

Chapter-I

Finances of the State Government

Profile of Assam

Assam is a Special Category State and is situated in the North-East region of India bordering seven States viz., Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya and West Bengal and two countries viz., Bangladesh and Bhutan. With a geographical area of 78,438 sq. kms i.e., about 2.4 per cent of country's total geographical area, Assam is home to 2.58 per cent population of the Country. As indicated in **Appendix 1.1 (Part-D)**, the State's population increased from 2,66,55,528 in 2001 to 3,11,69,272 in 2011 recording a decadal growth of 16.93 per cent. The percentage of population below the poverty line at 40.9 per cent was higher than the all-India average of 30 per cent. State's Gross Domestic Product (GSDP) at current prices increased from ₹ 1,98,098 crore in 2014-15 to ₹ 2,24,234 crore in 2015-16 (Base year – 2011-12) recording a growth of 13.19 per cent. The State's literacy rate increased from 63 per cent (as per 2001 census) to 72.19 per cent (as per 2011 census) which is equivalent to All India Average of 72.99 per cent. State's per capita income at current prices also increased from ₹ 54,618 in 2014-15 to ₹ 69,442 in 2015-16. General and financial data relating to the State are given in **Appendix 1.1 (Part-D)**, **Appendix 1.3** and **Appendix 1.4**.

Gross State Domestic Product (GSDP)

GSDP is the market value of all officially recognised final goods and services produced within the State in a given period of time. The growth of GSDP of the State is an important indicator of the State's economy as it indicates the standard of living of the State's population. The trends in the annual growth of India's Gross Domestic Product (GDP) and Assam's GSDP at current prices are indicated in **Table 1.1** below.

Table 1.1: Trends in growth of GDP and GSDP

(₹ in crore)					
Year	2011-12	2012-13	2013-14	2014-15	2015-16
India's GDP Base Year (2011-12)	87,36,039	99,51,344	1,12,72,764	1,24,88,205	1,35,76,086
Growth rate of GDP over previous year (In per cent)	--@	13.91	13.28	10.78	8.71
State's GSDP Base Year (2011-12)	1,43,175	1,56,864	1,77,745	1,98,098	2,24,234
Growth rate of GSDP over previous year (In per cent)	--@	9.56	13.31	11.45	13.19

Source of data: Department of Economics and Statistics and Central Statistics Office (CSO);

@ Growth rate of GDP and GSDP not indicated, since comparison with the year 2010-11 could not be made as the base year has been revised to 2011-12.

1.1 Introduction

This chapter is based on the audit of Finance Accounts and makes an assessment of the fiscal position of the Government of Assam as on 31 March 2016.

It provides a broad perspective of the finances of the Government of Assam for the year 2015-16 and analyses critical changes observed in the major fiscal aggregates in relation to the previous year, keeping in view the overall trends during the last five years. The structure and form of Government accounts have been explained in *Appendix 1.1 (Part-A)* and the layout of the Finance Accounts is depicted in *Appendix 1.1 (Part-B)*. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are also shown in *Appendix 1.1 (Part-C)*.

1.1.1 Summary of Current Year's Fiscal Transactions

Table 1.2 presents the summary of the State Government's fiscal transactions during the current year (2015-16) *vis-à-vis* the previous year while *Appendix 1.2* provides details of receipts and disbursements as well as overall fiscal position during the current year *vis-à-vis* the previous year.

Table 1.2: Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts			Disbursements				
2014-15	--	2015-16	2014-15	--	2015-16		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
Section-A: Revenue							
38,181.49	Revenue Receipts	42,457.70	39,078.17	Revenue Expenditure	27,575.95	9,435.56	37,011.41
9,449.81	Tax Revenue	10,106.50	12,921.60	General Services	12,584.62	71.41	12,656.03
2,412.89	Non-Tax Revenue	2,741.57	18,087.74	Social Services	10,937.48	6,802.88	17,740.36
12,283.71	Share of Union Taxes/Duties	16,784.88	7,075.33	Economic Services	3,678.59	2,561.27	6,239.86
14,035.08	Grants from Government of India	12,824.75	993.50	Grants-in-Aid/ Contributions	375.16	-	375.16
Section-B: Capital							
-	Miscellaneous Capital Receipts		3,912.27	Capital Outlay	(-) 13.14	2,704.05	2,690.91
10.13	Recoveries of Loans and Advances	510.09	630.71	Loans and Advances disbursed	-	-	260.09
4,582.26	Public Debt Receipts	5,497.99	16,27.03	Repayment of Public Debt	-	-	1,968.90
-	Contingency Fund	-	-	Contingency Fund	-	-	-
17,789.87	Public Account Receipts	15,702.12	16,376.43	Public Account disbursement	-	-	15,647.26
-	Closing overdraft from Reserve Bank of India	-	-	Opening overdraft from Reserve Bank of India	-	-	-
4,527.99	Opening Balance	3,467.13	3,467.13	Closing Balance	-	-	10,056.46
65,091.74	Total	67,635.03	65,091.74	Total	-	-	67,635.03

Following are the significant changes during 2015-16 over the previous year:

- Revenue Receipts grew by ₹ 4,276 crore (11 *per cent*) over the previous year. The increase was contributed by Tax Revenue ₹ 656 crore (15 *per cent*), Non-Tax Revenue by ₹ 328 crore (eight *per cent*) and State's share Union Taxes and Duties by ₹ 4,502 crore (105 *per cent*). The increase was however, offset by decrease in Grants-in-Aid from Government of India (GOI) by ₹ 1,210 crore (28 *per cent*). The Revenue Receipts at ₹ 42,457 crore was more by ₹ 2,596 crore than the assessment made in Medium Term Fiscal Plan (MTFP)¹ (₹ 39,861 crore).
- The increase of ₹ 656 crore in Tax Revenue in 2015-16 as compared to previous year was mainly on account of increase of taxes on Sales, Trade etc. as well as State Excise by ₹ 143 crore each, Land Revenue by ₹ 87 crore and taxes on vehicles by ₹ 78 crore. The Tax Revenue as a percentage of GSDP (4.51 *per cent*) was significantly lower than the assessment of XIV FC (7.20 *per cent*). It was also lower than the projections made by the State Government in its MTFP (5.63 *per cent*).
- The significant increase in receipt of State's share in Union Taxes and Duties by ₹ 4,502 crore (36.65 *per cent*) was mainly due to more assignment of net proceeds under Corporation Tax (₹ 983 crore), Taxes on Income other than Corporation Tax (₹ 590 crore), Customs (₹ 702 crore), Union Excise Duties (₹ 1,128 crore) and Service Tax (₹ 1,093 crore). However, the decrease in receipt of Grants-in-Aid from GOI by ₹ 1,210 crore (nine *per cent*) was mainly due to less allocation of funds for State plan schemes.
- Revenue Expenditure decreased by ₹ 2,067 crore over the previous year. Of this decrease, Non-Plan Revenue Expenditure (NPRE) decreased by ₹ 2,111 crore, which was however, offset by increase under Plan Head by ₹ 44 crore. The major sectors that registered significant decrease include Secretariat – General Services (₹ 302 crore), Public Works (₹ 262 crore), Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹ 352 crore), Relief on Account of Natural Calamities (₹ 330 crore), Secretariat – Economic Services (₹ 141 crore) and Compensation & Assignment to Local Bodies & Panchayati Raj Institutions (₹ 618 crore).

¹ MTFP: As required under Section 3 of the Act, the State Government laid before the State Legislative Assembly a five year rolling Fiscal Plan along with Annual Financial Statement showing therein the relevant fiscal indicators and future prospects for growth.

- Recoveries of Loans and Advances increased marginally by ₹ 500 crore (5,000 *per cent*) whereas disbursement of Loans and Advances decreased by ₹ 371 crore (59 *per cent*).
- Public Debt Receipts and Repayments increased by ₹ 916 crore (20 *per cent*) and ₹ 342 crore (21 *per cent*) respectively over the previous year.
- During 2015-16, both Public Account Receipts and Disbursement decreased by ₹ 2,088 crore (12 *per cent*) and ₹ 729 crore (four *per cent*) over the previous year.
- Total inflow during 2015-16 was ₹ 64,167 crore against ₹ 60,563 crore in 2014-15 registering an increase of six *per cent* while total outflow during 2015-16 was ₹ 57,578 crore as against ₹ 61,624 crore in 2014-15 registering a decrease of seven *per cent* (**Appendix 1.3**).

1.1.2 Review of the fiscal situation

To support the State Government towards urgent fiscal correction, Thirteenth Finance Commission (XIII FC) had worked out a fiscal consolidation roadmap for Assam requiring the State to eliminate Revenue Deficit and achieve Fiscal Deficit of three *per cent* of GSDP in each year of the award period.

Accordingly, Assam Fiscal Responsibility and Budget Management (AFRBM) Amendment Act, 2011 was enacted by the State which came into force with effect from 1st April 2010 retrospectively. As per the Act, the State Government was to eliminate Revenue Deficit by 2011-12 and maintain revenue balance or attain surplus thereafter and reduce Fiscal Deficit to three *per cent* of the estimated GSDP by 2010-11 and maintain the same level thereafter. Further, the Act also envisaged that the State Government would attain the total outstanding debt to GSDP ratio at 28.40 *per cent* in 2012-13 and maintain the same level in 2013-14. Further, the level of 28.50 *per cent* had to be maintained in 2014-15 and thereafter.

Further, XIV FC also fixed similar targets for the State. The performance of the State during 2015-16 in terms of key fiscal targets of the XIV FC set for selected variables as laid down in AFRBM (Amendment) Act, 2011 *vis-à-vis* achievements are given in **Table 1.3**.

**Table 1.3: Trends in major fiscal parameters/variables
vis-à-vis projections for 2015-16**

Fiscal variables	2015-16			
	Targets as prescribed in AFRBM Act, 2011	Assumptions made in Budget (₹ in crore)	Projections made in Medium Term Fiscal Plan (₹ in crore)	Actual (₹ in crore)
Revenue Deficit (-) / Surplus (+) (₹ in crore)	Eliminate Revenue Deficit by 31.3.2012 and attain Surplus thereafter.	(+) 62,565	(+) 1,201	(+) 5,446
Fiscal Deficit (-)/ Surplus (+) (In per cent of GSDP)	Three per cent of GSDP by 31.3.2011 and to maintain the same level thereafter.	(+) 52,391	(-) 3,646	(+) 3,005 (*)
Ratio of total outstanding debt of the Government to GSDP (In per cent)	28.50 per cent (In 2015-16)	--	99	18.91

*There was fiscal surplus.

The above table indicates that the State had achieved all three AFRBM targets prescribed in the Act. During 2015-16, the State not only achieved Revenue Surplus but exhibited Fiscal Surplus also. The outstanding liabilities of the State stood at 18.91 per cent at the end of 2015-16 which was well within the norms (26.25 per cent), prescribed by the XIV FC.

1.1.3 Budget Estimates and Actual

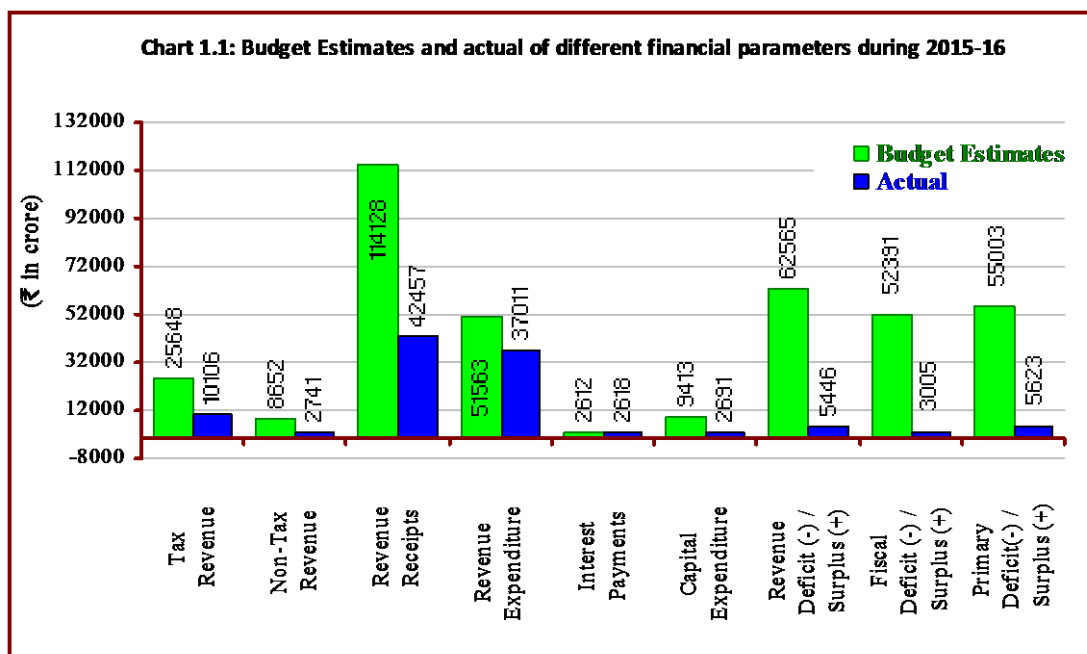
The budget papers presented by State Government provide descriptions of projections or estimations of revenue and expenditure for a particular fiscal year. The importance of accuracy in the estimation of revenue and expenditure is widely accepted in the context of effective implementation of fiscal policies for overall Economic management. Deviations from the Budget Estimates are indicative of the non-attainment and non-optimization of the desired fiscal objectives due to a variety of causes, some within the control of the Government and some beyond the control of the Government. **Table 1.4** presents the consolidated picture of State Finances during 2014-15 (Actuals) and 2015-16 (Budget Estimates, Revised Estimates and Actual) whereas **Chart 1.1** shows the picture of Budget Estimates and Actual of different financial parameters for the year 2015-16.

**Table 1.4: Variation in Major items – 2014-15 (Actual) over 2015-16
(Budget Estimates, Revised Estimates and Actual)**

(₹ in crore)

Sl. No.	Parameters	2014-15	2015-16			
		Actual	Budget Estimates (BE)	Revised Estimates (RE)	Actual	Variation (In per cent)
1	Tax Revenue	9,450	25,648	22,994	10,106	(+) 6.94
2	Non-Tax Revenue	2,413	8,652	5,437	2,741	(+) 13.59
3	Revenue Receipts	38,181	1,14,128	88,810	42,457	(+) 11.19
4	Non-Debt Capital Receipts	10	15	524	510	(+) 5000
5	Revenue Expenditure	39,078	51,563	58,275	37,011	(-) 5.29
6	Interest Payments	2,334	2,612	2,812	2,618	(+) 12.16
7	Capital Expenditure	3,912	9,413	11,297	2,691	(-) 31.21
8	Disbursement of Loans & Advances	631	776	856	260	(-) 58.79
9	Revenue Deficit/Surplus	(-) 897	(+) 62,565	(+) 30,535	(+) 5,446	(+) 707.13
10	Fiscal Deficit/Surplus	(-) 5,430	(+) 52,391	(+) 18,906	(+) 3,005	(+) 155.34
11	Primary Deficit/Surplus	(-) 3,096	(+) 55,003	(+) 21,718	(+) 5,623	(+) 281.62

Chart 1.1: Budget Estimates and actual of different financial parameters during 2015-16



- During 2015-16, both actual Revenue Receipts and actual Revenue Expenditure fell short of Budget Estimates by 63 per cent and 28 per cent respectively.
- During the current year the Tax Revenue of the State increased by ₹ 656 crore (seven per cent) over the previous year. The actual collection of Tax Revenue during the year decreased significantly by ₹ 15,542 crore (61 per cent) over the Budget Estimates which indicated that the projections for the Budget Estimates for Tax Revenue were unrealistic.

- Actual collection of Non-Tax Revenue increased by ₹ 328 crore (14 *per cent*) over the previous year. It also fell short of Budget Estimates by ₹ 5,911 crore (68 *per cent*).
- Actual Revenue Expenditure decreased by ₹ 2,067 crore (five *per cent*) during the current year over the previous year. It also decreased by ₹ 14,552 crore (28 *per cent*) over the Budget Estimates.
- The Capital Expenditure as compared to Budget Estimates was less by ₹ 6,722 crore (71 *per cent*). Actual expenditure also decreased by ₹ 1,221 crore (31 *per cent*) during the current year over the previous year.
- Against the estimated Revenue Surplus of ₹ 62,565 crore, ₹ 5,446 crore was registered as Revenue Surplus by the State during the current year.
- Against the estimated Fiscal Surplus of ₹ 52,391 crore, the state ended up with a Fiscal Surplus of ₹ 3,005 crore only.

The above table also indicates that the State achieved Surplus on all three key fiscal parameters during 2015-16. However, it failed to achieve targets marked for key fiscal indicators in the revised estimates. On Revenue Account, assessed Revenue Surplus of ₹ 30,535 crore finally resulted into Revenue Surplus of ₹ 5,446 crore during 2015-16. In order to ensure sustainable progress towards fiscal consolidation, State needs to continue to ensure a pattern of expenditure that not only ensures better growth but also enhances Public Welfare.

1.1.4 Gender Budgeting

Gender Budgeting is a part of the Government of India's Policies and approach towards women. The Government of India, Ministry of Human Resource Development (MHRD) issued (October 2004) instructions and guidelines along with checklist to watch the modalities and performance of the Gender Budgeting which seeks to establish accountability and transparency in policy formulation and decision making. The National Commission for Women took up (February 2006) the matter with the Chief Minister, Government of Assam for necessary policy formulation in this regard. Therefore, Gender Budgeting was incorporated as a significant statement highlighting the need to segregate budgetary allocations on the basis of gender under the demands for grants.

The process of budgetary allocation on the basis of gender needs to be reviewed continuously from year to year for giving priorities on specific sectors which impinge on the lives of women. Access to Education, Employment, Health Care, Sanitation and Drinking Water are considered to be the five pillars of Women Empowerment. All these activities need outlays specifically earmarked for women in the budget to be utilised for women specific programmes/schemes.

Gender Budget of the State (2015-16) disclosed that the expenditure was proposed to be incurred within the overall budget on schemes designed to benefit women under category 'A'² and category 'B'³. Test-check of records revealed that Gender Budget was prepared in 28 departments during the financial year 2015-16 involving an amount of ₹ 5,103.38 crore with a target to benefit 42.98 lakh women as detailed in **Table 1.5**.

Table-1.5: Gender Budget

Sl. No.	Name of Department	Grant No.	Total No. of schemes	Category-wise Budget allocation (₹ in crore)				Total (₹ in crore)	Nos. of targeted beneficiaries	Expenditure
				‘A’		B’				
				Plan	Non plan	Plan	Non plan			
1	2	3	4	5	6	7	8	9	10	11
1	Excise	8	1	0.20	-	-	-	0.20	100	Not available
2	Home Department	14, 15	1	-	10.93	0.03	-	10.96	30	
3	Higher Education	26	1	0.03	0.05	-	-	0.08	20	
4	Public Health Engineering	30	1	713.87	-	-	-	713.87	553000	
5	Health and Family Welfare	32	1	0.85	0.85	-	-	1.70	180	
6	Information and Publicity	35	2	0.01	-	0.09	-	0.10	10	
7	Labour and Employment	36	3	2.14	-	4.67	-	6.81	2090	
8	Food, Civil Supplies and Consumer Affairs	37	1	2.50	-	-	-	2.50	6205	
9	Welfare of Plain Tribes and Backward Classes	38	5	4.92	-	4.93	-	9.85	472	
10	Social Welfare	39	23	201.02	-	16.67	-	217.69	766453	
11	Revenue and Disaster Management	41	-	2.00	-	-	-	2.00	531	
12	WMD (Assam Minorities Development Board)	42	12	7.31	-	7.78	-	15.09	2305	
13	WMD (Char Areas Development, Assam)	42	5	42.85	-	.30	-	43.15	2543	
14	Cooperation	43	2	0.69	-	-	-	.69	42	
15	Agriculture	48	1	5.00	-	-	-	5.00	422	
16	Border Areas	50	-	168.80	6.252			175.05	-	
17	Soil Conservation	51	-	-	-	-	-	-	-	
18	Animal Husbandry and Veterinary	52,53	10	1.50	-	9.25		9.25	7,502	
19	Fisheries	54	-	-	-	-	-	-	-	
20	Panchayat and Rural Development	56, 57	4			3,511.61		3,511.61	4,28,574	
21	Industries and Commerce	58, 60	9	0.60		24.90		25.50	240	
22	Sericulture	59	1	0.30	-	-	-	0.30	608	
23	Handloom and Textiles	59	4	102.99	-	-	-	102.99	2522576	
24	Agriculture	67	1	-	-	0.40	-	0.40	37	
25	Education	71	9	71.50	0.11	169.35		240.96	419704	
26	Sports and Youth Welfare	74	7	-	-	4.33	-	4.33	2373	
27	Information Technology	75	2	0.50	-	1.00	-	1.50	10267	
28	Personnel Department (APSC)	90	1	-	-	-	1.80	1.80	460	
Total			103	1329.58	18.192	3755.31	1.8	5103.38	4298170	

Source: Gender Budget (2015-16)

Further analysis revealed that a performance report for the year 2014-15 (Allocated amount ₹ 988.21 crore against seven departments) was required to be

² Budgetary allocations for schemes designed to benefit women to the extent of 100 per cent of allocation.

³ Budgetary allocations for schemes designed to benefit women to the extent of 30 per cent of allocation.

incorporated in the Gender Budget of 2015-16 to ascertain the effectiveness of the schemes targeted to benefit women. It was, however, noticed that no such report was incorporated in the Gender Budget of 2015-16.

In the absence of any performance reports/ records, the effectiveness of the schemes targeted to benefit women under Gender Budgeting could not be ascertained in audit.

1.2 Resources of the State

1.2.1 Resources of the State as per Annual Finance Accounts

Revenue and Capital are the two streams of receipts that constitute the resources of the State Government. Revenue Receipts consist of Tax Revenue, Non-Tax Revenue, State's share of Union Taxes and Duties and Grants-in-Aid from GOI. Capital Receipts comprise miscellaneous Capital Receipts such as proceeds from disinvestments, recoveries of Loans and Advances, Debt Receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and Loans and Advances from GOI. Besides the funds available in the Public Accounts after disbursement are also utilised by the Government to finance its Deficit. The components and sub-components of resources have been shown in Chart 1.2.

Chart 1.2: Components and sub-components of Resources

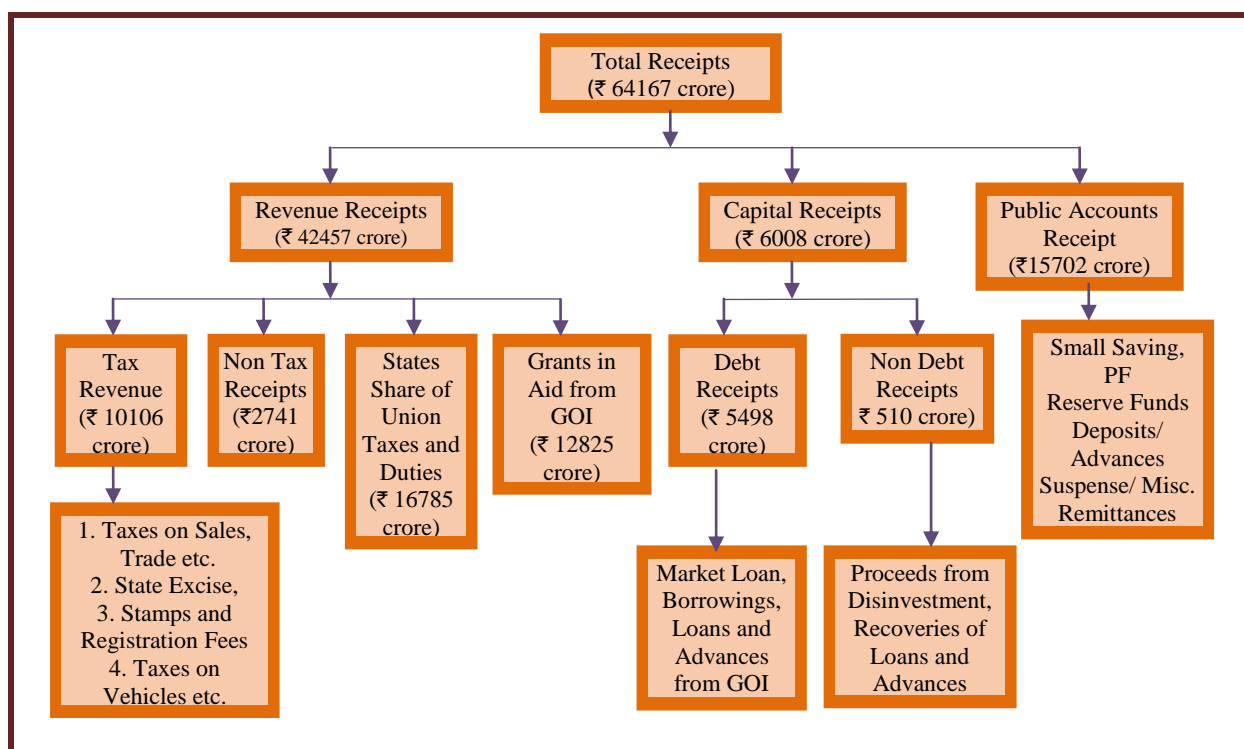
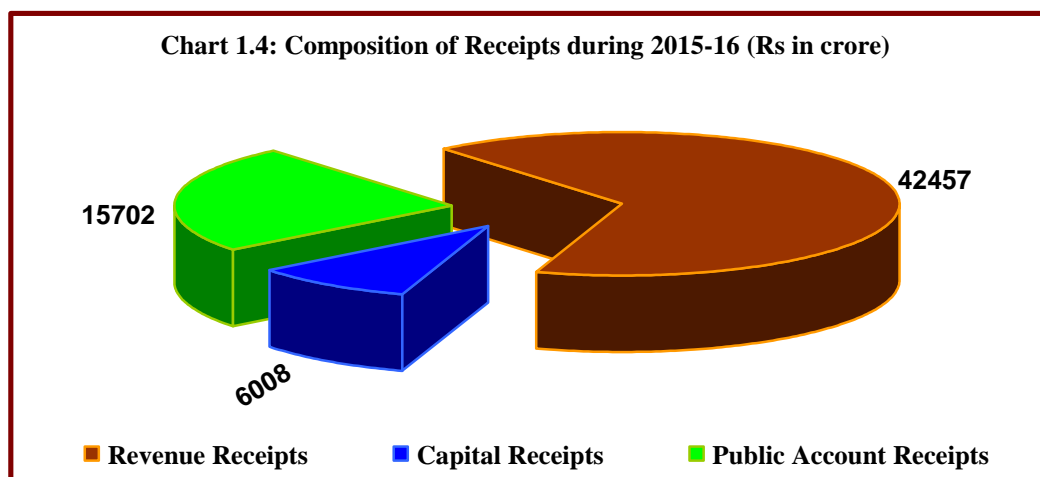
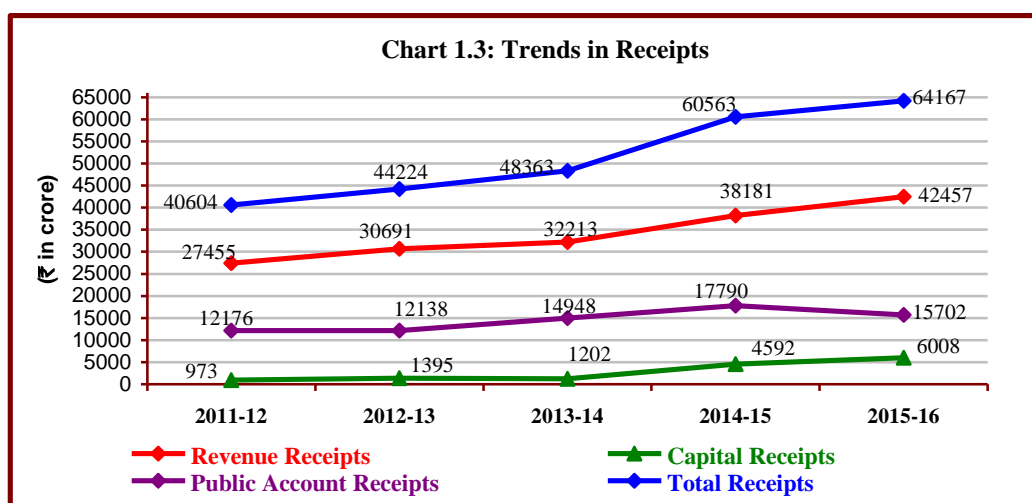


Table-1.2 presents the receipts and disbursements of the State during the current year *vis-a-vis* the previous year as recorded in its Annual Finance Accounts while **Chart 1.3** depicts the trends in various components of the receipts of the State during 2011-16 and **Chart 1.4** depicts the composition of resources of the State during the current year.



The total receipts of the State Government for 2015-16 was ₹ 64,167 crore of which ₹ 42,457 crore (66 *per cent*) came from Revenue Receipts and balance ₹ 27,710 crore (34 *per cent*) came from Borrowings, Public Account and recoveries of Loans and Advances. The total receipts of the State increased by 58 *per cent* from ₹ 40,604 crore in 2011-12 to ₹ 64,167 crore in 2015-16. The share of Revenue Receipts in total receipts of the State decreased by two *per cent* from 68 *per cent* in 2011-12 to 66 *per cent* in 2015-16. On the other hand, share of other receipts i.e., Capital Receipts and Public Account Receipts ranged between 31 and 37 *per cent* of the total receipts during 2011-16.

Revenue Receipts increased by 55 *per cent* from ₹ 27,455 crore in 2011-12 to ₹ 42,457 crore in 2015-16 whereas Debt Capital Receipts (a component of Capital Receipts) which create future repayment obligation varied from two to

nine *per cent* of total receipts during the period 2015-16 and increased by ₹ 916 crore (20 *per cent*) from ₹ 4,582 crore in 2014-15 to ₹ 5,498 crore in 2015-16.

Public Account Receipts refer to those receipts for which the Government acts as a banker/trustee. It increased steadily from ₹ 12,176 crore (30 *per cent* of total receipts) in 2011-12 to ₹ 15,702 crore (24 *per cent* of total receipts) in 2015-16.

1.3 Revenue Receipts

Statement-14 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts consist of the State's own Tax and Non-Tax Revenues, Central Tax Transfers and Grants-in-Aid from GOI. The trends and composition of Revenue Receipts over the period 2011-16 are presented in *Appendix 1.3* and also depicted in **Charts 1.5** and **1.6** respectively.

Chart 1.5: Trends in Revenue Receipts during 2011-16

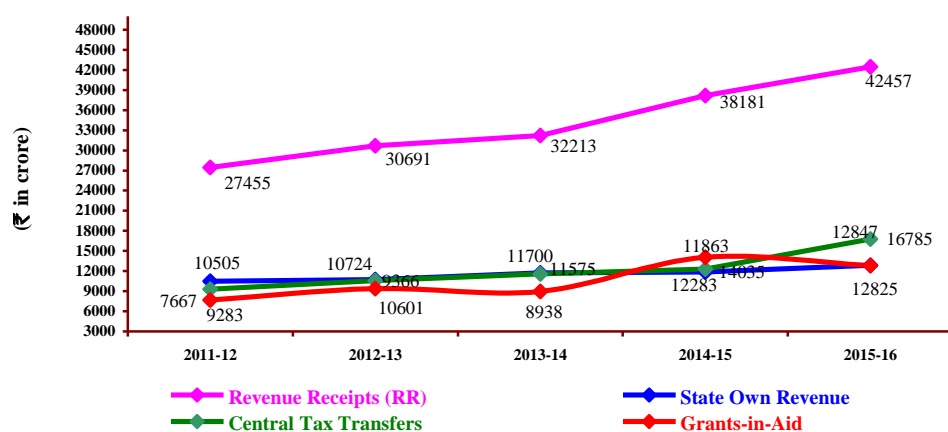
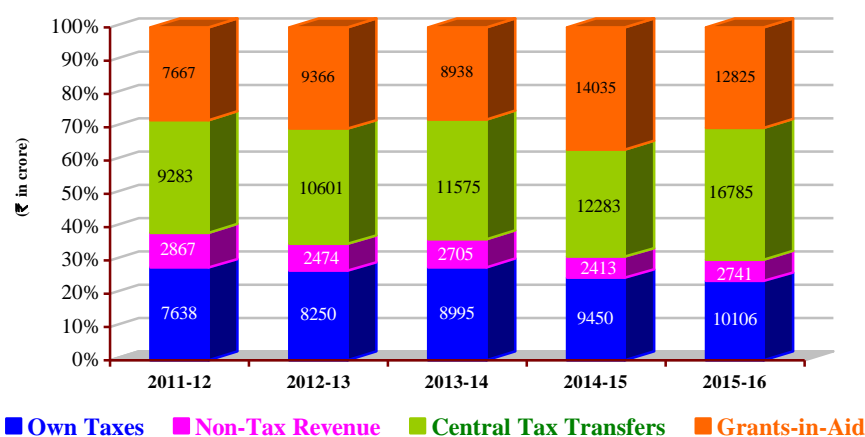


Chart 1.6: The composition of Revenue Receipts during 2011-16



General Trends:

- During 2015-16, Revenue Receipts of the State grew by ₹ 4,276 crore over the previous year. The Revenue Receipts of the State showed progressive increase from ₹ 27,455 crore in 2011-12 to ₹ 42,457 crore in 2015-16 with inter-year fluctuations in the growth rate.
- About 30 *per cent* of the Revenue Receipts during 2015-16 came from State's own resources while Central Tax Transfers and Grants-in-Aid together contributed 70 *per cent*. This is indicative of the fact that the Government of Assam's fiscal position is largely influenced by the Tax Transfers and Grants-in-Aid from GOI.
- During 2015-16, Revenue Receipts increased by ₹ 4,276 crore (11.20 *per cent*) over the previous year whereas Revenue Expenditure decreased by ₹ 2,067 crore (5.29 *per cent*) during the same period. This is an encouraging sign towards fiscal consolidation of the State.
- Tax Revenue constituted 23.80 *per cent* of the total Revenue Receipts and increased by ₹ 656 crore during 2015-16 recording a growth rate of 6.94 *per cent* over the previous year. The percentage of Tax Revenue to total Revenue Receipts showed stability and remained in the range of 24 *per cent* to 28 *per cent* during 2011-16.
- Non-Tax Revenue Receipts constituted 6.46 *per cent* of the total Revenue Receipts and increased by ₹ 328 crore over the previous year. Non-Tax Revenue as a percentage of Revenue Receipts ranged between six and 10 *per cent* during 2011-16.

The trends in Revenue Receipts relating to GSDP are presented in **Table 1.6**.

Table 1.6: Trends in Revenue Receipts relative to GSDP

Parameters	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue Receipts (RR) (₹ in crore)	27,455	30,691	32,213	38,181	42,457
Rate of growth of RR (<i>per cent</i>)	19.34	11.79	4.96	18.53	11.20
Rate of growth of Own Taxes (<i>per cent</i>)	28.80	8.01	9.03	5.06	8.30
RR/GSDP (<i>per cent</i>)	19.18	19.57	18.12	19.27	18.93
Buoyancy Ratios ⁴					
Revenue Buoyancy w.r.t GSDP	1.65	1.23	0.37	1.62	0.85
State's Own Tax Buoyancy w.r.t GSDP	2.46	0.84	0.68	0.44	0.63
Gross State Domestic Product (₹ in crore) (Base year 2011-12)	1,43,175	1,56,864	1,77,745	1,98,098	2,24,234
Rate of growth of GSDP (<i>per cent</i>)	11.73	9.56	13.31	11.45	13.19

Source of GSDP figures: Directorate of Economics and Statistics, Assam

⁴ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance, revenue buoyancy with respect to GSDP at 0.85 implies that Revenue Receipts tend to increase by 0.85 percentage points, if the GSDP increases by one *per cent*.

The GSDP at current prices (Base year 2011-12) increased from ₹ 1,98,098 crore in 2014-15 to ₹ 2,24,234 crore in 2015-16 representing an increase of 13.19 *per cent*. Ideally growth rate of revenue should be higher than the growth of GSDP so that over a period of time the Budget can be better balanced. If the State's own taxes are buoyant, then the Government would be in a better position to plan expenditure and to improve welfare of the people. During the current year, the State did not achieve this ideal situation as the growth in Revenue Receipts (11.20 *per cent*) was less than that of GSDP (13.19 *per cent*). As a result revenue buoyancy with respect to GSDP decreased significantly from 1.62 in 2014-15 to 0.85 in 2015-16. But State's own tax buoyancy with reference to GSDP showed a positive sign and increased from 0.44 in 2014-15 to 0.63 in 2015-16.

1.3.1 State's Own Resources

As the State's share in Central Taxes and Grants-in-Aid are determined on the basis of recommendations of the Finance Commission, collection of Central Taxes Receipts and Central Assistance for plan schemes etc., the State's performance in mobilization of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collection in respect of major Taxes and Non-Tax Revenue and their percentage and also expenditure during 2011-16 are presented in **Appendix 1.3**. The State's actual Tax and Non-Tax Revenue for the year 2015-16 *vis-à-vis* assessment made by XIV FC and Medium Term Fiscal Plan (MTFP) are given in the **Table 1.7**.

Table 1.7: State's own Tax Revenue *vis-à-vis* projections during 2015-16

Parameters	(₹ in crore)			
	XIV FC projections	Budget Estimates	MTFP projection	Actual
Tax Revenue	13,197	25,648	11,183	10,106
Non-Tax Revenue	3,771	8,652	3,156	2,741

The Tax Revenue of the State in 2015-16 fell short of the assessment of XIV FC by ₹ 3,091 crore. It also fell short of Budget Estimates and MTFP projection by ₹ 15,542 crore and by ₹ 1,077 crore respectively during the year.

The Non-Tax Revenue of the Government was lesser than the assessment of XIV FC by ₹ 1,030 crore. It also fell short of Budget Estimates by ₹ 5,911 crore and projection of the State Government in its MTFP by ₹ 415 crore.

1.3.1.1 Tax Revenue

Gross collection in respect of Tax Revenue for the years 2011-16 is given component-wise in **Table 1.8**.

Table 1.8: Tax Revenue for the years 2011-16

(₹ in crore)

Heads	2011-12	2012-13	2013-14	2014-15	2015-16	
					Budget Estimates	Actual
Taxes on Sales, Trade, etc.	5,694	6,223	6,848	7,351	19,621	7,494
State Excise	503	568	610	665	1,758	808
Taxes on Vehicle	294	328	351	365	1,011	443
Stamps and Registration Fees	175	252	252	189	724	225
Land Revenue	140	146	156	142	448	229
Other Taxes ⁵	832	733	778	738	2,086	907
Total	7,638	8,250	8,995	9,450	25,648	10,106

Source: Memorandum of Budget Estimates & Finance Accounts

The Tax Revenue of the State increased from ₹ 7,638 crore in 2011-12 to ₹ 10,106 crore in 2015-16 at an annual average rate of 11.57 *per cent*. During the current year, the maximum share of Tax Revenue was contributed by Taxes on Sales, Trade etc., (74.15 *per cent*).

1.3.1.2 Non-Tax Revenue

Gross collection in respect of Non-Tax Revenue for the years 2011-16 is given component-wise in **Table 1.9**.

Table 1.9: Non-Tax Revenue for the years 2011-16

(₹ in crore)

Heads	2011-12	2012-13	2013-14	2014-15	2015-16	
					Budget Estimates	Actual
Interest receipts, dividends and profits	490	522	431	330	1,061	369
General Services	89	102	191	388	471	416
Social Services	27	31	30	29	73	75
Economic Services	2,261	1,819	2,053	1,666	7,047	1,881
Total	2,867	2,474	2,705	2,413	8,652	2,741

Source: Memorandum of Budget Estimates & Finance Accounts.

The Non-Tax Revenue, which ranged between six and 10 *per cent* of total Revenue Receipts of the State during the last five years increased by ₹ 328 crore (14 *per cent*) in 2015-16 over the previous year. During the current year, major contributors of Non-Tax Revenue were Petroleum Concession fees and Royalties (₹ 1,672 crore), Interest Receipts (₹ 299 crore), Other Administrative Services (₹ 329 crore) and Forestry and Wild life (₹ 117 crore).

⁵ Other Taxes include taxes on agricultural income, taxes on professions, trades, callings and employment, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services.

1.3.2 Grants-in-Aid from Government of India

The details of Grants-in-Aid received from GOI during 2011-16 are given in Table 1.10.

Table 1.10: Grants-in-Aid from GOI

Head	₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Plan Grants	962	1,422	681	1,491	3,330
Grants for State Plan Schemes	4,759	5,996	6,059	12,376	8,737
Grants for Central Plan Schemes	19	46	30	19	572
Grants for Centrally Sponsored Schemes	1,875	1,860	2,103	17	15
Grants for Special Plan Schemes	52	42	65	132	171
Total	7,667	9,366	8,938	14,035	12,825
Percentage of increase over previous year	13.87	22.16	(-) 4.57	57.03	(-) 8.62
Percentage of Revenue Receipts	28	31	28	37	30

Grants-in-Aid from GOI decreased by ₹ 1,210 crore (nine *per cent*) from ₹ 14,035 crore in 2014-15 to ₹ 12,825 crore in 2015-16. Within the Plan Grants, while grants for Central Plan Schemes and Special Plan Schemes increased by ₹ 553 crore and ₹ 39 crore (30 *per cent*) respectively, whereas State Plan Schemes and Central Sponsored Schemes decreased by ₹ 3,639 crore (29 *per cent*) and ₹ two crore (12 *per cent*) respectively during the year. However, Non-Plan Grants increased significantly by ₹ 1,839 crore (123.34 *per cent*) from ₹ 1,491 crore in 2014-15 to ₹ 3,330 crore in 2015-16.

The significant increase in Central Plan Schemes was mainly due to new allocation of funds under Special Assistance for State Securities (₹ 551 crore).

The Non-Plan grants (₹ 3,330 crore) to the State constituted 25.96 *per cent* of the total grants during the year of which ₹ 2,530 crore (75.98 *per cent*) was provided under the proviso to Article 275 (1) of the Constitution to cover deficit on Revenue Account ₹ 2,191 crore and Grants-in-Aid to local bodies (₹ 339 crore). Other components of non-plan grants were (i) grants towards contribution to State Disaster Response Fund (SDRF) (₹ 414 crore), (ii) grants for compensation for loss of revenue on account of CST/VAT (₹ 230 crore) and (iii) grants for Security Related Expenditure (₹ 140 crore).

1.3.3 Central Tax transfer

Central Tax transfers increased significantly by ₹ 4,502 crore from ₹ 12,283 crore in 2014-15 to ₹ 16,875 crore in 2015-16 and constituted 40 *per cent* of the Revenue Receipts during the year. Increase in Central Tax transfers during the

current year was due to higher devolution in the share of net proceeds of Union Taxes recommended by the XIV FC.

The increase in Central Tax Transfer by ₹ 4,502 crore (37 per cent) was mainly due to increase in Corporation Tax (₹ 983 crore), Taxes on income other than Corporation Tax (₹ 590 crore), Customs (₹ 702 crore), Union Excise Duties (₹ 1,128 crore) and Service Tax (₹ 1,093 crore).

1.3.4 Fourteenth Finance Commission Grants

XIV FC in its award period (2016-20) recommended grants to states in respect of certain Sectors. Accordingly, GOI released grants to the State in respect of various sectors during 2015-16. **Table 1.11** compares the extent of grants which was given to the State by GOI during the last two years i.e., 2014-15 (last year of award period of XIII FC) and 2015-16 (1st year of award period of XIV FC).

Table 1.11: Sector-wise position of Grants-in-Aid released as recommended by the XIII and XIV Finance Commissions

(₹ in crore)								
Sl No.	Sectors	XIII FC (for the year 2014-15)			XIV FC (for the year 2015-16)			Increase/ Decrease
		PRIs	ULBs	Total	PRIs	ULBs	Total	
1	General Basic Grants	263.74	39.24	302.98	292.40	46.57	338.97	35.99
2	Special Areas Basic Grants	6.80	0.50	7.30	--	--	--	--
Total		270.54	39.74	310.28	292.40	46.57	338.97	28.69

Source of data: Finance (Economic Affairs) Department, GOA

It can be seen from the above table that during 2015-16, XIV FC had recommended ₹ 35.99 crore more than the XIII FC under the component of General Basic Grants. However, there was no award under the component of Special Areas Basic Grants during 2015-16.

1.3.5 Cost recovery in supply of merit goods and services

The current levels of cost recovery (non-tax Revenue Receipts as a percentage of Non-Plan Revenue Expenditure) in supply of merit goods⁶ and services of three selected Socio-Economic Services by Government are depicted in **Table 1.12**.

⁶ Merit goods are commodities that the public sector provides free or at subsidised rates because an individual or society should have them on the basis of some concept of need, rather than ability and willingness to pay the Government and therefore wishes to encourage their consumption.

Table 1.12: Cost recovery: 2015-16

Parameters	(₹ in crore)		
	Non-Tax Revenue Receipts	Non-Plan Revenue Expenditure	Cost Recovery (per cent)
Water Supply & Sanitation	1.71	586.96	0.30
Roads & Bridges	28.69	1,161.89	2.47
Minor Irrigation	0.26	345.40	0.08

As can be seen from above table, the cost recovery for Roads and Bridges during 2015-16 was 2.47 *per cent* and the same for Water Supply & Sanitation and Minor Irrigation were 0.30 and 0.08 respectively. Cost recovery from Social Services is expected to be lower than that of Economic Services. It was revealed from above table that compared to 2010-11⁷, the cost recovery had increased marginally in Water Supply & Sanitation under Social Services whereas it had reduced in Roads and Bridges and Minor Irrigation under Economic Services in 2015-16. Incremental increase in user charges would facilitate sustainable provision of these Services over a period of time.

1.3.6 Evasion of taxes

The Finance (Taxation) Department had detected 2,033 cases of evasion of Taxes and raised additional demand of ₹ 13.40 crore during 2015-16.

1.4 Capital Receipts

The following table shows the trends in growth and composition of Capital Receipts.

Table 1.13: Trends in growth and composition of Capital Receipts

Sources of State's Receipts	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Capital Receipts	973	1,395	1,202	4,592	6,008
Miscellaneous Capital Receipts	--	--	--	--	--
Recovery of Loans and Advances	21	7	6	10	510
Public Debt Receipts	952	1,388	1,196	4,582	5,498
Rate of growth of Debt Capital Receipts	(-) 53.45	45.80	(-) 13.83	283.11	19.99
Rate of growth of Non-Debt Capital Receipts	(-) 25	(-) 66.67	(-) 14.29	66.67	5000.00
Rate of growth of GSDP	11.73	9.56	13.31	11.45	13.19
Rate of growth of Capital Receipts (per cent)	(-) 53.06	(+) 43.37	(-) 13.84	(+) 282.03	(+) 30.84

Capital Receipts increased by more than 517 *per cent* from ₹ 973 crore in 2011-12 to ₹ 6,008 crore in 2015-16. During the current year the Capital Receipts increased by ₹ 1,416 crore (31 *per cent*). Public Debt Receipts which create

⁷ Water Supply & Sanitation: 0.29 *per cent*; Roads & Bridges: 12.01 *per cent* and Minor Irrigation: 0.15 *per cent*.

future repayment obligation varied between two to nine *per cent* of total receipts during the period 2011-16 and increased considerably by ₹ 916 crore (20 *per cent*) from ₹ 4,582 crore in 2014-15 to ₹ 5,498 crore in 2015-16.

During the current year rate of growth of both Debt and Non-Debt Capital Receipts remained positive and stood at 5,000 *per cent* and 19.99 *per cent* respectively.

During the period 2011-16, the rate of growth of Debt Capital Receipts remained positive except for the years 2011-12 and 2013-14. However, during the current year it decreased significantly from 283.11 *per cent* in 2014-15 to 19.99 *per cent* in 2015-16. Rate of growth of GSDP increased marginally from 11.45 *per cent* in 2014-15 to 13.19 *per cent* in 2015-16.

1.5 Public Account Receipts

Receipts and Disbursements in respect of certain transactions such as small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature. Here the Government acts as a banker. The balance after disbursements during the year is the fund available with the government for use. The trends in growth and composition of Public Account Balances are given in Table 1.14.

Table 1.14: Trends in growth and composition of Public Account Balances

Resources under various Heads	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Public Account Balances	1,939.38	1,229.55	1,671.44	1,413.44	(-) 191.93
a. Small Savings, Provident Fund etc.	634.98	807.52	837.17	890.13	860.14
b. Reserve Fund	901.23	201.08	543.44	818.51	230.02
c. Deposits and Advances	437.17	413.21	157.47	(-) 233.54	(-) 1,005.83
d. Suspense and Miscellaneous	16.84	(-) 156.99	123.04	(-) 91.92	(-) 228.60
e. Remittances	(-) 50.84	(-) 35.27	10.32	30.26	(-) 47.66

Public Account Balances of the Government decreased significantly from ₹ 1,939.38 crore in 2011-12 to ₹ (-) 191.93 crore in 2015-16 at an annual average rate of 22 *per cent*. During the current year also, the balances decreased by ₹ 1,605.37 crore (114 *per cent*) as compared to 2014-15.

1.6 Application of Resources

Analysis of the allocation of expenditure at the State Government level assumes significance since major expenditure responsibilities are entrusted with them. Within the framework of fiscal responsibility legislations, there are budgetary constraints in raising public expenditure financed by deficit or borrowings. It is

therefore, important to ensure that the ongoing fiscal correction and consolidation process at the State level is not at the cost of expenditure especially expenditure directed towards development of Social Sectors.

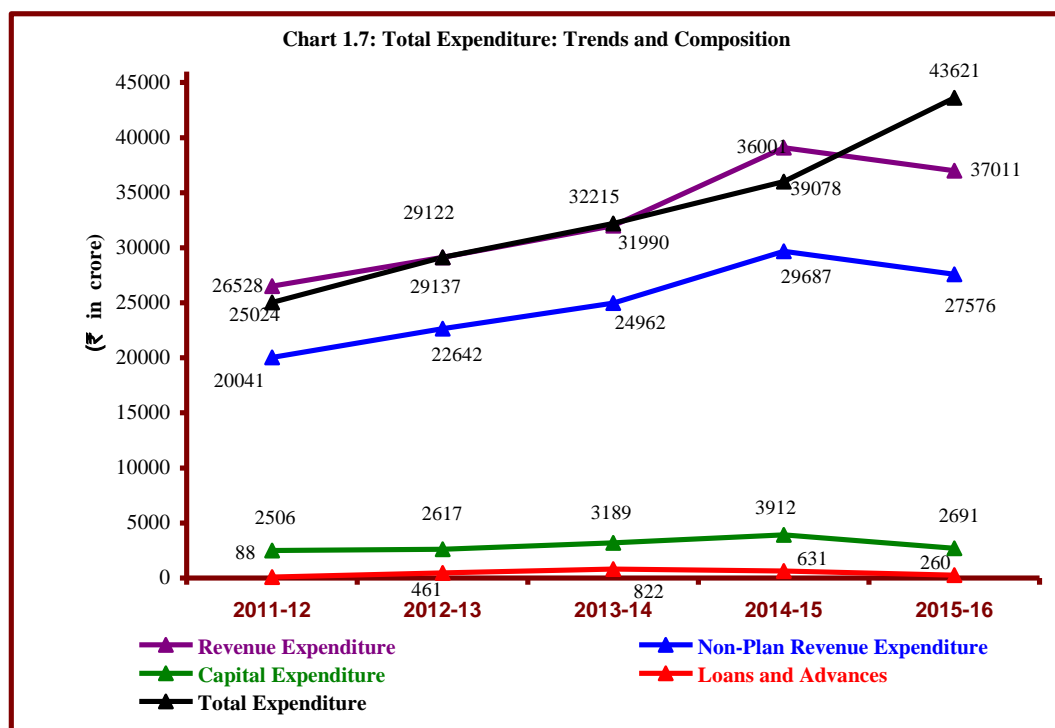
1.6.1 Growth and composition of expenditure

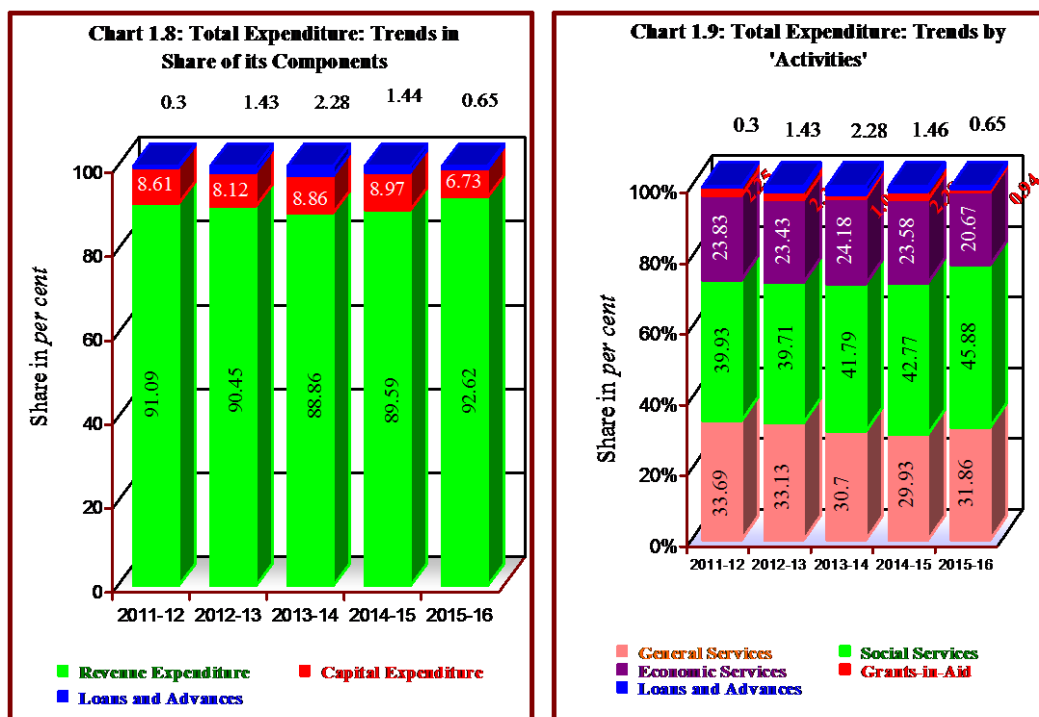
The total expenditure and its composition during the years 2011-12 to 2015-16 are presented in **Table 1.15**.

Table 1.15: Total expenditure and its compositions

Parameters	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure	29,122	32,215	36,001	43,621	39,962
Revenue Expenditure	26,528	29,137	31,990	39,078	37,011
<i>Of which, Non-Plan Revenue Expenditure</i>	20,041	22,642	24,962	29,687	27,576
Capital Expenditure	2,506	2,617	3,189	3,912	2,691
Loans and Advances	88	461	822	631	260

Chart 1.7 presents the trends in total expenditure over a period of five years (2011-16) and its composition both in terms of ‘economic classification’ and ‘expenditure by activities’ is depicted in **Charts 1.8** and **1.9** respectively.





The total expenditure of the State increased by 37 per cent from ₹ 29,122 crore in 2011-12 to ₹ 39,962 crore in 2015-16. The total expenditure, its annual growth rate, the ratio of expenditure to the State GSDP and to Revenue Receipts and its buoyancy with respect to GSDP and Revenue Receipts are indicated in Table 1.16.

Table 1.16: Total expenditure – basic parameters

Parameters	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure (TE) (₹ in crore)	29,122	32,215	36,001	43,621	39,962
Rate of growth (per cent)	16.38	10.62	11.75	21.17	(-) 8.39
TE/GSDP ratio (per cent)	20.34	20.54	20.25	22.02	17.82
RR/TE ratio (per cent)	94.28	95.27	89.48	87.53	106.24
Rate of Growth of GSDP	11.73	9.56	13.31	11.45	13.19
Buoyancy of Total Expenditure with reference to:					
GSDP (ratio)	1.40	1.11	0.88	1.85	(-) 0.69
RR (ratio)	0.85	0.90	2.37	1.14	(-) 0.82

The decrease of ₹ 3,659 crore (8.39 per cent) in total expenditure in 2015-16 was due to decrease of ₹ 2,067 crore in Revenue Expenditure, ₹ 1,221 crore in Capital Expenditure and ₹ 371 crore in disbursement of Loans and Advances.

The components of Services of Revenue Expenditure which recorded decrease were mainly as under:

(A) General Services:

- **Secretariat-General Services (₹ 302 crore)** - The decrease was mainly due to refund of unutilized fund pertaining to earlier years by Secretariat Administration (Accounts).

- **Public Works (₹ 262 crore)** – The decrease was mainly due to decline in expenditure of School Buildings, Civil Hospitals etc., and payment of Muster Roll Staff.

(B) Social Services:

- **Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹ 352 crore)** - The decrease was recorded under Assam State Development Council for Scheduled Caste, Assistance for implementation of Family oriental income and Infrastructure Development Project under Tribal Sub-Plan (TSP).
- **Relief on Account of Natural Calamities (330 crore)** – The decrease was due to decline in expenditure under (i) Rehabilitation Grants (Flood) and Gratuitous Relief (Flood) and repairs and restoration of damaged Roads and Bridges due to floods.

(C) Economic Services:

- **Secretariat – Economic Services (₹ 141 crore)** - The decrease in expenditure under this component was mainly under (i) special projects, (ii) Evaluation and Monitoring Division and (iii) Refund of unutilized funds of earlier years.

(D) Grants-in-Aid and Contribution:

- **Compensation & Assignment to Local Bodies & Panchayati Raj Institutions (₹ 618 crore)** - The decrease in expenditure was mainly due to decline in expenditure under District Panchayat and Municipalities from the share of net proceeds of State Own Taxes assigned under recommendation by State Finance Commission.

The decrease in Capital expenditure by 31 *per cent* (₹ 1,221 crore) during 2015-16 was mainly due to decrease in expenditure on Capital outlay on Flood Control Projects by ₹ 297 crore, Capital outlay on Public Works by ₹ 59 crore and Capital outlay on Telecommunication and Electronic Industries by ₹ 47 crore.

The pattern of total expenditure in the form of plan and non-plan expenditure during 2015-16 revealed that non-plan expenditure contributed dominant share of 76 *per cent* while the plan expenditure was 24 *per cent*.

Total expenditure exhibited negative growth during the current year as it decreased from 21.17 *per cent* in 2014-15 to (-) 9.17 *per cent* 2015-16. The increase in ratio of Revenue Receipts to total expenditure from 87.53 *per cent* in 2014-15 to 106.25 *per cent* in 2015-16 was mainly the result of significant increase of ₹ 4,502 crore in State's share in Union Taxes and Duties during 2015-16 over 2014-15. The buoyancy of total expenditure with reference to

GSDP however, decreased and turned negative to (-) 0.69 during 2015-16 due to decrease in the rate of growth of total expenditure as compared to increase in the rate of growth of GSDP. Similarly, the buoyancy ratio of total expenditure to Revenue Receipts at (-) 0.82 in 2015-16 indicated increase in the receipt at a pace greater than that of expenditure.

1.6.2 Trends in total expenditure in terms of activities

In terms of activities, total expenditure could be considered as being composed of expenditure on General Services including Interest Payments, Social and Economic Services, Grants-in-Aid and Loans and Advances. Relative share of these components in the total expenditure (₹ 39,962 crore) (refer **Chart 1.7** and **Appendix 1.3**) are indicated in **Table 1.17**.

Table 1.17: Components of expenditure – relative share

Parameters	(In per cent)				
	2011-12	2012-13	2013-14	2014-15	2015-16
General Services	33.69	33.13	30.70	29.93	31.86
<i>Of which, Interest Payments</i>	7.12	6.56	6.11	5.35	6.55
Social Services	39.93	39.71	41.79	42.77	45.88
Economic Services	23.83	23.43	24.18	23.58	20.67
Grants-in-Aid	2.25	2.30	1.05	2.28	0.94
Loans and Advances	0.30	1.43	2.28	1.46	0.65

The relative share of the above components of expenditure indicated that the share of General Services and Social Services in the total expenditure increased during 2015-16 over the previous year. These increases were set off by decreases in the respective share of Economic Services, Grants-in-Aid and Loans and Advances.

The expenditure on General Services, which are considered as non-developmental, increased from 29.93 *per cent* in 2014-15 to 31.86 *per cent* in 2015-16. On the other hand, Developmental Expenditure *i.e.*, expenditure on Social and Economic Services together accounted for 66.55 *per cent* in 2015-16 which was approximately equivalent to 66.35 *per cent* in 2014-15. This indicates that while there was increase in Non-Developmental Expenditure, the Developmental Expenditure remained constant in the current year as compared to previous year.

1.6.3 Revenue Expenditure

Revenue Expenditure had predominant share in total expenditure. Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation and as such does not result in any addition to the State's infrastructure and service network. Revenue Expenditure had the predominant share of 91 *per cent* in the total expenditure during the period 2011-16. The

overall Revenue Expenditure, its rate of growth, the ratio of Revenue Expenditure (non-plan) to GSDP, to total expenditure and to Revenue Receipts and its buoyancy is indicated in **Table 1.18**.

Table 1.18: Revenue Expenditure – basic parameters

(₹ in crore)					
Parameters	2011-12	2012-13	2013-14	2014-15	2015-16
Total Expenditure (TE)	29,122	32,215	36,001	43,621	39,962
Revenue Expenditure (RE), of which	26,528	29,137	31,990	39,078	37,011
Non-Plan Revenue Expenditure (NPRE)	20,041	22,642	24,962	29,687	27,576
Plan Revenue Expenditure (PRE)	6,487	6,495	7,028	9,391	9,435
Rate of Growth of					
RE (per cent)	15.58	9.83	9.79	22.16	-5.29
NPRE (per cent)	11.99	12.98	10.25	18.93	-7.11
PRE (per cent)	28.30	0.12	8.21	33.62	0.47
Revenue Expenditure as percentage to TE	91.09	90.45	88.86	89.59	92.62
NPRE/GSDP (per cent)	14.00	14.43	14.04	14.99	12.30
NPRE as percentage of TE	68.82	70.28	69.34	68.06	69.01
NPRE as percentage of RR	73.00	73.77	77.49	77.75	64.95
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.33	1.03	0.74	1.94	-0.40
Revenue Receipts (ratio)	0.81	0.83	1.97	1.20	-0.47

The overall Revenue Expenditure of the State increased by 39.52 *per cent* from ₹ 26,528 crore in 2011-12 to ₹ 37,011 crore in 2015-16 at an annual average rate of 7.90 *per cent*. But during 2015-16 it showed a declining trend and decreased by ₹ 2,067 crore (5.29 *per cent*).

Out of the Revenue Expenditure, Non-Plan Revenue Expenditure (NPRE) constituted a dominant share of nearly 75 *per cent* during the last five-year period i.e., 2011-16 and decreased by ₹ 2,111 crore (7.11 *per cent*) during the current year over the previous year. The decrease in NPRE during the current year was mainly due to decrease in expenditure in (i) Miscellaneous General Services (₹ 921 crore), Compensation and Assignment to Local Bodies (₹ 618 crore), Relief on account of Natural Calamities (₹ 330 crore), Public Works (₹ 264 crore), General Education (₹ 270 crore), Welfare of Scheduled Caste, Scheduled Tribes and Other Backward Classes (₹ 253 crore), Water Supply and Sanitation (₹ 146 crore), Power (₹ 111 crore), Roads and Bridges (₹ 99 crore), Crop Husbandry (₹ 85 crore), Social Security & Welfare (₹ 76 crore) and Flood Control and Drainage (₹ 54 crore). The decreases were however, offset by increase in Pension and other Retirement Benefits (₹ 748 crore), Interest Payment (₹ 285 crore) and Elections (₹ 152 crore).

The Plan Revenue Expenditure (PRE) increased nominally by ₹ 44 crore (0.47 *per cent*) from ₹ 9,391 crore in 2014-15 to ₹ 9,435 crore in 2015-16.

The buoyancy of Revenue Expenditure with reference to both GSDP and Revenue Receipts fluctuated during 2011-16. Buoyancy ratio of Revenue Expenditure with respect to both GSDP and Revenue Receipts decreased significantly and became negative during the year. This was positive sign towards fiscal consolidation as it indicated that both GSDP and Revenue Receipts of the State increased at a pace faster than the Revenue Expenditure.

Table 1.19 provides the comparative position of Non-Plan Revenue Expenditure (NPRE) with reference to assessment made by the State Government in its budget during 2015-16.

Table 1.19: Comparative position of Non-Plan Revenue Expenditure *vis-a-vis* projections of the State Government in its budget

(₹ in crore)			
Year	Budget Estimates (2015-16)	Revised Estimates (2015-16)	Actual
2015-16	34,677	38,531	27,576

The NPRE was lower than the projections of the State Government made in its Budget Estimates as well as in Revised Estimates during 2015-16.

1.6.4 Committed Expenditure

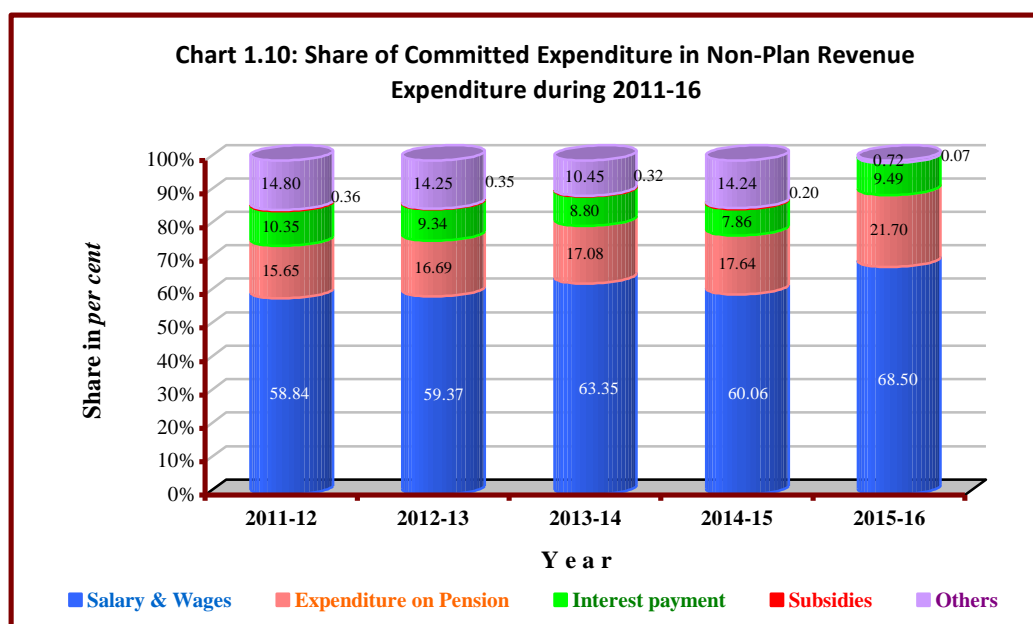
The committed expenditure of the State Government on revenue account mainly consists of interest payments, expenditure on salaries and wages, pension and subsidies. **Table 1.20** and **Chart 1.10** present the trends in the expenditure on these components during 2011-16.

Table 1.20: Components of Committed Expenditure

(₹ in crore)					
Components of Committed Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16
Salaries & Wages, <i>Of which</i>	11,793	13,442	15,814	17,829	18,758
<i>Non-Plan Head</i>	11,094	12,575	14,999	16,853	18,485
<i>Plan Head*</i>	699	867	815	976	273
Expenditure on Pensions	3,136	3,779	4,264	5,237	5,985
Interest Payments	2,074	2,115	2,198	2,334	2,618
Subsidies	72	80	81	58	19
Total	17,075	19,416	22,357	25,458	27,380
As per cent of RR					
Salaries & Wages	42.95	43.80	49.09	46.69	44.18
Expenditure on Pensions	11.42	12.31	13.24	13.72	14.10
Interest Payments	7.55	6.89	6.82	6.11	6.17
Subsidies	0.26	0.26	0.25	0.15	0.04

Source: Finance Accounts

* Plan Head includes the salaries paid under Centrally Sponsored Schemes



(A) Salary and Wage expenditure

Salaries and Wages alone accounted for nearly 44 *per cent* of Revenue Receipts of the State during 2015-16. It increased by five *per cent* from ₹ 17,829 crore in 2014-15 to ₹ 18,758 crore in 2015-16. Salary and Wage expenditure under Non-Plan head during 2015-16 increased by ₹ 1,632 crore (9.68 *per cent*) over the previous year whereas the same on plan head decreased by ₹ 703 crore (72.03 *per cent*) over the previous year. Non-Plan Salary and Wage expenditure ranged between 94 *per cent* and 99 *per cent* of total expenditure on Salaries and Wages during 2011-16. Although expenditure on Salaries (₹ 18,485 crore) during 2015-16 was less by ₹ 5,234 crore (28 *per cent*) than assessed (₹ 23,719 crore) by the State Government in its budget, it was more by ₹ 527 crore (three *per cent*) than the projection of ₹ 17,958 crore made in MTFP.

(B) Interest Payments

Interest Payments increased by ₹ 284 crore (12.17 *per cent*) from ₹ 2,334 crore in 2014-15 to ₹ 2,618 crore in 2015-16. During the current year the Interest Payments was made on internal debt (₹ 1,861 crore), Small Savings, Provident Fund etc., (₹ 646 crore) and Loans and Advances from Central Government (₹ 111 crore).

The Interest Payments with reference to assessment made by the XIV FC and the projections of the State Government in its Budget and MTFP (**Table 1.21**) indicate that the State Government was by and large successful in restricting the Interest Payments within the assessments of XIV FC and State projections during 2015-16.

Table 1.21: Interest Payments vis-à-vis Fourteenth Finance Commission assessment and State Projections

Year	Assessment made by the XIV FC	Assessment made by the State Government in		(₹ in crore)
		Budget	MTFP	Actual
2015-16	2,602	2,612	2,612	2,618

The major sources of borrowings of the State Government were (i) Loans from National Small Savings Fund of Central Government, (ii) Loans from the Banks and Financial Institutions, (iii) Loans from the Centre and (iv) Loans from Small Savings and Provident Funds.

During 2015-16, the State Government raised ₹ 1,897 crore from open market. Further, the Government also borrowed an amount of ₹ 398 crore from National Bank for Agriculture and Rural Development (NABARD), ₹ 1,900 crore from National Small Savings Fund (NSSF) and ₹ 50 crore from GOI.

(C) *Pension Payments*

Pension Payments increased from ₹ 3,136 crore in 2011-12 to ₹ 5,985 crore in 2015-16 recording a total increase of 91 *per cent* in five years. Pension Payments alone accounted for more than 14 *per cent* of Revenue Receipts of the State during the year and increased by ₹ 748 crore (14.28 *per cent*) over the previous year. Increase of ₹ 748 crore in Pension Payments during 2015-16 over the previous year was mainly due to increase in expenditure under Superannuation and Retirement Allowances (₹ 727 crore) and Commuted value of Pension (₹ 77 crore).

The State Government had introduced 'The New Defined Contribution Pension Scheme' applicable to all new entrants joining State Government Service on regular basis against vacant sanctioned post(s) on or after 1 February 2005 in order to limit future pension liabilities. The New Pension Scheme was however, implemented provisionally in the State with effect from January 2010. In terms of the scheme, employees contribute 10 *per cent* basic pay and dearness allowance, which is matched by the State Government and the entire amount, is transferred to the designated fund manager through the National Securities Depository Limited (NSDL). During 2015-16, the State Government contributed ₹ 352.51 crore to the Scheme against employee's contribution of ₹ 334.80 crore.

Table 1.22 below shows the actual pension payments with reference to assessment made by the XIV FC and projections of the State Government.

Table 1.22: Actual Pension Payments vis-à-vis XIV FC assessment and State Projections

Year	Assessment made by the XIV FC	Assessment made by the State Government in		(₹ in crore)
		Budget	MTFP	Actual
2015-16	3,860	6,191	5,160	5,985

Pension Payments was ₹ 2,125 crore (55.05 *per cent*) more than the assessments of XIV FC, ₹ 825 crore (15.99 *per cent*) more than the projections made by the State Government in its MTFP. However, it was less by ₹ 206 crore (three *per cent*) than the estimates made in its budget during 2015-16.

(D) Subsidies

Table 1.20 indicates that subsidies as a percentage of Revenue Receipts decreased further from 0.15 *per cent* in 2014-15 to 0.04 *per cent* in 2015-16. In absolute terms, expenditure on payment of subsidies decreased from ₹ 58 crore in 2014-15 to ₹ 19 crore in 2015-16. During 2015-16 the major Departments which received subsidy were Industries and Commerce (₹ 18.76 crore) and Hill Areas Department (₹ 0.26 crore). The State Government had not made any projection for subsidy in its MTFP during 2015-16.

1.6.5 Financial Assistance by State Government to Boards and other institutions

The quantum of assistance provided by way of grants and loans to Boards and others during the current year relative to the previous years is presented in **Table 1.23**.

Table 1.23: Financial Assistance to Boards and other institutions

Financial Assistance to Institutions	2011-12	2012-13	2013-14	2014-15	(₹ in crore)	
					2015-16	
					Final Grant/ Appropriation	Actual
Municipal Corporations/Urban Sewerage Board	112.26	94.37	62.20	93.47	6.73	0
Co-operative Societies and Co-operative Institutions	1.18	7.88	5.50	12.53	990.83	108.12
Universities and Educational Institutions	1,602.93	2,239.27	2,760.62	1,267.36	973.17	589.33
Power Companies etc.	69.10	401.43	278.76	652.38	30.25	25.00
Assam State Housing Board (ASHB) etc.	0.46	2.11	4.58	5.22	0	0
Assam Khadi & Village Industries Board	21.56	27.01	24.77	23.37	18.97	14.37
Urban Development	10.14	3.58	11.52	23.94	12.80	17.29

Authority						
Autonomous Councils	123.88	404.88	393.42	308.17	823.86	282.67
Other Institutions	175.96	244.45	671.91	329.78	797.56	627.46
Total	2,117.47	3,424.98	4,213.28	2,716.22	3,654.17	1,664.24
Assistance as percentage of RE	7.98	11.75	13.17	6.95	7.09	4.50

The total assistance at the end of the year 2015-16 had decreased by 39 *per cent* over the level of 2014-15. Assistance to Boards and other institutions as a percentage of total Revenue Expenditure had decreased from 7.98 *per cent* in 2011-12 to 4.50 *per cent* in 2015-16. Financial assistance to Educational Institutions alone constituted more than 35 *per cent* of the total assistance of the State Government during 2015-16.

1.6.6 Local Bodies

Major issues relating to Local Bodies, *i.e.*, Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) are summarised in the following paragraphs.

1.6.6.1 Classification of Local Bodies

Panchayati Raj Institutions (PRIs): Consequent upon the 73rd Constitutional Amendment Act, 1992 the Government of Assam had created the Assam Panchayati Raj Act (APA) 1994, replacing the Assam Panchayati Raj Act, 1986. The APA, 1994 provided for a three-tier panchayat system comprising Gram Panchayat (GP) at the village level, Anchalik Panchayat (AP) at the block level and Zilla Parishad (ZP) at the district level. As of 31 March 2016, there were 21 ZPs, 185 APs and 2,202 GPs in the State.

Urban Local Bodies (ULBs): In consonance with the 74th Constitutional Amendment Act, 1992 the municipal administration in Assam is based on three categories of ULBs as noted below:

- (i) Town Committee (TC) for a transitional or emerging urban area;
- (ii) Municipal Board (MB) for a comparatively small urban area, and
- (iii) Municipal Corporation *i.e.*, Guwahati Municipal Corporation (GMC) for a larger urban area.

As of 31 March 2016, there were 94 ULBs in the State comprising of one Municipal Corporation, 34 MBs and 59 TCs.

1.6.6.2 Financial Profile of Local Bodies

The quantum of funds from own resources (Local Bodies) and assistances provided by way of grants to local bodies during 2011-12 to 2015-16 is presented in **Tables 1.24** and **1.25**.

Table 1.24: Resources of PRI

(₹ in crore)					
Source	2011-12	2012-13	2013-14	2014-15	2015-16
Own Revenue (Local Bodies)	87.85	176.16	193.80	213.18	NA
State Finance Commission (SFC) transfers	227.96	104.42	158.23	298.84	147.36
Central Finance Commission (CFC) transfers	196.01	362.05	201.93	270.54	292.40
Grants for State sponsored schemes	520.73	89.09	197.29	147.04	486.00
GOI grants for Centrally Sponsored Schemes	1,323.36	1,211.38	2,000.58	1,879.94	2,070.00
Total	2,355.91	1,943.10	2,751.83	2,809.54	2,995.76

Source: Commissioner, P & RD, Assam and information furnished by GOA.

NA: Not Available

Table 1.25: Resources of ULBs

(₹ in crore)					
Source	2011-12	2012-13	2013-14	2014-15	2015-16
Own Revenue	151.57	190.04	NA	NA	NA
SFC transfers	189.68	149.59	133.11	169.07	Nil
CFC transfers	31.97	44.28	Nil	39.74	46.57
Interest for delayed payment of CFC grants	0.11	0.20	0.12	0.18	Nil
State Sponsored Schemes	16.13	4.14	8.22	12.29	0.31
GOI grants for Centrally Sponsored Schemes	24.09	33.41	25.57	11.03	14.46
Total	413.55	421.66	167.02	232.31	61.34

Source: FASFC Report and information furnished by the Director, MA and the Director, T & CP, GOA.

NA: Not Available

During current year CFC transfers as well as GOI grants for Centrally Sponsored Schemes increased for both PRIs and ULBs.

1.6.6.3 Devolution of functions, functionaries and fund (3Fs) to PRIs and ULBs

The 73rd and 74th Constitutional amendment gave the constitutional status to PRIs and ULBs and established a system of uniform structure, holding of regular elections, regular flow of funds through Finance Commissions, etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs and ULBs are required to prepare plans and implement schemes for economic development and social justice in respect of functioning enumerated in the Schedule XI and XII of the Constitution respectively.

- In June 2007, Government of Assam (GOA) issued notification regarding activity mapping for 23 subjects out of 29 as listed in Schedule XI of the Constitution for devolution of 3Fs to the PRIs. Following the activity mapping which defined the functions and functionaries that are to be devolved to each tier of PRIs, Government orders were issued for

devolution in respect of only seven subjects out of 23 notified. Orders are yet to be issued in respect of remaining 16 subjects.

- GOA amended (May 2011) the Assam Municipal Act (AMA), 1956, which provided for transfer of 3Fs to ULBs relating to 18 subjects listed in the Twelfth Schedule of the Constitution and also for the constitution of a committee under the Chairmanship of Minister in charge, Urban Development Department to monitor the matter for early and smooth transfer of 3Fs.

Thus, the process of decentralisation has just been initiated with the amendment of AMA.

- For devolution of fund, GOA created a panchayat/municipality window in the State Budget earmarking every year substantial outlays under Plan and Non-plan in the revenue account for Panchayats and Municipalities. In the absence of suitable administrative machinery due to non-transfer of 3Fs to PRIs and ULBs the amount earmarked was spent through the functionaries of the respective line departments.

Thus, the objective of creating the Panchayat/Municipality window in the State Budget was frustrated due to lack of effective and prompt action on the part of the Government to implement its own decisions on devolution of 3Fs to the local bodies.

1.6.6.4 *Accounting and Auditing Arrangement*

Accounting Arrangement: The GOA accepted the Model Accounting System prescribed by Ministry of Panchayati Raj (MoPR) in consultation with the C&AG of India for PRIs and accordingly amended the Assam Panchayat (Financial) Rules 2002. However, neither the formats for preparation of Monthly and Annual Accounts as prescribed by the C&AG of India, were incorporated in the Assam Panchayat (Financial) Rules 2002 nor was any provision made in the said Rules for preparation and submission of monthly and annual accounts.

Thus, the accounts of PRIs are not maintained as per the prescribed formats. In absence of accounts the actual financial position of PRIs could not be ascertained.

Assam Municipal (Accounts) Rules 1961 framed under AMA, 1956, provides for maintenance of accounts of municipalities on cash basis and does not prescribe formats for preparation of annual accounts by ULBs. The State Government, in the line of National Municipal Accounting Manual (NMAM), prepared the draft Assam Municipal Accounting Manual (AMAM) in July 2010, which is based on accrual based accounting system and amended the AMA, 1956 in May 2011, to provide for maintenance of accounts on accrual basis and preparation of

Receipt and Payment Accounts, Income and Expenditure Account and the Balance Sheet.

However, the accounts of ULBs continued to be maintained on cash basis and thereby true and fair view of financial affairs of ULBs and their assets and liabilities were not disclosed.

Auditing Arrangement: As per recommendation of XIII FC, the GOA had entrusted the audit of accounts of PRIs and ULBs to the C&AG of India under Section 20 (1) of the C&AG's (DPC) Act, 1971 under standard terms and conditions of Technical Guidance and Support (TGS) module (May 2011). Accordingly, the C&AG of India conducts audit of PRIs and ULBs in the State.

1.6.6.5 Reporting Arrangement

Audit findings of test-check of accounts of LBs conducted by the C&AG of India are presented in the form of Annual Technical Inspection Reports (ATIRs). ATIRs on PRIs and ULBs for the years 2004-05 to 2012-13 have been submitted to the State Government. It was for the first time that ATIR for the year 2009-10 was laid before the State Legislature in December 2011. The latest Audit Report for the year 2014-15 was laid before the State Legislature on 18 July 2016.

Government of Assam had constituted (October 2012) Local Fund Accounts Committee (LFAC) to discuss the ATIRs on PRIs and ULBs. In September 2016, Audit Report on Local Bodies (earlier known as ATIR) for the year 2013-14 was discussed by the LFAC. Moreover, Action Taken Report (ATR) on the ATIRs/Audit Report submitted to Government was still awaited (November 2016).

1.7 Quality of Expenditure

The availability of better social and physical infrastructure in the State generally reflects the quality of its expenditure.

1.7.1 Adequacy of Expenditure Use

In view of the importance of public expenditure on development heads from the point of view of Social and Economic development, it is important for the State Governments to take appropriate expenditure rationalisation measures and lay emphasis on provision of core public and merit goods. Apart from improving the allocation towards Development Expenditure⁸, particularly in view of the fiscal space being created on account of decline in debt servicing in recent years, the efficiency of expenditure use is also reflected by the ratio of Capital Expenditure

⁸ The analysis of expenditure data is disaggregated into development and non-Development Expenditure. All expenditure relating to Revenue Account, Capital Outlay and Loans and Advances is categorised into Social Services, Economic Services and General Services. Broadly, the Social and Economic services constitute Development Expenditure, while expenditure on General Services is treated as non-Development Expenditure.

to total expenditure (and/or GSDP) and proportion of Revenue Expenditure being spent on operation and maintenance of the existing Social and Economic Services. The higher the ratio of these components to total expenditure (and/or GSDP), the better would be the quality of expenditure.

Table 1.26 compares the fiscal priority of the State Government with that of Special Category States regarding Development Expenditure, Social Sector Expenditure, Economic Sector Expenditure and Capital Expenditure during 2015-16, taking 2012-13 as base year.

Table 1.26: Fiscal Priority of the State in 2012-13 and 2015-16

(In per cent)							
Fiscal Priority of the State	AE/ GSDP	SSE/ AE	ESE/ AE	DE/ AE	CE/ AE	Education /AE	Health/ AE
Average (Ratio) 2012-13 of							
Special Category States	22.23	38.42	31.50	69.92	15.53	20.86	5.58
Assam	20.54	39.73	24.84	64.56	8.12	24.12	5.25
Average (Ratio) 2015-16 of							
Special Category States	21.66	39.78	30.63	70.41	13.95	20.63	6.41
Assam	17.82	45.88	21.31	67.20	6.73	26.80	7.15
AE: Aggregate Expenditure; DE: Development Expenditure; SSE: Social Sector Expenditure; ESE: Economic Sector Expenditure; CE: Capital Expenditure.							

Table 1.26 reveals that Development Expenditure as a ratio of aggregate expenditure of the State of Assam was less than that of Special Category States (SCS) during both the years 2012-13 and 2015-16. Capital Expenditure during the same period was also less than that of SCS, which is a matter of concern. However, expenditure on education was more than that of SCS in both the years and the expenditure on health was more in 2015-16 only.

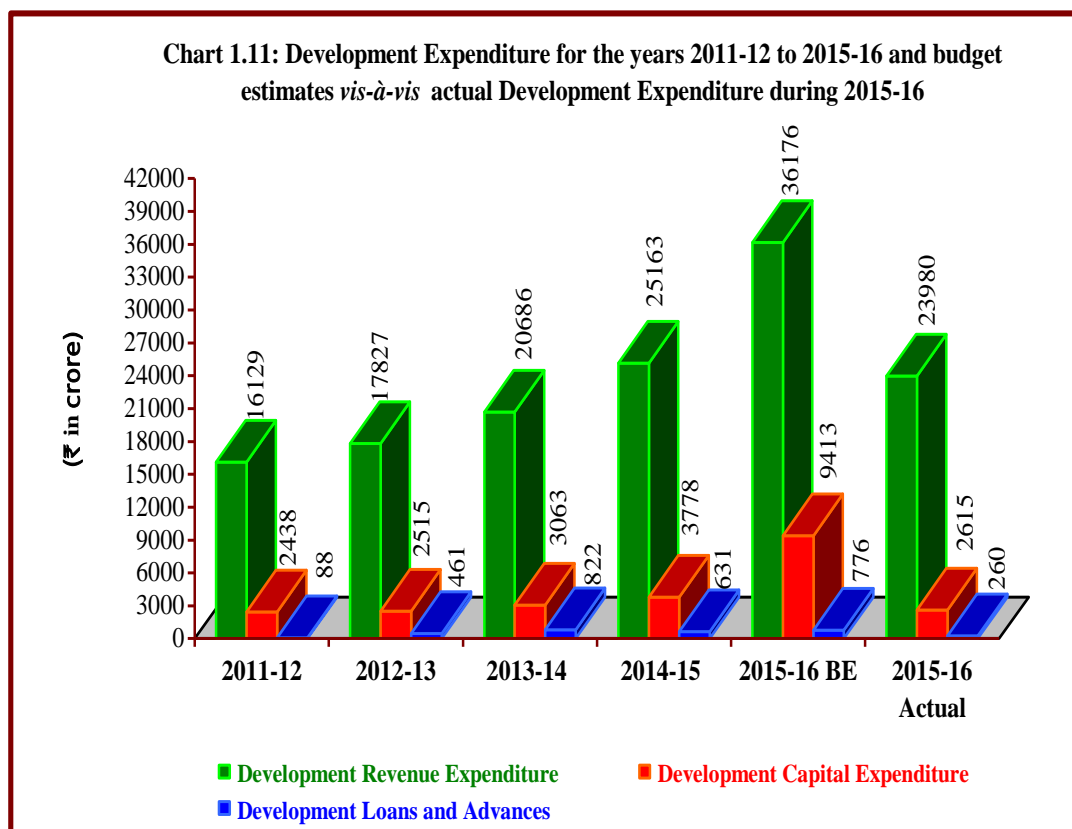
Further, **Table 1.27** presents the trends in Development Expenditure relative to the aggregate expenditure of the State during the current year *vis-à-vis* budgeted and the previous years while **Table 1.28** provides the details of Capital Expenditure and the components of Revenue Expenditure incurred on the maintenance of the selected Social and Economic Services.

Table 1.27: Development Expenditure

(₹ in crore)						
Components of Development Expenditure	2011-12	2012-13	2013-14	2014-15	2015-16	
					BE	Actual
Development Expenditure (a to c)	18,655 (64)	20,803 (65)	24,571 (68)	29,572 (68)	46,365 (75)	26,855 (67)
a. Development Revenue Expenditure	16,129 (55)	17,827 (55)	20,686 (57)	25,163 (58)	36,176 (59)	23,980 (60)
b. Development Capital Expenditure	2,438 (8)	2,515 (8)	3,063 (9)	3,778 (9)	9,413 (15)	2,615 (6)
c. Development Loans and Advances	88 (1)	461 (2)	822 (2)	631 (1)	776 (1)	260 (1)
Figures in parentheses indicate percentage to aggregate expenditure						

The share of Development Expenditure to aggregate expenditure exhibited relative stability during the period 2011-16. However, in absolute term,

Development Expenditure decreased in 2015-16 by ₹ 2,717 crore (nine *per cent*) over the previous year. During the current year, the State Government earmarked 75 *per cent* of the estimated aggregate expenditure for Development Expenditure and this assessment was not achieved at the end of the year. The relative share of Development Expenditure to total expenditure during 2011-16 is presented in Chart 1.11.



The Development Revenue Expenditure decreased by ₹ 1,183 crore (4.70 *per cent*) from ₹ 25,163 crore in 2014-15 to ₹ 23,980 crore in 2015-16. The decreases under Social and Economic Services were ₹ 348 crore and ₹ 835 crore respectively. The actual Development Revenue Expenditure was less than the State's projection in budget by ₹ 12,196 crore.

The Development Capital Expenditure also decreased by ₹ 1,163 crore (30.78 *per cent*) from ₹ 3,778 crore in 2014-15 to ₹ 2,615 crore in 2015-16. The decrease of ₹ 1,163 crore in Development Capital Expenditure was due to decrease in expenditure under Economic Services by ₹ 1,190 crore, which was however, offset by increase in expenditure under Social Services by ₹ 27 crore.

The Development Loans and Advances decreased by ₹ 371 crore from ₹ 631 crore in 2014-15 to ₹ 260 crore in 2015-16. The actual Development Loans and Advances was also less than the State's projection in budget by ₹ 516 crore.

1.7.2 Efficiency of Expenditure Use

Table 1.28: Efficiency of expenditure use in selected Social and Economic Services

(In per cent)

Social/ Economic Infrastructure	2014-15			2015-16		
	Ratio of CE to TE [@]	In RE, the share of		Ratio of CE to TE [@]	In RE, the share of	
		S & W	O & M [¥]		S & W	O & M [¥]
Social Services (SS)						
Education, Sports, Art and Culture	--	22.21	0.39	1.20	24.84	0.17
Health and Family Welfare	0.68	3.25	0.19	0.22	6.70	0.69
Water Supply, Sanitation & Housing & Urban Development	22.80	1.05	1.59	24.76	1.15	1.81
Other Social Services	--	1.87	0.06	--	2.01	0.01
Total (SS)	3.05	28.38	2.22	3.25	31.69	2.68
Economic Services (ES)						
Agriculture & Allied Activities	0.52	3.07	2.23	1.09	3.32	1.26
Irrigation and Flood Control	67.25	1.61	0.48	58.02	1.72	0.22
Special Areas Programmes	71.49	0.01	--	64.73	0.91	--
Transport	40.23	1.64	5.43	33.26	1.85	3.03
Other Economic Services	10.82	1.56	0.41	5.48	2.29	0.07
Total (ES)	31.20	7.89	8.54	24.45	9.20	4.58
TE: Total Expenditure; CE: Capital Expenditure; RE: Revenue Expenditure; S&W: Salaries and Wages; O&M: Operation & Maintenance.						
[@] Total Revenue and Capital Expenditure of the services concerned. [¥] Appendix X of Finance Accounts.						

The trends presented in **Table 1.28** reveals that the percentage of Capital Expenditure on Social Services to total expenditure on Social Services increased from 3.05 *per cent* in 2014-15 to 3.25 *per cent* in 2015-16. The increase was mainly under Water Supply, Sanitation and Housing & Urban Development sectors under Social Services. The percentage of Capital Expenditure on Economic Services to total expenditure however, decreased from 31.20 *per cent* in 2014-15 to 24.45 *per cent* in 2015-16. The decrease was recorded under all the sectors except Agriculture and Allied Services under Economic Services.

The share of salary and wages in Revenue Expenditure on Social Services increased from 28.38 *per cent* in 2014-15 to 31.69 *per cent* in 2015-16 and the share of salary and wages in Revenue Expenditure on Economic Services also increased from 7.89 *per cent* in 2014-15 to 9.20 *per cent* in 2015-16. The increase was mainly in Education, Sports, Art and Culture sector under Social Services and Agriculture and Allied activities sector under Economic Services.

The share of operations and maintenance in Revenue Expenditure on Social Services increased from 2.22 *per cent* in 2014-15 to 2.68 *per cent* in 2015-16 while the share of operations and maintenance in Revenue Expenditure on Economic Services decreased from 8.54 *per cent* in 2014-15 to 4.58 *per cent* in 2015-16. The increase was mainly under Health and Family Welfare and Water Supply, Sanitation and Housing & Urban Development sectors under Social Services and the decrease was under Transport and Agriculture & Allied Services sectors under Economic Services.

1.7.3 Effectiveness of the Expenditure, i.e., Outlay-Outcome Relationship

Impact of expenditure on various Sectors

Appendix 1.4 depicts the progress achieved during 2015-16 as compared to 2014-15 in various sectors. In the Education sector, number of upper primary schools increased from 7,775 in 2014-15 to 7,812 in 2015-16. But, enrollment of students in both lower and upper primary schools decreased nominally by 3.23 lakh and 0.68 lakh respectively during the year as compared to previous year 2014-15. There was no infrastructural improvement in the Health sector during the year. In the Power sector, only 58.47 *per cent* of the sanctioned villages were electrified during 2015-16 whereas during the previous year, 99.22 *per cent* of sanctioned villages were electrified. During the period, purchase and consumption of power increased by 825 Million kWh and 714 Million kWh respectively whereas generation of power decreased by 44 Million kWh. In the Irrigation sector, new irrigation potential of 0.25 lakh hectares was created in 2015-16. Per capita income of the State increased significantly from ₹ 54,618 in 2014-15 to ₹ 69,442 in 2015-16.

1.8 Financial Analysis of Government Expenditure and Investments

In the post-FRBM framework, the State is expected to keep its Fiscal Deficit (and borrowing) not only at low levels but also meet its Capital Expenditure /investment (including Loans and Advances) requirements. In addition, in a transition to complete dependence on market based resources, the State Government needs to initiate measures to earn adequate return on its investments and recover its cost of borrowed funds rather than bearing the same on its budget in the form of implicit subsidy and take requisite steps to infuse transparency in financial operations. This section presents the broad financial analysis of investments and other Capital Expenditure undertaken by the Government during the current year *vis-à-vis* previous years.

1.8.1 Incomplete projects

The department-wise information pertaining to incomplete projects as on 31 March 2016 is given in **Table 1.29**.

Table 1.29: Department-wise profile of Incomplete Projects

(₹ in crore)

Department	No. of Incomplete Projects	Initial Budgeted Cost	Cost Overrun	Cumulative actual expenditure (March 2016)
Public Works (Roads)	75	401.27	11.19*	197.70
Irrigation	15	44.27	--	34.96
Public Works (Buildings & National Highways)	36	137.95	--	65.08
Water Resources	1	21.27	--	6.38
Total	127	604.76	11.19	304.12

Source: Finance Accounts 2015-16.

* Pertains to two projects: Initial Budgeted cost: ₹ 10.46 crore; Revised cost: ₹ 11.19 crore

As on 31 March 2016, 127 projects which were due to be completed by March 2016 remained incomplete in which ₹ 304.12 crore was blocked. Of these, 92 projects involving ₹ 209.98 crore remained incomplete for less than three years, 26 projects involving an amount of ₹ 59.85 crore remained incomplete for periods ranging from three to five years and nine projects involving ₹ 34.29 crore remained incomplete for more than five years. The cost overrun in respect of two projects of Public Works Department (Roads) was ₹ 0.73 crore. The cost overrun of other incomplete projects could not be determined as the revised cost of incomplete projects could not be furnished to Audit, though called for.

Delay in completion of works/projects invites the risk of escalation in the cost of the works, besides the intended benefits from these projects not reaching the beneficiaries in the State.

1.8.2 Investment and returns

As of 31 March 2016, Government had invested ₹ 2404.37 crore in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies (Table 1.30). The average return on this investment was 1.05 per cent while the Government paid an average interest rate of 6.47 per cent on its borrowings during 2015-16.

Table 1.30: Return on Investment

(₹ in crore)

		2011-12	2012-13	2013-14	2014-15	2015-16
	1	2	3	4	5	6
(a)	Statutory Corporations (No. of concerns)	1,895.70 (4)	1,911.13 (4)	1,967.11 (4)	2,077.41 (4)	2,077.41 (4)
(b)	Rural Banks (No. of concerns)	11.16 (1)	11.16 (1)	11.16 (1)	11.16 (1)	11.16 (1)
(c)	Joint Stock Companies (No. of concerns)	18.04 (15)	18.04 (15)	18.04 (15)	29.05 (16)	29.05 (16)
(d)	Co-operatives	107.33	109.83	109.83	110.23	109.84

	(No. of concerns)	(18)	(18)	(18)	(18)	(18)
(e)	Government Companies	162.61	162.80	176.05	176.05	176.91
	(No. of concerns)	(24)	(24)	(24)	(24)	(24)
Total Investment		2,194.84	2,212.97	2,282.19	2,403.90	2,404.37
Return (₹ in crore)		13.64	11.64	12.05	16.23	70.06
Return (per cent)		0.62	0.53	0.53	0.68	2.91
Average rate of interest on Government borrowing (per cent)		6.78	6.57	6.53	6.40	6.47
Difference between interest rate and return (per cent)		6.16	6.04	6.00	5.72	3.56

During the last five years, *i.e.*, 2011-16, the State Government's investments had increased by ₹ 209.53 crore. During the current year, Government did not invest any amount in Statutory Corporations, Rural Bank and Joint Stock Companies. However, the Government invested nominally ₹ 0.86 crore in Government Companies.

Out of four Statutory Corporations, three were incurring losses and their accumulated losses amounted to ₹ 795.66 crore⁹. Similarly, out of 24 Government Companies in the State, 16 companies were incurring losses and their accumulated losses amounted to ₹ 436.97 crore. The major loss incurring Government Companies were Assam Industrial Development Corporation Ltd., (Investment: ₹ 29.71 crore; accumulated loss: ₹ 118.35 crore), Assam Agro Industries Development Corporation Ltd., (Investment: ₹ 22.08 crore; accumulated loss: ₹ 20.58 crore), Assam Seed Corporation Ltd., (Investment: ₹ 1.25 crore; accumulated loss: ₹ 13.16 crore), Assam Tea Corporation Ltd., (Investment: ₹ 8.07 crore; accumulated loss: ₹ 169.82 crore), Assam State Textile Corporation Ltd., (Investment: ₹ 4.77 crore; accumulated loss: ₹ 23.00 crore) and Assam State Development Corporation for Scheduled Caste Ltd., (Investment: ₹ 4.88 crore; accumulated loss: ₹ 23.74 crore).

1.8.3 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, Government has also been providing Loans and Advances to many institutions/ organisations. **Table 1.31** presents the outstanding Loans and Advances as on 31 March 2016, interest receipts *vis-à-vis* interest payments during the last five years.

⁹ Assam State Ware-housing Corporation : ₹ 12.39 crore (as on 31-03-2015);
Assam State Transport Corporation (ASTC) : ₹ 779.90 crore (as on 31-03-2016);
Assam Financial Corporation, Guwahati : ₹ 3.37 crore (as on 31-03-2016).

Table 1.31: Average Interest received on Loans Advanced by the State Government

	(₹ in crore)				
Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2011-12	2012-13	2013-14	2014-15	2015-16
Opening Balance	2,987	3,054	3,507	4,323	4,944
Amount advanced during the year	88	460	822	631	260
Amount recovered during the year	21	7	6	10	510
Closing Balance	3,054	3,507	4,323	4,944	5,194
Of which Outstanding balance for which terms and conditions have been settled	--	--	--	--	--
Net addition	67	453	816	621	-250
Interest Receipts	11	27	18	15	14
Interest receipts as <i>per cent</i> to outstanding Loans and Advances	0.36	0.77	0.42	0.30	0.28
Average rate of interest on Government borrowing (<i>per cent</i>)	6.78	6.57	6.53	6.40	6.47
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	6.42	5.80	6.11	6.10	6.19

The total amount of outstanding Loans and Advances as on 31 March 2016 was ₹ 5,194 crore. The amount of loans disbursed during the year decreased by 58.80 *per cent* from ₹ 631 crore in 2014-15 to ₹ 260 crore in 2015-16. Out of the total amount of loans advanced during the year, ₹ 2.50 crore went to Social Services, ₹ 257.47 crore to Economic Services and ₹ 0.12 crore to Government servants. Under Social Services, entire loan went to Urban Development and under Economic Services, the major portion of loans went to loans for Power Projects (57 *per cent*) followed by loans to consumer industries (43 *per cent*). Recovery of Loans and Advances increased from ₹ 10 crore in 2014-15 to ₹ 510 crore in 2015-16. However, interest receipt against the Loans and Advances decreased by ₹ one crore during the year. During 2015-16, fresh Loans and Advances (₹ 260 crore) were made during the year to 10 loanee entities¹⁰ from whom repayments of earlier loans (₹ 3,599.87 crore) were in arrears. Out of 10 entities, loans in respect of Assam Hills Small Industries Development Corporations (₹ 29.52 crore) were in arrears since 1976-77.

10

	(₹ in crore)
1. Assam Urban Water Supply and Sewerage Development Board	49.41
2. Assam Tea Corporation Ltd.	36.77
3. Assam Hills Small Industries Development Corporations	29.52
4. Assam Plantation Crops Development Corporations Ltd.	2.16
5. Assam Power Distribution and Generation Company Ltd.	2,794.93
6. Assam State Housing Board	5.72
7. Assam Financial Corporation	583.74
8. Ashok Paper Mills Ltd.	4.38
9. Prag Bosimi Synthetics Ltd. (PBSL)	65.00
10. Co-operative Societies	28.24
	3,599.87

1.8.4 Cash Balances and Investment of Cash Balances

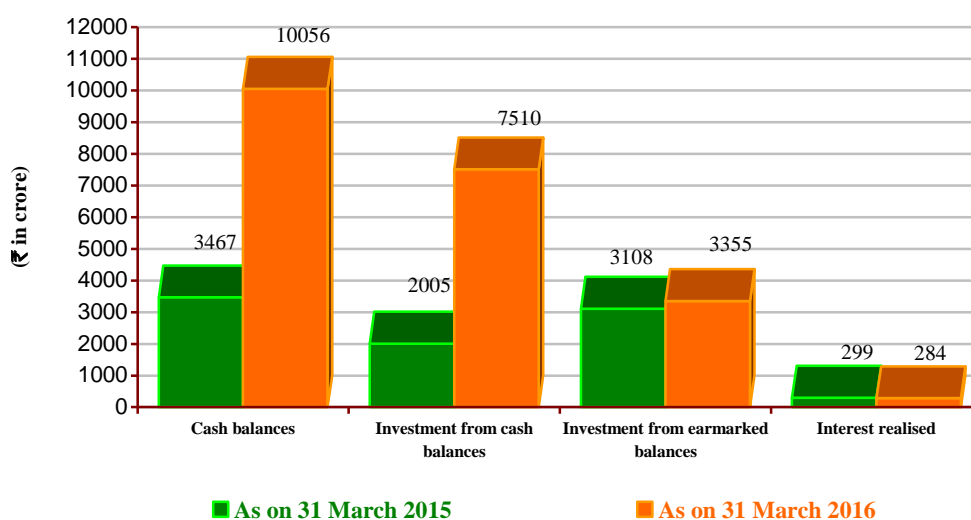
Table 1.32 and Chart 1.12 depict the Cash Balances and investments made by the State Government out of Cash Balances during the year.

Table 1.32: Cash Balances and investment of Cash Balances

(₹ in crore)

	Opening balance on 01.04.2015	Closing balance on 31.03.2016
General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank	(-) 1,652.59	(-) 816.18
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	(-) 1,652.59	(-) 816.18
Investments held in Cash Balance investment account	2,004.71	7,510.11
Total (a)	352.12	6,693.93
Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	6.18	7.01
Permanent advances for contingent expenditure with department officers	0.46	0.46
Investment of earmarked funds	3,108.37	3,355.06
Total (b)	3,115.01	3,362.53
Total (a) + (b)	3,467.13	10,056.46
Interest realized	298.76	284.35

Chart 1.12: Cash balance and investment of cash balance



Cash Balances of the State Government at the end of the current year increased significantly from ₹ 3,467 crore in 2014-15 to ₹ 10,056 crore in 2015-16. The State Government from the investments made in GOI Treasury Bills, had earned

an interest of ₹ 284 crore during 2015-16. Further, the Government invested ₹ 3,355 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2016. The interest receipts against investment on cash balance was 3.79 *per cent* during 2015-16 while Government paid interest at the rate of 6.47 *per cent* only on its borrowings during the year.

1.9 Assets and Liabilities

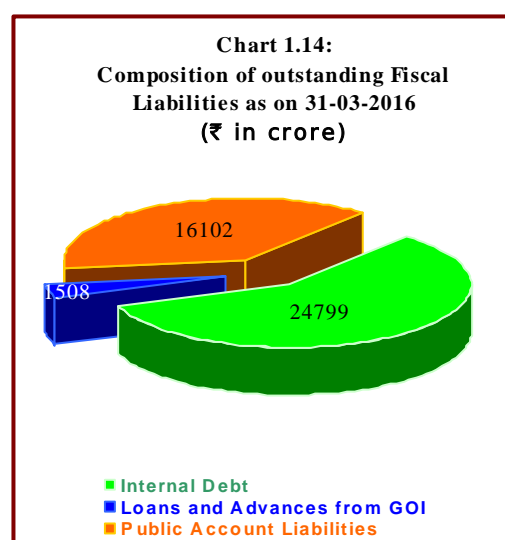
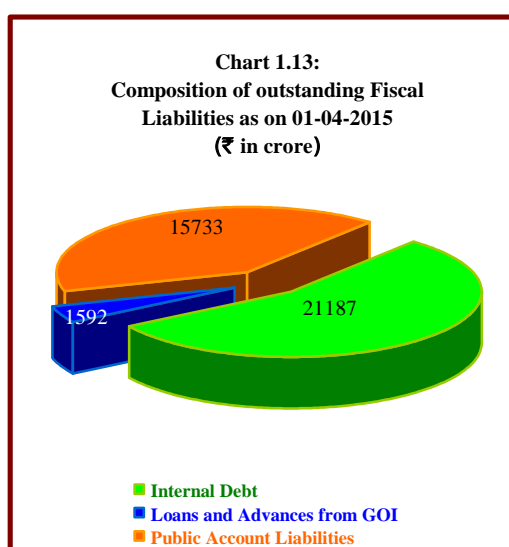
1.9.1 Growth and composition of Assets and Liabilities

In the existing Government accounting system, comprehensive accounting of fixed assets like Land and Buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. **Appendix 1.5** gives an abstract of such liabilities and assets as on 31 March 2016 compared with the corresponding position as on 31 March 2015. While the liabilities shown in the Appendix consist mainly of internal borrowings, Loans and Advances from GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly of the Capital Outlay and Loans and Advances given by the State Government and Cash Balances.

According to the Assam FRBM Act, 2005 (amended in 2011), the “total liabilities of the State” means the liabilities under the Consolidated Fund of the State and the Public Account of the State.

1.9.2 Fiscal Liabilities

The composition of fiscal liabilities during the current year *vis-à-vis* the previous year is presented in **Charts 1.13** and **1.14**.



The trends in outstanding fiscal liabilities of the State are presented in **Appendix 1.3**. **Table 1.33** shows the fiscal liabilities of the State, their rate of

growth, the ratio of these liabilities to GSDP, to Revenue Receipts and to State's own resources and also the buoyancy of fiscal liabilities with reference to these parameters.

Table 1.33: Fiscal Liabilities-Basic Parameters

Parameters	2011-12	2012-13	2013-14	2014-15	2015-16
Fiscal Liabilities[#] (₹ in crore)	31,497	32,897	34,376	38,512	42,409
Rate of Growth (per cent)	6.08	4.44	4.50	12.03	10.12
Ratio of Fiscal Liabilities to:					
GSDP (per cent)	22.00	20.97	19.34	19.44	18.91
Revenue Receipts (per cent)	114.72	107.19	106.71	100.86	99.89
Own Resources (per cent)	299.83	306.76	293.81	324.64	330.11
Buoyancy of Fiscal Liabilities with reference to:					
GSDP (ratio)	0.518	0.464	0.338	1.051	0.767
Revenue Receipts (ratio)	0.314	0.377	0.907	0.649	0.904
Own Resources (ratio)	0.229	2.135	0.495	8.655	8.295

[#] Includes Internal Debt, Loans and Advances from GOI, Small Savings, Provident Fund etc., Reserve Funds (Gross) and Deposits.

The overall fiscal liabilities of the State increased at an average annual rate of 7.43 *per cent* during the period 2011-16. During the current year, the fiscal liabilities of the State Government increased by ₹ 3,897 crore (10.12 *per cent*) from ₹ 38,512 crore in 2014-15 to ₹ 42,409 crore in 2015-16. The increase in fiscal liabilities was mainly due to increase in the internal debt (₹ 3,612 crore) and Public Account liabilities (₹ 369 crore), which was however, offset by decrease in Loans and Advances from GOI (₹ 84 crore). The ratio of fiscal liabilities to GSDP had improved as it had decreased from 19.44 *per cent* in 2014-15 to 18.91 *per cent* in 2015-16 which was well within the norms (26.25 *per cent*), prescribed by the XIV FC. The fiscal liabilities of the State were equivalent to its Revenue Receipts at the end of 2015-16, however they were 3.30 times of the State's own resources during the same period. The buoyancy of the liabilities with respect to GSDP during the year was 0.767 indicating that for each one *per cent* increase in GSDP, fiscal liabilities grew by 0.767 *per cent*.

The State Government had set up the sinking fund in line with the recommendations of the Twelfth Finance Commission (TFC) for amortisation of market borrowings as well as other loans and debt obligations. The fund is managed by the Reserve Bank of India. As of 31 March 2016, the balance in the sinking fund was ₹ 3,335.07 crore, of which ₹ 3,327.84 crore had been invested.

1.9.3 Status of Guarantees – Contingent Liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee had been extended. According to FRBM Act, State Government guarantees shall be restricted to 50 *per cent* of State's Tax and Non-Tax Revenue of the second preceding year.

The maximum amount for which guarantees were given by the State and outstanding guarantees for the last three years are shown in **Table 1.34**.

Table 1.34: Guarantees given by the Government of Assam

Guarantees	(₹ in crore)		
	2013-14	2014-15	2015-16
Maximum amount guaranteed	582	582	482
Outstanding amount of guarantees including interest	90	143	143
Percentage of maximum amount guaranteed to total Revenue Receipts	1.81	1.52	0.34
Criteria as per the Assam Fiscal Responsibility and Budget Management Act, 2011.	State Government guarantees shall be restricted at any point of time to 50 <i>per cent</i> of State's own Tax and Non-Tax Revenue of the second preceding year as reflected in the books of accounts maintained by Accountant General (Accounts & Entitlement).		

Government had constituted (September 2009) a '*Guarantee Redemption Fund*' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Level Public Sector Undertakings or other Bodies and invoked by the beneficiaries. The accumulations in the Fund would be utilised only towards payment of the guarantees issued by the Government and not paid by the institution on whose behalf guarantee was issued. According to the scheme guidelines, the Fund should be set up by the Government with an initial contribution of ₹ five crore and during each year the Government should contribute an amount equivalent to at least three *per cent* of the outstanding guarantees at the end of the second financial year preceding the current financial year as reflected in the books of accounts as maintained by the Accountant General (Accounts & Entitlement). During 2015-16, the State Government contributed only ₹ one crore to the Fund against required amount of contribution of ₹ 2.70 crore (3 *per cent* of ₹ 90 crore). This led to short contribution of ₹ 1.70 crore by the State Government during the year. No guarantee was invoked during the year. As on 31 March 2016, the total amount lying in the Fund was ₹ 26.81 crore (including the interest of ₹ 1.82 crore for 2015-16) and the entire amount had been invested by the Reserve Bank of India.

Government had guaranteed loans raised by various Corporations and others which at the end of 2015-16 stood at ₹ 143 crore. It was 1.22 *per cent* of State's own Tax and Non-Tax Revenue of the second preceding year *i.e.*, well within the limit prescribed in the Act. Out of the total outstanding guarantees, ₹ 56.31 crore (39 *per cent*) pertained to Power sector.

1.9.4 Ujwal Discom Assurance Yojana (UDAY)

Government of India launched (November 2015) Ujwal Discom Assurance Yojana (UDAY) for financial turnaround of Power Distribution Companies

(DISCOMs) and for improving operational and financial efficiency of the State DISCOMs. Its main objective is to provide affordable and accessible 24x7 power to all. One of the important provisions of the scheme is that the State shall take over 75 per cent of DISCOMs debt as on 30 September 2015 over two years – 50 per cent debt shall be taken in 2015-16 and 25 per cent in 2016-17.

Government of Assam has in-principle agreed to the provisions of UDAY. But State is yet to finalise the financial liabilities for the State after taking over DISCOMs debt (November 2016).

1.10 Debt Sustainability

Apart from the magnitude of debt of State Government, it is important to analyse various indicators that determine the debt sustainability of the State. This section assesses the sustainability of debt of the State Government in terms of growth rate of debt, sufficiency of non-debt receipts, net availability of borrowed funds, burden of interest payments (measured by interest payments to Revenue Receipts ratio) and maturity profile of State Government securities. **Table 1.35** analyses the debt sustainability of the State according to these indicators for the period of five years beginning from 2011-12.

Table 1.35: Debt Sustainability: Indicators and Trends

Indicators of Debt sustainability	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Debt/GSDP (<i>per cent</i>)	22.00	20.97	19.34	19.44	18.91
Sufficiency of Non-debt Receipts (Resource Gap)	(+) 345	(+) 129	(-) 2,265	(-) 1,649	(+) 8,435
Net Availability of Borrowed Funds	(-) 1,238	(-) 1,765	(-) 1,387	(+) 1,240	(+) 1,556
Burden of Interest Payments (IP/RR Ratio)	7.55	6.89	6.82	6.11	6.17
IP/Own Tax Ratio	27.15	19.72	18.79	19.67	20.38
Maturity Profile of State					
0 – 1 Year	453.59	475.30	330.50	101.51	106.92
1 – 3 Years	2,312.18	2,055.47	2,505.94	2,743.02	3,276.98
3 – 5 Years	2,546.94	2,868.46	3,102.00	2,431.96	4,378.01
5 – 7 Years	3,099.21	2,439.83	3,867.58	5,640.36	4,519.26
7 Years and above	11,536.67	11,965.13	10,017.00	11,861.41	14,026.18

Table 1.35 reveals that the debt-GSDP ratio had declined from 22.00 in 2011-12 to 18.91 in 2015-16, which was a positive sign towards fiscal consolidation for improving the debt sustainability position of the State.

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. The State had a positive resource gap in three years i.e., 2011-12, 2012-13 and 2015-16 during the five year period 2011-16. During the current year, resource gap improved and stood at ₹ 8,435 crore.

The Public Debt Receipts of the State increased from ₹ 952 crore in 2011-12 to ₹ 5,498 crore in 2015-16 at an annual average rate of 96.21 *per cent*. It increased significantly by 20 *per cent* (₹ 916 crore) from ₹ 4,582 crore in 2014-15 to ₹ 5,498 crore in 2015-16. So far as year-end cash balance of the State is concerned, it increased by ₹ 6,589 crore from ₹ 3,467 crore in 2014-15 to ₹ 10,056 crore in 2015-16.

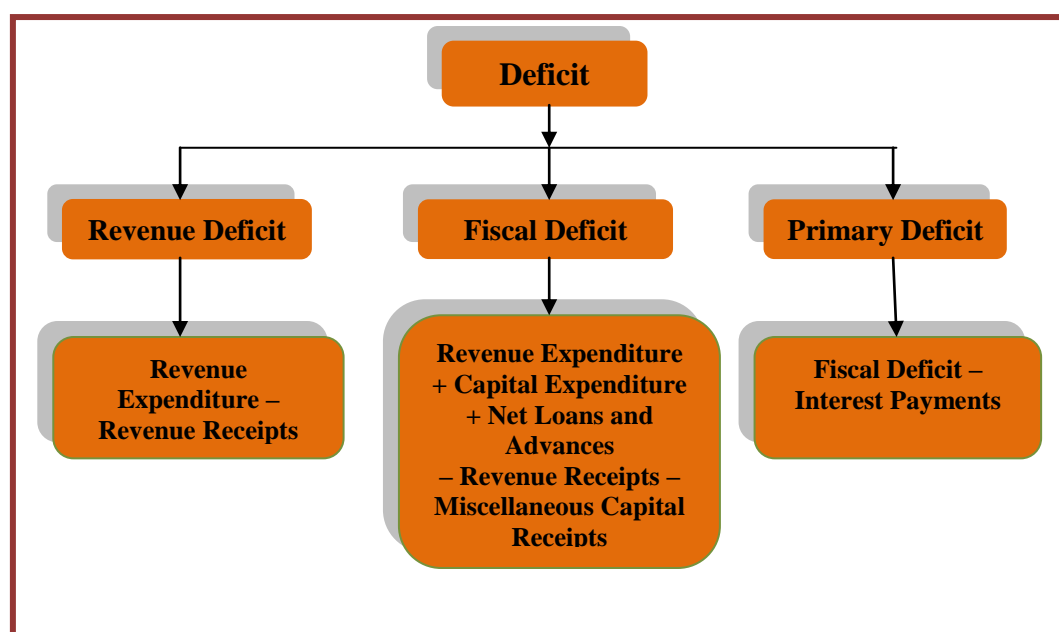
High level of surplus cash in recent past seems to provide some headroom to withstand pressure on finances. The reason for cash accumulation was attributed to conservative approach in capital spending since the capital outlay as a percentage of total expenditure ranged between a meagre seven and nine *per cent* during the period from 2011-16.

In view of the comfortable Cash Balances, the State may consider to defer and/or resort to more need based borrowing programmes in a cost effective manner. The State may consider identifying a clear shelf of projects which require capital investment and borrow only to that extent by realistic assessment of cash needs with effective cash management for better synchronisation of cash inflows and outflows. This would at the same time curb unwarranted build-up of cash surplus as well.

1.11 Fiscal Imbalances

Three key fiscal parameters - Revenue, Fiscal and Primary Deficits - indicate the extent of overall fiscal imbalances in the Finances of the State Government during a specified period. The deficit in the Government account represents the gap between its receipts and expenditure. **Chart 1.15** gives an indication of various kinds of deficits that occur if the Government borrows excessively to balance the budget.

Chart 1.15: Type of deficits



The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised are applied are important pointers to its fiscal health. This section presents trends, nature, magnitude and the manner of financing these deficits and also the assessment of actual levels of Revenue and Fiscal Deficits *vis-à-vis* targets set under FRBM Act/Rules for the financial year 2015-16.

1.11.1 Trends in Surplus/Deficit

Charts 1.16 and 1.17 present the trends in deficit indicators over the period 2011-16.

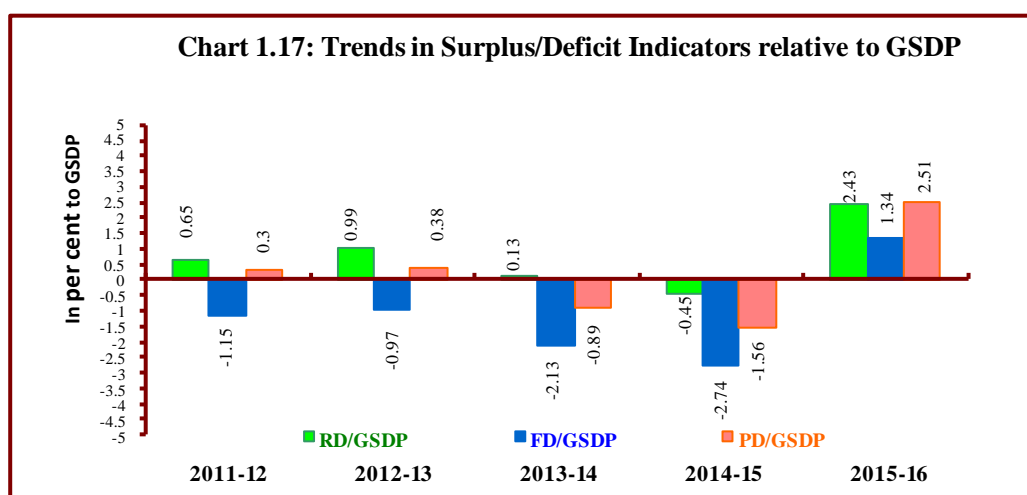
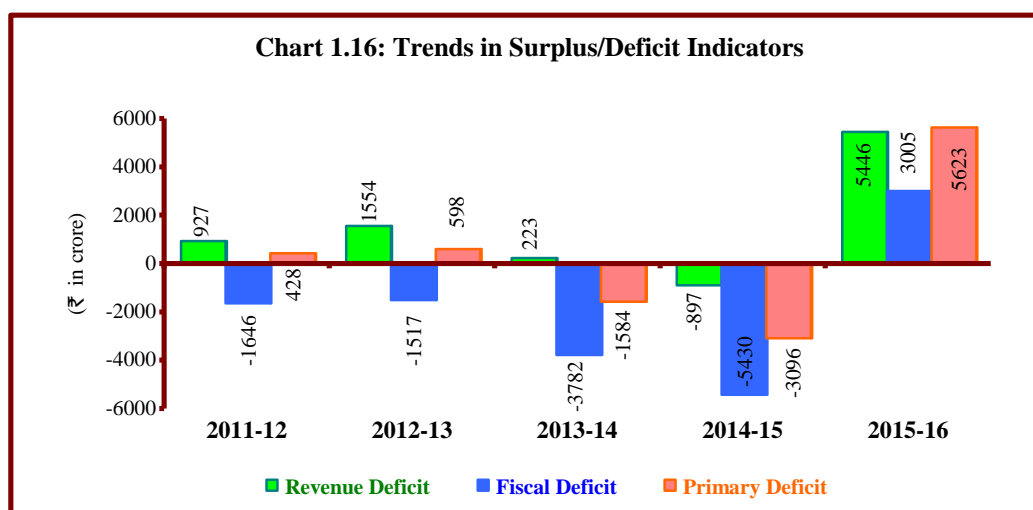


Chart 1.16 reveals that the State had a Revenue Surplus during 2011-14, which turned into Revenue Deficit during the year 2014-15. The State again exhibited Revenue Surplus of ₹ 3,005 crore during the current year. The surplus in revenue account during the current year was due to Revenue Receipts being more than Revenue Expenditure. During the current year Revenue Receipts increased by 11.20 per cent (₹ 4,276 crore) over the previous year whereas Revenue

Expenditure decreased only by 5.29 *per cent* (₹ 2,067 crore) during the same period.

Fiscal Deficit represents the gap between the total resources and total expenditure. **Chart 1.16** reveals that the State exhibited Fiscal Surplus for the first time during 2015-16 of the last five year period of 2011-16. In absolute term, the Fiscal Deficit of ₹ 5,430 crore of 2014-15 turned into Fiscal Surplus of ₹ 3,005 crore in 2015-16.

During 2011-13 the State had Primary Surplus which turned into Primary Deficit during the years 2013-15. During the current year the State was able to exhibit Primary Surplus again.

1.11.2 Composition of Fiscal Deficit and its Financing Pattern

The financing pattern of the Fiscal Deficit has undergone a compositional shift as reflected in **Table 1.36**.

Table 1.36: Components of Fiscal Deficit and its financing pattern

(₹ in crore)					
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1	2	3	4	5	6
Composition of Fiscal Deficit (FD/GSDP) Deficit (-)/ Surplus (+)	(-) 1,646 (1.31)	(-) 1,517 (1.10)	(-) 3,782 (2.37)	(-) 5,430 (2.95)	(+) 3,005 (**)
1 Revenue Deficit(-)/Surplus(+)	(+) 927	(+) 1,554	(+) 223	(-) 897	(+) 5,446
2 Net Capital Expenditure	(-) 2,506	(-) 2,617	(-) 3,189	(-) 3,912	(-) 2,691
3 Net Loans & Advances	(-) 67	(-) 453	(-) 816	(-) 621	(+) 250
Financing Pattern of Fiscal Deficit*					
1 Market Borrowings	(+) 654.77	(+) 696.40	(+) 585.66	(-) 2,152.93	(-) 1,896.75
2 Loans from GOI	(+) 95.21	(+) 86.62	(+) 113.31	(+) 351.89	(+) 83.50
3 Special Securities Issued to NSSF	(-) 474.85	(-) 643.25	(-) 668.57	(-) 1,078.14	(-) 1,512.63
4 Loans from Financial Institutions	(-) 81.36	(+) 4.62	(-) 49.24	(-) 76.05	(-) 203.20
5 Small Savings, PF etc.	(-) 634.98	(-) 807.52	(-) 837.17	(-) 890.13	(-) 860.14
6 Deposit & Advances	(-) 437.17	(-) 413.21	(-) 157.47	(+) 233.54	(+) 1,005.83
7 Suspense and Misc.	(-) 734.76	(+) 404.99	(-) 2,786.10	(-) 1,518.87	(+) 5,734.83
8 Remittances	(+) 50.84	(+) 35.27	(-) 10.32	(-) 30.26	(+) 47.66
9 Reserve Fund	(-) 67.87	(+) 118.35	(-) 255.66	(-) 320.62	(-) 230.02
10 Decrease (+)/increase (-) in cash balance with RBI	(-) 15.88	(-) 998.76	(+) 283.26	(+) 52.04	(+) 836.41
*All these figures are net of disbursements/outflows during the year					
** There was Fiscal Surplus					

It can be seen from **Table 1.36** that there was declining trend in Fiscal Deficit during the years 2011-12 and 2012-13 but it increased significantly during the years 2013-14 and 2014-15. During 2015-16 the State exhibited Fiscal Surplus.

The decrease in Capital Expenditure during the year indicated that borrowed funds were being utilised for productive uses less than that of previous year. The

Government should reverse this trend as the solution to the Government debt problem lies on the method of application of borrowed funds *i.e.*, whether they are being used efficiently and productively for Capital Expenditure which either provides returns directly or results in increased productivity of the economy which may result in increase in Government revenue in future making debt payments manageable.

1.11.3 Quality of Deficit/Surplus

The ratio of Revenue Deficit to Fiscal Deficit and the decomposition of Primary Deficit into Primary Revenue deficit and Capital Expenditure (including Loans and Advances) would indicate the quality of deficit in the State's finances. The ratio of Revenue Deficit to Fiscal Deficit indicates the extent to which borrowed funds were used for current consumption. Further, persistent high ratio of Revenue Deficit to Fiscal Deficit also indicates that the asset base of the State was continuously shrinking and a part of borrowings (fiscal liabilities) were not having any asset backup. The bifurcation of the Primary Deficit (**Table 1.37**) would indicate the extent to which the deficit has been on account of enhancement in Capital Expenditure which may be desirable to improve the productive capacity of the State's economy.

Table 1.37: Primary Deficit/Surplus – Bifurcation of factors

(₹ in crore)							
Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Deficit(-)/ Surplus (+)	Primary Deficit (-) / Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2011-12	27,476	24,454	2,506	88	27,048	(+) 3,022	(+) 428
2012-13	30,698	27,022	2,617	461	30,100	(+) 3,676	(+) 598
2013-14	32,219	29,792	3,189	822	33,803	(+) 2,427	(-) 1,584
2014-15	38,191	36,744	3,912	631	41,287	(+) 1,447	(-) 3,096
2015-16	42,967	34,393	2,691	260	37,344	(+) 8,574	(+) 5,623

There was Primary Surplus in the State during the years 2011-12 and 2012-13 but it turned into deficit during the subsequent two years *i.e.*, 2013-14 and 2014-15. The State again exhibited Primary Surplus during 2015-16 since non-debt receipts were more than the Primary Expenditure. In the current year non-debt receipts were adequate enough to cover both primary Revenue Expenditure and Capital Expenditure. Over the period 2011-16, the percentage of Capital Expenditure in Primary Expenditure had shown inter-year fluctuation and decreased from 9.27 *per cent* in 2011-12 to 7.21 *per cent* in 2015-16. The State should give more emphasis on increase in the percentage of Capital Expenditure in Primary Expenditure as it would indicate improvement in the productive capacity of the State's economy.

1.12 Institutional measures

Towards strengthening fiscal discipline in the State, the Government of Assam had taken certain institutional measures like legislation in respect of guarantees and fiscal responsibilities in the form of enactment of the Assam Fiscal Responsibility and Budget Management Act in 2005 (amended in 2011). Since then the Government had been undertaking measures like implementation of Consolidated Sinking Fund, introduction of VAT etc.

As a measure to improve fiscal transparency, GOI outlined several initiatives to assist the State Governments in their developmental and Social roles. Public Private Partnership (PPP) is such an initiative that enables implementation of Governments programmes/schemes in partnership with the private sector. The potential benefits derived from PPP are cost effectiveness of the project, higher productivity, accelerated delivery, enhanced Social service and recovery of user charges. It also allows the State Government to use limited budgetary resources on high priority schemes where private sector is not willing to enter.

In view of the above, several State Governments across India are entering into PPP agreements in the areas of infrastructure projects, survey and exploitation of mines and minerals, development of industrial estates, development of hydro-electricity projects etc.

The Government of Assam formulated (February 2008) the policy on public private partnership in Infrastructure Development in the State. **Table 1.38** indicates that during 2014-15 and 2015-16, Government of Assam had taken up various PPP projects for implementation of which three projects¹¹ were completed in 2014-15 whereas two¹² projects were completed in 2015-16. Further, as of 31 March 2016, six¹³ projects were under implementation/construction and eight projects were under planning/pipeline.

¹¹ (i) O &M of Organic Agriculture Produces Market Complex at Sixmile, Guwahati;
(ii) North East Tribal Museum & Cultural Centre;
(iii) O & M of Skilled Development Training Centre.

¹² (i) Five Star Hotel at Guwahati;
(ii) I.I.I.T., Guwahati.

¹³ (i) Desang Small Hydro Electric Power Projects (3 x 3 MW);
(ii) Pahumara Power Project (2 MW);
(iii) Rupahi Power Project (0.4 MW);
(iv) 20 MW Dhansiri SHP;
(v) Construction of Games Village (Phase-II);
(vi) IT Park, Guwahati.

Table 1.38: Status of implementation of PPP projects

Sl No.	Particulars	2014-15	2015-16
1.	No. of completed projects	3	2
	<i>Cost incurred of which (₹ in crore)</i>	26.21	230.50
	<i>Government's contribution (₹ in crore)</i>	26.21	0.5 & 15 Bighas of Land
2.	No. of projects under implementation	8	6
	<i>Cost incurred of which (₹ in crore)</i>	3,201.70	2,971.20
	<i>Government's contribution (₹ in crore)</i>	13.28/land	12.78 & land
3.	Under Planning/ Pipeline projects (Number)	10	8
	<i>Cost of the project of which</i>	<i>Cost not finalised</i>	<i>Cost not finalised</i>
	<i>Government's contribution</i>	--	

Source: Planning and Development Department, Government of Assam.

Information for 2014-15 was revised at the instance of Planning and Development Department.

Although the State Government had completed five PPP projects during last two years i.e., 2014-16, the PPP cell under the control of Planning and Development Department could not furnish any information regarding the date of commission, revenue sharing pattern etc., of the completed projects, though called for.

1.13 Conclusion and Recommendations

The State had maintained Revenue Surplus during four years of last five year period – 2011-16 except during the year 2014-15. During the current year i.e., 2015-16, the State has Revenue Surplus of ₹ 5,446 crore. As a major turnaround towards the fiscal consolidation, the State exhibited the Fiscal Surplus of ₹ 3,005 crore during 2015-16. Primary Deficit of the last year also turned into Primary Surplus and stood at ₹ 5,623 crore during 2015-16.

Revenue Receipts

Revenue Receipts grew by ₹ 4,276 crore (11 *per cent*) over the previous year. The increase was contributed by Tax Revenue ₹ 656 crore (15 *per cent*), Non-Tax Revenue by ₹ 328 crore (eight *per cent*) and State's share of Union Taxes and Duties by ₹ 4,502 crore (105 *per cent*). The increase was however, offset by decrease in Grants-in-Aid from GOI by ₹ 1,210 crore (28 *per cent*). The Revenue

Receipts at ₹ 42,457 crore was more by ₹ 2,596 crore than the assessment made in Medium Term Fiscal Plan (MTFP)¹⁴ (₹ 39,861 crore)

(Para-1.1.1)

Revenue Expenditure

The overall Revenue Expenditure of the State increased by 39.52 *per cent* from ₹ 26,528 crore in 2011-12 to ₹ 37,011 crore in 2015-16 at an annual average rate of 7.90 *per cent*. Non-Plan Revenue Expenditure (NPRE), which constituted a dominant share of nearly 75 *per cent* during the last five-year period i.e., 2011-16, decreased by ₹ 2,111 crore (7.11 *per cent*) during the current year over the previous year. The Plan Revenue Expenditure (PRE) increased nominally by ₹ 44 crore (0.47 *per cent*) from ₹ 9,391 crore in 2014-15 to ₹ 9,435 crore in 2015-16.

(Para-1.6.3)

During 2015-16, the Development Expenditure (₹ 26,855 crore) decreased by ₹ 2,717 crore (nine *per cent*) over the previous year. The relative share of the Revenue Developmental Expenditure was 60 *per cent* of the total expenditure while this share in respect of Capital Development Expenditure was only six *per cent*.

(Para-1.7.1)

Investment and Returns

As on 31 March 2016, 127 projects which were due to be completed by March 2016 remained incomplete in which ₹ 304.12 crore was blocked.

(Para-1.8.1)

The average return on State Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies varied between 0.53 and 2.91 *per cent* in the last five years whereas the State Government's average interest outgo was in the range of 6.40 to 6.78 *per cent* during the corresponding period.

(Para-1.8.2)

Cash Balances of the State Government at the end of the current year increased significantly from ₹ 3,467 crore in 2014-15 to ₹ 10,056 crore in 2015-16. The interest receipts against investment on Cash Balance was 3.79 *per cent* during 2015-16 while Government paid interest at the rate of 6.47 *per cent* on its borrowings during the year.

(Para-1.8.4)

¹⁴ MTFP: As required under Section 3 of the Act, the State Government laid before the State Legislative Assembly a five year rolling Fiscal Plan along with Annual Financial Statement showing therein the relevant fiscal indicators and future prospects for growth.

Fiscal liabilities

The overall fiscal liabilities of the State increased at an average annual rate of 7.43 *per cent* during the period 2011-16. During the current year, the fiscal liabilities of the State Government increased by ₹ 3,897 crore (10.12 *per cent*) from ₹ 31,497 crore in 2014-15 to ₹ 42,409 crore in 2015-16. The ratio of fiscal liabilities to Gross State Domestic Product (GSDP) had improved and decreased from 19.44 *per cent* in 2014-15 to 18.91 *per cent* in 2015-16 which was well within the norms (26.25 *per cent*), prescribed by the XIV FC.

(Para-1.9.2)

The recommendations are:

- *The State Government may explore the possibility to mobilise additional resources both through tax and non-tax sources by expanding the tax base and rationalising the user charges. Efforts should also be made to increase tax compliance, reduce tax administration costs, etc. Further, in order to ensure sustainable progress towards fiscal consolidation, State needs to continue to ensure a pattern of expenditure that not only ensures better growth but also enhances public welfare.*
- *Effective steps need to be taken for expeditious completion of the incomplete projects to avoid further cost overrun and delay in achieving the objectives.*
- *A performance-based system of accountability should be put in place in the Government Companies/Statutory Corporations so as to derive profitability and improve efficiency in service. The Government should ensure better value for money in investments by identifying the Companies/Corporations which are endowed with low financial but high socio-Economic returns and justify the use of high cost borrowed funds for non-revenue generating investments through clear and transparent guidelines.*

