



Executive Summary

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About the Report

This Report of the CAG of India is on the State Finances for the year 2023-24. It provides an overview of the finances, budgetary management and quality of accounts, financial reporting practices and other matters relevant to State Finances.

This executive summary highlights the contents of this report and through snapshots of the important figures and aspects, provides insight into fiscal sustainability, performance against the budget intent, revenue and expenditure projection, the reasons for variations and its impact.

Gross State Domestic Product (GSDP) (at current prices) grew at an average growth rate of 12.88 *per cent* from ₹ 3,46,850.68 crore in 2019-20 to ₹ 5,70,242.61 crore in 2023-24. Budget Outlay of the State grew at an average growth rate of 8.39 *per cent* from ₹ 1,19,715.68 crore in 2019-20 to ₹ 1,69,966.13 crore in 2023-24.

There was 19.10 *per cent* growth in GSDP over 2022-23. The Revenue Receipts grew at two *per cent* during the year however, the percentage of Revenue Receipts over GSDP decreased from 18.74 *per cent* in 2022-23 to 16.05 *per cent* in 2023-24. The Tax Revenue increased by 17.18 *per cent* during the period and the State's Own Tax Revenue increased by 15.00 *per cent*. The Total Expenditure (Revenue Expenditure, Capital Expenditure, Loans and Advances and Appropriation to Contingency Fund) of the State decreased from ₹ 1,19,952.20 crore in 2022-23 to ₹ 1,15,671.63 crore in 2023-24 decreasing by 3.57 *per cent*. Of this, Revenue Expenditure showed 7.52 *per cent* decrease over 2022-23. Revenue Deficit decreased from ₹ 12,072.35 crore to ₹ 2,628.41 crore registering 78.23 *per cent* decrease over 2022-23, while Fiscal Deficit also decreased from ₹ 30,204.83 crore in 2022-23 to ₹ 20,854.69 crore in 2023-24 decreasing by 30.96 *per cent*.

Receipts-Expenditure Mismatch

The mismatch between receipts and expenditure indicates continuance of fiscal stress. The State has different sources of receipts such as State's Own Tax Revenue, Non-Tax Revenue, Devolution of States' share in taxes, Grants-in-Aid and transfers from the Union Government and non-debt Capital Receipts. The State Government's expenditure includes expenditure on Revenue Account as well as Capital Expenditure (assets creation, loans and advances, investments, *etc.*).

From 2019-20 to 2023-24, Revenue Receipts grew from ₹ 64,495.08 crore to ₹ 91,534.49 crore, with an average annual growth rate of 8.38 *per cent*. Capital Receipts also increased from ₹ 14,257.61 crore to ₹ 47,296.30 crore during this period. The share of Grants-in-Aid in Revenue Receipts ranged between 24.17 *per cent* and 40.43 *per cent*

during the last five-year period. The State Government received ₹ 16,205.52 crore as Central share for Centrally Sponsored Schemes (CSSs) during the year.

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. Between 2019-20 and 2023-24, Revenue Expenditure increased from ₹ 65,817.28 crore (18.98 *per cent* of GSDP) to ₹ 94,162.90 crore (16.51 *per cent* of GSDP). It consistently made up a significant portion (80 to 85 *per cent*) of the Total Expenditure during this period, growing at an average annual rate of 8.61 *per cent*.

Result of expenditure beyond means

The gap between Revenue Receipts and Revenue Expenditure results in Revenue Deficit. Revenue Deficit of the State increased to ₹ 2,628.41 crore (0.46 *per cent* of GSDP) in the current year from Revenue Deficit of ₹ 1,322.20 crore (0.38 *per cent* of GSDP) in the year 2019-20.

The State Government spent ₹ 21,444.23 crore only on Capital Account. This was 18.54 *per cent* of the Total Expenditure in the year 2023-24. Capital Expenditure was 48.72 *per cent* of the total borrowings made during 2023-24. Thus, a portion of borrowed funds was used for meeting current consumption and repayment of earlier borrowings during the year.

The gap between Total Expenditure and total non-debt receipts of the State results in Fiscal Deficit. In absolute terms, Fiscal Deficit of the State increased to ₹ 20,854.69 crore (3.66 *per cent* of GSDP) in 2023-24 from ₹ 14,915.80 crore (4.30 *per cent* of GSDP) in 2019-20.

Under Revenue Expenditure, the quantum of committed expenditure constitutes the largest share. Committed expenditure has the first charge on the resources and consists of expenditure on salaries and wages, pensions and interest payments. Committed expenditure on salaries and wages, pensions and interest payments constituted 54 to 66 *per cent* of Revenue Expenditure during 2020-21 (66 *per cent*) and 2022-23 (54 *per cent*). The Committed expenditure increased at an average rate of 9.14 *per cent* *i.e.*, from ₹ 41,485.78 crore in 2019-20 to ₹ 60,446.03 crore in 2023-24 {an increase of 9.66 *per cent* over 2022-23 (₹ 55,122.72 crore)}.

In addition to the committed expenditure, inflexible expenditure decreased from 10.43 *per cent* to 5.73 *per cent* of Revenue Expenditure during 2019-20 to 2023-24, indicating a downward trend. The inflexible expenditure decreased from ₹ 12,705.58 crore in 2022-23 to ₹ 5,393.82 crore in 2023-24 registering a decrease of 57.55 *per cent*.

Taken together, the committed and inflexible expenditure as percentage of Revenue Expenditure decreased from 73.46 *per cent* in 2019-20 (₹ 48,349.64 crore) to 69.92 *per cent* in 2023-24 (₹ 65,839.85 crore). The downward trend on committed and inflexible expenditure leaves the Government with more flexibility for other priority sectors and capital creation.

Subsidies

Within the non-committed expenditure, subsidies decreased from ₹ 1,473.23 crore in 2019-20 to ₹ 455.78 crore in 2023-24. Subsidies as a *percentage* of non-committed expenditure ranged between one and nine *per cent* of non-committed expenditure during the period. Power subsidies constituted a significant portion *i.e.*, 42.14 *per cent* of total subsidies given during the five-year period.

Off-budget borrowings

As on 31 March 2024, the State Government, through State Public Sector Enterprises and parastatals, raised ₹ 2,193.13 crore as off-budget borrowings, which did not flow into the Consolidated Fund of the State but are required to be repaid and serviced through budget. Out of which, ₹ 1,101.89 crore was raised during 2023-24. During the year, the State Government paid an interest of ₹ 129.36 crore towards off-budget borrowing.

Contingent Liabilities on account of Guarantees

Government had guaranteed loans raised by various Corporations and Others which at the end of 2023-24 stood at ₹ 2,241.30 crore. It was 9.70 *per cent* of State's Own Tax and Non-Tax Revenue of the second preceding year (₹ 23,112.85 crore) *i.e.*, well within the limit prescribed in the State FRBM Act (50 *per cent* of the State's Tax and Non-Tax Revenue of the second preceding year).

Fiscal sustainability

Fiscal sustainability is examined in terms of macro-fiscal parameters such as deficits, level of debt and liabilities, commitments on account of off-budget borrowings, guarantees, subsidies, *etc.* So far as revenue and expenditure mismatch is concerned, one of the important constraints is committed and inflexible expenditure, which includes salaries and wages, pension payments, interests, *etc.* and also other inflexible expenditure such as those arising out of commitment for centrally sponsored schemes, transfer to reserve funds, transfer to local bodies, *etc.*

FRBM requirements and compliance with fiscal parameters

The FRBM Act/ Rules prescribes certain limits within which, revenue deficit, fiscal deficit, debt as a percentage of the Gross State Domestic Product (GSDP) should be, and similarly for guarantees as a percentage of revenue receipts of the previous year. In 2023-24, Revenue Deficit was 0.46 *per cent* as against the target of Revenue Surplus; Fiscal Deficit was 3.66 *per cent* as against the limit of 3.5 *per cent*; debt was 25.77 *per cent* as against limit of 32 *per cent* and guarantees given were 9.70 *per cent* as against the prescribed limit of 50 *per cent* of the State's Tax and Non-Tax Revenue of the second preceding year.

As per the debt sustainability analysis, the outstanding debt of Government of Assam has grown on an average at a rate of 20.67 *per cent* annually during the period from 2019-20 to 2023-24. Debt-GSDP ratio of Assam has increased from 20.83 *per cent* in

2019-20 to 25.77 *per cent* in 2023-24, which indicates that debt stabilisation may not be possible in near future.

Budget performance

Aggregate expenditure outturn

Budget performance in terms of budgetary intent and budget implementation is examined to assess extent to which the aggregate expenditure outturn reflects the amount originally approved both in terms of excess and savings.

In Revenue Section, deviation in outturn compared with Budget Estimates (BEs) was - 12.83 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 42 grants/ appropriations, between ± 25 *per cent* and ± 50 *per cent* in 28 grants, between ± 50 *per cent* and ± 100 *per cent* in nine grants and equal to or more than ± 100 *per cent* in two grants.

In Capital Section, deviation in outturn compared with BEs was 49.20 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 15 grants, between ± 25 *per cent* and ± 50 *per cent* in 20 grants/ appropriations, between ± 50 *per cent* and ± 100 *per cent* in 27 grants/ appropriations and equal to or more than ± 100 *per cent* in 12 grants/ appropriations.

Expenditure composition outturn

Budget performance also looks at the extent to which the re-allocation between the main budget categories during the execution have contributed to variance in expenditure composition. This measure indicates the extent of variation between the final budget and the actual expenditure.

In Revenue Section, deviation in outturn compared with Revised Estimates (REs) was -18.06 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 36 grants/ appropriations, between ± 25 *per cent* and ± 50 *per cent* in 35 grants/ appropriations, between ± 50 *per cent* and ± 100 *per cent* in eight grants and equal to or more than 100 *per cent* in two grants.

In Capital Section, deviation in outturn compared with REs was -17.72 *per cent*. This was due to deviation between 0 and ± 25 *per cent* in 19 grants/ appropriations, between ± 25 *per cent* and ± 50 *per cent* in 22 grants/ appropriations, between ± 50 *per cent* and ± 100 *per cent* in 26 grants and equal to or more than 100 *per cent* in seven grants.

It was noticed that Supplementary Grant of ₹ 30,210.86 crore was unnecessary as the gross expenditure (₹ 1,39,449.66 crore) was less than the original provision (₹ 1,39,755.27 crore) by ₹ 305.61 crore. Moreover, in 71 Segments of 53 grants/ appropriations, the Supplementary Budgetary allocation of ₹ 5,628.14 crore made was unnecessary, as the actual expenditure was less than the Original Budgetary allocation.

Overall Budget reliability assessment indicates that there were large deviations between the actual expenditure and original budget as well as between the actual expenditure and final budget in several grants. Moreover, it was also noticed that in

several cases, there were supplementary grants where expenditure was not even up to the original grant. A reliable budget practice is needed to deal with such deviations.

Regularisation of Excess over Grants/ Appropriations

The State Government has to get excesses over grants/ appropriations regularised by the State Legislature as per Article 204 and 205 (1) (b) of the Constitution. It was observed that in 2023-24 there was an excess expenditure of ₹ 2,172.27 crore under one grant and one appropriation which requires regularisation. Further, excess disbursements of ₹ 9,823.42 crore pertaining to years from 2006-07 to 2022-23 were yet to be regularised.

Quality of Accounts and Financial Reporting

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as incomplete reconciliation of accounts, non-compliance with the provisions of IGAS, non-submission of UCs, DCC bills and annual accounts, non-discharging of interest liabilities *etc.*

Reconciliation

The PAC in its 161st Report recommended (March 2020) that the departments should reconcile their figures with the Accountant General (A&E) on a monthly basis or at least quarterly basis to avoid wrong booking of figures. Despite the recommendations, 38.96 *per cent* of Receipts and 38.07 *per cent* of Disbursements booked by the Accountant General (A&E) were not reconciled by the departmental authorities during 2023-24.

Compliance with Indian Government Accounting Standards (IGAS)

As against the requirements of the IGAS, the State Government complied partly with IGAS 1: Guarantees given by the Government, IGAS 2: Accounting and classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government during the year. Further, as per provisions of IGAS-4: Prior Period Adjustment, the Government of Assam issued financial sanctions of ₹ 3,752.26 crore for conversion of Loans/ Grants/ Interest into equity by way of book adjustment during 2023-24. Out of ₹ 3,752.26 crore, ₹ 2,239.13 crore was booked in the accounts of current year *i.e.*, 2023-24 as prior period adjustment on the strength of the provision of IGAS-4 and remaining ₹ 1,513.13 crore pertaining to Loans/ Grants/ Interest was converted into equity by way of book adjustment during 2023-24 as per sanction order issued by Government of Assam.

Funds to Single Nodal Agency

The Government of India and the State Government have introduced system of Single Nodal Agency (SNA) for implementation and fund flow for each Centrally Sponsored Scheme (CSS). The share of Government of India and the State Government is

transferred to Bank Account of the SNA lying outside the Government Account. As per SNA 01 report of PFMS, the State Government received ₹ 13,901.14 crore being Central share during the year in its Treasury Account. As on 31 March 2024, the Government transferred Central share of ₹ 15,790.72 crore and State share of ₹ 2,864.09 crore to the SNAs. The entire transfer of ₹ 18,654.81 crore was made through GIA bills. As per the SNAs report, ₹ 5,416.67 crore are lying unspent in the bank accounts of SNAs as on 31 March 2024.

Utilisation Certificates against conditional grants

Despite the requirement of submitting Utilisation Certificates (UCs) against conditional grants within a stipulated time period, 6,335 UCs worth ₹ 18,669.55 crore were pending for submission as on 31 March 2024. In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given.

DCC bills against AC bills

Similarly, despite the requirement of submitting Detailed Countersigned Contingent (DCC) Bills against the advance money withdrawn through Abstract Contingent (AC) Bills, 1,316 AC bills of ₹ 748.41 crore were pending for submission of DCC bills as on 31 March 2024. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

Compliance with prevailing rules and codal provisions are meant to ensure control and accountability in accounting and financial reporting. Non-compliance and deviations impact the quality of accounting and financial reporting adversely. Non-timely submission of UCs against conditional grants; non-submission of DCC bills against AC bills; and partial compliance with the provisions of IGAS have impacted the quality of accounts adversely.