

Chapter 2
Finances of the State

2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2017-18 to 2021-22, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary.

2.2 Major changes in Key Fiscal Aggregates during 2021-22 vis-à-vis 2020-21

Table 2.1 gives a bird's eye view of the major changes in key fiscal aggregates of the State during the financial year, compared to the previous year.

Each of these indicators is analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2021-22 compared to 2020-21

| | |
|----------------------------|--|
| Revenue Receipts | <ul style="list-style-type: none"> ➤ Revenue Receipts of the State increased by 22.98 per cent ➤ Tax Revenue of the State increased by 33.33 per cent <ul style="list-style-type: none"> ○ Own Tax Receipts of the State increased by 14.00 per cent ○ State's Share of Union Taxes and Duties increased by 51.11 per cent ➤ Non-Tax Receipts increased by 23.46 per cent ➤ Grants-in-Aid from Government of India increased by 8.81 per cent |
| Revenue Expenditure | <ul style="list-style-type: none"> ➤ Revenue Expenditure increased by 27.94 per cent ➤ Revenue Expenditure on General Services increased by 58.87 per cent ➤ Revenue Expenditure on Social Services increased by 14.37 per cent ➤ Revenue Expenditure on Economic Services increased by 3.72 per cent ➤ Expenditure on Grants-in-Aid to Local bodies decreased by 18.79 per cent |
| Capital Expenditure | <ul style="list-style-type: none"> ➤ Capital Expenditure increased by 62.31 per cent ➤ Capital Expenditure on General Services increased by 66.42 per cent ➤ Capital Expenditure on Social Services increased by 27.45 per cent ➤ Capital Expenditure on Economic Services increased by 70.71 per cent |
| Loans and Advances | <ul style="list-style-type: none"> ➤ Disbursements of Loans and Advances increased by 18.46 per cent ➤ Recoveries of Loans and Advances increased significantly by 1,20,973.83 per cent |
| Public Debt | <ul style="list-style-type: none"> ➤ Public Debt Receipts decreased by 7.08 per cent ➤ Repayment of Public Debt increased by 64.20 per cent |
| Public Account | <ul style="list-style-type: none"> ➤ Public Account Receipts increased by 18.98 per cent ➤ Public Account Disbursements increased by 15.86 per cent |
| Cash Balance | <ul style="list-style-type: none"> ➤ Cash balance decreased by ₹ 5,217.46 crore (35.61 per cent) |

Source: Finance Accounts

Each of the above indicators is analysed in the succeeding paragraphs.

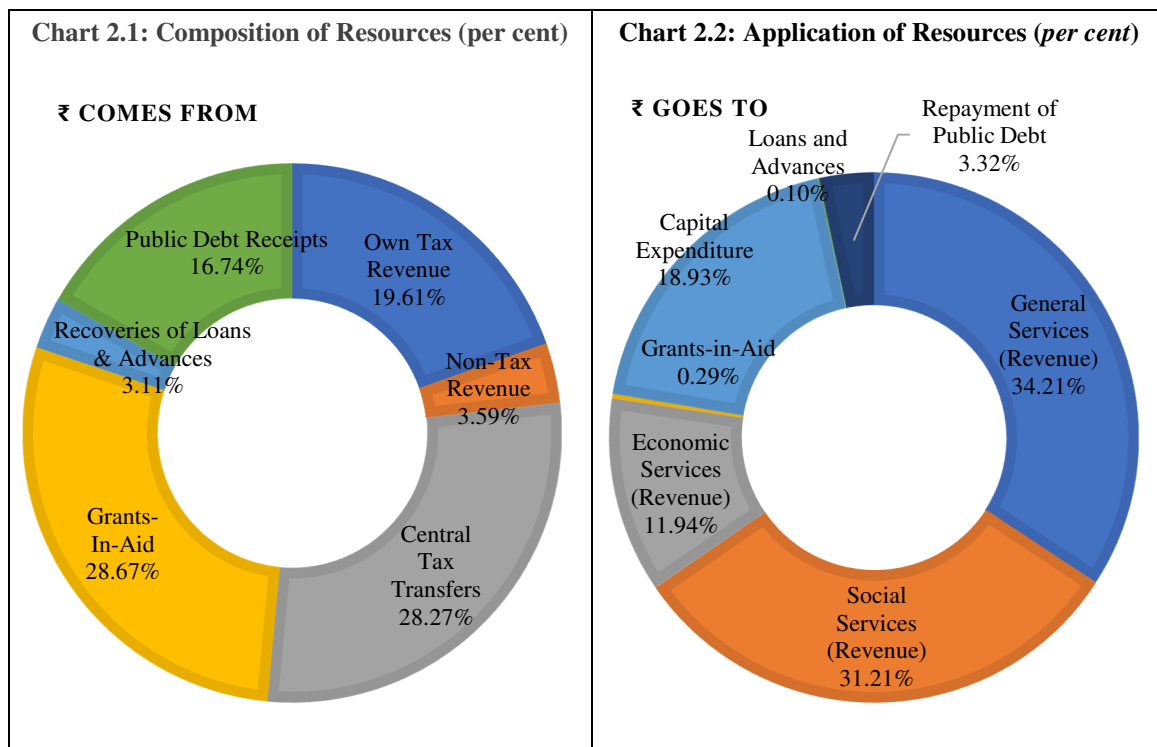
2.3 Sources and Application of Funds

This section compares the components of the sources and application of funds of the State during the financial year compared to the previous year.

Table 2.2: Details of Sources and Application of funds during 2020-21 and 2021-22

| (₹ in crore) | | | | |
|--------------------|-----------------------------------|------------------|--------------------|-----------------------------|
| | Particulars | 2020-21 | 2021-22 | Increase (+) / Decrease (-) |
| Sources | Opening Cash Balance with RBI | 2,980.20 | 3,696.76 | 716.56 |
| | Revenue Receipts | 64,902.19 | 79,815.19 | 14,913.00 |
| | Recoveries of Loans & Advances | 2.56 | 3,099.49 | 3,096.93 |
| | Public Debt Receipts (Net) | 15,792.20 | 13,143.25 | -2,648.95 |
| | Public Account Receipts (Net) | -2,973.61 | 1,196.53 | 4,170.14 |
| | Total | 80,703.54 | 1,00,951.22 | 20,247.68 |
| Application | Revenue Expenditure | 64,519.59 | 82,547.96 | 18,028.37 |
| | Capital Expenditure | 12,399.39 | 20,125.83 | 7,726.44 |
| | Disbursements of Loans & Advances | 87.80 | 104.01 | 16.21 |
| | Closing Cash Balance with RBI | 3,696.76 | -1,826.58 | -5,523.34 |
| | Total | 80,703.54 | 1,00,951.22 | 20,247.68 |

Source: Finance Accounts



2.4 Resources of the State

The resources of the State are described below:

- Revenue Receipts** consist of tax revenue (Own Tax revenue *plus* share of Union Taxes/ Duties), non-tax revenue and Grants-in-Aid from Government of India (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. Both Revenue and Capital receipts form part of the Consolidated Fund of the State.

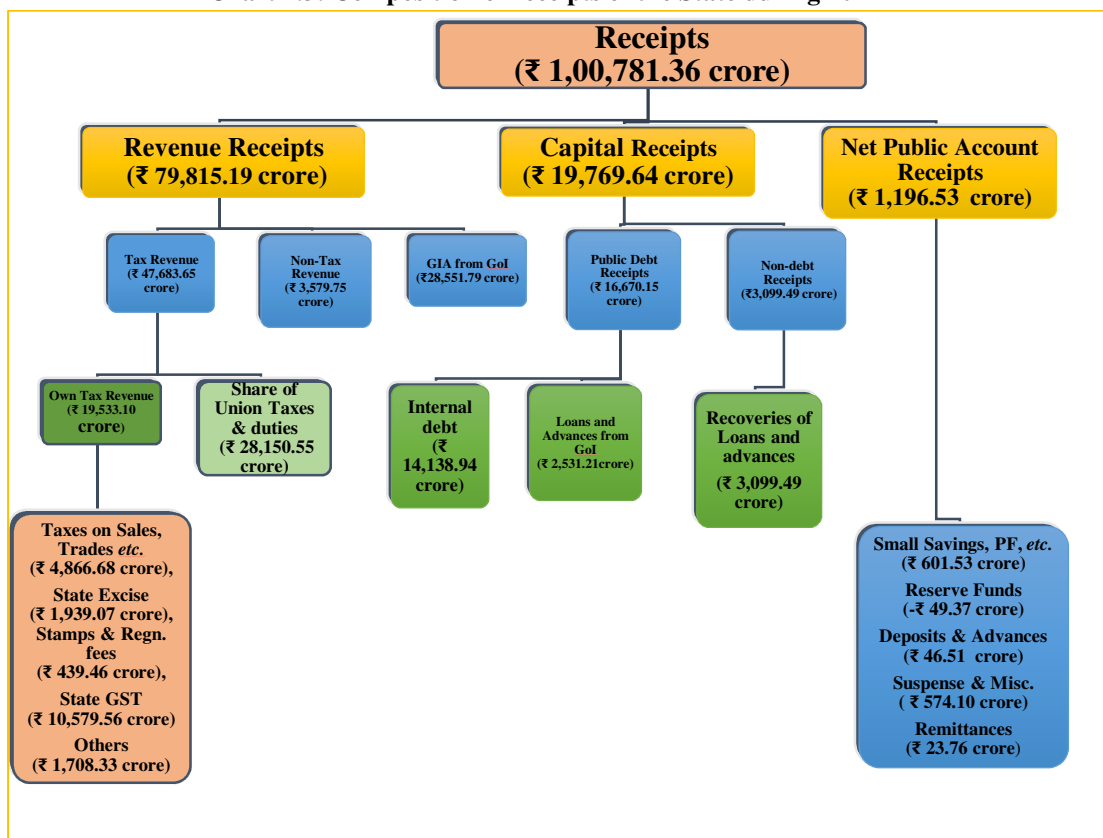
3. **Net Public Account receipts:** There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund. These are kept in the Public Account set up under 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 is the fund available with the Government for use.

2.4.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Capital and Revenue Receipts, funds available in the Public Account (net of receipts and disbursement made from it) are also utilised by the Government to finance its deficit.

Composition of receipts of the State during 2021-22 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2021-22



2.4.2 State's Revenue Receipts

This paragraph gives the trends in total Revenue Receipts and its components. It is followed by trends in the receipts bifurcated into receipts from the central government and State's own receipts. Wherever necessary, sub-paragraphs are included.

2.4.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2017-22. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trend in Revenue Receipts

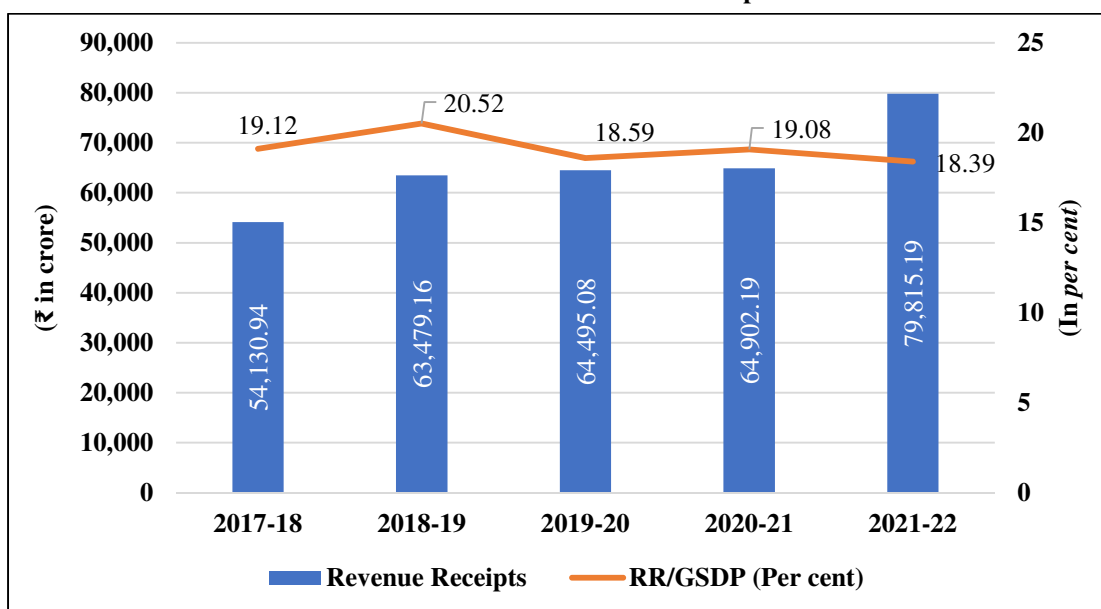
| Parameters | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|-------------|-------------|-------------|-----------------------|-----------------------|
| Revenue Receipts (RR) (₹ in crore) | 54,130.94 | 63,479.16 | 64,495.08 | 64,902.19 | 79,815.19 |
| Rate of growth of RR (per cent) | 9.98 | 17.27 | 1.60 | 0.63 | 22.98 |
| Own Tax Revenue (₹ in crore) | 13,215.52 | 15,924.85 | 16,528.69 | 17,133.61 | 19,533.10 |
| Non-Tax Revenue (₹ in crore) | 4,071.97 | 8,221.29 | 5,539.34 | 2,899.61 | 3,579.75 |
| Rate of growth of Own Revenue (Own Tax and Non-Tax Revenue) (per cent) | 5.20 | 39.67 | -8.61 | -9.22 | 15.37 |
| Gross State Domestic Product (₹ in crore) (2011-12 Series) | 2,83,164.90 | 3,09,336.32 | 3,46,850.68 | 3,40,177.45 (P.E.) | 4,33,925.44 (Q.E.) |
| Rate of growth of GSDP (per cent) | 11.31 | 9.24 | 12.13 | (-)1.92 | 27.56 |
| RR/GSDP (per cent) | 19.12 | 20.52 | 18.59 | 19.08 | 18.39 |
| Buoyancy Ratios³ | | | | | |
| Revenue Buoyancy w.r.t GSDP | 0.88 | 1.87 | 0.13 | (-)0.33 | 0.83 |
| State's Own Revenue Buoyancy w.r.t GSDP | 0.46 | 4.29 | -0.71 | 4.79 | 0.56 |

Source: Finance Accounts

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

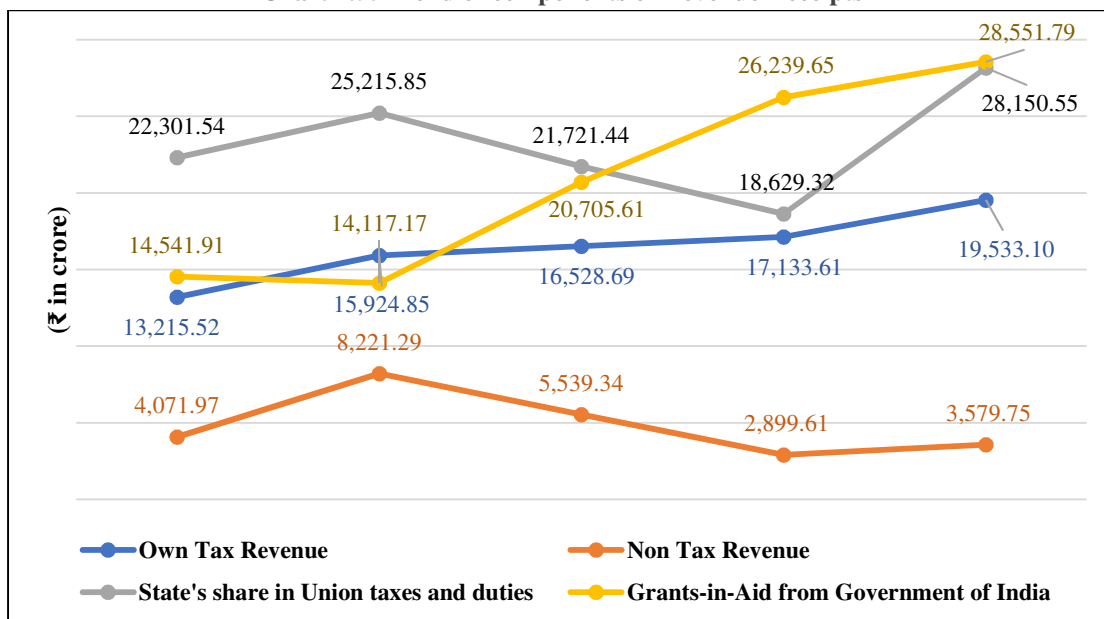
P.E. - Provisional Estimates; Q.E. - Quick Estimates

Chart 2.4: Trend of Revenue Receipts



³ 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 0.83 implies that Revenue Receipts tend to increase by 0.83 percentage points, if the GSDP increases by one *per cent*.

Chart 2.5: Trend of components of Revenue Receipts



General trends relating to Revenue Receipts of the State are as follows:

- Revenue Receipts increased by 47.45 per cent from ₹ 54,130.94 crore in 2017-18 to ₹ 79,815.19 crore in 2021-22 at an annual average growth rate of 9.49 per cent. During 2021-22, Revenue Receipts increased by ₹ 14,913.00 crore (22.98 per cent) over the previous year. However, ratio of Revenue Receipts to GSDP decreased from 19.08 per cent in 2020-21 to 18.39 per cent in 2021-22.
- During 2021-22, State's own revenue (Own Tax Revenue and Non-Tax Revenue) constituted 28.96 per cent of Revenue Receipts and remaining 71.04 per cent came from Government of India as Central Tax transfers and Grant-in-Aid.
- The Central tax transfers from Government of India increased significantly by 51.11 per cent (₹ 9,521.23 crore) from ₹ 18,629.32 crore in 2020-21 to ₹ 28,150.55 crore in 2021-22. Grants-in-Aid, on the other hand, increased by 8.81 per cent (2,312.14 crore) from ₹ 26,239.65 crore in 2020-21 to ₹ 28,551.79 crore in 2021-22.
- Ratio of State's own tax buoyancy to GSDP had shown inter-year fluctuation during the last five years i.e., 2017-22 and it decreased significantly during the year from 4.79 per cent in 2020-21 to 0.56 per cent in 2021-22.

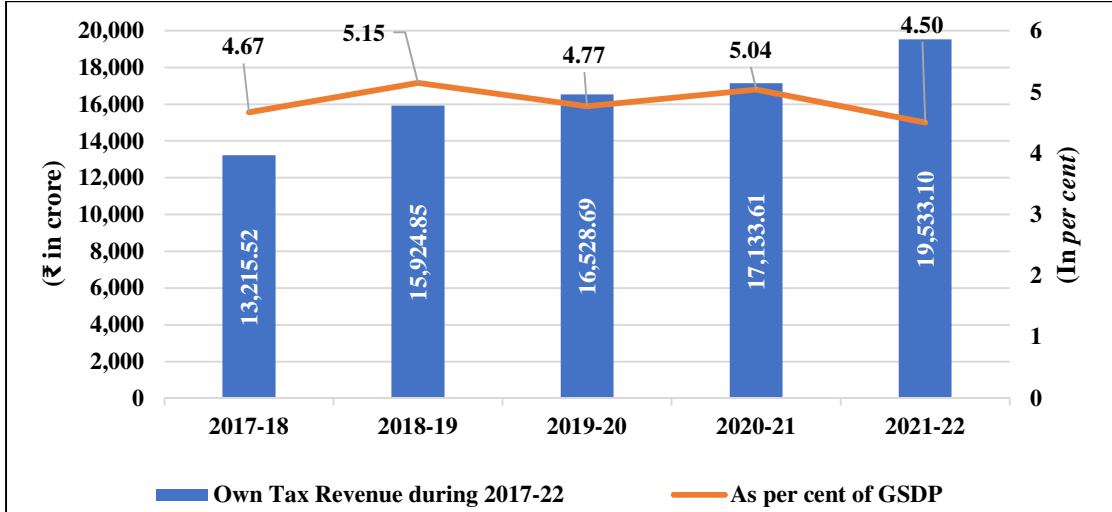
2.4.2.2 Tax Revenue

2.4.2.2.1 Own Tax Revenue

Own Tax Revenue of the State consists of State Goods and Services Tax (SGST), State excise, taxes on vehicles, Stamps duty and Registration fees, Land revenue, taxes on goods and passengers, etc.

The total collection of Own Tax Revenue of the State and its ratio to GSDP during the five-year period i.e., 2017-22 is given in **Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2017-22



The component-wise details of Own Tax Revenue collected during the years 2017-22 were as given in **Table 2.4**.

Table 2.4: Components of State's Own Tax Revenue during 2017-22

| Heads | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | Budget Estimates | Actuals |
| State Goods and Services Tax | 4,077.67 | 8,393.04 | 8,755.30 | 8,549.02 | 11,179.74 | 10,579.56 |
| Taxes on Sales, Trades, etc. | 6,373.00 | 4,698.74 | 4,480.96 | 5,070.97 | 5,721.73 | 4,866.68 |
| State Excise | 1,095.16 | 1,399.84 | 1,650.03 | 2,039.94 | 2,106.92 | 1,939.07 |
| Taxes on Vehicles | 646.96 | 765.01 | 815.82 | 723.98 | 1,041.72 | 978.21 |
| Stamps and Registration Fees | 239.17 | 240.72 | 292.65 | 280.75 | 373.68 | 439.46 |
| Land Revenue | 219.39 | 163.22 | 94.16 | 116.81 | 120.24 | 185.02 |
| Other Taxes ⁴ | 564.17 | 264.28 | 439.77 | 352.14 | 633.52 | 545.10 |
| Total | 13,215.52 | 15,924.85 | 16,528.69 | 17,133.61 | 21,177.55 | 19,533.10 |

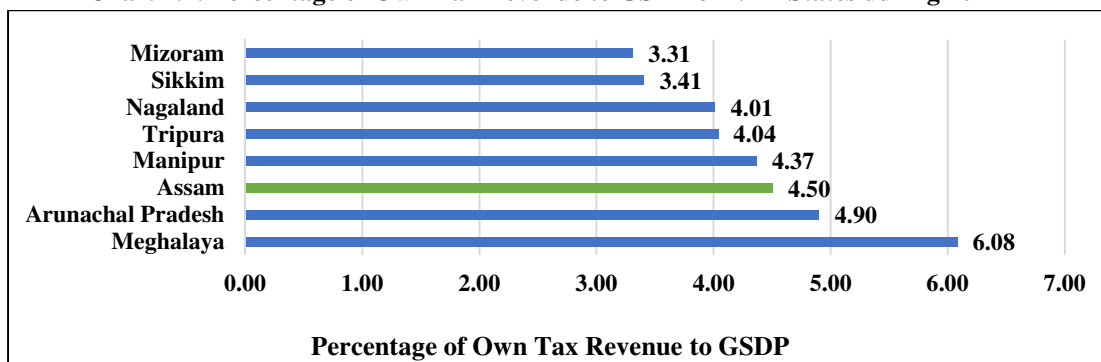
Source: Finance Accounts

Own Tax Revenue of the State increased by ₹ 6,317.58 crore from ₹ 13,215.52 crore in 2017-18 to ₹ 19,533.10 crore in 2021-22 at an average annual rate of 9.56 per cent. During the current year, major contributors of Own Tax Revenue were State Goods and Services Tax (54.16 per cent), Taxes on Sales, Trades etc. (24.92 per cent) and State Excise (9.93 per cent).

During 2021-22, State's Own Tax Revenue of ₹ 19,533.10 crore at 4.50 per cent of GSDP was lower than that of Meghalaya (6.08 per cent) and Arunachal Pradesh (4.90 per cent) but higher than the other NER States as shown in **Chart 2.7**.

⁴ Other Taxes include taxes on agricultural income, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services, etc.

Chart 2.7: Percentage of Own Tax Revenue to GSDP of NER States during 2021-22



State Goods and Services Tax

The Union Government rolled out the Goods and Services Tax (GST) on July 01, 2017. The Assam Goods and Services Tax (AGST) Act, 2017 was passed by the State Legislature in June 2017 and came into effect from 01 July 2017.

As per the GST (Compensation to States) Act, 2017, States will be compensated for the shortfall in revenue arising on account of implementation of Goods and Services Tax considering an annual growth of 14 *per cent* from the base year 2015-16, for a period of five years ended on 31 March 2022. The Centre levies the Integrated GST (IGST) on inter-state supply of goods and services, and apportions the state's share of tax to the State where the goods or services are consumed.

Actual collection of revenue under State Goods and Services Tax (SGST) from 2017-18 to 2021-22 is given in **Table 2.5**.

Table 2.5: SGST receipts of Government of Assam

| State Goods and Services Tax (SGST) | (₹ in crore) | | | | | Increase/Decrease over previous year |
|---|-----------------|-----------------|-----------------|-----------------|------------------|--------------------------------------|
| | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
| Tax (Minor Head: 101, 105) | 3,613.48 | 7,094.96 | 8,248.97 | 7,063.66 | 9,266.09 | 2,202.43 |
| IGST Apportionment (Minor Head: 106, 110) | 453.39 | 1,235.73 | 332.16 | 993.87 | 1,179.01 | 185.14 |
| Others (Minor Head: 102, 103, 104, 500, 800) | 10.80 | 62.35 | 174.17 | 491.49 | 134.46 | -357.03 |
| SGST collection | 4,077.67 | 8,393.04 | 8,755.30 | 8,549.02 | 10,579.56 | 2,030.54 |

Source: Finance Accounts

During 2021-22, SGST collection of the State increased by 23.75 *per cent* (₹ 2,030.54 crore) over the previous year.

Further, in accordance with Section 6 of GST (Compensation to States) Act, 2017, the protected revenue of the State for the year 2021-22 comes to ₹ 13,138.01 crore by taking into consideration the revenue collection of 2015-16 (₹ 5,985.50 crore) as base year with annual growth calculated @ 14 *per cent*. Since the SGST receipts in 2021-22 fell short of the protected revenue, in keeping with the GST (Compensation to States) Act, the State Government received a compensation of ₹ 2,788.14 crore during the year, on account of loss of revenue arising out of implementation of GST. Out of the

compensation of ₹ 2,788.14 crore received during the year, an amount of ₹ 1,773.87 crore was received by the State Government as Back to Back loans in lieu of GST Compensation under debt receipts of the State with no repayment liability, either principal or interest, to the State.

Analysis of arrears of revenue and arrears of assessment

The arrears of revenue indicate delayed realisation of revenue due to the Government. Similarly, arrears of assessment indicate potential revenue which is blocked due to delayed assessment. Both deprive the State of potential Revenue Receipts and ultimately affect the revenue position of the State.

Analysis of arrears of revenue

The arrears of revenue as on 31 March 2022 in respect of the Finance (Taxation) and Mines and Minerals Departments amounted to ₹ 4,399.23 crore of which ₹ 3,128.33 crore was outstanding for more than five years, as detailed in **Table 2.6**.

Table 2.6: Arrears of revenue

(₹ in crore)

| Sl. No. | Head of Revenue | Name of Department | Amount outstanding as on 31 March 2022 | | Replies of the Department | | | | | | | | |
|-----------------------|---|--------------------|--|--------------------------|--|-----------------------|----------|----------------|--------|--------------|-------|--------------|-----------------|
| | | | Total | For more than five years | | | | | | | | | |
| 1 | 0022-Taxes on Agricultural Income | Finance (Taxation) | 70.00 | 49.33 | Following are the reasons for the pending arrears: i. Some amounts become arrears when the amounts are not paid by the dealers on due date. The Assessing Officer issues notices to the defaulters for payment of arrears and tries his best to realise the amount. Such arrears are paid by the concerned dealers with interest. Current arrears are also included in the above amount. ii. For the amount which cannot be realised by the assessing officers in spite of all efforts, arrear certificates are issued by the assessing officers to the <i>Bakijai</i> officers for realisation of the amount and these amounts remain as arrear with the Superintendent of Taxes (Recovery) till recovery of the said arrear amount. iii. Pending cases involving arrears of revenue in High Court/ Supreme Court/ Board of Revenue and with Appellate/ Revision Authority is given below: <table border="1" data-bbox="1053 1915 1396 2027"> <tr> <td>Under H/C,S/C and ABR</td> <td>2,970.74</td> </tr> <tr> <td>Under Revision</td> <td>254.66</td> </tr> <tr> <td>Under Appeal</td> <td>33.58</td> </tr> <tr> <td>Total</td> <td>3,258.98</td> </tr> </table> | Under H/C,S/C and ABR | 2,970.74 | Under Revision | 254.66 | Under Appeal | 33.58 | Total | 3,258.98 |
| Under H/C,S/C and ABR | 2,970.74 | | | | | | | | | | | | |
| Under Revision | 254.66 | | | | | | | | | | | | |
| Under Appeal | 33.58 | | | | | | | | | | | | |
| Total | 3,258.98 | | | | | | | | | | | | |
| 2 | 0028-Other Taxes On Income and Expenditure | | 2.62 | 1.58 | | | | | | | | | |
| 3 | 0029-Land Revenue | | 2,846.85 | 2,138.43 | | | | | | | | | |
| 4 | 0040-Tax on Sales, Trade, etc. | 1,364.69 | 853.26 | | | | | | | | | | |
| 5 | 0042-Taxes on Goods and Passengers | 79.51 | 52.80 | | | | | | | | | | |
| 6 | 0043-Taxes and Duties on Electricity | 30.30 | 28.09 | | | | | | | | | | |
| 7 | 0045-Other Taxes and Duties on Commodities and Services | 5.18 | 4.76 | | | | | | | | | | |

| Sl. No. | Head of Revenue | Name of Department | Amount outstanding as on 31 March 2022 | | Replies of the Department |
|--------------|--|--------------------|--|--------------------------|--|
| | | | Total | For more than five years | |
| | | | | | iv. Un-traceability of dealers at the time of realisation of dues, etc. |
| 8 | 0853-Non-ferrous Mining and Metallurgical Industries | Mines and Minerals | 0.08 | 0.08 | Non-payment of royalty on limestone by NECEM Cement Ltd. for 2005-06, 2006-07 and 2011-12 (₹ 8,15,789) |
| Total | | | 4,399.23 | 3,128.33 | |

Source: Information furnished by the Departments concerned

Clearance of arrears of such magnitude requires focused efforts by the departments concerned and a push for coordination with other departments such as banks, police department and quasi-judicial/ judicial bodies involved in the process of recovery.

Arrears in Assessments

The details of arrears in assessment pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for assessment at the end of the year as furnished by the Finance (Taxation) Department in respect of various taxation Acts are given in **Table 2.7**.

Table 2.7: Arrears in assessment

| Nomenclature of the Act | Arrears of assessment due as on 31 March 2021 | New cases due for assessments during 2021-22 | Total assessment due | Cases disposed during 2021-22 | Balance at the end of the year 2021-22 | Percentage of disposal (col. 5 to 4) |
|--|---|--|----------------------|-------------------------------|--|--------------------------------------|
| 1 | 2 | 3 | 4 (2+3) | 5 | 6 (4-5) | 7 |
| Goods and Services Tax | 1,393 | 0 | 1,393 | 0 | 1,393 | 0.00 |
| Sales Tax (VAT/ CST Acts) | 15,674 | 545 | 16,219 | 5,240 | 10,999 | 32.27 |
| Entry Tax Act | 2,281 | 0 | 2,281 | 15 | 2,266 | 0.66 |
| Profession Traders, Callings and Employment Taxation Act | 4,561 | 27,736 | 32,297 | 13,739 | 18,558 | 42.54 |
| Taxation (on Specified Lands) Acts | 4,507 | 103 | 4,610 | 463 | 4,147 | 10.04 |
| Agricultural Income Tax Act | 2,709 | 52 | 2,761 | 117 | 2,644 | 4.24 |
| Amusement and Betting Taxation Act | 192 | 0 | 192 | 0 | 192 | 0.00 |
| Luxury (Hotel & Lodging Houses) Act | 227 | 0 | 227 | 0 | 227 | 0.00 |
| Electricity Duty Act | 1,402 | 309 | 1,711 | 72 | 1,639 | 4.21 |
| Total | 32,946 | 28,745 | 61,691 | 19,646 | 42,045 | 31.85 |

Source: Information furnished by the Departments concerned

Table 2.7 indicates that the assessments pending at the end of the year increased over the previous year in respect of two heads of revenue (Profession, Trades, Callings and Employment Taxation Act and Electricity Duty Act). The percentage of disposal of cases due for assessment in overall cases was 31.85 per cent during the year. In respect of Taxation (Entry Tax Act) and Agricultural Income Tax Act, percentage of disposal of cases at 0.66 per cent and 4.24 per cent respectively were very poor. Further, no case

in respect of Amusement and Betting Taxation Act and Luxury (Hotel & Lodging Houses) Act was disposed by the Finance (Taxation) Department during the year 2021-22. Pendency in assessment may result in non/ short realisation of Government revenues and further accumulation in arrears of revenue.

Details of evasion of tax detected by Department

The cases of evasion of tax detected by the Taxation Department, cases finalised and the demands for additional tax raised are important indicators of revenue collection efforts of the State Government. Promptness in disposal of refund cases is an important indicator of performance of the Department. The cases of evasion of tax detected by the Taxation Department and cases finalised and the demands for additional tax raised are shown in **Table 2.8**.

Table 2.8: Evasion of Tax Detected

| Head of Revenue | Cases pending as on 31 March 2021 | Cases detected during 2021-22 | Total | Cases in which additional demand with penalty, etc. raised | | No. of cases pending as on 31 March 2022 |
|-----------------|-----------------------------------|-------------------------------|------------|--|---------------------|--|
| | | | | No. | Amount (₹ in crore) | |
| GST | 0 | 731 | 731 | 731 | 54.14 | 0 |
| Total | 0 | 731 | 731 | 731 | 54.14 | 0 |

Source: Information furnished by Government of Assam

Thus, Government of Assam had raised a demand of ₹ 54.14 crore relating to 731 cases of evasion of tax as of 31 March 2022.

2.4.2.2.2 Transfers from the Centre

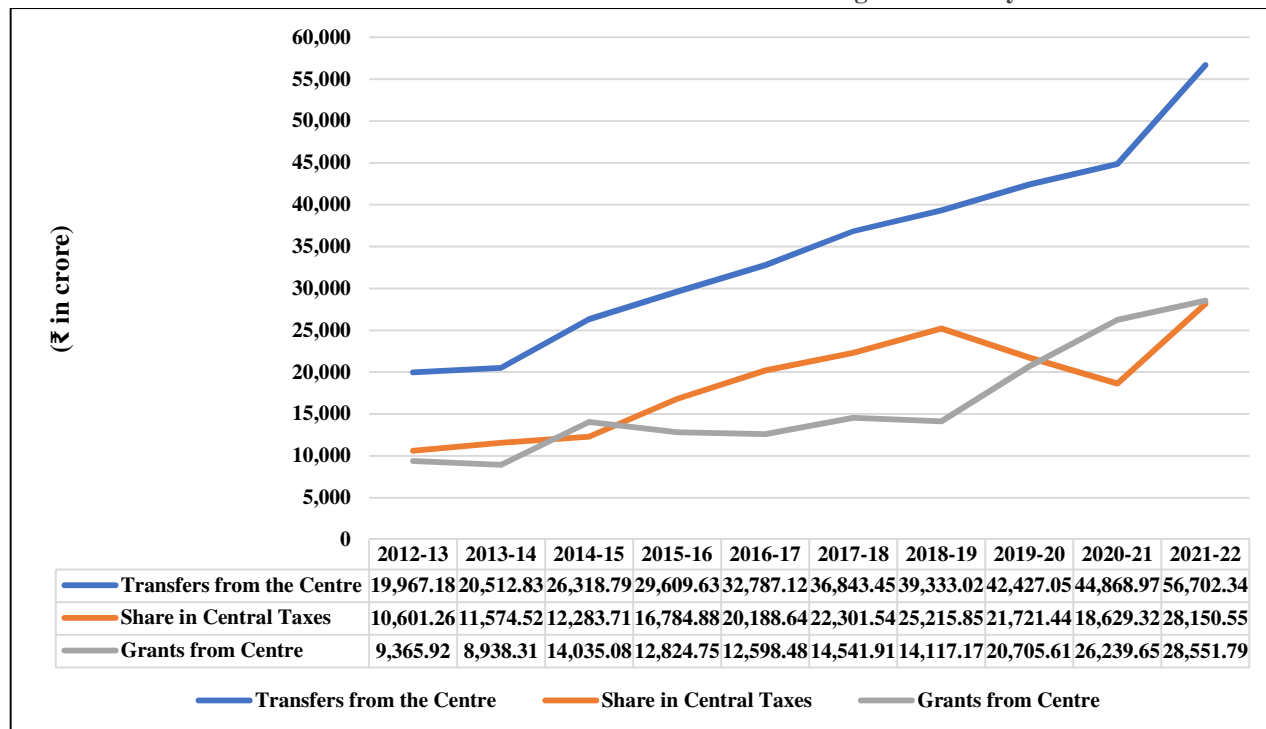
During the last 10 years from 2012-13 to 2021-22, there were three Central Finance Commissions (XIII FC, XIV FC and XV FC) constituted by the Central Government. As per recommendations of these FCs, the State Government had received its share of devolved taxes, as also certain grants recommended by FC. In addition, the State received significant amount of grants from the Central Government for implementation of various schemes in the State.

The XIII FC recommended 32 *per cent* share of Union taxes to the State during the period for 2010-15. Further, the XIV FC increased the percentage of the State's Share of Union taxes to 42 *per cent* during the FC award period from 2015-20. This significant increase in the State's share altered the composition of Central transfers in favour of statutory transfers from discretionary transfers made earlier. It also led to greater predictability and certainty in the quantum of funds being transferred to the State. As a result, the devolution of State's Share of Union taxes had substantially increased during the XIV FC Award period. The XV FC made a small reduction in the percentage of State's Share of Union taxes by one *per cent*, to meet the needs of the newly constituted Union Territories of Jammu and Kashmir and Ladakh, and kept it at 41 *per cent* during the award period of 2020-21 to 2025-26.

The Grants-in-Aid from GoI also increased significantly during the XIV FC period (2015-20) in comparison with those released in XIII FC period (2010-15). This pattern

continued during the XV FC period also. The trend and composition of Central Transfers during the last ten years are shown in **Chart 2.8**.

Chart 2.8: Trends in transfers from the Centre during the last ten years



Central Tax Transfers

Actual devolution of Union taxes to the State *vis-à-vis* projection of the Finance Commission is given in **Table 2.9**.

Table 2.9: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

| (₹ in crore) | | | | | |
|--------------------------|---------|--------------------------------|--------------------|-----------------------|------------------------------|
| FC | Year | Finance Commission projections | Projections in FCR | Actual tax devolution | Variation (per cent) (5-4/4) |
| 1 | 2 | 3 | 4 | 5 | 6 |
| FC-XIII | 2010-11 | 3.628 per cent of net proceeds | 7,397 | 7,968.61 | 571.61 (7.73) |
| | 2011-12 | of all shareable taxes | 8,677 | 9,283.53 | 606.53 (6.99) |
| | 2012-13 | excluding service tax and | 10,234 | 10,601.26 | 367.26 (3.59) |
| | 2013-14 | 3.685 per cent of net proceeds | 12,072 | 11,574.52 | -497.48 (-4.12) |
| | 2014-15 | of sharable service tax | 14,240 | 12,283.71 | -1,956.29 (-13.74) |
| Total for XIII FC | | | 52,620 | 51,711.63 | -908.37 (-1.73) |
| FC-XIV | 2015-16 | 3.311 per cent of net proceeds | 19,244 | 16,784.88 | -2,459.12 (-12.78) |
| | 2016-17 | of all shareable taxes | 22,208 | 20,188.64 | -2,019.36 (-9.09) |
| | 2017-18 | excluding service tax and | 25,661 | 22,301.54 | -3,359.46 (-13.09) |
| | 2018-19 | 3.371 per cent of net proceeds | 29,687 | 25,215.85 | -4,471.15 (-15.06) |
| | 2019-20 | of sharable service tax | 34,386 | 21,721.44 | -12,664.56 (-36.83) |
| Total for XIV FC | | | 1,31,186 | 1,06,212.35 | 24,974 (19) |
| FC-XV | 2020-21 | 3.131 per cent of net proceeds | 26,776 | 18,629.32 | -8,146.68 (-30.43) |
| | 2021-22 | of all shareable taxes | 20,601 | 28,150.55 | 7,549.55 (36.64) |
| | | 3.128 per cent of net proceeds | | | |
| | | of all shareable taxes | | | |

Source: Report of Finance Commissions and Finance Accounts

Details of Central Tax Transfers

The details of Central Tax transfers to the State during 2017-22 are given in **Table 2.10**.

Table 2.10: Central Tax Transfers

| Head | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | BEs | Actuals |
| Central Goods and Services Tax | 315.80 | 6,223.49 | 6,163.89 | 5,497.76 | 6,726.70 | 7,895.43 |
| Integrated Goods and Services Tax | 2,251.40 | 496.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| Corporation Tax | 6,829.45 | 8,768.87 | 7,406.13 | 5,648.64 | 6,057.18 | 8,298.61 |
| Taxes on Income other than Corporation Tax | 5,767.00 | 6,457.89 | 5,803.21 | 5,794.53 | 6,155.23 | 8,272.50 |
| Customs | 2,250.70 | 1,787.36 | 1,376.85 | 964.41 | 1,257.96 | 2,073.20 |
| Union Excise Duties | 2,352.60 | 1,187.80 | 957.27 | 622.41 | 609.18 | 1,156.10 |
| Service Tax | 2,534.80 | 231.85 | 0.00 | 86.82 | 12.83 | 424.25 |
| Other Taxes | -0.21 | 61.89 | 14.09 | 14.75 | -0.26 | 30.46 |
| Central Tax transfers | 22,301.54 | 25,215.85 | 21,721.44 | 18,629.32 | 20,818.82 | 28,150.55 |
| Percentage variation over previous year | 10.47 | 13.07 | -13.86 | -14.24 | -- | 51.11 |
| Percentage of Central tax transfers to Revenue Receipts | 41.20 | 39.72 | 33.68 | 28.70 | 23.40 | 35.27 |

Source: Finance Accounts and Budget documents

Over the five-year period 2017-22, Central tax transfers increased by 26.23 per cent from ₹ 22,301.54 crore in 2017-18 to ₹ 28,150.55 crore in 2021-22. During the current year, the Central tax transfers increased significantly by ₹ 9,521.23 crore (51.11 per cent) from ₹ 18,629.32 crore in 2020-21 to ₹ 28,150.55 crore in 2021-22.

2.4.2.3 Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts etc. The component-wise details of Non-Tax Revenue collected during the years 2017-22 are given in **Table 2.11**.

Table 2.11: Component-wise Non-Tax Revenue during 2017-22

| Heads | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | | | BEs | Actuals |
| Interest receipts | 305.39 | 588.09 | 666.86 | 235.87 | 851.52 | 120.86 |
| Dividend and Profit | 225.55 | 153.24 | 30.64 | 481.89 | 39.12 | 113.65 |
| Petroleum | 2,533.20 | 5,642.66 | 3,805.34 | 1,468.55 | 3,872.51 | 2,505.30 |
| Forestry and Wild Life | 250.74 | 364.27 | 416.06 | 352.89 | 531.26 | 393.14 |
| Other Administrative Services | 75.74 | 211.90 | 103.17 | 95.72 | 141.37 | 113.84 |
| Others | 681.35 | 1,261.13 | 517.27 | 264.69 | 661.82 | 332.96 |
| Total | 4,071.97 | 8,221.29 | 5,539.34 | 2,899.61 | 6,097.60 | 3,579.75 |

Source: Finance Accounts

Non-Tax Revenue, which ranged between 12.95 per cent (2018-19) and 4.49 per cent (2021-22) of Total Revenue Receipts of the State during the five-year period from 2017-18 to 2021-22, increased significantly by ₹ 680.14 crore (23.46 per cent) during 2021-22 over the previous year. Major contributors of Non-Tax Revenue during 2021-22 were Petroleum (₹ 2,505.30 crore), followed by Forestry and Wild Life (₹ 393.14 crore) and Interest receipts (₹ 120.86 crore).

2.4.2.4 Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2017-22 are detailed in **Table 2.12**.

Table 2.12: Grants-in-Aid from Government of India

| Head | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | |
|---|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | | Budget Estimates | Actuals |
| Grants for CSS | | 11,600.11 | 11,849.26 | 14,389.53 | 13,832.87 | | 18,186.82 |
| Finance Commission Grants | Other than Revenue Deficit | 1,283.06 | 932.20 | 4,604.07 | 2,955.00 | 40,885.44 | 2,540.05 |
| | Revenue Deficit Grant | 0.00 | 0.00 | 0.00 | 7,578.90 | | 6,376.00 |
| Other transfers/ Grants to States/ Union Territories with Legislature | | 1,658.74 | 1,335.71 | 1,712.01 | 1,872.88 | | 1,448.92 |
| Total | | 14,541.91 | 14,117.17 | 20,705.61 | 26,239.65 | 40,885.44 | 28,551.79 |
| Percentage variation over the previous year | | 15.43 | (-).2.92 | 46.67 | 26.73 | -- | 8.81 |
| Percentage of GIA to Revenue Receipts | | 26.86 | 22.24 | 32.10 | 40.43 | 45.95 | 35.77 |

Source: Finance Accounts and Budget documents

Grants-in-Aid from GoI increased by ₹ 2,312.14 crore (8.81 per cent) during the year compared to the previous year, primarily on account of increased grants for the implementation of CSS. Finance Commission Grants were provided to the State for Local Bodies (₹ 1,495.80 crore) and for State Disaster Response Fund (₹ 617.60 crore) which together constituted 23.70 per cent of total FC grants (₹ 8,916.05 crore) received during the year.

GIA constituted 35.77 per cent of Revenue Receipts during the year 2021-22. Grants for Centrally Sponsored Schemes (₹ 18,186.82 crore) to the State constituted 64 per cent of the total grants during the year.

Other grants received by the State during the year were in respect of (i) Compensation for loss of revenue arising out of implementation of GST (₹ 1,014.27 crore) (ii) Grants for Central Road Fund (₹ 77.51 crore), etc.

Fourteenth & Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, XIV FC & XV FC Grants were provided to States for Local Bodies and SDRF. Details of grants recommended by XV FC and actual release by GoI and GoA during 2020-21 and 2021-22 are given in **Table 2.13**.

Table 2.13: Recommended amount, actual release and transfers of Grant-in-Aid

| Particulars | Recommendation of the XV-FC | | | Actual release by GoI | | | Release by State Government | | |
|----------------------------|-----------------------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------------------|---------------|-----------------|
| | 2020-21 | 2021-22 | Total | 2020-21 | 2021-22 | Total | 2020-21 | 2021-22 | Total |
| | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Local Bodies (i+ii) | 2,376.00 | 1,770.00 | 4,146.00 | 2,183.00 | 1,495.80 | 3,678.80 | 2,183.00 | 593.00 | 2,776.00 |
| <i>(i) Grants to PRIs</i> | <i>1,604.00</i> | <i>1,186.00</i> | <i>2,790.00</i> | <i>1,604.00</i> | <i>1,186.00</i> | <i>2,790.00</i> | <i>1,604.00</i> | <i>593.00</i> | <i>2,197.00</i> |

| Particulars | Recommendation of the XV-FC | | | Actual release by GoI | | | Release by State Government | | |
|------------------------------|-----------------------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------------------|---------------|-----------------|
| | 2020-21 | 2021-22 | Total | 2020-21 | 2021-22 | Total | 2020-21 | 2021-22 | Total |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| (ii) Grants to ULBs | 772.00 | 584.00 | 1,356.00 | 579.00 | 309.80 | 888.80 | 579.00 | - | 579.00 |
| State Disaster Response Fund | 772.00 | 772.00 | 1,544.00 | 772.00 | 617.60 | 1,389.60 | 579.00 | 308.80 | 887.80 |
| Grand Total | 3,148.00 | 2,542.00 | 5,690.00 | 2,955.00 | 2,113.40 | 5,068.40 | 2,762.00 | 901.80 | 3,663.80 |

Source: Finance Accounts

It may be seen from the table above that XV FC recommended ₹ 5,690.00 crore for release to the local bodies and for disaster relief during 2020-21 to 2021-22. Out of that, GoI released ₹ 5,068.40 crore to the State Government during the period.

2.4.3 Capital Receipts

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.

Table 2.14 shows trends in growth and composition of Capital Receipts.

Table 2.14: Trends in growth and composition of Capital Receipts

| | | (₹ in crore) | | | | |
|---------|--|-----------------|------------------|------------------|------------------|--------------------|
| Sl. No. | Sources of State's Capital Receipts* | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| 1 | Capital Receipts | 8,451.78 | 11,757.58 | 14,257.61 | 17,942.74 | 19,769.64 |
| (a) | Miscellaneous Capital Receipts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (b) | Recovery of Loans and Advances | 4.71 | 2.93 | 7.98 | 2.56 | 3,099.49 |
| (c) | Public Debt Receipts | 8,447.07 | 11,754.65 | 14,249.63 | 17,940.18 | 16,670.15 |
| (i) | Internal Debt (excluding Ways and Means Advance and Overdraft) | 8,377.50 | 11,665.49 | 14,143.29 | 16,382.36 | 14,138.94 |
| | Growth rate (in per cent) | 117.92 | 39.25 | 21.24 | 15.83 | -13.69 |
| (ii) | Loans and advances from GoI | 69.57 | 89.16 | 106.34 | 1,557.82 | 2,531.21 |
| | Growth rate (in per cent) | 21.31 | 28.16 | 19.27 | 1,364.94 | 62.48 |
| 2 | Rate of growth of debt Capital Receipts (per cent) | 53.64 | 39.16 | 21.23 | 25.90 | -7.08 |
| 3 | Rate of growth of non-debt capital receipts (per cent) | -74.68 | -37.79 | 172.35 | -67.92 | 1,20,973.83 |
| 4 | Rate of growth of GSDP (per cent) | 11.31 | 9.24 | 12.13 | (-1.92) | 27.56 |
| 5 | Rate of growth of Capital Receipts (per cent) | 53.21 | 39.11 | 21.26 | 25.85 | 10.18 |

Source: Finance Accounts and for GSDP-Source: Directorate of Economics and Statistics, Assam

*Includes receipts under Consolidated Fund only

Capital Receipts increased by 133.91 per cent from ₹ 8,451.78 crore in 2017-18 to ₹ 19,769.64 crore in 2021-22. Public debt receipts create future repayment obligation as these are taken from the market, Financial Institutions and Central Government. During the current year, it decreased by 7.08 per cent from ₹ 17,940.18 crore in 2020-21 to ₹ 16,670.15 crore in 2021-22. Further, non-debt capital receipts increased significantly from ₹ 2.56 crore in 2020-21 to ₹ 3,099.49 crore in 2021-22 mainly due to conversion of grants/ loans given to Power Companies⁵ amounting to ₹ 3,095.83 crore into equity during the year.

⁵ APGCL: ₹ 621.70 crore; AEGCL: ₹ 410.69 crore; APDCL: ₹ 2,063.44 crore

2.4.4 State's performance in mobilisation of resources

State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, etc. State's performance in mobilisation of additional resources should be assessed in terms of its own resources comprising revenue from its own tax and non-tax sources.

The gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2017-22 are given in *Appendix 1.2*. Further, **Table 2.15** provides the State's performance in mobilisation of resources assessed in terms of its own resources comprising own-tax and non-tax sources.

Table 2.15: Tax and Non-Tax receipts vis-à-vis projections

| | FC projections | Budget Estimates | Actuals | Percentage variation of actuals over | |
|------------------------|----------------|------------------|-----------|--------------------------------------|--------|
| | | | | FC projections | BEs |
| Own Tax Revenue | 16,440.00 | 21,177.55 | 19,533.10 | 18.81 | -7.77 |
| Non-Tax Revenue | 5,596.00 | 6,097.60 | 3,579.75 | -36.03 | -41.29 |

Source: Finance Accounts, FC Report and Budget documents

It may be seen from the table above that State's Own Tax receipts exceeded the projections of XV FC by 18.81 per cent, while the Non-Tax Revenues fell short by 36.03 per cent. However, both State's Own Tax and Non-Tax Revenues fell short by 7.77 per cent and 41.29 per cent respectively over BEs during 2021-22.

2.5 Application of resources

The State Government is vested with the responsibility of incurring expenditure within the framework of fiscal responsibility legislations, while at the same time ensuring that the ongoing fiscal correction and consolidation process of the State is not at the cost of expenditure directed towards development of capital infrastructure and social sector. This paragraph along with sub-paragraphs gives the analysis of allocation of expenditure in the State.

2.5.1 Growth and composition of total expenditure

The expenditure of the State is broadly classified under three categories viz., Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances. These three together are called Total Expenditure⁶ of the State.

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also

⁶ Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital Expenditure.

Disbursement of Loans and Advances: All loans and advances given by the State to different entities of the State Government fall under this category.

Thus, Capital Outlay and Disbursement of Loans and Advances together are termed as Capital Expenditure.

The Total Expenditure, its composition and relative share in GSDP during 2017-18 to 2021-22 is presented in **Table 2.16**.

Table 2.16: Total Expenditure and its composition

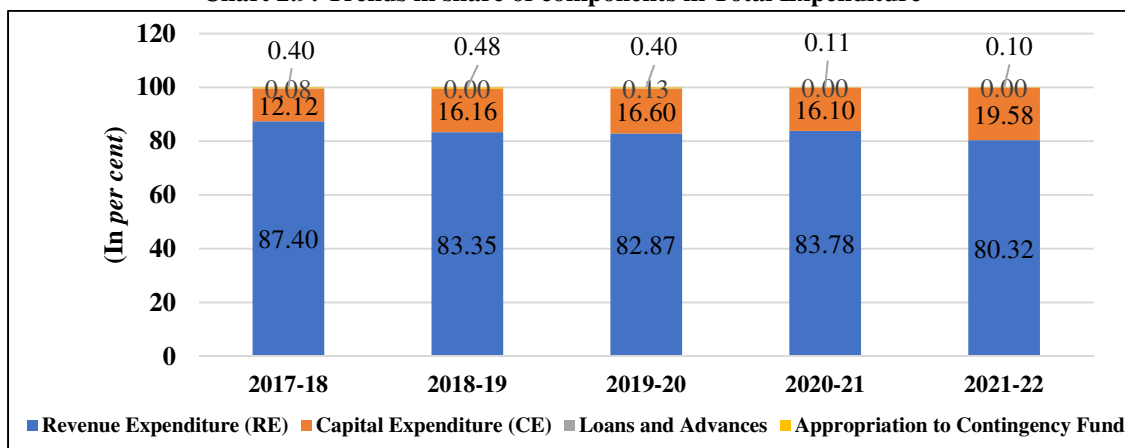
| Parameters | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|------------------|------------------|------------------|------------------|--------------------|
| Total Expenditure (TE) | 63,477.85 | 68,261.15 | 79,418.86 | 77,006.78 | 1,02,777.80 |
| Revenue Expenditure (RE) | 55,480.94 | 56,899.00 | 65,817.28 | 64,519.59 | 82,547.96 |
| Capital Expenditure (CE) | 7,692.84 | 11,034.08 | 13,185.42 | 12,399.39 | 20,125.83 |
| Loans and Advances | 254.07 | 328.07 | 316.16 | 87.80 | 104.01 |
| Appropriation to Contingency Fund | 50.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| (₹ in crore) | | | | | |
| As a percentage of GSDP | | | | | |
| TE/GSDP | 22.42 | 22.07 | 22.90 | 22.64 | 23.69 |
| RE/GSDP | 19.59 | 18.39 | 18.98 | 18.97 | 19.02 |
| CE/GSDP | 2.72 | 3.57 | 3.80 | 3.64 | 4.64 |
| Loans and Advances/ GSDP | 0.09 | 0.11 | 0.09 | 0.03 | 0.02 |
| Appropriation to Contingency Fund/ GSDP | 0.02 | 0.00 | 0.03 | 0.00 | 0.00 |

Source: Finance Accounts

Table 2.16 shows that Total Expenditure of the State increased nearly 1.6 times from ₹ 63,477.85 crore in 2017-18 to ₹ 1,02,777.80 crore in 2021-22. During the year, it increased by 33.47 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 22.07 per cent to 23.69 per cent during 2017-22.

Chart 2.9 depicts the share of components of Total Expenditure and their trend during 2017-22. It is evident from **Chart 2.9** that the share of Revenue Expenditure in Total Expenditure had declined from 87.40 per cent in 2017-18 to 80.32 per cent in 2021-22 whereas share of Capital Expenditure in Total Expenditure had shown matching increase as it increased from 12.12 per cent in 2017-18 to 19.58 per cent in 2021-22.

Chart 2.9: Trends in share of components in Total Expenditure



In terms of activities, the Total Expenditure comprises of expenditure on General Services including Interest Payments, Social Services, Economic Services and others. Relative share of these components in the Total Expenditure (also refer *Appendix 1.2*) during 2017-22 is given in **Table 2.17** and also in **Chart 2.10**. Composition of Total Expenditure during the current year *i.e.*, 2021-22 is also given in **Chart 2.11**.

Table 2.17: Relative share of various sectors of expenditure

| Parameters | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|---------|---------|---------|---------|---------|
| General Services | 35.30 | 31.53 | 28.78 | 30.40 | 36.23 |
| Social Services | 38.16 | 40.29 | 38.72 | 40.73 | 35.21 |
| Economic Services | 26.25 | 27.68 | 31.92 | 28.37 | 28.27 |
| Others (Grants to Local Bodies, Loans to Govt. Servant and Appropriation to Contingency Fund) | 0.29 | 0.51 | 0.59 | 0.49 | 0.30 |

Source: Finance Accounts

Chart 2.10: Trends in share of Total expenditure by activities

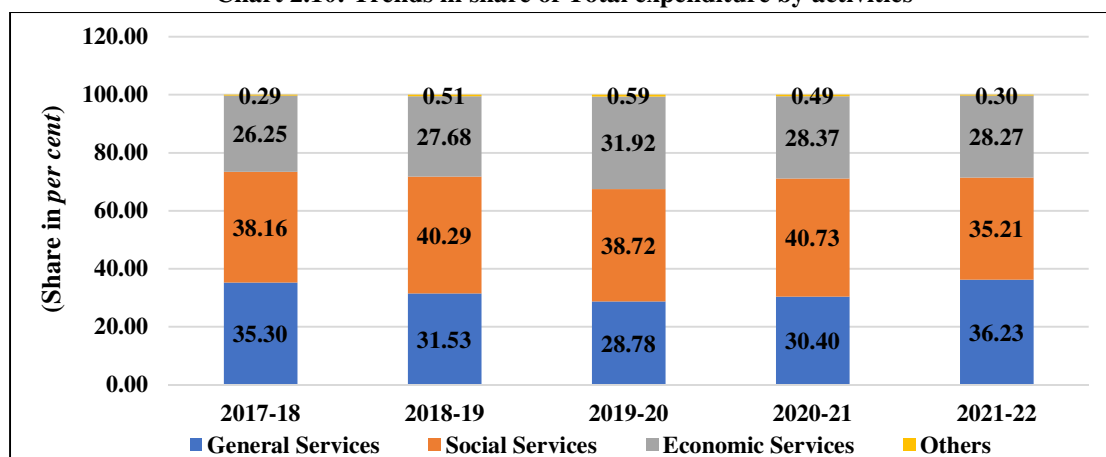
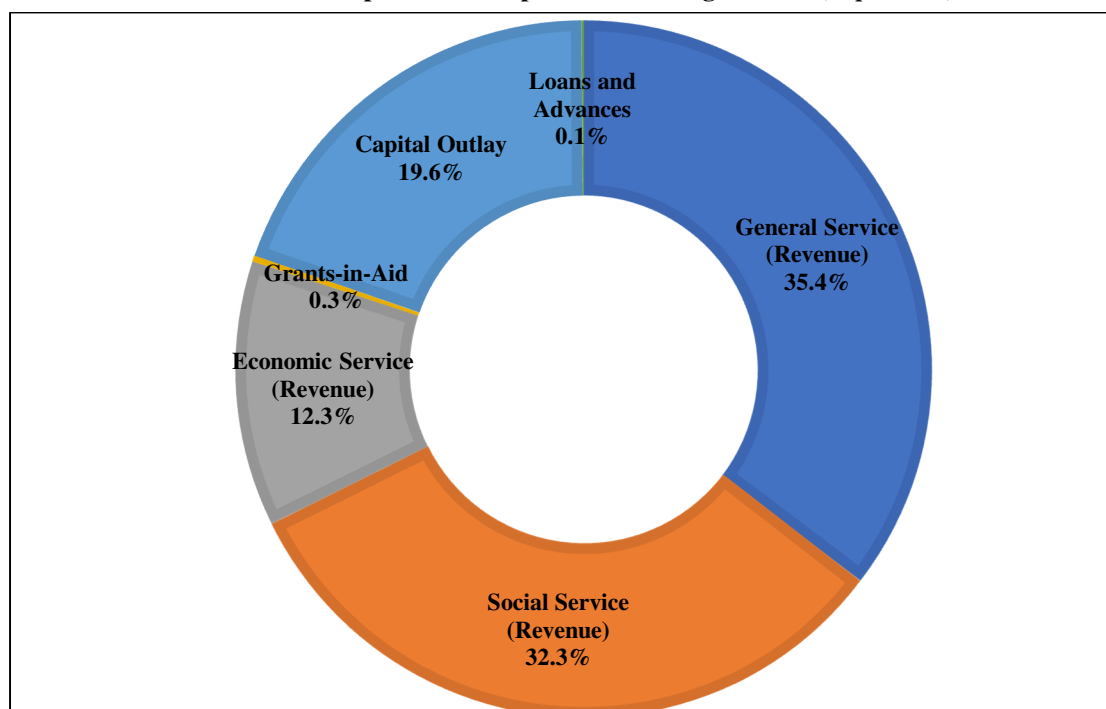


Chart 2.11: Composition of Expenditure during 2021-22 (In per cent)



The relative share of the above components of expenditure indicates that the share of Social Services and others in the Total Expenditure decreased by 5.53 *per cent* and 0.30 *per cent* during 2021-22 over the previous year respectively. These decreases were, however, offset by increase in the respective share of General Services and Economic Services.

2.5.2 Revenue Expenditure

Revenue Expenditure is incurred to maintain the current level of services and payment for the past obligation. As such, it does not result in any addition to the State's infrastructure and service network.

Table 2.18 indicates the overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts during the five-year period (2017-22). It is evident from **Table 2.18** that the Revenue Expenditure formed on an average 83.55 *per cent* (ranging from 80.32 *per cent* in 2021-22 to 87.40 *per cent* in 2017-18) of the Total Expenditure during the period 2017-22. Rate of growth of Revenue Expenditure displayed wide fluctuation during the five-year period.

Trends in Revenue Expenditure over a period of five years (2017-22) are given in **Chart 2.12** whereas the sectoral distribution of Revenue Expenditure pertaining to 2021-22 is given in **Chart 2.13**.

Table 2.18: Revenue Expenditure – Basic parameters

| Parameters | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|-----------|-----------|-----------|-----------|-------------|
| Total Expenditure (TE) | 63,477.85 | 68,261.15 | 79,418.86 | 77,006.78 | 1,02,777.80 |
| Revenue Expenditure (RE) | 55,480.94 | 56,899.00 | 65,817.28 | 64,519.59 | 82,547.96 |
| Rate of Growth of RE (<i>per cent</i>) | 12.39 | 2.56 | 15.67 | -1.97 | 27.94 |
| Revenue Expenditure as percentage of TE | 87.40 | 83.35 | 82.76 | 83.78 | 80.32 |
| RE/GSDP (<i>per cent</i>) | 19.59 | 18.39 | 18.98 | 18.97 | 19.02 |
| RE as percentage of RR | 102.49 | 89.63 | 102.05 | 99.41 | 103.42 |
| Buoyancy of Revenue Expenditure with | | | | | |
| GSDP (ratio) | 1.10 | 0.28 | 1.29 | 1.02 | 1.01 |
| Revenue Receipts (ratio) | 1.24 | 0.15 | 9.79 | -3.12 | 1.22 |

Source: Finance Accounts

Chart 2.12: Trend of Revenue Expenditure during 2017-22

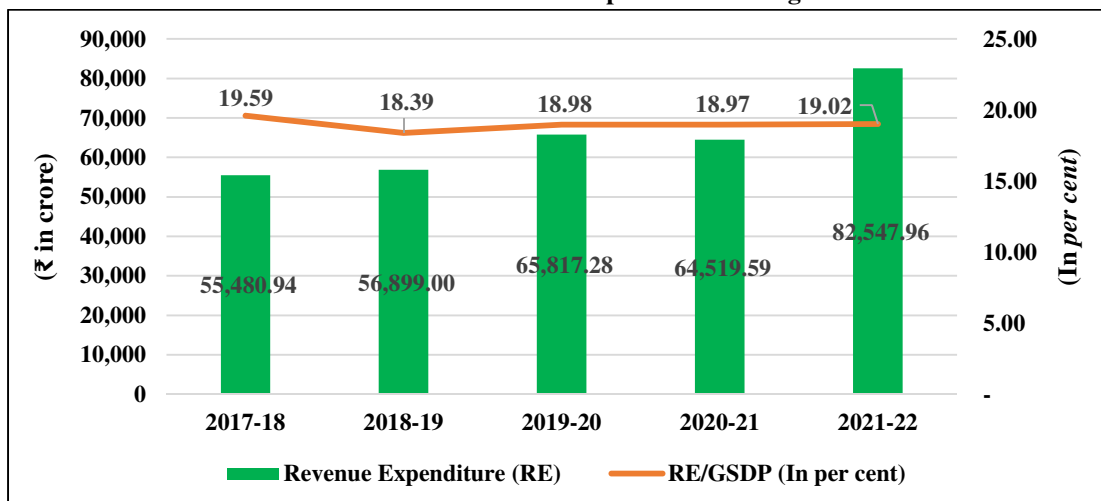
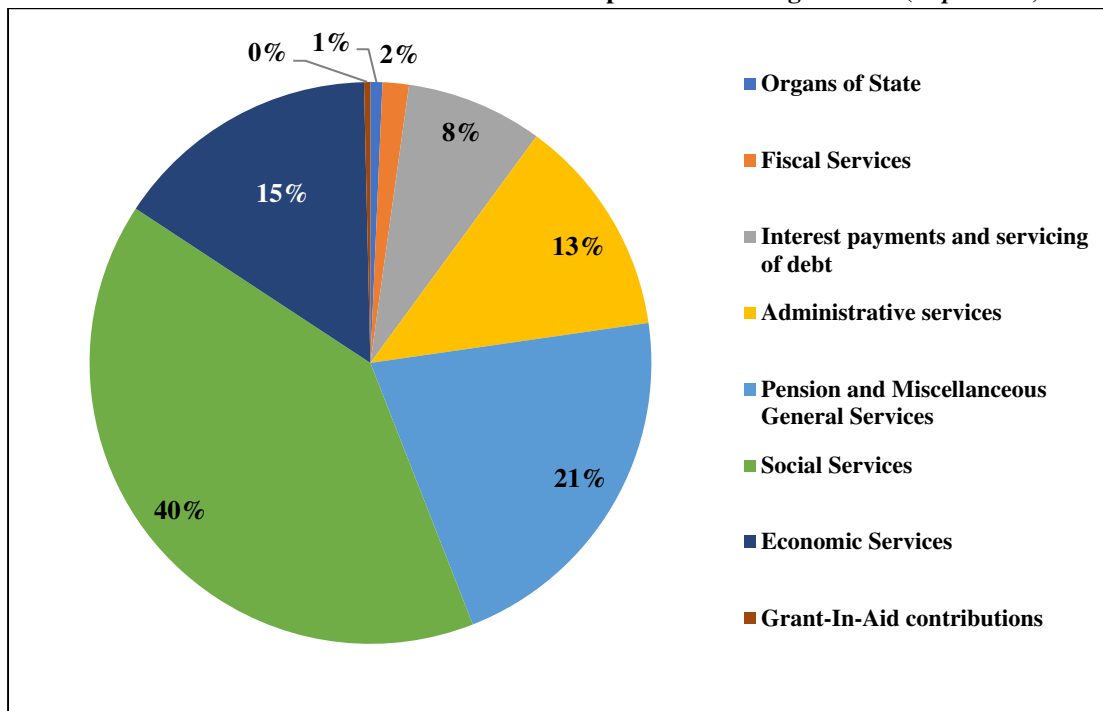


Chart 2.13: Sectoral distribution of Revenue Expenditure during 2021-22 (In per cent)

Revenue Expenditure increased by ₹ 18,028.37 crore (27.94 per cent) from ₹ 64,519.59 crore in 2020-21 to ₹ 82,547.96 crore in 2021-22. Revenue Expenditure as a percentage of GSDP also increased marginally during the year. However, Revenue Expenditure during the year was lower by ₹ 1,857.51 crore *vis-à-vis* the projections made in Medium Term Fiscal Plan (MTFP) (₹ 84,405.47 crore).

2.5.2.1 Major Changes in Revenue Expenditure

Table 2.19 details significant variations under five Heads of Account with regard to Revenue Expenditure of the State during the current year and the previous year.

Table 2.19: Variation in Revenue Expenditure during 2021-22 compared to 2020-21

(₹ in crore)

| Major Heads of Account | 2020-21 | 2021-22 | Increase/Decrease(-) | Increase/Decrease (In per cent) |
|---|-----------|-----------|----------------------|---------------------------------|
| 2071- Pensions and Other Retirement Benefits | 10,329.01 | 17,223.74 | 6,894.73 | 66.75 |
| 2052- Secretariat-General Services | 1,341.46 | 4,756.02 | 3,414.56 | 254.54 |
| 2225- Welfare of Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Minorities | 622.45 | 1,216.15 | 593.70 | 95.38 |
| 2217- Urban Development | 908.49 | 1,500.76 | 592.27 | 65.19 |
| 3451- Secretariat-Economic Services | 709.23 | 327.79 | (-) 381.44 | (-) 53.78 |

Source: Finance Accounts

Table 2.19 above indicates that Pensions and Other Retirement Benefits recorded maximum increase during the year. This was primarily on account of clearance of RBD discrepancy pertaining to the period January 2018 to March 2022, by incorporation in the accounts of the current year of Pension, Family Pension and Commuted Value of

Pension Payment vouchers of both current and prior period. Further, Secretariat General Services recorded maximum increase during the year due to fresh expenditure under *Muga Mission*, Reimbursement of State Tax (Power) for implementation of *Deen Dayal Gram Jyoti Yojana (DDGJY)*, Micro Entrepreneur Support Fund, Tea Mission, Interest Subvention and increase in expenditure under Citizen Centric Service delivery project, etc.

2.5.2.2 Committed Expenditure

Committed Expenditure of Government consists mainly of expenditure on salaries and wages, interest payments and pensions. The FRBM Act of the State prescribes that there should be a Revenue Surplus, which is challenging to achieve, given that a large proportion of Revenue Expenditure goes into committed items like salaries and wages, interest payments and pensions.

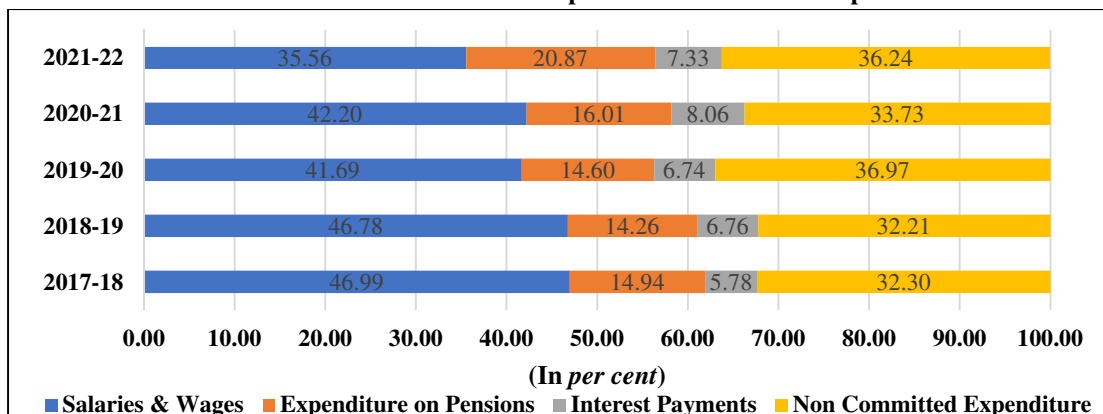
Table 2.20 presents the trends in the components of committed expenditure during 2017-22. Share of committed and non-committed expenditure in Revenue Expenditure during 2017-22 is given in **Chart 2.14**.

Table 2.20: Components of Committed Expenditure

| (₹ in crore) | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Components of Committed Expenditure | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Salaries & Wages | 26,068.00 | 26,617.37 | 27,437.89 | 27,227.09 | 29,351.09 |
| Expenditure on Pensions | 8,287.34 | 8,112.26 | 9,609.02 | 10,329.01 | 17,223.74 |
| Interest Payments | 3,205.32 | 3,844.37 | 4,438.87 | 5,199.18 | 6,051.47 |
| Total | 37,560.66 | 38,574.00 | 41,485.78 | 42,755.28 | 52,626.30 |
| As a percentage of Revenue Receipts (RR) | | | | | |
| Salaries & Wages | 48.16 | 41.93 | 42.54 | 41.95 | 36.77 |
| Expenditure on Pensions | 15.31 | 12.78 | 14.90 | 15.91 | 21.58 |
| Interest Payments | 5.92 | 6.06 | 6.88 | 8.01 | 7.58 |
| Total | 69.39 | 60.77 | 64.32 | 65.88 | 65.94 |
| As a percentage of Revenue Expenditure (RE) | | | | | |
| Salaries & Wages | 46.99 | 46.78 | 41.69 | 42.20 | 35.56 |
| Expenditure on Pensions | 14.94 | 14.26 | 14.60 | 16.01 | 20.87 |
| Interest Payments | 5.78 | 6.76 | 6.74 | 8.06 | 7.33 |
| Total | 67.70 | 67.79 | 63.03 | 66.27 | 63.75 |

Source: Finance Accounts

Chart 2.14: Share of Committed Expenditure in Revenue Expenditure



As can be seen from the details tabulated above, the committed expenditure constituted 60 per cent and above of both Revenue Receipts and Revenue Expenditure during the five-year period 2017-22.

Salaries and Wages

Expenditure on salaries and wages accounted for 35.56 per cent of Revenue Expenditure during 2021-22. Over the five-year period 2017-22, it increased by ₹ 3,283.09 crore (12.59 per cent) from ₹ 26,068.00 crore in 2017-18 to ₹ 29,351.09 crore in 2021-22. Expenditure on Salaries (₹ 28,559.49 crore) during 2021-22 was less by ₹ 1,388.62 crore compared to the projection of ₹ 29,948.11 crore made in MTFP.

Interest Payments

Interest Payments increased by ₹ 852.29 crore (16.39 per cent) from ₹ 5,199.18 crore in 2020-21 to ₹ 6,051.47 crore in 2021-22 primarily due to an increase of ₹ 899.38 crore in interest payment on market loans. During the current year, Interest Payments were made on internal debt (₹ 5,073.19 crore), Small Savings, Provident Fund, etc., (₹ 888.98 crore) and Loans and Advances from Central Government (₹ 89.31 crore).

Interest Payments with reference to assessment made by the XV FC and the projections of the State Government in its Budget and MTFP are given in **Table 2.21**.

Table 2.21: Interest Payments vis-à-vis assessment of the XV FC and State's Projections

(₹ in crore)

| Year | Assessment made by the XV FC | Assessment made by the State Government in | | Actuals |
|---------|------------------------------|--|----------|----------|
| | | Budget Estimates | MTFP | |
| 2021-22 | 6,324.00 | 7,063.73 | 7,063.73 | 6,051.47 |

Source: Finance Accounts, FC Report and Budget documents

Table 2.21 indicates that the interest payments of State Government during the year were within the assessment made by XV FC for the year. It was also within its own projections made in MTFP and Budget for 2021-22.

Pensions Payments

The expenditure on “Pension and other Retirement Benefits” for State Government employees recruited prior to 30 January 2005 was ₹ 15,745.13 crore during the year (excluding expenditure on National Pension System). Details of expenditure on Pension has been detailed in Para 3.5.1 of Chapter III.

2.5.2.3 Undischarged Liability under National Pension System

Government of Assam introduced (January 2010) the ‘National Pension System’ (NPS) applicable to all new entrants joining State Government service on regular basis against vacant sanctioned post(s) on or after 01 February 2005.

Under this system, employees contribute 10 per cent basic pay and dearness allowance, which is matched by the State Government since inception of NPS. The State Government had increased the employer’s contribution to 14 per cent with effect from 01 April 2019. Accumulated amount *i.e.*, both employee’s and employer’s contribution are initially transferred to the Public Account (Major Head ‘8342-117-Defined

Contributory Pension Scheme'). State Government has the responsibility to deposit both employee's and employer's share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/ trustee bank for further investment as per the guidelines of NPS. In terms of the guidelines of the Scheme, Government of Assam is liable to pay interest on funds not transferred to NSDL. NSDL allots a Permanent Retirement Account Number (PRAN) to each employee enrolled under the system on receipt of requisite information/ documents from Government.

As on 31 March 2022, 2,04,040 PRANs were allotted to the employees whereas 5,902 PRANs were yet to be allotted.

The State Government opened a Current Account with the State Bank of India for parking the funds before transfer to NSDL. Details of contribution received and transactions involving Current Account, since the inception of NPS in Assam, are given in **Table 2.22**.

Table 2.22: Details of transactions under National Pension System

(₹ in crore)

| Year | Details of contribution | | | | Details of funds transferred/ paid to | | | |
|------------------|-------------------------|-----------------|-------------------------|------------------|---------------------------------------|---------------|--|-------------------------------------|
| | Emplo- yees | Govern- ment | Shortfall (1-2) | Total (1+2) | NSDL | Beneficiaries | Net Refunds (+) and re- submission (-) | Less transfer {(4+7) - (5+6)} |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Up to 2017-18 | 1998.44 | 1812.10 | 186.34 | 3810.54 | 3531.54 | 0.55 | 0.46 | 278.91 |
| 2018-19 | 590.14 | 445.25 | 144.89 | 1035.39 | 890.06 | 0.44 | (-) 0.14 | 144.75 |
| 2019-20 | 682.96 | 749.32 | 206.82 [@] | 1432.28 | 1498.30 | 0.38 | (-) 0.03 | (-) 66.43 |
| 2020-21 | 735.43 | 1060.34 | (-) 30.74 ^{\$} | 1795.77 | 1820.25 | 0.60 | (-) 0.03 | (-) 25.11 |
| 2021-22 | 876.49 | 1,478.61 | (-) 251.52 [^] | 2,355.10 | 2,419.02 | 1.00 | 0.06 | (-)64.86 |
| Total | 4,883.46 | 5,545.62 | 255.79 | 10,429.08 | 10,159.17 | 2.97 | 0.32[#] | 267.26^{&} |

Source: Finance Accounts

Includes refunds by NSDL for erroneous reporting and re-submission.

@ Figures updated as GS raised to 14 *per cent* w.e.f. April 2019 (Due for contribution was ₹956.14 crore *minus* actual contribution of ₹749.32 crore)

\$ Due for contribution was ₹1029.60 crore *minus* actual contribution of ₹1060.34 crore

& Less transfer (₹ 251.83 crore under MH-8342-117 *plus* ₹ 15.43 crore in Current Bank Account)

^ Due for contribution was ₹1,227.09 crore *minus* actual contribution of ₹1,478.61 crore

Audit observations in this regard are as follows:

As of 31 March 2022, Government of Assam collected ₹ 4,883.46 crore from employees as contribution towards NPS since the introduction of the Scheme and contributed ₹ 5,545.62 crore as Government share against the due contribution of ₹ 5,801.41 crore, resulting in short contribution of ₹ 255.79 crore. Against the total collected funds of ₹ 10,429.08 crore (comprising employees share of ₹ 4,883.46 crore and Government share of ₹ 5,545.62 crore), the Government had transferred only ₹ 10,159.17 crore to the designated authority (NSDL) for further investment as per the provisions of the scheme. Funds amounting to ₹ 267.26 crore as well as the interest on it remained to be transferred to NSDL from the Public Account as on 31 March 2022. Out of the balance of ₹ 267.26 crore, ₹ 251.83 crore was lying in the Public Account and the balance ₹ 15.43 crore was lying in the Current Account.

As on 31 March 2021, an amount of ₹ 316.75 crore remained in the Public Account under the Major Head '8342-117-Defined Contributory Pension Scheme' on which, interest payable in 2021-22 has been estimated as ₹ 25.34 crore (@ eight *per cent*). Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities under the scheme. Non-payment of interest of ₹ 25.34 crore has resulted in understatement of Revenue Deficit and Fiscal Deficit.

The State Government has thus not complied with the rules governing NPS, and has also created interest liability on the funds not transferred to NSDL.

On this being pointed out, the Director of Accounts and Treasuries, Assam stated (October 2022) that complete transfer of NPS funds to NSDL could not be done due to non-issuance of PRANs to all employees and the Government is taking action for generation of PRAN through FinAssam portal.

Further, during the Exit Conference (January 2023), the Secretary, Finance Department assured that the Government would soon rectify deficiencies under NPS as pointed out by Audit.

2.5.2.4 Subsidies

Table 2.23 indicates that there has been significant increase in expenditure on subsidies during the last four years out of a five-year period. Subsidies as a percentage of Revenue Receipts and Revenue Expenditure stood at 2.51 *per cent* and 2.43 *per cent* respectively during the current year.

Table 2.23: Expenditure on subsidies during 2017-22

| Particulars | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|---------|----------|----------|----------|----------|
| Subsidies (₹ in crore) | 703.84 | 1,464.93 | 1,473.23 | 1,966.15 | 2,005.69 |
| Subsidies as a percentage of Revenue Receipts | 1.30 | 2.31 | 2.28 | 3.03 | 2.51 |
| Subsidies as a percentage of Revenue Expenditure | 1.27 | 2.57 | 2.24 | 3.05 | 2.43 |

Source: VLC data of respective years and Finance Accounts

During 2021-22, subsidies were mainly given under targeted subsidy to National Food Security Scheme (₹ 767.68 crore), APDCL (₹ 480.00 crore), Power purchase subsidy (₹ 463.00 crore) and Housing for All (*Pradhan Mantri Awas Yojana*) (₹ 257.91 crore). State Government had not made any projection for subsidy in its MTFP during 2021-22.

2.5.2.5 Grants-in-Aid by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. Further, many of the Centrally Sponsored Scheme funds are transferred to implementing agencies as Grants-in-Aid. **Table 2.24** details the quantum of grants given by the State to local bodies and other institutions during the last five years *i.e.*, 2017-22.

Table 2.24: Grants-in-Aid to Local Bodies and other Institutions

(₹ in crore)

| Institutions | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| PRIs | 818.42 | 569.49 | 3,642.78 | 682.48 | 1,339.39 |
| ULBs | 306.73 | 456.98 | 578.33 | 354.96 | 826.37 |
| PSUs | 22.78 | 10.18 | 37.41 | 57.58 | 141.70 |
| Autonomous Bodies | 476.61 | 839.91 | 1,252.07 | 193.58 | 1,084.56 |
| Others* | 17,392.69 | 15,687.58 | 19,259.65 | 22,447.14 | 28,388.07 |
| Total⁷ | 19,017.23 | 17,564.14 | 24,770.24 | 23,735.74 | 31,780.09 |
| Revenue Expenditure (RE) | 55,480.94 | 56,899.00 | 65,817.28 | 64,519.59 | 82,547.96 |
| Assistance as per cent of RE | 34.28 | 30.87 | 37.63 | 36.79 | 38.50 |

Source: Finance Accounts (Statement 10 and Appendix III)

* Largely to Implementing agencies of Centrally Sponsored Schemes like NRHM, PMAY, SSA

It can be seen from **Table 2.24** that Grants-in-Aid to local bodies and other institutions as percentage of Revenue Expenditure increased from 34.28 *per cent* in 2017-18 to 38.50 *per cent* in 2021-22. During the year, out of the total Grants-in-Aid given by the State, 93.19 *per cent* went to various agencies implementing Centrally Sponsored Schemes, educational, health institutions, *etc.*, followed by 4.21 *per cent* to PRIs and 2.60 *per cent* to ULBs.

(i) State Finance Commission

Article 243-I and 243-Y of the Constitution stipulates that the Governor of the State shall, as soon as may be, within one year from the commencement of the Constitution (73rd and 74th Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of Panchayats and Municipalities and to make recommendations to the Governor as to

- the principles which should govern the (i) distribution of the net proceeds of taxes, duties, *etc.* leviable by the State, between States, and Panchayats and Municipalities, (ii) determination of taxes, duties, *etc.* which may be assigned to/ appropriated by Panchayats and Municipalities, and (iii) GIA to Panchayats and Municipalities from the Consolidated Fund of the State;
- the measures needed to improve the financial position of Panchayats and Municipalities; and
- any other matter referred to the Finance Commission by the Governor.

Thus, as per the provisions of the Constitution, the first State Finance Commission became due in 1994-95. The first Assam State Finance Commission (SFC) was constituted in June 1995 and the latest SFC i.e., 6th SFC was constituted in November 2018. Sixth SFC Report was submitted in February 2020 and the period of the Report would be 2020-25.

Details of constitution of all six Assam SFC *vis-à-vis* its due date along with period of applicability of the Report is given in **Table 2.25**.

⁷ Includes GIA booked under Capital Major Heads

Table 2.25: Details of the Report submitted by SFC

| SFC | Due Date of Constitution of SFC | Date of Constitution | Date of Submission of Report | Period of the Report |
|---------------------------|---------------------------------|----------------------|---------------------------------|------------------------|
| 1 st Assam SFC | 1994-95 | June 1995 | February 1996 | 1996-2001 |
| 2 nd Assam SFC | 1999-00 | April 2001 | August 2003 | 2001-2006 |
| 3 rd Assam SFC | 2004-05 | February 2006 | March 2008 | 2006-2011 |
| 4 th Assam SFC | 2009-10 | April 2010 | February 2012 | 2011-2016 |
| 5 th Assam SFC | 2014-15 | March 2013 | September 2014 November 2016 | 2016-2020 2016-2020 |
| 6 th Assam SFC | 2019-20 | November 2018 | February 2020 | 2020-2025 |

Source: Information furnished by Finance Department

The 11th Schedule of the Constitution contains 29 functions to be discharged by the Panchayati Raj Institutions (PRIs). Similarly, the 12th Schedule of the Constitution contains 18 functions to be discharged by the Urban Local Bodies (ULBs). To discharge the said functions, the PRIs and ULBs receive funds from its own resources, SFC devolution, grants from State Government and grants from Central Finance Commission.

The 6th Assam SFC had recommended criteria for both vertical devolution of the State's Own Tax Revenue between State and Local Bodies, as well as horizontal devolution among individual units of PRIs and ULBs.

Summary of recommended devolution of Grants for PRIs and ULBs as per the 6th Assam SFC *vis-à-vis* the actual GIA disbursed is given in **Table 2.26**.

Table 2.26: Details of the devolution of Grants by 6th ASFC

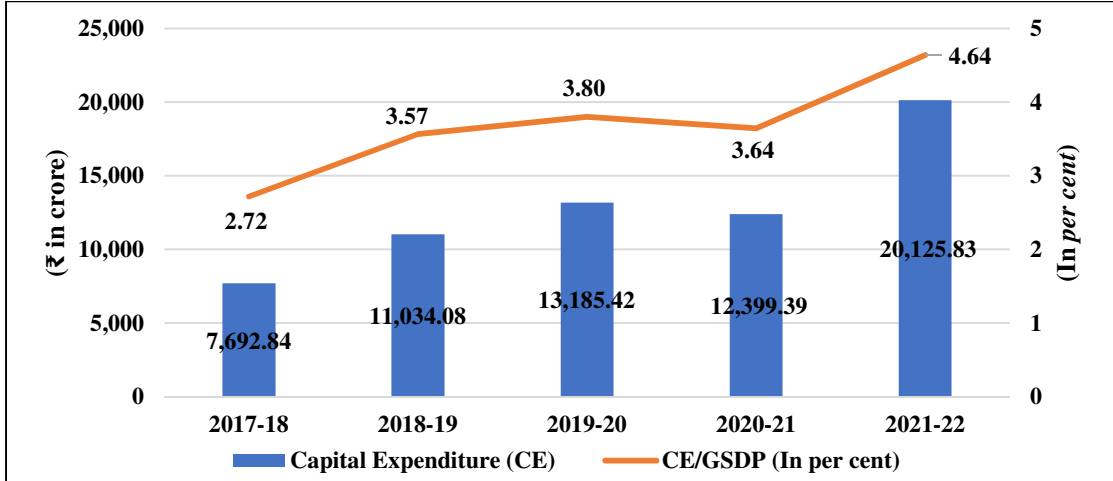
| (₹ in crore) | | | | |
|--------------|--------------|-----------------|--|---|
| Year | Purpose | CFC Grants | Projected Devolution by 6 th ASFC | Actual GIA Given by the State as per Finance Accounts |
| 2020-21 | PRIs | 1,604.00 | 1,248.58 | 682.48 |
| | ULBs | 579.00 | 507.20 | 354.96 |
| | SFC Cell | -- | 4.00 | -- |
| | Total | 2,183.00 | 1,759.78 | 1,037.44 |
| 2021-22 | PRIs | 1,186.00 | 1,423.05 | 1,339.39 |
| | ULBs | 309.80 | 539.08 | 826.37 |
| | SFC Cell | -- | 4.00 | -- |
| | Total | 1,495.80 | 1,966.13 | 2,165.76 |

Source: FC Report, ASFC Report and Finance Accounts

2.5.3 Capital Expenditure

Capital Expenditure of the State showed an increasing trend during the five years *i.e.*, 2017-18 to 2021-22. It increased by ₹ 7,726.44 crore from ₹ 12,399.39 crore in 2020-21 to ₹ 20,125.83 crore in 2021-22 as detailed in **Chart 2.15**.

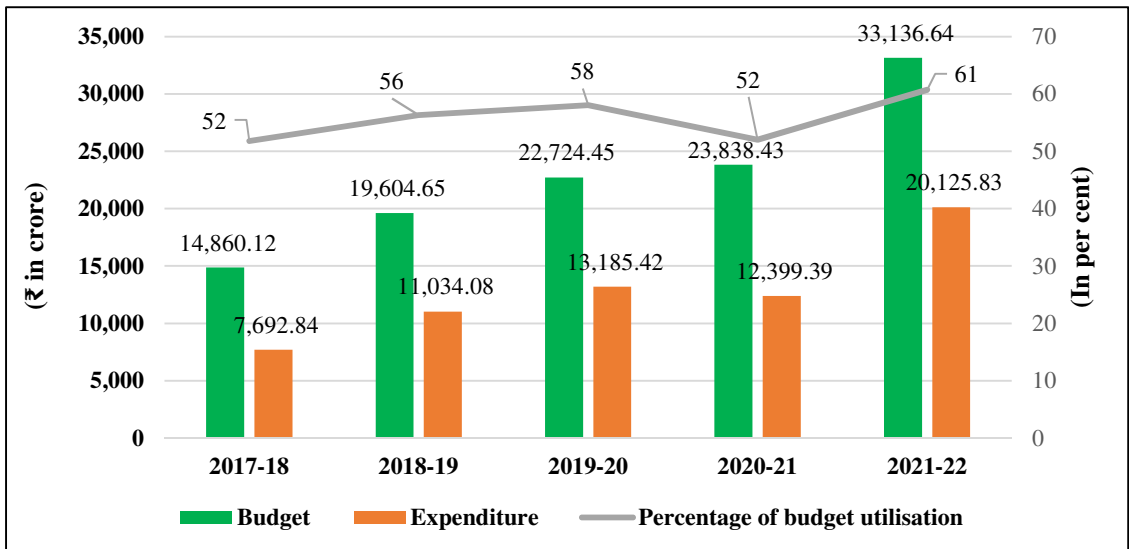
Chart 2.15: Trend of Capital Expenditure



As is evident from **Chart 2.15**, Capital Expenditure has shown a significant increase in the last few years, with its share as a percentage of GSDP increasing from 2.72 per cent to 4.64 per cent during 2017-22. However, percentage of Capital Expenditure has to be viewed in the light of the fact that Grants-in-Aid were booked under capital section, instead of under revenue which resulted in understatement of Revenue Expenditure and Revenue Deficit to that extent, as discussed under Paragraph 3.3.7.

However, the State could not fully expend the budgetary allocation on creation of assets in any year during the five-year period 2017-22. While the extent of utilisation of budget for Capital Expenditure has been increasing since 2017-18 and reached the level of 58 per cent during 2019-20, it declined to 52 per cent in 2020-21 and then increased to reach the level of 61 per cent during 2021-22. Details of Capital Expenditure vis-à-vis budget (revised estimates) during the period 2017-22 are given in **Chart 2.16**.

Chart 2.16: Trend of Capital Expenditure over the five-year period from 2017-18 to 2021-22



2.5.3.1 Major changes in Capital Outlay

Significant variations under various Heads of Accounts with regard to Capital Outlay of the State during the current year and previous year is shown in **Table 2.27**.

Table 2.27: Capital Expenditure during 2021-22 compared to 2020-21

(₹ in crore)

| Major Heads of Accounts | 2020-21 | 2021-22 | Increase/ Decrease(-) | Increase/ Decrease(-) (In per cent) |
|---|----------|----------|--------------------------|---|
| 4801- Capital Outlay on Power Projects | 295.40 | 3,698.39 | 3,402.99 | 1,151.99 |
| 5465- Investments in General Financial and Trading Institutions | 0.08 | 1,233.72 | 1,233.64 | 15,42,050.00 |
| 4202 - Capital Outlay on Education, Sports, Art and Culture | 72.39 | 601.32 | 528.93 | 730.67 |
| 4217 - Capital Outlay on Urban Development | 143.39 | 619.04 | 475.65 | 331.72 |
| 4215 - Capital Outlay on Water Supply and Sanitation | 1,545.62 | 768.81 | (-776.81) | (-)50.26 |

Source: Finance Accounts

Table 2.27 shows that Capital Outlay on Power Projects recorded maximum increase of ₹ 3,402.99 crore during the year due to fresh expenditure for Investment (Equity Share) under APDCL (₹ 2,063.44 crore), APGCL (₹ 621.70 crore) and AEGCL (₹ 410.69 crore). Further, investments in General Financial and Trading Institutions also recorded an increase of ₹ 1,233.64 crore which was mainly due to fresh expenditure for enhancing stake in NRL (₹ 1,216.88 crore) and recapitalisation assistance in public sector and other undertaking banks (₹ 16.84 crore).

However, Capital Outlay on Water Supply and Sanitation recorded maximum decrease of ₹ 776.81 crore during the year due to decrease in expenditure under National Rural Drinking Water Programme and construction of Individual House Hold Latrine in Rural Areas of Assam, etc.

2.5.3.2 Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to many institutions/ organisations. **Table 2.28** presents the outstanding loans and advances as on 31 March 2022 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2017-18 to 2021-22.

Table 2.28: Details of Loans advanced by State Government and interest received

(₹ in crore)

| Quantum of Loans/ Interest Receipts/ Cost of Borrowings | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Opening Balance | 5,174.30 | 5,423.66 | 5,748.80 | 6,056.98 | 6,142.22 |
| Amount advanced during the year | 254.07 | 328.07 | 316.16 | 87.80 | 104.01 |
| Amount recovered during the year | 4.71 | 2.93 | 7.98 | 2.56 | 3,099.49 |
| Closing Balance | 5,423.66 | 5,748.80 | 6,056.98 | 6,142.22 | 3,146.74 |
| Net addition | 249.36 | 325.14 | 308.18 | 85.24 | -2,995.48 |
| Interest Receipts | 18.86 | 281.10 | 284.00 | 167.20 | 49.67 |
| Interest receipts as a percentage of outstanding Loans and Advances | 0.35 | 4.89 | 4.69 | 2.72 | 1.58 |
| Average rate of interest on Government borrowing (per cent) | 6.87 | 7.07 | 6.74 | 6.51 | 6.46 |
| Difference between Interest Payments rates and Interest Receipts (per cent) | 6.52 | 2.18 | 2.05 | 3.79 | 4.88 |

Source: Finance Accounts

The total amount of outstanding loans and advances as on 31 March 2022 was ₹ 3,146.74 crore. During 2021-22, the State Government recovered a loan of ₹ 3,099.49 crore from the loanee entities. Significant increase in recovery of loans was mainly due to conversion of loans into equity of ₹ 3,095.85 crore in respect of APDCL, APGCL and AEGCL by the State Government. Further, the State Government also disbursed a loan of ₹ 104.01 crore to different entities during the year and received ₹ 49.67 crore as interest on loans disbursed in earlier years. Economic Services Sector received the maximum amount of loans advanced (₹ 97.17 crore) during the year.

IGAS 3 relates to recognition, measurement, valuation and reporting in respect of Loans and Advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices. While the State government complied with the format prescribed by the Standard, the information disclosed in this regard is incomplete, since the details of overdue principal and interest in respect of Loans and Advances have not been provided to the Accountant General (A&E).

Further, as per notification issued by GoA in March 2006, which was reiterated from time to time, no loan was to be granted for a period exceeding 10 years, except with an extension sought from Finance Department, GoA and the recovery was to be affected in annual equal instalment of principal and interest.

Audit observed that during the year 2021-22, fresh loans of ₹ 97.27 crore was disbursed to five loanee entities from whom repayments of earlier loans of ₹ 3,102.74 crore were in arrears. Out of those five cases, loans in respect of Assam Tea Corporation Limited (₹ 645.26 crore) were in arrears since 2001-02. Details in this regard are given in **Table 2.29**.

Table 2.29: Payment of fresh loans to entity during 2021-22

(₹ in crore)

| Sl. No. | Name of the loanee entity | Loans Disbursed during the current year | | Amount of arrears as on 31 March 2022 | | | Earliest period to which arrears relate |
|--------------|---|---|--------------|---------------------------------------|---------------|-----------------|---|
| | | Rate of Interest | Principal | Principal | Interest | Total | |
| 1 | Assam Tea Corporation Limited | 11.50% | 16.06 | 457.24 | 188.02 | 645.26 | 2001-02 |
| 2 | Power Companies* | 10% | 69.24 | 1,786.16 | NIL | 1,786.16 | 2003-04 |
| 3 | Co-operation (Jute Mills) | NA | 9.99 | 84.94 | NA | 84.94 | -- |
| 4 | Assam Hills and Small Industries Development Corporation Ltd. | 14.5% | 1.88 | 83.21 | 98.21 | 181.42 | 1976-77 |
| 5 | Assam Urban Water and Sewerage | 11.5% | 0.10 | 282.64 | 185.81 | 468.45 | 2006-07 |
| Total | | | 97.27 | 2,694.19 | 472.04 | 3,166.23 | |

Source: Finance Accounts

*Assam Power Distribution Company Limited (₹56.45 crore); Assam Power Generation Corporation Limited (₹ four crore); Assam Electricity Grid Corporation Limited (₹ 8.79 crore)

2.5.3.3 Quality of Capital expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

(i) Quality of investments in the companies, corporations and other bodies

Capital expenditure in the companies, corporations and other bodies, which are loss making or where net worth is completely eroded, is not sustainable. Investments made and loan given to such companies, corporations, *etc.*, affect the quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

As per the Finance Accounts 2021-22, Government of Assam had invested ₹ 7,010.79 crore in four Statutory Corporations, 25 Government Companies (Working: 21; Non-working: four), 17 Joint Stock Companies, three Rural Banks and 19 Co-operatives in the State as on 31 March 2022. The State Government earned a return of ₹ 113.64 crore on these investments during 2021-22. The average rate of return on investment was 7.17 *per cent* during the five-year period from 2017-18 to 2021-22, while the average rate of interest paid by the State Government during the period was 6.85 *per cent*.

Details of investment by Government of Assam and returns on investment during the five-year period 2017-18 to 2021-22 is given in **Table 2.30**.

Table 2.30: Details of Investment and returns on Investment during last five years

| | (₹ in crore) | | | | |
|---|-----------------|-----------------|------------------|------------------|------------------|
| Entities | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Statutory Corporations ⁸ (No. of entities) | 2,136.13 (4) | 2,151.90 (4) | 2,159.58# (4) | 2,159.58# (4) | 5,255.41 (4) |
| Government Companies (No. of entities) | 176.92 (24) | 176.92 (24) | 176.92 (24) | 176.91 (24) | 216.91 (25) |
| Joint Stock Companies (No. of entities) | 80.49 (17) | 149.03 (17) | 169.03 (17) | 169.03 (17) | 1,385.91 (17) |
| Banks ⁹ (No. of entities) | 21.76 (2) | 21.76 (2) | 21.76 (2) | 21.76 (2) | 38.60 (3) |
| Co-operatives (No. of entities) | 109.83 (18) | 109.83 (18) | 109.83 (18) | 113.16 (19) | 113.96 (19) |
| Total Investment | 2,525.13 | 2,609.44 | 2,637.12 | 2,640.44 | 7,010.79 |
| Return on investment (₹ in crore) | 225.55 | 153.24 | 30.64 | 481.89 | 113.64 |
| Return on investment (<i>Per cent</i>) | 8.93 | 5.87 | 1.16 | 18.25 | 1.62 |
| Average rate of interest on Government borrowings (<i>Per cent</i>) | 6.87 | 7.07 | 6.74 | 6.51 | 6.46 |
| Difference between interest rate and return (<i>Per cent</i>) | -2.06 | 1.20 | 5.58 | -11.74 | 4.84 |

⁸ Out of four, one Statutory Corporation *i.e.*, Assam State Electricity Board (ASEB) was re-organised into three entities namely (i) Assam Power Distribution Company Limited (APDCL) (ii) Assam Electricity Grid Corporation Limited (AEGCL) and (iii) Assam Power Generation Corporation Limited (APGCL) in March 2013. Present status of investment already made in erstwhile ASEB and up to date status of investments made in three Companies are awaited from Government.

⁹ Includes the Rural Bank, Urban and Industrial Co-operative Bank and Assam *Gramin Vikash* Bank.

| Entities | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|----------|----------|----------|----------|----------|
| Difference between interest on Government borrowings and return on investment (₹ in crore) | 2,979.77 | 3,691.13 | 4,408.23 | 4,717.29 | 5,937.83 |

Source: Finance Accounts

#The figure was modified due to accounting of UDAY transactions of ₹ 1132.53 crore (Grant: ₹ 849.40 crore plus Equity: ₹ 283.13 crore) in FY 2021-22 instead of FY 2019-20 as conveyed by the State Government vide order dated 30 March 2022.

During the last five years, i.e., 2017-22, the State Government's investments had increased significantly by ₹ 4,485.66 crore from ₹ 2,525.13 crore in 2017-18 to ₹ 7,010.79 crore in 2021-22. During the current year, Government invested ₹ 3,095.83 crore in Statutory Corporations, ₹ 40.00 crore in Government Companies, ₹ 1,216.88 crore in Joint stock Companies and ₹ 16.84 crore in Banks.

Out of four Statutory Corporations, three were incurring losses and their accumulated losses amounted to ₹ 112.90 crore¹⁰. Similarly, out of 25 Government Companies in the State, 17 companies were incurring losses and their accumulated losses amounted to ₹ 592.31 crore.

The major loss incurring five Government Companies were Assam Tea Corporation Limited, Guwahati (Investment: ₹ 8.07 crore; accumulated loss: ₹ 284.03 crore), Assam Industrial Development Corporation Limited (Investment: ₹ 29.71 crore; accumulated loss: ₹ 85.32 crore), Assam Plain Tribes Development Corporation, (Investment: ₹ 0.46 crore; accumulated loss: ₹ 42.03 crore), Assam State Textile Corporation Limited (Investment: ₹ 4.78 crore; accumulated loss: ₹ 36.88 crore) and Assam State Development Corporation for Scheduled Castes Limited (Investment: ₹ 4.88 crore; accumulated loss: ₹ 32.40 crore).

Out of the total investment of ₹ 7,010.79 crore as of March 2022, ₹ 5098.22 crore has been invested in 19 SPSEs whose net worth has completely been eroded as detailed in **Table 2.30 (A)**.

Table 2.30 (A): Erosion of net worth of SPSEs

| Name of SPSE | Latest year of finalised accounts | Net Profit (+)/ Loss (-) after interest, tax and dividend | Total paid up capital | Accumulated Loss | Net worth | State Government investments as on 31 March 2022 | |
|--|-----------------------------------|---|-----------------------|------------------|-----------|--|--------|
| | | | | | | Equity | Loans |
| Assam Seeds Corporation Limited | 2016-17 | 0.04 | 1.46 | -10.03 | -8.57 | 1.46 | 7.19 |
| Assam Tea Corporation Limited | 2014-15 | 39.72 | 27.54 | -284.03 | -256.49 | 27.54 | 484.47 |
| Assam Plantation Crops Development Corporation Limited | 2013-14 | -0.16 | 5.00 | -13.71 | -8.71 | 5.00 | 8.99 |
| Assam Plains Tribes Development Corporation Limited | 2020-21 | 0.15 | 2.95 | -41.88 | -38.93 | 2.20 | - |

¹⁰ Assam State Warehousing Corporation:-₹ 8.37 crore (as on 31-03-2018); Assam State Transport Corporation:-₹ 94.80 crore (as on 31-03-2017); Assam Financial Corporation, Guwahati:-₹ 9.73 crore (as on 31-03-2019).

| Name of SPSE | Latest year of finalised accounts | Net Profit (+)/ Loss (-) after interest, tax and dividend | Total paid up capital | Accumulated Loss | Net worth | State Government investments as on 31 March 2022 | |
|--|-----------------------------------|---|-----------------------|------------------|------------------|--|---------------|
| | | | | | | Equity | Loans |
| Assam State Development Corporation for Other Backward Classes Limited | 2020-21 | 0.03 | 3.40 | -18.82 | -15.42 | 3.40 | - |
| Assam State Development Corporation for Scheduled Castes Limited | 2016-17 | 1.89 | 10.10 | -32.39 | -22.29 | 5.59 | - |
| Assam State Film (Finance & Development) Corporation Limited | 2015-16 | -0.47 | 0.10 | -0.29 | -0.19 | 0.10 | 0.04 |
| Assam Hills Small Industries Development Corporation Limited | 2004-05 | -0.10 | 2.00 | -11.47 | -9.47 | 2.00 | 41.51 |
| Assam Small Industries Development Corporation Limited | 2014-15 | -3.11 | 6.67 | -17.63 | -10.96 | 6.67 | 5.19 |
| Ashok Paper Mill (Assam) Limited | 2018-19 | 0.39 | 0.01 | -99.43 | -99.42 | 0.01 | - |
| Assam Government Marketing Corporation Limited | 2018-19 | 0.22 | 4.36 | -17.50 | -13.14 | 3.02 | - |
| Assam State Transport Corporation | 2018-19 | -97.82 | 167.73 | -1,487.95 | -1,320.22 | 167.73 | - |
| Assam Agro-Industries Development Corporation Limited | 2009-10 | -0.45 | 2.20 | -22.56 | -20.36 | 1.10 | 6.76 |
| Assam State Minor Irrigation Development Corporation Limited | 2011-12 | -0.02 | 17.35 | -63.76 | -46.41 | 17.35 | - |
| Assam Government Construction Corporation Limited | 2021-22 | -0.15 | 2.00 | -10.70 | -8.70 | 2.00 | - |
| Assam Conductor and Tubes Limited | 2014-15 | -2.01 | 1.54 | -8.20 | -6.66 | 1.54 | 3.56 |
| Assam State Textiles Corporation Limited | 2021-22 | -0.12 | 15.44 | -37.01 | -21.57 | 15.44 | 6.07 |
| Assam Electricity Grid Corporation Limited | 2021-22 | 105.46 | 99.93 | -313.14 | -213.21 | 99.93 | 551.52 |
| Assam Power Distribution Company Limited | 2020-21 | -292.42 | 445.90 | -1,232.67 | -786.77 | 4,736.14 | 56.44 |
| Total | | | 815.68 | -3,723.17 | -2,907.49 | 5,098.22 | 617.59 |

Source: Information furnished by the PSUs concerned

Moreover, it is worth mentioning that there is a difference between the number of State Public Sector Undertaking (SPSUs) recorded in the Finance Accounts (46) as detailed in **Table 2.30** and that of the Audit Report on SPSUs (51). The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Principal Accountant General (A&E) and the details given in the Audit Reports obtained from the individual SPSUs. The differences in the number of SPSUs as well as investments made by the State Government in these SPSUs are under reconciliation.

The State Government has been requested several times to reconcile the differences and confirm the correct figures to the Office of the Accountant General (A&E) to enable depiction of the correct status in this regard.

During the Exit Conference (January 2023), the Secretary, Finance Department, assured to take appropriate action so that correct number of SPSEs and investment made therein can be reported in the Annual Accounts of the State.

ii) Dues from Power Distribution Companies

As per information provided by APDCL, Government of Assam purchased electricity of 4,494 MU for ₹ 1,446.69 crore from NEEPCO and APGCL during 2021-22. Against the purchase, Government paid an amount of ₹ 1,339.64 crore to both the units during the year and remaining ₹ 107.05 crore stood as liability to the Government as on 31 March 2022.

iii) Capital locked in Incomplete Projects

As per data provided by the Public Works, Public Health Engineering (PHE) and Irrigation Departments, there were 554 incomplete/ ongoing projects with progressive expenditure of ₹ 1,622.28 crore, as of 31 March 2022. Age profile of incomplete projects based on the year of sanction of these projects and department-wise profile as on 31 March 2022 is given in **Tables 2.31** and **2.32**.

Table 2.31: Age profile of incomplete projects as on 31 March 2022 (₹ in crore)

| Year of sanction of the project | No of incomplete projects | Estimated cost | Progressive Expenditure (as on 31 March 2022) |
|---------------------------------|---------------------------|-----------------|---|
| 2009-10 | 1 | 2.10 | 0.60 |
| 2010-11 | 2 | 36.40 | 30.50 |
| 2012-13 | 4 | 17.33 | 5.84 |
| 2013-14 | 4 | 26.20 | 4.70 |
| 2014-15 | 10 | 30.33 | 15.75 |
| 2015-16 | 2 | 76.32 | 57.45 |
| 2016-17 | 5 | 242.82 | 136.78 |
| 2017-18 | 26 | 319.72 | 129.63 |
| 2018-19 | 98 | 1,429.63 | 665.96 |
| 2019-20 | 116 | 805.19 | 225.64 |
| 2020-21 | 261 | 1,103.40 | 343.89 |
| 2021-22 | 26 | 116.09 | 33.68 |
| Total | 554 | 4,175.63 | 1,622.28 |

Source: Finance Accounts

Table 2.32: Department-wise profile of incomplete projects as on 31 March 2022 (₹ in crore)

| Department | No. of incomplete projects | Estimated cost | Progressive Expenditure (as on 31 March 2022) |
|---------------------|----------------------------|-----------------|---|
| Public Works | 436 | 3,911.04 | 1,567.88 |
| PHE | 111 | 205.94 | 17.46 |
| Irrigation | 7 | 58.65 | 36.94 |
| Total | 554 | 4,175.63 | 1,622.28 |

Physical progress of the projects as on 31 March 2022 was in the range of 2 to 99 *per cent* in respect of projects being executed by Public Works Department, 5 to 98 *per cent* in respect of projects being executed by PHED Department and 33 to 98 *per cent* in respect of projects being executed by Irrigation Department.

Effective steps need to be taken to complete all these above projects without further delay to avoid cost overrun due to time overrun.

Audit further analysed the reason for non-completion of two projects of Irrigation Department and found the following:

i) Kaloo Flow Irrigation Scheme (FIS) under AIBP:

Kaloo Flow Irrigation Scheme was approved (December 1993) for ₹ 5.26 crore for construction of headwork. Technical Sanction for the headwork was accorded for

₹ 5.03 crore in December 1993 only. The work was awarded (April 2008) to M/s Murlidhar Agarwala & Co. for ₹ 3.96 crore on with the stipulation to complete the work within 24 months.

Government of India approved inclusion of the scheme under Accelerated Irrigation Benefit Programme (AIBP) and accordingly, the State Government accorded revised Administrative Approval (December 2008) of ₹ 29.90 crore under AIBP to irrigate an area of 1,995 hectares after the work was redesigned as per topographical changes. Part Revised Technical Sanction of ₹ 25.39 crore was accorded in December 2008.

Further, revised recast estimate was further modified twice in March 2010 and September 2010 and Revised recast estimate with modified design for ₹ 29.90 crore was approved (January 2011) The revised recast estimate was further revised and ultimately approved in January 2011. The revised recast estimate for ₹ 29.90 crore contained only the provisions for construction of headwork, diversion channel, a portion of guide and afflux bund, earthen dyke, pile load test and 1.20 km length of main canal. The cost provisions for steel gates, protection segment of guide bund and afflux bund and the canal system were left out. Further it was seen that the Divisional Officer was instructed to submit a concept paper as Kaloo Phase-II for ₹ 19.50 crore for the balance portion of works not included in the revised recast estimate. Date of submission of Concept Paper for balance work was not on record.

Further, in Phase-I, available fund could only cover the headwork and 1.20 km of canal. Other essential provisions of appurtenant works like guide bunds, diversion works, the original canal length of 33.49 km was executed as Phase II of the scheme.

As on 31.03.2022, physical progress on the work was 95 *per cent* with financial progress of ₹ 28.14 crore and liability of ₹ 6.08 crore.

Audit observed that project remained incomplete due to mainly two reasons:

- i) funds constraints;
- ii) time to time modifications in the project due to incomplete estimates/ provisions;

ii) Jhanjani Flow Irrigation Scheme under AIBP

Jhanjani Flow Irrigation scheme, South Salmara Mankachar Civil Sub-Division was administratively approved (January 2010) by Government of Assam for an amount of ₹ 649.83 lakh. Aim of the scheme was to bring 450 hectare of cultivated land under irrigation to uplift the socio-economic condition of poor cultivators by providing irrigation facilities. Major components of the work were headwork, construction of guide bund and construction of 3400 Rm brick lined canal. Further, there was a provision of ₹ 17 lakh for acquisition of land. Technical Sanction was accorded (August 2010) by the Officer on Special Duty, Irrigation Department for ₹ 649.83 lakh.

Main components of the work like head work and other appurtenant works were allotted to a contractor M/s Bharati Enterprise at the tendered value of ₹ 192.34 lakh on (October 2010) with stipulation to complete the work within nine months from the date of issue of formal work order. The Contractor commenced work on October 2010, but,

as of 31.03.2022 progress on the work was only 46 *per cent* with financial progress of ₹ 236.85 lakh and financial liability of ₹ 53.51 lakh.

Audit analysed the reason for non-completion of the project by the scheduled date and noticed that land acquisition process should be completed before commencement of work, as per AIBP guidelines. But land acquisition for the project was not completed though there was a provision of ₹ 10 lakh (revised from ₹ 17 lakh) for the purpose of acquiring 44,533 m² of land required for construction of canal system, water course and head works in the estimate. The Contractor commenced work on 6 October 2010 after mutual agreement with the land owners which was beyond the purview of the Division as the required land could not be handed over to the Contractor. But, due to non-settlement of land acquisition, the Contractor could not complete the work. As on 31 March 2022, the physical progress of the work was only 46 *per cent* and the project remained incomplete as the Department failed to acquire the requisite land for the project. Further, funding under AIBP projects sanctioned in 2008-09 was also stated as closed on 31 March 2015.

2.5.3.4 Resource availability of the State under Public Private Partnership Projects

Public Private Partnership (PPP) is an arrangement between the Government or statutory entity and a private sector entity, to provide a framework that enables them to work together to meet the rising demand of the public for infrastructure development.

As per data provided by the Transformation & Development Department, Government of Assam, no PPP project was completed in the State during 2021-22. However, three projects¹¹ with the estimated cost of ₹ 2,182.81 crore were ongoing. Department wise details of ongoing projects as on 31 March 2022 are given in **Table 2.33**.

Table 2.33: Status of PPP projects as on 31 March 2022

| (₹ in crore) | | | |
|--------------|--------------|--|-----------------|
| Sl. No. | Sector | Name of the ongoing projects | Estimated cost |
| 1 | PWD (Roads)* | Six Road Project (Bundle) | 1,220.00 |
| 2 | GDD (GMC)* | Development of Adabari Bus Terminus Land, Guwahati | 291.60 |
| 3 | GDD (GMDA)* | Construction of Game Village (Phase II) | 671.21 |
| Total | | | 2,182.81 |

Source: Information furnished by Finance Department

* PWD-Public Works Department, GDD-Guwahati Development Department, GMC-Guwahati Municipal Corporation, GMDA-Guwahati Metropolitan Development Authority

2.5.4 Expenditure priorities

Enhancing human development levels requires the States to step up their expenditure on key social services like education, health, *etc.* Low fiscal priority (ratio of expenditure under a category to aggregate expenditure) is attached to a particular sector, if the allocation is below the respective State's or national average. The higher the ratio of these components to total expenditure, the quality of expenditure is considered to be better.

¹¹ i) Six Road Project (Bundle), ii) Development of Adabari Bus Terminus Land, Guwahati and iii) Construction of Games Village (Phase-II)

Table 2.34 compares the fiscal priority of the State Government with that of North Eastern and Himalayan States (NE & H States) with regard to development expenditure, expenditure on Social and Economic Sectors and Capital Expenditure during 2021-22, taking 2017-18 as the base year.

Table 2.34: Fiscal Priority of the State in 2017-18 and 2021-22

(In per cent)

| Fiscal Priority of the State | AE/ GSDP | CE/ AE | Education/AE | Health/AE |
|--------------------------------------|----------|--------|--------------|-----------|
| Average (ratio) in 2017-18 of | | | | |
| North Eastern and Himalayan States | 26.07 | 16.10 | 17.56 | 6.22 |
| Assam | 24.95 | 8.67 | 22.20 | 1.66 |
| Average (ratio) in 2021-22 of | | | | |
| North Eastern and Himalayan States | 27.56 | 17.46 | 15.95 | 7.25 |
| Assam | 23.69 | 19.58 | 17.47 | 6.37 |

AE-Aggregate Expenditure, CE-Capital Expenditure

As can be seen from **Table 2.34**, Capital Expenditure of the State was less than that of NE&H States during 2017-18. However, it improved and exceeded the average of NE&H States in 2021-22. Expenditure of the State on Education was more than the average of NE&H States however, expenditure on Health was less than the average of NE&H States during both the years.

2.5.5 Object Head-wise Expenditure

Table 2.35 compares the object head-wise expenditure (above ₹ 100 crore) of the State during current year with respect to the previous year.

Table 2.35: Object Head-wise expenditure

(₹ in crore)

| Sl. No. | Head | Expenditure | | Increase (+)/ Decrease (-) | |
|---------|---|-------------|-----------|----------------------------|----------|
| | | 2020-21 | 2021-22 | Amount | Per cent |
| 1 | Salaries | 24,335.58 | 25,715.00 | 1,379.42 | 5.67 |
| 2 | Grants-in-Aid-General (Salary) | 2,467.51 | 2,844.51 | 377.00 | 15.28 |
| 3 | Grants-in-Aid-General (Non-Salary) | 15,797.40 | 23,352.35 | 7,554.95 | 47.82 |
| 4 | Grants for Creation of Capital Assets | 7,938.34 | 8,427.74 | 489.40 | 6.17 |
| 5 | Pension/ Gratuity | 10,329.01 | 17,223.74 | 6,894.73 | 66.75 |
| 6 | Major Works | 7,059.84 | 9,567.78 | 2,507.94 | 35.52 |
| 7 | Interest | 5,199.18 | 6,051.47 | 852.29 | 16.39 |
| 8 | Other Charges | 1,178.25 | 1,677.85 | 499.60 | 42.40 |
| 9 | Office Expenses | 755.01 | 667.35 | -87.66 | -11.61 |
| 10 | Maintenance | 736.43 | 732.93 | -3.50 | -0.48 |
| 11 | Inter-Accounts Transfer | 643.5 | 598.55 | -44.95 | -6.99 |
| 12 | Materials and Supplies | 468.88 | 527.98 | 59.10 | 12.60 |
| 13 | Subsidy | 1966.15 | 2005.69 | 39.54 | 2.01 |
| 14 | Wages | 424 | 791.60 | 367.60 | 86.70 |
| 15 | Professionals & Special Services | 335.86 | 488.17 | 152.31 | 45.35 |
| 16 | Minor Works | 254.94 | 206.56 | -48.38 | -18.98 |
| 17 | Scholarships and Stipend | 262.19 | 200.84 | -61.35 | -23.40 |
| 18 | Machinery and Equipment/ Tools and Plants | 165.26 | 179.62 | 14.36 | 8.69 |
| 19 | Deployment | 156.71 | 117.00 | -39.71 | -25.34 |
| 20 | Others | 2,007.16 | 607.59 | -1,399.57 | -69.76 |

Source: Finance Accounts

It can be seen from **Table 2.35** that expenditure under the object head 'Grant-in-Aid' increased significantly by 32 per cent during the year and other two object heads recorded more than 60 per cent increase during the period.

2.6 Contingency Fund

This Fund is in the nature of an imprest, which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

As on 31 March 2022, the balance under Contingency Fund was ₹ 200 crore and no amount was lying un-recouped at the end of the financial year.

2.7 Public Account

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. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.7.1 Net Balance of transactions in Public Account

Sector-wise net balance of transactions in Public Account of the State as of end of March 2022 are given in **Table 2.36** and also in **Chart 2.17**.

Table 2.36: Component-wise net balance of transactions in Public Account

| (₹ in crore) | | | | | | |
|--|--|-----------------|------------------|-----------------|------------------|-----------------|
| Sector | Sub Sector | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| I. Small Savings, Provident Funds, etc. | Small Savings, Provident Funds, etc. | 1,027.66 | 981.06 | 968.47 | 888.85 | 601.53 |
| J. Reserve Funds | (a) Reserve Funds bearing Interest | -2,294.54 | 107.50 | 682.43 | 43.20 | -49.37 |
| | (b) Reserve Funds not bearing Interest | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| K. Deposits and Advances | (a) Deposits bearing Interest | -36.32 | 148.06 | -62.19 | -19.83 | -59.63 |
| | (b) Deposits not bearing Interest | 109.04 | 748.82 | 161.84 | -559.15 | 648.83 |
| | (c) Advances | -516.33 | 254.59 | 755.06 | 349.26 | -542.68 |
| L. Suspense and Miscellaneous | (a) Suspense | 651.55 | -48.32 | -415.06 | -459.46 | -38.11 |
| | (b) Other Accounts* | 4,244.07 | -7,318.83 | 5,330.12 | -3,970.09 | -1,387.80 |
| | (c) Accounts with Governments of Foreign Countries | --- | --- | --- | --- | --- |
| | (d) Miscellaneous | --- | 1,053.41 | --- | 800.00 | 2000 |
| M. Remittances | (a) Money Orders and other Remittances | -3.73 | -39.35 | -123.90 | -54.60 | 0.57 |
| | (b) Inter-Governmental Adjustment Account | 24.22 | -17.23 | -18.06 | 8.21 | 23.19 |
| Total | | 3,205.62 | -4,130.29 | 7,278.71 | -2,973.61 | 1,196.53 |

Source: Finance Accounts

Note: Net balances denote excess of receipts over expenditure;

**Other Accounts under L. Suspense and Miscellaneous include Cash Balance Investment Account*

Chart 2.17: Yearly changes in net balances of transactions in Public Account

(₹ in crore)

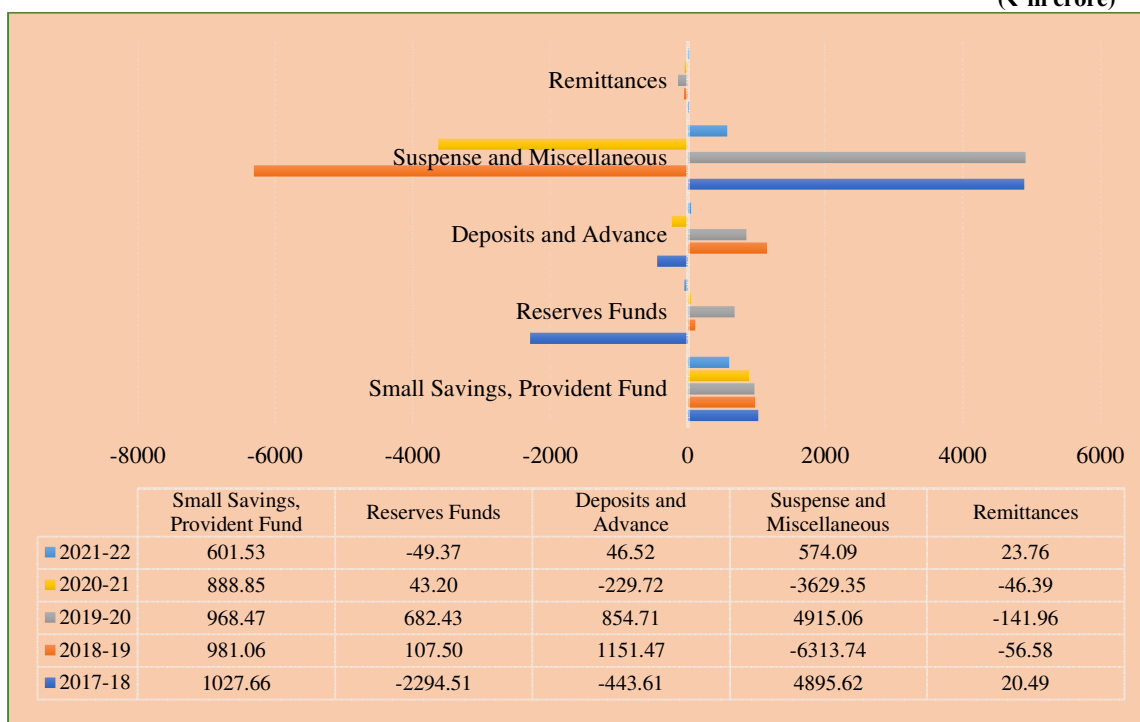
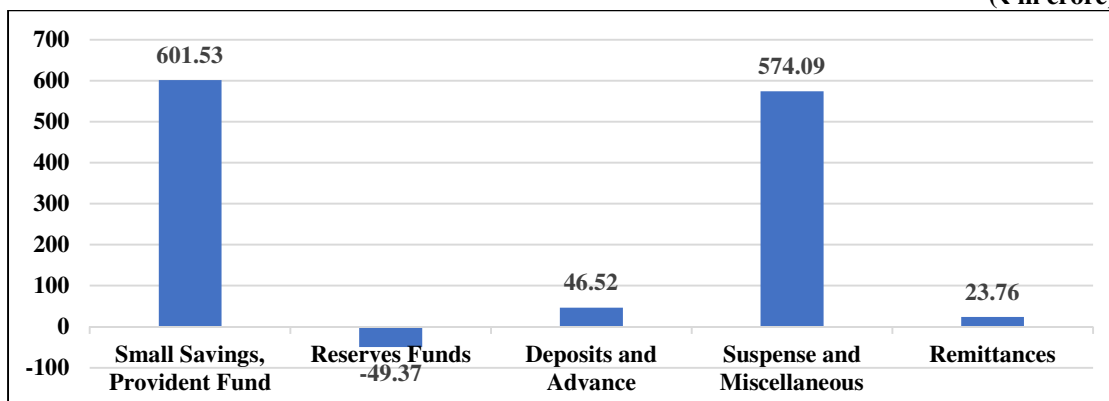


Chart 2.18 gives the details of changes in the balances in Public Account during the year 2021-22.

Chart 2.18: Change in net balances in transactions of Public Account during 2021-22

(₹ in crore)



2.7.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State.

Details of transactions during the year in three main active Reserve Funds are as under:

2.7.2.1 Consolidated Sinking Fund

The State Government had set up the Sinking Fund in line with the recommendations of the XII Finance Commission for amortisation of market borrowings as well as other loans and debt obligations. Under the scheme guidelines, State Government may

contribute to the Fund at least 0.5 *per cent* of the outstanding liabilities (Internal debt *plus* Public Account) at the end of the previous financial year. Accordingly, the desired contribution of the State Government was ₹ 428.62 crore, which was 0.5 *per cent* of the outstanding liabilities as of 31 March 2021 (₹ 85,723.11 crore).

Against this requirement, the State Government contributed ₹ 445.89 crore to the Fund during the year. The State Government disinvested ₹ 1,821.52 crore from the fund account during the year for redemption of Open Market Loan. The total accumulation of the Fund was ₹ 2,893.06 crore as on 31 March 2022 (₹ 3,988.35 crore as on 31 March 2021) including accrued interest of ₹ 280.34 crore of which, ₹ 2,885.83 crore had been invested by RBI.

2.7.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and North Eastern & Himalayan States are required to contribute to the Fund in the proportion of 90:10 and the contributions are to be transferred to the Public Account under Major Head-8121. Expenditure during the year is incurred by operating Major Head-2245.

As per Paragraph 4 of the Guidelines, the State Government has to pay interest to the SDRF at the rate applicable to overdrafts under overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis. Further, as per Paragraph 19 of the Guidelines, the SDRF balances are to be invested in one or more of the following instruments *viz.* Central Government dated Securities, Auctioned Treasury Bills and Interest earning deposits and certificate of deposits with Scheduled Commercial Banks.

As on 01 April 2021, the Fund had a balance of ₹ 768.43 crore. During 2021-22, the State Government received ₹ 617.60 crore as Central Government's share. The State Government's share due during the year was ₹ 68.80 crore. Against this, the State Government transferred ₹ 339.68 crore (GoI share: ₹ 308.80 crore *plus* State's share: ₹ 30.88 crore) to the Fund account under the Major Head 8121-122 SDRF. During the year, the State Government did not receive any fund from the Central Government towards NDRF.

The State Government also transferred ₹ 258.87 crore (Central share: ₹ 193.00 crore *plus* State share: ₹ 21.50 crore *plus* funds from NDRF: ₹ 44.37 crore) to the Fund account during 2021-22 which were due, but not transferred during 2020-21.

During 2021-22, the calamity related expenditure of ₹ 647.92 crore incurred by the State Government was set off (MH: 2245-901) against the fund balance. At the end of 31 March 2022, a balance of ₹ 719.06 crore remained un-invested in the fund.

Government of Assam had neither invested the balances in SDRF in any of the instruments specified in the Guidelines, nor had it paid the half-yearly interest on the balance lying in the Fund in violation of SDRF guidelines. The unpaid interest of

₹ 46.11 crore by GoA led to understatement of Revenue Expenditure to that extent during 2021-22 and accumulated liabilities for future.

During the Public Accounts Committee (PAC) meeting (November 2019) on SFAR for the year ended 31 March 2018, the Chairman raised the issue of non-investment of balances under SDRF by the Government. The Principal Secretary, Finance Department acknowledged that SDRF funds were not being invested regularly and stated that it was due to the highly unpredictable nature of disasters in the State, which necessitate quick access to funds. The Principal Secretary however, assured (January 2020) the PAC that the Government would take necessary action for investment of the funds as per the norms prescribed by GoI guidelines. However, no such investment was done as of October 2022.

During the Exit Conference (January 2023), the Secretary, Finance Department assured to follow the provisions of SDRF guidelines regarding investment of balances lying in the Public Account and sought suggestions from the Principal Accountant General in this regard.

2.7.2.3 Guarantee Redemption Fund

State Government 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 Public Sector Undertakings or other Bodies and invoked by the beneficiaries.

According to the scheme guidelines, 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 maintained by the Accountant General (A&E).

During 2021-22, the State Government was required to contribute ₹ 2.50 crore to the Fund, which was three *per cent* of ₹ 83.42 crore (outstanding guarantees at the end of second financial year preceding the current financial year). The State Government contributed ₹ 9.00 crore to the fund against the outstanding guarantees of ₹ 83.42 crore. As on 31 March 2022, the total amount lying in the Fund was ₹ 70.59 crore (including the accrued interest of ₹ 4.37 crore for 2021-22) and the entire amount was invested by the Reserve Bank of India.

2.7.2.4 State Disaster Mitigation Fund (SDMF)

Keeping in view of the provision of the Disaster Management Act, 2005 and the recommendations of Fifteenth Finance Commission, Government of India has framed guidelines for administration of State Disaster Mitigation Fund (SDMF) at the State level.

As per Para 7 of the guideline, SDMF will be constituted with the nomenclature of "State Disaster Mitigation Fund" in the Public Account under the Reserve Fund bearing interest in the Major Head: 8121-General and other Reserve Funds-130-'State Disaster Mitigation Fund' in the accounts of the State Governments concerned after fulfilling all

codal and other accounting formalities required. Para 8.4 of the guideline states that in order to enable transfer of the total amount of contribution to the SDMF (both Central share and the State share of contribution), the State Governments would make suitable budget provision on the expenditure side of their budget under the Head "2245- Relief on Account of Natural Calamities-08-State Disaster Mitigation Fund-797-Transfers to Reserve Fund and Deposit Accounts". Further, as per para 8.5 of the guidelines, immediately upon the receipt of Central Government's share, the States would transfer the amount, along with their share, if not already transferred, to the Public Accounts Head within 15 days of its receipt. Any delay will require the State Government to release the amount, with interest, at Bank rate of RBI, for the number of days of delay.

As per Para 12 of the guidelines, the State Government shall invest the accretions to the SDMF together with the income earned on the investments of the SDMF in one or more of the instruments such as Central Government dated Securities; Auctioned Treasury Bills; and interest earning deposits and certificates of deposits with Scheduled Commercial Banks. The State Government shall pay interest into the SDMF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI for the amount not invested from SDMF. The interest will be credited on a half-yearly basis.

During the year 2021-22, the State Government received grants of ₹ 154.40 crore towards SDMF. While the receipt of fund was accounted for correctly in Revenue Receipts Major Head-1601-07-105- Grants-in-Aid for State Disaster Mitigation Fund, the accounting procedure for recording expenditure under SDMF as detailed above was not followed. No budget provision was made under the Major Head - '2245-08-797 - Transfers to Reserve Fund and Deposit Accounts' for transfer of funds to the Major Head - '8121-General and other Reserve Funds-130-'State Disaster Mitigation Fund' in the accounts in Public Account, and accordingly.

Thus, non-transfer of ₹ 154.40 crore by making budget provision under 2245 to the public account under 8121 resulted into understatement of Revenue Expenditure and also understatement of Revenue Deficit during the year.

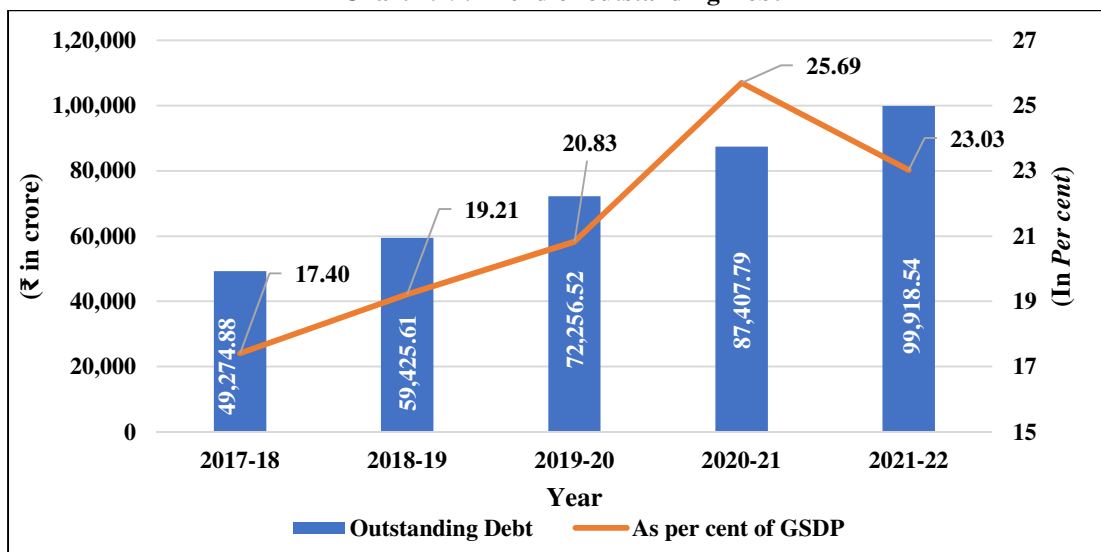
During the Exit Conference (January 2023), the Secretary, Finance Department assured to follow accounting procedure relating to receipt and expenditure of SDMF as per the Fund guidelines.

2.8 Debt Management

Debt management is the process of establishing and executing a strategy for managing the Government's debt in order to raise the required amount of funding, achieve its risk and cost objectives, and to meet any other sovereign debt management goals that the Government may have set through enactment or any other annual budget announcements.

Total outstanding debt as a percentage of GSDP during 2017-22 is given in **Chart 2.19**.

Chart 2.19: Trend of outstanding Debt



2.8.1 Debt profile: Components

Total debt of the State Government typically constitutes internal debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government and Public Account Liabilities. The State FRBM Act, 2005 defines ‘total liabilities’ as the liabilities under the Consolidated Fund and the Public Account of the State. Some of the important terms used under debt parameters are explained below:

| Item | What it means | Status in Assam |
|--------------------------------|---|--|
| Ways and Means Advances (WMAs) | It is a facility for both the Centre and States to borrow from the RBI to help them tide over temporary mismatches in cash flows of their receipts and expenditure. Such advances should be repaid not later than three months from the date of taking the advance. RBI also charges interest on WMAs equivalent to its repo rate, which is basically the rate at which it lends short-term money to banks. That rate is currently 4.0 <i>per cent</i> . | The limit for ordinary WMA to the State Government was ₹ 1,504 crore with effect from 01 April 2021. The Bank has also agreed to give special ways and means advances against the pledge of Government Securities. The limit of special ways and means advances revised by the Bank from time to time. |
| Overdrafts | The governments are allowed to draw amounts in excess of their WMA limits. No state can run an overdraft with the RBI for more than a certain period. A state can be in overdraft from 14 to 21 consecutive working days, and from 36 to 50 working days during a quarter. The interest on overdraft is two percentage points above the repo rate, which works out to 6.0 <i>per cent</i> . | Government of Assam maintained the minimum cash balance with RBI during 2021-22 and no Ways and Means Advances or Overdraft was taken during the year. |
| Government securities | A Government Security (G-Sec) is a tradeable instrument issued by the Central Government or the State Governments. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term | Long term securities carry a fixed or floating coupon (interest rate) which is paid on the face value, payable at fixed time periods (usually half- |

| Item | What it means | Status in Assam |
|---------|---|---|
| | (usually called Government bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs). | yearly). |
| T-bills | Treasury bills are short-term securities issued by the Central government. Their maturity periods range up to one year. These securities are sold at a discount rate and will be paid at face value, which is how the investors make their money. At present, the active T-Bills are 91-days T-Bills, 182-day T-Bills and 364-days T-Bills. | Treasury-Bills are issued on discount to face value, while the holder gets the face value on maturity. The return on T-Bills is the difference between the issue price and face value. Thus, return on T-Bills depends upon auctions. |
| T-Notes | Treasury notes are government securities with maturity periods longer than treasury bills. Their maturity periods can be two, three, four, five, seven, and ten years. Interest is paid every six months. | |
| T-Bonds | Treasury bonds are long-term investments with a maturity period of 30 years. Interest is paid every six months. | |

Outstanding debt, total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2017-22 are given in **Table 2.37**. Component wise debt and their trends during 2017-22 are also given in **Chart 2.20**.

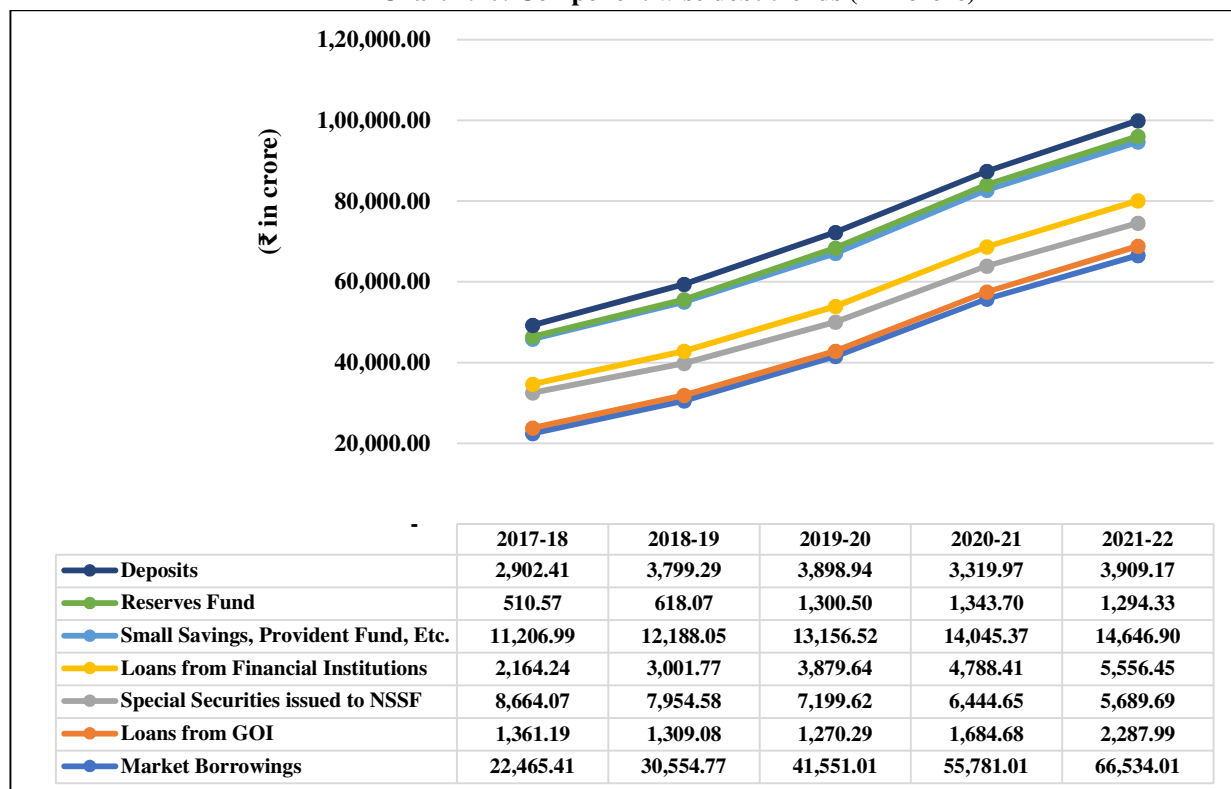
Table 2.37: Trend of Outstanding Debt

| | | (₹ in crore) | | | | |
|--|-----------------------|------------------|------------------|------------------|-------------------|-------------------|
| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Outstanding Debt (a + b) | | 49,274.88 | 59,425.61 | 72,256.52 | 87,407.79* | 99,918.54* |
| (a) Public Debt | Internal Debt | 33,293.73 | 41,511.12 | 52,630.27 | 67,014.07 | 77,780.15 |
| | Loans from GoI | 1,361.18 | 1,309.08 | 1,270.29 | 1,684.68 | 2,287.99 |
| (b) Public Account Liabilities | | 14,619.97 | 16,605.41 | 18,355.96 | 18,709.04 | 19,850.40 |
| <i>(i) Small Savings, Provident Funds, etc.</i> | | 11,206.99 | 12,188.05 | 13,156.52 | 14,045.37 | 14,646.90 |
| <i>(ii) Reserve Funds</i> | | 510.56 | 618.07 | 1,300.50 | 1,343.70 | 1,294.33 |
| <i>(iii) Deposits</i> | | 2,902.42 | 3,799.29 | 3,898.94 | 3,319.97 | 3,909.17 |
| Rate of growth of outstanding debt (per cent) | | 12.04 | 20.60 | 21.59 | 20.97 | 14.31 |
| Gross State Domestic Product | | 2,83,164.90 | 3,09,336.32 | 3,46,850.68 | 3,40,177.45 | 4,33,925.44 |
| Debt/GSDP (per cent) | | 17.40 | 19.21 | 20.83 | 25.69 | 23.03 |
| Total Debt Receipts | | 18,848.19 | 25,163.98 | 25,275.04 | 27,561.92 | 28,973.95 |
| Total Debt Repayments | | 13,553.88 | 15,013.26 | 12,444.13 | 11,416.65 | 14,689.33 |
| Total Debt Available | | 5,294.31 | 10,150.72 | 12,830.91 | 16,145.27 | 14,284.62 |
| Debt Repayments/Debt Receipts (per cent) | | 71.91 | 59.66 | 49.23 | 41.42 | 50.70 |

Source: Finance Accounts

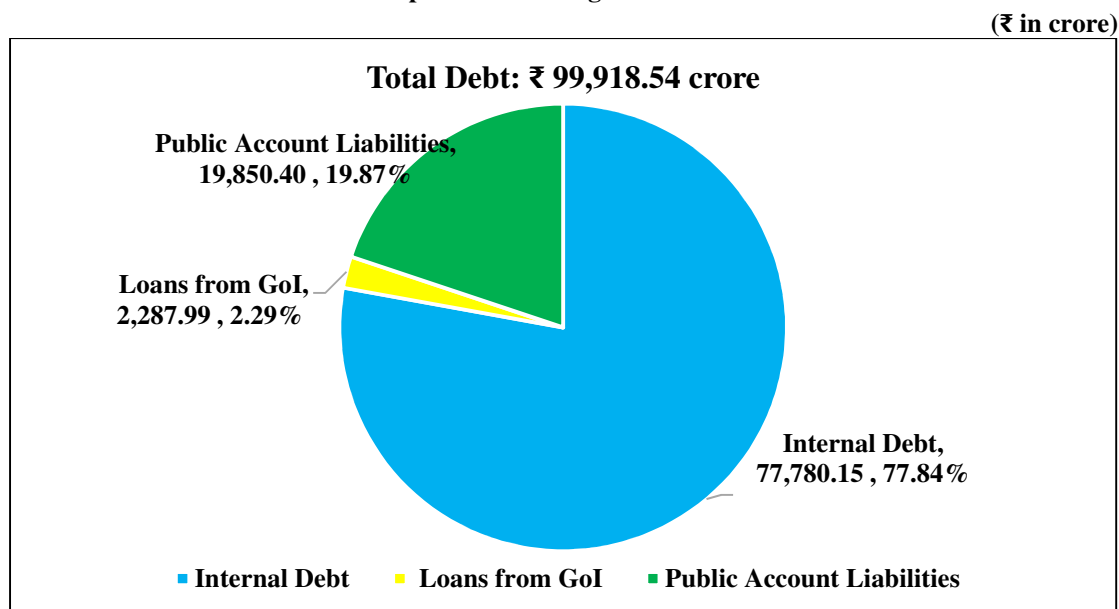
*Excludes loan of ₹ 994.00 crore (2020-21) and ₹ 1,773.87 crore (2021-22), which were passed on as back to back loans by GoI, in lieu of shortfall in GST Compensation.

Chart 2.20: Component wise debt trends (₹ in crore)



The total outstanding debt of the State Government at the end of 2021-22 was ₹ 99,918.54 crore. Component-wise break-up of debt during the year is shown in Chart 2.21.

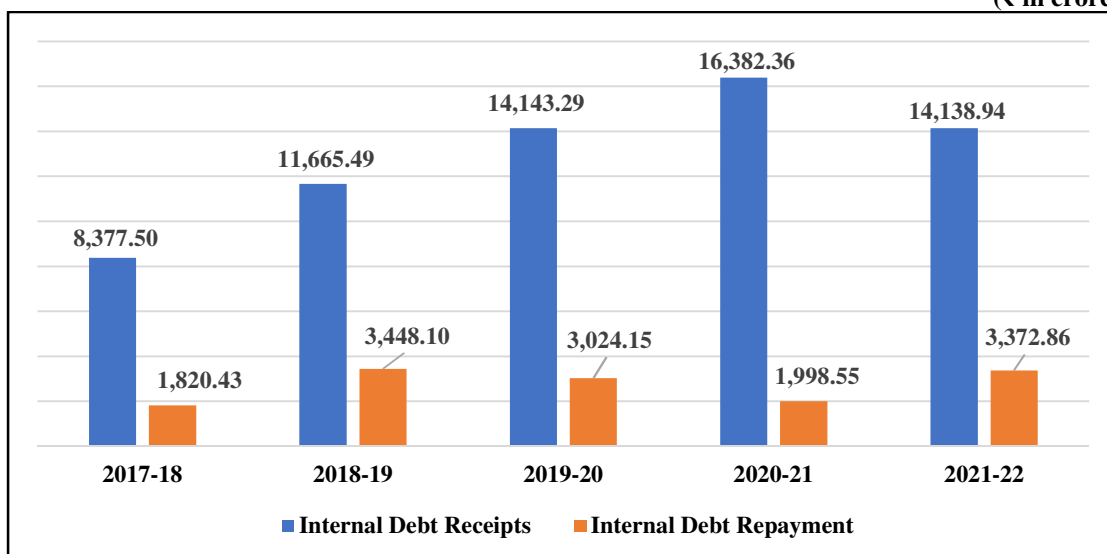
Chart 2.21: Break-up of Outstanding Debt at the end of FY 2021-22



Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 77.84 per cent of the total outstanding debt. Internal debt receipts and repayment made by the State during the period is given in Chart 2.22.

Chart 2.22: Internal debt taken vis-à-vis repaid

(₹ in crore)



Fiscal Deficit of the State ranged between 1.54 *per cent* and 4.58 *per cent* of GSDP during 2017-22. The financing pattern of fiscal deficit during the five-year period has undergone a compositional shift as reflected in **Table 2.38**. Financing of fiscal deficit during 2021-22 has also been expressed through a water flow **Chart 2.23**.

Table 2.38: Components of fiscal deficit and its financing pattern

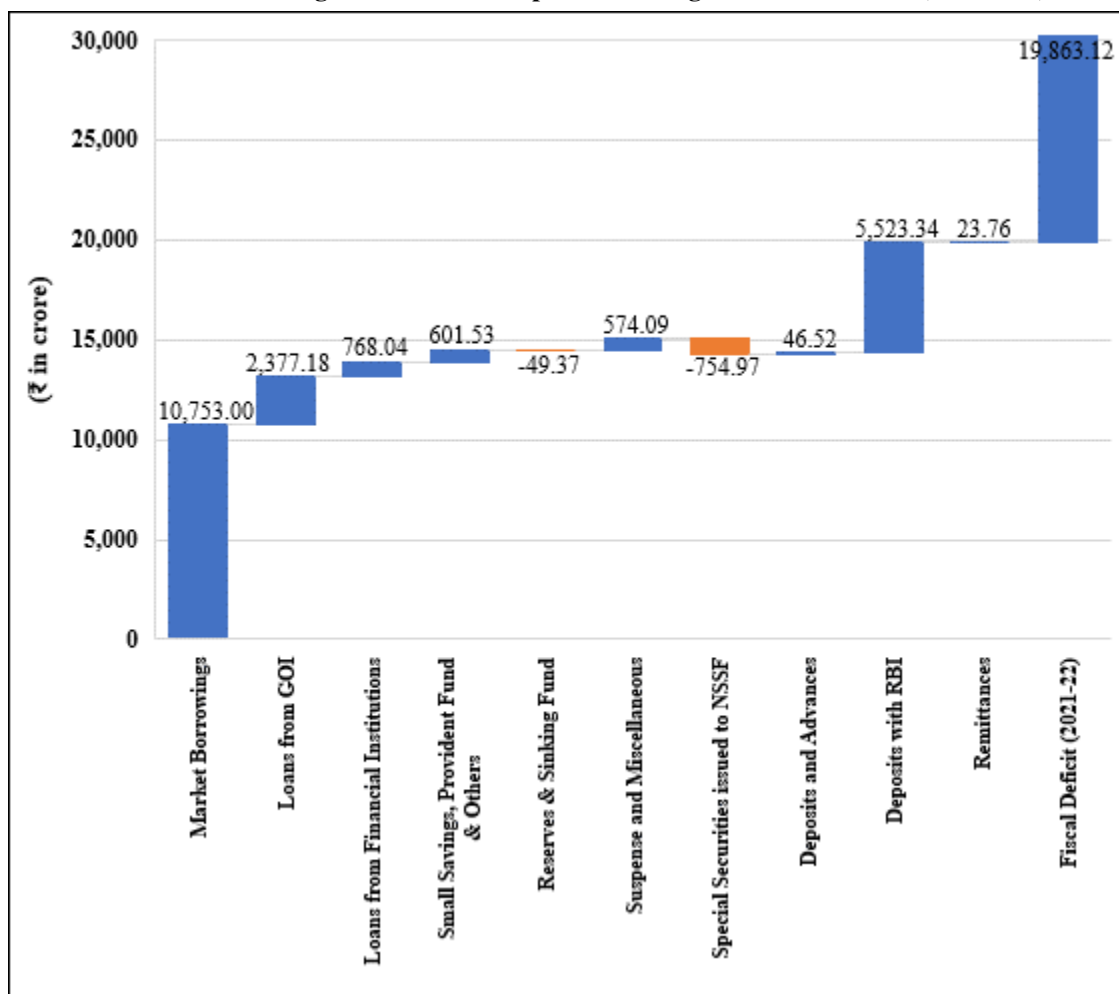
(₹ in crore)

| Particulars | | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|--|--|-----------------|-----------------|------------------|------------------|------------------|
| Fiscal Deficit (-)/ Surplus (+) | | -9,342.20 | -4,779.06 | -14,915.80 | -12,102.03 | -19,863.12 |
| FD/GSDP | | -3.30 | -1.54 | -4.30 | -3.56 | -4.58 |
| Composition of Fiscal Deficit/Surplus | | | | | | |
| 1 | Revenue Deficit (-) /Surplus(+) | -1,350.00 | 6,580.16 | -1,322.20 | 382.60 | -2,732.77 |
| 2 | Net Capital Expenditure | -7,692.84 | -11,034.08 | -13,185.42 | -12,399.39 | -20,125.83 |
| 3 | Net Loans and Advances | -249.36 | -325.14 | -308.18 | -85.24 | 2,995.48 |
| 4 | Appropriation to Contingency Fund | -50.00 | 0.00 | -100.00 | 0.00 | 0.00 |
| Financing Pattern of Fiscal Deficit* | | | | | | |
| 1 | Market Borrowings | 6,796.87 | 8,089.36 | 10,996.24 | 14,230.00 | 10,753.00 |
| 2 | Loans from GOI | -68.60 | -52.11 | -38.78 | 1,408.39 | 2,377.18 |
| 3 | Special Securities issued to NSSF | -665.47 | -709.49 | -754.96 | -754.97 | -754.97 |
| 4 | Loans from Financial Institutions | 425.67 | 837.53 | 877.86 | 908.77 | 768.04 |
| 5 | Small Savings, Provident Fund & Others | 1,027.66 | 981.06 | 968.47 | 888.85 | 601.53 |
| 6 | Deposits and Advances | -443.61 | 1,151.46 | 854.71 | -229.73 | 46.52 |
| 7 | Suspense and Miscellaneous | 4,895.62 | -6,313.73 | 4,915.06 | -3,629.55 | 574.09 |
| 8 | Remittances | 20.50 | -56.58 | -141.96 | -46.40 | 23.76 |
| 9 | Reserves & Sinking Fund | -2,294.54 | 107.50 | 682.44 | 43.21 | -49.37 |
| 10 | Contingency Fund | 50.00 | 0.00 | 100.00 | 0.00 | - |
| 11 | Overall Deficit | 9,744.10 | 4,035.00 | 18,459.08 | 12,818.59 | 14,339.78 |
| 12 | Increase (-)/ Decrease (+) in cash balance | -401.90 | 744.06 | -3,543.28 | -716.55 | 5,523.34 |
| 13 | Gross Fiscal Deficit | 9,342.20 | 4,779.06 | 14,915.80 | 12,102.03 | 19,863.12 |

Source:- Finance Accounts

*Net of receipts and disbursement during the year

Chart 2.23: Financing of fiscal deficit expressed through a waterfall chart (₹ in crore)



The share of Revenue Deficit/ Surplus in Fiscal Deficit indicate the extent to which borrowed funds were used for current consumption.

Table 2.39: Receipts and Disbursements under components financing the fiscal deficit during 2021-22

| (₹ in crore) | | | | |
|--------------|---|-----------|--------------|------------------|
| Sl. No. | Particulars | Receipts | Disbursement | Net |
| 1 | Market Borrowings | 12,753.00 | 2000.00 | 10,753.00 |
| 2 | Loans and Advances from GOI | 2,531.21 | 154.03 | 2,377.18 |
| 3 | Special Securities issued to NSSF | 0 | 754.97 | -754.97 |
| 4 | Loans from Financial Institutions | 1,385.94 | 617.9 | 768.04 |
| 5 | Small Savings, PF, etc. | 2,252.13 | 1650.6 | 601.53 |
| 6 | Deposits and Advances | 7798.27 | 7751.75 | 46.52 |
| 7 | Suspense and Miscellaneous | 154757.14 | 154183.05 | 574.09 |
| 8 | Remittances | 9198.94 | 9175.18 | 23.76 |
| 9 | Reserves & Sinking Funds | 3338.15 | 3387.52 | -49.37 |
| 10 | Overall Deficit | | | 14,339.78 |
| 11 | Increase (-)/Decrease (+) in cash balance | 3696.76 | -1826.58 | 5,523.34 |
| 12 | Gross Fiscal Deficit | | | 19,863.12 |

Source: Finance Accounts

2.8.2 Debt profile: Maturity and Repayment

Public Debt consists of Internal Debt and Loans and Advances received from GoI. **Table 2.40** and **Chart 2.24** indicate the quantum of repayment of Public Debt and interest thereon during the period of 2022-23 to 2031-32.

Table 2.40: Repayment of Public Debt and Interest for next ten years

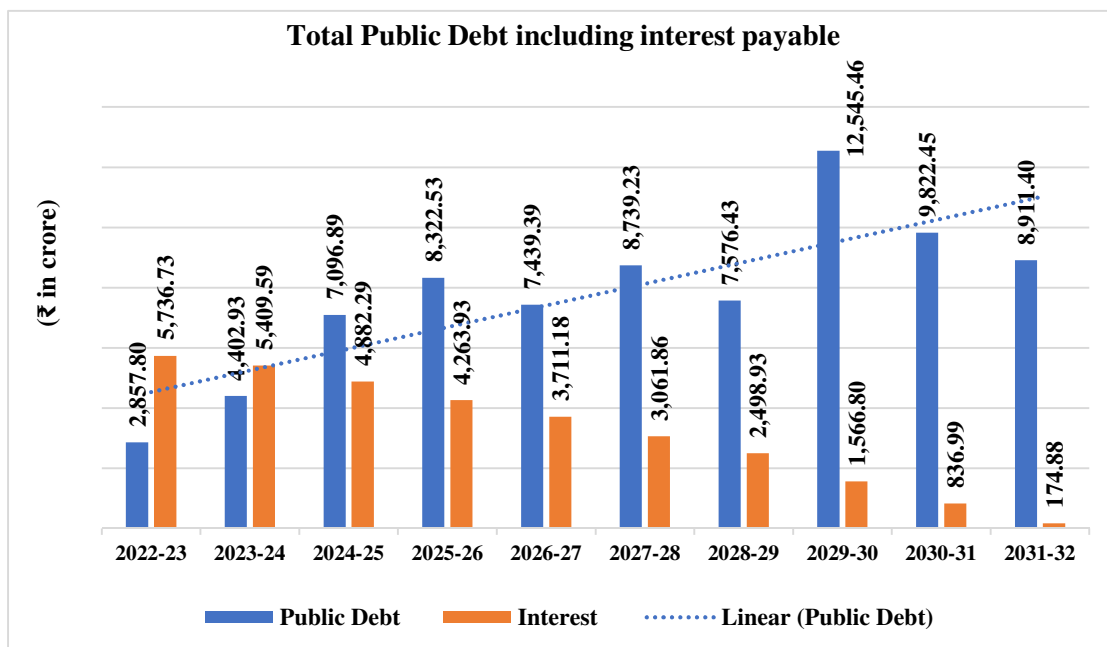
(₹ in crore)

| Year | Repayment of | | | | |
|---------|---------------|----------------|-------------|----------|--------------------------------|
| | Internal Debt | Loans from GoI | Public Debt | Interest | Public Debt including interest |
| 1 | 2 | 3 | 4 (2+3) | 5 | 6 (4+5) |
| 2022-23 | 2,561.77 | 296.03 | 2,857.80 | 5,736.73 | 8,594.53 |
| 2023-24 | 4,236.80 | 166.13 | 4,402.93 | 5,409.59 | 9,812.52 |
| 2024-25 | 7,039.41 | 57.47 | 7,096.89 | 4,882.29 | 11,979.17 |
| 2025-26 | 8,260.39 | 62.14 | 8,322.53 | 4,263.93 | 12,586.46 |
| 2026-27 | 7,384.59 | 54.80 | 7,439.39 | 3,711.18 | 11,150.57 |
| 2027-28 | 8,677.84 | 61.39 | 8,739.23 | 3,061.86 | 11,801.09 |
| 2028-29 | 7,511.77 | 64.66 | 7,576.43 | 2,498.93 | 10,075.36 |
| 2029-30 | 12,480.77 | 64.69 | 12,545.46 | 1,566.80 | 14,112.26 |
| 2030-31 | 9,763.09 | 59.36 | 9,822.45 | 836.99 | 10,659.44 |
| 2031-32 | 8,854.64 | 56.76 | 8,911.40 | 174.88 | 9,086.28 |

Source: Finance Accounts 2021-22

Note: Total Public Debt (Principal) due for payment for the year 2032-33 onwards: ₹ 1,303.63 crore
Interest has been calculated on the basis of five years' average of 'Average Interest Rate of Outstanding Public Debt' (2017-18: 7.90 per cent; 2018-19: 7.88 per cent; 2019-20: 7.39 per cent; 2020-21: 7.08 per cent; and 2021-22: 6.94 per cent), i.e., 7.43 per cent; on closing balances of Outstanding Public Debt.

Chart 2.24: Total Public Debt including interest payable during next years



The above chart, and the trend line shows that the repayment burden over the next ten years (i.e., 2022-23 to 2031-32) for the current outstanding public debt of ₹ 80,068.14 crore shows an increasing trend – with a compound annual increase of 13.47 per cent per annum, which is significantly higher than the annual increase of 7.43 per cent in the previous five-year period from 2017-22. The increasing trend has the net effect of

shifting the debt repayment burden to future years where the higher expected GSDP may lead to an even out of debt repayment burden as a percentage of GSDP. Further, since the calculations have been done based on the current stock of outstanding debt, the repayment of public debt and interest thereupon is bound to increase in view of the trends of borrowings of the State Government.

However, given that the GSDP increase has been 11.26 *per cent* per annum during the last five years, which is lower than the rate of increase of debt servicing, the current debt profile indicates that an increasing higher share of GSDP may be devoted to debt servicing in the coming years.

Further, maturity profile of outstanding stock of public debt as on 31 March 2022 indicates that out of the outstanding public debt of ₹ 80,068.14 crore, 57.99 *per cent* (₹ 46,435.20 crore) is payable within the next seven years while the remaining 42.01 *per cent* (₹ 33,632.94 crore) is in the maturity bracket of more than seven years. Of the total outstanding public debt, internal debt consisting of market borrowings, loans from NABARD and special securities issued to NSSF of Central Government constituted 98.43 *per cent* (₹ 77,780.15 crore).

The details of actual pay-out *vis-à-vis* that indicated in the SFARs during last three years are tabulated below.

Table 2.41: Maturity Profile of Public Debt

| Year | Outstanding Public debt as on 31 March | (₹ in crore) | |
|--------------|--|---------------------------------------|------------------|
| | | Indicated payment in Finance Accounts | Actual repayment |
| 2019-20 | 53,900.56 | 2,880.50 | 3,169.27 |
| 2020-21 | 68,698.75 | 3,773.55 | 2,147.98 |
| 2021-22 | 80,068.14 | 3,657.84 | 3,526.89 |
| Total | | 10,311.89 | 8,844.14 |

Source: Finance Accounts

It can be seen that during last three years *i.e.*, 2019-20 to 2021-22, the State repaid ₹ 8,844.14 crore of debt against indicated payment of ₹ 10,311.89 crore in the Finance Accounts. The difference between the indicated amount and the actual repayment is under reconciliation.

2.9 Debt Sustainability Analysis (DSA)

Debt sustainability is defined as the ability of the State to service its debt now and in future. However, the higher the level of public debt, the more likely it is that fiscal policy and public debt are unsustainable, as a higher debt requires a higher Primary Surplus to sustain it. A high level of debt raises a number of challenges:

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfil

borrowing requirements from private sources or being able to do so only at very high interest rates).

- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

Debt vulnerability is also associated with its profile. A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. Sustainability of Public debt ensures that it does not explode and governments are not forced to increase taxes, or decrease spending.

Debt Sustainability indicators:

| | |
|---|--|
| Ratio of total outstanding debt to GSDP (<i>In per cent</i>) | The debt-to-GSDP ratio is the metric comparing a state's public debt to its gross domestic product (GSDP). By comparing what a state owes with what it produces, the debt-to-GSDP ratio reliably indicates that particular state's ability to pay back its debts. A falling debt/GSDP ratio can be considered as leading towards stability. If Debt/GSDP ratio is increasing rapidly and goes above a threshold, we can say that current level of the primary balance is not sufficient to stabilise the debt-to-GSDP ratio, which is on an explosive path. Sufficient fiscal adjustment should be made by reducing the fiscal deficit (primary balance) to a level necessary to make public debt sustainable. |
| Ratio of Revenue Receipts to total outstanding debt | If the ratio is increasing, it would be easy for the government to repay its debt using Revenue Receipts only without resorting to additional debt. |
| Ratio of State's own resources to total outstanding debt | If the ratio is increasing, it would be easier for the government to repay its debt using its own resources. |
| Percentage of outstanding amount of guarantees to total Revenue Receipts | Higher percentage of guarantees increase the fiscal risks. States have put statutory or administrative ceiling on Government guarantees. They are linked to State's revenue. |
| Rate of Growth of Outstanding Public Debt <i>vis-à-vis</i> Rate of Growth of GSDP | If the growth rate of public debt is higher than the GSDP growth rate, it will lead to higher debt to GSDP ratio. |
| Average interest Rate of Outstanding Debt (Int. paid/OB of Public Debt + CB of Public Debt/2) | Higher interest rate means that there is scope for restructuring of debt. |
| Percentage of Interest payments to Revenue Receipts | Higher percentage of interest payments leaves less funds for priority areas. It measures the margin of safety a government has for paying interest on its debt during a given period. Governments need to have more than enough revenues to cover interest payments in order to survive future (and perhaps unforeseeable) financial hardships that may arise. If significant portion of borrowed funds are used for repayment of borrowings and interest thereon, the net debt available with State for development activities is curtailed. |
| Percentage of Public Debt Repayment to Public Debt Receipts | Higher the percentage, the greater the proportion of debt utilised for debt servicing rather than productively. |

| | |
|--|---|
| Net Debt available to the State | It is the excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt. |
| Debt Maturity profile of repayment of State debt – including default history, if any | A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. The past record of repayments as per schedule in conjunction with the proportion of debt repayable in the forthcoming seven years, is indicative of debt servicing position. |

2.9.1 Debt Sustainability Analysis (DSA)-Outstanding Debt

Outstanding Debt comprises of both public debt, public account liabilities and Off-budget borrowing if any. Debt is considered sustainable if the borrower, in this case the State, is in a position to service its debt now, and in future. Debt sustainability indicators accordingly seek to assess the credit worthiness and the liquidity position of the borrower by examining their ability to service the debt through timely interest payments and repay debt out of current and regular sources of revenue.

The cornerstone of Debt Sustainability Analysis (DSA) is the Debt-GSDP ratio. The debt to GSDP ratio rises mainly because higher levels of debt lead to higher net interest expenditures, and in turn to higher deficits and debt. A sustainable fiscal policy is one where the debt to GSDP ratio is stable or declining over the long term.

This section assesses the sustainability of debt of the State Government in terms of debt/GSDP ratio, Fiscal Deficit, burden of interest payments (measured by ratio of interest payments to Revenue Receipts) and maturity profile of the State Government debt.

Table 2.42 shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2017-18.

Table 2.42: Debt Sustainability: Indicators and Trends

| | (₹ in crore) | | | | |
|---|--------------|-----------|-----------|------------|------------|
| Indicators of Debt sustainability | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Outstanding Debt (₹ in crore) | 49,274.88 | 59,425.61 | 72,256.52 | 87,407.79* | 99,918.54* |
| Percentage of outstanding Debt to Revenue Receipts | 91.03 | 93.61 | 112.03 | 134.68 | 125.19 |
| Debt/GSDP (per cent) | 17.40 | 19.21 | 20.83 | 25.69 | 23.03 |
| Fiscal Deficit/GSDP (per cent) | 3.30 | 1.54 | 4.30 | 3.56 | 4.58 |
| Interest Payments/Revenue Receipts Ratio | 5.92 | 6.06 | 6.88 | 8.01 | 7.58 |
| Rate of growth of outstanding Debt (per cent) | 12.04 | 20.60 | 21.59 | 20.97 | 14.31 |
| Rate of growth of GSDP (per cent) | 11.31 | 9.24 | 12.13 | -1.92 | 27.56 |
| Rate of growth of RR (per cent) | 9.98 | 17.27 | 1.60 | 0.63 | 22.98 |
| Interest payment (₹ in crore) | 3,205.32 | 3,844.37 | 4,438.87 | 5,199.18 | 6,051.47 |
| Average interest rate on Outstanding debt (per cent) | 6.87 | 7.07 | 6.74 | 6.51 | 6.46 |
| Available Debt as a percentage of Debt Receipts | 28.09 | 40.34 | 50.77 | 58.58 | 49.30 |

Source: Finance Accounts

*Excludes loan of ₹ 994.00 crore and ₹ 1,773.87 crore given as back-to-back loan by Government of India during 2020-21 and 2021-22 respectively.

The fiscal consolidation roadmap recommended by the XIV FC had set the following targets relating to debt sustainability –

- Debt should be less than 25 per cent of GSDP; and
- Interest payments should be less than 10 per cent of Revenue Receipts.

Further, XV FC also recommended that the State Government should also comply with the recommended path of debt consolidation and must abide by the definition of both debt and fiscal deficit as contained in FRBM Act. The FRBM Act of Assam envisaged that ratio of outstanding debt to GSDP of the State is to be limited to 28.50 *per cent* of GSDP in 2021-22.

As can be seen from **Table 2.42** that during the first four years *i.e.*, 2017-18 to 2020-21, ratio of debt to GSDP showed an upward trend and increased sharply in 2020-21. However, the ratio decreased marginally in 2021-22 and stood at a level of 23.03 *per cent* during the year. This ratio during the current year was below the target ceiling for debt of 28.50 *per cent* set in AFRBM Act. During 2021-22, the total outstanding debt stood at 125.19 *per cent* of Revenue Receipts of the State. During the year, the rate of growth of Revenue Receipts stood at 22.98 *per cent* as against the rate of growth of outstanding debt of 14.31 *per cent*. Growth rate of Revenue Receipts outpaced the growth rate of debt only in one year *i.e.*, in 2021-22 out of five-year period. The burden of interest payment ranged from 5.92 to 8.01 *per cent* of the Revenue Receipts. During the five-year period 2017-18 to 2021-22, while GSDP has grown at a CAGR of 11.26 *per cent*, the outstanding debt has grown at a faster rate of 19.70 *per cent*, and hence the State needs to review the debt position for remedial action. The State Government needs to further augment its Revenue Receipts to be in a position to service the debt on a sustainable basis.

2.9.1.1 Debt Sustainability Analysis (DSA)-Public Debt

Public Debt is a component of total debt of the State. It consists of Internal debt and loans and advances taken from the Central Government. This section assesses the sustainability of public debt of the State Government in terms of public debt/ GSDP ratio, Fiscal Deficit and burden of interest payments (measured by ratio of interest payments to Revenue Receipts).

Public debt sustainability of the State according to these indicators for the five-year period beginning from 2017-18 is given in **Table 2.43** and also in **Chart 2.25**.

Table 2.43: Trends in Public Debt Sustainability indicators

| | (₹ in crore) | | | | |
|---|--------------|-------------|-------------|-------------|-------------|
| Debt sustainability Indicators | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Outstanding Public Debt* | 34,654.91 | 42,820.20 | 53,900.56 | 68,698.75** | 80,068.14** |
| Rate of Growth of Outstanding Public Debt (<i>per cent</i>) | 23.04 | 23.56 | 25.88 | 27.45 | 16.55 |
| GSDP | 2,83,164.90 | 3,09,336.32 | 3,46,850.68 | 3,40,177.45 | 4,33,925.44 |
| Rate of growth of GSDP (<i>per cent</i>) | 11.31 | 9.24 | 12.13 | -1.92 | 27.56 |
| Public Debt/GSDP (<i>per cent</i>) | 12.24 | 13.84 | 15.54 | 20.19 | 18.45 |
| Repayment of Public debt - including default history, if any | 1,958.60 | 3,589.36 | 3,169.26 | 2,147.98 | 3,526.89 |
| Average interest rate of Outstanding Public Debt (<i>per cent</i>) | 7.90 | 7.88 | 7.39 | 7.05 | 6.94 |
| Percentage of Interest payment on Public Debt to Revenue Receipts | 4.58 | 4.81 | 5.54 | 6.66 | 6.47 |

| Debt sustainability Indicators | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|----------|----------|----------|-----------|----------|
| Percentage of Public Debt Repayment to Public Debt Receipts | 23.19 | 30.54 | 22.24 | 11.97 | 21.16 |
| Net Debt available to the State [#] | 4,007.28 | 5,113.18 | 7,507.86 | 11,468.35 | 7,980.76 |
| Net Debt available as <i>per cent</i> to Debt Receipts | 47.44 | 43.51 | 52.69 | 63.93 | 47.87 |

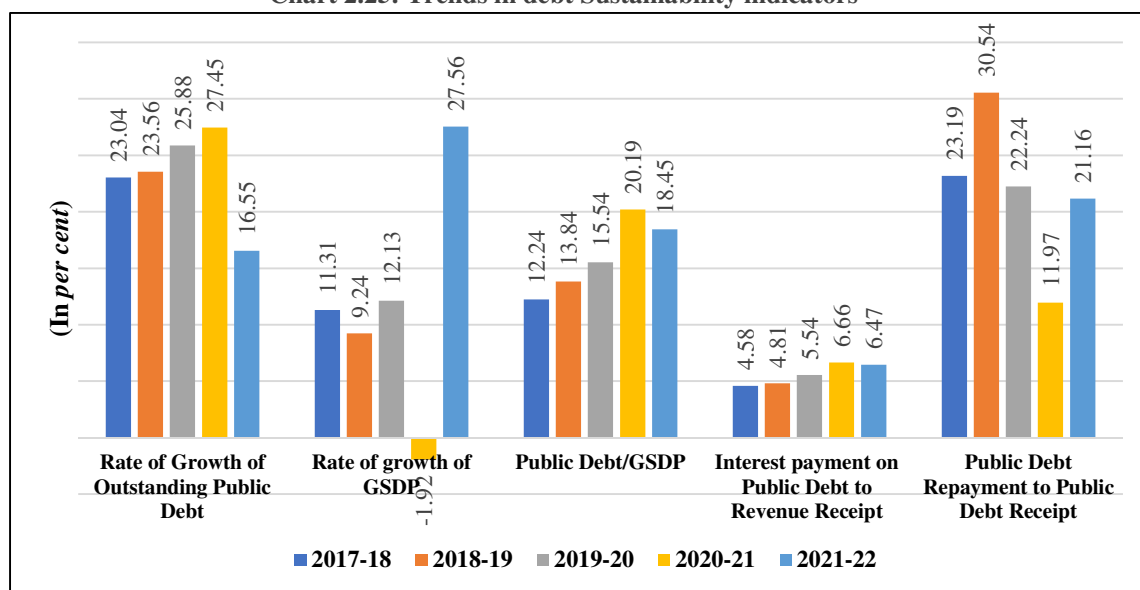
Source: Finance Accounts

* Outstanding Public Debt is the sum of outstanding balances under heads 6003- Internal Debt and 6004- Loans and Advances from the Central Government.

**Excludes loan of ₹ 994.00 crore and ₹ 1,773.87 crore given as back-to-back loan by Government of India during 2020-21 and 2021-22 respectively.

Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

Chart 2.25: Trends in debt Sustainability indicators



As evident from **Table 2.43**, public debt constituted 80.14 *per cent* of total debt at the end of 2021-22. During the year, it grew at the rate of 16.55 *per cent* *i.e.*, the lowest in the last five-year period. Average growth rate of public debt (23.30 *per cent*) during the last five years also outpaced the average growth rate of GSDP (11.66 *per cent*) during the period. These all indicate that there would be increased pressure on interest payment on public debt as well as interest on it in forthcoming years.

2.9.2 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and development activities. Using borrowed funds for meeting consumption and repayment of interest on outstanding loans is not sustainable.

The trend of borrowing (public debt receipts) during the last five-year period 2017-22 and utilisation are shown in **Table 2.44**.

Table 2.44: Utilisation of borrowed funds

| (₹ in crore) | | | | | | |
|--------------|--|---------------------|----------------------|----------------------|----------------------|------------------------|
| Sl. No. | Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| 1 | Total Borrowings (Public Debt Receipts) | 8,447.07 | 11,754.65 | 14,249.63 | 17,940.18 | 16,670.15 |
| 2 | Repayment of earlier borrowings (per cent) | 1,958.60 (23.19) | 3,589.36 (30.54) | 3,169.26 (22.24) | 2,147.98 (11.97) | 3,526.89 (21.16) |
| 3 | Capital Expenditure (per cent) | 7,692.84 (91.07) | 11,034.08 (93.87) | 13,185.42 (92.53) | 12,399.39 (69.12) | 20,125.83* (120.73) |

Source: Finance Accounts

*-in view of accounting of GIA to the tune of ₹ 6168.69 crore as Capital Expenditure, the amount of percentage of Public Debt utilised for Capital Expenditure would be 83.73 per cent only.

It is observed that over the last five years, public debt receipts increased by 97.35 per cent from ₹ 8,447.07 crore in 2017-18 to ₹ 16,670.15 crore in 2021-22. Out of public debt receipts of ₹ 16,670.15 crore during 2021-22, the State Government utilised 21.16 per cent (₹ 3,526.89 crore) for repayment of earlier borrowings and remaining for incurring capital expenditure during the year 2021-22.

2.9.3 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 has been extended. According to FRBM Act, State Government guarantees are to be restricted to 50 per cent of the State's Tax and Non-Tax Revenue of the second preceding year.

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2017-18 to 2021-22 are shown in **Table 2.45**:

Table 2.45: Guarantees given by Government of Assam

| (₹ in crore) | | | | | |
|---|---|---------|---------|---------|---------|
| Guarantees | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Outstanding amount of guarantees including interest liability | 90.24 | 85.02 | 83.42 | 77.72 | 311.76 |
| Criteria as per the AFRBM Act, 2005 | State Government guarantees shall be restricted at any point of time to 50 per cent 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 (A&E). | | | | |

Source: Finance Accounts

Government had guaranteed loans raised by various Corporations and Others which at the end of 2021-22 stood at ₹ 311.76 crore. It was 1.41 per cent of State's Own Tax and Non-Tax Revenue of the second preceding year (₹ 22,068.03 crore) i.e., well within the limit prescribed in the State FRBM Act. Out of the total outstanding guarantees, ₹ 238.63 crore (76.54 per cent) pertained to Assam Infrastructure Financing Authority (AIFA).

2.9.4 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary Ways and Means Advances (WMA)/Special Ways and Means Advances (SWMA)/Overdrafts

(OD) from time to time. The limit for ordinary WMA to the State Government are revised by the RBI from time to time.

The limit for ordinary WMA to the State Government was ₹ 1,504 crore with effect from 01 April 2021 and the limit of SWMA is revised by the bank from time to time. The State Government maintained the minimum daily cash balance with the RBI during 2021-22 and no WMAs/ SWMAs/ OD was availed during the year.

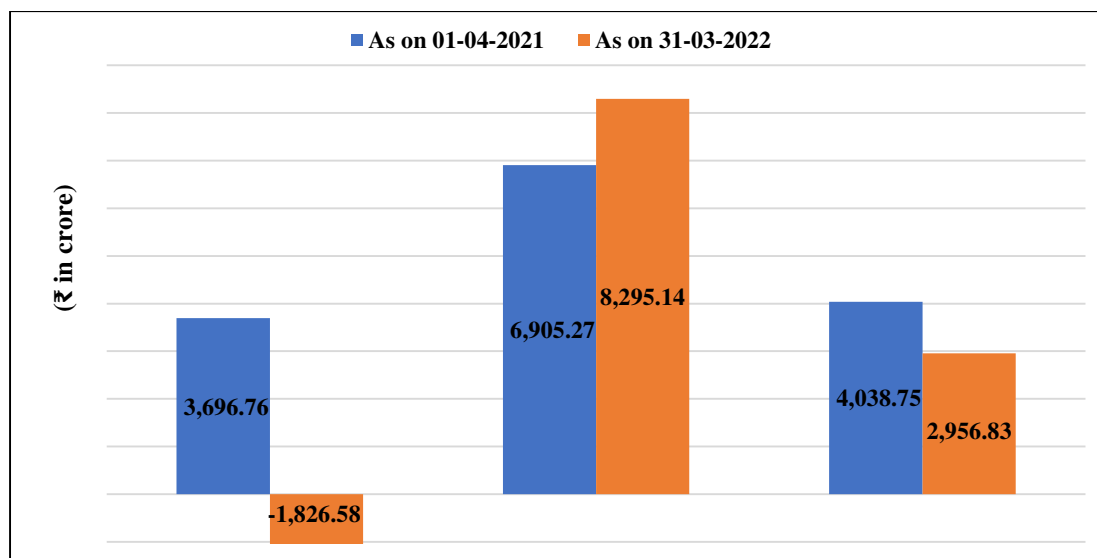
Table 2.46 and **Chart 2.26** depict the cash balances and investments made out of these by the State Government during the year.

Table 2.46: Cash Balances and their investment

| | (₹ in crore) | |
|--|-------------------------------------|-------------------------------------|
| | Opening balance on 01 April 2021 | Closing balance on 31 March 2022 |
| A. General Cash Balance | | |
| Cash in treasuries | 0.00 | 0.00 |
| Deposits with Reserve Bank of India ¹² | 3,696.76 | (-)1,826.58 |
| Deposits with other Banks | 0.00 | 0.00 |
| Remittances in transit – Local | 0.00 | 0.00 |
| Total | 3,696.76 | (-)1,826.58 |
| Investments held in Cash Balance investment account | 6,905.27 | 8,295.14 |
| Total (A) | 10,602.03 | 6,468.56 |
| B. Other Cash Balances and Investments | | |
| Cash with Departmental Officers viz., Public Works, Forest Officers | 8.91 | 6.84 |
| Permanent advances for contingent expenditure with department officers | 0.47 | 0.47 |
| Investment in earmarked funds | 4,038.75 | 2,956.83 |
| Total (B) | 4,048.13 | 2,964.14 |
| Total (A + B) | 14,650.16 | 9,432.70 |
| Interest realised | 68.66 | 71.19 |

Source: Finance Accounts

Chart 2.26: Major Components of Cash balances of the State Government during 2021-22



¹² There is a difference of ₹ 287.39 crore between Closing Cash Balance as per Accounts (₹ 1,826.58 crore) and as per RBI (₹ 1,539.19 crore).

Cash Balances of the State Government at the end of the current year decreased by ₹ 5,217.46 crore from ₹ 14,650.16 crore in 2020-21 to ₹ 9,432.70 crore in 2021-22. During the year investment in Treasury Bills increased by ₹ 1,389.87 crore from ₹ 6,905.27 crore in 2020-21 to ₹ 8,295.14 crore in 2021-22. However, investment in earmarked funds decreased by ₹ 1,081.92 crore from ₹ 4,038.75 crore in 2020-21 to ₹ 2,956.83 crore in 2021-22.

State Government invests its surplus cash balance in short and long-term GoI Securities and Treasury Bills. The interest earned from such investments are credited as receipts under the head '0049-Interest Receipts'. The cash balances are invested in the Consolidated Sinking Fund and Guarantee Redemption Fund as well. The State Government has earned an interest of ₹ 71.19 crore during 2021-22 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 2,956.83 crore in earmarked funds, ₹ 2,885.83 crore was invested in the Consolidated Sinking Fund and ₹ 70.59 crore in Guarantee Redemption Fund at the end of the year. Interest earned from earmarked funds are credited back to the funds to which these relate for their investment by RBI.

The cash balance investments of the State during the five-year period 2017-18 to 2021-22 are given in **Table 2.47**.

Table 2.47: Cash Balance Investment Account (Major Head-8673)

| (₹ in crore) | | | | |
|--------------|-----------------|-----------------|----------------------------|-----------------|
| Year | Opening Balance | Closing Balance | Increase (+)/ decrease (-) | Interest earned |
| 2017-18 | 5,181.64 | 936.95 | -4,244.69 | 286.53 |
| 2018-19 | 936.95 | 8,262.27 | 7,325.32 | 307.00 |
| 2019-20 | 8,262.27 | 2,932.60 | -5,329.67 | 382.86 |
| 2020-21 | 2,932.60 | 6,905.27 | 3,972.67 | 68.66 |
| 2021-22 | 6,905.27 | 8,295.14 | 1,389.87 | 71.19 |

Source: Finance Accounts

The trend analysis of the cash balance investment of the State Government during 2017-22 revealed that investment increased significantly during 2018-19 and 2021-22. During the current year, *i.e.*, 2021-22, interest earned by the State from its investment in the cash balance investment account stood at ₹ 71.19 crore.

Chart 2.27 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2017-22. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

Chart 2.27: Market loans vis-à-vis Cash Balance Investment Account

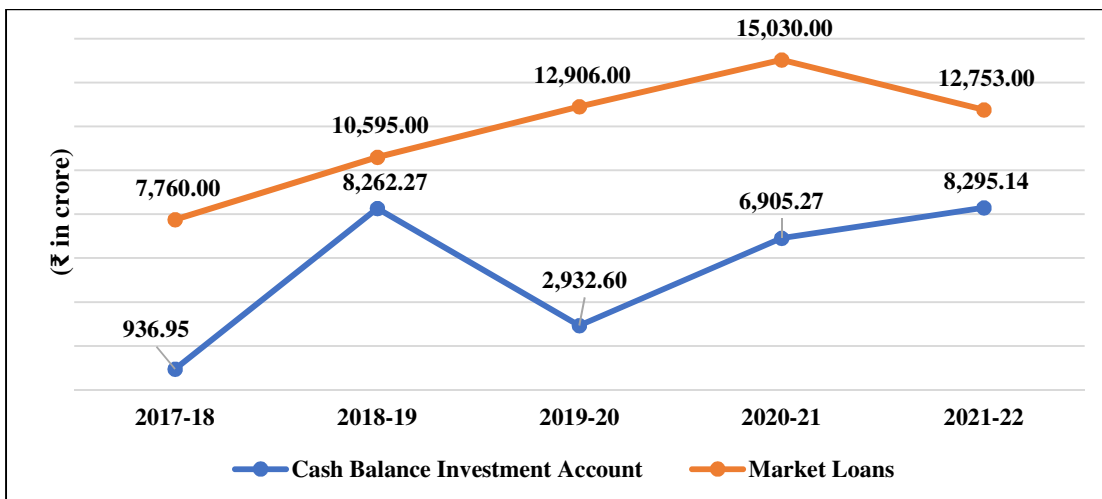
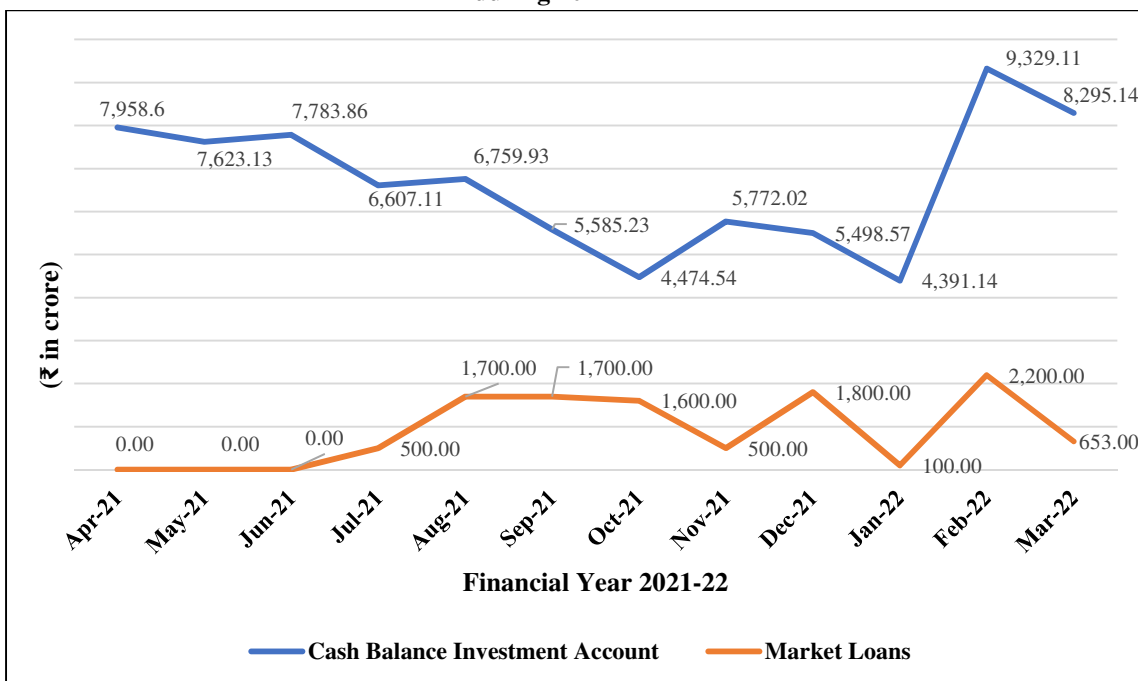


Chart 2.28 compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

Chart 2.28: Month-wise movement of Cash Balances Investment Account and market loans during 2021-22



The preceding Chart indicates that the State Government had taken recourse to market loans on several occasions during the year despite having large cash balances. During the year 2021-22, the State Government raised ₹ 12,753.00 crore from the market, while at the same time, the cash balance of the State Government was in the range of ₹ 4,391.14 crore to ₹ 9,329.11 crore during the year.

The State Government may keep the cash balance position in mind while taking any decision on raising market loans.

2.10 Conclusion

- The fiscal position of the State is viewed in terms of key fiscal parameters-Revenue Deficit/ Surplus, Fiscal Deficit/ Surplus and Primary Deficit/ Surplus. During 2021-22, the State had a Revenue Deficit of ₹ 2,732.77 crore which was 0.63 *per cent* of GSDP during the year. Fiscal Deficit during 2021-22 was ₹ 19,863.12 crore which was 4.58 *per cent* of GSDP and Primary Deficit was ₹ 13,811.65 crore (3.18 *per cent* of GSDP).
- Revenue Receipts during the year 2021-22 were ₹ 79,815.19 crore, which increased by ₹ 14,913 crore (22.98 *per cent*), as compared to 2020-21 (₹ 64,902.19 crore). State's Own Tax Revenue increased by ₹ 2,399.49 crore (14.00 *per cent*) compared to the previous year (₹ 17,133.61 crore), while Non-Tax Revenue increased by ₹ 680.14 crore (23.46 *per cent*) during the year as compared to 2020-21 (₹ 2,899.61 crore). Grants-in-Aid from GoI increased by ₹ 2,312.14 crore (8.81 *per cent*) as compared to the previous year (₹ 26,239.65 crore) whereas State's Share of Union taxes and Duties increased by ₹ 9,521.23 crore (51.11 *per cent*) during 2021-22 as compared to the previous year (₹ 18,629.32 crore). During 2021-22, revenue collection under State Goods and Services Tax increased by ₹ 2,030.54 crore (23.75 *per cent*) from ₹ 8,549.02 crore in 2020-21 to ₹ 10,579.56 crore in 2021-22.
- Revenue Expenditure during the year 2021-22 was ₹ 82,547.96 crore, constituting 80.32 *per cent* of the Total Expenditure of ₹ 1,02,777.80 crore. There was a misclassification of ₹ 6,168.59 crore due to Grants-in-Aid given by the State Government to the local bodies or individual entities under various Central Schemes during the year being as Capital expenditure instead of Revenue Expenditure, resulting in overstatement of Capital expenditure and understatement of Revenue Expenditure to that extent.
- Committed expenditure of the Government like salary & wages, pensions, interest payments steadily increased during the last five-year period 2017-22. It increased by ₹ 9,871.02 crore during the year 2021-22. The Committed expenditure during 2021-22 was ₹ 52,626.30 crore (65.94 *per cent* of Revenue Receipts of ₹ 79,815.19 crore and 63.75 *per cent* of Revenue Expenditure of ₹ 82,547.96 crore).
- The State Government short contributed ₹ 267.26 crore to National Pension System since inception of the Scheme creating an avoidable future liability to the Government. As on 31 March 2021, an amount of ₹ 316.75 crore remained in the Public Account on which interest of ₹ 25.34 crore was payable in 2021-22.
- Capital Expenditure is the expenditure incurred for creation of fixed infrastructure assets such as roads, building, *etc.* During the year the State's Capital Expenditure increased by ₹ 7,726.44 crore (62.31 *per cent*) from ₹ 12,399.39 crore during 2020-21 to ₹ 20,125.83 crore during 2021-22. However, this increase has to be viewed in the light of the fact that GIA of ₹ 6,168.59 crore was booked under capital

section, instead of under revenue resulting in understatement of Revenue Deficit to that extent.

- During 2021-22, the State Government invested ₹ 4,370.35 crore in Statutory Corporations (₹ 3,095.83 crore), Government Companies (₹ 40.00 crore), Joint Stock Companies (₹ 1,216.88 crore) and Banks (₹ 16.84 crore). As on 31 March 2022, the State Government's investment stood at ₹ 7,010.79 crore in those Companies/ Corporations and Co-operative societies. Out of the investments, they received returns of ₹ 113.64 crore as dividend during the year.
- As on 01 April 2021, the State had a balance of ₹ 768.43 crore lying in the State Disaster Response Fund. Government of Assam had neither invested the balances in SDRF in any of the instruments specified in the Guidelines, nor had it paid the half-yearly interest on the balance lying in the Fund in violation of SDRF guidelines. The unpaid interest of ₹ 46.11 crore by GoA led to understatement of Revenue Deficit to that extent (during 2021-22) and accumulated liabilities for future.
- Outstanding Debt of the State rapidly increased from ₹ 49,274.88 crore in 2017-18 to ₹ 99,918.54 crore in 2021-22. Growth rate of outstanding Debt also increased from 12.04 *per cent* in 2017-18 to 14.31 *per cent* in 2021-22. The Debt/ GSDP ratio increased from 17.40 *per cent* in 2017-18 to 23.03 *per cent* in 2021-22 due to more borrowings from the open market. The State used about six to eight *per cent* of its Revenue Receipts for payment of interest on the Outstanding Debt at an average rate of interest ranging between 6.46 *per cent* to 7.07 *per cent*, during the five-year period 2017-22.
- The maturity profile of outstanding stock of the State public debt as on 31 March 2022 indicated that 57.99 *per cent* (₹ 46,435.20 crore) of the debt is payable within the next seven years while the remaining 42.01 *per cent* (₹ 33,632.94 crore) is in the maturity bracket of more than seven years.
- Public debt constituted 80.14 *per cent* of total debt at the end of 2021-22. During the year, it grew at the rate of 16.55 *per cent i.e.*, the lowest in the last five-year period. Average growth rate of public debt (23.30 *per cent*) also outpaced the average growth rate of GSDP (11.66 *per cent*) during the year. These all indicate that there would be increased pressure on interest payment on public debt in forthcoming years.
- Public debt receipts increased by 97.35 *per cent* from ₹ 8,447.07 crore in 2017-18 to ₹ 16,670.15 crore in 2021-22. Out of public debt receipts of ₹ 16,670.15 crore during 2021-22, the State Government utilised 21.16 *per cent* (₹ 3,526.89 crore) for repayment of earlier borrowing and remaining for incurring capital expenditure during the year 2021-22.

2.11 Recommendations

- i. *State Government may take necessary steps to reduce the Fiscal Deficit and to achieve the targets under the AFRBM Act, 2011.*
- ii. *State Government may undertake a rigorous exercise to meet its liability for NPS including short contribution of its share and interest liability and the balance funds to be transferred to NSDL, the pension authority, to ensure that the NPS employees are not deprived of returns. The prescribed procedure for accounting the NPS related transactions should be adhered to scrupulously to avoid future liability.*
- iii. *State Government should review the functioning of the loss making State Public Sector Undertakings in the State considering the investment and negligible returns on investments.*
- iv. *The State Government may invest the balances lying in State Disaster Response Fund as per the guidelines.*
- v. *In view of the increasing growth rate of its public debt, the State Government may make efforts to augment its own Revenues and reduce its Revenue Expenditure so as to avoid pressure on repayment of Public Debt and interest liabilities on Public Debt in forthcoming years.*
- vi. *The State Government may keep the cash balance position in mind while taking any decision on raising market loans.*