

**Chapter 2**  
**Finances of the State**



## Chapter 2

## Finances of the State

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 2018-19 to 2022-23, 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.

### 2.1 Major changes in Key Fiscal Aggregates during 2022-23 vis-à-vis 2021-22

**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.

**Table 2.1: Changes in key fiscal aggregates in 2022-23 compared to 2021-22**

<b>Revenue Receipts</b>	<ul style="list-style-type: none"><li>➤ Revenue Receipts of the State increased by 12.44 per cent</li><li>➤ Tax Revenue of the State increased by 13.66 per cent<ul style="list-style-type: none"><li>○ Own Tax Receipts of the State increased by 25.44 per cent</li><li>○ State's Share of Union Taxes and Duties increased by 5.48 per cent</li></ul></li><li>➤ Non-Tax Receipts increased by 60.94 per cent</li><li>➤ Grants-in-Aid from Government of India increased by 4.32 per cent</li></ul>
<b>Revenue Expenditure</b>	<ul style="list-style-type: none"><li>➤ Revenue Expenditure increased by 23.34 per cent</li><li>➤ Revenue Expenditure on General Services decreased by 5.18 per cent</li><li>➤ Revenue Expenditure on Social Services increased by 56.42 per cent</li><li>➤ Revenue Expenditure on Economic Services increased by 17.50 per cent</li><li>➤ Expenditure on Grants-in-Aid to Local bodies increased by 68.63 per cent</li></ul>
<b>Capital Receipts</b>	<ul style="list-style-type: none"><li>➤ Debt Capital Receipt increased by 69.58 per cent</li><li>➤ Non-debt Capital Receipts decreased by 99.84 per cent</li></ul>
<b>Capital Expenditure</b>	<ul style="list-style-type: none"><li>➤ Capital Expenditure decreased by 20.51 per cent</li><li>➤ Capital Expenditure on General Services increased by 122.71 per cent</li><li>➤ Capital Expenditure on Social Services decreased by 12.08 per cent</li><li>➤ Capital Expenditure on Economic Services decreased by 29.67 per cent</li></ul>
<b>Loans and Advances</b>	<ul style="list-style-type: none"><li>➤ Recoveries of Loans and Advances decreased significantly by 99.84 per cent</li><li>➤ Disbursements of Loans and Advances increased by 226.74 per cent</li></ul>
<b>Public Debt</b>	<ul style="list-style-type: none"><li>➤ Public Debt Receipts increased by 69.58 per cent</li><li>➤ Repayment of Public Debt increased by 107.86 per cent</li></ul>
<b>Public Account</b>	<ul style="list-style-type: none"><li>➤ Public Account Receipts decreased by 32.82 per cent</li><li>➤ Disbursements of Public Account decreased by 37.25 per cent</li></ul>
<b>Cash Balance</b>	<ul style="list-style-type: none"><li>➤ Cash balance decreased by ₹ 3,203.10 crore (33.96 per cent)</li></ul>

Source: Finance Accounts

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

### 2.2 Sources and Application of Funds

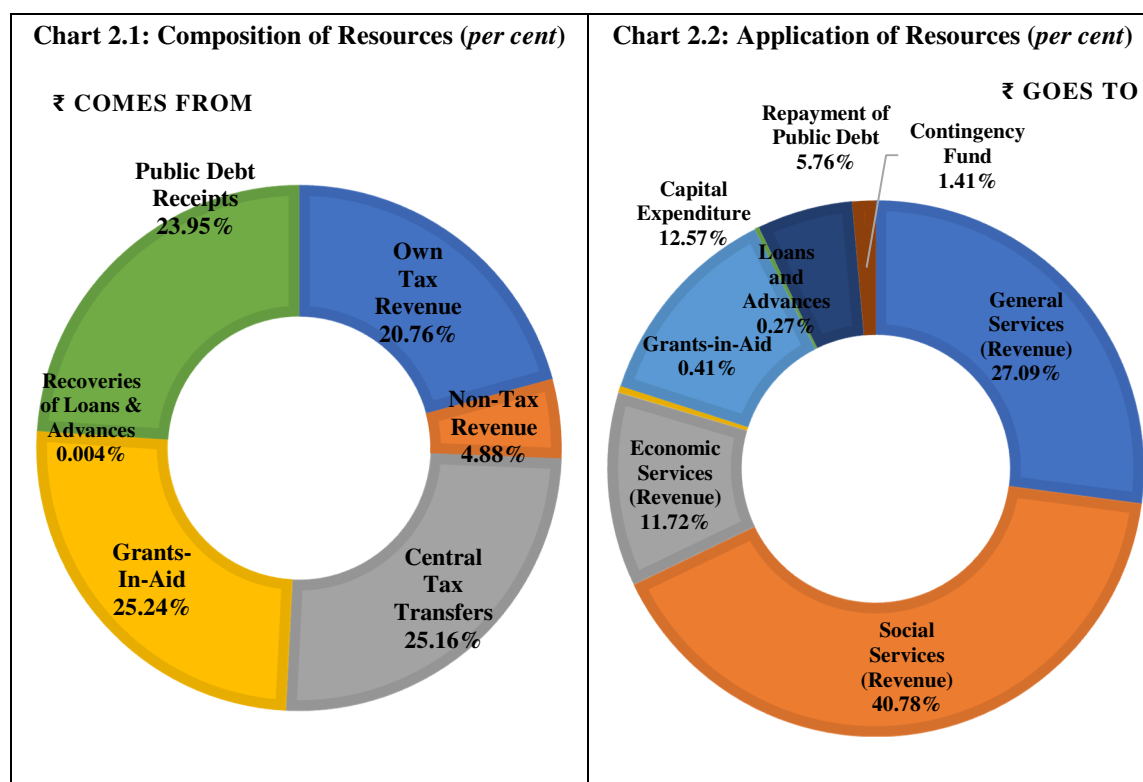
This section compares the components of the sources and application of funds of the State during the financial year compared to the previous year. Overall sources and application of funds of the State during 2022-23 are given in **Table 2.2** whereas sources and application of Consolidated Fund are depicted in **Chart 2.1** and **Chart 2.2** respectively.

Table 2.2: Details of Sources and Application of funds during 2021-22 and 2022-23

(₹ in crore)

	Particulars	2021-22	2022-23	Increase (+) / Decrease (-)
Sources	Opening Cash Balance with RBI	3,696.76	-1,826.58	-5,523.34
	Revenue Receipts	79,815.19	89,742.30	9,927.11
	Recoveries of Loans & Advances	3,099.49	5.07	-3,094.42
	Public Debt Receipts (Net)	13,143.25	20,939.17	7,795.92
	Contingency Fund Receipts	0.00	1,800.00	1,800.00
	Public Account Receipts (Net)	1,196.53	8,618.01	7,421.48
	<b>Total</b>	<b>1,00,951.22</b>	<b>1,19,277.97</b>	<b>18,326.75</b>
Application	Revenue Expenditure	82,547.96	1,01,814.65	19,266.69
	Capital Expenditure	20,125.83	15,997.71	-4,128.12
	Disbursements of Loans & Advances	104.01	339.84	235.83
	Appropriation to Contingency Fund	0.00	1,800.00	1,800.00
	Closing Cash Balance with RBI	-1,826.58	-674.23	1,152.35
	<b>Total</b>	<b>1,00,951.22</b>	<b>1,19,277.97</b>	<b>18,326.75</b>

Source: Finance Accounts



### 2.3 Resources of the State

The resources of the State are described below:

- 1. 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).
- 2. Capital Receipts** (debt and non-debt 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.

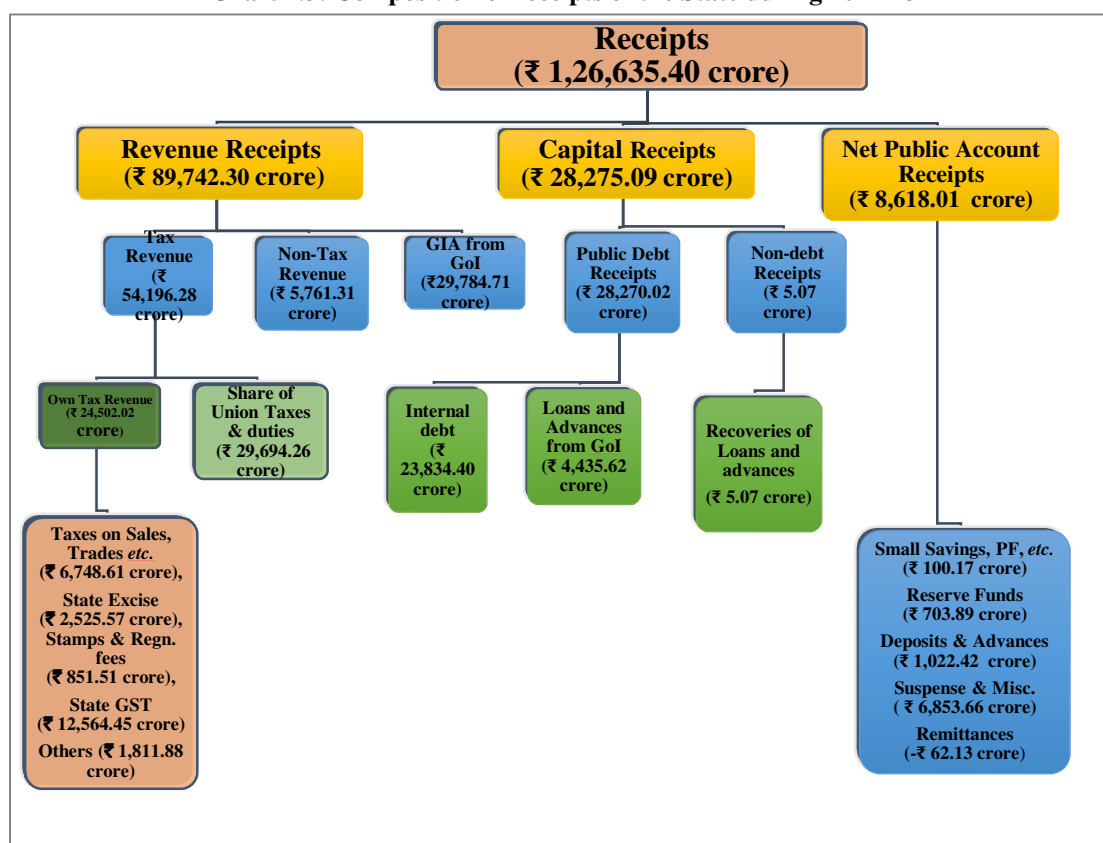
These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

### 2.3.1 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 2022-23 is given in **Chart 2.3**.

**Chart 2.3: Composition of receipts of the State during 2022-23**



Source: Finance Accounts

Out of the total resources of ₹ 1,26,635.40 crore of the State Government during the year 2022-23, Revenue Receipts (₹ 89,742.30 crore) constituted 70.87 per cent. Capital Receipts (₹ 28,275.09 crore) and net Public Account Receipts (₹ 8,618.01 crore) constituted 22.33 per cent and 6.80 per cent of the total resources respectively.

## 2.3.2 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.

### 2.3.2.1 Trends and growth of Revenue Receipts

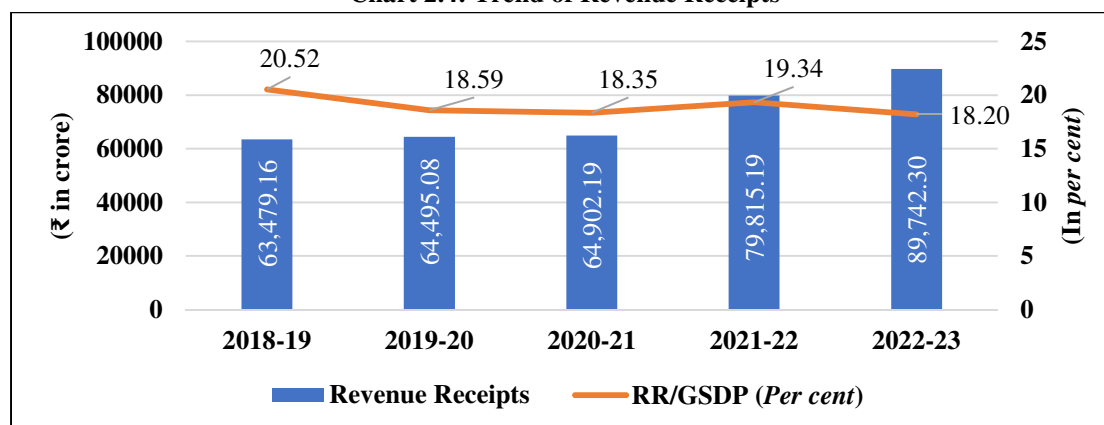
**Table 2.3** provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2018-23. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

**Table 2.3: Trend in Revenue Receipts**

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenue Receipts (RR) (₹ in crore)</b>	<b>63,479.16</b>	<b>64,495.08</b>	<b>64,902.19</b>	<b>79,815.19</b>	<b>89,742.30</b>
Rate of growth of RR ( <i>per cent</i> )	17.27	1.60	0.63	22.98	12.44
<b>Tax Revenue</b>	<b>41,140.70</b>	<b>38,250.13</b>	<b>35,762.93</b>	<b>47,683.65</b>	<b>54,196.28</b>
<i>Own Tax Revenue (₹ in crore)</i>	<i>15,924.85</i>	<i>16,528.69</i>	<i>17,133.61</i>	<i>19,533.10</i>	<i>24,502.02</i>
<i>State's share in Union taxes and duties (₹ in crore)</i>	<i>25,215.85</i>	<i>21,721.44</i>	<i>18,629.32</i>	<i>28,150.55</i>	<i>29,694.26</i>
<b>Non-Tax Revenue (₹ in crore)</b>	<b>8,221.29</b>	<b>5,539.34</b>	<b>2,899.61</b>	<b>3,579.75</b>	<b>5,761.31</b>
<b>Grants-in-Aid from GoI</b>	<b>14,117.17</b>	<b>20,705.61</b>	<b>26,239.65</b>	<b>28,551.79</b>	<b>29,784.71</b>
Own Revenue (Own Tax and Non-tax Revenue)	24,146.14	22,068.03	20,033.22	23,112.85	30,263.33
Rate of growth of Own Revenue ( <i>per cent</i> )	39.67	-8.61	-9.22	15.37	30.94
Gross State Domestic Product (₹ in crore) (2011-12 Series)	3,09,336.32	3,46,850.68	3,53,605.42 (P.E.II)	4,12,611.87 (Q.E)	4,93,166.60 (A.E)
Rate of growth of GSDP ( <i>per cent</i> )	9.24	12.13	1.95	16.69	19.52
RR/GSDP ( <i>per cent</i> )	20.52	18.59	18.35	19.34	18.20
<b>Buoyancy Ratios<sup>4</sup></b>					
<b>Revenue Buoyancy w.r.t GSDP</b>	1.87	0.13	0.32	1.38	0.64
<b>State's Own Revenue Buoyancy w.r.t GSDP</b>	4.29	-0.71	-4.73	0.92	1.58

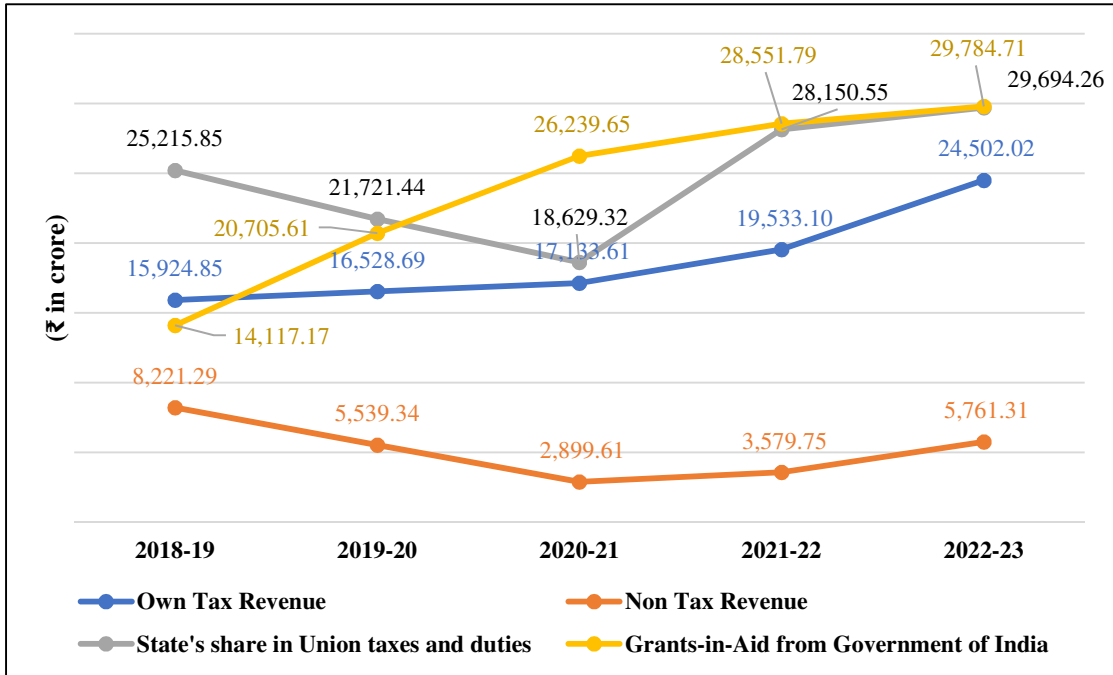
Source: Finance Accounts for Revenue Receipts and Economics and Statistics, GoA for GSDP figures  
P.E. - Provisional Estimates; Q.E. - Quick Estimates; A.E. - Advance Estimates

**Chart 2.4: Trend of Revenue Receipts**



<sup>4</sup> 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 0.64 implies that Revenue Receipts tend to increase by 0.64 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 41.37 per cent from ₹ 63,479.16 crore in 2018-19 to ₹ 89,742.30 crore in 2022-23 at an annual average growth rate of 8.27 per cent. During 2022-23, Revenue Receipts increased by ₹ 9,927.11 crore (12.44 per cent) over the previous year. However, ratio of Revenue Receipts to GSDP decreased from 19.34 per cent in 2021-22 to 18.20 per cent in 2022-23.
- During 2022-23, State's own revenue (Own Tax Revenue and Non-Tax Revenue) constituted 33.72 per cent of Revenue Receipts and remaining 66.28 per cent came from Government of India as Central Tax transfers and Grant-in-Aid.
- Grants-in-Aid from GoI increased by 110.98 per cent during the period from 2018-19 to 2022-23. However, it increased marginally by ₹ 1,232.92 crore (4.32 per cent) in 2022-23 as compared to 2021-22.
- The revenue buoyancy with reference to GSDP decreased from 1.87 per cent in 2018-19 to 0.64 per cent in 2022-23. The State's own revenue buoyancy with reference to GSDP also decreased from 4.29 per cent in 2018-19 to 1.58 per cent in 2022-23. The sudden spike in own revenue buoyancy in 2022-23 vis-à-vis the previous years was primarily due to sharp increase in own tax revenue of the State. The major increase was recorded under SGST, Taxes on Sales Trade etc., State Excise, Taxes on vehicles and Stamps and Registration fees. There was also an increase in non-tax revenue in the current year over the previous year. Trends in components of own tax revenue and non-tax revenue are discussed under **paragraph 2.3.2.2**.
- The Central tax transfers from Government of India increased significantly by 5.48 per cent (₹ 1,543.71 crore) from ₹ 28,150.55 crore in 2021-22 to ₹ 29,694.26 crore in 2022-23. Grants-in-Aid, on the other hand, increased by

4.32 per cent (1,232.92 crore) from ₹ 28,551.79 crore in 2021-22 to ₹ 29,784.71 crore in 2022-23.

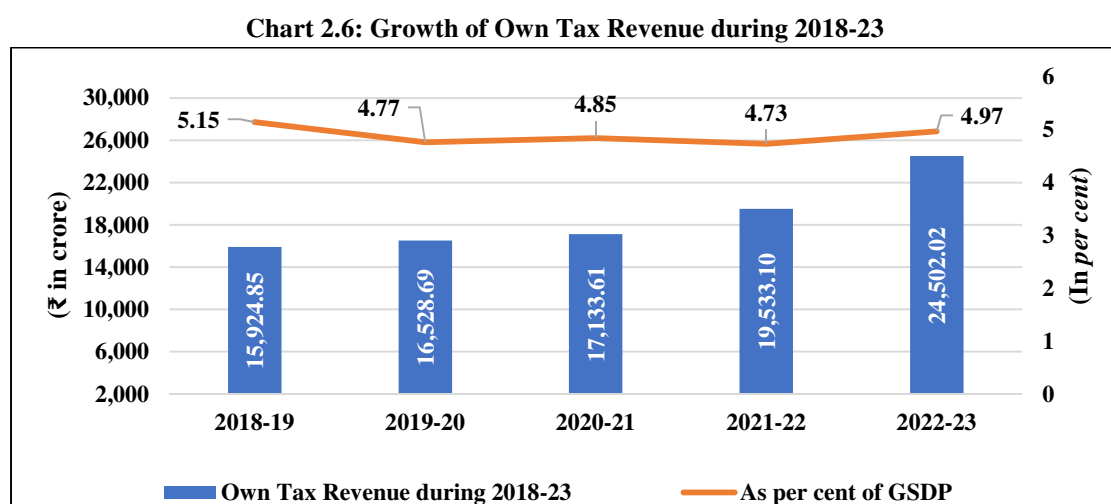
- Ratio of State's own tax buoyancy to GSDP had shown inter-year fluctuation during the last five years *i.e.*, 2018-23 and it increased significantly during the year from 0.92 per cent in 2021-22 to 1.58 per cent in 2022-23.

### 2.3.2.2 State's Own Resources

#### (i) 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.*, 2018-23 is given in **Chart 2.6**.



The component-wise details of Own Tax Revenue collected during the years 2018-23 were as given in **Table 2.4**.

**Table 2.4: Components of State's Own Tax Revenue during 2018-23**

Heads	2018-19	2019-20	2020-21	2021-22	2022-23	
					BEs	Actuals
State Goods and Services Tax	8,393.04	8,755.30	8,549.02	10,579.56	11,884.00	12,564.45
Taxes on Sales, Trades, <i>etc.</i>	4,698.74	4,480.96	5,070.97	4,866.68	5,553.07	6,748.61
State Excise	1,399.84	1,650.03	2,039.94	1,939.07	2,412.00	2,525.57
Taxes on Vehicles	765.01	815.82	723.98	978.21	1,245.04	1,348.41
Stamps and Registration Fees	240.72	292.65	280.75	439.46	524.20	851.51
Land Revenue	163.22	94.16	116.81	185.02	263.92	158.50
Other Taxes <sup>5</sup>	264.28	439.77	352.14	545.10	503.01	304.97
<b>Total</b>	<b>15,924.85</b>	<b>16,528.69</b>	<b>17,133.61</b>	<b>19,533.10</b>	<b>22,385.24</b>	<b>24,502.02</b>

Source: Finance Accounts

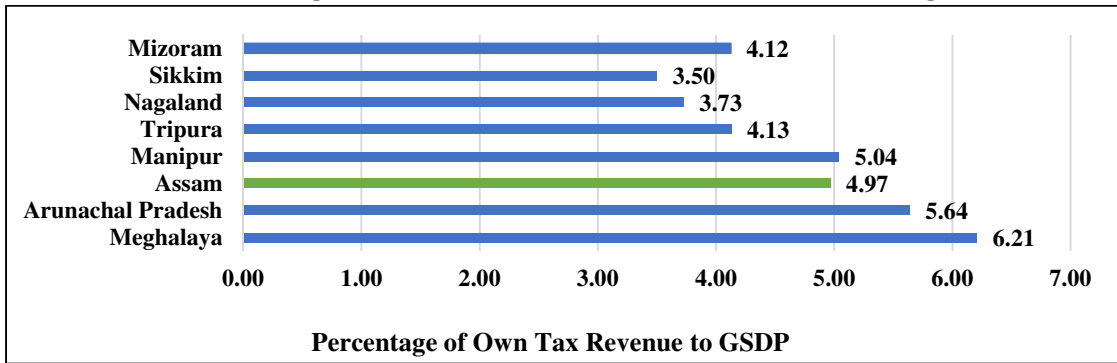
<sup>5</sup> Other Taxes include taxes on agricultural income, taxes on goods and passengers, taxes and duties on electricity and other taxes and duties on commodities and services, *etc.*



During 2022-23, Own Tax Revenue of the State exceeded by ₹ 2,116.78 crore (9.46 per cent) over the Budget Estimates made for the year. However, it increased by ₹ 4,968.92 crore (25.44 per cent) from ₹ 19,533.10 crore in 2021-22 to ₹ 24,502.02 crore in 2022-23. During the current year, major contributors of Own Tax Revenue were State Goods and Services Tax (51.28 per cent), Taxes on Sales, Trades etc. (27.54 per cent) and State Excise (10.31 per cent).

During 2022-23, State's Own Tax Revenue of ₹ 24,502.02 crore at 4.97 per cent of GSDP was lower than that of Meghalaya (6.21 per cent), Arunachal Pradesh (5.64 per cent) and Manipur (5.04 per cent) but higher than the other NER States as shown in **Chart 2.7**.

**Chart 2.7: Percentage of Own Tax Revenue to GSDP of NER States during 2022-23**



#### (a) Audit of GST Receipts

The Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In case of Assam, which is a Model-II State, role based access to back-end application was provided to office of the Principal Accountant General (Audit), Assam in November 2020. However, the access was limited to their premises only. The office of the Principal Accountant General (Audit), Assam conducted two Subject Specific Compliance Audit (SSCA) on the following GST Topics, and the same were incorporated in the C&AG's Audit Report (Revenue Sector), Government of Assam as mentioned below:

- i) Processing of Refund claim under GST in Assam- *Para 2.4 of the C&AG's Audit Report (Revenue Sector), Government of Assam for the year ended 31 March 2020.*
- ii) Transitional Credit under GST- *Para 2.5 of the C&AG's Audit Report (Revenue Sector) Government of Assam for the year ended 31 March 2020.*

#### (b) 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.

*Arrears of revenue*

The arrears of revenue as on 31 March 2023 in respect of the Excise, Mines and Minerals and Finance (Taxation) Departments amounted to ₹ 4,402.40 crore of which ₹ 3,159.68 crore was outstanding for more than five years, as detailed in **Table 2.5**.

**Table 2.5: Arrears of revenue**

(₹ in crore)

Sl. No.	Head of Revenue	Name of Department	Amount outstanding as on 31 March 2023		Reply of the Department
			Total	For more than five years	
1	0039- State Excise	Excise	63.13	63.13	Due to non-payment of levies by the Wholesale Warehouses in due time
2	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 (₹ 8,15,789.00)
3	0022- Taxes on Agricultural Income	Finance (Taxation)	69.87	49.23	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 officers issue notices to the defaulters for payment of arrears and try their 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 of cases involving arrears of revenue in High Court/ Supreme Court/ Board of revenue and with appellate/ Revision Authority. iv. Un traceability of dealers at the time of realisation of dues <i>etc.</i>
4	0028- Other Taxes on Income and Expenditure		2.51	1.54	
5	0029- Land Revenue		2,846.85	2,138.43	
6	0040- Tax on Sales, Trade, <i>etc.</i>		1,312.22	828.23	
7	0042- Taxes on Goods and Passengers		79.50	52.79	
8	0043- Taxes and Duties on Electricity		23.18	21.49	
9	0045- Other Taxes and Duties on Commodities and Services		5.06	4.76	
<b>Total</b>			<b>4,402.40</b>	<b>3,159.68</b>	

Source: Information furnished by the Departments concerned

Clearance of arrears of such magnitude requires focused efforts by the department 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 2.6**.

**Table 2.6: Arrears in assessment**

Nomenclature of the Act	Arrears of assessment due as on 31 March 2022	New cases due for assessments during 2022-23	Total assessment due	Cases disposed during 2022-23	Balance at the end of the year 2022-23	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	276	1,117	19.81
Sales Tax (VAT/CST Acts)	10,979	554	11,533	4,732	6,801	41.03
Entry Tax Act	2,266	0	2,266	485	1,781	21.40
Other Taxes on Income and Expenditure	13,997	4,561	18,558	3,952	14,606	21.30
Taxation (on Specified Lands) Acts	4,147	111	4,258	660	3,598	15.50
Agriculture Income Tax Act	2644	64	2708	214	2494	7.90
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	1,639	313	1,952	334	1,618	17.11
<b>Total</b>	<b>37,484</b>	<b>5,603</b>	<b>43,087</b>	<b>10,653</b>	<b>32,434</b>	<b>24.72</b>

Source: Information furnished by the Departments concerned

**Table 2.6** indicates that the assessments pending at the end of the year increased over the previous year largely in respect of Other Taxes on Income and Expenditure. The percentage of disposal of cases due for assessment in overall cases was 24.72 per cent during the year. In respect of Agricultural Income Tax Act and Taxation (on Specified Lands) Acts, percentage of disposal of cases at 7.90 per cent and 15.50 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 2022-23. Pendency in assessment may result in non/ short realisation of Government revenues and further accumulation in arrears of revenue.

**(c) Details of evasion of tax detected by Department, Refund cases, etc.**

The cases of evasion of tax detected, 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 concerned.

The details of cases of evasion of tax detected by the Excise Department, cases finalised and the demand for additional tax raised; and details of refund cases during the year 2022-23, as reported by the department concerned, are depicted in **Table 2.7** and **Table 2.8** respectively.

Table 2.7: Evasion of Tax Detected

Head of Revenue	Cases pending as on 31 March 2022	Cases detected during 2022-23	Total	Cases in which additional demand with penalty, etc. raised		No. of cases pending as on 31 March 2023
				No.	Amount (₹ in crore)	
0039- State Excise	4	0	4	4	43.94	4
<b>Total</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>43.94</b>	<b>4</b>

Source: Information furnished by Government of Assam

Table 2.8: Details of refund cases

Sl. No.	Particulars	Sales Tax/VAT		SGST	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	27	12.48	142	21.06
2	Claims received during the year	35	23.45	1,080	499.94
3	Refunds made during the year	19	8.72	879	100.83
4	Refunds rejected/withheld during the year	7	2.68	122	19.90
5	Balance outstanding at the end of year	36	24.53	221	400.27

Source: Departmental information

### (ii) 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 2018-23 are given in Table 2.9.

Table 2.9: Component-wise Non-Tax Revenue during 2018-23

Heads	2018-19	2019-20	2020-21	2021-22	2022-23	Sparkline
Interest receipts	588.09	666.86	235.87	120.86	323.68	
Dividend and Profit	153.24	30.64	481.89	113.65	447.62	
Petroleum	5,642.66	3,805.34	1,468.55	2,505.30	4,087.06	
Forestry and Wild Life	364.27	416.06	352.89	393.14	451.39	
Other Administrative Services	211.9	103.17	95.72	113.84	121.41	
Others	1,261.13	517.27	264.69	332.96	330.15	
<b>Total</b>	<b>8,221.29</b>	<b>5,539.34</b>	<b>2,899.61</b>	<b>3,579.75</b>	<b>5,761.31</b>	

Non-Tax Revenue, which ranged between 12.95 per cent (2018-19) and 4.47 per cent (2020-21) of Total Revenue Receipts of the State during the five-year period from 2018-19 to 2022-23, increased significantly by ₹ 2,181.56 crore (60.94 per cent) during 2022-23 over the previous year. Major contributors of Non-Tax Revenue during 2022-23 were Petroleum (₹ 4,087.06 crore), followed by Forestry and Wildlife (₹ 451.39 crore) and Dividend and Profit (₹ 447.62 crore).

### 2.3.2.3 Transfers from the Centre

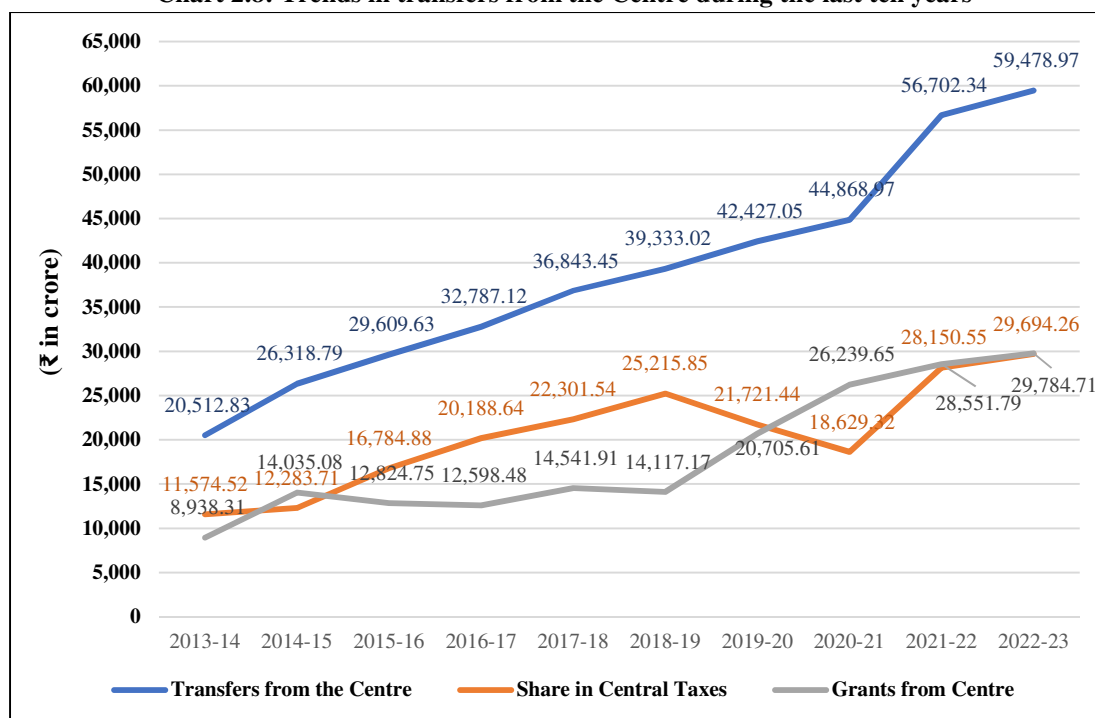
During the last 10 years from 2013-14 to 2022-23, there were three Central Finance Commissions (XIII FC, XIV FC and XV FC) constituted by the Central Government. As per recommendations of these FCs, the State Government had received its share of

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**



### (i) Central Tax Transfers

Actual devolution of Union taxes to the State *vis-à-vis* projection of the Finance Commission is given in **Table 2.10**.

**Table 2.10: 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 excluding	8,677	9,283.53	606.53 (6.99)
	2012-13	service tax and 3.685 per cent	10,234	10,601.26	367.26 (3.59)
	2013-14	of net proceeds of sharable	12,072	11,574.52	-497.48 (-4.12)
	2014-15	service tax	14,240	12,283.71	-1,956.29 (-13.74)
<b>Total for XIII FC</b>			<b>52,620</b>	<b>51,711.63</b>	<b>-908.37 (-1.73)</b>
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 excluding	22,208	20,188.64	-2,019.36 (-9.09)
	2017-18	service tax and 3.371 per cent	25,661	22,301.54	-3,359.46 (-13.09)
	2018-19	of net proceeds of sharable	29,687	25,215.85	-4,471.15 (-15.06)
	2019-20	service tax	34,386	21,721.44	-12,664.56 (-36.83)
<b>Total for XIV FC</b>			<b>1,31,186</b>	<b>1,06,212.35</b>	<b>24,974 (19)</b>
FC-XV	2020-21	3.131 per cent of net proceeds of all shareable taxes	26,776	18,629.32	-8,146.68 (-30.43)
	2021-22	3.128 per cent of net proceeds of all shareable taxes	20,601	28,150.55	7,549.55 (36.64)
	2022-23	3.128 per cent of net proceeds of all shareable taxes	22,917	29,694.26	6,777.26 (29.57)

Source: Report of Finance Commissions and Finance Accounts

The State Government's share in Union Taxes and duties increased by ₹ 1,543.71 crore (5.48 per cent) during 2022-23 over the previous year.

During the first three year (2020-23) of period of Fifteenth Finance Commission (2020-26), State's share in Union taxes and duties amounting to ₹ 76,474.13 crore was 72.00 per cent of total share during period of Fourteenth Finance Commission (2015-20).

Trends in components of Central Tax transfers are shown in **Table 2.11**.

**Table 2.11: Central Tax Transfers**

(₹ in crore)

Head	2018-19	2019-20	2020-21	2021-22	2022-23
Central Goods and Services Tax (CGST)	6,223.49	6,163.89	5,497.76	7,895.43	8,393.50
Integrated Goods and Services Tax (IGST)	496.70	0.00	0.00	0.00	0.00
Corporation Tax	8,768.87	7,406.13	5,648.64	8,298.61	9,949.02
Taxes on Income other than Corporation Tax	6,457.89	5,803.21	5,794.53	8,272.50	9,722.45
Customs	1,787.36	1,376.85	964.41	2,073.20	1,167.68
Union Excise Duties	1,187.80	957.27	622.41	1,156.10	366.32
Service Tax	231.85	0.00	86.82	424.25	46.40
Other Taxes	61.89	14.09	14.75	30.46	48.89
<b>Central Tax transfers</b>	<b>25,215.85</b>	<b>21,721.44</b>	<b>18,629.32</b>	<b>28,150.55</b>	<b>29,694.26</b>
Percentage variation over previous year	13.07	-13.86	-14.24	51.11	5.48
Percentage of Central tax transfers to Revenue Receipts	39.72	33.68	28.70	35.27	33.09

Source: Finance Accounts and Budget documents

Over the five-year period 2018-23, Central tax transfers increased by 17.76 *per cent* from ₹ 25,215.85 crore in 2018-19 to ₹ 29,694.26 crore in 2022-23. During the current year, the Central tax transfers increased significantly by ₹ 1,543.71 crore (5.48 *per cent*) from ₹ 28,150.55 crore in 2021-22 to ₹ 29,694.26 crore in 2022-23.

### (ii) Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2018-23 are detailed in **Table 2.12**.

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

		(₹ in crore)				
Head		2018-19	2019-20	2020-21	2021-22	2022-23
Grants for Centrally Sponsored Plan Schemes		11,849.26	14,389.53	13,832.87	18,186.82	21,557.33
Finance Commission Grants	Other than Revenue Deficit	932.20	4,604.07	2,955.00	2,540.05	2,465.00
	Revenue Deficit Grant	0.00	0.00	7,578.90	6,376.00	4,890.00
Other transfers/ Grants to States/ Union Territories with Legislature		1,335.71	1,712.01	1,872.88	1,448.92	872.38
<b>Total</b>		<b>14,117.17</b>	<b>20,705.61</b>	<b>26,239.65</b>	<b>28,551.79</b>	<b>29,784.71</b>
Percentage variation over the previous year		(-)2.92	46.67	26.73	8.81	4.32
Percentage of GIA to Revenue Receipts		22.24	32.10	40.43	35.77	33.19

Source: Finance Accounts and Budget documents

Grants-in-Aid from GoI increased by ₹ 1,232.92 crore (4.32 *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 (₹ 1,816.20 crore) and for State Disaster Response Fund (₹ 648.80 crore) which together constituted 33.51 *per cent* of total FC grants (₹ 7,355.00 crore) received during the year.

GIA constituted 33.19 *per cent* of Revenue Receipts during the year 2022-23. Grants for Centrally Sponsored Schemes (₹ 21,557.33 crore) to the State constituted 72.38 *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 (₹ 423.97 crore) (ii) Grants for Central Road and Infrastructure Fund (₹ 122.82 crore), etc.

### (a) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 21,557.33 crore for Centrally Sponsored Schemes during 2022-23, the major amounts were given to:

- Integrated Child Development Service Schemes – Saksham Anganwadi and POSHAN II (₹ 1,284.03 crore - 78.57 *per cent* increase over previous year);
- National Health Mission – National Urban Health Mission (₹ 1,378.02 crore-increase of 12,742.68 *per cent* over previous year);

- Pradhan Mantri Awas Yojana (PMAY) – PMAY Rural (₹ 8,225.20 crore-increase of 65.53 per cent over previous year);
- Samagra Shiksha- Elementary Education (₹ 882.62 crore-decrease of 16.67 per cent over previous year);
- Samagra Shiksha – Secondary Education (₹ 804.07 crore-increase of 449.12 per cent over previous year).

**Single Nodal Agency:** The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency concerned.

As per the report generated from PFMS, the State Government had received ₹ 17,605.26 crore in its Consolidated Fund, as Central share, during the year 2022-23. In addition, Funds against Centrally sponsored Schemes were also transferred by Government of India directly to Implementing Agencies, and to dedicated Escrow account<sup>6</sup>. As on 31 March 2023, the Government transferred ₹ 18,951.91 crore being Central Share and corresponding State share of ₹ 3,039.13 crore to the SNAs. All transfers to SNA were done through GIA bills. As per the PFMS report, ₹ 9,490.76 crore are lying unspent in the bank accounts of SNA as on 31 March 2023. Information regarding amount of interest earned and credited to the SNA accounts during the year 2022-23 could not be furnished by the State Government though called for (January 2024).

### **(b) Fifteenth Finance Commission Grants**

As mentioned in the previous paragraph, XV FC Grants were provided to States for Local Bodies and State Disaster Response Fund (SDRF). Details of grants recommended by XV FC and actual release by GoI and GoA during 2021-22 to 2022-23 are given in **Table 2.13**.

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

(₹ in crore)

Particulars	Recommendation of the XV-FC			Actual release by GoI			Release by State Government		
	2021-22	2022-23	Total	2021-22	2022-23	Total	2021-22	2022-23	Total
1	2	3	4	5	6	7	8	9	10
<b>Local Bodies (i+ii)</b>	<b>1,770.00</b>	<b>1,833.00</b>	<b>3,603.00</b>	<b>1,495.80</b>	<b>1,816.20</b>	<b>3,312.00</b>	<b>1,594.80</b>	<b>1,228.00</b>	<b>2,822.80</b>
<i>(i) Grants to PRIs</i>	<i>1,186.00</i>	<i>1,228.00</i>	<i>2,414.00</i>	<i>1,186.00</i>	<i>1,228.00</i>	<i>2,414.00</i>	<i>1,186.00</i>	<i>1,228.00</i>	<i>2,414.00</i>

<sup>6</sup> Escrow account is a financial instrument held by a third party on behalf of the other two parties in a transaction.



Particulars	Recommendation of the XV-FC			Actual release by GoI			Release by State Government		
	2021-22	2022-23	Total	2021-22	2022-23	Total	2021-22	2022-23	Total
1	2	3	4	5	6	7	8	9	10
(ii) Grants to ULBs	584.00	605.00	1,189.00	309.80	588.20 <sup>7</sup>	898.00	408.80	0.00	408.80
State Disaster Response Fund	772.00	810.90	1,582.90	617.60	648.80	1,266.40	308.80	648.80	957.60
<b>Grand Total</b>	<b>2,542.00</b>	<b>2,643.90</b>	<b>5,185.90</b>	<b>2,113.40</b>	<b>2,465.00</b>	<b>4,578.40</b>	<b>1,903.60</b>	<b>1,876.80</b>	<b>3,780.40</b>

Source: Finance Accounts

It may be seen from the table above that XV FC recommended ₹ 5,185.90 crore for release to the local bodies and for disaster relief during 2021-22 to 2022-23. Out of that, GoI released ₹ 4,578.40 crore to the State Government during the period.

As per operational Guidelines for implementation of the recommendations of the Fifteenth Finance Commission on Local Bodies grants (both PRIs and ULBs grants), State Government on receipt of grant from the Department of Expenditure, Ministry of Finance, Government of India shall transfer the same to the local bodies concerned within ten working days. Any delay beyond 10 working days will require the State Governments to release the grant with interest for the period of delay as per the average effective rate of interest on market borrowings/State Development Loans for the previous year.

During 2022-23, the State Government had paid an interest of ₹ 1.68 crore against delayed release of funds to PRIs. However, information regarding interest payment on delayed release of funds to ULBs could not be furnished by the State Government, though called for (January 2024).

### 2.3.3 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.

Trends of capital receipts and its components during 2018-19 to 2022-23 are shown in **Table 2.14**.

**Table 2.14: Trends in growth and composition of Capital Receipts**

(₹ in crore)

Sl. No.	Sources of State's Capital Receipts*	2018-19	2019-20	2020-21	2021-22	2022-23
<b>1</b>	<b>Capital Receipts</b>	<b>11,757.58</b>	<b>14,257.61</b>	<b>17,942.74</b>	<b>19,769.64</b>	<b>28,275.09</b>
(a)	Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
(b)	Recovery of Loans and Advances	2.93	7.98	2.56	3,099.49	5.07
(c)	Public Debt Receipts	11,754.65	14,249.63	17,940.18	16,670.15	28,270.02
(i)	Internal Debt (including WMAs and Overdraft)	11,665.49	14,143.29	16,382.36	14,138.94	23,834.40
	Growth rate (in per cent)	39.25	21.24	15.83	-13.69	68.57

<sup>7</sup> Out of ₹ 588.20 crore, ₹ 467.20 crore pertained to 2021-22 which was released by GoI to GoA between November 2022 and March 2023. The remaining ₹ 121.00 crore was released by GoI on 31 March 2023.

Sl. No.	Sources of State's Capital Receipts*	2018-19	2019-20	2020-21	2021-22	2022-23
(ii)	Loans and advances from Gol	89.16	106.34	1,557.82	2,531.21	4,435.62
	Growth rate (in per cent)	28.16	19.27	1,364.94	62.48	75.24
2	Rate of growth of debt Capital Receipts (per cent)	39.16	21.23	25.90	-7.08	69.58
3	Rate of growth of non-debt capital receipts (per cent)	-37.79	172.35	-67.92	1,20,973.83	-99.84
4	Rate of growth of GSDP (per cent)	9.24	12.13	1.95	16.69	19.52
5	Rate of growth of Capital Receipts (per cent)	39.11	21.26	25.85	10.18	43.02

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

\*Includes receipts under Consolidated Fund only WMA:-Ways and Means Advances

Capital Receipts increased by 140.48 per cent from ₹ 11,757.58 crore in 2018-19 to ₹ 28,275.09 crore in 2022-23. Public debt receipts create future repayment obligation as these are taken from the market, Financial Institutions and Central Government. During the current year, it increased by 69.58 per cent from ₹ 16,670.15 crore in 2021-22 to ₹ 28,270.02 crore in 2022-23. Further, non-debt capital receipts decreased significantly from ₹ 3,099.49 crore in 2021-22 to ₹ 5.07 crore in 2022-23.

### 2.3.4 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 2018-23 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**

	15 <sup>th</sup> FC projections	BEs	Actuals	Percentage variation of actuals over	
				15 <sup>th</sup> FC projections	BEs
Own Tax Revenue	17,917.00	22,385.24	24,502.02	36.75	9.46
Non-Tax Revenue	6,088.00	6,676.66	5,761.31	-5.37	-13.71

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 36.75 per cent, while the Non-Tax Revenues fell short by 5.37 per cent. However, State's Own Tax exceeded the Budget Estimates by 9.46 per cent and Non-Tax Revenues fell short by 13.71 per cent of BEs during 2022-23.

## 2.4 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.

### 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 Expenditure<sup>8</sup> 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 charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital Expenditure.

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

The Total Expenditure, its composition and relative share in GSDP during 2018-19 to 2022-23 is presented in **Table 2.16**.

**Table 2.16: Total Expenditure and its composition**

(₹ in crore)					
Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Total Expenditure (TE)</b>	<b>68,261.15</b>	<b>79,418.86</b>	<b>77,006.78</b>	<b>1,02,777.80</b>	<b>1,19,952.20</b>
<b>Revenue Expenditure (RE)</b>	56,899.00	65,817.28	64,519.59	82,547.96	1,01,814.65
<b>Capital Expenditure (CE)</b>	11,034.08	13,185.42	12,399.39	20,125.83	15,997.71
<b>Loans and Advances</b>	328.07	316.16	87.80	104.01	339.84
<b>Appropriation to Contingency Fund</b>	0.00	100.00	0.00	0.00	1,800.00
<b>As a percentage of GSDP</b>					
<b>TE/GSDP</b>	22.07	22.90	21.78	24.91	24.32
<b>RE/GSDP</b>	18.39	18.98	18.25	20.01	20.65
<b>CE/GSDP</b>	3.57	3.80	3.51	4.88	3.24
<b>Loans and Advances/ GSDP</b>	0.11	0.09	0.02	0.03	0.07
<b>Appropriation to Contingency Fund/ GSDP</b>	0.00	0.03	0.00	0.00	0.36

Source: Finance Accounts

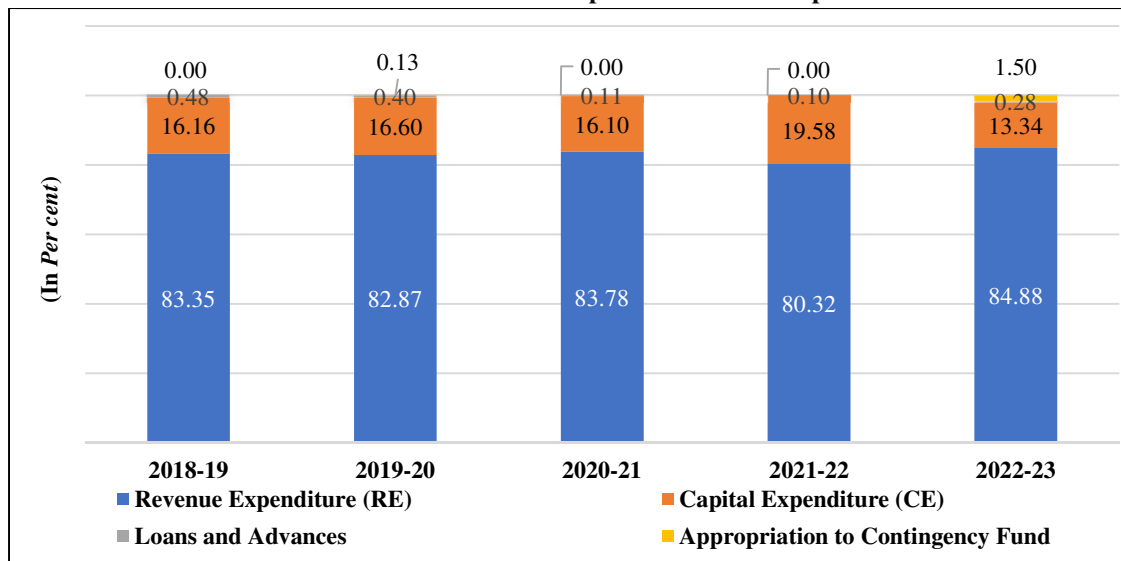
**Table 2.16** shows that Total Expenditure of the State increased nearly 1.8 times from ₹ 68,261.15 crore in 2018-19 to ₹ 1,19,952.20 crore in 2022-23. During the year, it increased by 16.71 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 21.78 per cent to 24.91 per cent during 2018-23.

**Chart 2.9** depicts the share of components of Total Expenditure and their trend during 2018-23. It is evident from **Chart 2.9** that the share of Revenue Expenditure in Total Expenditure had increased from 83.35 per cent in 2018-19 to 84.88 per cent in 2022-

<sup>8</sup> Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

23 whereas share of Capital Expenditure in Total Expenditure had declined from 16.16 per cent in 2018-19 to 13.34 per cent in 2022-23.

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 2018-23 is given in **Table 2.17** and also in **Chart 2.10**. Composition of Total Expenditure during the current year *i.e.*, 2022-23 is also given in **Chart 2.11**.

Table 2.17: Relative share of various sectors of expenditure

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
General Services	31.53	28.78	30.40	36.23	30.35
Social Services	40.29	38.72	40.73	35.21	45.47
Economic Services	27.68	31.92	28.37	28.27	22.25
Others (Grants to Local Bodies, Loans to Govt. Servant and Appropriation to Contingency Fund)	0.51	0.59	0.49	0.30	1.93

Source: Finance Accounts

Chart 2.10: Trends in share of Total expenditure by activities

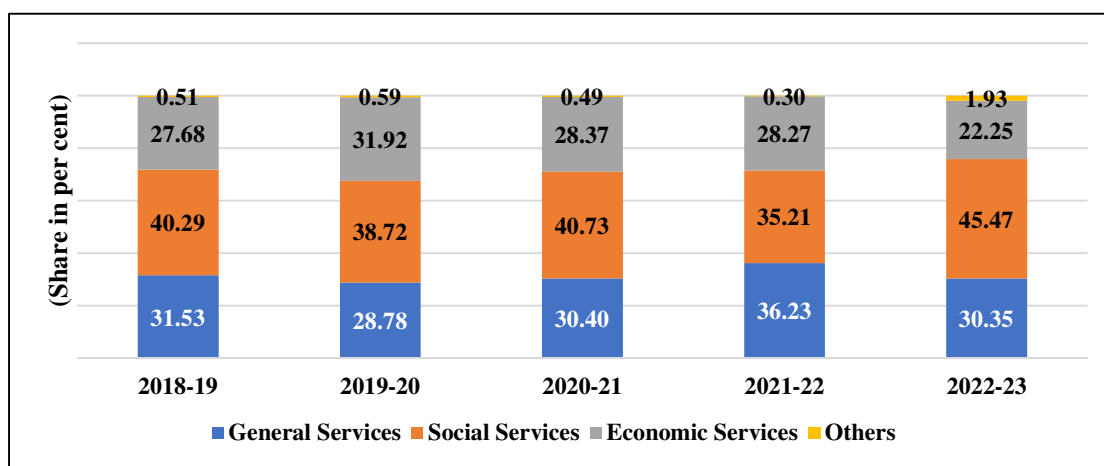
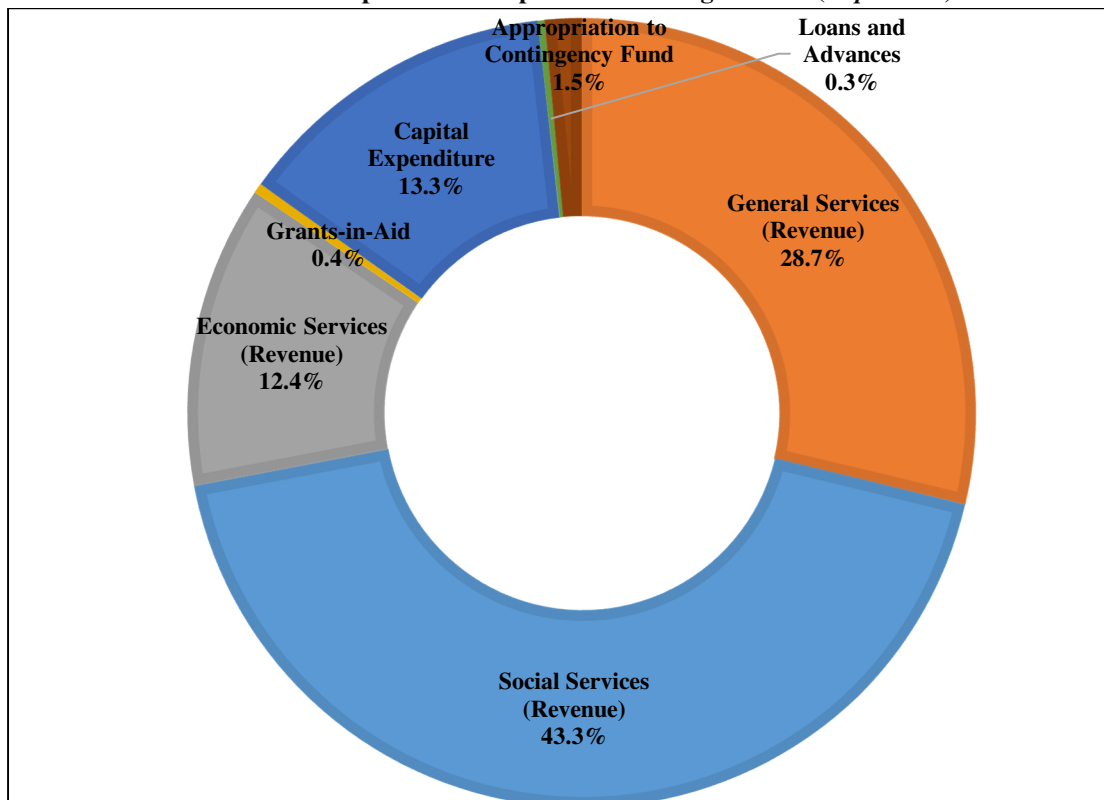


Chart 2.11: Composition of Expenditure during 2022-23 (In per cent)



The relative share of the above components of expenditure indicates that the share of General Services and Economic Services in the Total Expenditure decreased by 5.88 per cent and 6.02 per cent respectively during 2022-23 over the previous year. These decreases were, however, offset by increase in the respective share of Social Services and Others.

#### 2.4.1 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 (2018-23). It is evident from **Table 2.18** that the Revenue Expenditure formed on an average 83.02 per cent (ranging from 80.32 per cent in 2021-22 to 84.88 per cent in 2022-23) of the Total Expenditure during the period 2018-23. Rate of growth of Revenue Expenditure displayed wide fluctuation during the five-year period. Further, the sectoral distribution of Revenue Expenditure pertaining to 2022-23 is given in **Chart 2.12**.

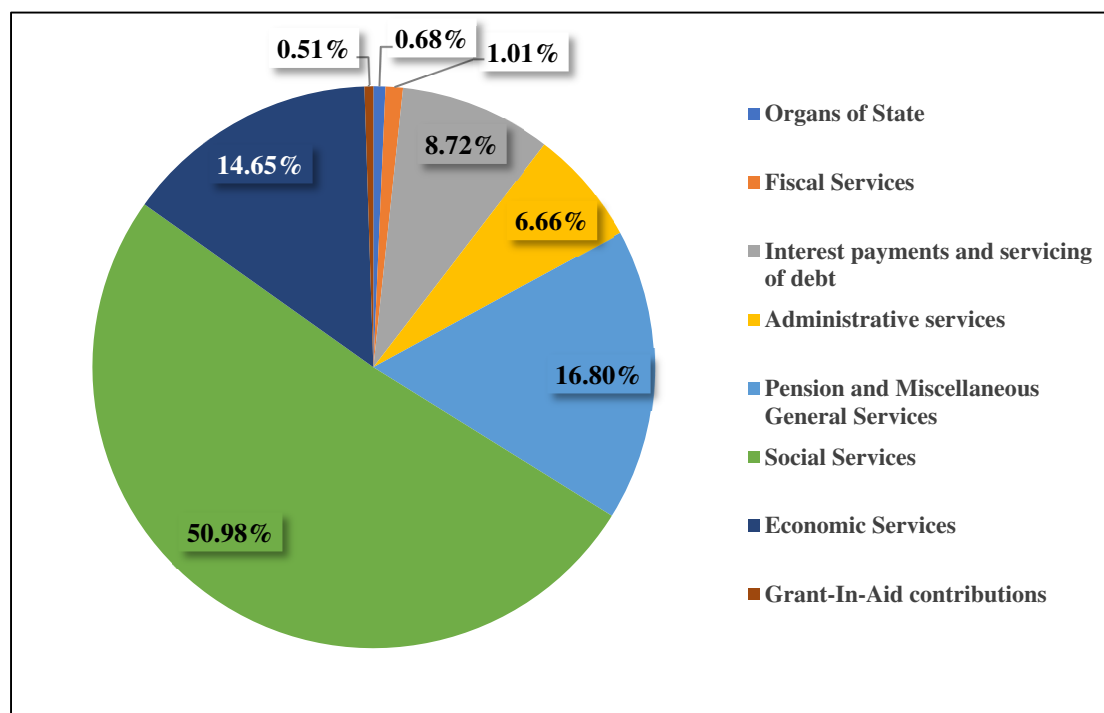
Table 2.18: Revenue Expenditure – Basic parameters

Parameters	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure (TE)	68,261.15	79,418.86	77,006.78	1,02,777.80	1,19,952.20
Revenue Expenditure (RE)	56,899.00	65,817.28	64,519.59	82,547.96	1,01,814.65
Rate of Growth of RE (per cent)	2.56	15.67	-1.97	27.94	23.34

Parameters	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Expenditure as percentage of TE	83.35	82.76	83.78	80.32	84.88
RE/GSDP (per cent)	18.39	18.98	18.25	20.01	20.65
RE as percentage of RR	89.63	102.05	99.41	103.42	113.45
<b>Buoyancy of Revenue Expenditure with</b>					
GSDP (ratio)	0.28	1.29	-1.01	1.67	1.20
Revenue Receipts (ratio)	0.15	9.79	-3.12	1.22	1.88

Source: Finance Accounts

Chart 2.12: Sectoral distribution of Revenue Expenditure during 2022-23 (In per cent)



Revenue Expenditure increased by ₹ 19,266.69 crore (23.34 per cent) from ₹ 82,547.96 crore in 2021-22 to ₹ 1,01,814.65 crore in 2022-23. Revenue Expenditure as a percentage of GSDP also increased marginally during the year. Further, Revenue Expenditure during the year was higher by ₹ 5,447.60 crore *vis-à-vis* the projections made in Medium Term Fiscal Plan (MTFP) (₹ 96,367.05 crore).

### 2.4.1.1 Major Changes in Revenue Expenditure

The revenue expenditure increased substantially by ₹ 19,266.69 crore (23.34 per cent) from ₹ 82,547.96 crore in 2021-22 to ₹ 1,01,814.65 crore in 2022-23. Significant variations under various Major Heads of Accounts with regard to revenue expenditure of the State during the current year as compared to the previous year are depicted in Table 2.19.

Table 2.19: Variation in Revenue Expenditure during 2022-23 compared to 2021-22

(₹ in crore)

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)	Increase (+)/ Decrease (-) (In per cent)
2216 - Housing	2,092.15	12,828.78	10,736.63	513.19
2235 - Social Security and Welfare	1,785.78	4,630.46	2,844.68	159.30

Major Heads of Account	2021-22	2022-23	Increase (+)/ Decrease (-)	Increase (+)/ Decrease (-) (In per cent)
2515 - Other Rural Development Programmes	2,012.67	3,909.28	1,896.61	94.23
2225 - Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	1,216.15	3,076.36	1,860.21	152.96
2048 - Appropriation for reduction or avoidance of Debt	445.89	2,000.00	1,554.11	348.54
2217 - Urban Development	1,500.76	2,555.72	1,054.96	70.30
2245 - Relief on Account of Natural Calamities	597.40	1,512.78	915.38	153.23
2052 - Secretariat- General Services	4,756.02	347.94	-4,408.08	-92.68

Source: Finance Accounts

**Table 2.19** shows:

- increase of ₹ 10,736.63 crore (513.19 per cent) under 'Housing' which was mainly due to increase of ₹9,162.40 crore in Indira Awaas Yojana and increase of ₹ 583.67 crore in Special Component Plan for Scheduled Castes;
- increase of ₹ 2,844.68 crore (159.30 per cent) under Social Security and Welfare was mainly due to increase in expenditure under Relief & rehabilitation for Disturbance relief and Other Emergency situation, Anganwadi Employee Welfare Fund etc.;
- increase of ₹ 1,896.61 crore (94.23 per cent) under Other Rural Development Programmes was mainly due to increase in expenditure under Assistance to Mahakuma Parishad/ Anchalic Panchayat/ Gaon Panchayat, Rastriya Gram Swaraj Abhiyan (RGSA) relating to PRIs & ULBs;
- increase of ₹ 1,860.21 crore (152.96 per cent) under Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities was mainly due to increase in expenditure under Pradhan Mantri Adarsh Gram Yojana, Post matric Scholarship for ST (P) etc.;
- increase of ₹ 1,554.11 crore (348.54 per cent) under Appropriation for reduction or avoidance of Debt was mainly due to increase in expenditure in connection with contribution towards Sinking Fund;
- increase of ₹ 1,054.96 crore (70.30 per cent) under Urban Development was mainly due to increase in expenditure under Housing Project Cost for AHP, ISSR, BLC, BLE under Housing for All (urban), Atal Mission for Rejuvenation & Urban Transformation etc.;
- increase of ₹ 915.38 crore (153.23 per cent) under Relief on Account of Natural Calamities was mainly due to increase in expenditure under Rehabilitation Grant (Flood), Gratuitous Relief (Flood), Repair and Restoration of Damaged Flood Works (WRD) etc.;
- decrease of ₹ 4,408.08 crore (92.68 per cent) under Secretariat- General Services was mainly due to decrease in expenditure under Assam Society for Comprehensive Management System (AS-CFMS).

### 2.4.1.2 Committed Expenditure

The committed Expenditure of Government consists mainly of expenditure on salaries and wages, interest payments and pensions. It has first charge on Government resources. 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.

Apart from above, there are certain items of *inflexible expenditure* which cannot be ordinarily altered or varied or are statutorily required on an annual basis, unlike for variable transactions such as capital expenditure, *etc.* For example, the following items may be considered as inflexible expenditure.

- (i) Devolution to local bodies – statutory devolutions to local bodies for pay and allowance (devolution / transfer for capital expenditure)
- (ii) Statutory requirements of contribution to Reserve Funds – Contribution to Consolidated Sinking Fund (CSF), Guarantee Redemption Fund (GRF), State Disaster Mitigation/ Response Fund (SDMF/SDRF), *etc.*
- (iii) Recoupment of Contingency Fund – Amount recouped within the year.
- (iv) Transfer of cess to reserve fund/ other body, which are statutorily required.
- (v) Share contribution of CSS against the Central Fund received – Amount of State share to be transferred to SNAs/ spent by the State.
- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.

Upward trend on committed expenditure leaves the Government with lesser flexibility for development sector. Trend analysis of committed and inflexible expenditure and its components is depicted in **Table 2.20** and share of committed expenditure in revenue expenditure is shown in **Chart 2.13**.

**Table 2.20: Components of Committed Expenditure**

	2018-19	2019-20	2020-21	2021-22	2022-23
(₹ in crore)					
<b>Components of Committed Expenditure</b>					
Salaries & Wages <sup>9</sup>	26,617.37	27,437.89	27,227.09	29,351.09	31,841.12
Expenditure on Pensions	8,112.26	9,609.02	10,329.01	17,223.74	16,406.63
Interest Payments	3,844.37	4,438.87	5,199.18	6,051.47	6,874.97
<b>Total</b>	<b>38,574.00</b>	<b>41,485.78</b>	<b>42,755.28</b>	<b>52,626.30</b>	<b>55,122.72</b>
<b>Component of Inflexible Expenditure</b>					
Statutory devolution to local bodies	273.89	366.23	376.95	306.13	516.23
Contribution to Reserve Funds	620.06	282.75	280.15	359.57	2,002.34

<sup>9</sup> Includes Grants-in-Aid (Salary): 2018-19 (₹ 2,665.82 crore); 2019-20 (₹ 2,677.56 crore); 2020-21 (₹ 2,467.51 crore); 2021-22 (₹ 2,844.51 crore) and 2022-23 (₹ 2,838.36 crore).

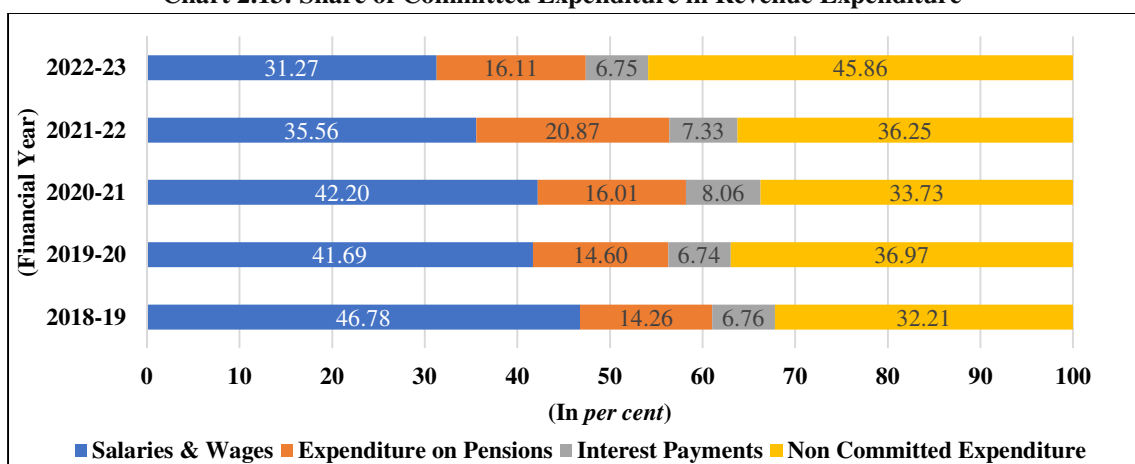


	2018-19	2019-20	2020-21	2021-22	2022-23
Recoupment of Contingency Fund	-	-	-	-	-
Transfer of cess to reserve fund/ other body	-	-	-	-	-
Share contribution of CSS against the Central Fund received	5,077.73	6,214.89	8,524.91	9,626.98	10,321.60
Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure- Interest payment	58.28	77.93	70.86	71.45	71.73
<b>Total</b>	<b>6,029.90</b>	<b>6,941.80</b>	<b>9,252.87</b>	<b>10,364.13</b>	<b>12,911.90</b>
<b>As a percentage of Revenue Receipts (RR)</b>					
<b>Salaries &amp; Wages</b>	41.93	42.54	41.95	36.77	35.48
<b>Expenditure on Pensions</b>	12.78	14.90	15.91	21.58	18.28
<b>Interest Payments</b>	6.06	6.88	8.01	7.58	7.66
<b>Total</b>	<b>60.77</b>	<b>64.32</b>	<b>65.88</b>	<b>65.94</b>	<b>61.42</b>
<b>As a percentage of Revenue Expenditure (RE)</b>					
<b>Salaries &amp; Wages</b>	46.78	41.69	42.20	35.56	31.27
<b>Expenditure on Pensions</b>	14.26	14.60	16.01	20.87	16.11
<b>Interest Payments</b>	6.76	6.74	8.06	7.33	6.75
<b>Total</b>	<b>67.79</b>	<b>63.03</b>	<b>66.27</b>	<b>63.75</b>	<b>54.14</b>
Non-committed RE	18,325.10	24,331.51	21,764.31	29,921.66	46,691.93
Percentage of RE	32.21	36.97	33.73	36.25	45.86
Percentage of TE	26.85	30.64	28.26	29.11	38.93
Subsidies	1,464.93	1,473.23	1,966.15	2,005.69	1,662.58
Subsidies as percentage of non-committed expenditure	7.99	6.05	9.03	6.70	3.56

Source: Finance Accounts

**Table 2.20** shows that percentage of non-committed expenditure to revenue expenditure increased from 32.21 per cent in 2018-19 to 45.86 per cent in 2022-23 of which subsidies constituted ranging from 4 per cent to 9 per cent.

**Chart 2.13: Share of Committed Expenditure in Revenue Expenditure**



Source: Finance Accounts

## Salaries and Wages

Expenditure on salaries and wages accounted for 31.27 *per cent* of Revenue Expenditure during 2022-23. Over the five-year period 2018-23, it increased by ₹ 5,223.75 crore (19.63 *per cent*) from ₹ 26,617.37 crore in 2018-19 to ₹ 31,841.12 crore in 2022-23. Expenditure on Salaries (₹ 30,868.01 crore) during 2022-23 was less by ₹ 7,294.84 crore compared to the projection of ₹ 38,162.85 crore made in MTFP.

## Interest Payments

Interest Payments increased by ₹ 823.50 crore (13.61 *per cent*) from ₹ 6,051.47 crore in 2021-22 to ₹ 6,874.97 crore in 2022-23 primarily due to an increase of ₹ 865.16 crore in interest payment on market loans. During the current year, Interest Payments were made on internal debt (₹ 5,890.74 crore), Small Savings, Provident Fund, *etc.*, (₹ 893.30 crore) and Loans and Advances from Central Government (₹ 90.93 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	
2022-23	6,893.00	7,533.65	7,533.65	6,874.97

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 2022-23.

## Pensions

The expenditure on “Pension and other Retirement Benefits” for State Government employees recruited prior to 30 January 2005 was ₹ 14,957.68 crore during the year (excluding expenditure on National Pension System).

### 2.4.1.3 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 2023, 2,27,518 PRANs were allotted to the employees whereas 5,804 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			
	Employees	Government	Shortfall	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 <sup>@</sup>	1432.28	1498.30	0.38	(-) 0.03	(-) 66.43
2020-21	735.43	1060.34	(-) 30.74 <sup>\$</sup>	1795.77	1820.25	0.60	(-) 0.03	(-) 25.11
2021-22	876.49	1,478.61	(-) 251.52 <sup>^</sup>	2,355.10	2,419.02	1.00	0.06	(-)64.86
2022-23	1,055.60	1,448.96	28.88 <sup>^</sup>	2,504.56	2,484.21	1.75	0.00	18.60
<b>Total</b>	<b>5,939.06</b>	<b>6,994.58</b>	<b>284.67</b>	<b>12,933.64</b>	<b>12,643.38</b>	<b>4.72</b>	<b>0.32<sup>#</sup></b>	<b>285.86<sup>&amp;</sup></b>

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 ₹ 1,029.60 crore minus actual contribution of ₹ 1,060.34 crore

& Less transfer (₹ 270.43 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

Due for contribution was ₹ 1,477.84 crore minus actual contribution of ₹ 1448.96 crore.

Audit observations in this regard are as follows:

As of 31 March 2023, Government of Assam collected ₹ 5,939.06 crore from employees as contribution towards NPS since the introduction of the Scheme and contributed ₹ 6,994.58 crore as Government share against the due contribution of ₹ 7,279.25 crore, resulting in short contribution of ₹ 284.67 crore. Against the total collected funds of ₹ 12,933.64 crore (comprising employees share of ₹ 5,939.06 crore and Government share of ₹ 6,994.58 crore), the Government had transferred only ₹ 12,643.38 crore to the designated authority (NSDL) for further investment as per the provisions of the scheme. Funds amounting to ₹ 285.86 crore as well as the interest on it remained to be transferred to NSDL from the Public Account as on 31 March 2023. Out of the balance of ₹ 285.86 crore, ₹ 270.43 crore was lying in the Public Account and the balance ₹ 15.43 crore was lying in the Current Account.

As on 31 March 2022, an amount of ₹ 251.83 crore remained in the Public Account under the Major Head '8342-117-Defined Contributory Pension Scheme' on which, interest payable in 2022-23 has been estimated as ₹ 17.88 crore (@ 7.1 per cent). Uncollected, unmatched and un-transferred amounts, with accrued interest, represent

outstanding liabilities under the scheme. Non-payment of interest of ₹ 17.88 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 (July 2023) that non-issuance of PRAN due to delay in the Staff Inspection Unit (SIU) approval process as well as the transaction phase of the online system to system integration *etc.*, Further, it was stated that the State Government also circulate letters across all the treasuries sensitising about the NPS PRAN Generation and contribution upload issue.

During Exit Conference (December 2023), the Secretary informed that the Pension Payments have been automated in eKuber and the balance lying in Current Account relate to previous funds and the Department is working on the issues raised by the Audit relating to NPS funds.

### Inflexible expenditure

The components on Inflexible expenditure which include among others statutory devolution to local bodies and contribution to Reserve Funds showed a continued increase during the period from 2018-19 to 2022-23. As a percentage of revenue expenditure, the inflexible expenditure increased from 10.60 *per cent* in 2018-19 to 12.68 *per cent* in 2022-23. Further, the inflexible expenditure (₹ 12,911.90 crore) increased by 24.59 *per cent* during 2022-23 over the previous year (₹ 10,364.13 crore).

#### 2.4.1.4 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 1.85 *per cent* and 1.63 *per cent* respectively during the current year.

**Table 2.23: Expenditure on subsidies during 2018-23**

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Subsidies (₹ in crore)	1,464.93	1,473.23	1,966.15	2,005.69	1,662.58
Power subsidy (₹ in crore)	852.10	715.95	903.34	943.00	625.00
Subsidies as a percentage of Revenue Receipts	2.31	2.28	3.03	2.51	1.85
Subsidies as a percentage of Revenue Expenditure	2.57	2.24	3.05	2.43	1.63
Subsidies as a percentage of Total Expenditure	2.15	1.86	2.55	1.95	1.39
Subsidies as a percentage of Revenue Surplus/ Deficit	22.26	111.42	513.89	73.39	13.77
Power subsidy as percentage to total subsidy	58.17	48.60	45.94	47.02	37.59

Source: VLC data of respective years and Finance Accounts

During 2022-23, subsidies were mainly given under targeted subsidy to National Food Security Scheme (₹ 648.41 crore), Power subsidy (₹ 625.00 crore) and Housing for All (*Pradhan Mantri Awas Yojana*) (₹ 380.24 crore). State Government had not made any projection for subsidy in its MTFP during 2022-23.

### 2.4.1.5 Financial assistance 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.*, 2018-23.

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

(₹ in crore)					
Institutions	2018-19	2019-20	2020-21	2021-22	2022-23
<b>PRIs</b>	569.49	3,642.78	682.48	1,339.39	252.96
<b>ULBs</b>	456.98	578.33	354.96	826.37	1,310.92
<b>PSUs</b>	10.18	37.41	57.58	141.70	129.72
<b>Autonomous Bodies</b>	839.91	1,252.07	193.58	1,084.56	2,782.17
<b>Others*</b>	15,687.58	19,259.65	22,447.14	28,388.07	42,205.04
<b>Total<sup>10</sup></b>	<b>17,564.14</b>	<b>24,770.24</b>	<b>23,735.74</b>	<b>31,780.09</b>	<b>46,680.81</b>
GIA on Salary	2,665.82	2,677.56	2,467.51	2,844.51	2,838.36
GIA for creation of Capital assets	1,502.84	3,127.27	3,002.98	3,472.77	15,100.36
GIA for non-salary	10,571.36	15,417.51	15,092.29	22,138.63	24,911.46
GIA given in kind	Information not provided by the State Government				
<b>Revenue Expenditure (RE)</b>	<b>56,899.00</b>	<b>65,817.28</b>	<b>64,519.59</b>	<b>82,547.96</b>	<b>1,01,814.65</b>
<b>Assistance as per cent of RE</b>	30.87	37.63	36.79	38.50	45.84

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 30.87 *per cent* in 2018-19 to 45.84 *per cent* in 2022-23. During the year, out of the total Grants-in-Aid given by the State, 90.41 *per cent* went to various agencies implementing Centrally Sponsored Schemes, educational, health institutions, *etc.*, followed by 5.96 *per cent* to Autonomous Bodies and 3.63 *per cent* to ULBs, PRIs & PSUs.

Although the financial assistance given for creation of Capital assets and for non-salary purpose during 2022-23 increased over the previous year, the financial assistance on Salary had shown a decrease during the year as compared to the previous year. It was further noted that assistance on salary component showed an increasing trend during 2018-19 to 2021-22 except for the year 2020-21 in which, marginal decrease was recorded. Details of financial assistance given in respect of 10 major Schemes/ recipients are given in **Table 2.25**.

**Table 2.25: Major recipients of financial assistance during the year 2022-23**

(₹ in crore)		
Sl. No.	Recipient/Scheme	Amount
1	Pradhan Mantri Awas Yojana (Gramin) PMAY-G	12,804.18
2	General Road works	3,247.49
3	Director Institutional Finance Cell	3,006.11
4	National Health Mission	2,274.98
5	Finance Department	1,627.60

<sup>10</sup> Includes GIA booked under Capital Major Heads

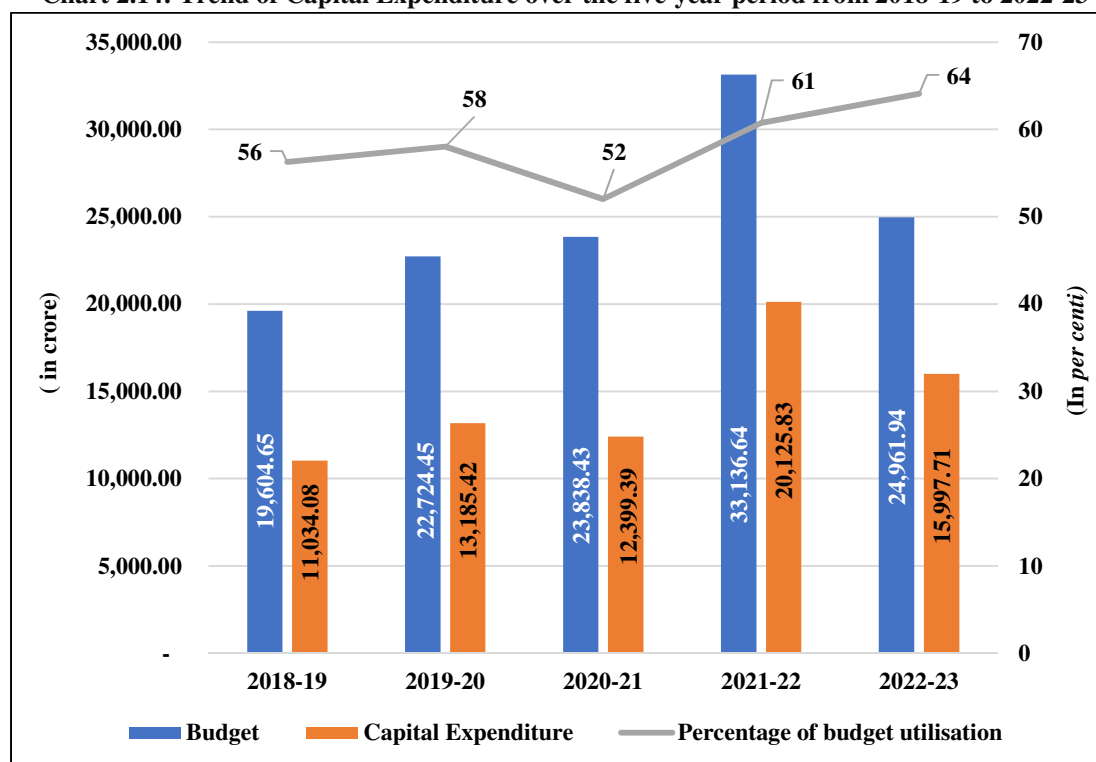
Sl. No.	Recipient/Scheme	Amount
6	Tied Grant-Central Finance Commission- Rural Local Bodies	914.22
7	Special Grant to Bodoland Autonomous Council	892.17
8	Special Nutrition Programme	887.75
9	Assam Infrastructure Financing Authority	640.00
10	Implementation of Integrated Child Development Service Schemes (ICDS)	571.23

## 2.4.2 Capital Expenditure

Capital expenditure is primarily expenditure on creation of fixed infrastructure assets such as road, building, *etc.* Capital expenditure, in both the Centre and the State, is being met from budgetary support and extra budgetary resources/ off-budget. It also includes investments made by the State Government in Companies/Corporations.

Details of Capital Expenditure *vis-à-vis* budget (revised estimates) during the period 2018-23 are given in **Chart 2.14**.

**Chart 2.14: Trend of Capital Expenditure over the five-year period from 2018-19 to 2022-23**



Capital Expenditure of the State increased by ₹ 4,963.63 crore (44.98 *per cent*) from ₹ 11,034.08 crore in 2018-19 to ₹ 15,997.71 crore in 2022-23. However, during the year it decreased by ₹ 4,128.12 crore from ₹ 20,125.83 crore in 2021-22 to ₹ 15,997.71 crore in 2022-23.

Further, the State could not fully expend the budgetary allocation on creation of assets in any year during the five-year period 2018-23. While the extent of utilisation of budget for Capital Expenditure has been increasing since 2018-19 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 64 *per cent* during 2022-23.

### 2.4.2.1 Major changes in Capital Expenditure

Significant variations under various Heads of Accounts with regard to Capital Expenditure of the State during the current year and previous year is shown in **Table 2.26**.

**Table 2.26: Capital Expenditure during 2022-23 compared to 2021-22**

(₹ in crore)				
Major Heads of Accounts	2021-22	2022-23	Increase/ Decrease (-)	Increase/ Decrease (-) (In per cent)
4217- Capital Outlay on Urban Development	619.04	206.15	(-) 412.89	(-) 66.70
4210- Capital Outlay on Medical and Public Health	933.74	571.99	(-) 361.75	(-) 38.74
5055- Capital Outlay on Road Transport	259.69	59.19	(-) 200.50	(-) 77.21
4401- Capital Outlay on Crop Husbandry	207.77	17.47	(-) 190.30	(-) 91.59
4702- Capital Outlay on Minor Irrigation	483.13	363.26	(-) 119.87	(-) 24.81
4059- Capital Outlay on Public Works	405.35	1,302.21	896.86	221.26

Source: Finance Accounts

**Table 2.26** shows that Capital Outlay on Urban Development recorded maximum decrease of ₹ 412.89 crore during the year due to decrease in expenditure in connection with construction works under City Infrastructure *etc.* Further, Capital Outlay on Medical and Public Health also recorded decrease in expenditure under (i) Setting up of Medical College at Dhubri, (ii) Improvement of Infrastructure of GMC&H, AMC&H, and SMC&H over a period of 3 (three) years @ 100 crore each, (iii) Improvement of Infrastructure of Tezpur, Barpeta, Jorhat, Medical colleges over a period of 3 (three) years @ 30 crore each, Civil works under Headquarter Establishment, Civil works of Super Speciality Hospital under GMC&H and Hospital and Dispensaries under Rural Health Services *etc.*

However, Capital Outlay on Public Works recorded maximum increase of ₹ 896.86 crore during the year due to increase in expenditure under various works/projects taken up during the year.

### 2.4.2.2 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 2022-23, Government of Assam had invested ₹ 7,122.76 crore in four Statutory Corporations, 25 Government Companies

(Working: 21; Non-working: four), 17 Joint Stock Companies, three Rural Banks and 20 Co-operatives in the State as on 31 March 2023. The State Government earned a return of ₹ 447.62 crore on these investments during 2022-23. The average rate of return on investment was 6.64 per cent during the five-year period from 2018-19 to 2022-23, while the average rate of interest paid by the State Government during the period was 6.59 per cent.

Details of investment by Government of Assam and returns on investment during the five-year period 2018-19 to 2022-23 is given in **Table 2.27**.

**Table 2.27: Details of Investment and returns on Investment during last five years**

		(₹ in crore)				
Entities		2018-19	2019-20	2020-21	2021-22	2022-23
Statutory Corporations <sup>11</sup> (No. of entities)		2,151.90 (4)	2,159.58# (4)	2,159.58# (4)	5,255.41 (4)	5,256.36 (4)
Government Companies (No. of entities)		176.92 (24)	176.92 (24)	176.91 (24)	216.91 (25)	216.91 (25)
Joint Stock Companies (No. of entities)		149.03 (17)	169.03 (17)	169.03 (17)	1,385.91 (17)	1,441.16 (17)
Banks <sup>12</sup> (No. of entities)		21.76 (2)	21.76 (2)	21.76 (2)	38.60 (3)	76.66 (3)
Co-operatives (No. of entities)		109.83 (18)	109.83 (18)	113.16 (19)	113.96 (19)	131.67 (20)
<b>Total Investment</b>		<b>2,609.44</b>	<b>2,637.12</b>	<b>2,640.44</b>	<b>7,010.79</b>	<b>7,122.76</b>
<b>Return on investment (₹ in crore)</b>		153.24	30.64	481.89	113.64	447.62
<b>Return on investment (per cent)</b>		5.87	1.16	18.25	1.62	6.28
<b>Average rate of interest on Government borrowings (per cent)</b>		7.07	6.74	6.51	6.46	6.16
<b>Difference between interest rate and return (per cent)</b>		1.20	5.58	-11.74	4.84	-0.12
<b>Difference between interest on Government borrowings and return on investment (₹ in crore)</b>		3,691.13	4,408.23	4,717.29	5,937.83	6,427.35

Source: Finance Accounts

#The figure was modified due to accounting of UDAY transactions of ₹ 1,132.53 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., 2018-23, the State Government's investments had increased significantly by ₹ 4,513.32 crore from ₹ 2,609.44 crore in 2018-19 to ₹ 7,122.76 crore in 2022-23. During the current year, Government invested ₹ 0.95 crore in Statutory Corporations, ₹ 55.25 crore in Joint stock Companies, ₹ 38.06 crore in Banks and ₹ 17.71 crore in Co-operatives.

Out of four Statutory Corporations, three were incurring losses and their accumulated losses amounted to ₹ 112.90 crore<sup>13</sup>. Similarly, out of 25 Government Companies in

<sup>11</sup> 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.

<sup>12</sup> Includes the Rural Bank, Urban and Industrial Co-operative Bank and Assam Gramin Vikash Bank.

<sup>13</sup> 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).



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).

### *(ii) Reconciliation of Government Investments with Accounts of Companies*

The figures of Government investments as equity in State Public Sector Enterprises (SPSEs) should agree with those appearing in the accounts of the PSEs. Reconciliation of figures is necessary to figure out the difference in accounts of PSEs and Finance Accounts of the State Government. But there is a difference between the number of SPSEs recorded in the Finance Accounts (46) as detailed in **Table 2.27** and that of the Audit Report on SPSEs (52). 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 SPSEs.

Scrutiny of both the accounts further revealed that as per Finance Accounts 2022-23, Government investment as equity in PSEs was ₹ 6,914.42 crore whereas as per latest information obtained from SPSEs, it was ₹ 10,740.51 crore. Thus, there was a difference of ₹ 3,826.09 crore as detailed in **Appendix 2.1**. Reconciliation should be carried out in a time bound manner to figure out the difference.

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 Joint meeting (September 2023), Finance Department, assured to provide correct number of SPSEs and investment made therein for their reporting in the Finance Accounts of the State.

During Exit Conference (December 2023) also, the Secretary, Finance Department assured to take follow-up action and requested Audit to provide the full list of PSUs as per Finance Accounts and Audit Report on PSUs.

### *(iii) 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 2023 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2018-19 to 2022-23.

**Table 2.28: Quantum of loans disbursed and recovered during 2018-23**

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Opening Balance of loans outstanding</b>	<b>5,423.66</b>	<b>5,748.80</b>	<b>6,056.98</b>	<b>6,142.22</b>	<b>3,146.74</b>
Amount advanced during the year	328.07	316.16	87.80	104.01	339.84
Amount recovered during the year	2.93	7.98	2.56	3,099.49	5.07
<b>Closing Balance of the loans outstanding</b>	<b>5,748.80</b>	<b>6,056.98</b>	<b>6,142.22</b>	<b>3,146.74</b>	<b>3,481.51</b>
Net addition	325.14	308.18	85.24	-2,995.48	334.77
<b>Interest received</b>	<b>281.10</b>	<b>284.00</b>	<b>167.20</b>	<b>49.67</b>	<b>296.97</b>
Interest rate on Loans and Advances given by the Government ( <i>per cent</i> )	4.89	4.69	2.72	1.58	8.53
Rate of Interest paid on the outstanding borrowings of the Government	7.07	6.74	6.51	6.46	6.16
Difference between the rate of interest received and interest paid ( <i>per cent</i> )	2.18	2.05	3.79	4.88	-2.37

Source: Finance Accounts

The total amount of outstanding loans and advances as on 31 March 2023 was ₹ 3,481.51 crore. During 2022-23, the State Government recovered a loan of ₹ 5.07 crore from the loanee entities. Further, the State Government also disbursed a loan of ₹ 339.84 crore to different entities during the year and received ₹ 296.97 crore as interest on loans disbursed in earlier years. Economic Services Sector received the maximum amount of loans advanced (₹ 335.24 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 2022-23, fresh loans of ₹ 335.24 crore was disbursed to two loanee entities from whom repayments of earlier loans of ₹ 2,899.14 crore were in arrears. Out of those two cases, loans in respect of Assam Tea Corporation Limited (₹ 1,052.05 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 2022-23

(₹ in crore)

Sl. No.	Name of the loanee entity	Loans Disbursed during the current year		Amount of arrears as on 31 March 2023			Earliest period to which arrears relate
		Rate of Interest	Principal	Principal	Interest	Total	
1	Assam Tea Corporation Limited	11.50%	281.25	737.99	314.06	1,052.05	2001-02
2	Assam Power Distribution and Generation Company Ltd. (6801)	10%	53.99	1,840.15	6.94	1,847.09	2003-04
<b>Total</b>			<b>335.24</b>	<b>2,578.14</b>	<b>321.00</b>	<b>2,899.14</b>	

Source: Finance Accounts

**(iv) Capital locked in Incomplete Projects**

As per data provided by the Irrigation, Public Health Engineering (PHE) and Water Resources Departments, there were 627 incomplete/ ongoing projects with progressive expenditure of ₹ 2,964.70 crore, as of 31 March 2023. Out of 627 incomplete projects, 467 projects on which expenditure of ₹ 2,782.37 crore had been incurred, pertained to the period prior to the year 2021-22. Details of age-wise and department-wise incomplete projects, which were to be completed up to 2022-23 are shown in Table 2.30 and Table 2.31 respectively.

Table 2.30: Age profile of incomplete projects as on 31 March 2023 (₹ in crore)

Year of sanction of the project	No of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2023)
Up to 2013-14	40	245.76	177.20
2014-15	15	18.47	8.37
2015-16	2	107.03	106.16
2016-17	4	8.04	5.65
2017-18	36	307.36	212.95
2018-19	128	1,620.42	902.09
2019-20	49	434.82	243.62
2020-21	193	2,370.63	1,126.35
2021-22	44	279.11	105.94
2022-23	116	566.43	76.39
<b>Total</b>	<b>627</b>	<b>5,958.07</b>	<b>2,964.70</b>

Source: Finance Accounts

Table 2.31: Department-wise profile of incomplete projects as on 31 March 2023 (₹ in crore)

Department	No. of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2023)
Irrigation	11	89.06	72.78
PHED	243	771.18	413.22
Water Resources	14	188.65	78.86
Public Works	359	4,909.18	2,399.84
<b>Total</b>	<b>627</b>	<b>5,958.07</b>	<b>2,964.70</b>

Delay in completion of projects not only adversely affected the quality of expenditure but also deprived the State of intended benefits and economic growth.

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

### 2.4.3 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.

**Table 2.32** 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 2022-23, taking 2018-19 as the base year.

**Table 2.32: Fiscal Priority of the State in 2018-19 and 2022-23**

Fiscal Priority of the State	(In per cent)			
	TE/ GSDP	CE/ TE	Education*/TE	Health/TE
North Eastern and Himalayan States Average (2018-19)	27.30	15.67	17.70	6.48
Assam (2018-19)	22.07	16.16	22.96	6.23
North Eastern and Himalayan States Average (2022-23)	27.24	15.34	15.77	6.95
Assam (2022-23)	24.32	13.34	16.52	5.73

TE-Total Expenditure, CE-Capital Expenditure

\*Expenditure on education includes expenditure on sports, art and culture.

**Table 2.32** shows that:

- The State Government's Total Expenditure as proportion of GSDP, increased from 22.07 per cent 2018-19 to 24.32 per cent in 2022-23 whereas for North Eastern and Himalayan States (NE&HS) it decreased marginally from 27.30 per cent to 27.24 per cent during the same period.
- Capital Expenditure facilitates asset creation which generates opportunities for higher growth. The ratio of Capital Expenditure to Total Expenditure of the State decreased from 16.16 per cent in 2018-19 to 13.34 per cent in 2022-23. This ratio for NE&H States decreased from 15.67 per cent in 2018-19 to 15.34 per cent in 2022-23.
- The ratio of expenditure on education to the Total Expenditure in Assam decreased from 22.96 per cent in 2018-19 to 16.52 per cent in 2022-23. This ratio for NE&H States decreased from 17.70 per cent in 2018-19 to 15.77 per cent in 2022-23.
- The ratio of expenditure on Health to Total Expenditure in Assam decreased from 6.23 per cent in 2018-19 to 5.73 per cent in 2022-23 whereas it increased marginally from 6.48 per cent in 2018-19 to 6.95 per cent in 2022-23 in case of NE&H States during the same period.

### 2.4.4 Object Head-wise Expenditure

**Table 2.33** compares the object head-wise expenditure (above ₹ 100 crore) of the State during current year with respect to the previous year.

Table 2.33: Object Head-wise expenditure

(₹ in crore)

Sl. No.	Head	Expenditure		Increase (+)/ Decrease (-)	
		2021-22	2022-23	Amount	Per cent
1	Salaries	25,715.00	28,029.65	2,314.67	9.00
2	Grants-in-Aid-General (Salary)	2,844.51	2,838.36	-6.15	-0.22
3	Grants-in-Aid-General (Non-Salary)	23,352.35	25,958.40	2,606.05	11.16
4	Grants for Creation of Capital Assets	8,427.74	20,722.41	12,294.67	145.88
5	Pension/ Gratuity	17,223.74	16,406.63	-827.11	-4.80
6	Major Works	9,567.78	9,133.46	-434.32	-4.54
7	Interest	6,051.47	6,874.97	823.50	13.61
8	Other Charges	1,677.85	1,434.61	-243.24	-14.50
9	Office Expenses	667.35	659.48	-7.87	-1.18
10	Maintenance	732.93	632.34	-100.59	-13.72
11	Inter-Accounts Transfer	598.55	1,488.96	890.41	148.76
12	Materials and Supplies	527.98	177.79	-350.19	-66.33
13	Subsidy	2005.69	1,662.58	-343.11	-17.11
14	Wages	791.6	973.11	181.51	22.93
15	Professionals & Special Services	488.17	357.29	-130.88	-26.81
16	Minor Works	206.56	126.63	-79.93	-38.70
17	Scholarships and Stipend	200.84	373.13	172.29	85.78
18	Machinery and Equipment/ Tools and Plants	179.62	393.44	213.82	119.04
19	Investment/ Loans	4,871.28	101.70	-4,769.58	-97.91
20	Others	607.59	937.74	330.15	54.34

Source: Finance Accounts

It can be seen from **Table 2.33** that expenditure under three object heads recorded more than 100 *per cent* increase during the period.

## 2.5 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 2023, the balance under Contingency Fund was ₹ 2000 crore and no amount was lying un-recouped at the end of the financial year.

## 2.6 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.

### 2.6.1 Net Public Account balances

The component wise net balance of transactions in Public Account of the State as of end of March 2023 are given in **Table 2.34** and also in **Chart 2.15**.

Table 2.34: Component-wise net balance of transactions in Public Account

(₹ in crore)

Sector	Sub Sector	2018-19	2019-20	2020-21	2021-22	2022-23
<b>I. Small Savings, Provident Funds, etc.</b>	Small Savings, Provident Funds, etc.	981.06	968.47	888.85	601.53	100.17
<b>J. Reserve Funds</b>	(a) Reserve Funds bearing Interest	107.50	682.43	43.20	-49.37	703.89
	(b) Reserve Funds not bearing Interest	0.00	0.00	0.00	0.00	0.00
<b>K. Deposits and Advances</b>	(a) Deposits bearing Interest	148.06	-62.19	-19.83	-59.63	23.76
	(b) Deposits not bearing Interest	748.82	161.84	-559.15	648.83	438.00
	(c) Advances	254.59	755.06	349.26	-542.68	560.66
<b>L. Suspense and Miscellaneous</b>	(a) Suspense	-48.32	-415.06	-459.46	-38.11	226.57
	(b) Other Accounts*	-7,318.83	5,330.12	-3,970.09	-1,387.80	6,627.09
	(c) Accounts with Governments of Foreign Countries	---	---	---	---	0.00
	(d) Miscellaneous	1,053.41	---	800.00	2000	0.00
<b>M. Remittances</b>	(a) Money Orders and other Remittances	-39.35	-123.90	-54.60	0.57	-71.52
	(b) Inter-Governmental Adjustment Account	-17.23	-18.06	8.21	23.19	9.39
<b>Total</b>		<b>-4,130.29</b>	<b>7,278.71</b>	<b>-2,973.61</b>	<b>1,196.53</b>	<b>8,618.01</b>

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 2.15: Yearly changes in net balances of transactions in Public Account

(₹ in crore)

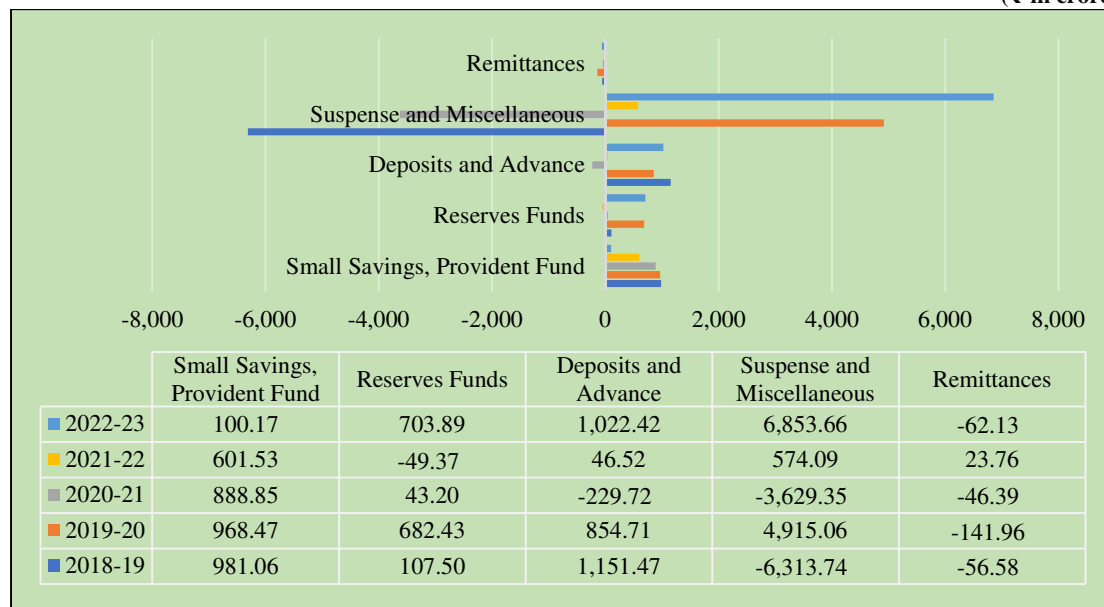
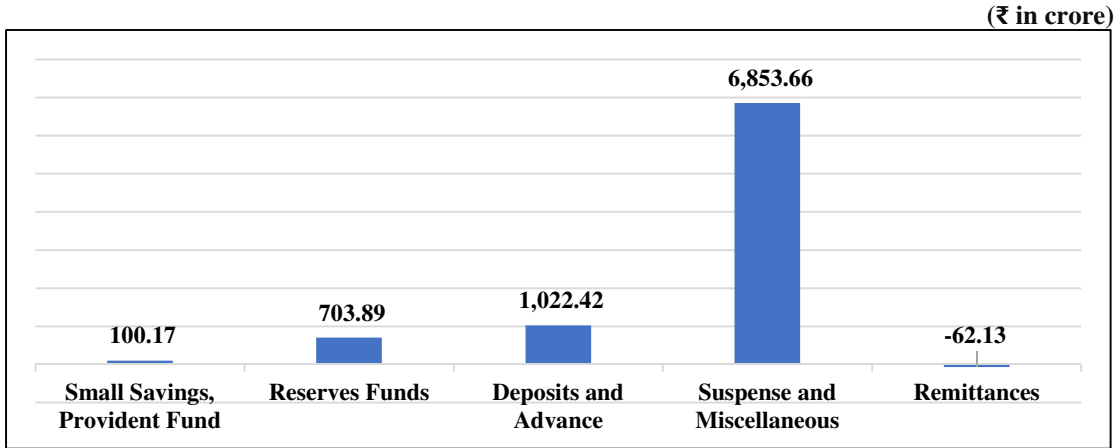


Chart 2.16 gives the details of changes in the balances in Public Account during the year 2022-23.

Chart 2.16: Change in net balances in transactions of Public Account during 2022-23



## 2.6.2 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. It comprises interest bearing reserve funds and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 21 and 22 of the Finance Accounts. There were one interest bearing reserve fund and five reserve funds not bearing interest as on 31 March 2023. The fund balances lying in these Reserve Funds as on 31 March 2023 are given in **Table 2.35**.

Table 2.35: Detail of Reserve funds

(₹ in crore)

Sl. No.	Name of Reserve Fund	Balance as on 31 March 2023
<b>A</b>	<b>Reserve Funds bearing Interest</b>	<b>1,983.76</b>
1.	General and Other Reserve Funds	1,983.76
<b>B</b>	<b>Reserve Funds not bearing Interest</b>	<b>5,242.94</b>
1.	Sinking Funds	5,156.87
2.	Roads and Bridges Fund	1.23
3.	Depreciation/Renewal Reserve Fund	0.12
4.	Development and Welfare Funds	3.44
5.	General and Other Reserve Funds	81.28
	<b>Grand Total</b>	<b>7,226.70</b>

Source: Finance Accounts

### 2.6.2.1 Consolidated Sinking Fund

The State Government had set up the Sinking Fund in line with the recommendations of the Twelfth Finance Commission (12<sup>th</sup> FC) 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 ₹ 488.15 crore, which was 0.5 *per cent* of the outstanding liabilities as of 31 March 2022 (₹ 97,630.55 crore).

Against this requirement, the State Government contributed ₹ 2,000.00 crore to the Fund during the year. The total accumulation of the Fund was ₹ 5,156.87 crore as on 31 March 2023 (₹ 2,893.06 crore as on 31 March 2022) including accrued interest of ₹ 263.81 crore of which ₹ 5,149.64 crore had been invested by RBI.

### 2.6.2.2 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 2022, the Fund had a balance of ₹ 719.06 crore. During 2022-23, the State Government received ₹ 648.80 crore as Central Government's share. The State Government's share due during the year was ₹ 72.00 crore. Against this, the State Government transferred ₹ 720.80 crore (GoI share: ₹ 648.80 crore *plus* State's share: ₹ 72.00 crore) to the Fund account under the Major Head 8121-122 SDRF. During the year, the State Government also received ₹ 250.00 crore from the Central Government towards NDRF, all of which transferred to the fund account as on 31 March 2023.

The State Government also transferred ₹ 308.80 crore of Central Share received in 2021-22 together with ₹ 37.76 crore of State share to the Fund Account during 2022-23.

During 2022-23, the calamity related expenditure of ₹ 933.41 crore incurred by the State Government was set off (MH: 2245-901) against the fund balance. At the end of 31 March 2023, a balance of ₹ 1,103.01 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 ₹ 53.86 crore by GoA led to understatement of Revenue Expenditure to that extent during 2022-23 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 September 2023.

During Exit Conference (December 2023), the Secretary noted the issue and assured to take follow up action as per Paragraphs 4 and 19 of the SDRF guidelines regarding payment of interest on SDRF balances and their investment in the assigned instruments.

### **2.6.2.3 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 2022-23, the State Government was required to contribute ₹ 2.33 crore to the Fund, which was three *per cent* of ₹ 77.72 crore (outstanding guarantees at the end of second financial year preceding the current financial year). The State Government contributed ₹ 2.34 crore to the fund against the outstanding guarantees of ₹ 77.72 crore. As on 31 March 2023, the total amount lying in the Fund was ₹ 78.43 crore (including the accrued interest of ₹ 5.50 crore for 2022-23) and the entire amount was invested by the Reserve Bank of India.

### **2.6.2.4 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".

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 2022-23, the State Government did not receive any fund from Central Government towards SDMF. The State Government, however, transferred ₹ 154.40 crore of Central share received during 2021-22 together with ₹ 17.20 crore of State share to the Fund during 2022-23.

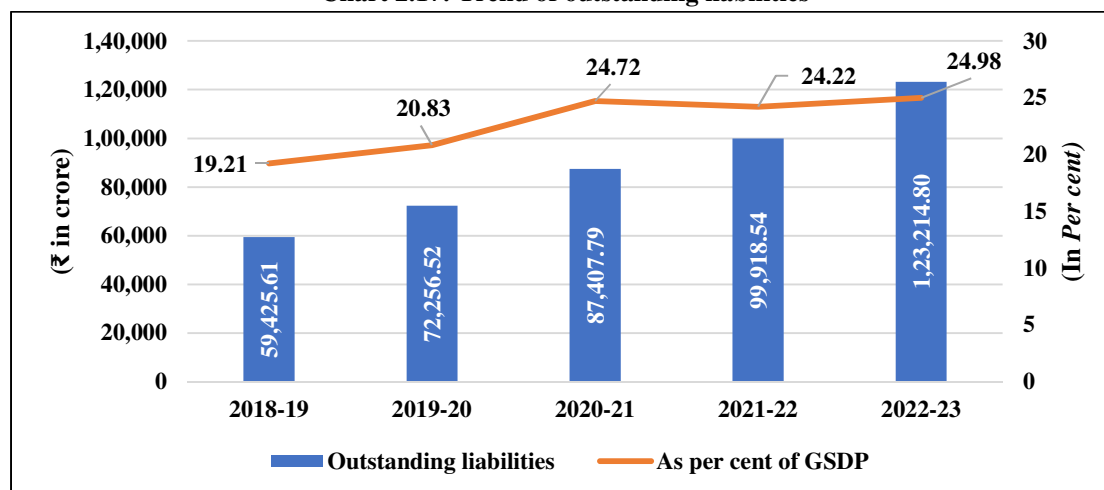
At the end of 31 March 2023, the Government of Assam had not invested the balance of ₹ 171.60 crore lying in the SDMF in the assigned instruments as required under the guidelines.

## 2.7 Public Liability Management

Management of public liability is the process of establishing and executing a strategy for managing the Government’s liabilities 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.

Outstanding liability of the State along with its percentage of GSDP during 2018-23 is depicted in **Chart 2.17**.

Chart 2.17: Trend of outstanding liabilities



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.

### 2.7.1 Liability profile: Components

The State FRBM Act, 2005 defines ‘total liabilities’ as the liabilities under the Consolidated Fund and the Public Account of the State. Thus, total liabilities 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.

Outstanding liability, 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 2018-23 are given in **Table 2.36**. Component wise liability and their trends during 2018-23 are also given in **Chart 2.18**.

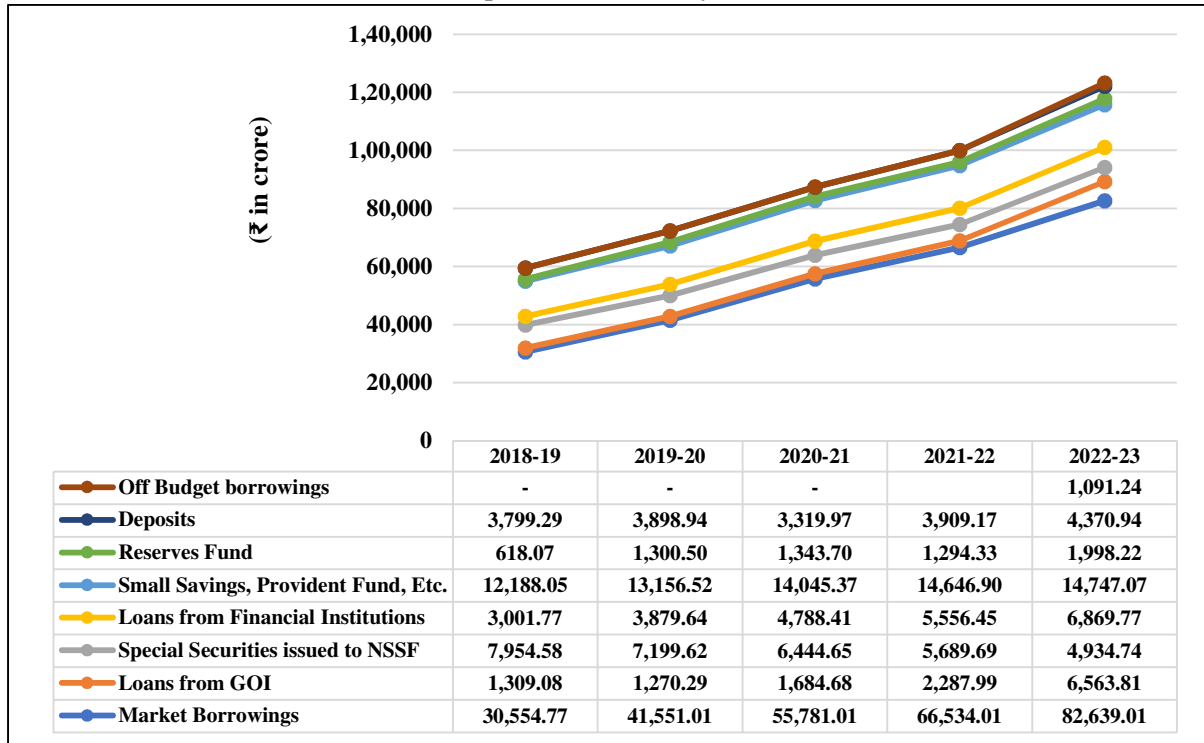
Table 2.36: Component-wise liability trends

Component of fiscal liability		(₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
<b>Outstanding Total Liability (a + b + c)</b>		<b>59,425.61</b>	<b>72,256.52</b>	<b>87,407.79*</b>	<b>99,918.54*</b>	<b>1,23,214.80*</b>
<b>(a) Public Debt</b>	<b>Internal Debt</b>	<b>41,511.12</b>	<b>52,630.27</b>	<b>67,014.07</b>	<b>77,780.15</b>	<b>94,443.52</b>
	<b>Loans from GoI</b>	<b>1,309.08</b>	<b>1,270.29</b>	<b>1,684.68</b>	<b>2,287.99</b>	<b>6,563.81</b>
<b>(b) Off-budget borrowings</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1,091.24</b>
<b>(c) Public Account Liabilities</b>		<b>16,605.41</b>	<b>18,355.96</b>	<b>18,709.04</b>	<b>19,850.40</b>	<b>21,116.23</b>
<i>Small Savings, Provident Funds, etc.</i>		12,188.05	13,156.52	14,045.37	14,646.90	14,747.07
<i>Reserve Funds bearing Interest</i>		603.61	1,286.04	1,329.24	1,279.87	1,983.76
<i>Reserve Funds not bearing Interest</i>		14.46	14.46	14.46	14.46	14.46
<i>Deposits bearing Interest</i>		422.53	360.34	340.51	280.88	304.64
<i>Deposits not bearing Interest</i>		3,376.76	3,538.60	2,979.46	3,628.29	4066.30
<b>Rate of growth of outstanding total liability (per cent)</b>		20.60	21.59	20.97	14.31	23.32
<b>Gross State Domestic Product</b>		3,09,336.32	3,46,850.68	3,53,605.42	4,12,611.87	4,93,166.60
<b>Liability/GSDP (per cent)</b>		19.21	20.83	24.72	24.22	24.98
<b>Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)</b>						
<b>Total Receipts</b>		25,163.98	25,275.04	27,561.92	28,973.95	41,770.68
<b>Total Repayments</b>		15,013.26	12,444.13	11,416.65	14,689.33	19,565.69
<b>Net funds available</b>		10,150.72	12,830.91	16,145.27	14,284.62	22,204.99
<b>Repayments/Receipts (per cent)</b>		59.66	49.23	41.42	50.70	46.84

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 2.18: Component wise liability trends (₹ in crore)



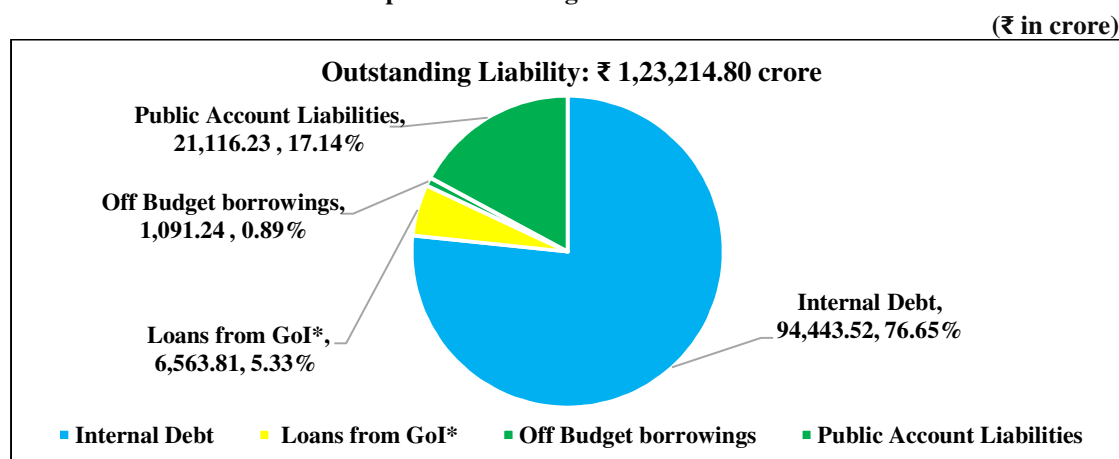
The total liabilities of the State Government had been on the rise as it increased by 107.34 per cent from ₹ 59,425.61 crore in 2018-19 to ₹ 1,23,214.80 crore in 2022-23. Public Debt increased by ₹ 58,187.13 crore (135.89 per cent) during the period 2018-23

wherein Internal debt increased by ₹ 52,932.40 crore (127.51 per cent) and Loans from GoI increased by ₹ 5,254.73 crore (401.41 per cent).

Public Account liabilities increased by ₹ 4,510.82 crore (27.16 per cent) over the period of 2018-19 to 2022-23. During the period, major increase was under Small Savings, Provident Funds, etc. (₹ 2,559.02 crore: 21.00 per cent) and Reserve Funds bearing interest (₹ 1,380.15 crore: 228.65 per cent).

The Outstanding liabilities of the State Government at the end of 2022-23 was ₹ 1,23,214.80 crore. Component-wise break-up of outstanding liabilities at the end of 2022-23 is shown in **Chart 2.19**.

Chart 2.19: Break-up of Outstanding liabilities at the end of FY 2022-23



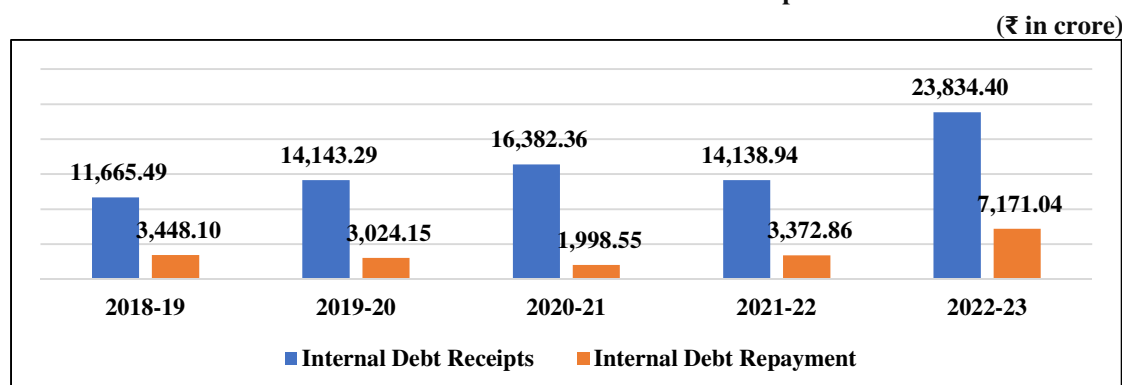
Source: Finance Accounts

\*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.

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 76.65 per cent of the total outstanding liabilities.

Internal debt receipts and repayment made by the State during the period is given in **Chart 2.20**.

Chart 2.20: Internal debt taken vis-à-vis repaid



Source: Finance Accounts

Internal debt of the State Government increased by ₹ 52,932.40 crore (127.51 per cent) from ₹ 41,511.12 crore in 2018-19 to ₹ 94,443.52 crore in 2022-23. An amount of ₹ 5,890.74 crore was paid towards interest on internal debt during 2022-23.

Fiscal Deficit of the State ranged between 1.54 *per cent* and 6.12 *per cent* of GSDP during 2018-23. The financing pattern of fiscal deficit during the five-year period has undergone a compositional shift as reflected in **Table 2.37**. Financing of fiscal deficit during 2022-23 has also been expressed through a water flow **Chart 2.21**.

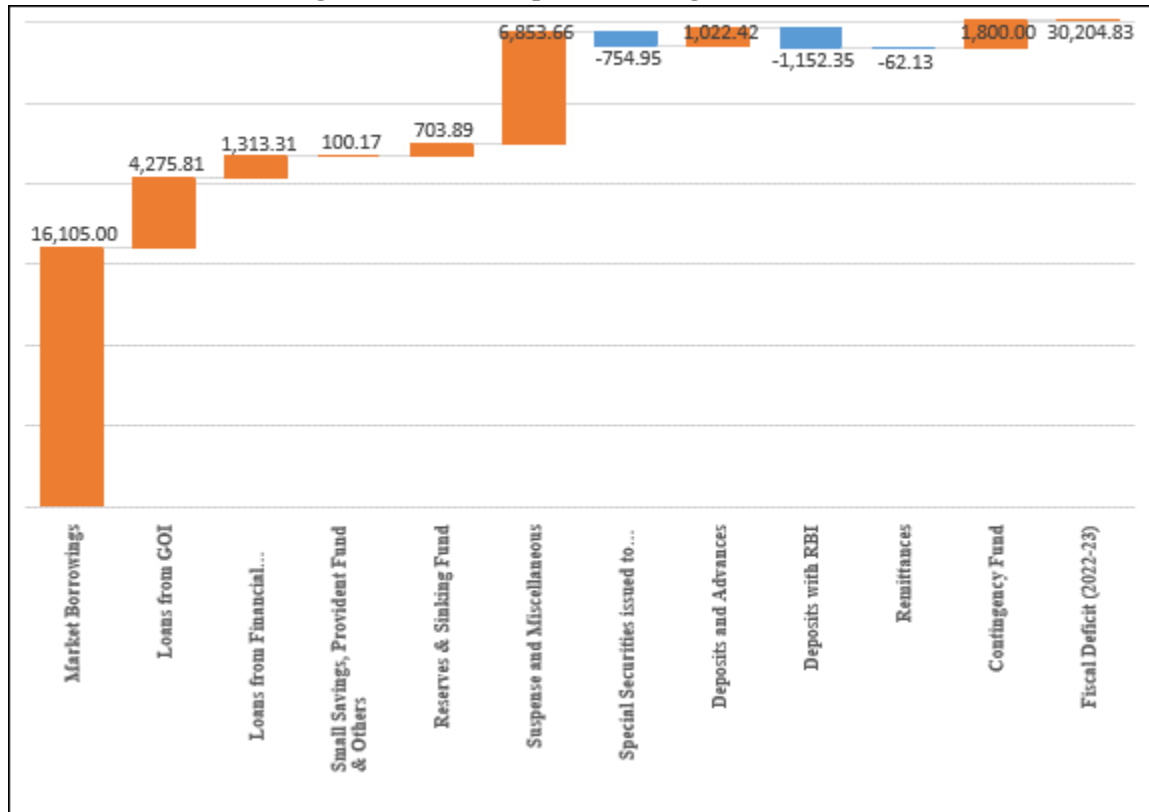
**Table 2.37: Components of fiscal deficit and its financing pattern**

		(₹ in crore)				
Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	
<b>Fiscal Deficit (-)/ Surplus (+)</b>	<b>-4,779.06</b>	<b>-14,915.80</b>	<b>-12,102.03</b>	<b>-19,863.12</b>	<b>-30,204.83</b>	
<b>FD/GSDP (In per cent)</b>	<b>-1.54</b>	<b>-4.30</b>	<b>-3.42</b>	<b>-4.81</b>	<b>-6.12</b>	
<b>Composition of Fiscal Deficit/Surplus</b>						
<b>1</b>	Revenue Deficit (-) /Surplus (+)	6,580.16	-1,322.20	382.60	-2,732.77	-12,072.35
<b>2</b>	Net Capital Expenditure	-11,034.08	-13,185.42	-12,399.39	-20,125.83	-15,997.71
<b>3</b>	Net Loans and Advances	-325.14	-308.18	-85.24	2,995.48	-334.77
<b>4</b>	Appropriation to Contingency Fund	0.00	-100.00	0.00	0.00	-1,800.00
<b>Financing Pattern of Fiscal Deficit*</b>						
<b>1</b>	Market Borrowings	8,089.36	10,996.24	14,230.00	10,753.00	16,105.00
<b>2</b>	Loans from GOI	-52.11	-38.78	1,408.39	2,377.18	4,275.81
<b>3</b>	Special Securities issued to NSSF	-709.49	-754.96	-754.97	-754.97	-754.95
<b>4</b>	Loans from Financial Institutions	837.53	877.86	908.77	768.04	1,313.31
<b>5</b>	Small Savings, Provident Fund & Others	981.06	968.47	888.85	601.53	100.17
<b>6</b>	Deposits and Advances	1,151.46	854.71	-229.73	46.52	1,022.42
<b>7</b>	Suspense and Miscellaneous	-6,313.73	4,915.06	-3,629.55	574.09	6,853.66
<b>8</b>	Remittances	-56.58	-141.96	-46.40	23.76	-62.13
<b>9</b>	Reserves & Sinking Fund	107.50	682.44	43.21	-49.37	703.89
<b>10</b>	Contingency Fund	0.00	100.00	0.00	-	1,800.00
<b>11</b>	<b>Overall Deficit</b>	<b>4,035.00</b>	<b>18,459.08</b>	<b>12,818.59</b>	<b>14,339.78</b>	<b>31,357.18</b>
<b>12</b>	Increase (-)/ Decrease (+) in cash balance	744.06	-3,543.28	-716.55	5,523.34	-1,152.35
<b>13</b>	<b>Gross Fiscal Deficit</b>	<b>4,779.06</b>	<b>14,915.80</b>	<b>12,102.03</b>	<b>19,863.12</b>	<b>30,204.83</b>

Source: Finance Accounts

\*Net of receipts and disbursement during the year

**Chart 2.21: Financing of fiscal deficit expressed through a waterfall chart (₹ in crore)**



Source: Finance Accounts

The components of receipts and disbursements financing the fiscal deficit during the year 2022-23 are depicted in **Table 2.38**.

**Table 2.38: Receipts and Disbursements under components financing the fiscal deficit during 2022-23**

(₹ in crore)				
Sl. No.	Particulars	Receipts	Disbursement	Net
1	Market Borrowings	17,100.00	995	16,105.00
2	Loans and Advances from GOI	4,435.62	159.81	4,275.81
3	Special Securities issued to NSSF	0	754.95	-754.95
4	Loans from Financial Institutions	6,734.40	5,421.09	1,313.31
5	Small Savings, PF, etc.	2,240.78	2,140.61	100.17
6	Deposits and Advances	9,493.60	8,471.18	1,022.42
7	Suspense and Miscellaneous	94,644.18	87,790.52	6,853.66
8	Remittances	8,858.61	8,920.74	-62.13
9	Reserves & Sinking Funds	3,908.95	3,205.06	703.89
10	Contingency Fund	1800	0	1,800.00
<b>11</b>	<b>Overall Deficit</b>	<b>1,49,216.14</b>	<b>1,17,858.96</b>	<b>31,357.18</b>
12	Increase (-)/Decrease (+) in cash balance	-1826.58	-674.23	-1,152.35
<b>13</b>	<b>Gross Fiscal Deficit</b>	<b>1,47,389.56</b>	<b>1,17,184.73</b>	<b>30,204.83</b>

Source: Finance Accounts

## 2.7.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Table 2.39** and **Chart 2.22**.

**Table 2.39: Maturity Profile of repayment of Public debt of the State**

Period of repayment (Years)	Principal Amount	Interest Amount <sup>#</sup>	Public Debt (including interest)	Percentage (w.r.t. total public debt)
0-1	4,563.98	6,924.63	11,488.61	8.46
1-3	15,837.79	12,202.25	28,040.04	20.64
3-5	17,526.48	9,752.09	27,278.57	20.08
5-7	21,761.69	6,863.94	28,625.63	21.07
7-10	34,804.32	4,349.15	39,153.47	28.82
Above 10	1,162.90	83.50	1,246.40	0.92
<b>Total</b>	<b>95,657.16<sup>§</sup></b>	<b>40,175.56</b>	<b>1,35,832.72</b>	<b>100.00</b>

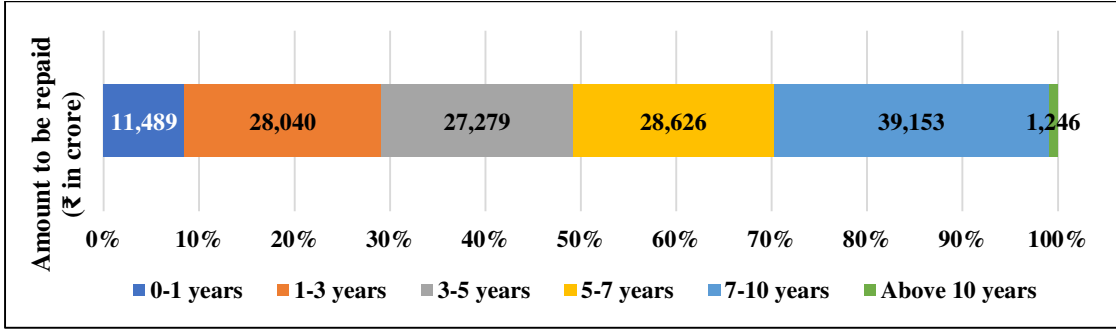
Source: Calculated on the basis of Finance Accounts

<sup>#</sup> Approximate interest calculated at average interest rate of 7.18 per cent (average of interest rate for the last five years as given in Table 2.42).

<sup>§</sup> It excludes Back to Back Loans to State in lieu of GST Compensation Shortfall (₹ 2,767.87 crore) and Scheme for Special Assistance as Loans to State for Capital Expenditure (₹ 5,350.14 crore)

**Table 2.39** indicates that the State Government has to repay 29.10 per cent (₹39,528.65 crore) of its public debt (including approximate interest) within the next three years, 20.08 per cent (₹ 27,278.56 crore) between 3-5 years, 21.07 per cent (₹ 28,625.63 crore) between 5-7 years and 28.82 per cent (₹ 39,153.47 crore) between 7-10 years. It signifies that the State has to repay 99.08 per cent of its debt (₹ 1,34,586.32 crore) in the next ten years.

Chart 2.22: Maturity Profile of Public Debt



Source: Finance Accounts

Note: It excludes Back to Back Loans to State in lieu of GST Compensation Shortfall (₹ 2,767.87 crore) and Scheme for Special Assistance as Loans to State for Capital Expenditure (₹ 5,350.14 crore)

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

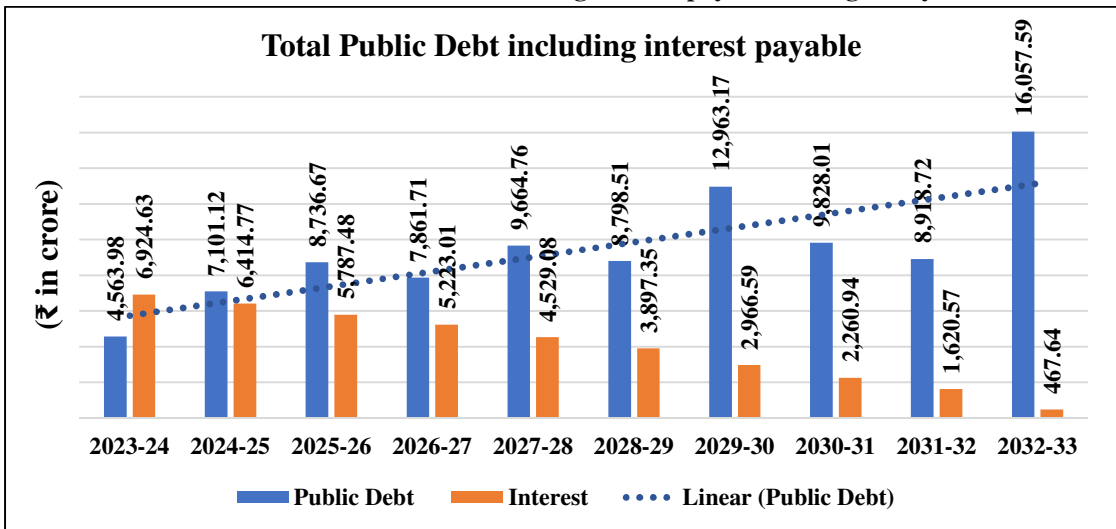
(₹ in crore)

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)
2023-24	4,258.42	305.56	4,563.98	6,924.63	11,488.61
2024-25	7,035.04	66.08	7,101.12	6,414.77	13,515.89
2025-26	8,681.16	55.51	8,736.67	5,787.48	14,524.15
2026-27	7,805.37	56.34	7,861.71	5,223.01	13,084.72
2027-28	9,604.49	60.27	9,664.76	4,529.08	14,193.84
2028-29	8,736.93	61.58	8,798.51	3,897.35	12,695.86
2029-30	12,895.92	67.25	12,963.17	2,966.59	15,929.76
2030-31	9,763.09	64.92	9,828.01	2,260.94	12,088.95
2031-32	8,854.64	64.08	8,918.72	1,620.57	10,539.29
2032-33	15,995.27	62.32	16,057.59	467.64	16,525.23

Source: Finance Accounts 2022-23

Note: Total Public Debt (Principal) due for payment for the year 2033-34 onwards: ₹ 6,513.09 crore  
# Interest has been calculated on the basis of five years' average of 'Average Interest Rate of Outstanding Public Debt' (2018-19: 7.88 per cent; 2019-20: 7.39 per cent; 2020-21: 7.05 per cent; and 2021-22: 6.94 per cent; 2022-23: 6.61 per cent), i.e., 7.18 per cent; on closing balances of Outstanding Public Debt.

Chart 2.23: 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., 2023-24 to 2032-33) for the current outstanding public debt of

₹ 1,01,007.33 crore shows an increasing trend – with a compound annual increase of 23.93 *per cent per annum*, which is significantly higher than the annual increase of 7.18 *per cent* in the previous five-year period from 2018-23. 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 total liabilities, 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 12.37 *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 2023 indicates that out of the outstanding public debt of ₹ 1,01,007.33 crore, 59.09 *per cent* (₹ 59,689.92 crore) is payable within the next seven years while the remaining 40.91 *per cent* (₹ 41,317.41 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 93.50 *per cent* (₹ 94,443.52 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**

(₹ in crore)			
Year	Outstanding Public debt as on 31 March	Indicated payment in Finance Accounts	Actual repayment
2020-21	68,698.75	3,773.55	2,147.98
2021-22	80,068.14	3,657.84	3,526.89
2022-23	1,01,007.33	2,857.80	2,722.22
<b>Total</b>	<b>2,49,774.22</b>	<b>10,289.19</b>	<b>8,397.09</b>

Source: Finance Accounts

It can be seen that during last three years *i.e.*, 2020-21 to 2022-23, the State repaid ₹ 8,397.09 crore of debt against indicated payment of ₹ 10,289.19 crore in the Finance Accounts. The difference between the indicated amount and the actual repayment is under reconciliation.

## 2.8 Debt Sustainability Analysis (DSA)

Debt sustainability analysis has been carried out on the basis of fiscal and debt parameters; Domar approach and compliance of macro-fiscal parameters to the respective FRBM targets. The results of the analysis are given in the following paragraphs:

(A) Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 2.42** and **Chart 2.24**.



Table 2.42: Debt Sustainability: Indicators and Trends

(₹ in crore)

Debt sustainability Indicators	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Outstanding Public Debt*</b> (as on 31 <sup>st</sup> March of the year)	<b>42,820.20</b>	<b>53,900.56</b>	<b>68,698.75**</b>	<b>80,068.14**</b>	<b>1,01,007.33**</b>
Rate of Growth of Outstanding Public Debt (per cent)	23.56	25.88	27.45	16.55	26.15
GSDP	3,09,336.32	3,46,850.68	3,53,605.42	4,12,611.87	4,93,166.60
Rate of growth of GSDP (per cent)	9.24	12.13	1.95	16.69	19.52
Public Debt/GSDP (per cent)	13.84	15.54	19.43	19.41	20.48
Repayment of Public debt - including default history, if any	3,589.36	3,169.26	2,147.98	3,526.89	2,722.22
Average interest rate of Outstanding Public Debt (per cent) <sup>@</sup>	7.88	7.39	7.05	6.94	6.61
Interest Payment on Public Debt	3,052.11	3,572.52	4,323.85	5,162.5	5,981.67
Revenue deficit (-)/ surplus (+) without Interest payment	9,632.27	2,250.32	4,706.45	2,429.73	-6,090.67
Revenue Deficit due to interest payments (in per cent)	##	-270.20	##	-188.91	-49.55
Percentage of Interest payment on Public Debt to Revenue Receipts	4.81	5.54	6.66	6.47	6.67
Percentage of Public Debt Repayment to Public Debt Receipts	30.54	22.24	11.97	21.16	25.93
Net Debt available to the State <sup>#</sup>	5,113.18	7,507.86	11,468.35	7,980.76	14,957.49
Net Debt available as per cent to Debt Receipts	43.51	52.69	63.93	47.87	52.91
Primary deficit (-)/ surplus	-934.69	-10,476.93	-6,902.85	-13,811.65	-23,329.85
Debt Stabilisation (Quantum spread <sup>\$</sup> + Primary Deficit)	-351.28	-7,923.46	-10,408.24	-6,007.34	-10,286.65

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.

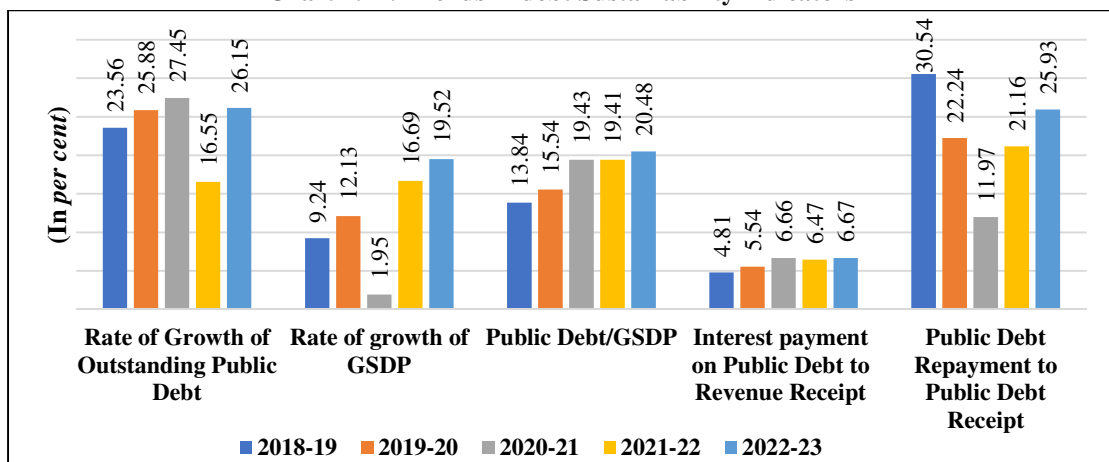
# Net debt available to the State Government is calculated as excess of Public debt receipts over Public debt repayment and interest payment on Public Debt.

\$ Quantum spread = Debt\*(GSDP growth rate – interest rate)/100

## There was Revenue Surplus.

@ Average Interest Rate = Interest payment / [(Amount of previous year's Public Debt + Current year's Public Debt) / 2] \* 100

Chart 2.24: Trends in debt Sustainability indicators



Source: Finance Accounts

Note: 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.

- A falling debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 13.84 *per cent* in 2018-19 to 20.48 *per cent* in 2022-23 which cannot be considered as leading towards stability. Also, debt stabilisation condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would tend to be constant, or debt would stabilise eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it case is positive, debt-GSDP ratio would eventually be falling. **Table 2.42** shows that this trend had been negative since 2018-19 which indicates that debt-GSDP ratio would eventually be rising.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 4.81 *per cent* and 6.67 *per cent* during 2018-23, which was substantially low.
- Higher the percentage of public debt repayment to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayment to public debt receipts ranged between 11.97 *per cent* and 30.54 *per cent* only during the period from 2018-23 which means that substantial portion of debt receipts were utilised for productive purpose by the State during the period.

**(B)** An analysis on debt sustainability was carried out based on a study by E.D Domar<sup>14</sup> [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GSDP.

The dynamics of public debt depending on the interest rate, growth rate of GSDP and the primary budget balance are as follows:

g-r (g- real economic growth rate; r- real interest rate)	s<0 (primary deficit)	s>0 (primary surplus)
g-r>0 (strong economic growth)	Public debt as percentage of GSDP should converge to a stable level greater than zero.	Public debt as percentage of GSDP should converge to a stable level less than zero leading to public savings.
g-r<0 (slow economic growth)	Public debt as percentage of GSDP should increase indefinitely, without converging to a stable level.	Undefined situation

The results of applying the above parameters in the case of Assam, are shown in **Table 2.43**.

**Table 2.43: Debt sustainability analysis based on Domar Model**

Year	Real Growth (g) of GSDP	Real Interest Rate (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus (+)	Remarks
2018-19	5.06	1.98	3.08	-934.69	g-r>0 and s<0, Public Debt as a percentage of GSDP should converge to a stable level
2019-20	4.18	1.39	2.79	-10,476.93	

<sup>14</sup> Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

Year	Real Growth (g) of GSDP	Real Interest Rate (r)	g-r (Domar gap)	Primary Deficit (-)/ Surplus (+)	Remarks
2020-21	0.93	1.45	(-) 0.52	-6,902.85	g-r<0 and s<0, Public Debt as a percentage of GSDP should increase indefinitely without converging to a stable level
2021-22	8.06	3.74	4.32	-13,811.65	g-r>0 and s<0, Public Debt as a percentage of GSDP should converge to a stable level
2022-23	10.16	0.11	10.05	-23,329.85	

Source: Directorate of Economic and Statistics, Government of Assam, Ministry of Statistics and Programme Implementation, GoI and Finance Accounts

In the five years of the subject period *i.e.*, 2018-19 to 2022-23, the State had primary deficit. The Domar gap (g-r) remained positive during pre-Covid period *i.e.*, 2018-19 to 2019-20 and it turned negative during the year 2020-21 mainly due to the effect of Covid-19 as the real growth rate of the GSDP as it remained below one *per cent*. However, during 2021-22 to 2022-23 *i.e.*, post-Covid period, the Domar gap again turned positive although its value increased from the preceding years. However, the sustainability of public debt depends on whether the State economy maintains the real growth rate in the long run.

(C) Details of the achievements *vis-à-vis* targets set in the State MTFP under FRBM Act are shown below:

Table 2.44: Achievements *vis-à-vis* targets set in the State MTFP under FRBM Act

Fiscal Parameters		Achievement <i>vis-a-vis</i> targets set in the State MTFP				
		2018-19	2019-20	2020-21	2021-22	2022-23
Revenue Deficit (-)/ Surplus (+)/GSDP	T	-0.01	-0.01	-2.24	-1.21	-0.68
	A	2.13	-0.38	0.11	-0.66	-2.45
Fiscal Deficit (-) / Surplus (+)/GSDP	T	-2.94	-2.97	-2.30	-3.99	-3.19
	A	-1.54	-4.30	-3.42	-4.81	-6.12
Ratio of total Outstanding liability to GSDP (in <i>per cent</i> )	T	17.62	17.57	19.50	26.39	25.74
	A	19.21	20.83	24.72	24.22	24.98
Guarantees in terms of percentage of Revenue Receipts of previous year	T	0.19	0.18	0.10	0.09	0.09
	A	0.16	0.13	0.12	0.48	1.46

T: Target; A: Actuals

Above table indicates that the ratios of revenue deficit-GSDP increased from 2.13 to (-) 2.45, fiscal deficit-GSDP increased from (-)1.54 to (-)6.12 and outstanding liability-GSDP increased from 19.21 to 24.98 during the last five years *i.e.*, 2018-23.

Further, during the current year, the State was not able to meet the target for Revenue Deficit-GSDP and Fiscal Deficit-GSDP ratios fixed under FRBM Act. However, target for outstanding liability-GSDP ratio fixed under the Act was met during the year.

On the basis of the above, it is inferred that the State fiscal sustainability has risks in the medium to long term unless remedial measures are taken to rationalise expenditure, explore further sources of revenue, expand revenue base, and invest in revenue generating assets.

### 2.8.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.45** depicts the utilisation of borrowed funds during 2018-23.

**Table 2.45: Utilisation of borrowed funds**

Sl. No.	Year	₹ in crore)				
		2018-19	2019-20	2020-21	2021-22	2022-23
1	<b>Total Borrowings (Public Debt Receipts)</b>	11,754.65	14,249.63	17,940.18	16,670.15	28,270.02
2	<b>Repayment of earlier borrowings (Principal) (percentage)</b>	3,589.36 (30.54)	3,169.26 (22.24)	2,147.98 (11.97)	3,526.89 (21.16)	7,330.86 (25.93)
3	<b>Capital Expenditure* (percentage)</b>	11,034.08 (93.87)	13,185.42 (92.53)	12,399.39 (69.12)	20,125.83 (120.73)	15,997.71 (56.59)
4	<b>Loans and Advances (percentage)</b>	328.07 (2.79)	316.16 (2.22)	87.80 (0.49)	104.01 (0.64)	339.84 (1.20)

Source: Finance Accounts

\*Includes GIA booked as Capital Expenditure instead of Revenue Expenditure as detailed under Table 3.15.

It is observed that over the last five years, public debt receipts increased by 140.50 per cent from ₹ 11,754.65 crore in 2018-19 to ₹ 28,270.02 crore in 2022-23. Out of public debt receipts of ₹ 28,270.02 crore during 2022-23, the State Government utilised 25.93 per cent (₹ 7,330.86 crore) for repayment of earlier borrowings and payment towards ways and means advances taken during the year and 56.59 per cent for incurring capital expenditure during the year 2022-23.

### 2.8.2 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 2018-19 to 2022-23 are shown in **Table 2.46**:

**Table 2.46: Guarantees given by Government of Assam**

Guarantees	₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Outstanding amount of guarantees including interest liability</b>	85.02	83.42	77.72	311.76	1,166.49
<b>Criteria as per the AFRBM Act, 2005</b>	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 2022-23 stood at ₹ 1,166.49 crore. It was 5.82 per cent of State's Own Tax

and Non-Tax Revenue of the second preceding year (₹ 20,033.22 crore) *i.e.*, well within the limit prescribed in the State FRBM Act. Out of the total outstanding guarantees, ₹ 1,091.24 crore (93.55 *per cent*) pertained to Assam Infrastructure Financing Authority (AIFA).

### 2.8.3 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. Presently, this limit is fixed at ₹ 1.08 crore for the State of Assam. 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 is revised by the RBI from time to time.

The limit for ordinary WMA to the State Government was ₹ 1,243.00 crore with effect from 01 April 2022 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 only for 305 days during 2022-23 and Special Ways and Means Advances were availed for 60 days during the year. Further, the State Government paid an amount of ₹ 1.45 crore as interest for availing the Ways and Means Advances during the year.

**Table 2.47** and **Chart 2.25** depict the cash balances and investments made out of these by the State Government during the year.

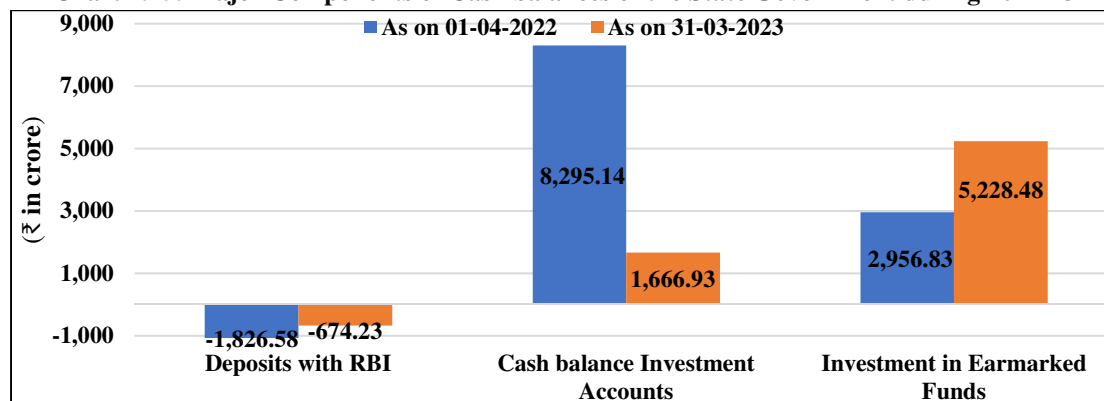
**Table 2.47: Cash Balances and their investment**

	(₹ in crore)	
	Opening balance on 01 April 2022	Closing balance on 31 March 2023
<b>A. General Cash Balance</b>		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India <sup>15</sup>	(-)1,826.58	(-)674.23
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
<b>Total</b>	<b>(-)1,826.58</b>	<b>(-)674.23</b>
Investments held in Cash Balance investment account	8,295.14	1,666.93
<b>Total (A)</b>	<b>6,468.56</b>	<b>992.70</b>
<b>B. Other Cash Balances and Investments</b>		
Cash with Departmental Officers <i>viz.</i> , Public Works, Forest Officers	6.84	7.95
Permanent advances for contingent expenditure with department officers	0.47	0.47
Investment in earmarked funds	2,956.83	5,228.48
<b>Total (B)</b>	<b>2,964.14</b>	<b>5,236.90</b>
<b>Total (A + B)</b>	<b>9,432.70</b>	<b>6,229.60</b>

Source: Finance Accounts

<sup>15</sup> There is a difference of ₹ 151.63 crore between Closing Cash Balance as per Accounts (₹ 674.23 crore) and as per RBI (₹ 522.60 crore).

Chart 2.25: Major Components of Cash balances of the State Government during 2022-23



Source: Finance Accounts

Cash Balances of the State Government at the end of the current year decreased by ₹ 3,203.10 crore from ₹ 9,432.70 crore in 2021-22 to ₹ 6,229.60 crore in 2022-23. During the year investment in Treasury Bills decreased by ₹ 6,628.21 crore from ₹ 8,295.14 crore in 2021-22 to ₹ 1,666.93 crore in 2022-23. However, investment in earmarked funds increased by ₹ 2,271.65 crore from ₹ 2,956.83 crore in 2021-22 to ₹ 5,228.48 crore in 2022-23.

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 ₹ 26.70 crore during 2022-23 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 5,228.48 crore in earmarked funds, ₹ 5,149.64 crore was invested in the Consolidated Sinking Fund and ₹ 78.43 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 2018-19 to 2022-23 are given in **Table 2.48**.

**Table 2.48: Cash Balance Investment Account (Major Head-8673)**

(₹ in crore)

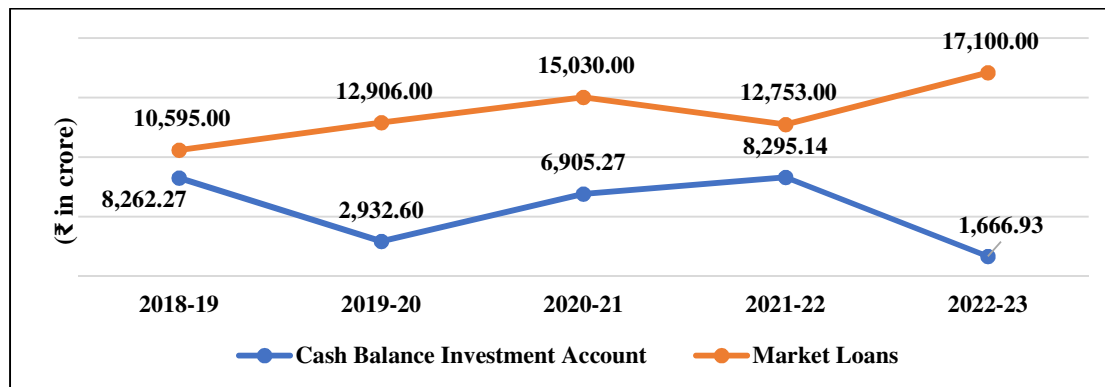
Year	Opening Balance	Closing Balance	Increase (+)/ decrease (-)	Interest earned
2018-19	936.95	8,262.27	7,325.32	307.00
2019-20	8,262.27	2,932.60	-5,329.67	382.86
2020-21	2,932.60	6,905.27	3,972.67	68.66
2021-22	6,905.27	8,295.14	1,389.87	71.19
2022-23	8,295.14	1,666.93	-6,628.21	26.70

Source: Finance Accounts

The trend analysis of the cash balance investment of the State Government revealed that investment in treasury bills fluctuated significantly during 2018-23. Interest earned from such investments also showed a decreasing trend and stood at ₹ 26.70 crore during the period.

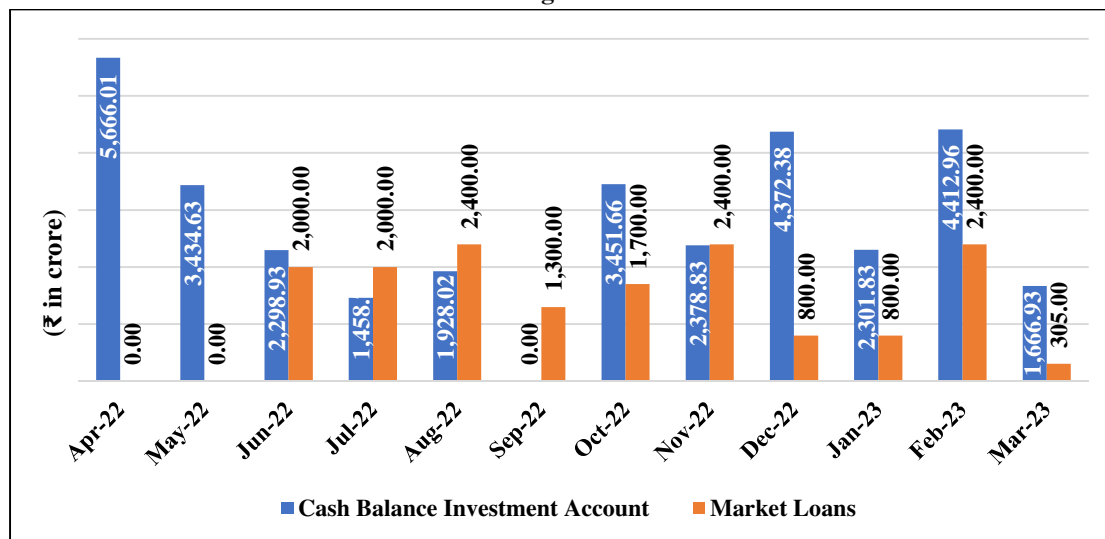
**Chart 2.26** compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2018-23. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

**Chart 2.26: Market loans vis-à-vis Cash Balance Investment Account**



**Chart 2.27** compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

**Chart 2.27: Month-wise movement of Cash Balances Investment Account and market loans during 2022-23**



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.

## 2.9 Salient features

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Comparison of key parameters of State Finances during 2022-23 with that of the previous year *i.e.*, 2021-22 is summarised in **Table 2.49**.

Table 2.49: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Increase in Revenue Receipts by 12.44 <i>per cent</i> .	↓ Increase in Revenue Deficit by 341.76 <i>per cent</i> .
↑ Increase in Revenue Expenditure on Social Services by 56.42 <i>per cent</i> .	↓ Increase in Fiscal Deficit by 52.06 <i>per cent</i> .
↑ Outstanding liabilities to GSDP ratio remained within FRBM target.	↓ Decrease in Capital Expenditure by 20.51 <i>per cent</i> .

## 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 2022-23, the State had a Revenue Deficit of ₹ 12,072.35 crore which was 2.45 *per cent* of GSDP during the year. Fiscal Deficit during 2022-23 was ₹ 30,204.83 crore which was 6.12 *per cent* of GSDP and Primary Deficit was ₹ 23,329.86 crore (4.73 *per cent* of GSDP).
- Revenue Receipts during the year 2022-23 were ₹ 89,742.30 crore, which increased by ₹ 9,927.11 crore (12.44 *per cent*), as compared to 2021-22 (₹ 79,815.19 crore). State's Own Tax Revenue increased by ₹ 4,968.92 crore (25.44 *per cent*) compared to the previous year (₹ 19,533.10 crore), while Non-Tax Revenue increased by ₹ 2,181.56 crore (60.94 *per cent*) during the year as compared to 2021-22 (₹ 3,579.75 crore). Grants-in-Aid from GoI increased by ₹ 1,232.92 crore (4.32 *per cent*) as compared to the previous year (₹ 28,551.79 crore) whereas State's Share of Union taxes and Duties increased by ₹ 1,543.71 crore (5.48 *per cent*) during 2022-23 as compared to the previous year (₹ 28,150.55 crore). During 2022-23, revenue collection under State Goods and Services Tax increased by ₹ 1,984.89 crore (18.76 *per cent*) from ₹ 10,579.56 crore in 2021-22 to ₹ 12,564.45 crore in 2022-23.
- Revenue Expenditure during the year 2022-23 was ₹ 1,01,814.65 crore, constituting 84.88 *per cent* of the Total Expenditure of ₹ 1,19,952.20 crore. There was a misclassification of ₹ 6,668.99 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. These were classified 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 by ₹ 16,548.72 crore during the last five-year period 2018-23. The Committed expenditure during 2022-23 was ₹ 55,122.72 crore (61.42 *per cent* of Revenue Receipts of ₹ 89,742.30 crore and 54.14 *per cent* of Revenue Expenditure of ₹ 1,01,814.65 crore).
- The State Government short contributed ₹ 284.67 crore to National Pension System since inception of the Scheme creating an avoidable future liability to



the Government. As on 31 March 2022, an amount of ₹ 251.83 crore remained in the Public Account on which interest of ₹ 17.88 crore was payable in 2022-23.

- 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 decreased by ₹ 4,128.12 crore (20.51 *per cent*) from ₹ 20,125.83 crore during 2021-22 to ₹ 15,997.71 crore during 2022-23.
- During 2022-23, the State Government invested ₹ 111.97 crore in Statutory Corporations (₹ 0.95 crore), Joint Stock Companies (₹ 55.25 crore), Banks (₹ 38.06 crore) and Co-operatives (₹ 17.71 crore). As on 31 March 2023, the State Government's investment stood at ₹ 7,122.76 crore in those Companies/Corporations and Co-operative societies. Out of the investments, they received returns of ₹ 447.62 crore as dividend during the year.
- As on 01 April 2022, the State had a balance of ₹ 719.06 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 ₹ 53.86 crore by GoA led to understatement of Revenue Deficit to that extent (during 2022-23) and accumulated liabilities for future.
- Outstanding Debt of the State rapidly increased by 107.34 *per cent* from ₹ 59,425.61 crore in 2018-19 to ₹ 1,23,214.80 crore in 2022-23. Growth rate of outstanding liability also increased from 20.60 *per cent* in 2018-19 to 23.32 *per cent* in 2022-23. The Outstanding liabilities/ GSDP ratio increased from 19.21 *per cent* in 2018-19 to 24.98 *per cent* in 2022-23 due to increased borrowings from the open market. The State used about five to seven *per cent* of its Revenue Receipts for payment of interest on the Outstanding Public Debt at an average rate of interest ranging between 6.61 *per cent* to 7.88 *per cent*, during the five-year period 2018-23.
- The maturity profile of outstanding stock of the State public debt as on 31 March 2023 indicated that 59.09 *per cent* (₹ 59,689.92 crore) of the debt is payable within the next seven years while the remaining 40.91 *per cent* (₹ 41,317.41 crore) is in the maturity bracket of more than seven years.
- Public debt constituted 81.98 *per cent* of total debt at the end of 2022-23. During the year, it grew at the rate of 26.15 *per cent i.e.*, the second highest in the last five-year period. Average growth rate of public debt (23.92 *per cent*) also outpaced the average growth rate of GSDP (11.91 *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 140.50 *per cent* from ₹ 11,754.65 crore in 2018-19 to ₹ 28,270.02 crore in 2022-23. Out of public debt receipts of ₹ 28,270.02 crore during 2022-23, the State Government utilised 56.59 *per cent*

(₹ 15,997.71 crore) for capital expenditure and remaining for repayment of earlier loan *etc.*, during the year 2022-23.

## 2.11 Recommendations

- i. *State Government may take necessary steps to reduce the Fiscal Deficit and to achieve the targets under the AFRBM Act, 2017.*
- 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 manage its Revenue Expenditure efficiently 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.*