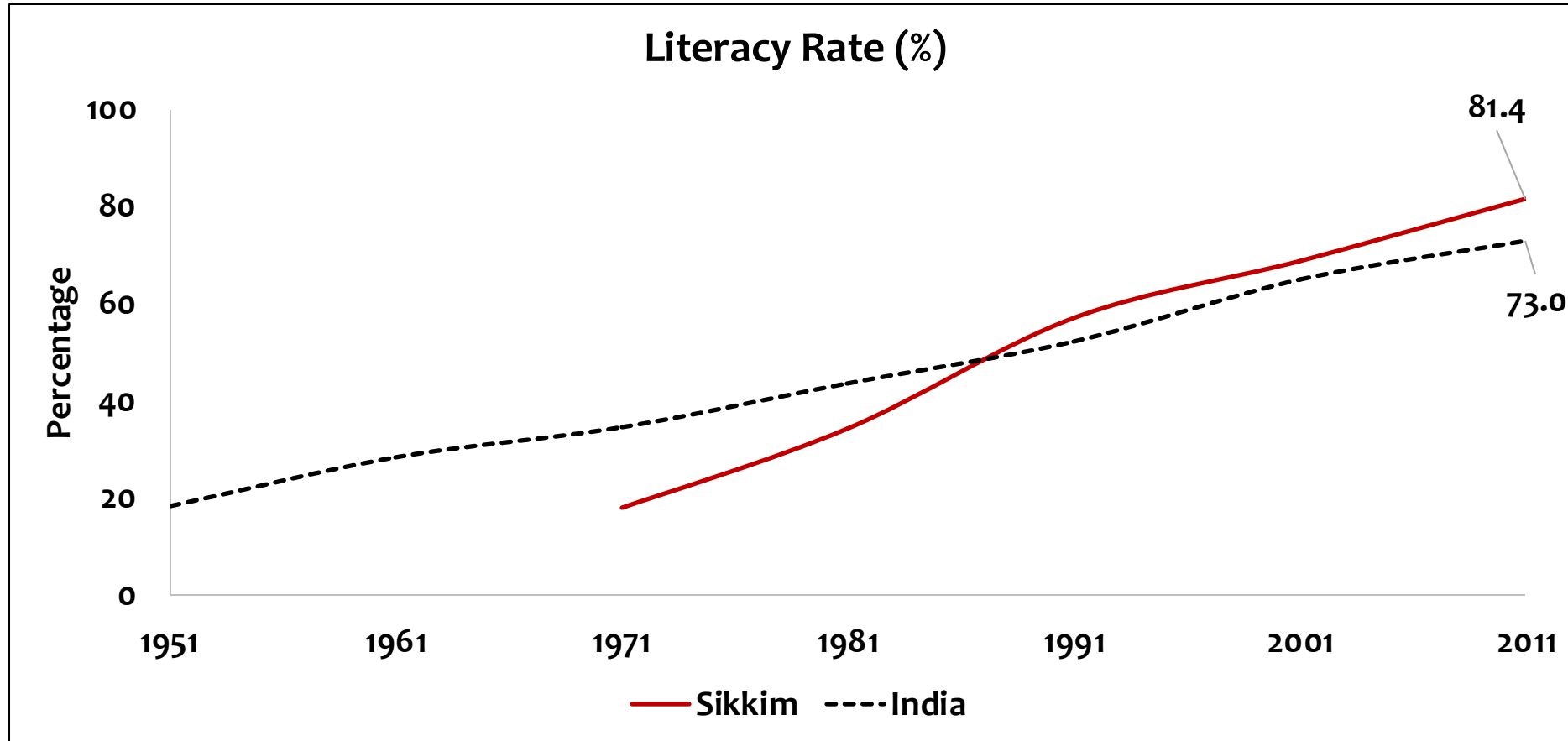
Note: i. Decadal change for NFHS variables taken from NFHS-V (2019-21) to NFHS-III (2005-06); ii. The number for India has been taken directly from the source; iii. All years represent corresponding survey years.

Table 3C: Other Socio-Economic Indicators for Sikkim

Indicator	Most Recent Value	India Value	Decadal Change	Source
Pupil-Teacher Ratio: Elementary	4 (2016-17)	25	-4 points (b/w 2006-07 & 2016-17)	U-DISE
Pupil-Teacher Ratio: Higher Secondary	-	31	-	U-DISE
Pupil-Teacher Ratio: Higher Education	15 (2018-19)	24	-23 points (b/w 2008-09 & 2018-19)	AISHE
Underweight Children	13.1 % (2019-21)	32.1%	-6.6 % points (b/w 2005-06 and 2019-21)	NFHS
Stunting Among Children	22.3 % (2019-21)	35.5%	-16.0 % points (b/w 2005-06 and 2019-21)	NFHS
Anaemia Among Children	56.4 % (2019-21)	67.1%	-2.8 % points (b/w 2005-06 and 2019-21)	NFHS
Anaemia Among Women	42.1 % (2019-21)	57.0%	-17.9 % points (b/w 2005-06 and 2019-21)	NFHS
Under 5 Mortality Rate	11.2 deaths per 1000 live births	41.9 deaths per 1000 live births	-28.9 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
Infant Mortality Rate	11.2 deaths per 1000 live births	35.2 deaths per 1000 live births	-22.5 deaths per 1000 live births (b/w 2005-06 and 2019-21)	NFHS
Multidimensional Poverty Index (MPI)	0.01 (2019-21)	0.07	-0.01 points (b/w 2015-16 & 2019-21)	NFHS
Sustainable Development Goals (SDG) Index	76 (2023-24)	71	+18 points (b/w 2018-19 & 2023-24)	NITI Aayog

Note: i. Indicators for Higher Education are based on the population of the age group 18-23 years; ii. India number has been taken directly from the source; iii. Decadal change for NFHS variables taken from NFHS-III (2005-06) to NFHS-V (2019-21); iv. Infant Mortality Rate in Table 3B was defined using the SRS data and the Infant Mortality Rate defined here is based on the NFHS data; v. All years represent corresponding survey years.

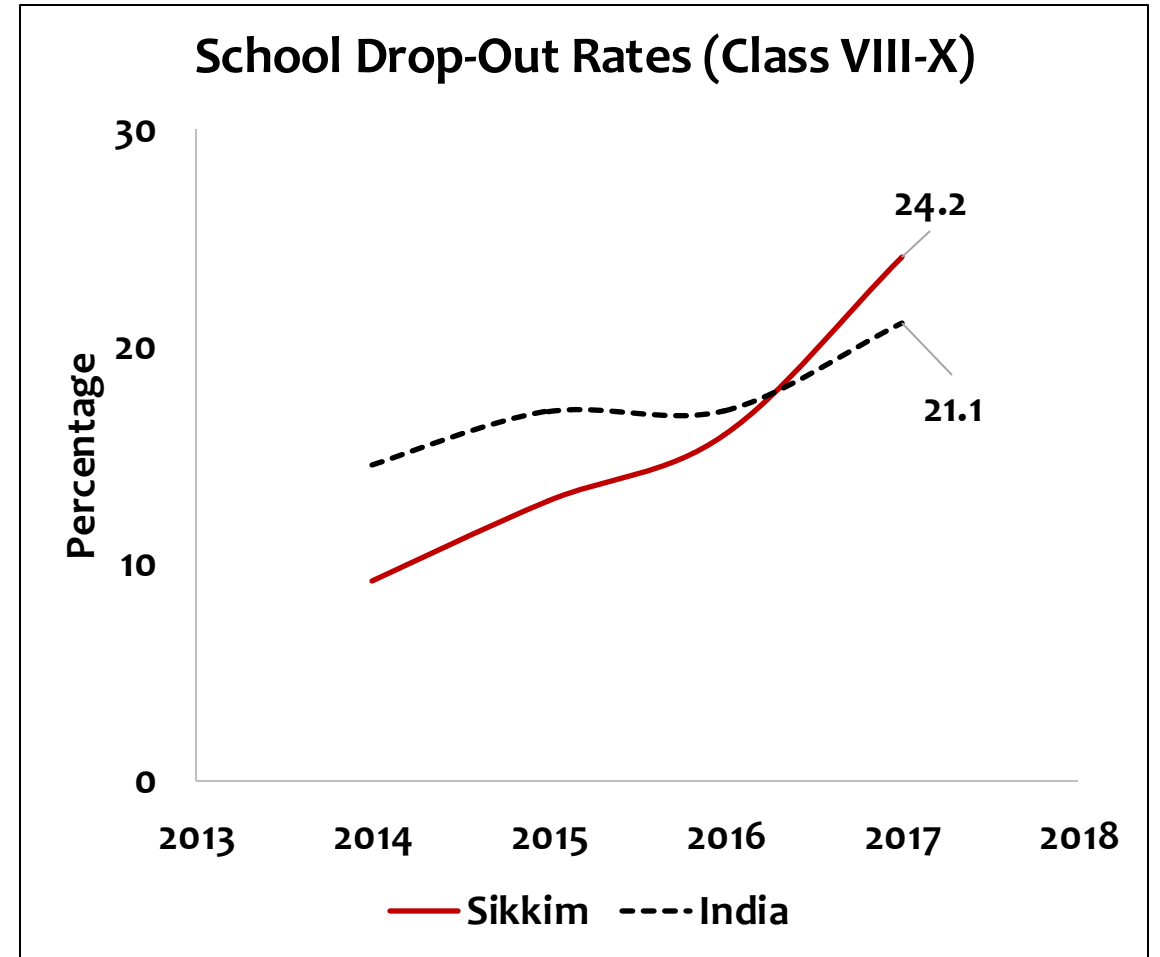
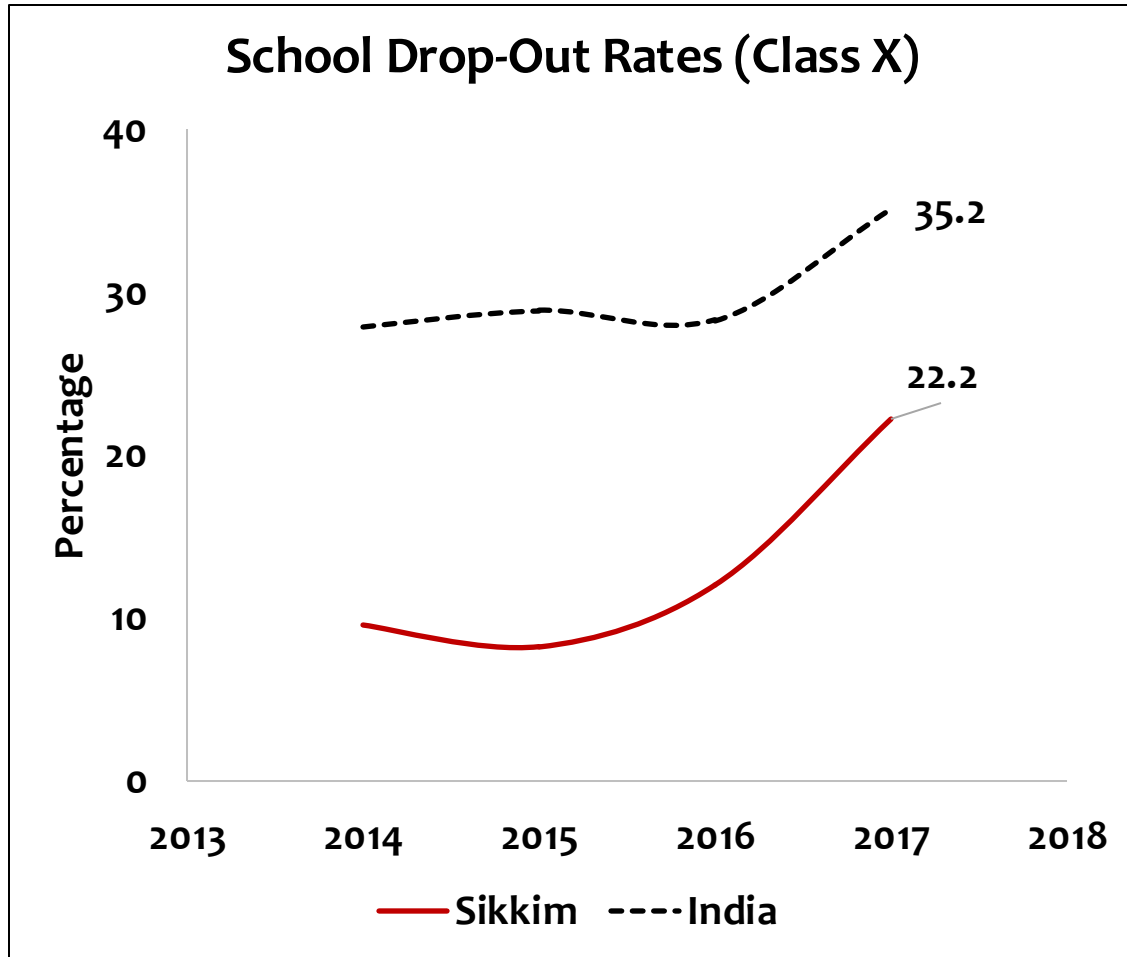
Sikkim's Literacy Rate has increased rapidly over the decades and is above the national estimate as of 2011



Source: Office of the Registrar General and Census Commissioner, Ministry of Home Affairs (1951 – 2011).

Note: i. India number has been taken directly from the source; ii. Census Literacy Rate relates to population aged seven years and above from 1981.

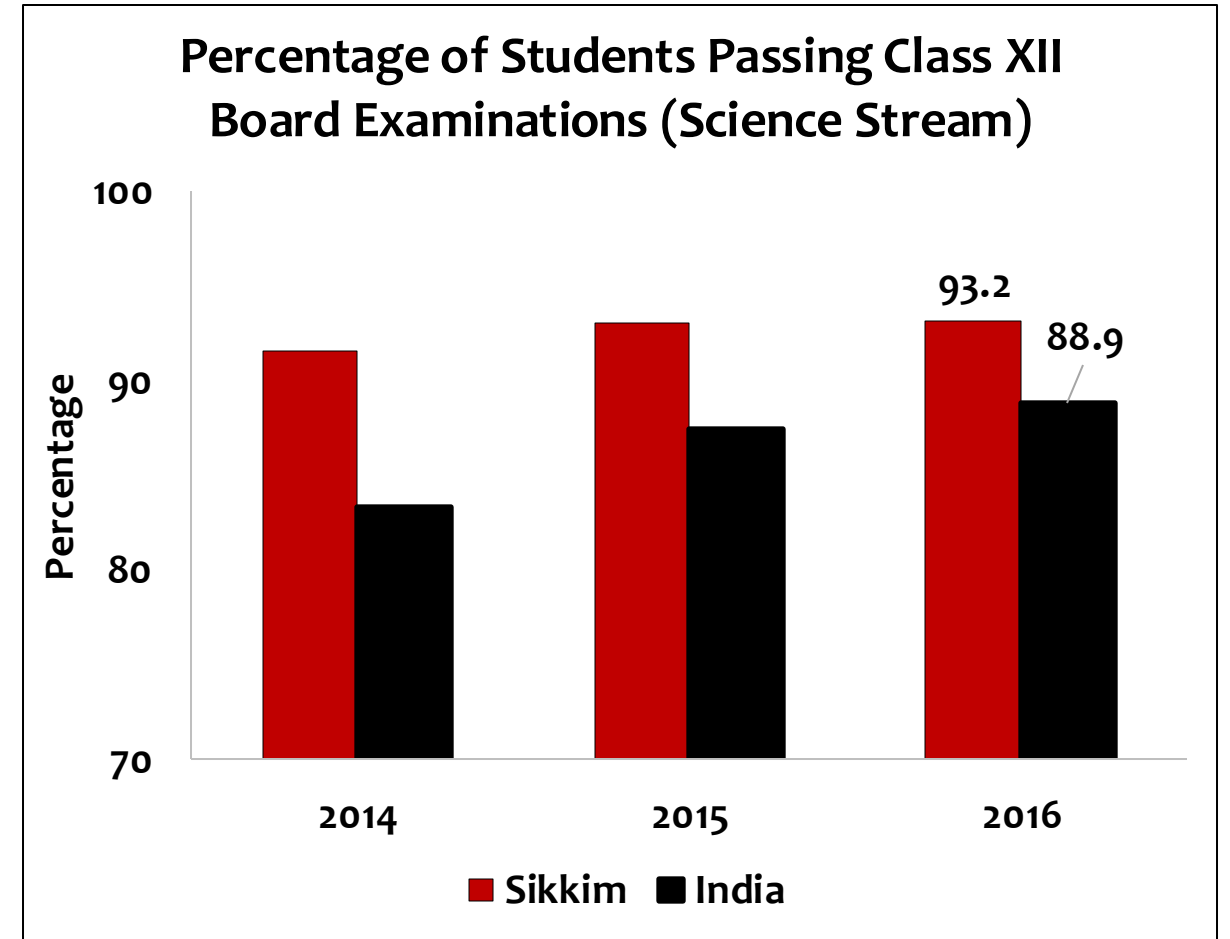
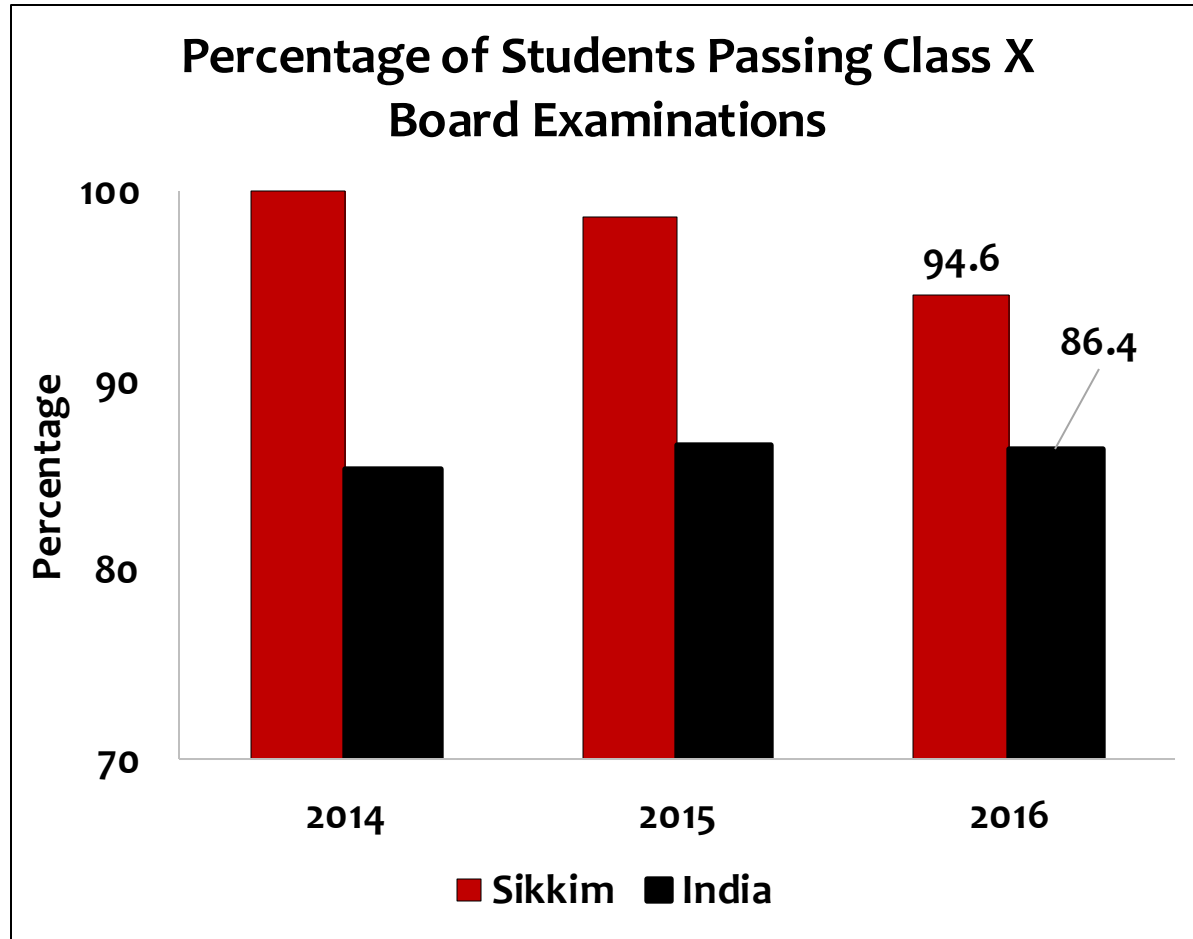
Sikkim's School Drop-Out Rates for Class X and the Secondary Level (Class VIII-X) are lower and higher than the national figures in 2016-17, respectively



Source: Unified District Information System for Education (U-DISE) , 2015-16.

Note: i. Drop-Out Rate is defined as the proportion of pupils from a cohort enrolled in a given stage in a school year who are no longer enrolled in the following school year; ii. India number has been taken directly from the source.

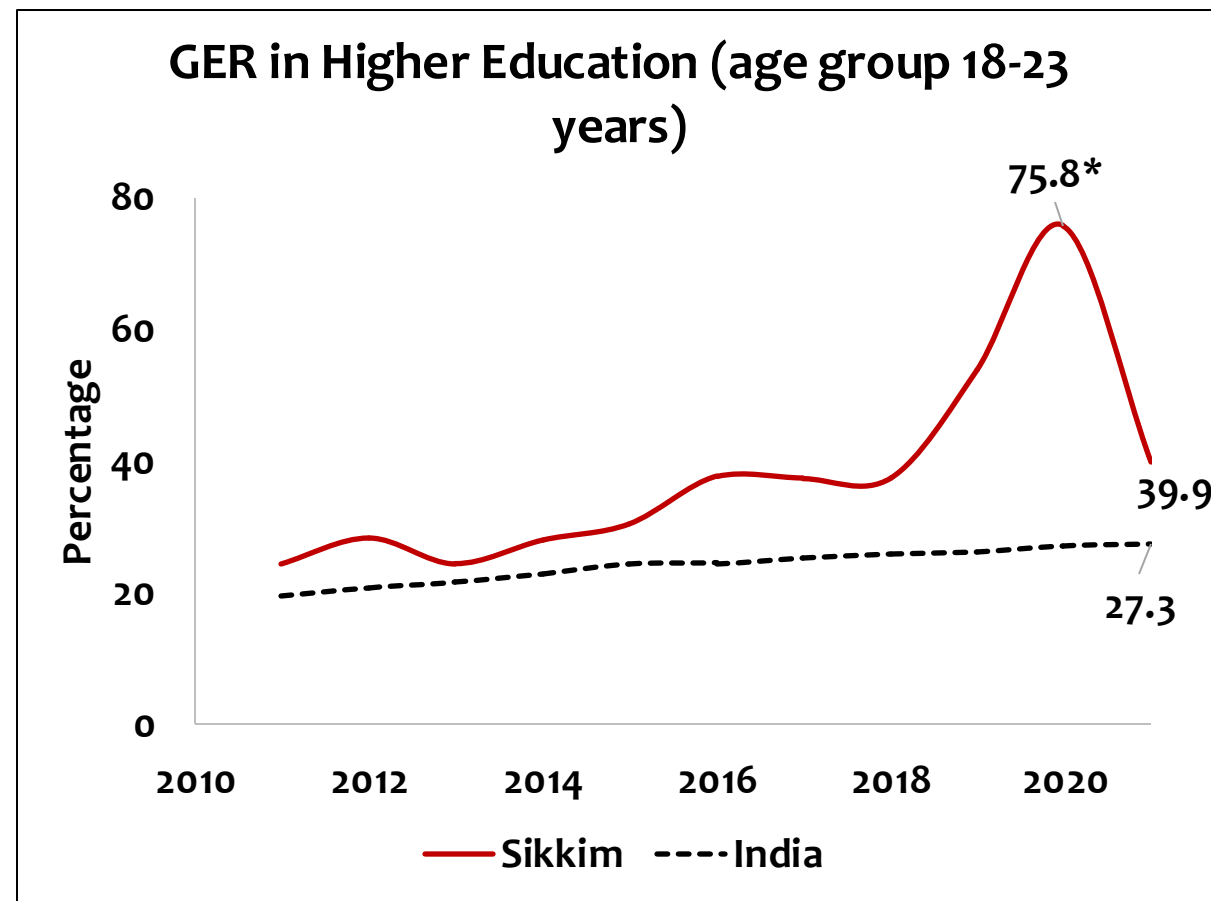
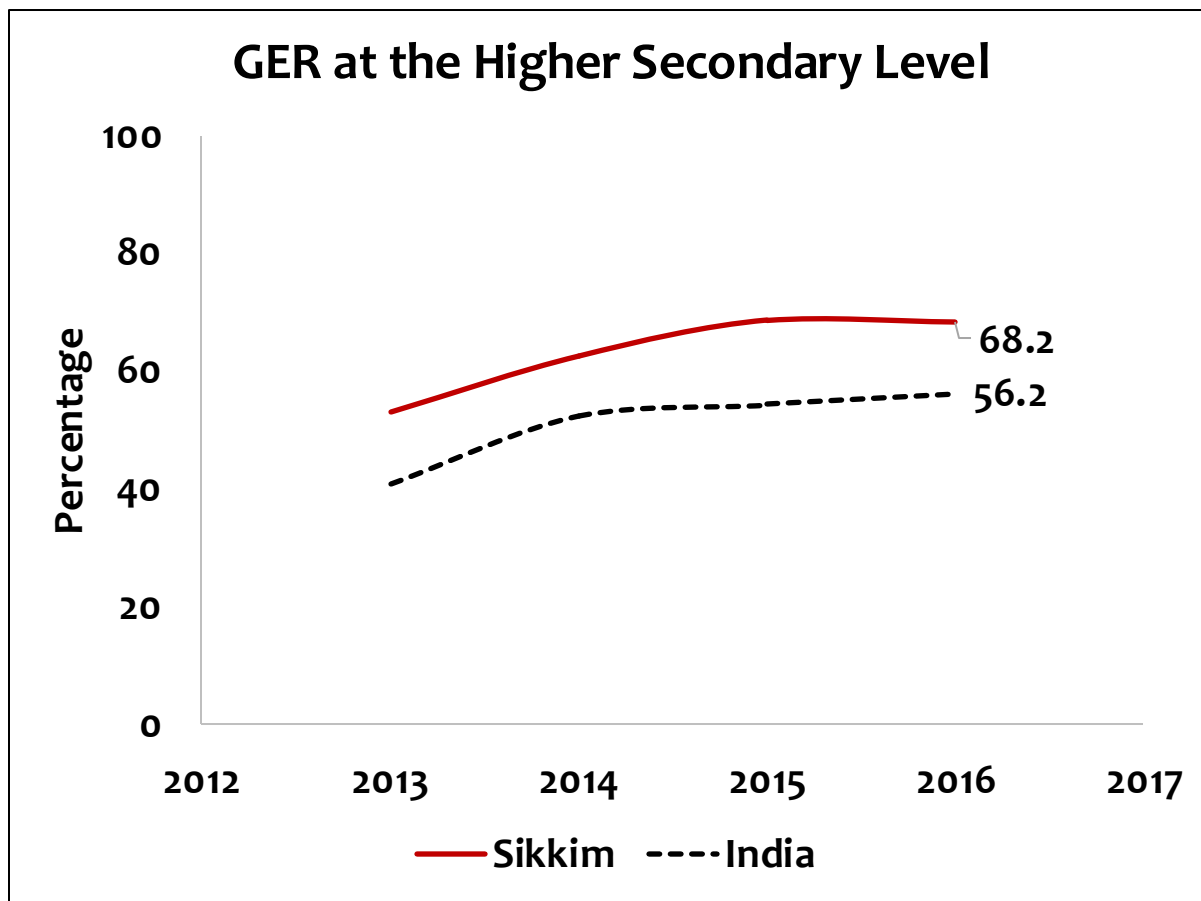
The students who pass the Secondary (Class X) Level Examinations are at 94.6 percent in Sikkim which is above the national average in 2015-16. Students who pass the Higher Secondary (Class XII) Level Examinations are at 93.2 percent which is above the national average in 2015-16



Source: Unified District Information System for Education (U-DISE), 2015-16.

Note: i. Percentages are a simple average of the pass percentages for boys and girls as reported separately; ii. India number has been taken directly from the source; iii. Pass percentages for Higher Secondary Level are reported separately by Stream (Science, Arts, Humanities, Vocational, Others).

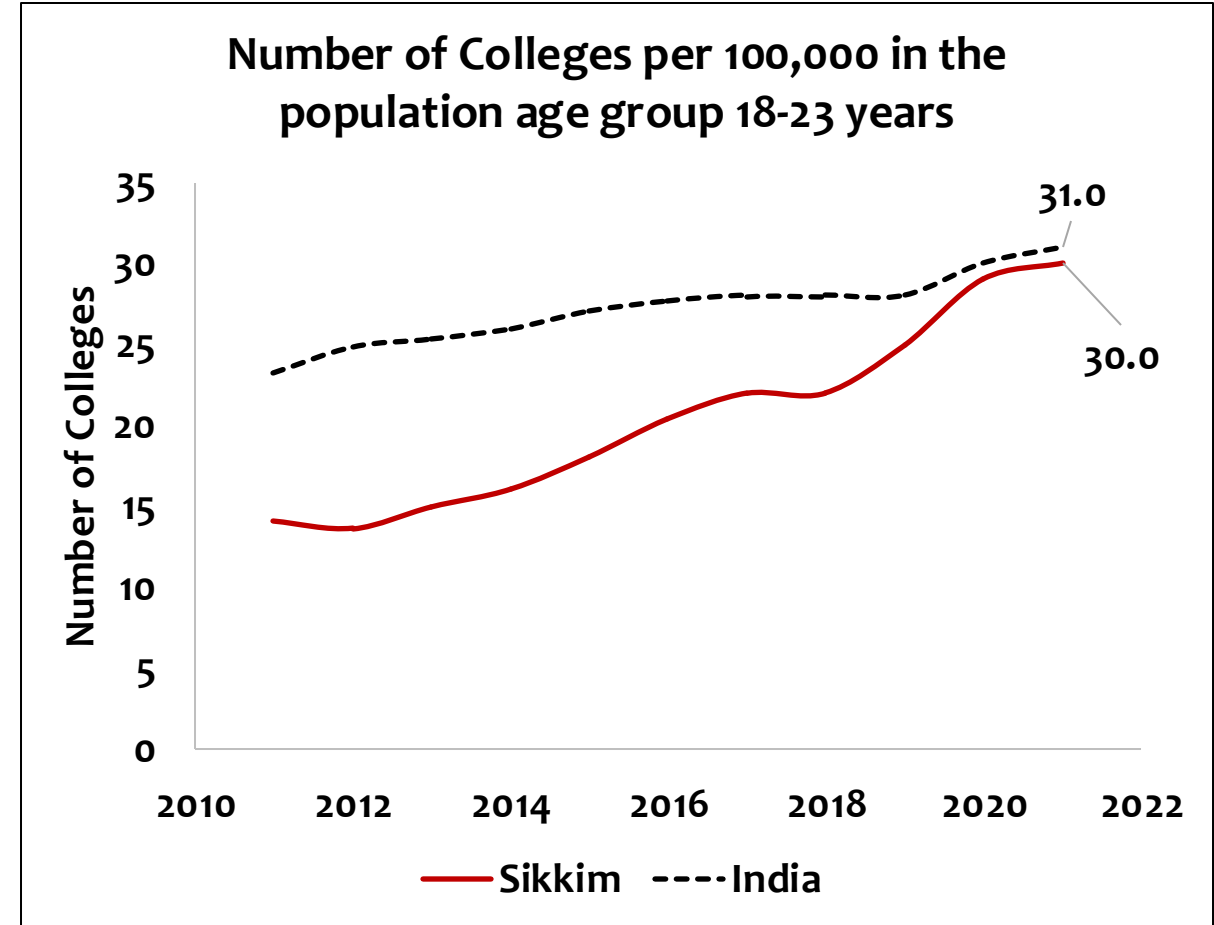
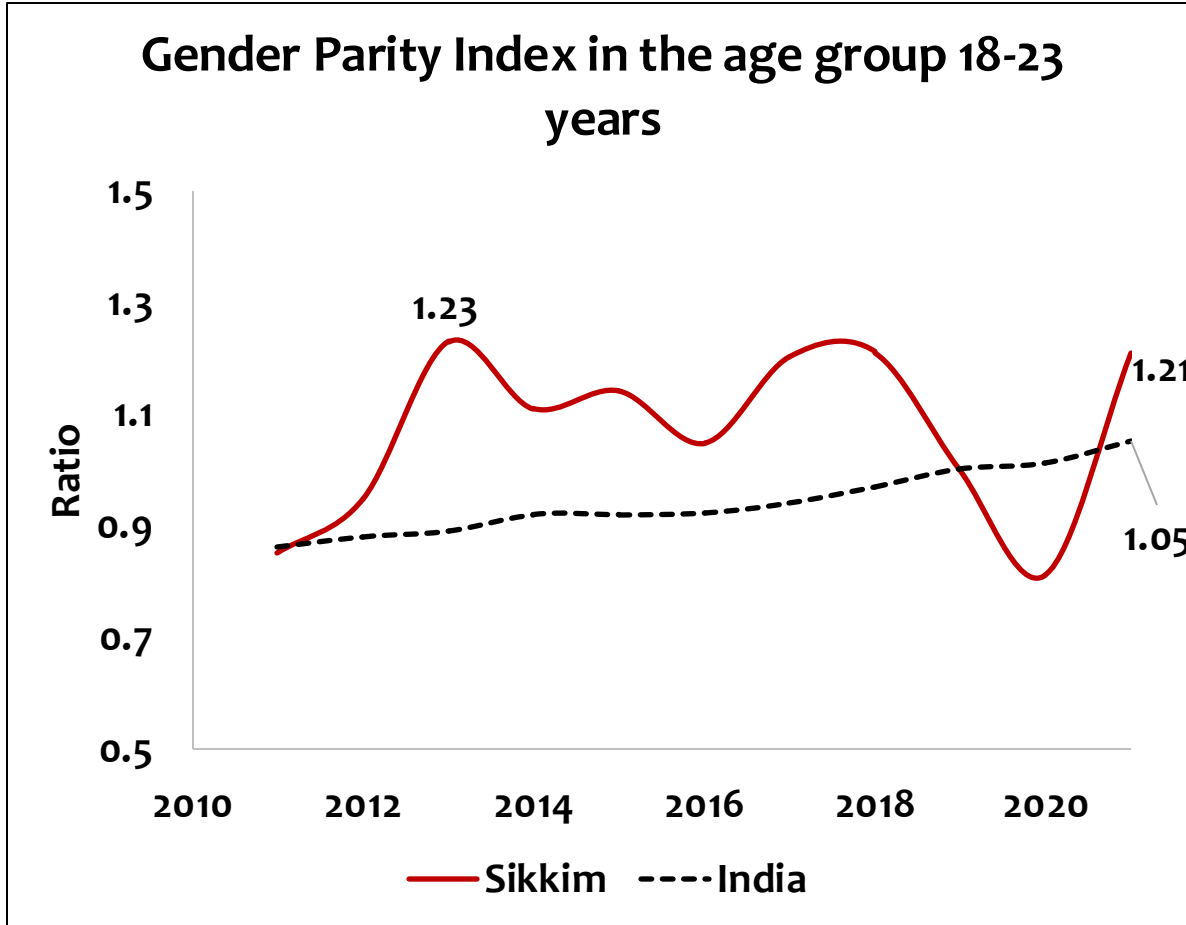
Sikkim's Gross Enrolment Ratio (GER) at the Higher Secondary Level and the Higher Education (age group 18-23) level was above the all-India figure over their respective periods



Source: i. Unified District Information System for Education (U-DISE), 2015-16; ii. All India Survey on Higher Education (AISHE), 2020-21.

Note: i. GER is the total enrolment in a particular stage of education, regardless of age, expressed as a percentage of the official age-group of the population which corresponds to the given stage of education in a given year. It is the general level of participation per stage of education; ii. The Higher Education GER represents share of enrollees to the total population in the age group 18-23 years; iii. India number has been taken directly from the source; iv. (*)The spike in GER in Higher Education for 2019-20 has been cross-checked and verified from the AISHE 2019-20 report.

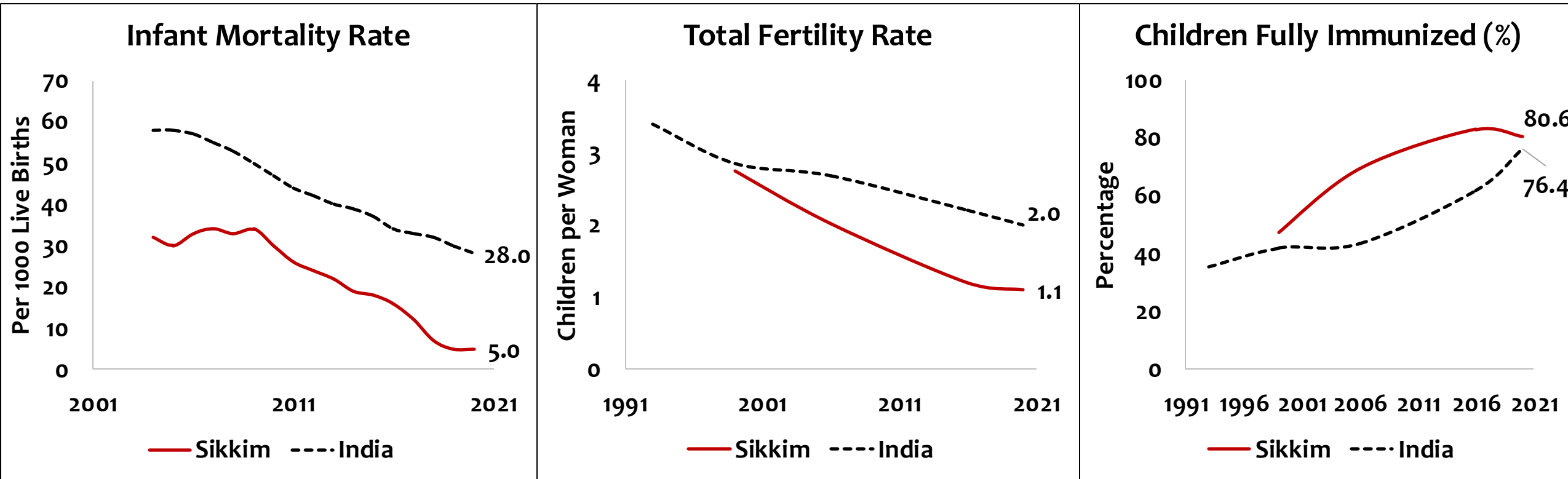
In terms of Gender Parity Index (the share of girls to boys enrolled at Higher Education institutions in the age group 18-23 years), Sikkim is above the national benchmark as of 2020. The state has lower average college density per 100,000 people in the age-group 18-23 years compared to the national average



Source: All India Survey on Higher Education (AISHE), 2020-21.

Note: The number for India has been taken directly from the source.

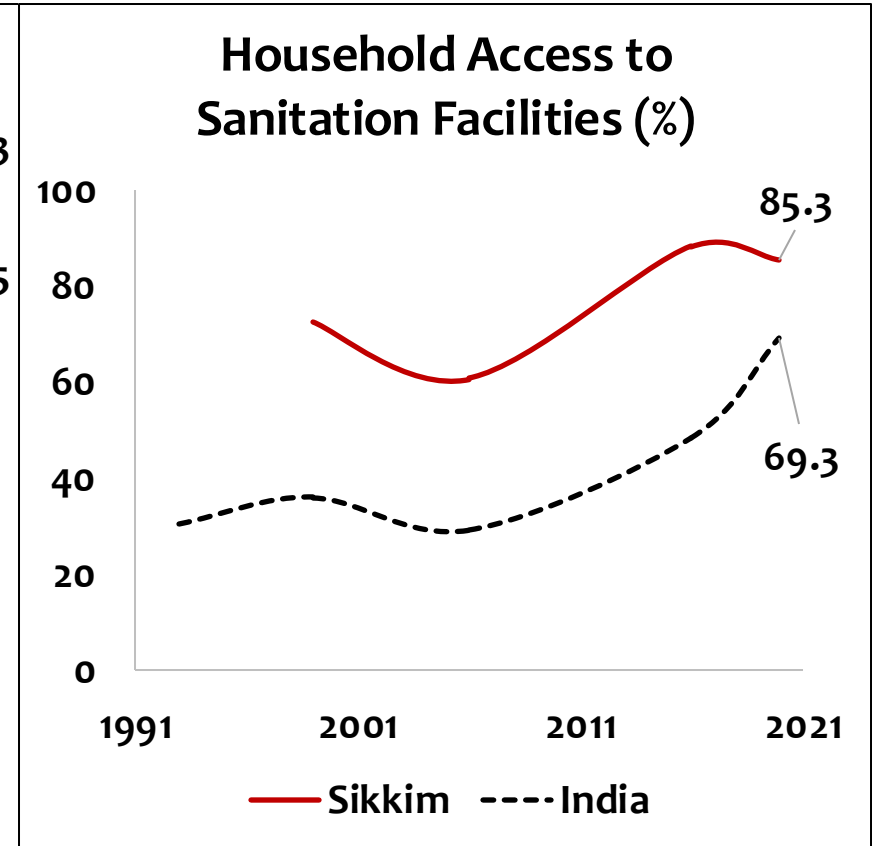
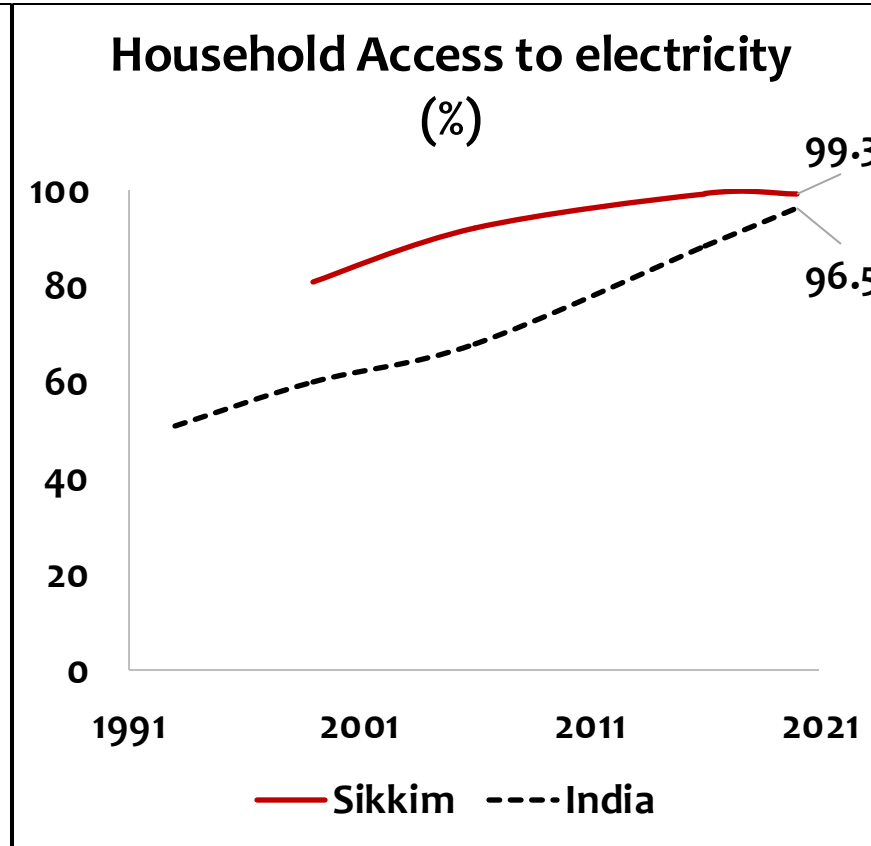
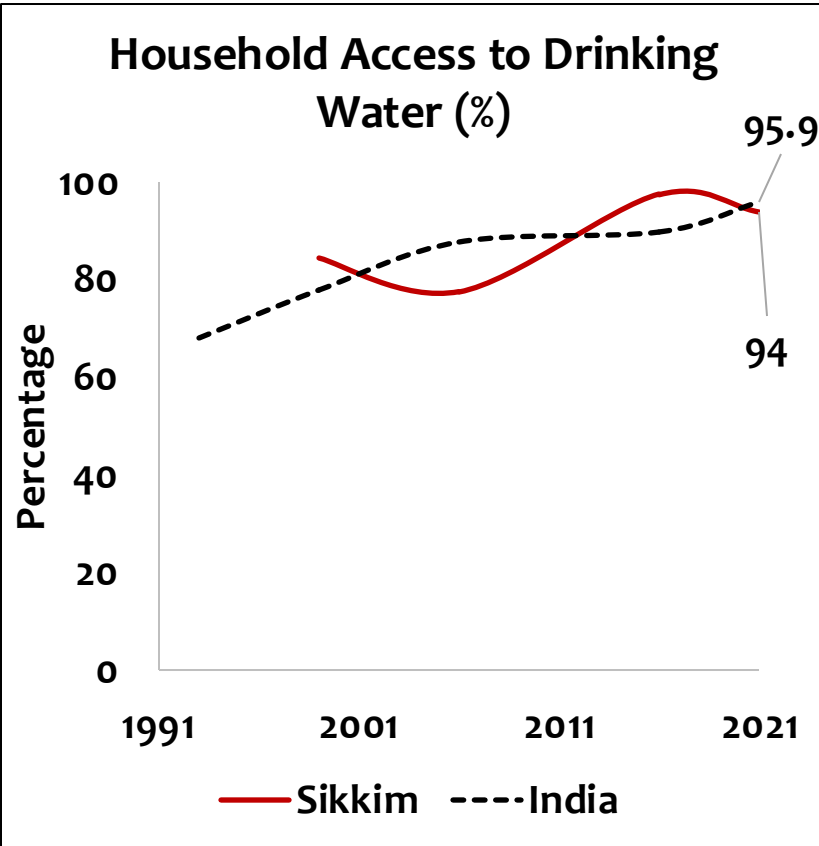
Sikkim has seen a decline in Infant Mortality and Total Fertility Rate over their respective decades and is in a better position than their national benchmarks over the last decade. For children (12-23 months) Fully Immunized with all basic vaccinations, Sikkim is placed higher than the national average as of 2019-21



Source: i. Infant Mortality Rate - Sample Registration System Bulletin, Ministry of Home Affairs, 2020. ii. Total Fertility Rate, Children Fully Immunized - National Family Health Survey (I - V).

Note: i. India Number has been taken directly from the source; ii. Life expectancy data is not available for Sikkim.

Sikkim has improved on “quality of life” indicators across the decades. Households with access to drinking water slightly below the national average as of 2021. Access to electricity and sanitation facilities are above the national benchmark, as of 2021



Source: National Family Health Survey (I – V).

Note: i. India number has been taken directly from the source; ii. Drinking water and sanitation refers to improved sources and facilities respectively as defined in NFHS.

5. Fiscal Indicators

- **Fiscal Data covers the fiscal period 1990-91 to 2022-23**
- **Benchmark includes all 29 States (all Union Territories are excluded)**

Table 4A: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Sikkim

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2013-14 & 2022-23)	States' Median (All States)	States' Median (Larger States)	States' Mean (All States and UTs)
Fiscal Deficit, % of GSDP	4.4 %	2022-23	+ 4.1 % points	3.8 %	3.6 %	3.4 %
Primary Deficit, % of GSDP	2.7 %	2022-23	+ 3.9 % points	1.9 %	1.6 %	1.7 %
Revenue Surplus (+)/Deficit (-), % of GSDP	2.0 %	2022-23	- 4.3 % points	0.3 %	-0.4 %	- 0.5 %
Total Revenue Receipts, % of GSDP	21.3 %	2022-23	- 10.0 % points	19.9 %	15.3 %	14.4 %
Own Tax Revenue, % of GSDP	3.4 %	2022-23	- 0.4 % points	6.3 %	6.4 %	6.6 %
Own Non Tax Revenue, % of GSDP	2.3 %	2022-23	- 3.4 % points	1.2 %	1.1 %	1.0 %
Total Expenditure, % of GSDP	25.7 %	2022-23	- 5.9 % points	24.0 %	19.3 %	17.8 %
Revenue Expenditure, % of GSDP	19.3 %	2022-23	- 5.7 % points	18.8 %	16.9 %	14.8 %
Capital Expenditure, % of GSDP	6.4 %	2022-23	- 0.2 % points	4.0 %	3.4 %	3.0 %
Capital Expenditure, % of Total Exp	25.1 %	2022-23	+ 4.0 % points	17.6 %	16.1 %	16.7 %
Total Public Debt, % of GSDP	31.2 %	2022-23	+ 7.1 % points	32.1 %	30.7 %	27.5 %
Contingent Liabilities, % of GSDP	10.4 %	2021-22	+ 8.7 % points	1.6 %	1.7 %	3.8 %

Source: Data is taken from RBI SFR as of December 2023.

Note: i. Median of All States includes all 29 states (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 states, Delhi and Puducherry, expressed as a % of national gross domestic product; iv. Most Recent Values are the Revised Estimates for 2022-23 (except for Contingent Liabilities, for which the most recent value is for 2021-22).

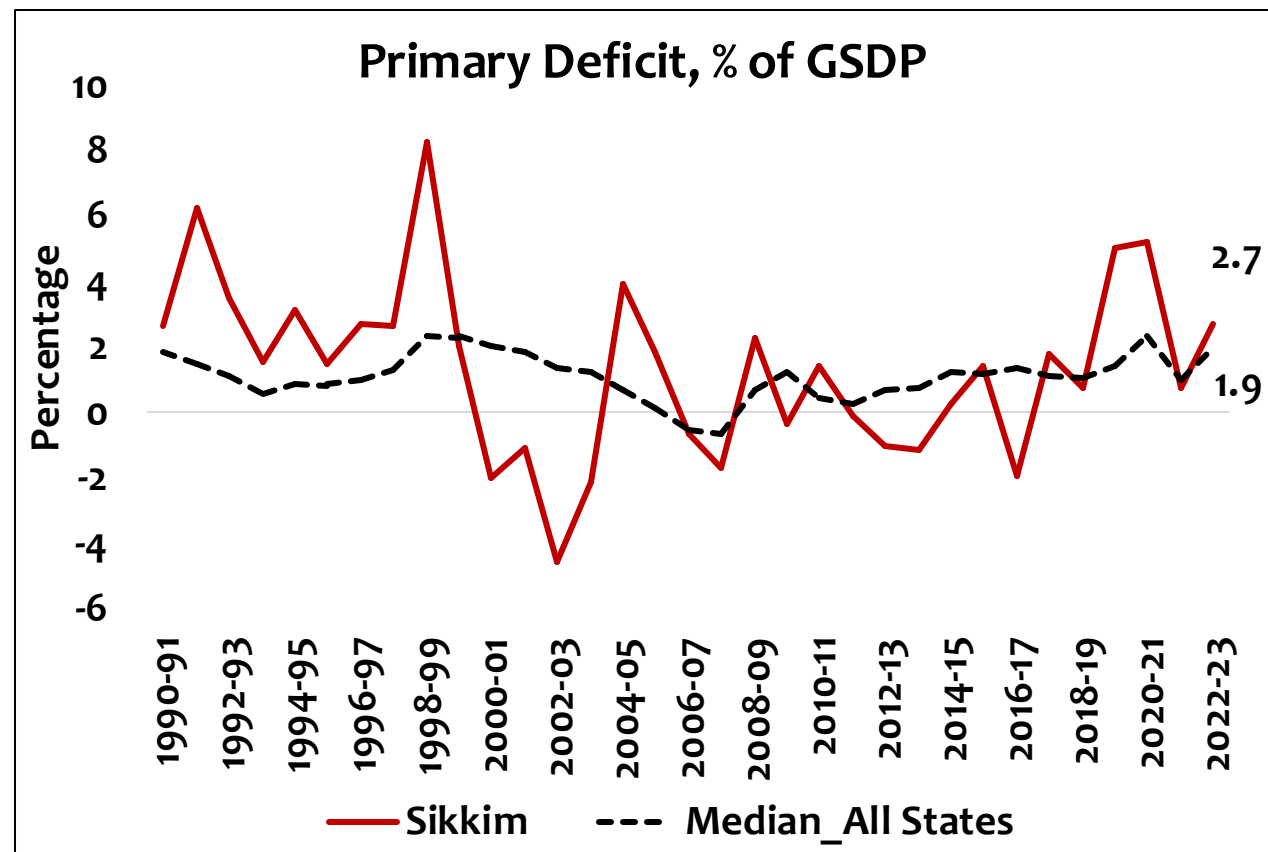
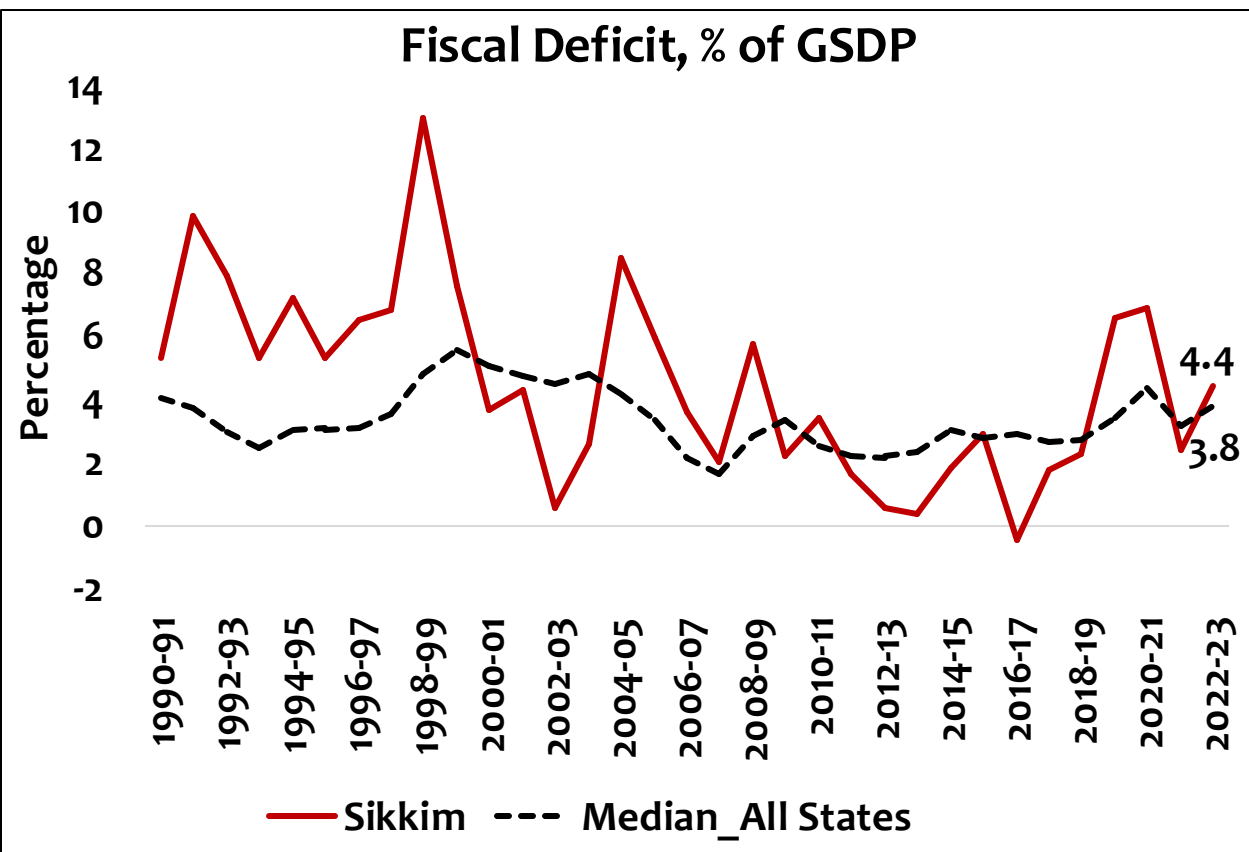
Table 4B: Deficits, Revenue, Expenditure, Debt, Subsidies and Off-Budget Borrowings for Sikkim

Indicators	Most Recent Value (% of GSDP)	For Year	Decadal Change (b/w 2013-14 & 2022-23)	States' Median (All States)	States' Median (Larger States)	All States/UT's (% of National GDP)
Committed Expenditure, % of GSDP	13.0%	2022-23	+9.6% points	9.2%	8.1%	6.9%
Committed Expenditure, % of Total Expenditure	50.6%	2022-23	+39.9% points	42.4%	40.9%	38.6%
Subsidies, % of GSDP	0.01%	2022-23	+0.01% points (b/w 2019-20 & 2022-23)	1.0%	1.1%	1.5%
Subsidies, % of Total Expenditure	0.04%	2022-23	+0.04% points (b/w 2019-20 & 2022-23)	3.7%	5.8%	8.2%
Off-Budget Borrowings, % of GSDP	0.3%	2022-23	-	0.2%	0.2%	0.1%
Per Capita Social Expenditure	Rs. 68,805	2022-23	+Rs. 41,835	Rs. 18,949	Rs. 2,606	Rs. 6,514
Per Capita Health Expenditure	Rs. 9,406	2022-23	+Rs. 5,342	Rs. 17,385	Rs. 2,494	Rs. 5,669
Per Capita Education Expenditure	Rs. 24,370	2022-23	+Rs. 13,112	Rs. 17,585	Rs. 2,421	Rs. 5,700
Social Expenditure, % of Total Expenditure	43.0%	2022-23	+4.4% points	43.9%	45.6%	45.3%
Health Expenditure, % of Total Expenditure	5.9%	2022-23	+0.1% points	6.3%	6.3%	6.2%
Education Expenditure, % of Total Expenditure	15.2%	2022-23	-0.9% points	14.6%	14.8%	14.7%
Buoyancy for Revenue Expenditure with GSDP - ratio	1.8%	2022-23	+0.5% points	1.8%	1.7%	1.5%

Source: i. Subsidies, Wage and Salaries, Pension, Social sector expenditure, Medical and Public Health, Family Welfare, Education expenditure, Total Expenditure data are from the RBI's State Finances Reports, as of December 2023; ii. Off-Budget Borrowing data is from Ministry of Expenditure (2021+22); iii. Data for Population and GSDP are taken from MoSPI.

Note: i. Median of All States includes all 29 states (all Union Territories are excluded); ii. Median of 22 States excludes the North Eastern States, except Assam; iii. All States/UTs shows the sum of 29 states, Delhi and Puducherry, expressed as a % of national gross domestic product; iv. Committed Expenditure is calculated as the sum of Wage, Salaries, and Pension; v. Health Expenditure is calculated as the sum of Medical and Public Health, Family Welfare; vi. Social, Health, and Education Expenditures are calculated as per capita values by dividing the respective expenditure by the population; vii. Total Expenditure is calculated as the sum of Revenue Expenditure (RevEx), Capital Outlay, and Loans and Advances; viii. The Buoyancy of RevEx is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.

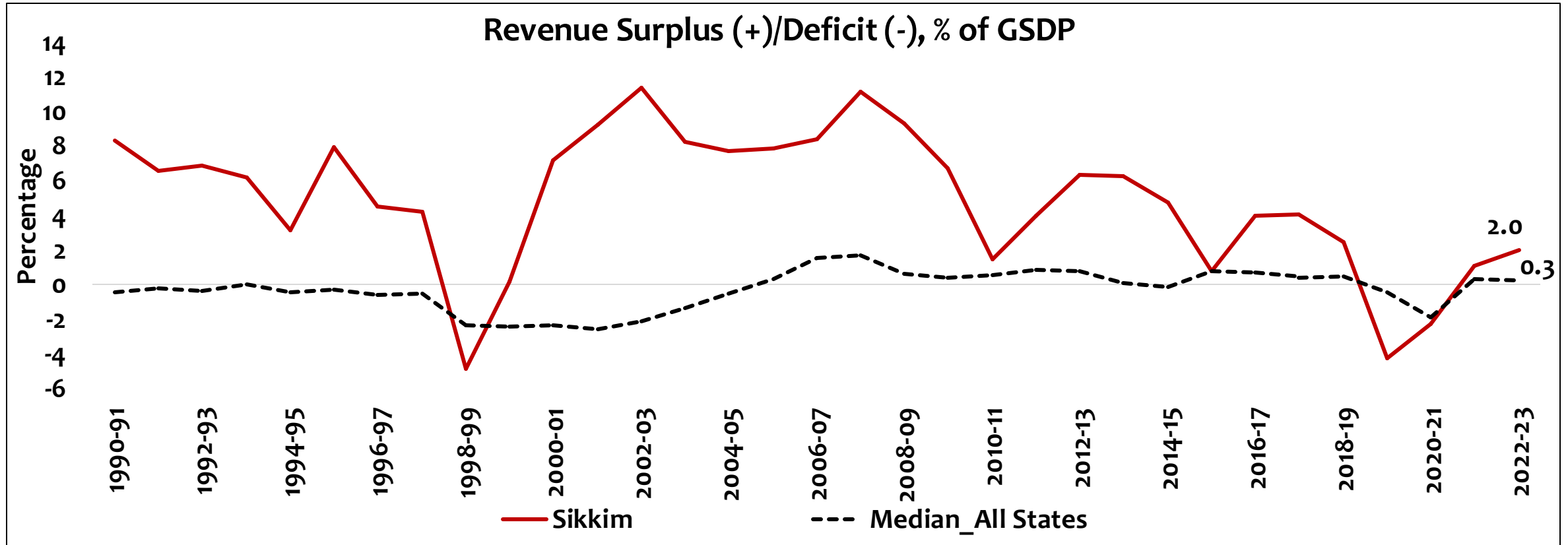
In 2022-23, Sikkim ran a Fiscal Deficit of 4.4 percent of its GSDP, 0.6 percentage point higher than a median state. Its Primary Deficit at 2.7 percent of its GSDP was 0.8 percentage points higher than a median state



Source: i. Fiscal Deficit (FD) is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Primary Deficit (PD) is calculated as Fiscal Deficit minus Interest Payments. Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded); iii. The decline in fiscal and primary deficit in 2016-17 was a result of increase in revenue receipts on account of State's Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim, 2016-17](#)).

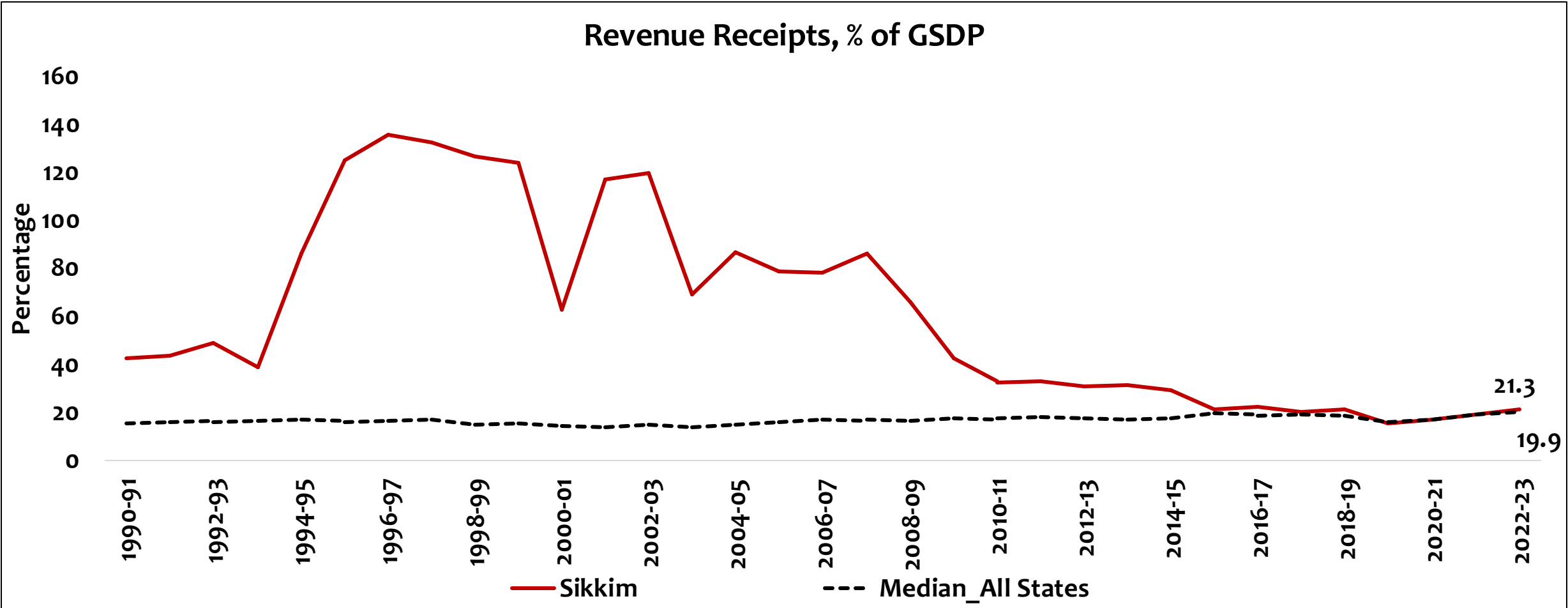
Sikkim ran a Revenue Surplus of 2.0 percent of its GSDP in 2022-23, 1.7 percentage points higher than a median state



Source: i. Revenue Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded); ii. There was an increase in revenue receipts in 2016-17 on account of State's Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim](#)).

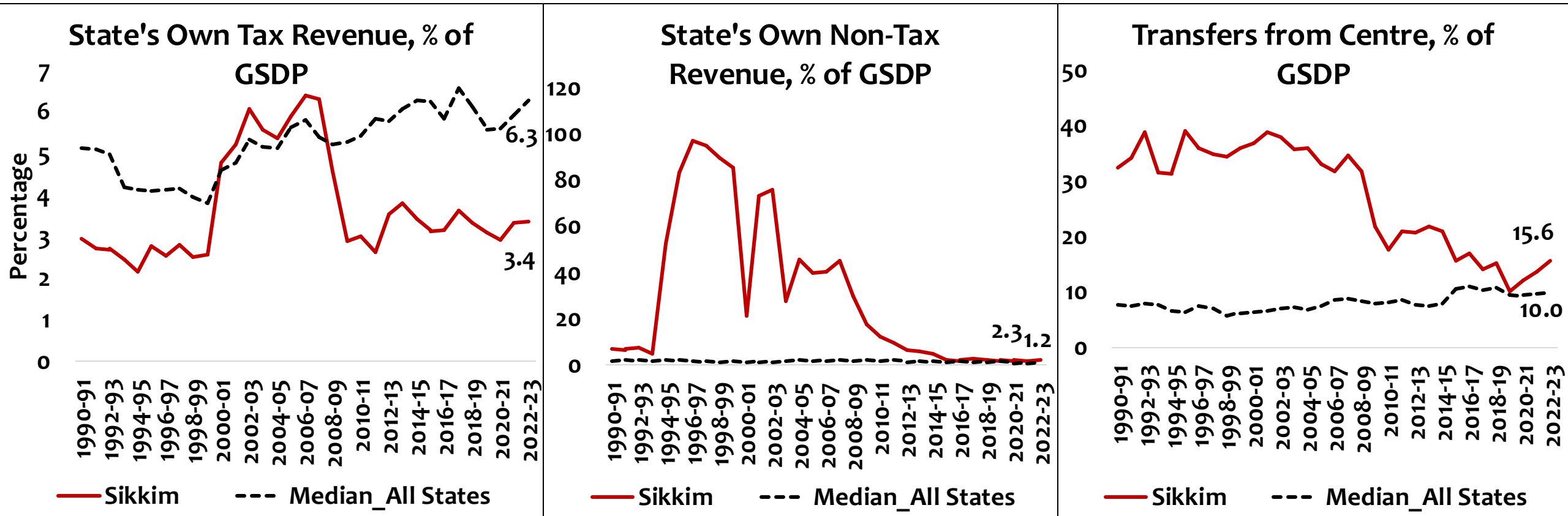
In 2022-23, Sikkim's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre) were about 1.4 percentage points higher than what a median state collected, at 21.3 percent of its GSDP



Source: i. Revenue Receipts from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

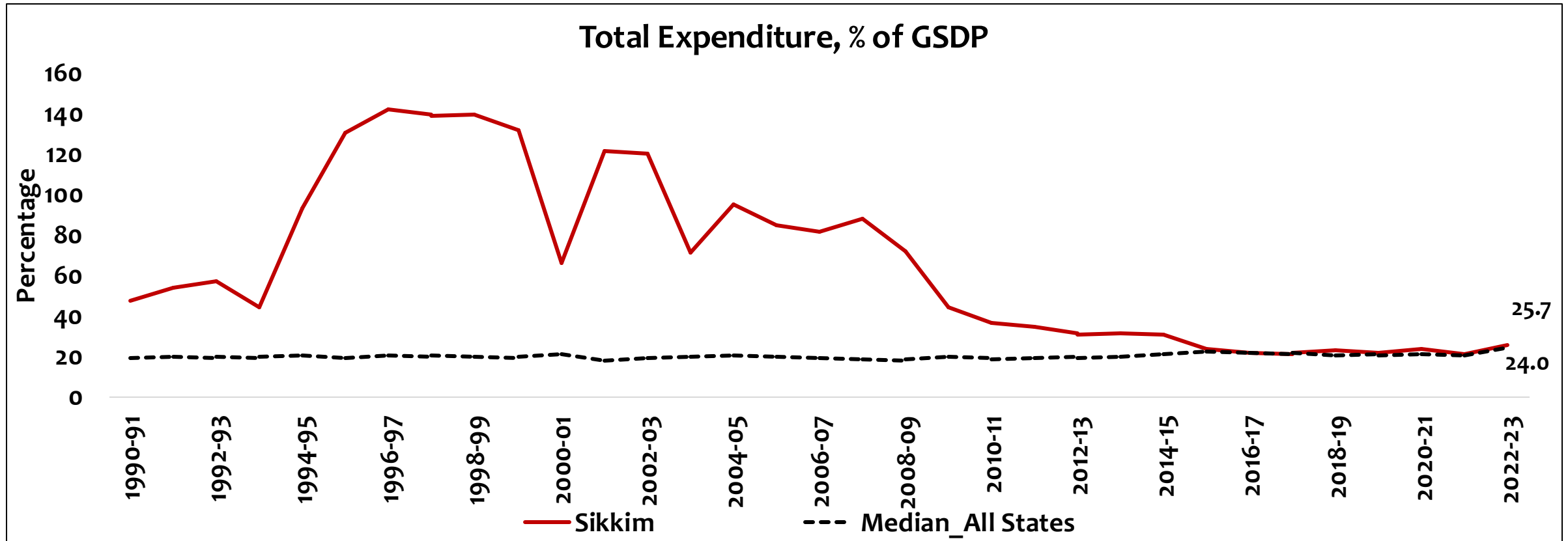
Sikkim's Own Tax Revenue, Own Non-Tax Revenue, and Transfers from Centre are 3.4, 2.3, and 15.6 percent of its GSDP respectively. Its Own Tax Revenues are 2.9 percentage points lower and Transfers from Centre are 5.6 percentage points higher than a median state



Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.

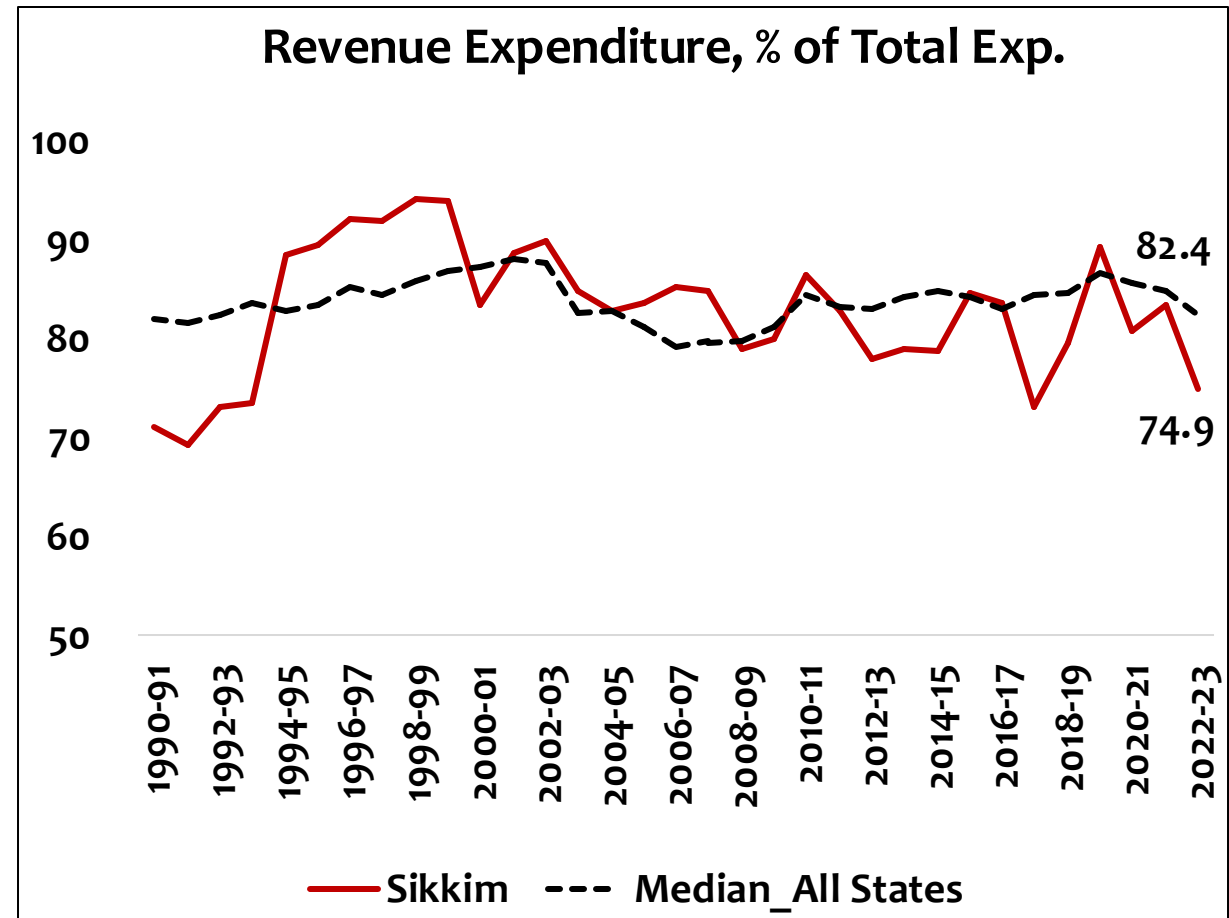
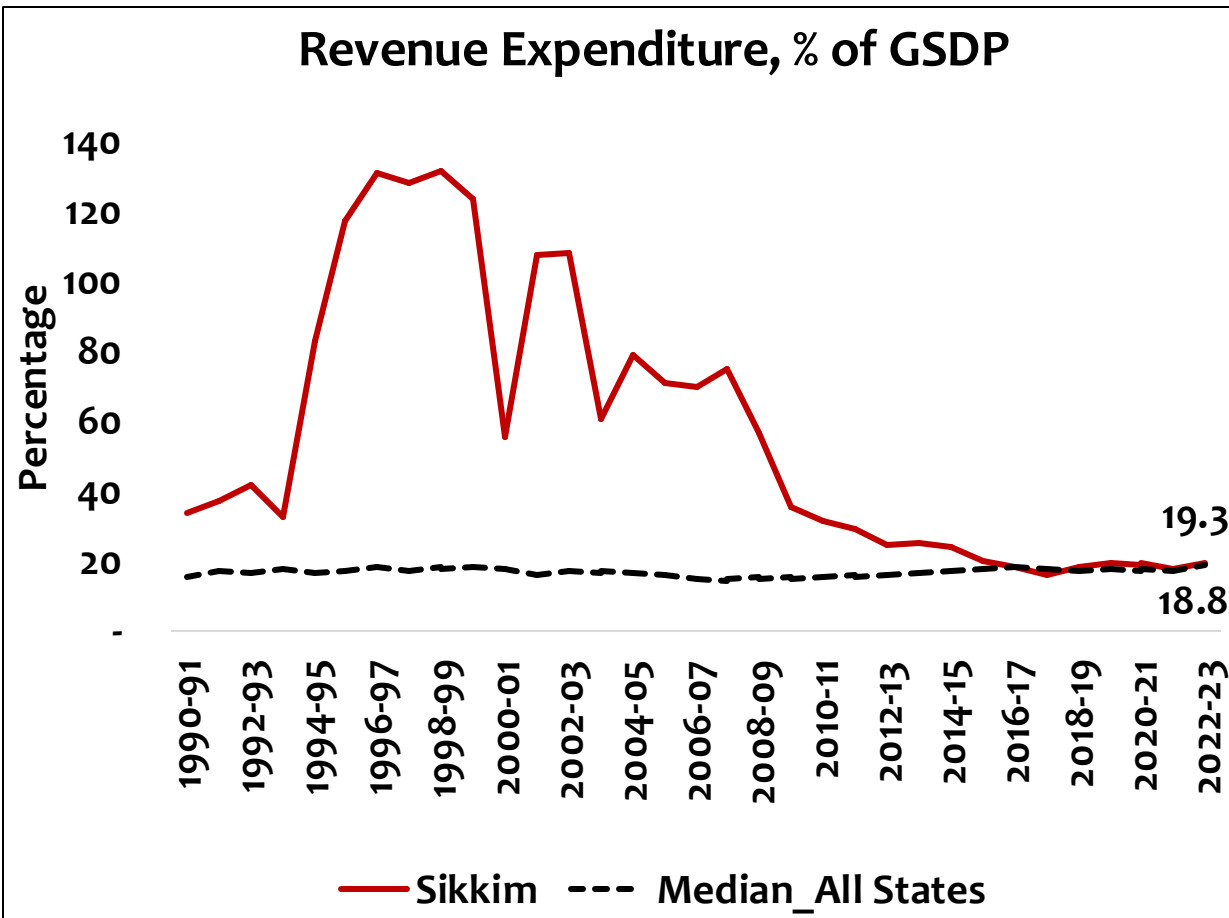
In 2022-23, Sikkim's Expenditure was higher than that of a median state, at 25.7 percent of its GSDP



Source: i. Total Expenditure is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

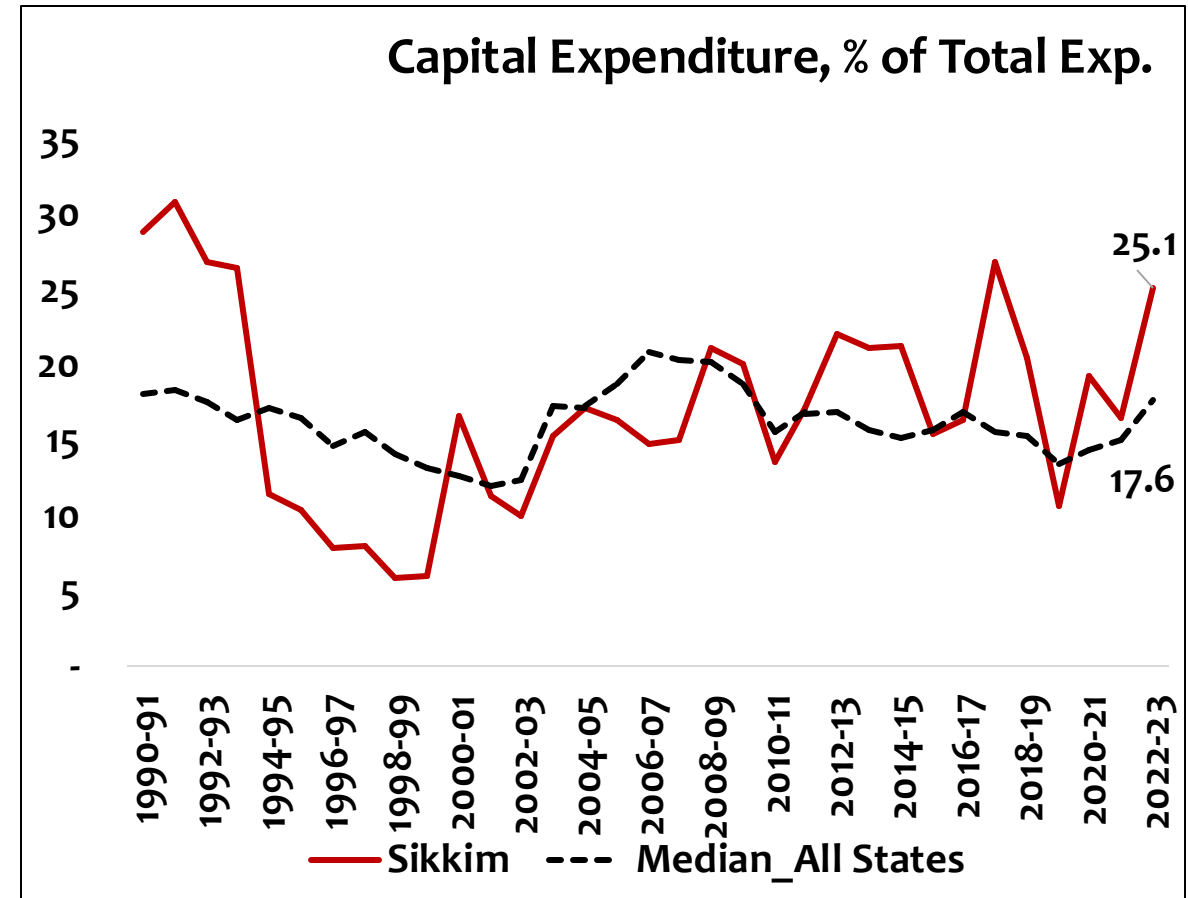
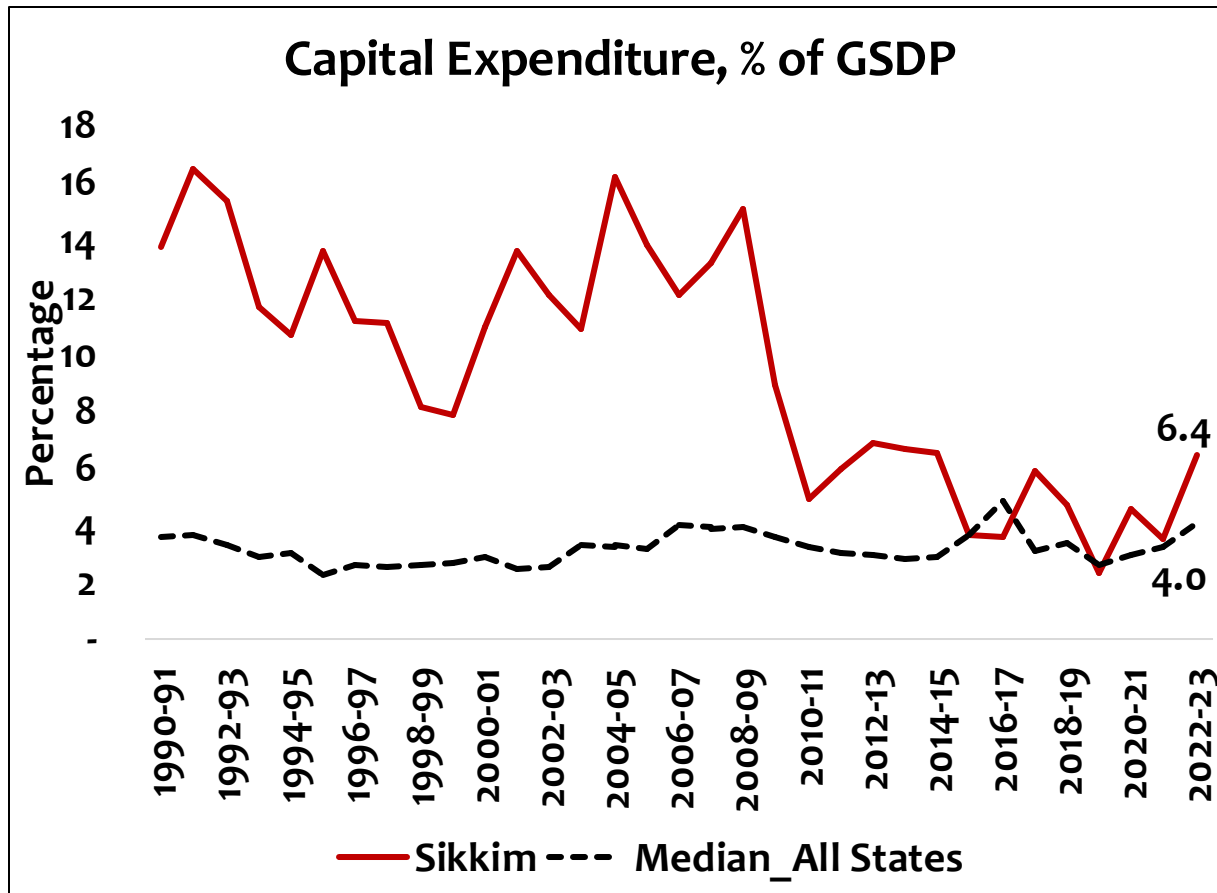
Sikkim's RevEx was 19.3 percent of its GSDP, 0.5 percentage points higher than a median state, and at 74.9 percent of its Total Expenditure was 7.5 percentage points lower than a median state in 2022-23



Source: i. Revenue Expenditure is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded); iii. Increase in revenue expenditure after 2017-18 was on account of increase in expenditure under social and general services ([CAG report on State Finances of Sikkim, 2018-19](#)).

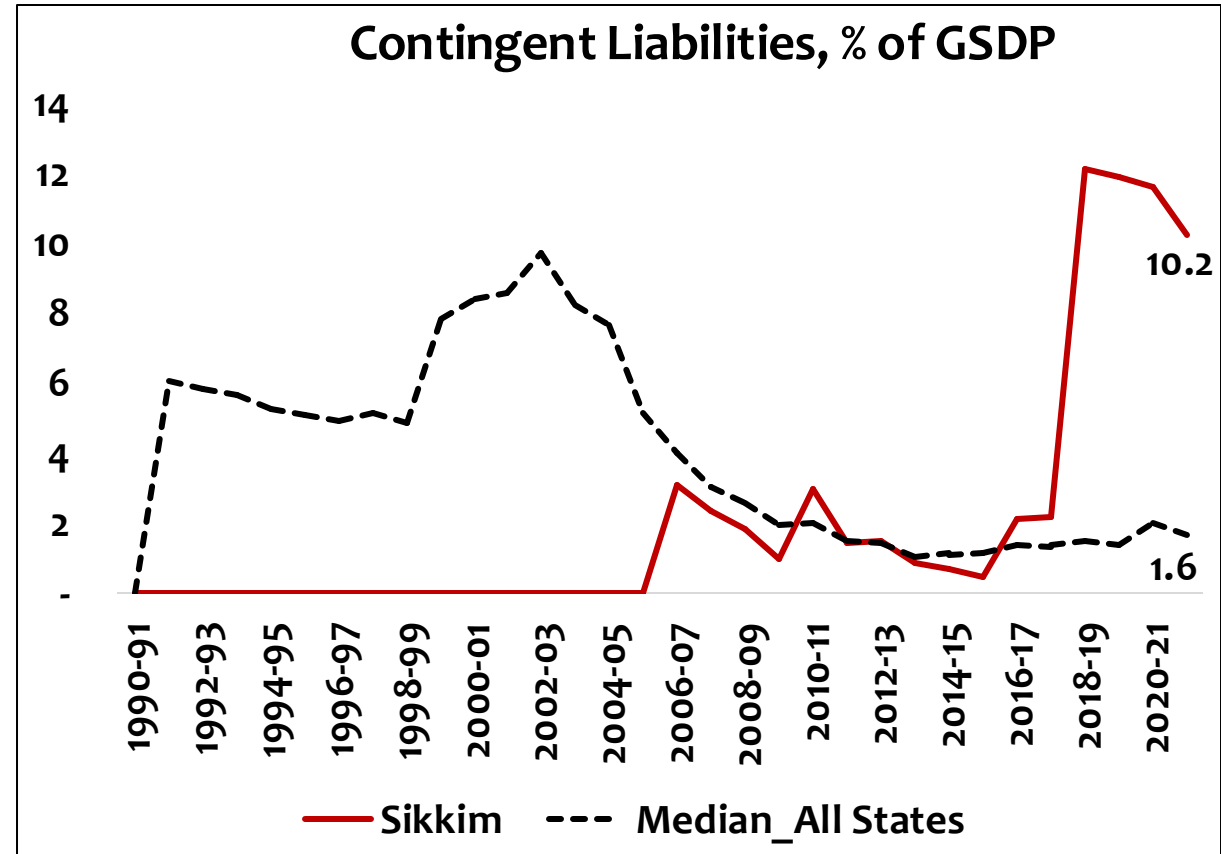
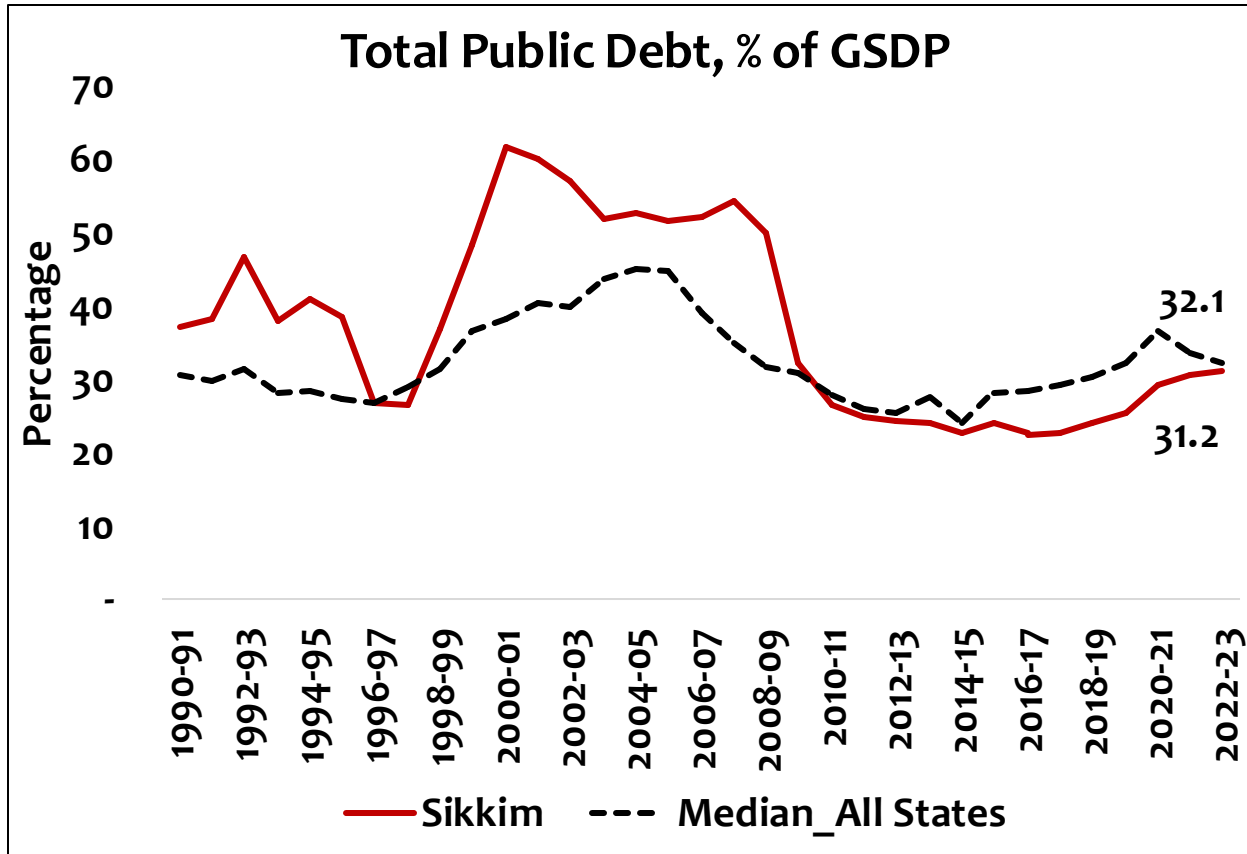
In 2022-23, Sikkim's CapEx at 6.4 percent of its GSDP, was 2.4 percentage points higher than what a median state spent on CapEx, and as a percent of the Total Expenditure was 7.5 percentage points higher than a median state



Source: i. CapEx is calculated as Capital Outlay + Loans and Advances given by the state government and the data for both is taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

Sikkim's Public Debt was 31.2 percent of its GSDP, lower than a median state as of 2022-23. Its contingent liabilities, at 10.2 percent of its GSDP in 2021-22, were 8.6 percentage points higher than a median state



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 29 states has been shown (all Union Territories are excluded).

Debt Sustainability Assessment

- Extrapolations of the debt-to-GSDP ratio are used as a way of thinking about debt sustainability, using the equation: $\Delta b_t = \frac{b_{t-1}(r_t - g_t)}{1 + g_t} + pd_t^*$
- A baseline scenario assumes real GDP growth, the real effective interest rate and primary deficit will be at the same levels for the next five years as their respective averages from 2012-13 to 2021-22.
- Second scenario assumes faster GDP growth to the tune of half a standard deviation over the average growth between 2012-13 to 2021-22.
- Third scenario assumes a favorable change of half a standard deviation to the primary deficit over the average deficit between 2012-13 to 2021-22.
- Fourth scenario assumes baseline plus outstanding contingent liabilities in 2021-22 will be absorbed (by 20 percent) each year in the next five years.
- A fifth scenario, by combining scenarios two and three.

Note: i. b_t is the debt-to-GSDP ratio, pd_t is the primary-deficit-to-GSDP ratio (deficit net of interest payment), g_t is growth of real GSDP, and r_t is the real effective interest rate on public debt; all in year t ; ii. Δb_t is the change in debt-to-GSDP ratio between t and $t-1$; iii. The exercise is based on the assumption that g , r , and pd are exogenous, that is, they are not impacted by the level of debt.

Sikkim Debt Evolution (2012-13 to 2021-22)

Averages and standard deviations of key parameters

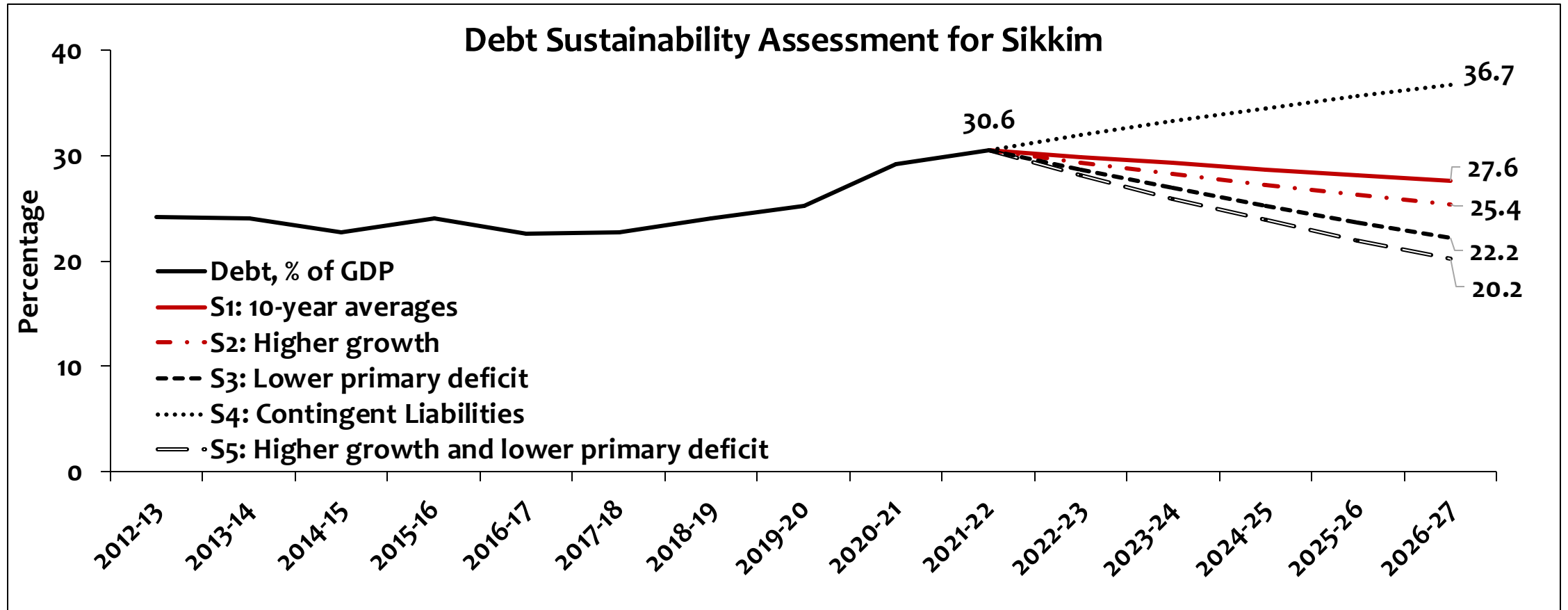
	Ten-year average and std. deviations (2012-13 to 2021-22)		Five-year average and std. deviations (2017-18 to 2021-22)	
	Mean	Std dev	Mean	Std dev
Nominal GDP growth (γ)	13.0	5.5	12.9	7.7
Deflator growth (π)	6.1	1.9	6.2	2.2
Real GDP growth (g)	6.4	4.0	6.2	5.3
Effective interest rate (e)	6.5	2.3	5.7	3.2
Real effective interest rate (r)	0.3	3.8	-0.5	5.2
Primary deficit (pd)	1.1	2.4	2.7	2.2
Growth-effective interest differential ($g-\hat{e}$)	6.1	7.0	6.7	10.2
Contingent Liabilities (CL) as of 2021-22	10.2	-	-	-
Percentage points of CL absorbed each year for 5 years	2.05	-	-	-

Different scenarios for conducting debt sustainability assessments

Scenarios	Debt level in 2021-22 (bt-1)	Primary Deficit (pd)	Real GDP growth (g)	Real Effective Interest Rate (r)	Change in Debt in first year (2022-23)	Cumulative change in Debt in next five years
Baseline (Scenario 1): 10-year averages (2012-13 to 2021-22)	30.6	1.1	6.4	0.3	-0.7	-3.0
Scenario 2: Higher growth (increasing growth by half a standard deviation over baseline)	30.6	1.1	8.4	0.3	-1.2	-5.2
Scenario 3: Lower Primary Deficit (reducing primary deficit by half a standard deviation over baseline)	30.6	-0.1	6.4	0.3	-1.9	-8.4
Scenario 4: Contingent Liabilities in 2021-22 are absorbed 20% in each year	30.6	1.1	6.4	0.3	1.4	6.1
Scenario 5: Lower Primary Deficit and Higher Growth	30.6	-0.1	8.4	0.3	-2.4	-10.4

Note: In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 2.05 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year.

For Sikkim, its debt to GDP ratio is projected to be on a downward trajectory in most scenarios. If the state absorbs its outstanding contingent liabilities, then its debt to GDP ratio is projected to increase by 6 percentage points in next 5 years

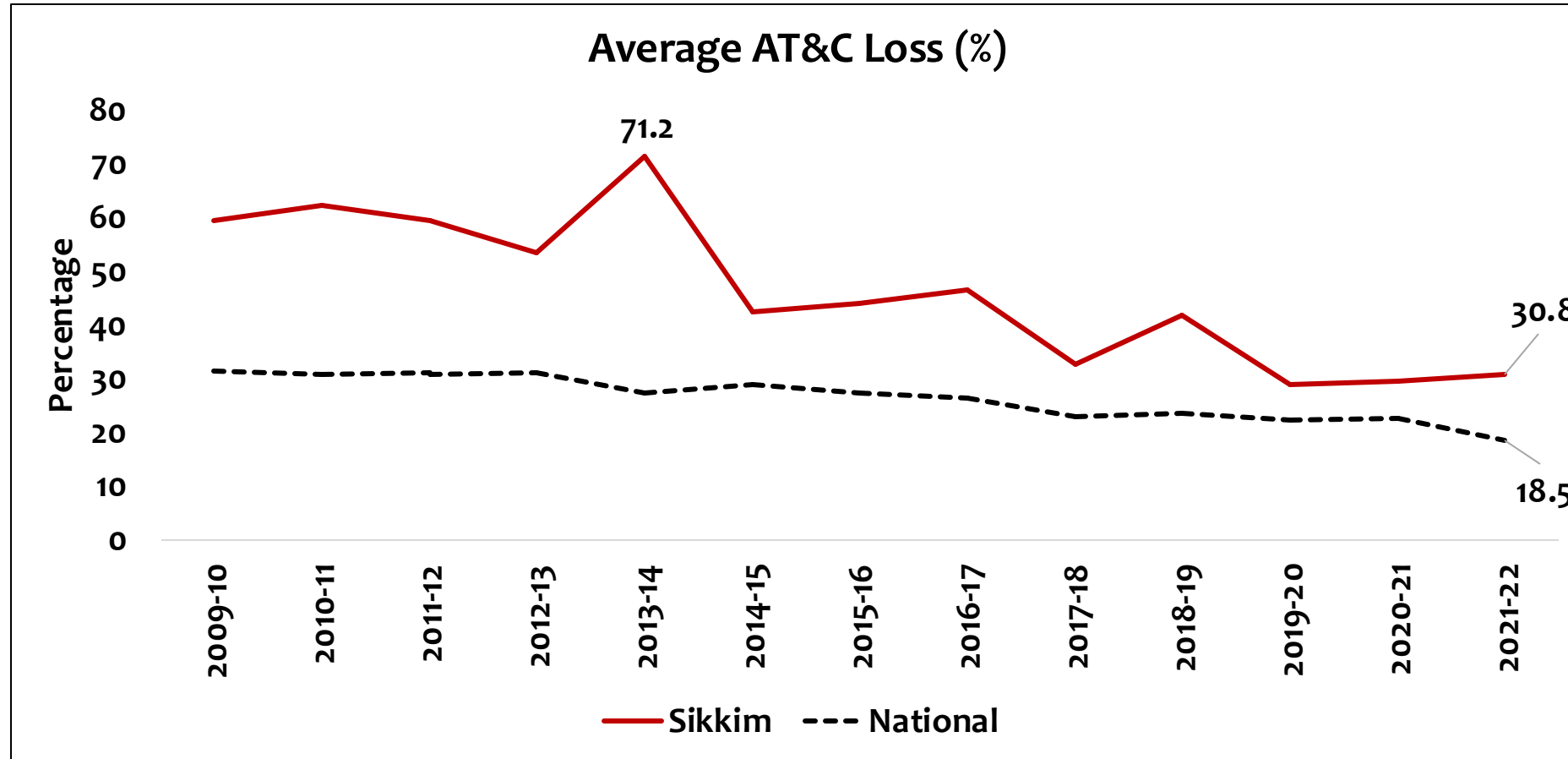


Note: In Scenario 2, half a standard deviation of 10-year average of real GDP growth rate is added as a positive growth shock. In Scenario 3, half a standard deviation of 10-year average of primary deficit is removed as a positive fiscal shock. In Scenario 4, 2.05 percentage points of Contingent Liabilities are assumed to be taken on by the government in each fiscal year

Sikkim: Power Sector

- The State has one distribution utilities/company (DISCOMs) –Sikkim Power Development Corporation Limited (SPDCL), which is a State-operated DISCOM.
- Their average AT&C Losses have declined substantially from 59 percent in 2009-10 to 30 percent in 2021-22 (4.7 percentage points lower the National average AT&C losses), owing to improved billing and collection efficiency.
- As Per the Ujwal DISCOM Assurance Yojana (UDAY) scheme's portal, the State signed up for the operational and financial turnaround objectives of the scheme.

The average Aggregate Technical & Commercial Losses (AT&C) of the DISCOMs in Sikkim are higher than the national average by about 12.3 percentage points, standing at 30.8 percent in 2021-22



Source: PFC Report on Performance of State Power Utilities (2009-10 to 2021-22).

Note: i. Figure shows the AT&C Loss in Sikkim; ii. National average is across all DISCOMs in the 29 States and 2 Union Territories (Delhi & Puducherry)

6. Devolution to Sikkim from Centre in 14th and 15th Finance Commission (FC)

Tax Devolution Criteria of 14th and 15th FCs to all states

- The Net Proceeds of all taxes¹ collected by the Union are shareable with the States and constitute the divisible pool of taxes.
- The 14th FC placed the States' share of tax devolution to 42 percent of the divisible pool, and the 15th FC adjusted it to 41 percent of the divisible pool due to the changed status of Jammu & Kashmir into the Union Territories of Ladakh and Jammu & Kashmir.
- Below table highlights the tax devolution matrix used by the two FCs, and the corresponding weights for each criteria.

Criteria	14th FC (2015-20)	15th FC (2021-26)
Income Distance	50	45
Area	15	15
Population (1971)	17.5	0
Population (2011) ²	10	15
Demographic Performance	0	12.5
Forest Cover	7.5	0
Forest and Ecology	0	10
Tax and fiscal efforts ³	0	2.5
Total	100	100

Source: 14th and 15th FC Reports.

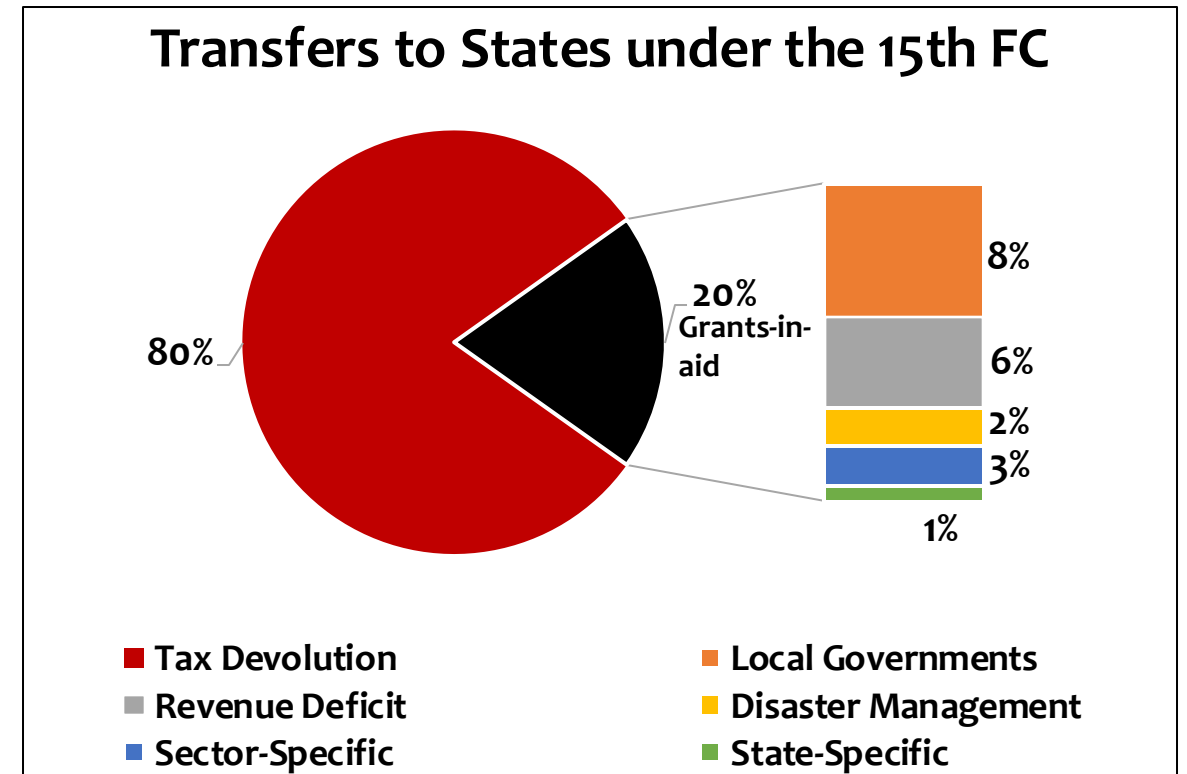
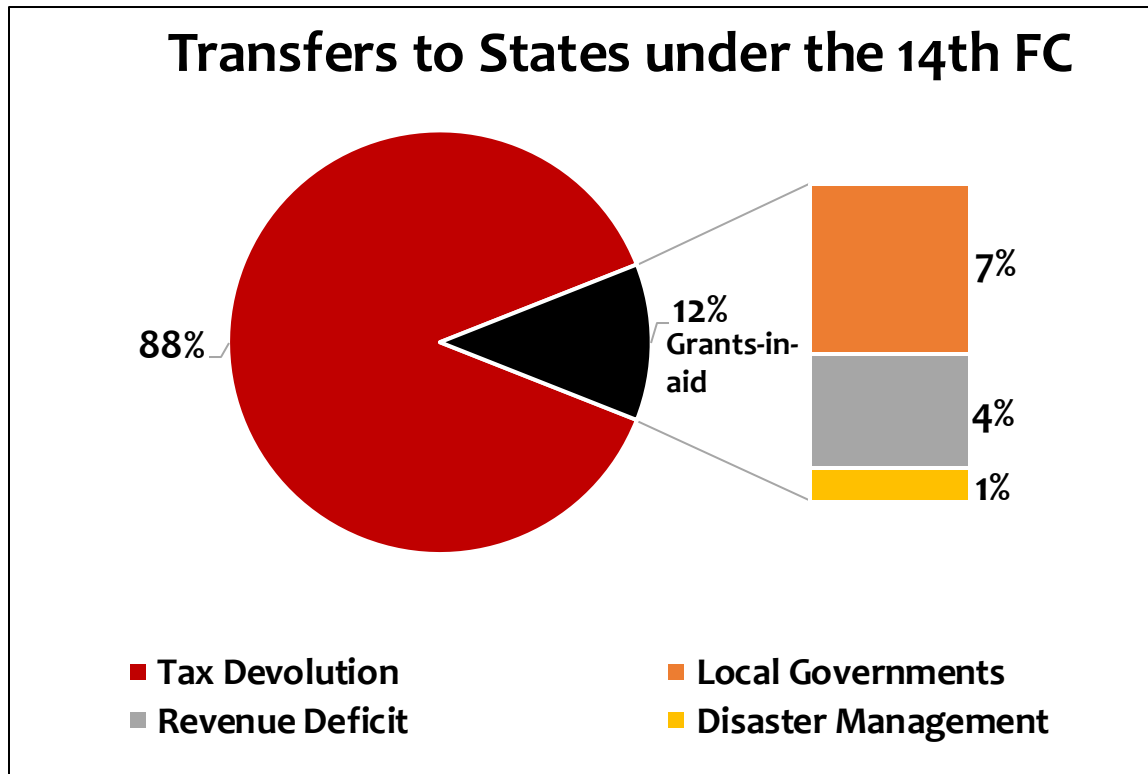
Note: i. Per Articles 270 and 279, Net Proceeds of taxes is defined as all the taxes, except cess and surcharges, reduced by the cost of collection; ii. 14th FC used the term “demographic change” which was defined as Population in 2011; iii. The 15th FC reintroduced the “tax and fiscal efforts” criteria. The definitions of all criteria can be referred to from the [15th FC Report](#).

Grants-in-Aid

- There were three types of grants recommended by the 14th FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15th FC, in addition to the three, also recommended sector-specific and State-specific grants.
 1. **Revenue-deficit grants:** Post tax devolution, those States which remain in a state of revenue deficit, are allocated this grant in the magnitude of their deficit (estimated for the award period based on the projected revenues and tax devolution).
 2. **Grants for Local Governments:** These are distributed between the rural and urban local bodies (65:35 ratio per the 15th FC). The States' shares are calculated with 90 percent weightage given to population and 10 percent to area.
 3. **Grants for Disaster Management:** The corpus of the State Disaster Response Fund (envisaged under the Disaster Management Act, 2005, which covers both natural and man-made disasters) is recommended by the FC per Article 275 (1) of the Constitution. Under the 14th FC, it was recommended that Centre contribute 90 percent of the SDRF and States provide the remaining 10 percent. The 15th FC reinstated the previous sharing arrangement, wherein Centre's contribution to SDRF for General Category States is 75 percent contribution and it remains 90 percent for the North-Eastern and Himalayan States.
 4. **Sector-Specific Grants:** The 15th FC reinstated recommendations for social sectors like health and education, rural economy (encouraging agricultural reforms and grants for the Pradhan Mantri Gram Sadak Yojana), administrative and governance reforms (for judiciary, improved statistics, and incentivizing aspirational districts and blocks).
 5. **State-specific Grants:** To help States address special needs and overcome cost disabilities, State-specific grants were recommended by the 15th Finance Commission. These span six broad areas: a) social needs, b) administrative governance and related infrastructure, c) conservation and sustainable use of water, drainage and sanitation, d) preserving culture and historical monuments, e) high-cost physical infrastructure, and f) tourism.

Source: 14th and 15th FC reports.

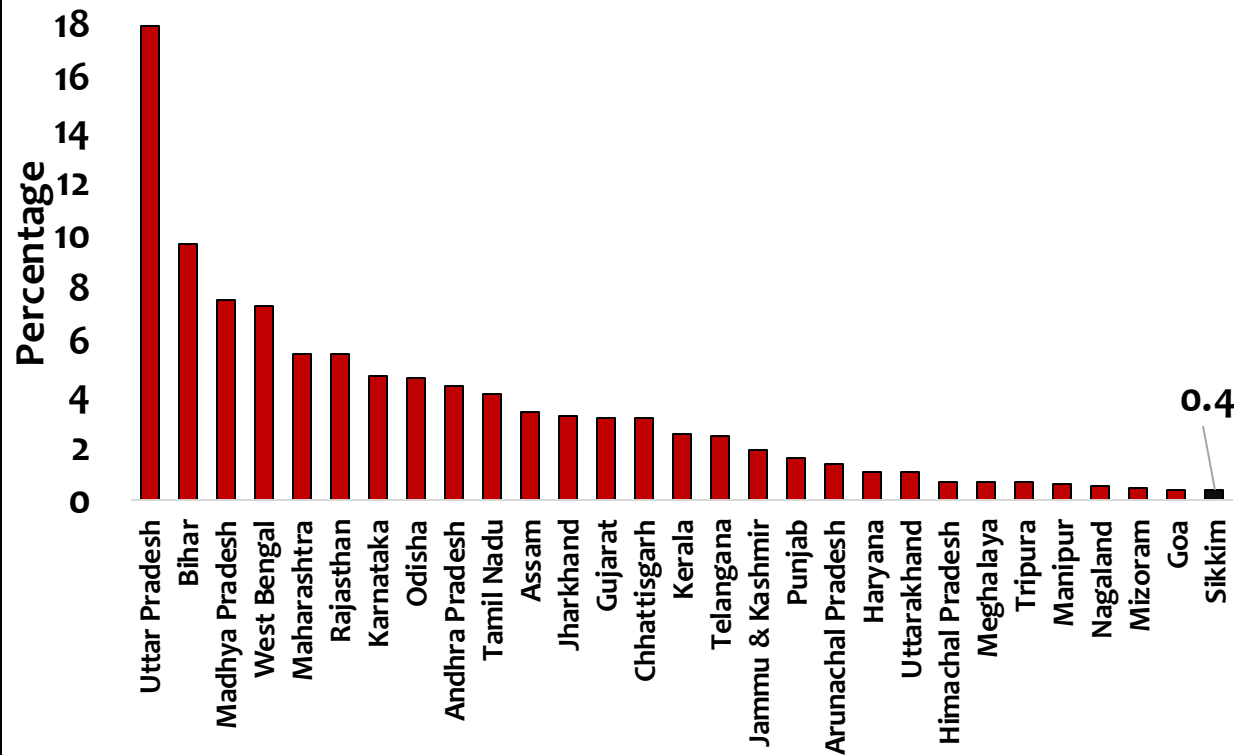
Proposed transfers from the Centre to all States: 15th FC reinstated recommendations on sector-specific and State-specific grants, which 14th FC had excluded from the Grants-in-Aid to States, thus increasing the share of grants in the total transfers recommended from Centre to States to 20 percent



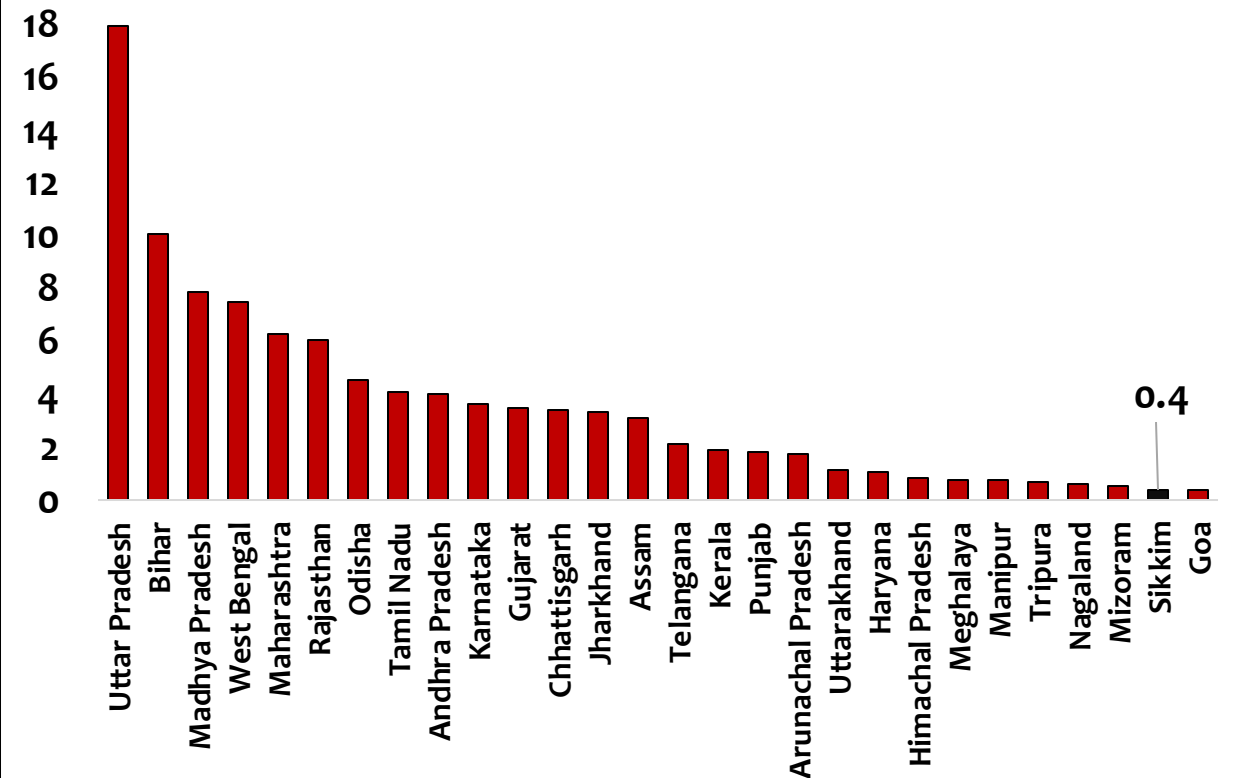
- Sector-Specific Grants are further divided into three categories:
 - Social Sector - health and education
 - Rural Economy - agriculture reforms, self reliance, export & sustainability, and PMGSY roads
 - Governance and Administrative Reforms - judiciary, statistics, aspirational districts and blocks

Sikkim's share in Taxes from Centre, as per the FC recommendations, remained consistent at 0.4 percent under 14th FC and 15th FC recommendations

States' Shares under the 14th FC



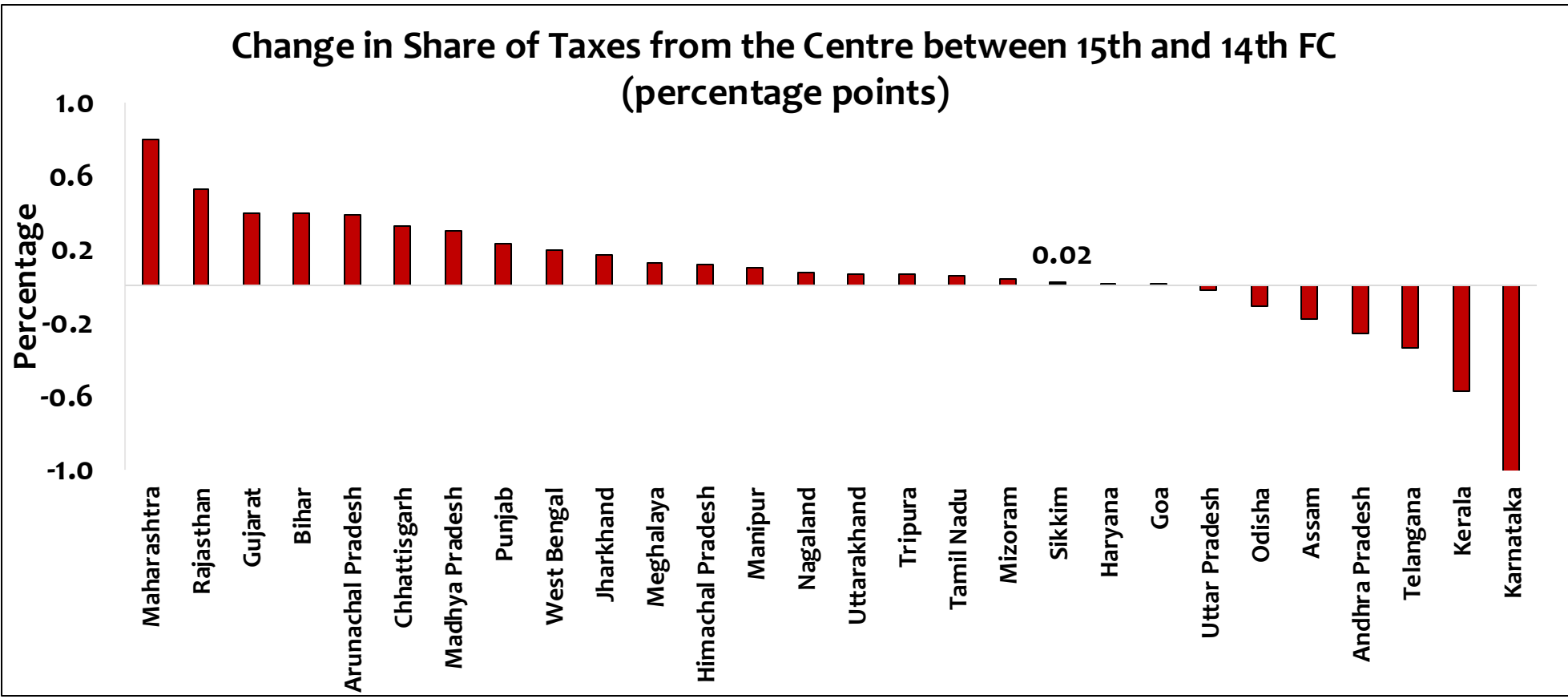
States' Shares under the 15th FC



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of taxes from the Centre.

Sikkim had a 0.02 percentage point change in Tax Devolution shares between the 14th and 15th Finance Commission recommendations



Source: 14th and 15th FC Reports.

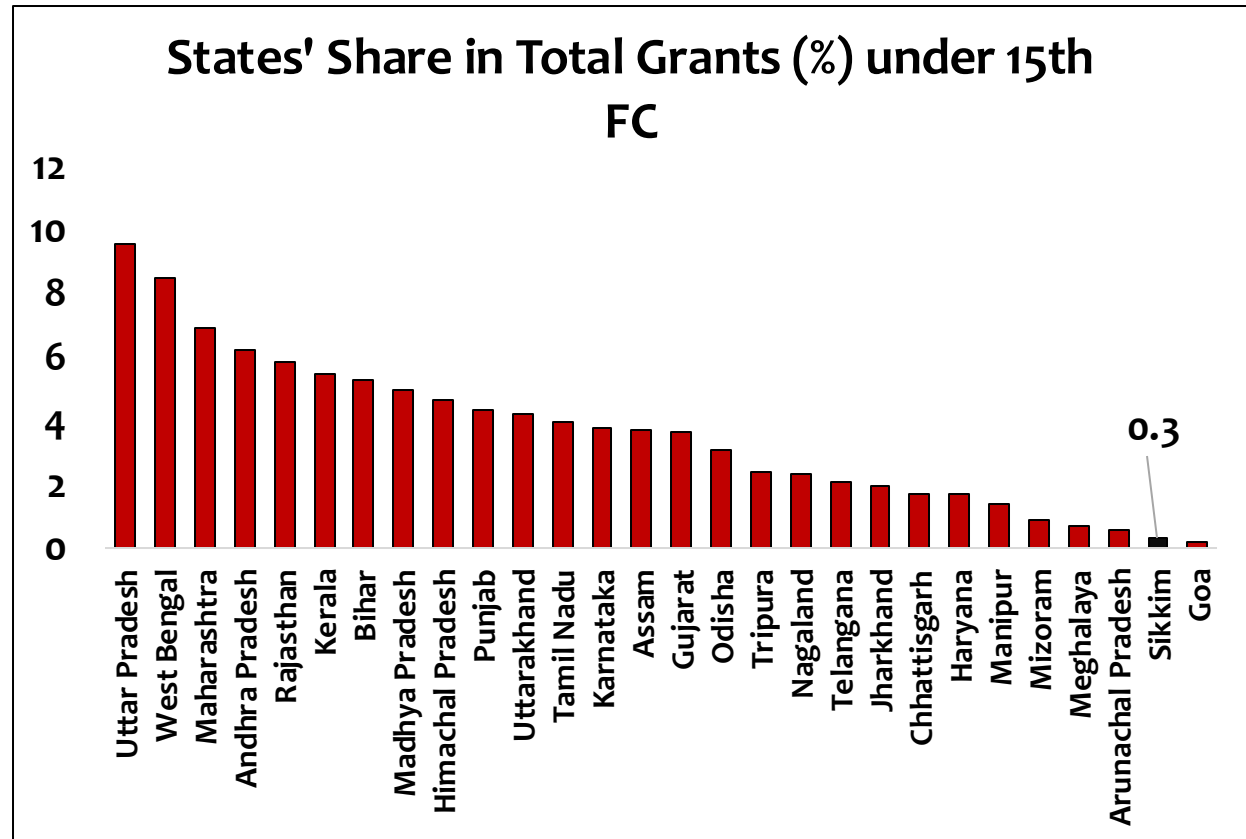
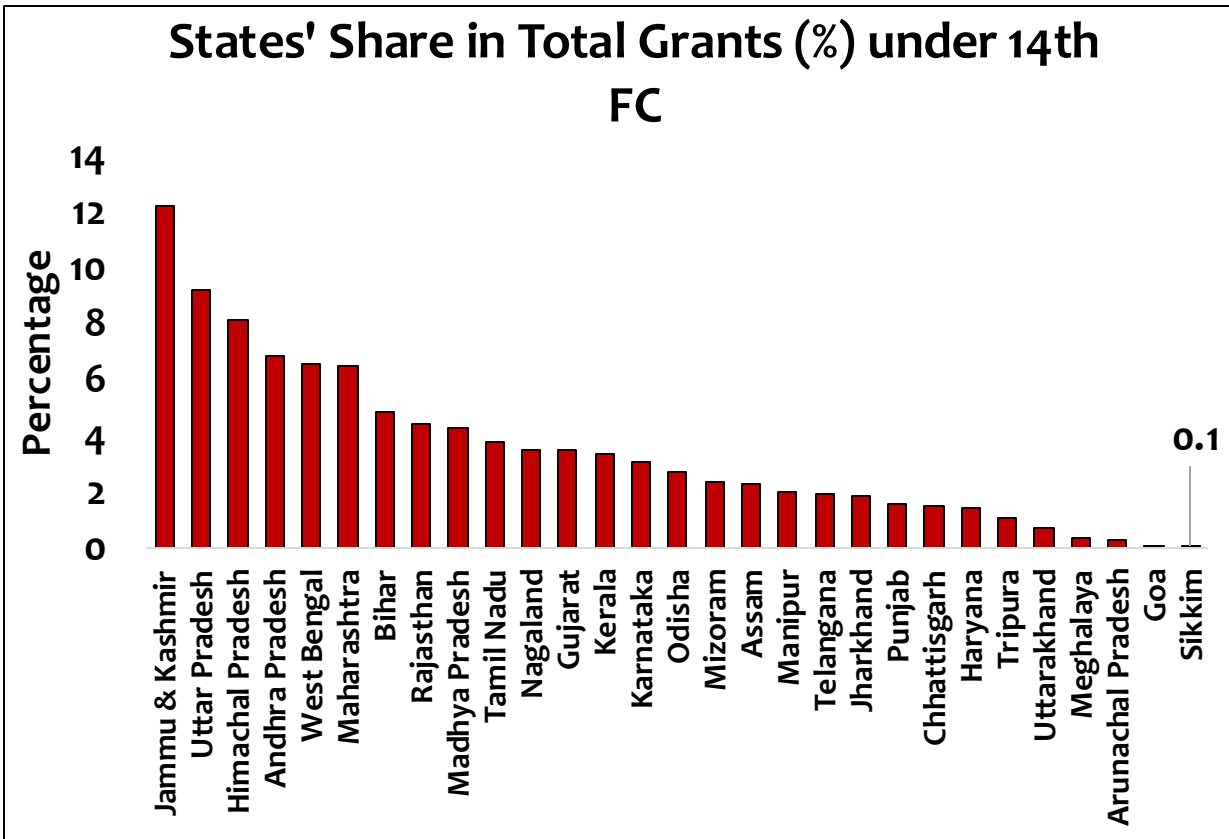
Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the states' share of taxes from the Centre, and it has been excluded from this chart.

Grants-in-Aid: Sikkim

- There were three types of grants recommended by the 14th FC – revenue deficit grants, grants for local governments, and grants for disaster management. The 15th FC, in addition to the three, also recommended sector-specific and State-specific grants.

- **Total:** The State's share in the total grants-in-aid **remained low at 0.1 and 0.3 percent, respectively, of the total under both 14th and 15th FC recommendations.**
 1. **Revenue-deficit grants:** Under the 14th FC recommendations, Sikkim received did not receive any revenue-deficit grants. However, under the 15th FC recommendations, Sikkim received 0.4 percent of the revenue-deficit grants.
 2. **Grants for Local Governments:** Sikkim's share in Grants to Local Government Bodies from the Centre remained consistent at **0.1 percent between 14th and 15th Finance Commissions.**
 3. **Grants for Disaster Management:** Sikkim **received 0.2 percent of the total grants for disaster management** under the 15th FC recommendations, an marginal decrease of 0.1 percentage points from the 14th FC recommendations.
 4. **Sector-Specific Grants:** As per the 15th FC recommendations, it receives **0.6 percent of the total sectoral grants**, making it the State with the second smallest share of these grants. The State received 1.8 percent for maintenance of PMGSY Roads, and received only 0.1 percent of the grants for judiciary and agricultural performance incentive grants. Other sector-specific grants and the State's shares in each include grants for health and education (0.4 percent) and grants for statistics (0.6 percent).
 5. **State-specific Grants:** A total of Rs. 500 crore was recommended in State-Specific grants, Rs. 200 crore of which was directed towards the promotion of Gangtok as MICE (Meetings, Incentives, Conference and Exhibition) destination. The remaining Rs. 300 crores of the State-specific grants were directed towards promoting herbal medicine, yoga, spiritual healing tourism at Nandi Gaon in South, conversion of Singshore Bridge as a glass skywalk bridge for tourist attraction in west Sikkim, passenger ropeway from Pelling to Sanga-choeling monastery in west Sikkim, development of eco-tourism complex at Dodak in West Sikkim, and Horticulture.

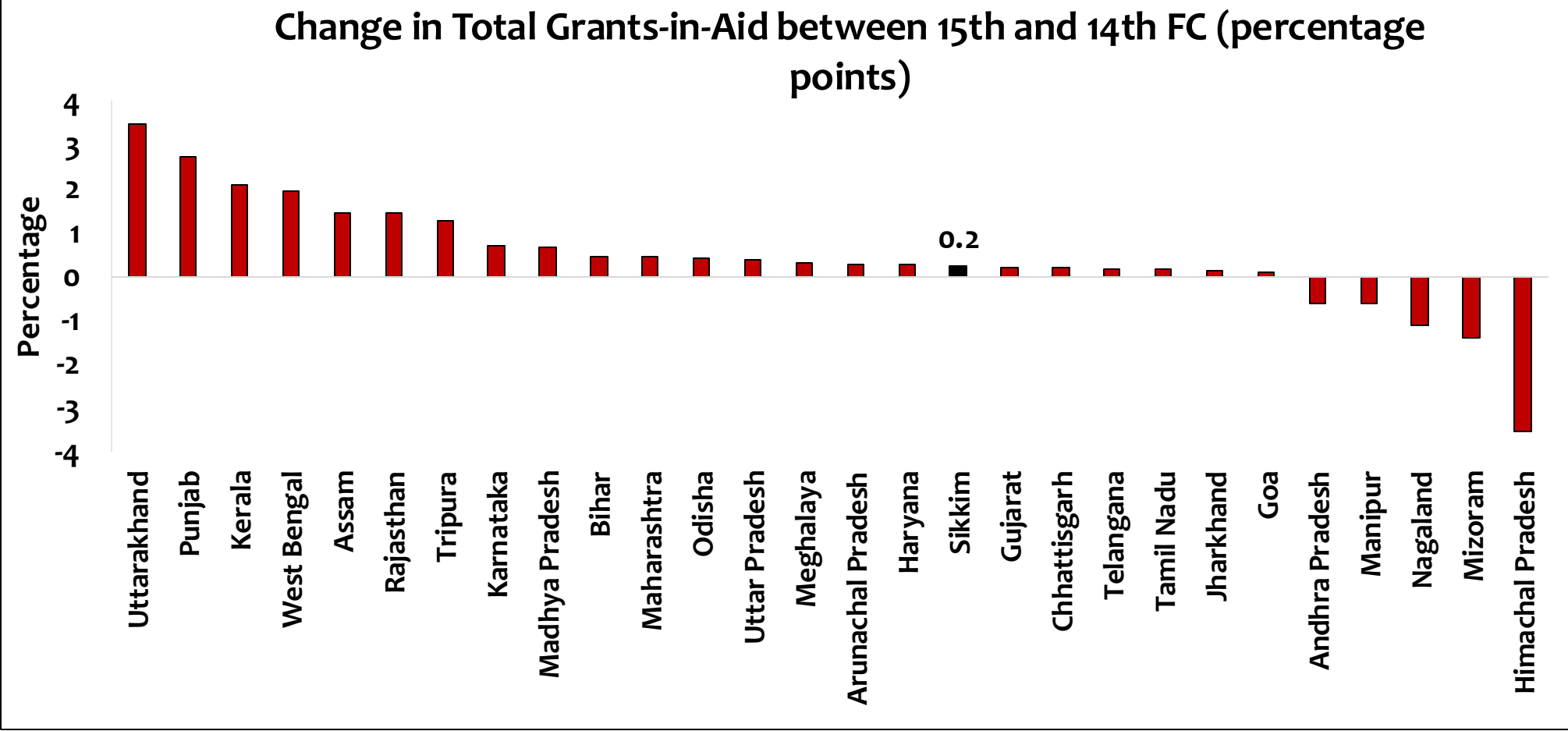
Sikkim's share in the Total Grants-in-aid recommended between 14th and 15th FCs, increased from 0.1 to 0.3 percent



Source: 14th and 15th FC Reports.

Note: i. Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of grants-in-aid from the Centre; ii. An amount of Rs. 16,400 crore is not included in the total Grants-in-aids figure for the 15th FC. This comprises of three grants (a) School Education (Rs. 4,800 crore), (b) Grants for aspirational districts and blocks (Rs. 3,150 crore) and (c) Local Bodies grants for (i) Incubation of new Cities (Rs. 8,000 Crore) and (ii) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

Sikkim had a 0.2 percentage point rise in Total Grants-in-Aid shares between the 14th and 15th FC recommendations

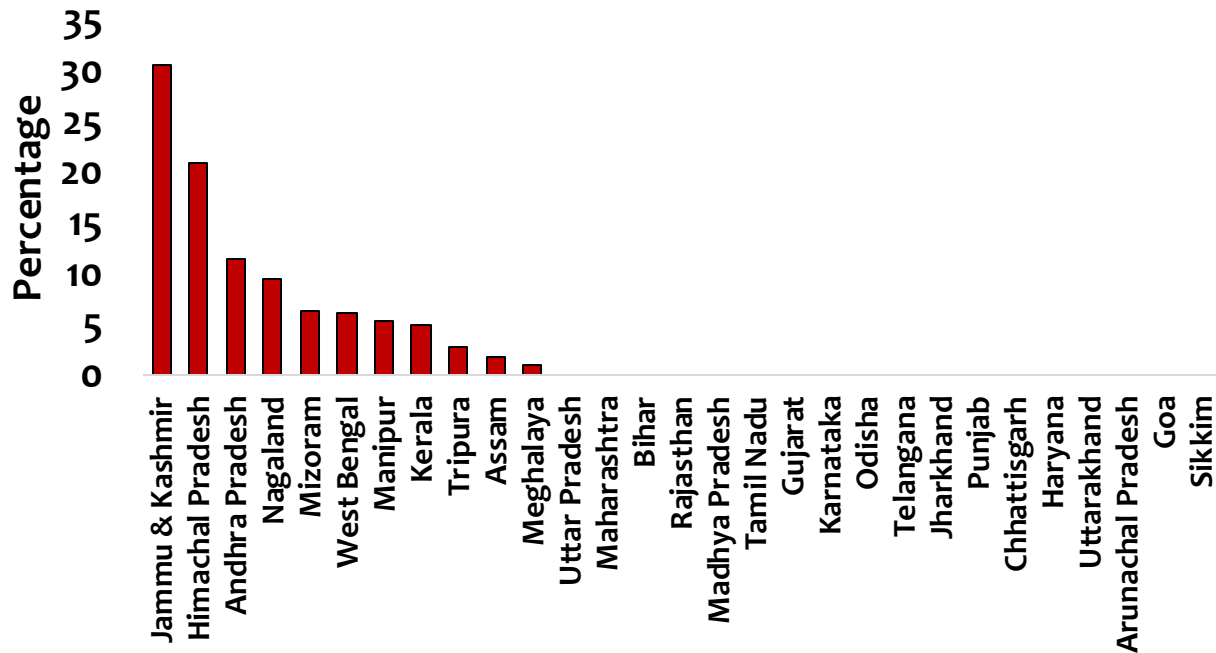


Source: 14th and 15th FC Reports.

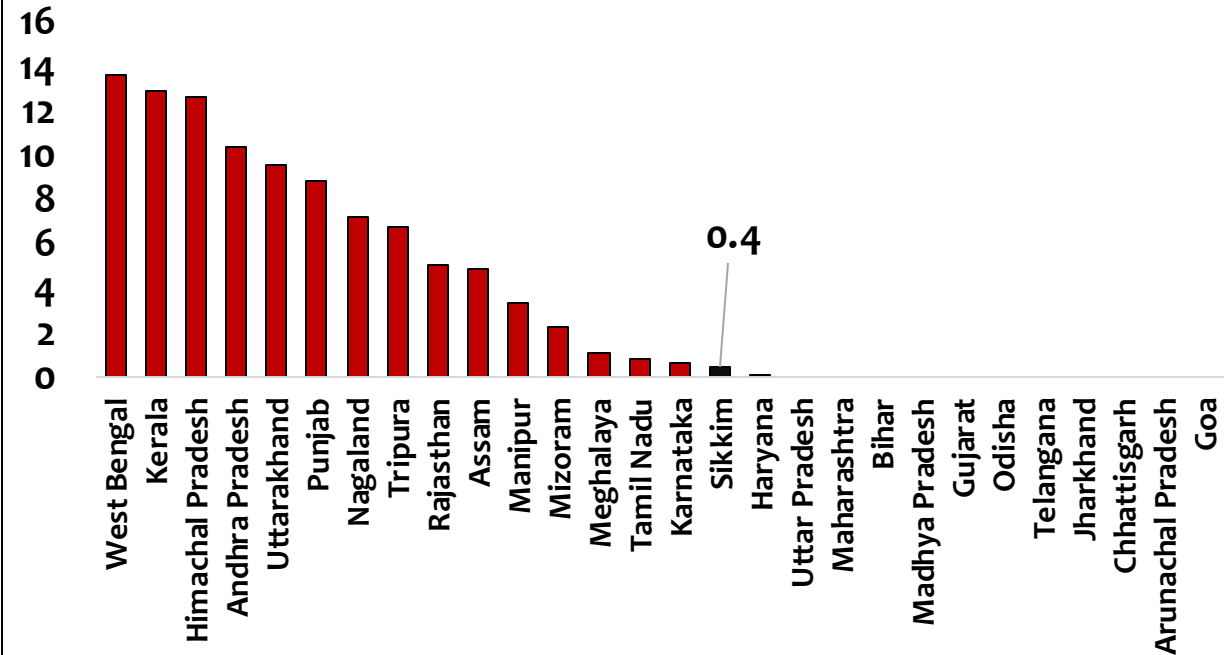
Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of grants-in-aid from the Centre, and it has been excluded from this chart.

Under the 14th FC recommendations, Sikkim did not receive any revenue-deficit grants. However, Under the 15th FC recommendations, Sikkim received 0.4 percent of the Revenue Deficit Grants

States' Share in Revenue Deficit Grants (%) under 14th FC



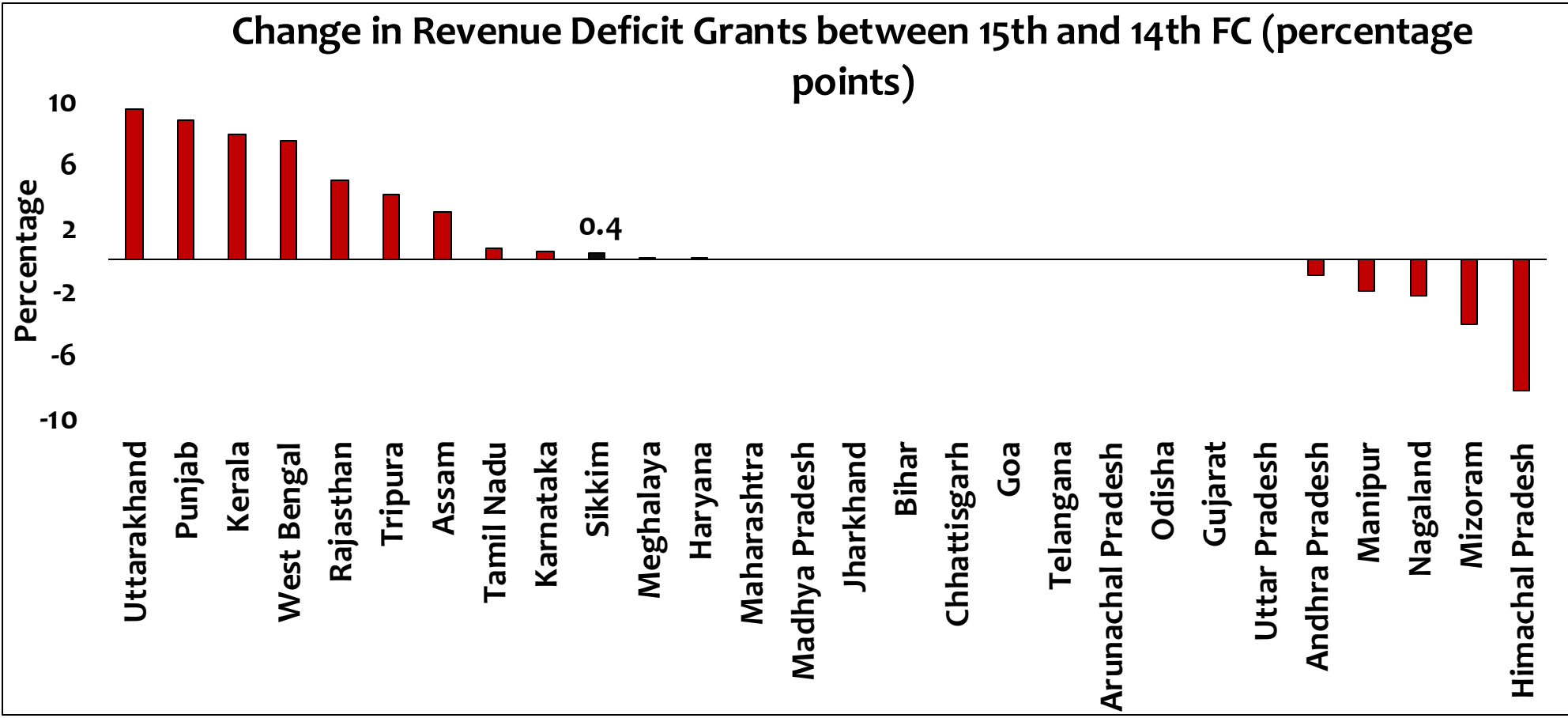
States' Share in Revenue Deficit Grants (%) under 15th FC



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Revenue Deficit Grants from the Centre.

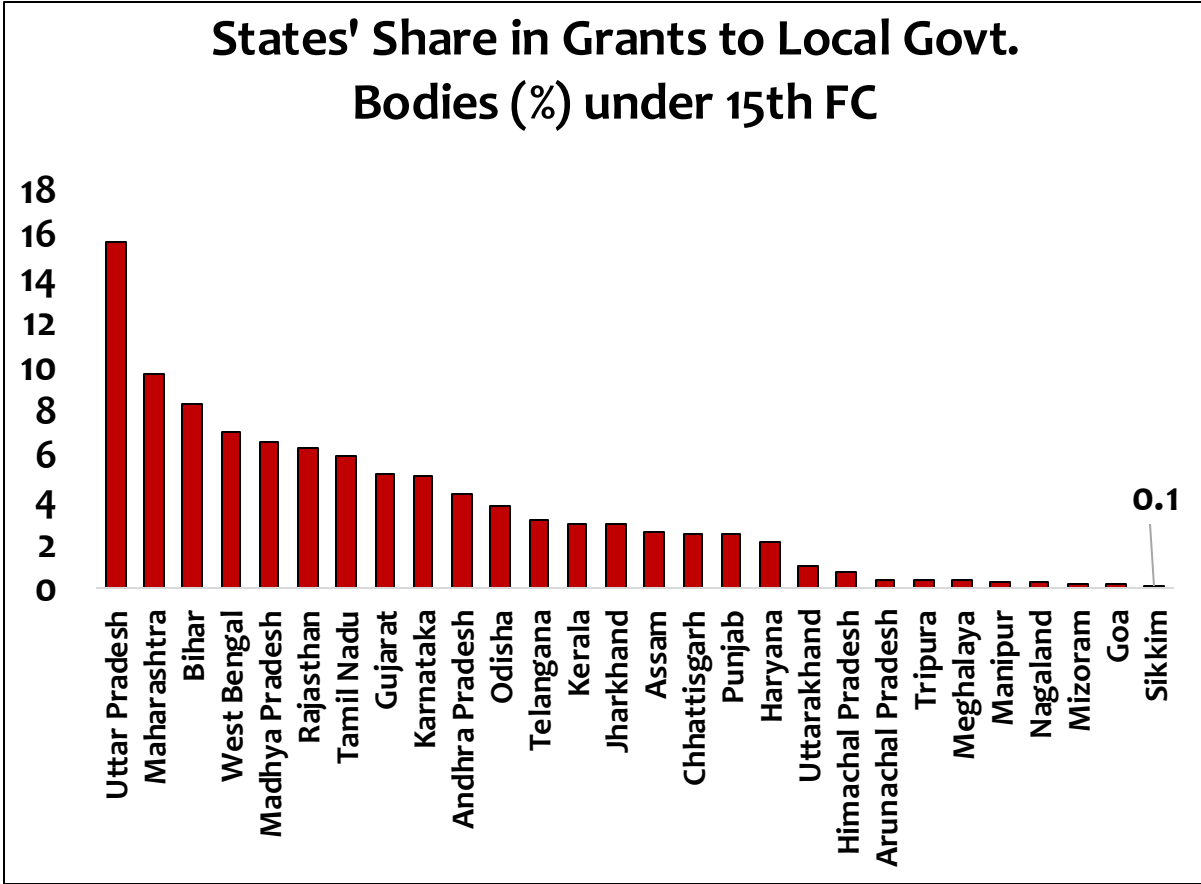
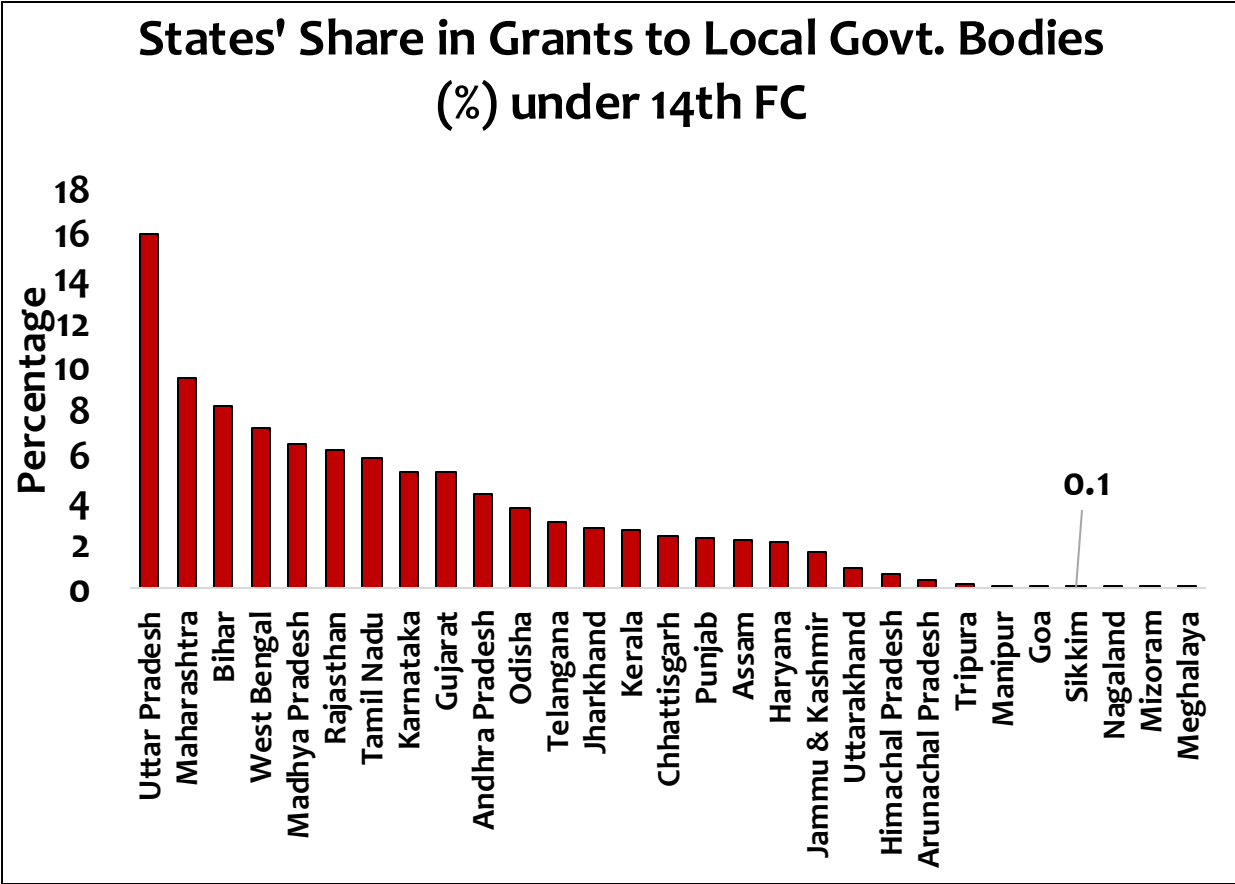
Sikkim had a 0.4 percent point rise in Revenue Deficit Grant Share between the 14th and 15th FC recommendations



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the states' share of Revenue Deficit Grants from the Centre, and it has been excluded from this chart.

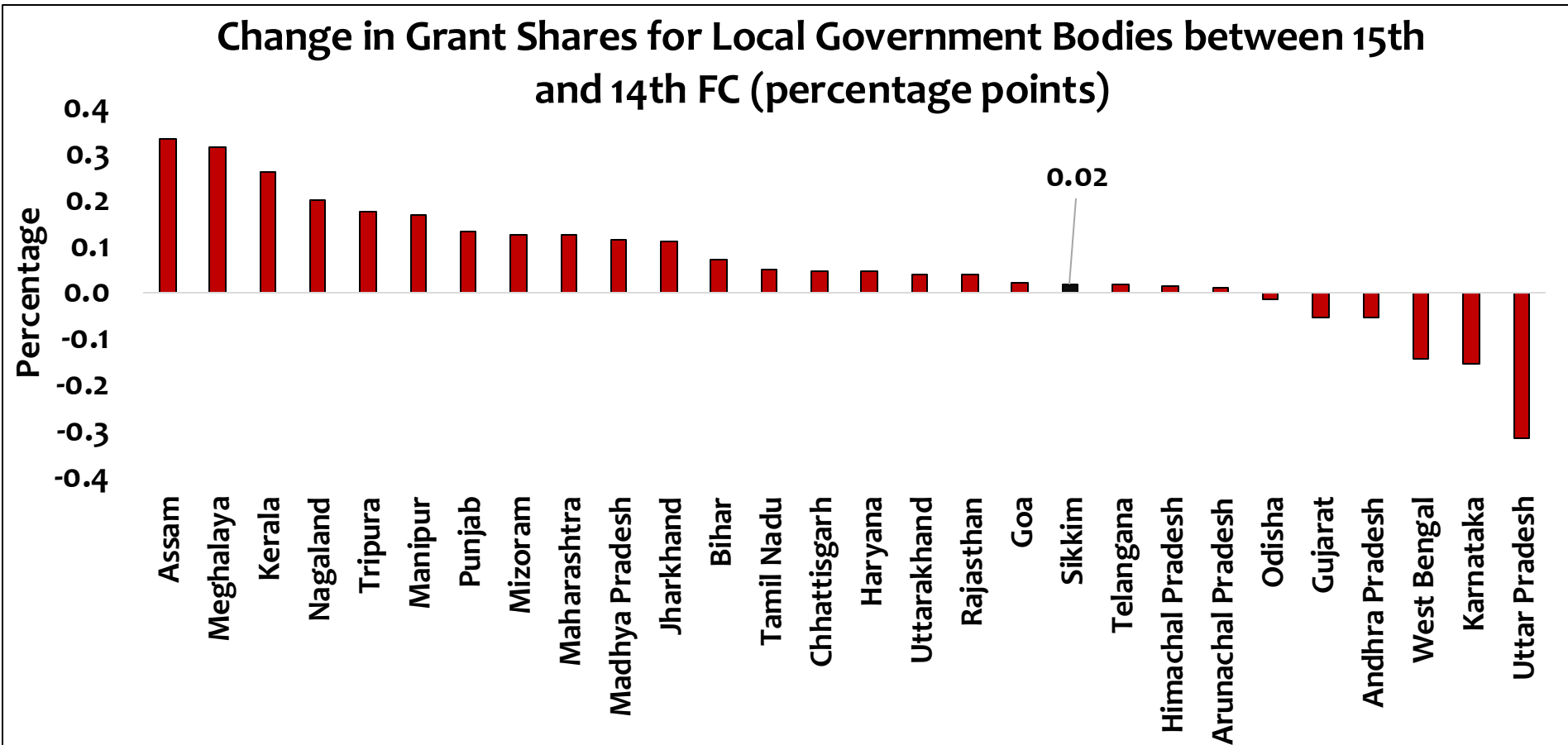
Sikkim's share in Grants to Local Government Bodies from the Centre remained consistent at 0.1 percent between 14th and 15th FCs



Source: 14th and 15th FC Reports.

Note: An amount of Rs. 8,450 crore is not included in the grants for Local Bodies, these include (a) Incubation of new Cities (Rs. 8,000 Crore) and (b) National Data Centre (Rs. 450 Crore). These were not included in the table which reports the State-wise shares in the 15th FC Report.

Sikkim had 0.02 percentage point change in Local Government Bodies' Grants between the 14th and 15th FC recommendations

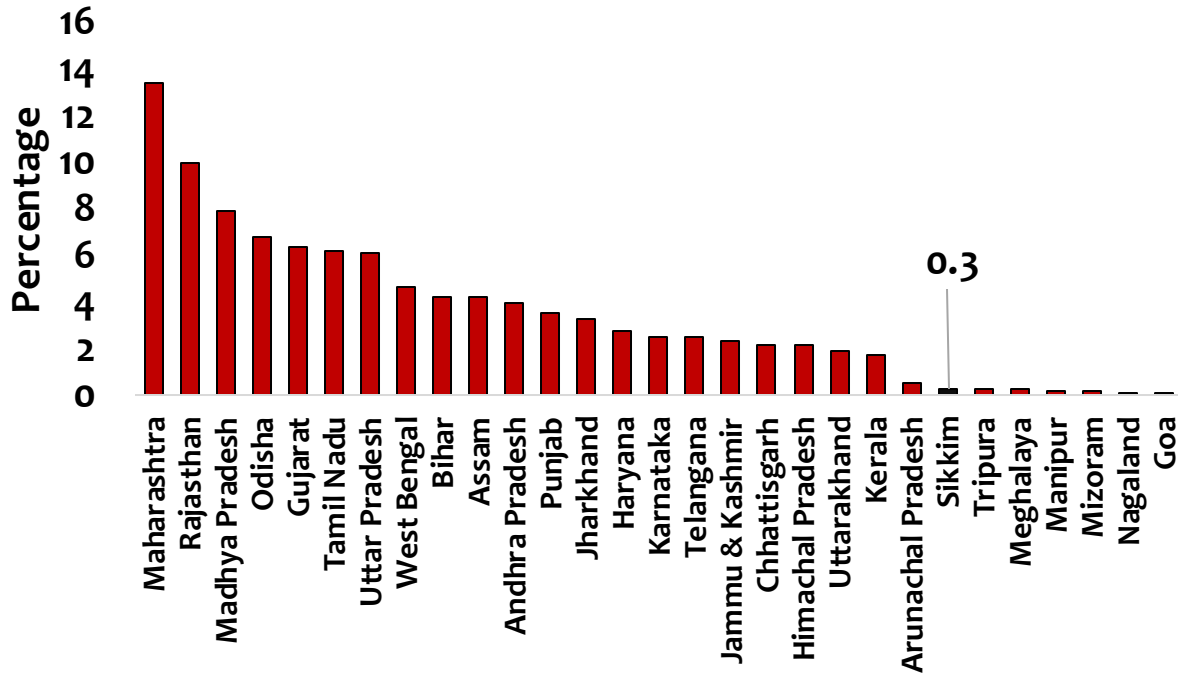


Source: 14th and 15th FC Reports.

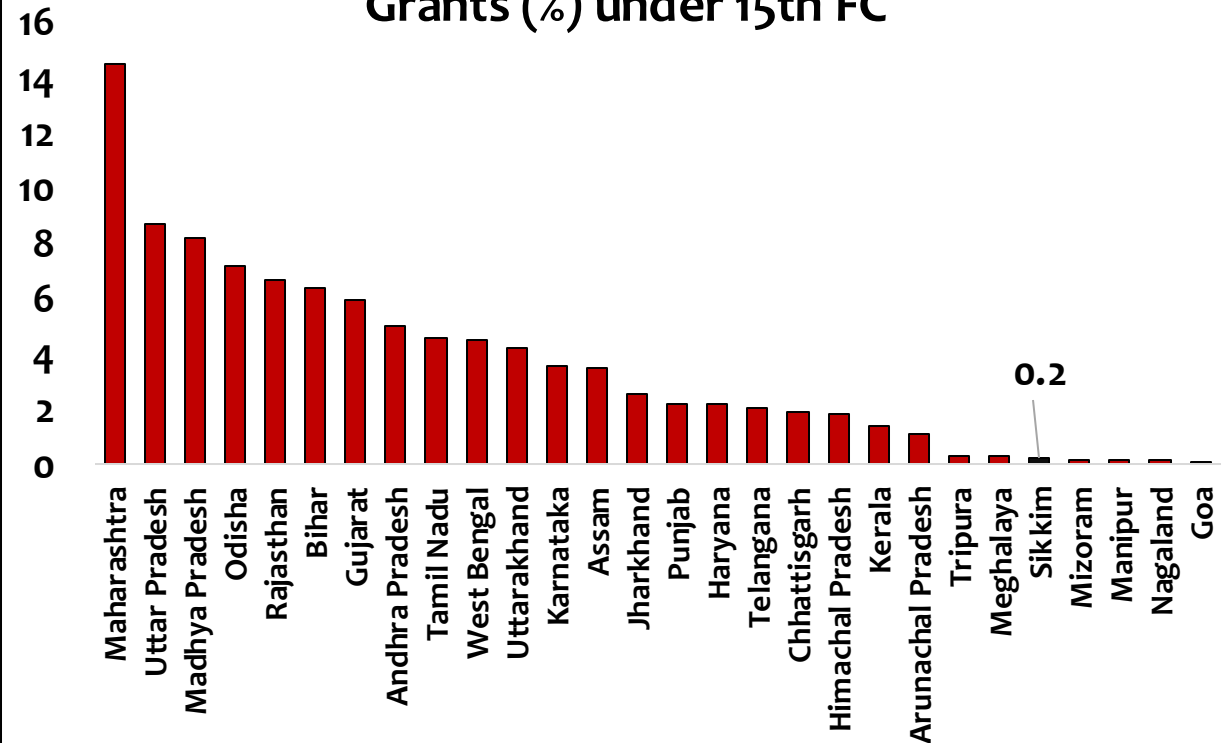
Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the States' share of Local Government Bodies' Grants from the Centre, and it has been excluded from this chart.

Sikkim's recommended share in the Grants for Disaster Management from the Centre decreased marginally from 0.3 percent by 14th FC to 0.2 percent by 15th FC

States' Share in Disaster Management Grants (%) under 14th FC



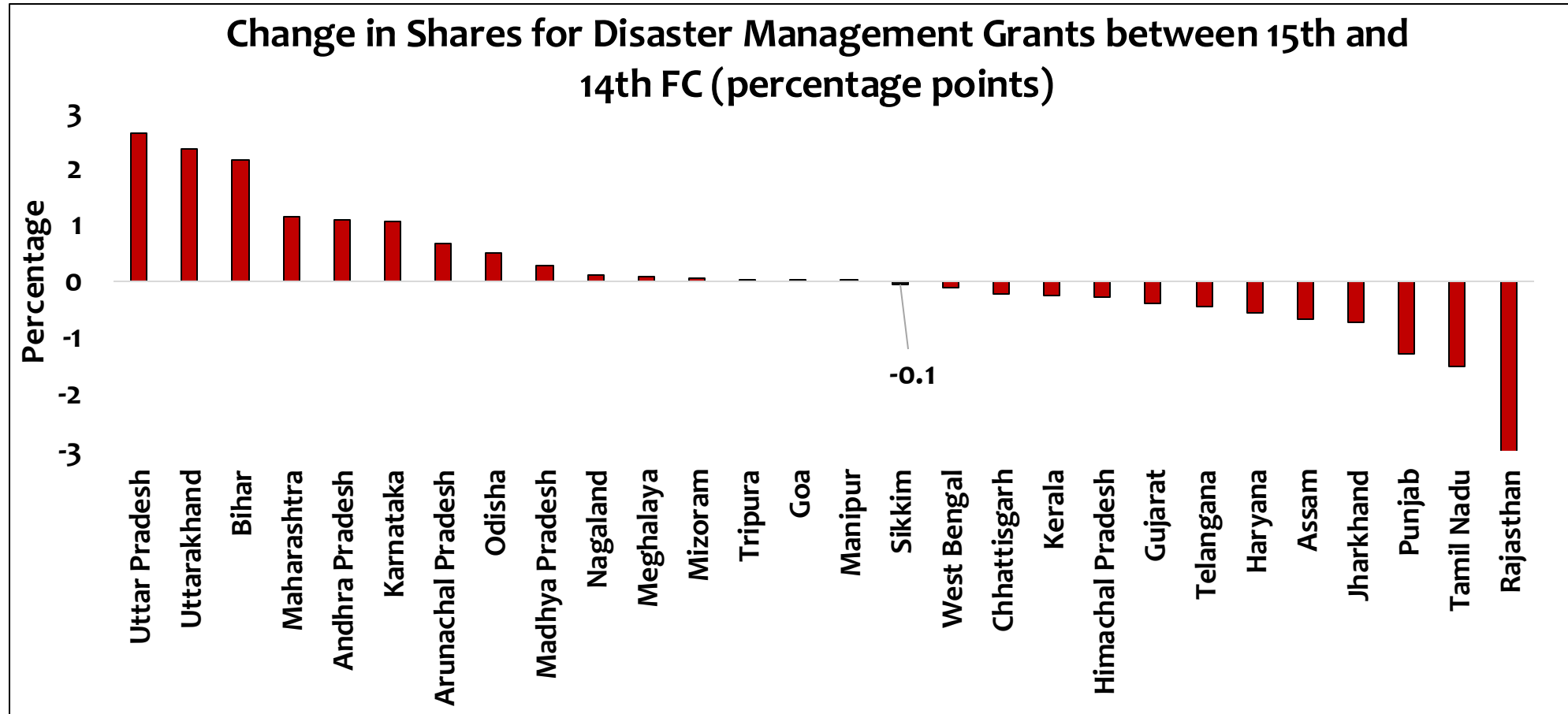
States' Share in Disaster Management Grants (%) under 15th FC



Source: 14th and 15th FC Reports.

Note: A Disaster Risk Index is calculated for all States, taking into consideration the natural calamities different states are prone to, poverty, and other factors. This index is then weighed by a factor accounting for the aggregate expenditure of States on disaster management, area and population, to calculate the States' shares in disaster management grants.

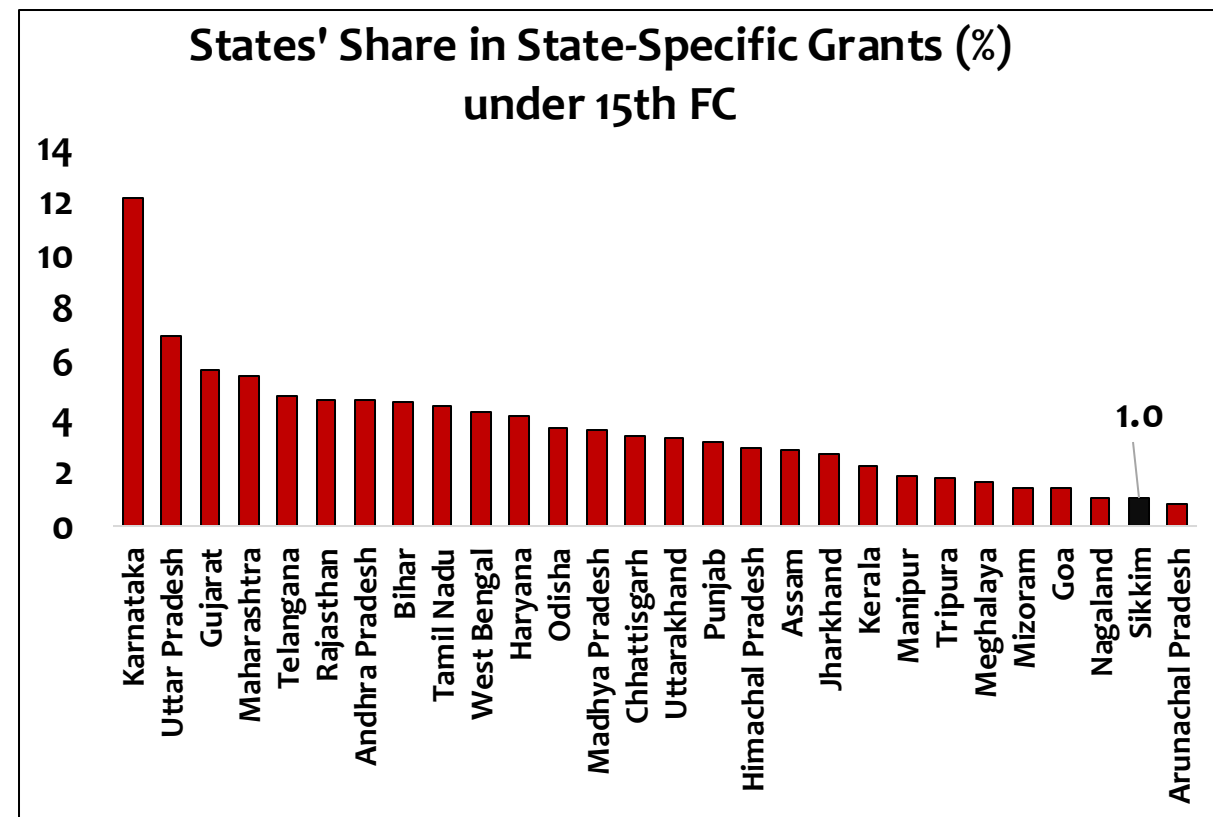
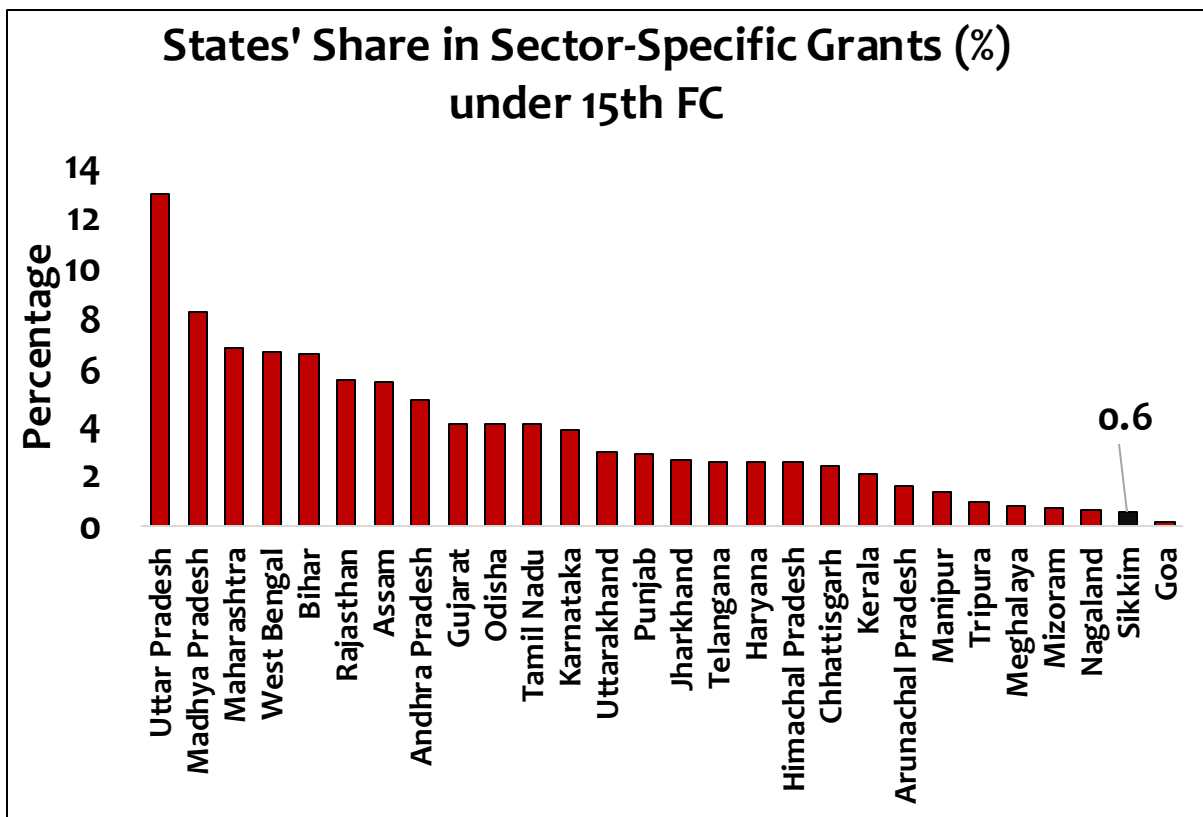
Sikkim had a 0.1 percentage point decrease in Grants for Disaster Management between the 14th and 15th FC recommendations



Source: 14th and 15th FC Reports.

Note: Due to the changed status of Jammu & Kashmir into the new Union Territories of Ladakh and Jammu and Kashmir, the 15th FC did not include it in the states' share of Disaster Management Grants from the Centre, and it has been excluded from this chart.

Sikkim's share in Sector-Specific Grants is 0.6 percent of the total, making it the state with the second smallest share of these grants. The state received 1.8 percent for maintenance of PMGSY Roads, and received only 0.1 percent of the grants for judiciary and agricultural performance incentive grants. A total of Rs. 500 Crore was recommended in State-Specific grants, Rs 200 crore of which was directed towards the promotion of Gangtok as MICE (Meetings, Incentives, Conference and Exhibition) destination



Source: 14th and 15th FC Reports.

Note: i. Other sector-specific grants and the State's shares in each include grants for health and education (0.4 percent) and grants for statistics (0.6 percent); ii. The remaining Rs. 300 crores of the State-specific grants were directed towards promoting herbal medicine, yoga, spiritual healing tourism at Nandi Gaon in South, conversion of Singshore Bridge as a glass skywalk bridge for tourist attraction in west Sikkim, passenger ropeway from Pelling to Sanga-choeling monastery in west Sikkim, development of eco-tourism complex at Dodak in west Sikkim, and Horticulture.

Climate Change under the FC

- Looking at the last two decades, there has been a shift in how the issue of climate change has been addressed by different Finance Commissions.
- **12th and 13th FCs**
 - The **12th FC** recommended grants worth Rs. 1,000 crore to be shared by States for the Maintenance of Forests, in addition to what the States were spending through their respective forest departments. The amount was distributed among the states based on their forest area, and it was to be spent for preservation of forest wealth. [*refer to Chapter 10, pg. 175, 184-185*]
 - Expanding on the same, the **13th FC** recommended Environment Grants worth Rs. 15,000 crore to States, which covered three areas: protection of forests, renewable energy, and water sector management (Rs. 5,000 crore each). [*refer pg. 205 (table 12.1), pg. 210-217*]
- **14th and 15th FCs**
 - The **14th FC** approached climate change and sustainable economic development from a fiscal perspective, and with the view that tax devolution should be the primary route of transfer of resources to States, increased the States' share in the divisible pool to 42 percent (from 32 percent under the 13th FC). [*refer pg. 31 (point 2.33), pg. 103, 107 (point 8.27), pg. 180 (point 12.34-12.35)*]
 - Forest cover was introduced as a criteria for tax devolution by the 14th FC, to continue accounting for concerns related to climate change and to encourage States to maintain higher forest covers. They assigned 7.5 percent weight to forest cover in the tax devolution matrix.
 - The **15th FC** maintained this recommendation, and assigned a higher weight of 10 percent to forest and ecology in the tax devolution matrix.
 - The 15th FC also made State-specific grant recommendations (based on specific requests from States). Very few of them are categorized under climate-change, and some others align with one or more of the three environment goals specified by the 13th FC: Arunachal Pradesh (Rs. 355 crore, renewable energy), Goa (Rs. 500 crore, alternative power sources, waste management), Jharkhand (Rs. 700 crore, renewable energy), Kerala (Rs. 500 crore, forest conservation), Maharashtra (Rs. 500 crore, forest conservation), Punjab (Rs. 390 crore, includes support for reduction in environment pollution caused by stubble burning), Rajasthan (Rs. 400 crore, integrated water management), Tamil Nadu (Rs. 200 crore, revamping water bodies to adapt to climate change). [*refer Annex 10.9, pg. 803-810 (summary), Annex 10.10, pg. 811-837*]

7. Sikkim Fiscal Responsibility and Budget Management Act, 2010

Status of Fiscal Rule in Sikkim

- Following the Twelfth Finance Commission's recommendations for prudent fiscal management, the Sikkim State Government enacted the **Sikkim Fiscal Responsibility Act and Budget Management Act (FRBM)** in 2010, in line with Union Fiscal Responsibility and Budget Management Act, 2003. Consequently, the Sikkim FRBM Rules were passed by the State legislative assembly.

- The State Government is required to present a Medium Term Fiscal Policy (MTFP) Statement alongside the budget every year, containing three year rolling targets for the fiscal parameters.

- As per the Sikkim FRBM Rules 2010, the State was required to :
 - a) Maintain revenue account balance beginning from the year 2011-12
 - b) Reduce the ratio of fiscal deficit to 3.5 percent of estimated GSDP in each financial year starting from 2011-12 and reduce fiscal deficit to not more than 3 percent of GSDP at the end of March 31st March, 2014 and adhere to it thereafter
 - c) Cap the total outstanding guarantees within the specified limit under the Sikkim Ceiling on Government Guarantees Act, 2000
 - d) Ensure that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the fiscal deficit as specified by the Government beginning from the fiscal year 2011-12.

Status of Fiscal Rule in Sikkim

➤ 2011 Amendment

- Debt: The State was required to reduce debt stock to 55.9 percent of the GSDP within a period of 5 years commencing from the year 2010-11 and ending on 2014-15, in the following manner: 68.4 percent in 2010-11, 65.2 percent in 2011-12, 62.1 percent in 2012-13, 58.8 percent in 2013-14, 55.9 percent in 2014-15.

➤ 2020 Amendment

- Fiscal Deficit: The State was allowed an additional borrowing capacity up to Rs. 216 crores for the financial year 2019-20 as one time special dispensation
- Fiscal Deficit: In view of COVID-19 pandemic, the State was eligible for an additional borrowing of 2 percent of GSDP above and beyond the previous 3 percent limit in 2020-21. The relaxation to the borrowing limits were partly conditional and partly unconditional to the implementation of the following schemes:
 - i. One Nation One Card System
 - ii. Ease of doing business reform
 - iii. Urban local body/utility reforms
 - iv. Power Sector reforms
 - Weightage of each reform was 0.25 percent of GSDP – totaling to 1 percent. The remaining 1 percent borrowing limit was released in two installments of 0.50 percent each – first as unutilized and second on undertaking at least 3 out of the above named reforms

Status of Fiscal Rule in Sikkim

➤ 2021 Amendment

- **Fiscal Deficit:** The State shall adhere to a maximum fiscal deficit of 4 percent of GSDP in 2021-22, 3.5 percent of GSDP in 2022-23 and maintain it at 3 percent of GSDP in 2023-24 and after. Provided that, an additional borrowing space of 0.5 percent of GSDP would be allowed for the period 2021-22 to 2024-25 based on certain performance criteria in the power sector. If the State Government is not able to utilize this borrowing during the years 2021-22 to 2024-25, it will have the option of availing this unutilized borrowing amount in any subsequent years within 2021-22 to 2025-26.
- **Debt to GSDP Ratio:** The State Government shall maintain a declining trend in the Debt-GSDP ratio after the financial year 2022-23. The indicative debt path is as follows: 27.5 percent in 2021-22, 28.1 percent in 2022-23, 28.1 percent in 2023-24, 28 percent in 2024-25, and 27.9 percent in 2025-26.

State Finances Audit Report of the Comptroller and Auditor General of India (CAG) for Sikkim

Table 1.6: Compliance with State FRBM Act

Fiscal Parameters	Fiscal targets set in the Act	Actuals (₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Deficit (-)/ Surplus (+) (₹ in crore)	Maintain Revenue Account Balance	822.22	1,060.94	693.79	- 1343.81	-760.83
		✓	✓	✓	X	X
Fiscal Deficit (-)/ Surplus (+) (as percentage of GSDP)	2016-20: 3 per cent	86.30 (0.42)	-461.88 (-1.78)	-642.32 (-2.26)	-2,081.18 (-6.76)	-2,273.54 (-6.95)
	2020-21: 5 per cent	✓	✓	✓	X	X
Ratio of total outstanding debt to GSDP (in per cent)	Target	20.09	19.66	19.32	19.04	24.64
	Achievement	22.58 (X)	20.99 (X)	22.30 (X)	24.02 (X)	27.68 (X)

Source: FRBM Act. and Departmental information

Source: State Finances Audit Reports of the CAG for 2020-21.

State Finances Audit Report of the Comptroller and Auditor General of India (CAG) for Sikkim

- The State after maintaining Revenue Surplus for 2016-17 to 2018-19, ran into Revenue Deficit in 2019-20 and 2020-21.
- Similarly, after successfully containing the Fiscal Deficit below three per cent of GSDP during 2016-19, the State's Fiscal Deficit was 6.76 per cent of GSDP during 2019-20 and 6.95 per cent of GSDP during 2020-21.
- During the five-year period 2016-21, the ratio of total outstanding debt to GSDP of the State consistently exceeded the norms prescribed in the SFRBM Act as well as projections⁴ of Finance Commissions.

Status of Fiscal Rule in Sikkim

- **Revenue surplus** in 2023-24 is estimated to be 0.1 percent of GSDP (Rs. 42 crore), much lower than the revised estimates for 2022-23 (2.1 percent of GSDP). In 2022-23, the revenue surplus is expected to be much higher than the budget estimate (0.2 percent of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 4.5 percent of GSDP (Rs. 2,147 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 4.7 percent of GSDP, higher than the budget estimate of 4 percent of GSDP.
- At the end of 2023-24, the **outstanding liabilities** is estimated to be 31.5 percent of GSDP, marginally lower than the revised estimate for 2022-23 (31.6 percent of GSDP). Outstanding liabilities have risen from 22.8 percent of GSDP in 2019-20 to a projected 31.5 percent in 2023-24. The outstanding liabilities include financial assistance to states as loans worth Rs. 1,501 crore
- **Outstanding guarantees** of Sikkim are expected to decrease, from 11.5 percent of GSDP in 2019-20 to 9.4 percent of GSDP in 2023-24.

Table 5: Fiscal Parameters set in the FRBM Act in various years

Fiscal Parameters	Fiscal Parameters set in the Act			
	2010	2011	2020	2021
Revenue Deficit (Rs crore)	Maintain revenue account balance beginning from the year 2011-12	No change	No change	No change
Fiscal Deficit (as percentage of GSDP)	Reduce the ratio of fiscal deficit to 3.5 percent of estimated GSDP in each financial year starting from 2011-12 and reduce fiscal deficit to not more than 3 percent of GSDP at the end of March 31 st March, 2014 and adhere to it thereafter	No change	The State was allowed an additional borrowing capacity up to Rs. 216 crores for the financial year 2019-20 as one time special dispensation. Inter alia, in view of COVID-19 pandemic, the State was eligible for an additional borrowing of 2 percent of GSDP above and beyond the previous 3 percent limit in 2020-21.	The State shall adhere to a maximum fiscal deficit of 4 percent of GSDP in 2021-22, 3.5 percent of GSDP in 2022-23 and maintain it at 3 percent of GSDP in 2023-24 and after. Provided that, an additional borrowing space of 0.5 percent of GSDP would be allowed for the period 2021-22 to 2024-25 based on certain performance criteria in the power sector.
Debt (as percentage of GSDP)	Ensure that the outstanding debt-GSDP ratio follows a sustainable path emanating from the above targets of the fiscal deficit as specified by the Government beginning from the fiscal year 2011-12	The State was required to reduce debt stock to 55.9 percent of the GSDP within a period of 5 years commencing from the year 2010-11 and ending on 2014-15, in the following manner: 68.4 percent in 2010-11, 65.2 percent in 2011-12, 62.1 percent in 2012-13, 58.8 percent in 2013-14, 55.9 percent in 2014-15.	No change	The State Government shall maintain a declining trend in the Debt-GSDP ratio after the financial year 2022-23. The indicative debt path is as follows: 27.5 percent in 2021-22, 28.1 percent in 2022-23, 28.1 percent in 2023-24, 28 percent in 2024-25, and 27.9 percent in 2025-26.

8. Extra Slides on Fiscal Indicators

- Fiscal Data covers the fiscal period 1990-91 to 2022-23

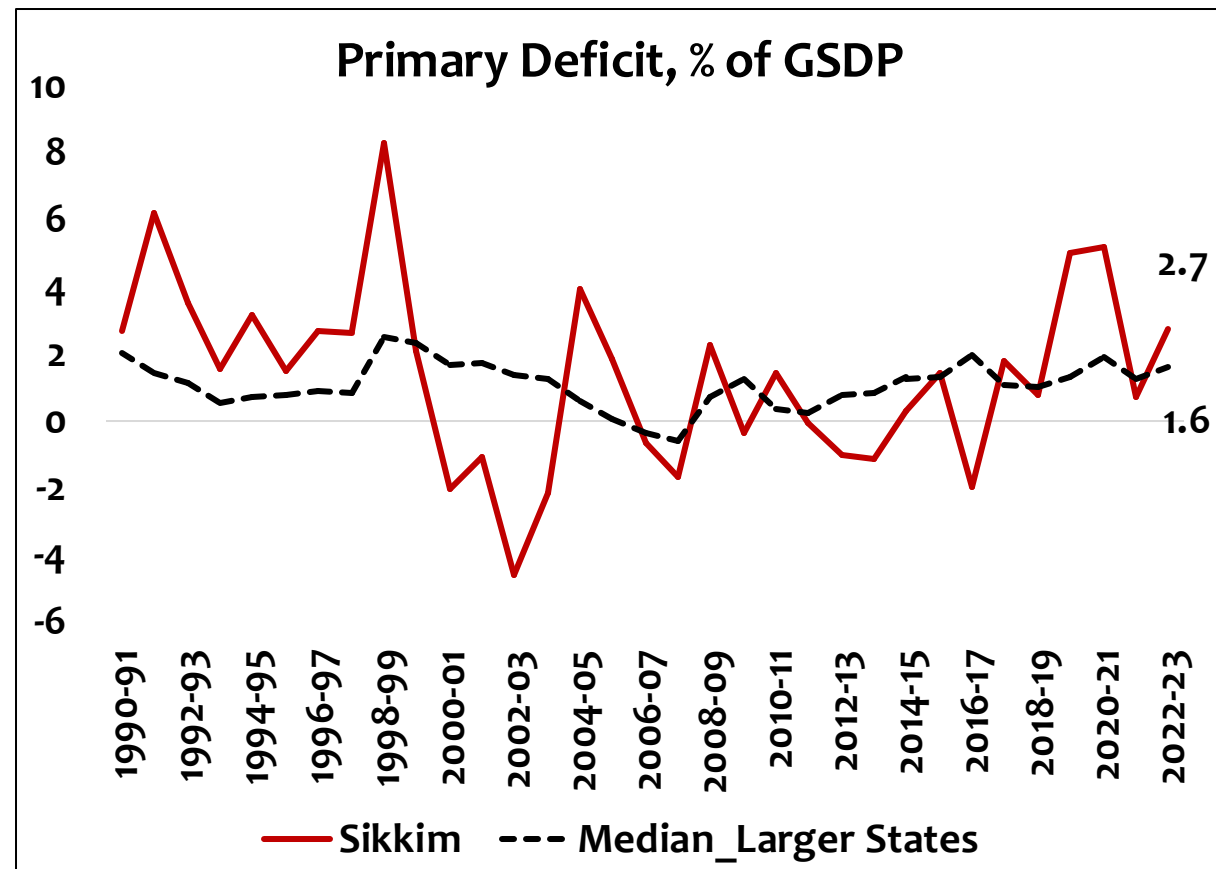
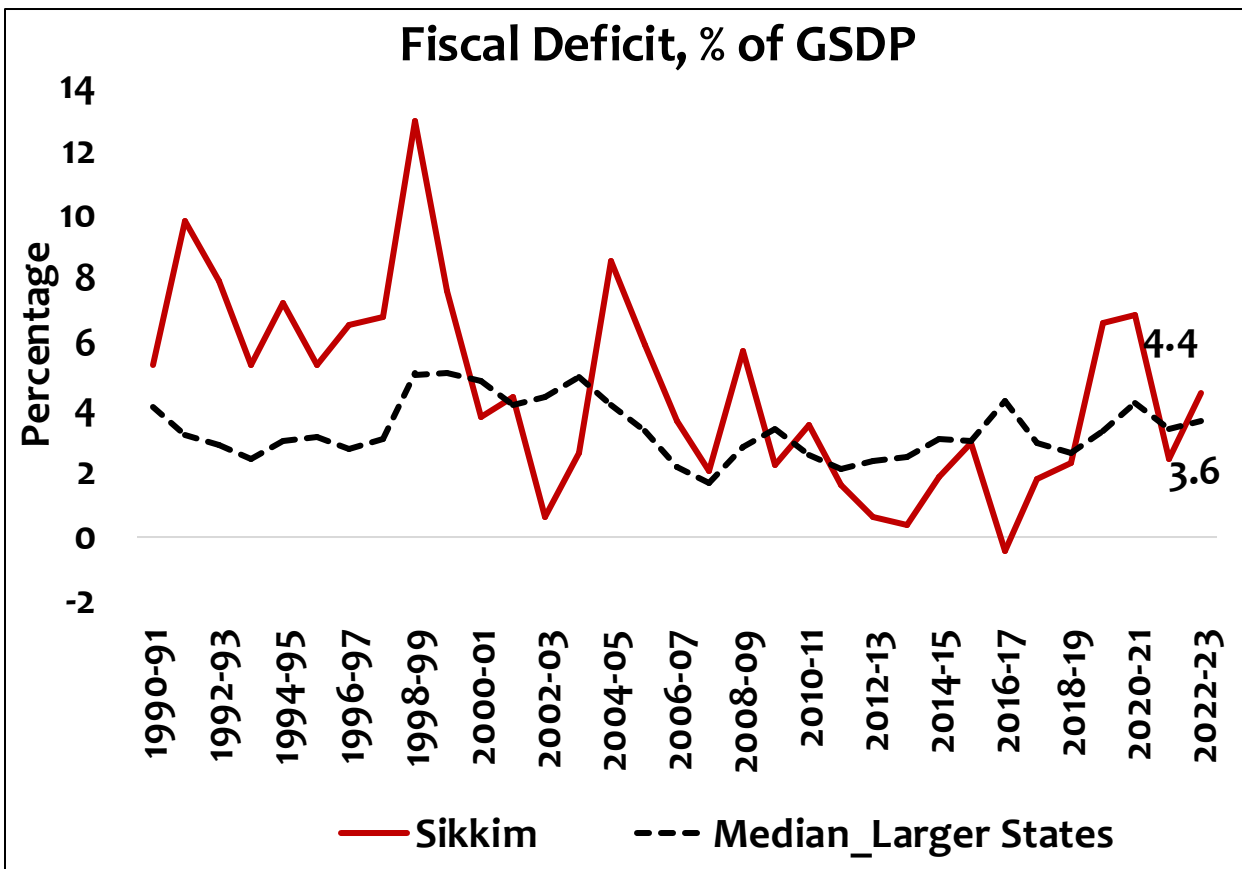
Fiscal Indicators

(I) Benchmarked with respect to *Median of Larger States*

Note: In Section 5, the benchmark was defined as the median of all states. This variable was computed as a percentage of GSDP for each state, and the median was taken across 29 states (excluding all Union Territories).

In contrast, the benchmark in this section refers to the median of larger states only. This variable was computed as a percentage of GSDP for each state, and the median was taken across 22 major states (Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand and West Bengal).

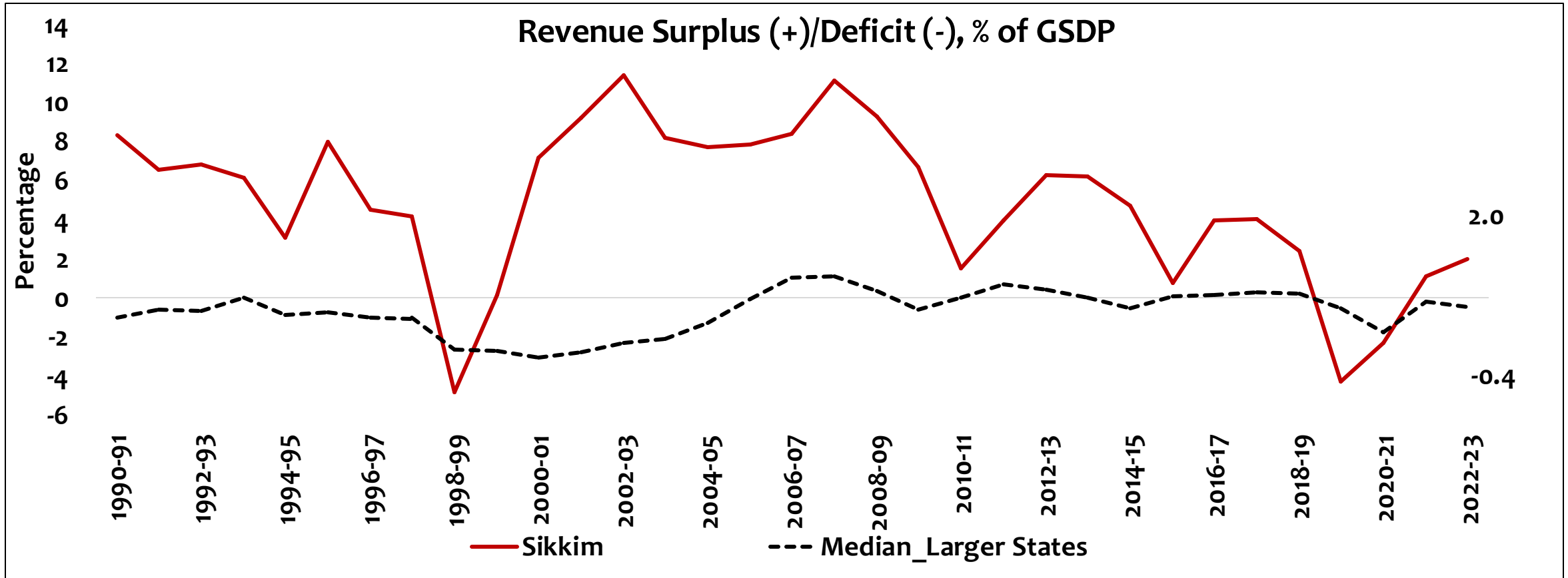
Fiscal Deficit and Primary Deficit in Sikkim are higher than that of a median state since 2020. In 2022-23, Sikkim ran a Fiscal Deficit of 4.4 percent of its GSDP, and Primary Deficit of 2.7 percent of its GSDP, 0.8 and 1.1 percentage points higher than that of a median state respectively



Source: i. Fiscal Deficit (FD) is from RBI State Finances Report (SFR, 2022-23); ii. State GDP data is from MoSPI (2022-23).

Note: i. Primary Deficit (PD) is calculated as Fiscal Deficit minus Interest Payments. Interest Payments is sourced from RBI SFR; ii. The variable as a percent of GDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded); iii. The decline in fiscal and primary deficit in 2016-17 was a result of increase in revenue receipts on account of State's Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim, 2016-17](#))

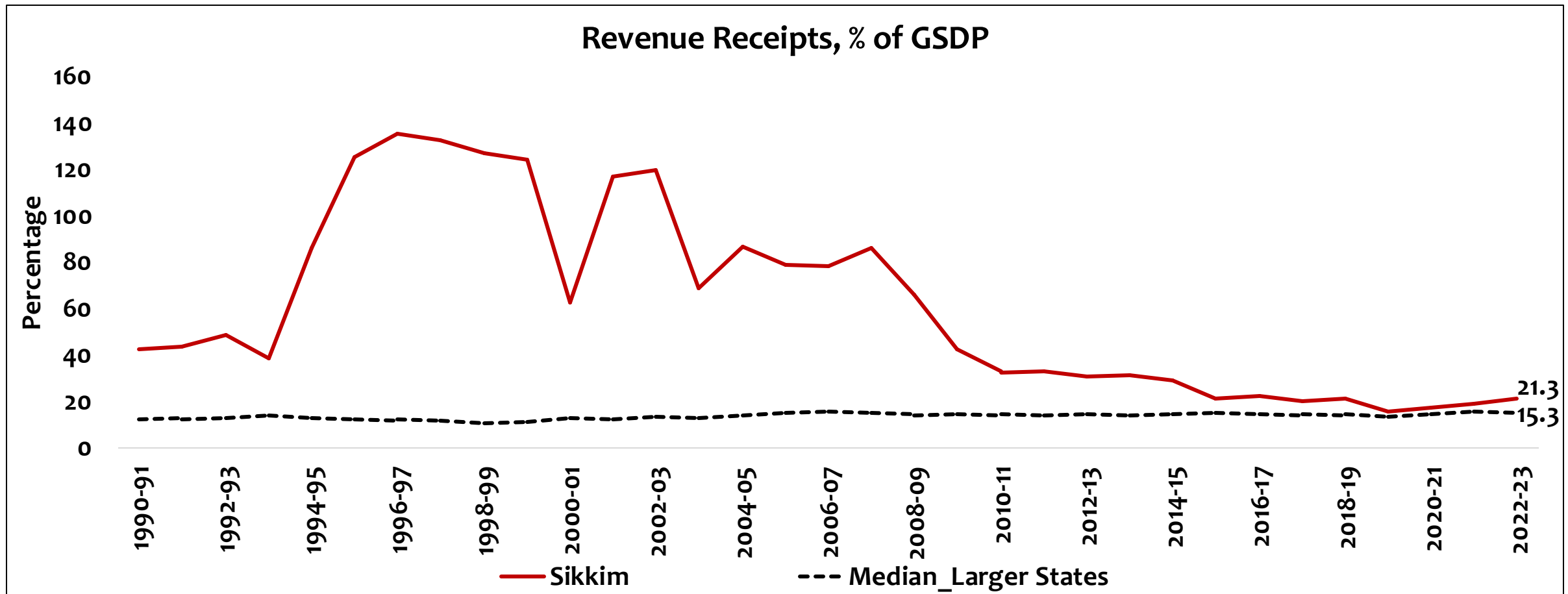
Sikkim ran a Revenue Surplus 2.0 percent of its GSDP in 2022-23, while a median state ran a Revenue Deficit of 0.4 percent of its GSDP



Source: i. Revenue Deficit is from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded); ii. There was an increase in revenue receipts in 2016-17 on account of State's Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim, 2016-17](#)).

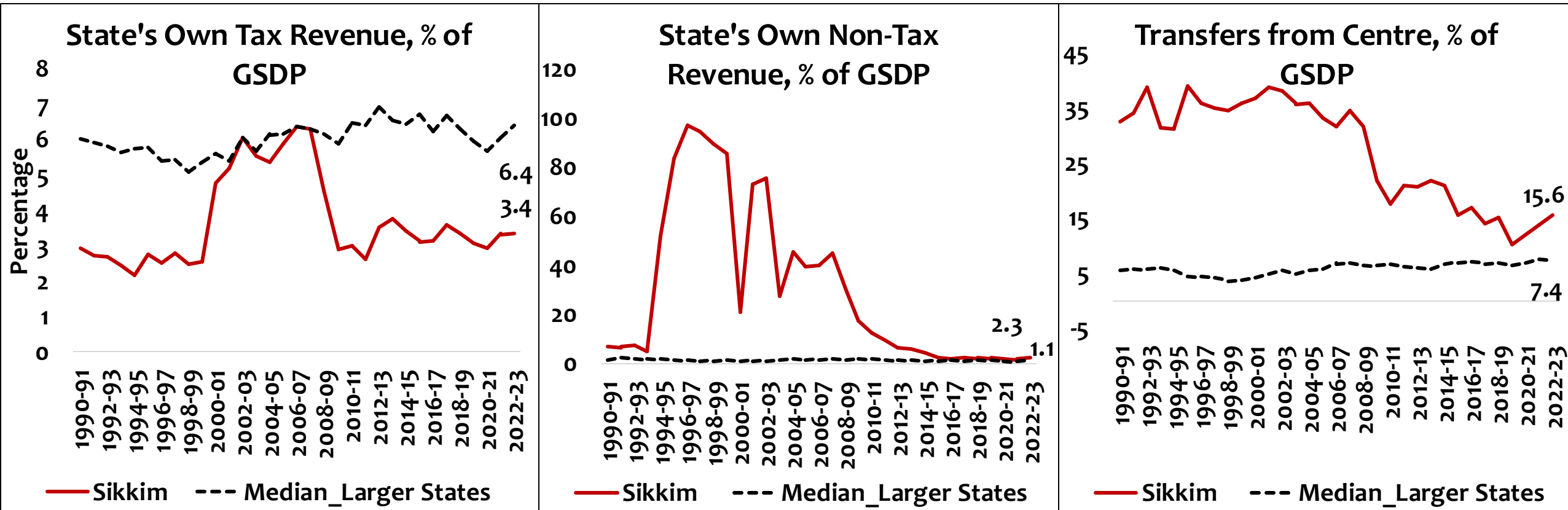
In 2022-23, Sikkim's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre) at 21.3 percent of its GSDP, was higher than what a median state collected



Source: i. Revenue Receipts from RBI State Finances Report (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

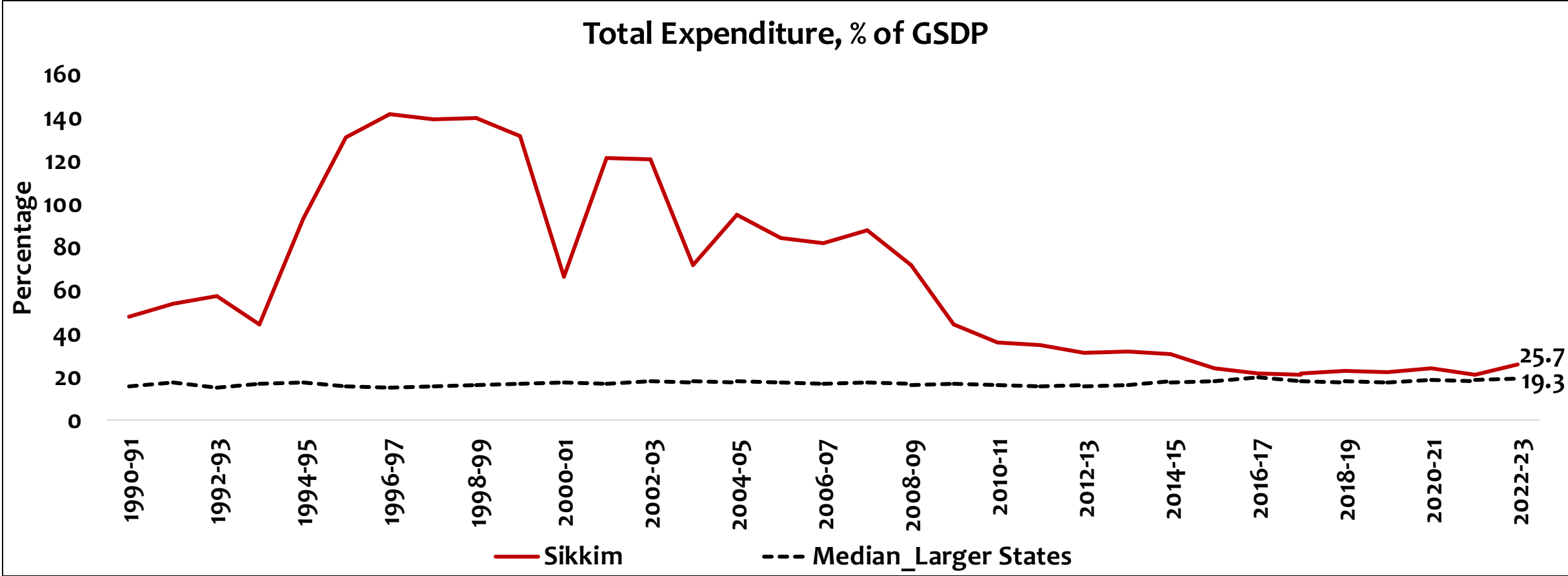
Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

Sikkim's Own Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre are 3.4, 2.3, and 15.6 percent of its GSDP respectively. Transfers from the Centre to Sikkim are 8.2 percentage points higher than a median state receives



Source: i. Own-Tax Revenue, Own Non-Tax Revenue, and Transfers from the Centre from RBI (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).
 Note: i. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded); ii. Transfers from the Centre include both Tax and Non-Tax transfers.

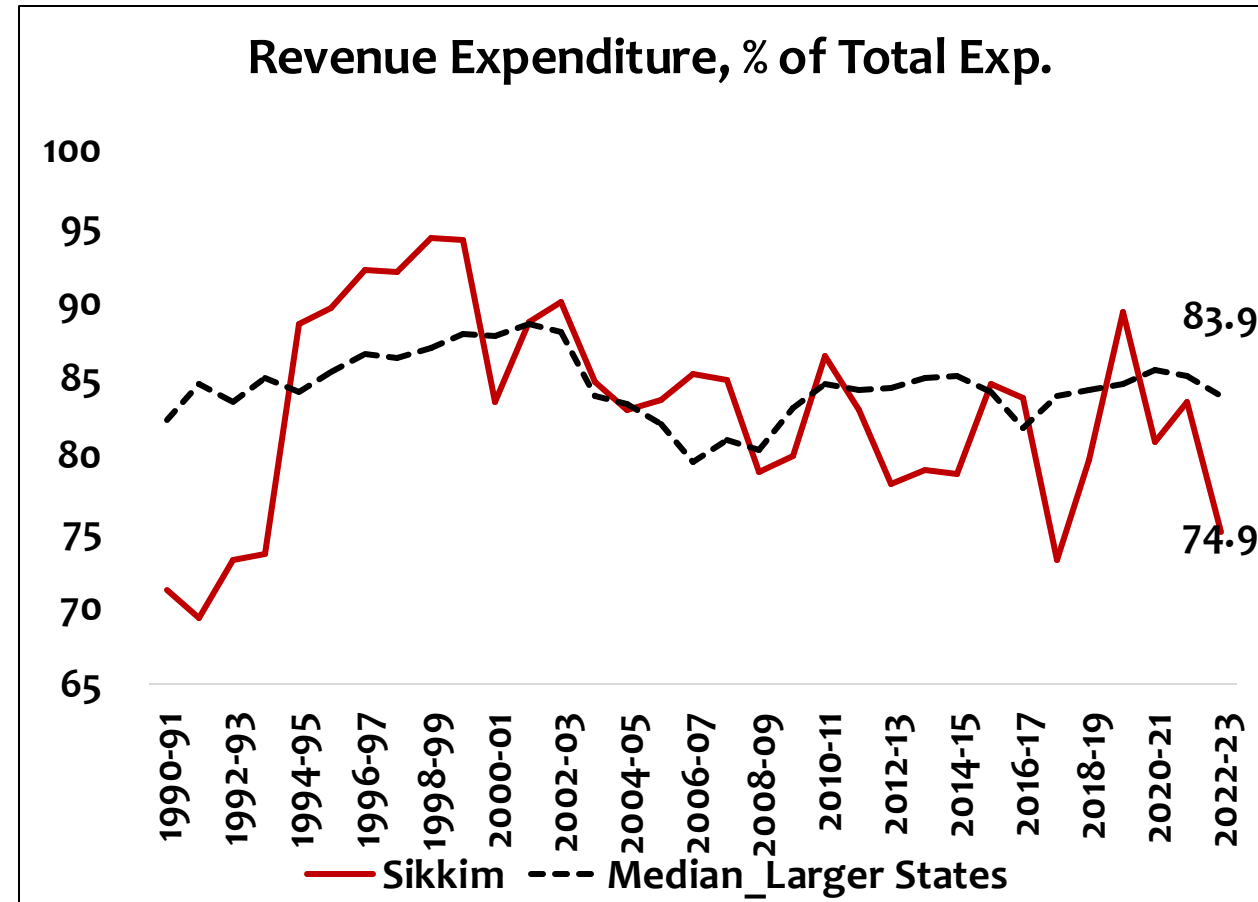
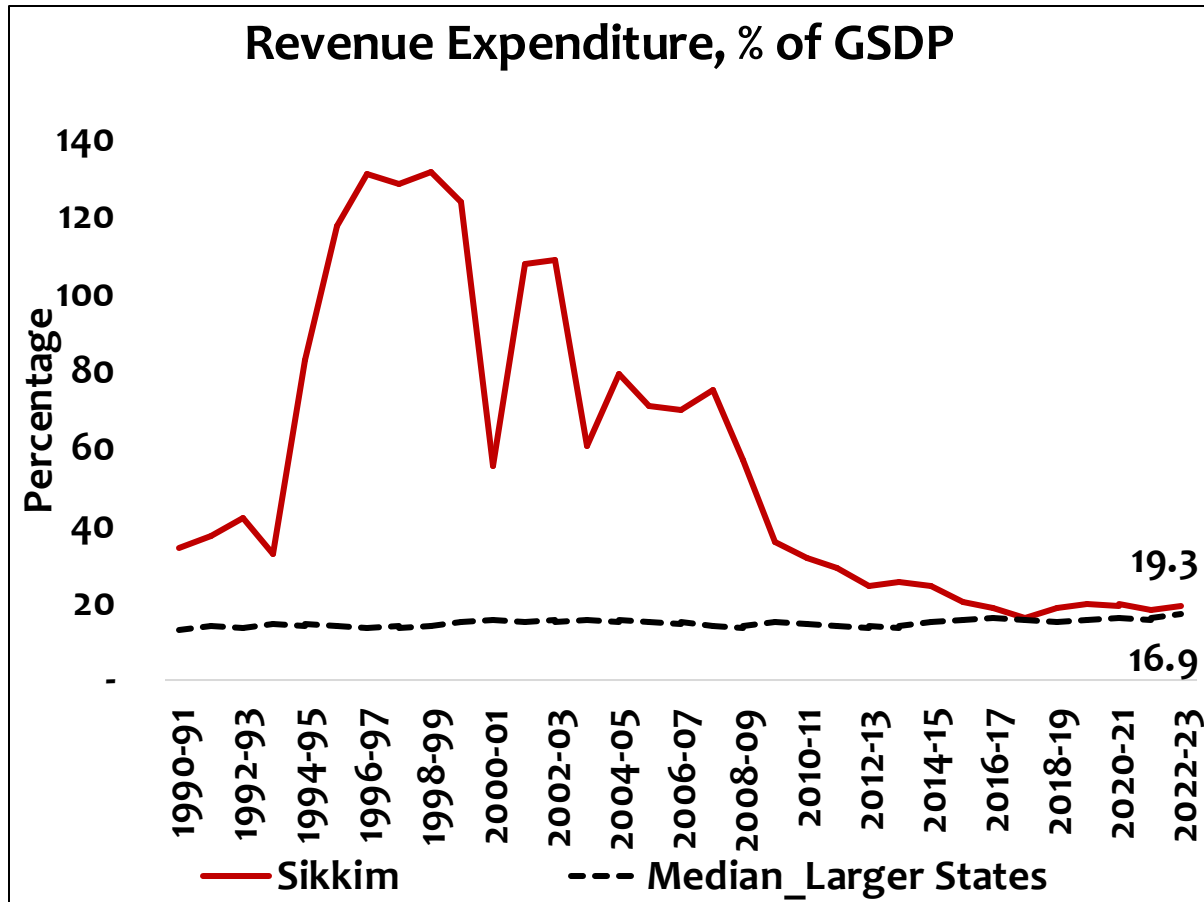
In 2022-23, Sikkim's Expenditure was higher than a median state, at 25.7 percent of its GSDP



Source: i. Total Expenditure is from RBI (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

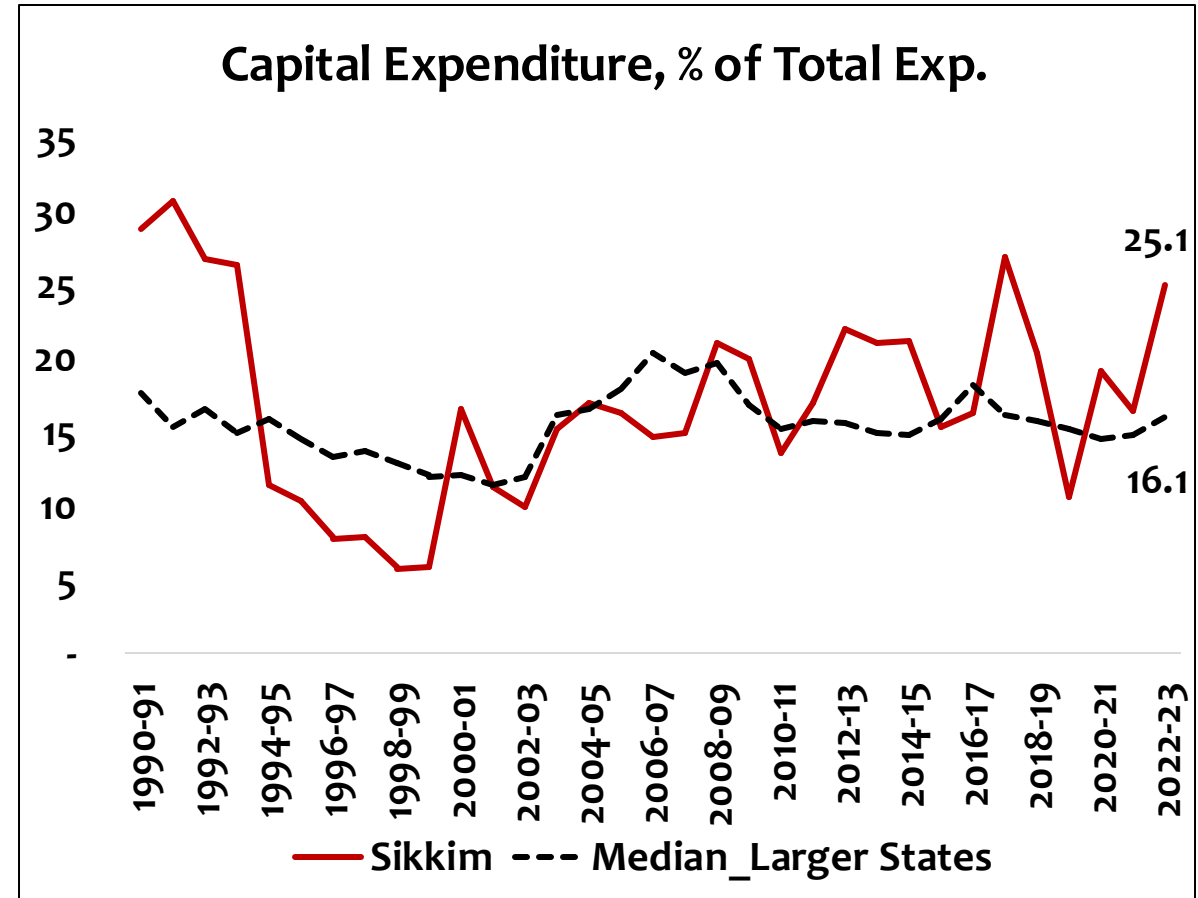
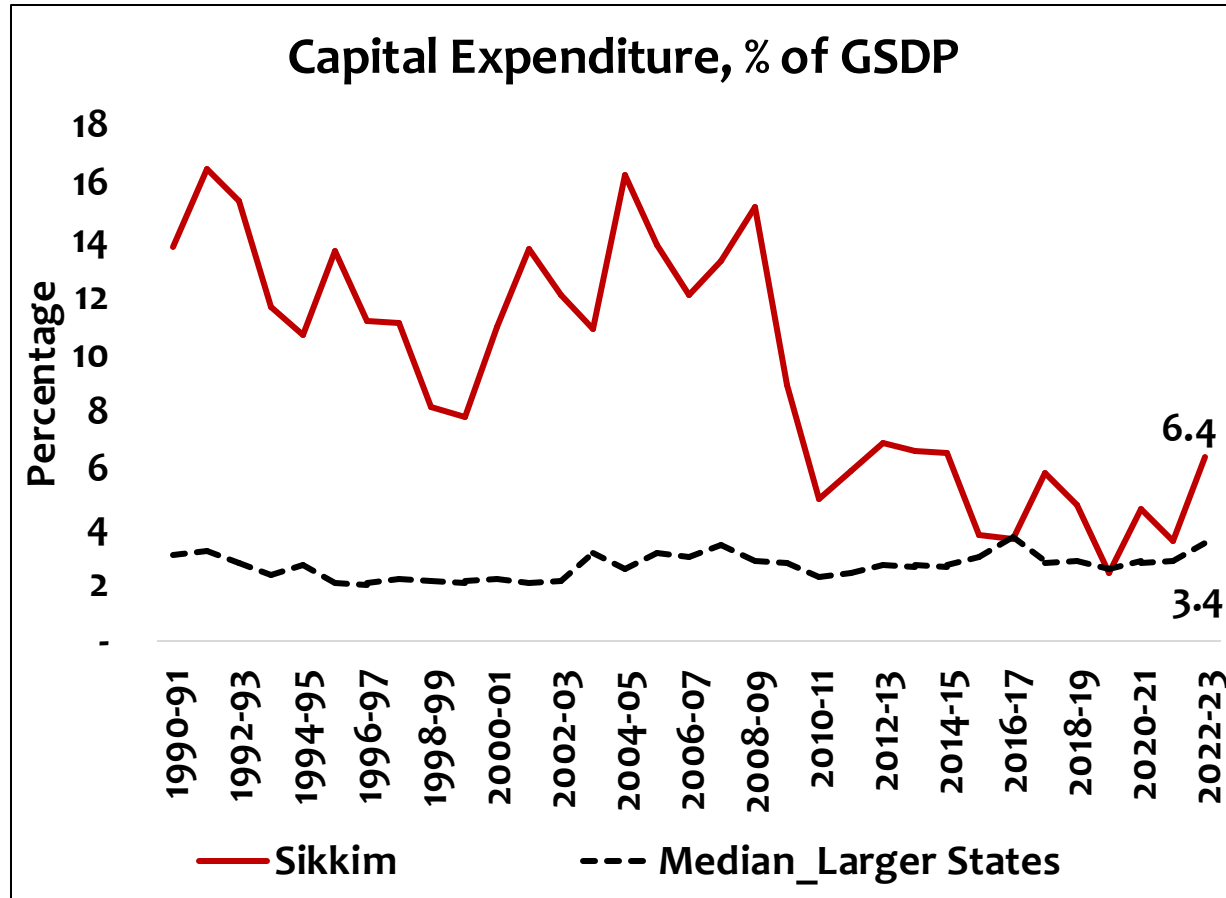
Sikkim's RevEx was 19.3 percent of its GSDP, nearly 2.4 percentage points higher than a median state, and accounted about 75 percent of the Total Expenditure in 2022-23



Source: i. RevEx is from RBI (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded); iii. Increase in revenue expenditure after 2017-18 was on account of increase in expenditure under social and general services ([CAG report on State Finances of Sikkim, 2018-19](#)).

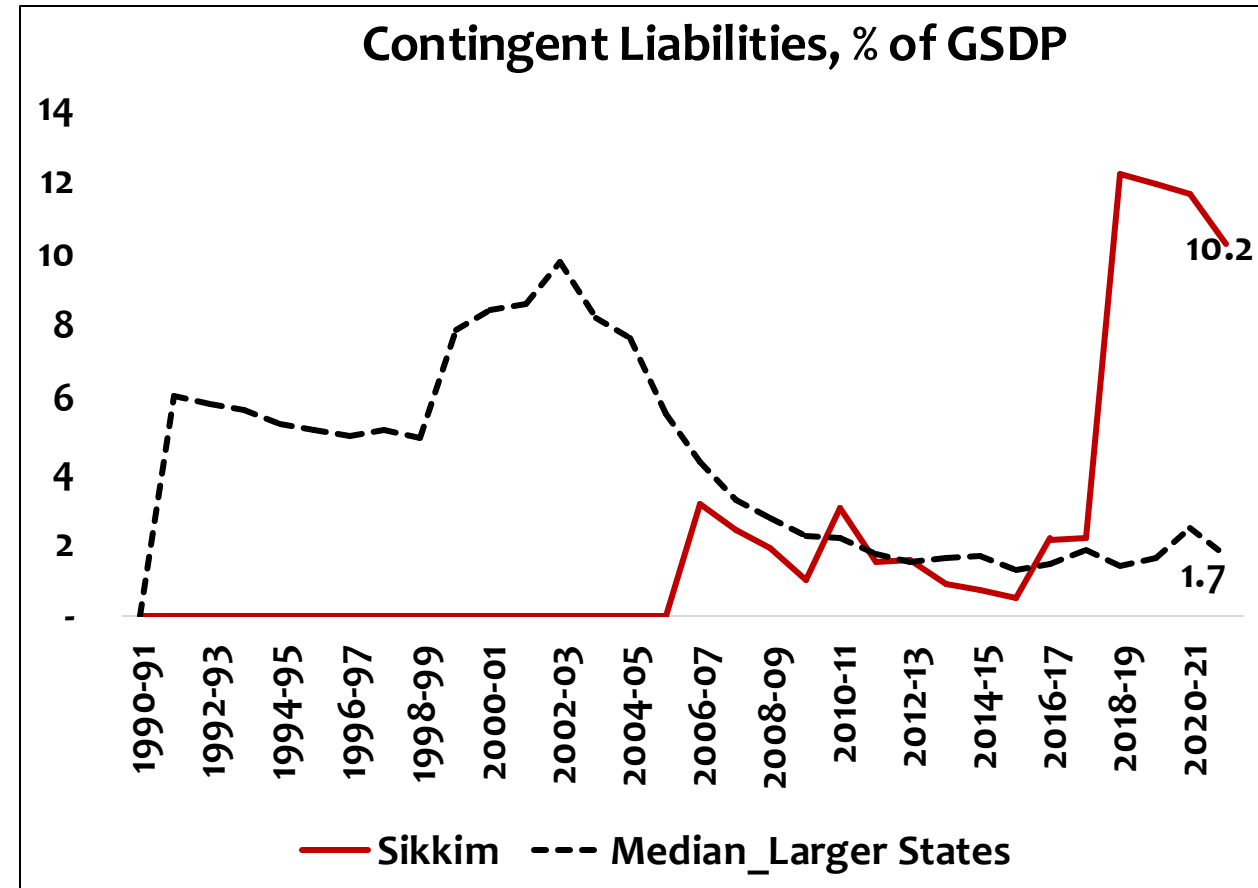
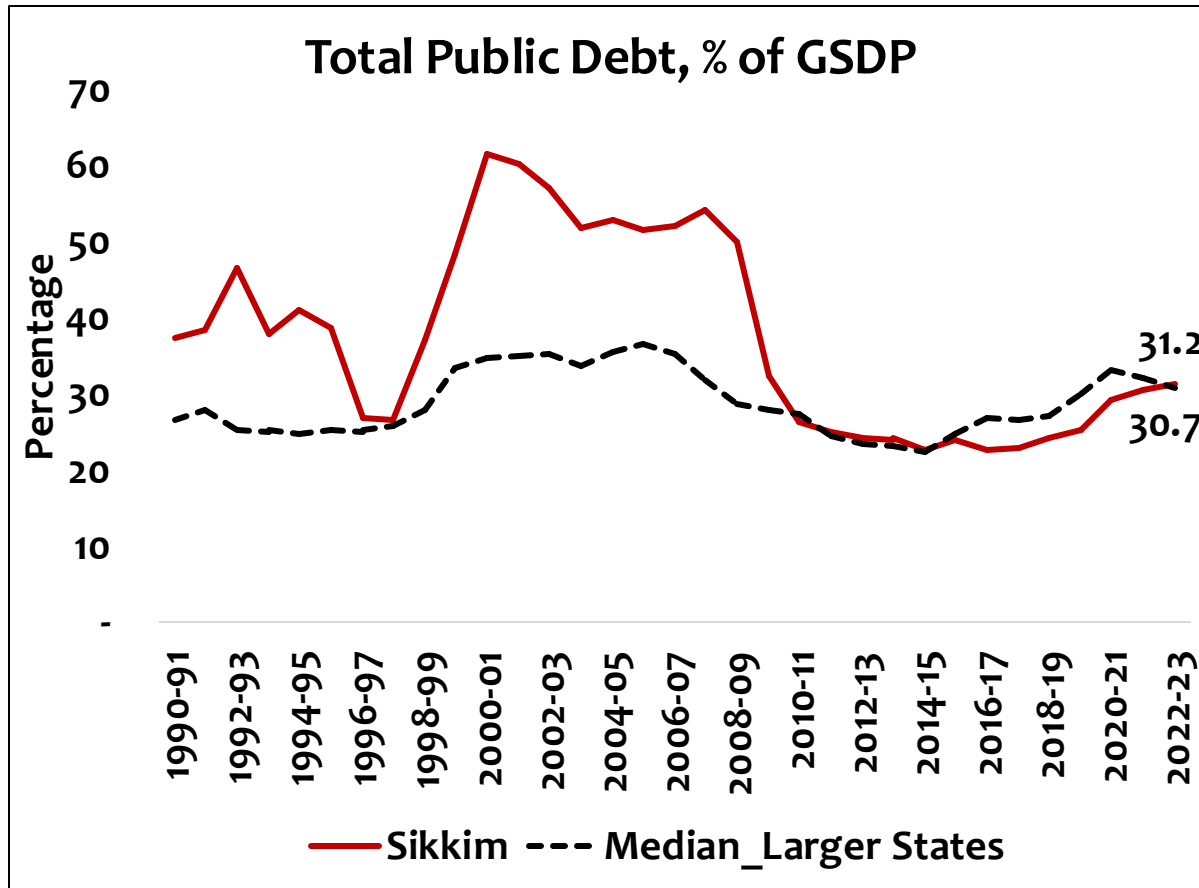
In 2022-23, Sikkim's CapEx at 6.4 percent of its GSDP, was about 3 percentage point higher than what a median state spent on CapEx



Source: i. CapEx is calculated as Capital Outlay plus Loans and Advances given by the state government and the data for both is taken from RBI (SFR, 2022-23); ii. State GSDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

Sikkim's Debt began to increase in 2018 and was 31.2 percent of its GSDP in 2022-23, 0.5 percentage points higher than a median state. As of 2021-22, Sikkim's Contingent Liabilities stood at 10.2 percent of its GSDP, about 8.5 percentage points higher than a median state



Source: i. Public Debt data has been taken from RBI SFR (2022-23) and State-wise contingent liabilities data was taken from CAG State Finance Audit Reports for Sikkim (multiple issues); ii. State GSDP data is from MoSPI, 2022-23.

Note: The variable as a percent of GSDP has been calculated for each state, and its median across 22 states has been shown (all Union Territories and North Eastern States, except Assam, are excluded).

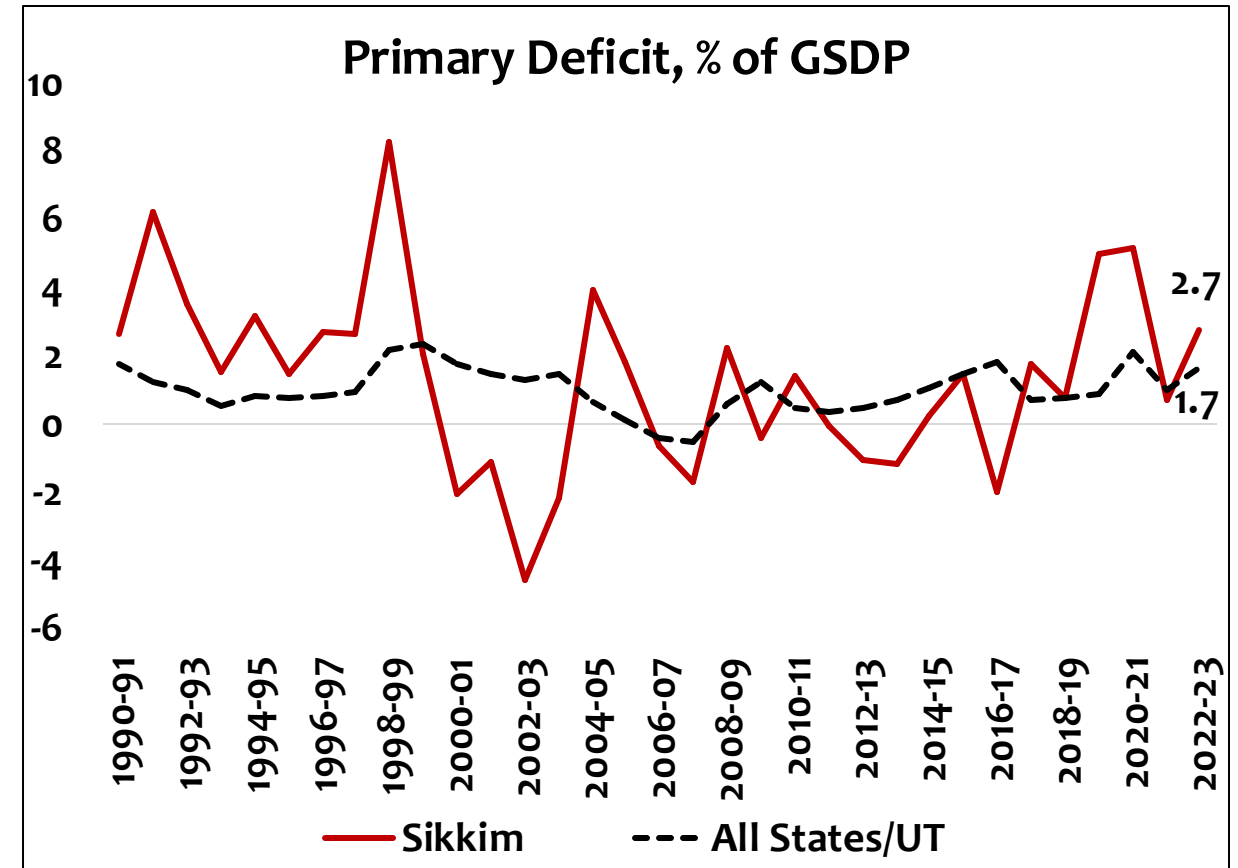
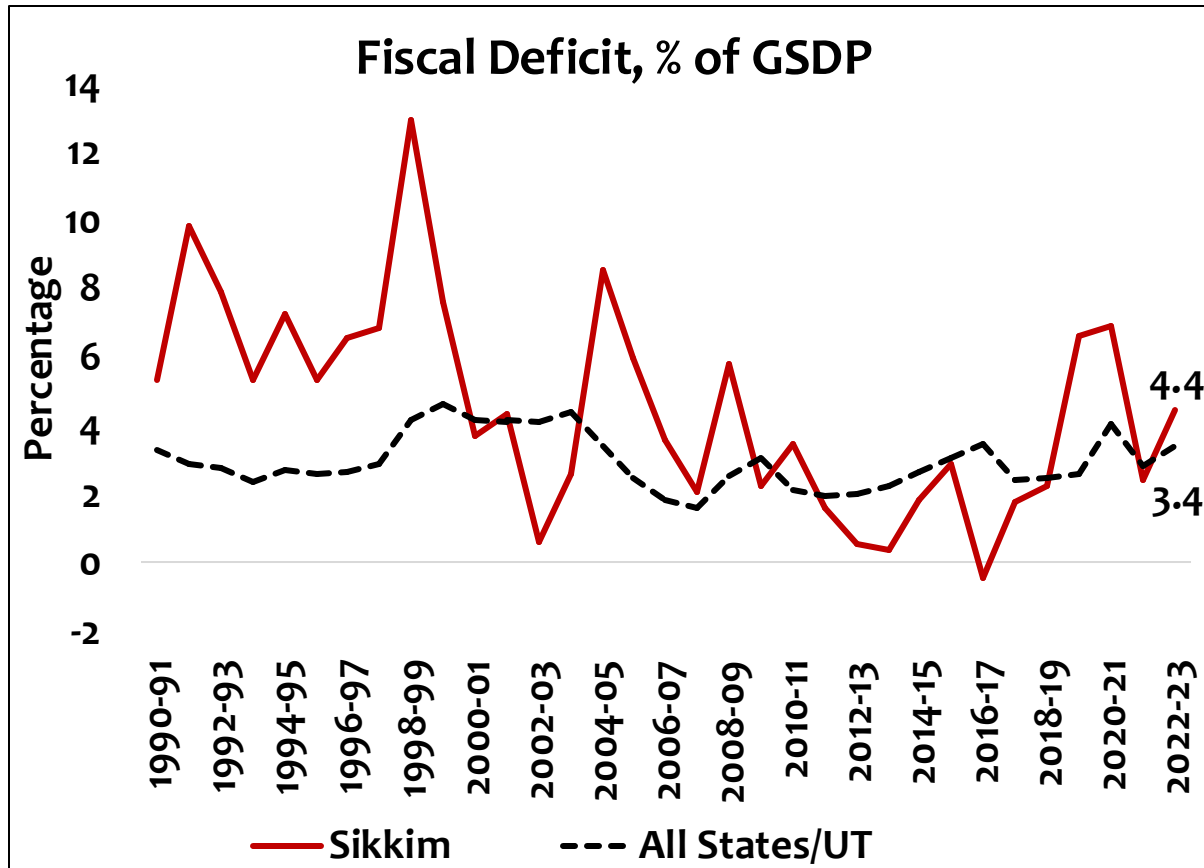
Fiscal Indicators

(II) Benchmarked with respect to *All States/UTs*

Note: In Section 5, the benchmark was defined as the median of all states. This variable was computed as a percentage of GSDP for each state, and the median was taken across 29 states (excluding all Union Territories).

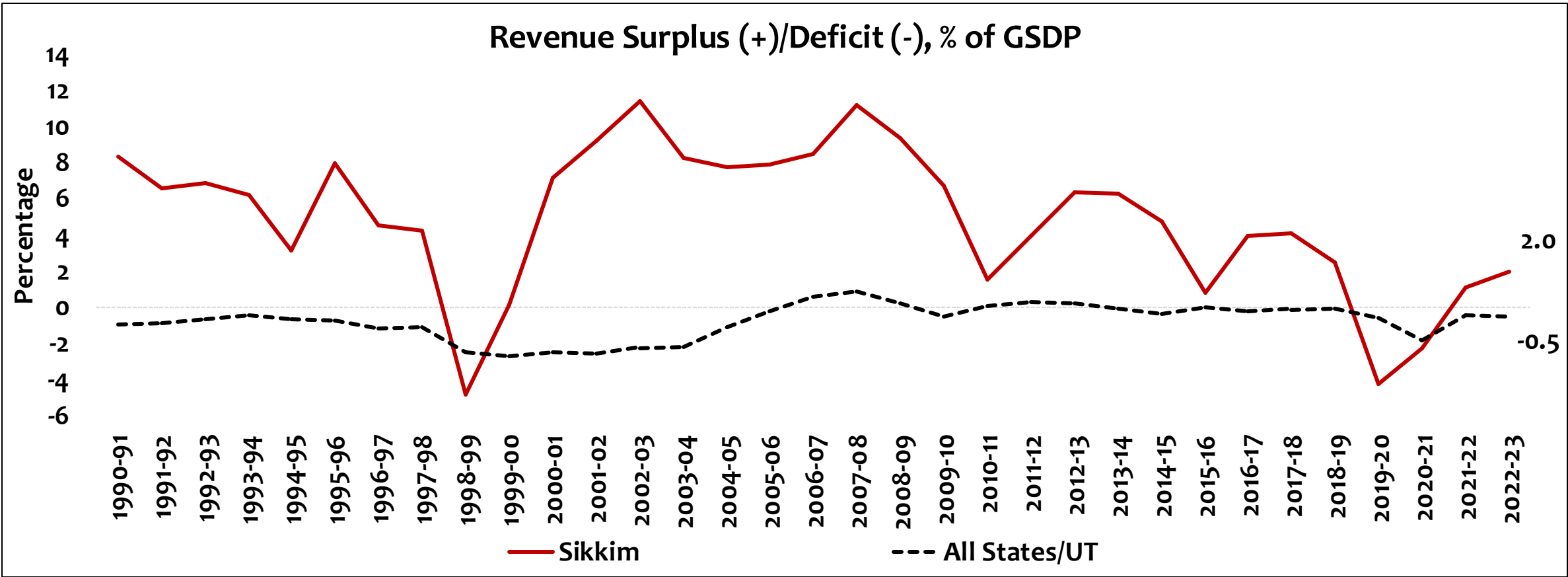
In contrast, the benchmark in this section refers to the All States/UTs number, taken as available from the source and expressed as a percentage of national Gross Domestic Product.

In 2022-23, Sikkim ran a Fiscal Deficit 4.4 percent of its GSDP and its Primary Deficit at 2.7 percent of its GSDP. Both the deficits were one percentage points higher than an average state



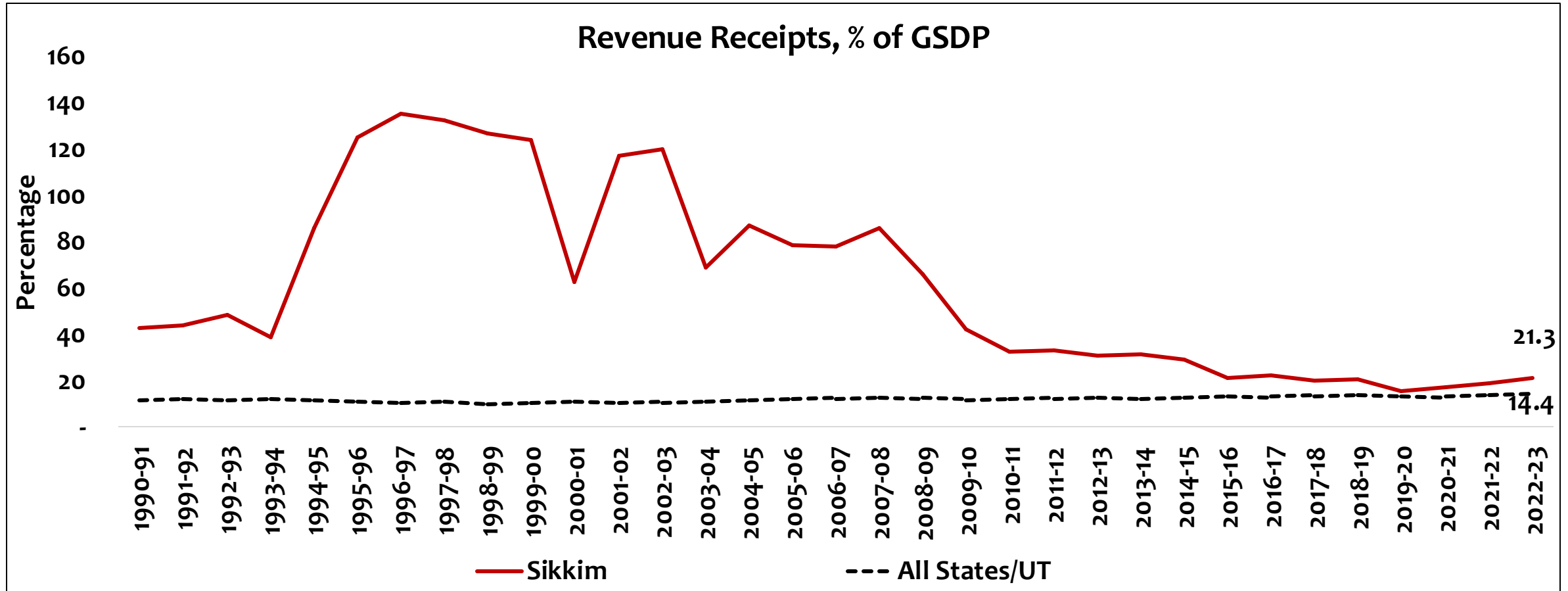
Source: i. Fiscal Deficit is from RBI SFR (2022-23); ii. Primary Deficit calculated (Fiscal Deficit – Interest Payments). Interest Payments was sourced from RBI SFR. Note: i. State GSDP and national GDP data is from MoSPI; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product; iii. The decline in fiscal and primary deficit in 2016-17 was a result of increase in revenue receipts on account of State’s Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim, 2016-17](#)).

Sikkim ran a Revenue Surplus of 2 percent of its GSDP in 2022-23, while an average state ran a Deficit 0.5 percent of its GSDP



Source: i. Revenue Deficit from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).
 Note: i. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product; ii. There was an increase in revenue receipts in 2016-17 on account of State's Share of Union taxes and duties in 2016-17 ([CAG report on State Finances of Sikkim, 2016-17](#)).

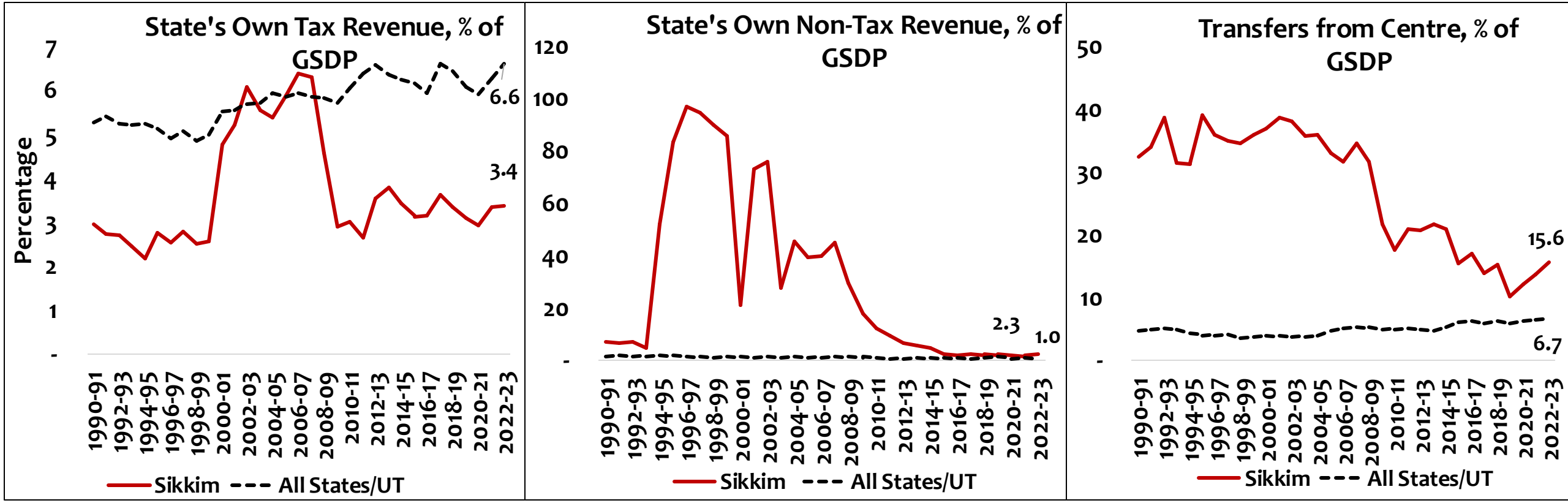
Sikkim's total Revenue Receipts (Own Tax, Own Non-Tax, and shared by the Centre) was about 7 percentage points higher than what an average state collected, at 21.3 of its GSDP in 2022-23



Source: i. Revenue Receipts from RBI State Finances Report SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

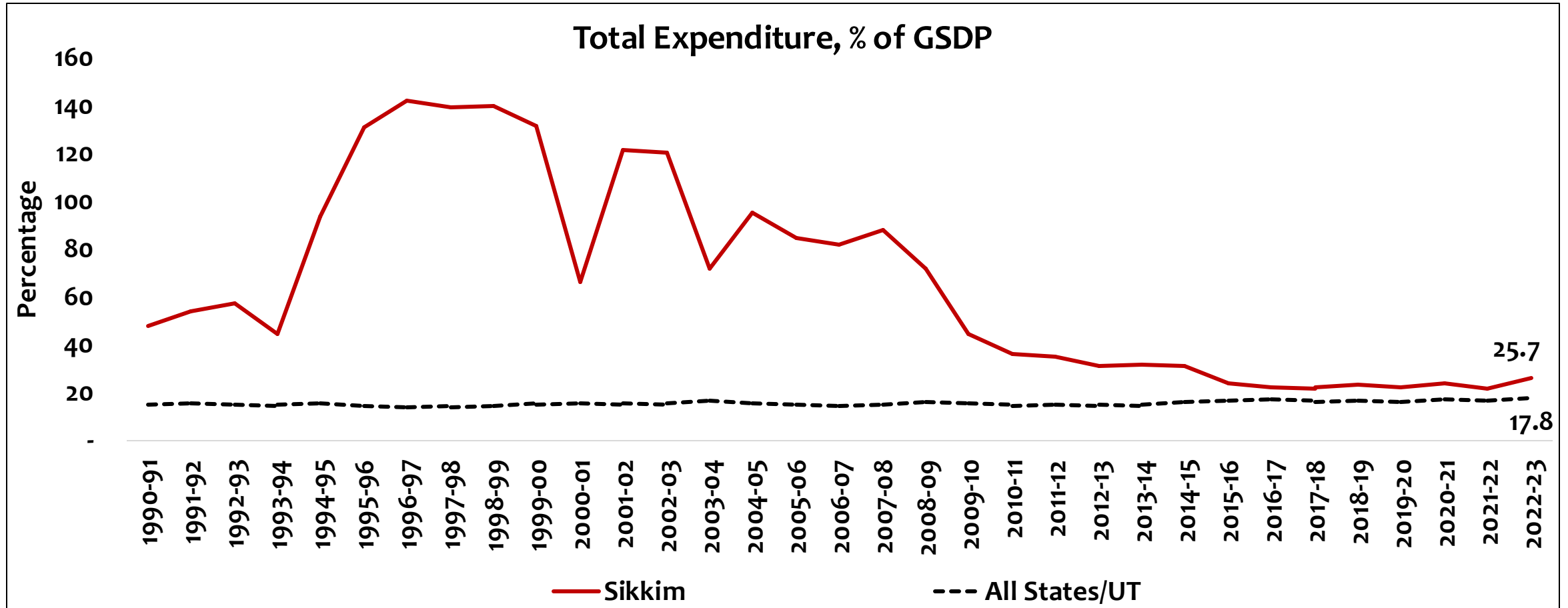
Note: All States/UT shows the total of all states, Delhi and Puducherry as a % of national gross domestic product

Sikkim's Own Tax Revenue, Own Non-Tax Revenue and Transfers from Centre were 3.4, 2.3, and 15.6 percent of its GSDP respectively. About 73 percent of the Total Revenue Receipts are raised by the state through Transfers from the Centre



Source: i. Own Tax and Non-Tax Revenue, and Transfers from Centre from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23). Note: i. Centre include both tax- and non-tax revenue transfers; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product; iii. Transfers from the Centre include both Tax and Non-Tax transfers.

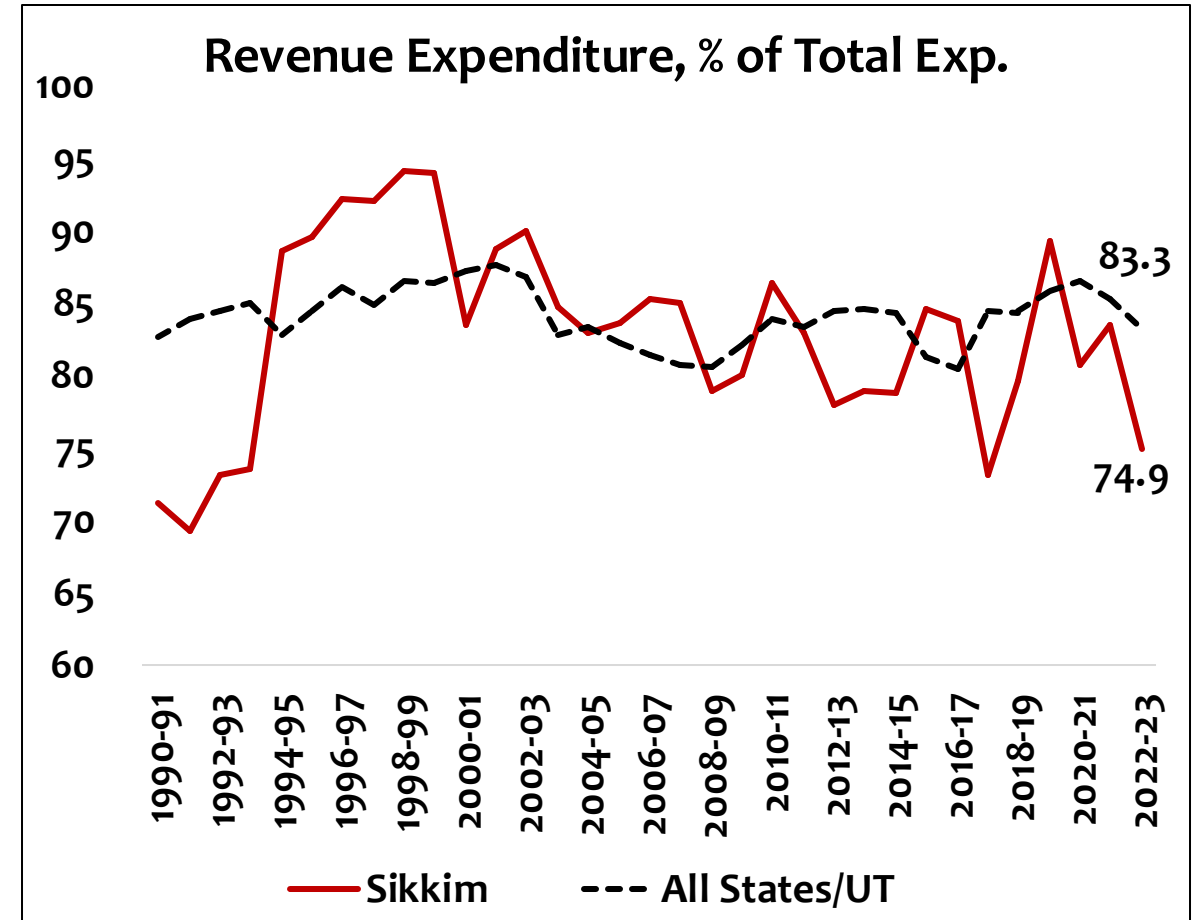
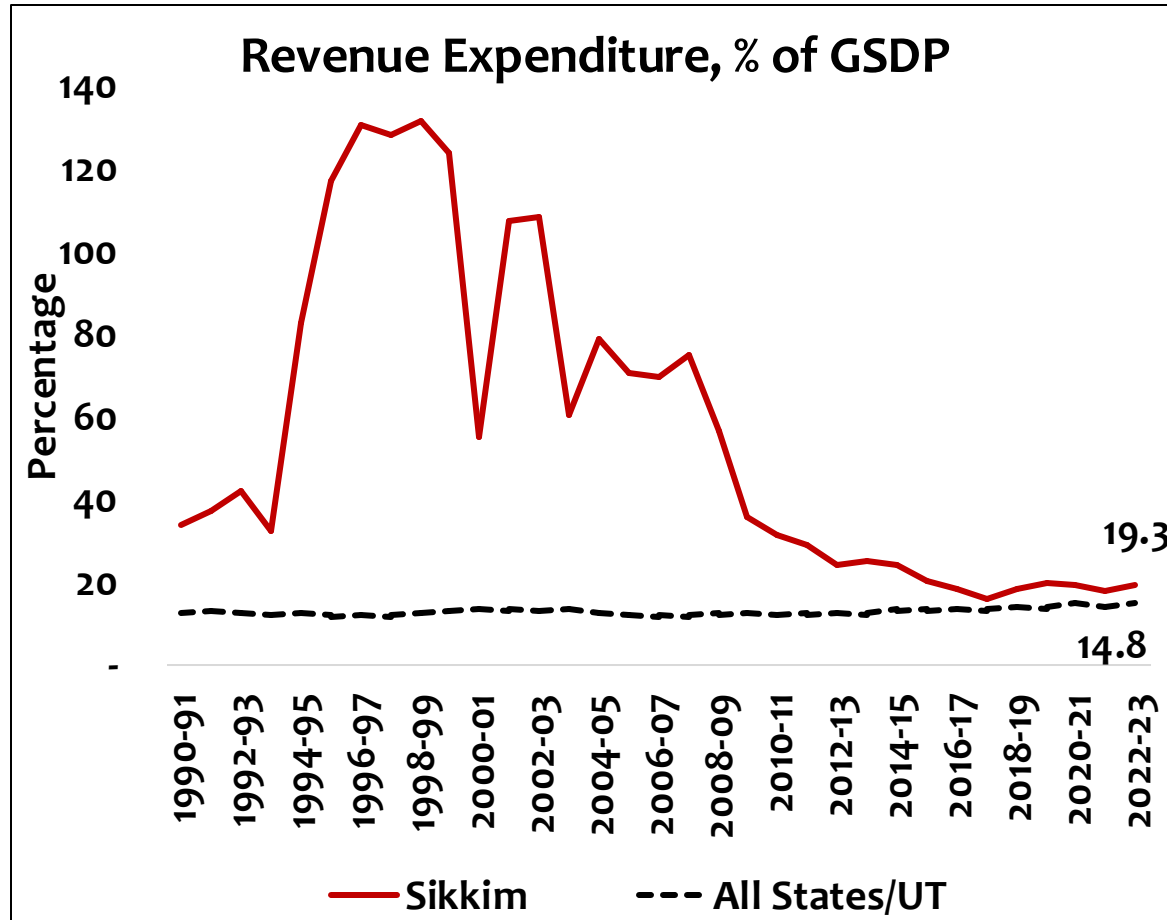
In 2022-23, Sikkim's Expenditure was 25.7 percent of its GSDP, about 8 percentage points higher than an average state



Source: i. Total Expenditure is from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as Revenue Expenditure (RevEx) plus Capital Expenditure (CapEx); ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

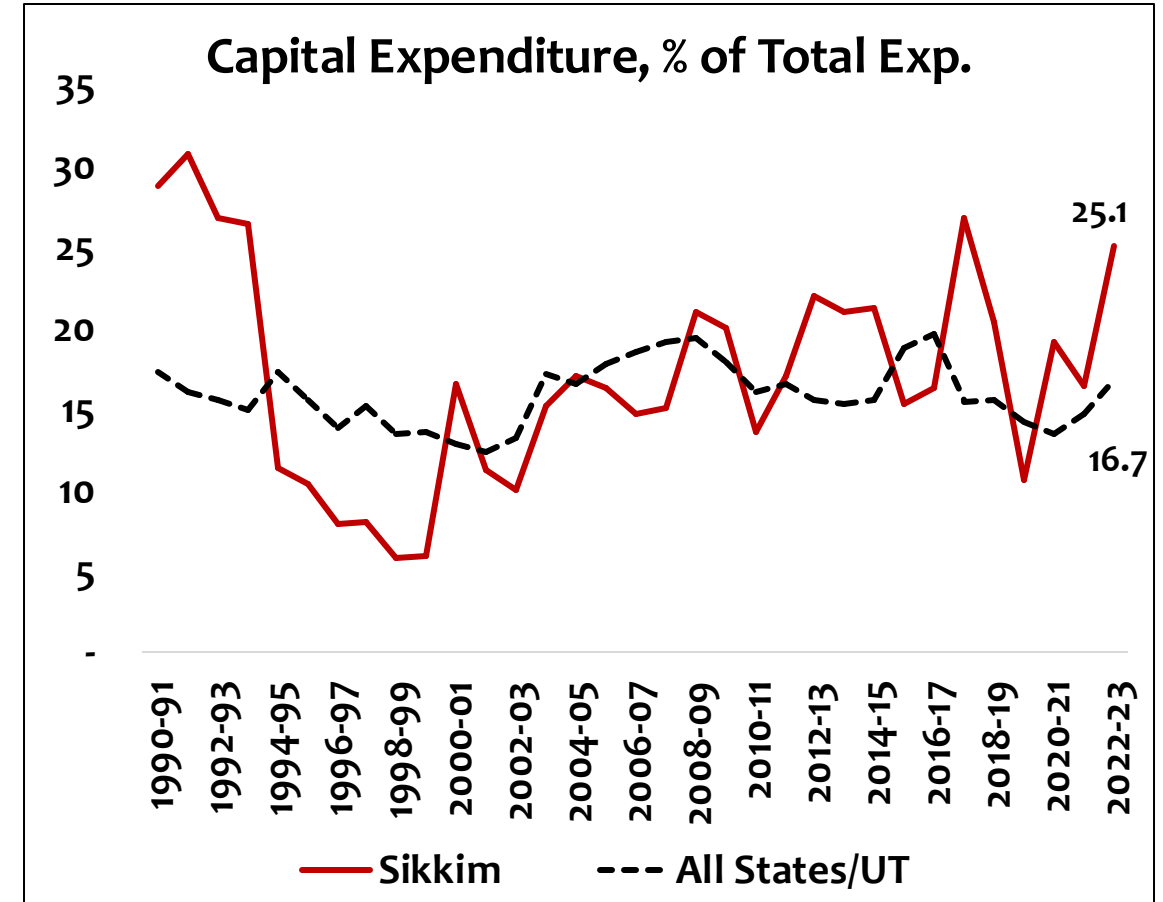
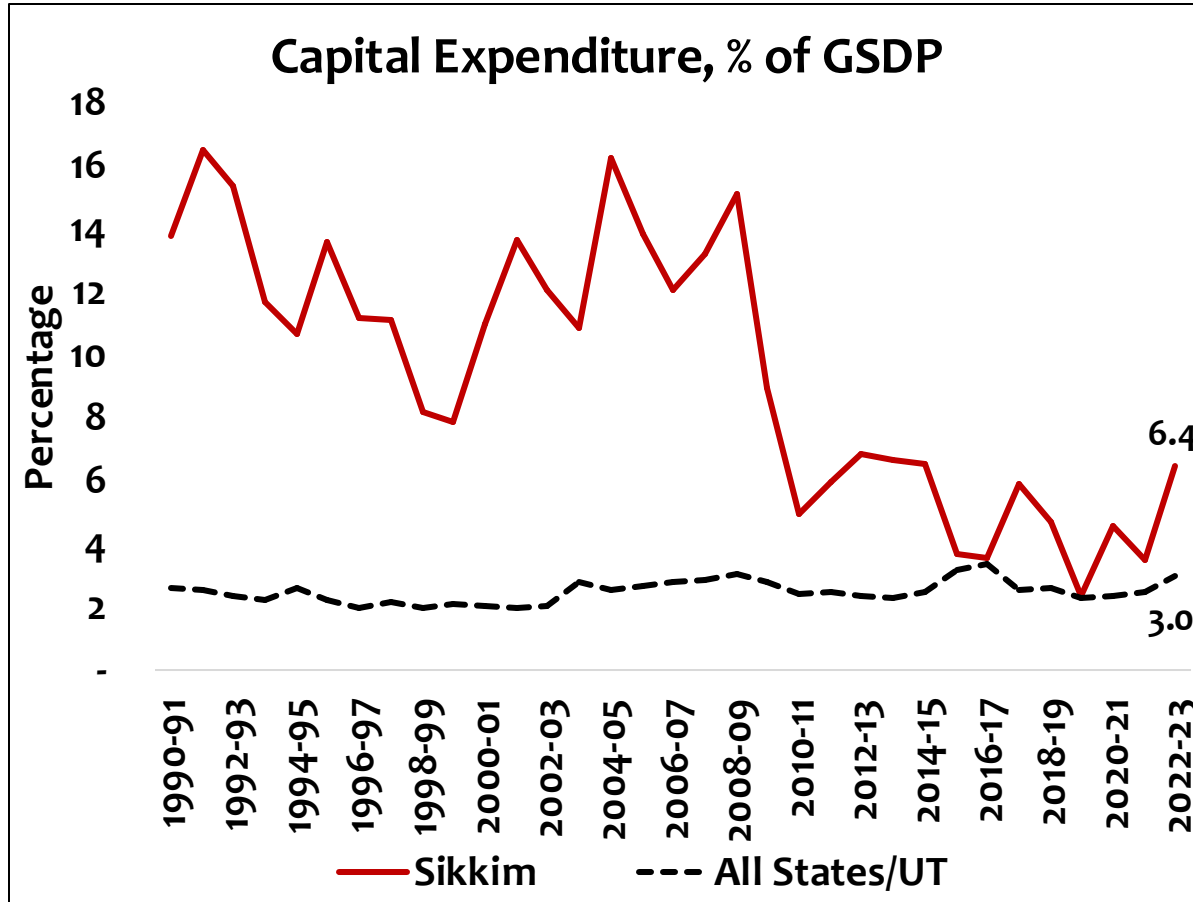
Sikkim's RevEx is 19.3 percent of its GSDP, 4.5 percentage points higher than other states' average, while its RevEx as a percent of the Total Expenditure is about 8.4 percentage points lower than an average state



Source: i. RevEx is from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product); iii. Increase in revenue expenditure after 2017-18 was on account of increase in expenditure under social and general services ([CAG report on State Finances of Sikkim, 2018-19](#)).

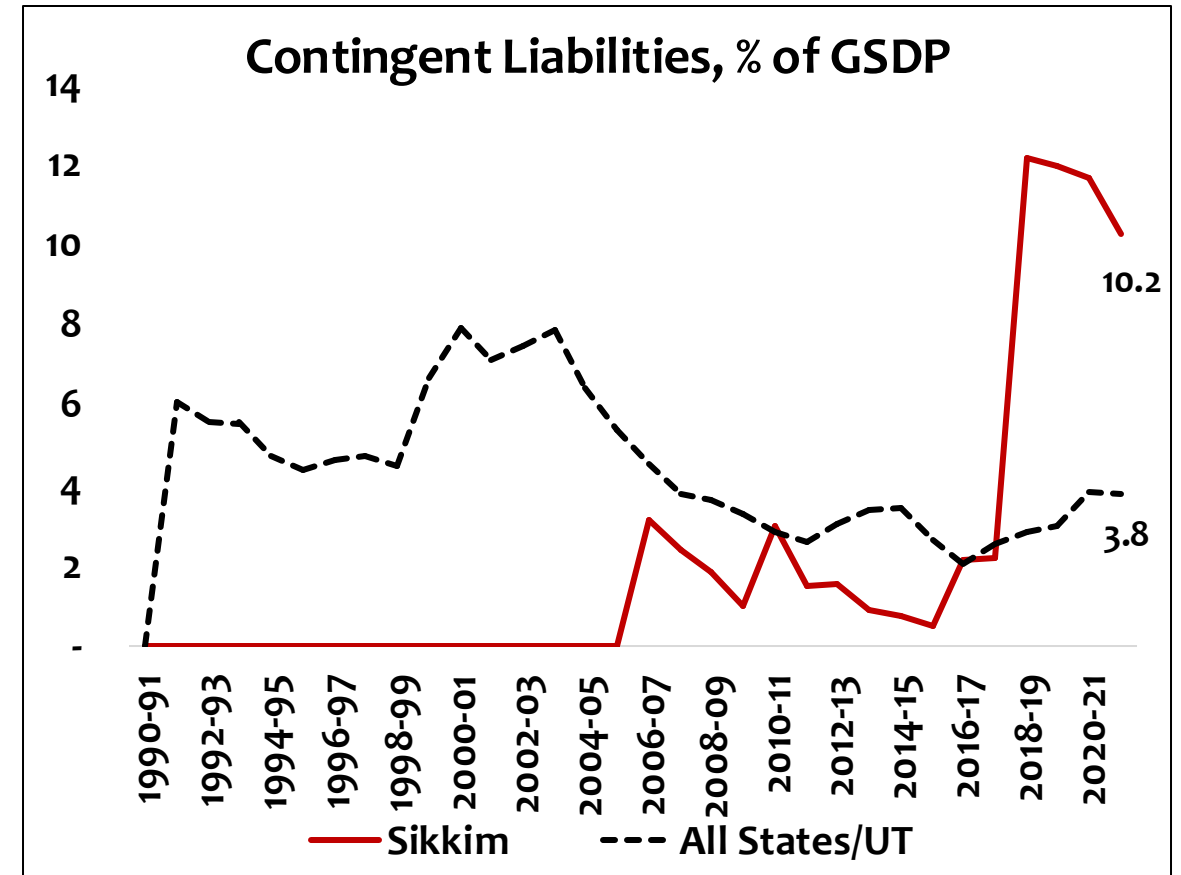
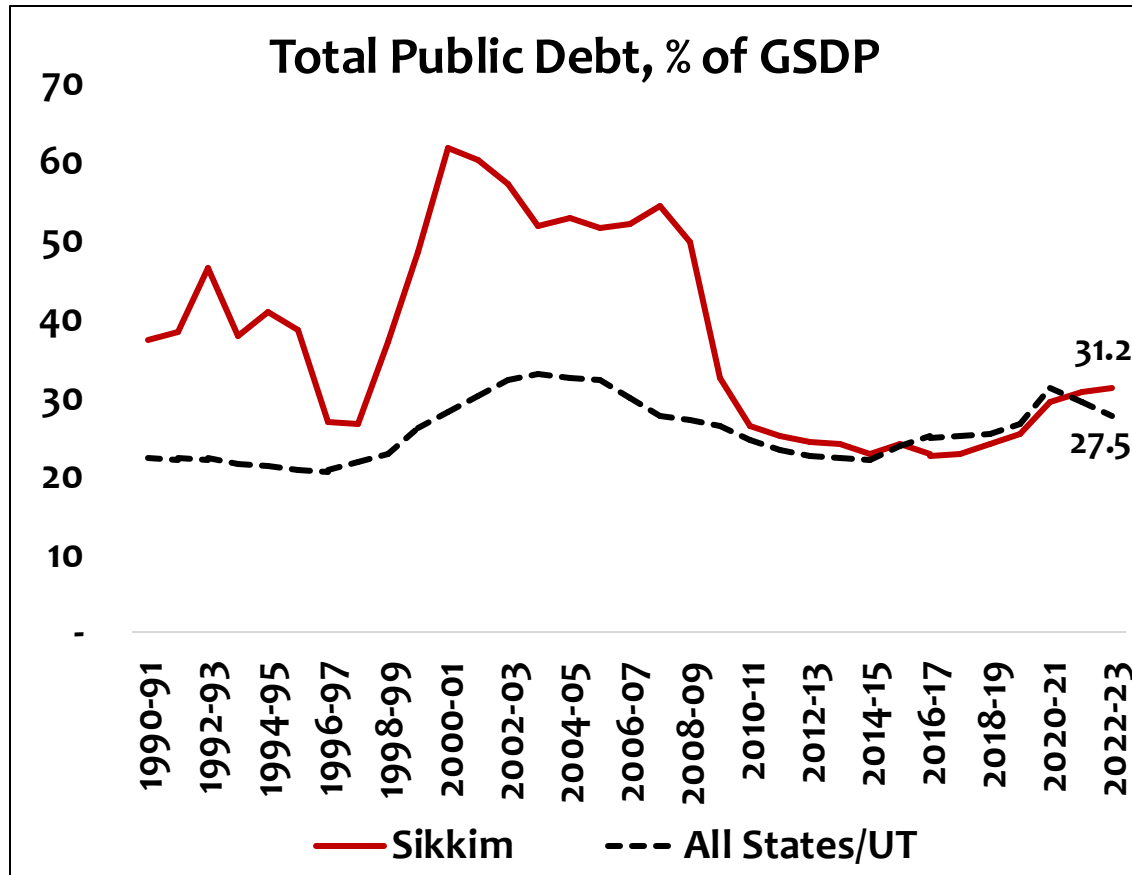
Sikkim's CapEx is 6.4 percent of its GSDP, about 3.4 percentage points higher than what an average state spends on CapEx (as percent of the GSDP), while as a percentage of total expenditure its CapEx about 8.4 percentage points higher than what an average state spends on CapEx



Source: i. CapEx is calculated as Capital Outlay plus Loans and Advances given by the state government and the data for both is taken from RBISFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: i. Total Expenditure is calculated as RevEx plus CapEx; ii. All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

Sikkim's Public Debt was 31.2 percent of its GSDP, about 3.7 percentage points higher than the average of all states. Its Contingent Liabilities was 10.2 percent of its GSDP, 8.7 percentage point higher than an average state's Contingent Liabilities



Source: i. Public Debt and State-wise contingent liabilities data has been taken from RBI SFR (2022-23); ii. State GSDP and national GDP data is from MoSPI (2022-23).

Note: All States/UTs shows the total of all states, Delhi and Puducherry as a % of national gross domestic product.

9. Annexure

Glossary of Select Terms

Variable	Section	Definition
Dependency Ratio	Demography and Employment	The dependency ratio is the number of dependents—comprising children aged 0-14 years and older adults aged 60 years and above—per 100 individuals in the working-age population (15-59 years).
Sex Ratio	Demography and Employment	The Child Sex Ratio from Census is the number of females per 1,000 males in the age group of 0-6 years. The NFHS Sex Ratio at Birth is the number of female births per 1,000 male births for children born in the last five years preceding the survey.
Unemployment Rate	Demography and Employment	The unemployment rate measures the proportion of unemployed individuals within the labour force, aged 15 years and above, based on the Usual Status (PS+SS) approach. This method integrates data from both the Principal Status (PS) and Subsidiary Status (SS) across rural and urban areas.
Female Labour Force Participation Rate	Demography and Employment	The Female Labour Force Participation Rate (LFPR) refers to the percentage of females aged 15 years and above who are part of the labour force, either working or actively seeking/available for work, relative to the total female population in the same age group. It is measured using the Usual Status (PS+SS) approach, which combines data from the Principal Status (PS) and Subsidiary Status (SS) to account for both rural and urban areas.
Urbanization Rate	Demography and Employment	The urbanization rate is the annual percentage change in the proportion of the population that lives in urban areas.
SDG Index	Demography and Employment	The SDG Index calculates goal-specific scores for the 16 Sustainable Development Goals (SDGs) across 113 indicators set by MoSPI to combine into composite scores, ranging from 0 to 100 representing the overall performance of a state. The higher the score, the closer the State is to meeting the SDG targets.

Glossary of Select Terms

Variable	Section	Definition
MPI	Demography and Employment	The National Multidimensional Poverty Index (MPI) is calculated by multiplying the Headcount Ratio (proportion of multidimensionally poor people) and the Intensity of Poverty (the average percentage of deprivations experienced by poor individuals) across 12 indicators of health, education and living standards.
Inflation Rate	Economic Structure	The Inflation Rate is calculated as the annual growth rate of the Consumer Price Index (CPI), which has been calculated by averaging the monthly CPI values for each financial year.
GSDP	Economic Structure	Gross State Domestic Product (GSDP), at current market prices with 2011-12 as the base year, represents the total value of goods and services produced within a State. This series has been spliced with earlier GSDP series to generate the long time series.
GSVA	Economic Structure	Gross State Value Added (GSVA) is the sum of the value added by all sectors—agriculture, industry, and services—at current market prices with 2011-12 as the base year. This series has been spliced with earlier GSDP series to generate the long time series.
Decadal Average of Growth Rates	Economic Structure	The decadal average of growth rates is calculated using real variables to determine the shares of sectors. It represents the simple average of the annual growth rates over a ten-year period, from 2013-14 to 2022-23.
Foreign Direct Investment (FDI)	Trade	Investment through capital instruments by a resident outside India in an unlisted Indian company; or in 10 percent or more of the post-issue paid-up equity capital of a listed Indian company. Additionally, in case an existing investment by a resident outside India in capital instruments of a listed Indian company falls to a level below 10 percent, the investment shall continue to be treated as FDI.
Exports	Trade	Exports refer to transactions where goods are supplied with/without leaving the country, and payment for these supplies is received either in Indian rupees or in freely convertible foreign exchange.

Glossary of Select Terms

Variable	Section	Definition
Pupil-Teacher Ratio	Socio-Economic Indicators (Education)	The Pupil-Teacher Ratio is the average number of students (pupils) per teacher in a school or educational institution.
Infant Mortality Rate	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the first birthday, expressed per 1,000 live births.
Under-Five Mortality Rate	Socio-Economic Indicators (Health)	The probability of a child dying between birth and the fifth birthday, expressed per 1,000 live births.
Total Fertility Rate	Socio-Economic Indicators (Health)	The average number of children a woman is expected to have by the end of her childbearing years, assuming she experiences the current age-specific fertility rates throughout her reproductive life. Age-specific fertility rates are calculated based on the three years preceding the survey, using detailed birth histories provided by women.
Children Fully Immunized	Socio-Economic Indicators (Health)	Includes children aged 12-23 months who have received one dose of Bacillus Calmette Guerin (BCG) vaccine for tuberculosis, three doses of DPT vaccine for diphtheria, pertussis and tetanus, three doses for polio vaccine and one dose of measles vaccine at any time before the survey.
Underweight Children	Socio-Economic Indicators (Health)	Children under five years whose weight-for-age score is below minus two standard deviations from the median of the reference population are classified as underweight.
Stunting among Children	Socio-Economic Indicators (Health)	Children under age five years whose height-for-age score is below minus two standard deviations from the median of the reference population are considered short for their age (stunted).

Glossary of Select Terms

Variable	Section	Definition
Anaemia among Children, Anaemia among Women	Socio-Economic Indicators (Health)	Children under five years and Women aged 15-49 years with haemoglobin levels below 11 grams/decilitre are considered anaemic.
Fiscal Deficit	Fiscal Indicators	Fiscal Deficit is calculated as the difference between the total expenditure and the total revenue (excluding borrowings).
Primary Deficit	Fiscal Indicators	Primary Deficit is calculated as the difference between fiscal deficit and interest payments.
Revenue Surplus (+)/Deficit (-)	Fiscal Indicators	Revenue Surplus/Deficit is a measure of the difference between the revenue receipts and revenue expenditure.
Total Revenue Receipts	Fiscal Indicators	Total Revenue Receipts is calculated as the sum of own tax revenue, own non-tax revenue and transfers from the centre.
Own Tax Revenue	Fiscal Indicators	Own Tax Revenue is the revenue collected by the government through taxes.
Own Non Tax Revenue	Fiscal Indicators	Own Non-Tax Revenue is the revenue collected by the government from non-tax sources like various services, fees, and penalties.
Revenue Expenditure	Fiscal Indicators	Revenue Expenditure refers to government spending that is incurred for the regular functioning of its departments and services, meeting its operational needs, and fulfilling its recurring liabilities.

Glossary of Select Terms

Variable	Section	Definition
Transfers from the Centre	Fiscal Indicators	Transfers from the Centre refer to central taxes and grants devolved to States as untied funds for States to spend according to their discretion, under the recommendations of the Finance Commission.
Capital Expenditure	Fiscal Indicators	Capital Expenditure refers to government spending on creating physical and financial assets or reducing its liabilities.
Total Public Debt	Fiscal Indicators	Public debt include borrowings and other financial commitments arising from past fiscal operations that are yet to be repaid at a given point in time.
Contingent Liabilities	Fiscal Indicators	Contingent Liabilities are the commitments made by State governments to repay loans or other liabilities incurred by entities such as public sector undertakings (PSUs), corporations, local bodies, or other organizations if they fail to meet their debt obligations.
Off-Budget Borrowings	Fiscal Indicators	Off-Budget Borrowings involve the government taking on debt through entities, public sector undertakings (PSUs), or other off-budget mechanisms, rather than directly from the government's own borrowing channels that are not included in the official government budget.
Health Expenditure	Fiscal Indicators	Health Expenditure is calculated as the sum of Medical, Public Health, and Family Welfare expenditure.
Subsidies	Fiscal Indicators	Subsidies are financial assistance provided by the government to individuals, businesses, or sectors to support the production, consumption, or pricing of specific goods and services.
Buoyancy of Revenue Expenditure with GSDP	Fiscal Indicators	The Buoyancy of Revenue Expenditure is calculated as the ratio between the year-on-year growth rate of Revenue Expenditure and that of GSDP.
Committed Expenditure	Fiscal Indicators	Committed Expenditure is calculated as the sum of Wages, Salaries, and Pensions.

List of Acronyms

- **AISHE** All India Survey on Higher Education
- **AT&C** Aggregate Technical & Commercial
- **BSR** Basic Statistical Returns
- **CAG** Comptroller and Auditor General
- **CapEx** Capital Expenditure
- **CHIPS** Connect, Harness, Innovate, Protect and Sustain
- **DGFT** Directorate General of Foreign Trade
- **DISCOMS** Distribution Utilities/Companies
- **EPWRF** Economic and Political Weekly Research Foundation
- **FC** Finance Commission
- **FLPR** Female Labour Participation Rate
- **FRA** Fiscal Responsibility Act
- **GPI** Gender Parity Index
- **GSDP** Gross State Domestic Product
- **GDP** Gross Domestic Product
- **GSVA** Gross State Value Added
- **GVA** Gross Value Added
- **MoSPI** Ministry of Statistical Programme and Implementation

List of Acronyms

- **MPI** Multidimensional Poverty Index
- **MTFP** Medium Term Fiscal Policy
- **NFHS** National Family Health Survey
- **PFC** Power Finance Corporation
- **PLFS** Periodic Labour Force Survey
- **RBI** Reserve Bank of India
- **RevEx** Revenue Expenditure
- **SDG** Sustainable Development Goal
- **SFR** State Finances Report
- **SPSE** State Public Sector Enterprises
- **SRS** Sample Registration System
- **SC** Scheduled Caste
- **SPDCL** Sikkim Power Development Corporation Limited
- **ST** Scheduled Tribe
- **UDAY** Ujwal DISCOM Assurance Yojana
- **U-DISE** Unified District Information System for Education

Selected Research Topics

State Reports

Data Repository

NCAER-NITI AAYOG State Fiscal And Economic Dashboard

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