

Chapter 2

Finances of the State

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2.1 Introduction

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2016-17 to 2020-21, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary.

2.2 Major changes in Key Fiscal Aggregates during 2020-21 vis-à-vis 2019-20

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

Each of these indicators is analysed in the succeeding paragraphs.

Table 2.1: Changes in key fiscal aggregates in 2020-21 compared to 2019-20

Revenue Receipts	<ul style="list-style-type: none">➤ Revenue Receipts of the State increased marginally by 0.63 per cent➤ Own Tax Receipts of the State increased by 3.66 per cent➤ Own Non-Tax Receipts decreased by 47.65 per cent➤ State's Share of Union Taxes and Duties decreased by 14.24 per cent➤ Grants-in-Aid from Government of India increased by 26.73 per cent
Revenue Expenditure	<ul style="list-style-type: none">➤ Revenue Expenditure decreased by 3.22 per cent➤ Revenue Expenditure on General Services increased by 2.42 per cent➤ Revenue Expenditure on Social Services decreased by 0.16 per cent➤ Revenue Expenditure on Economic Services decreased by 17.82 per cent➤ Expenditure on Grants-in-Aid to Local bodies increased by 2.93 per cent
Capital Expenditure	<ul style="list-style-type: none">➤ Capital Expenditure decreased by 7.94 per cent➤ Capital Expenditure on General Services increased by 2.31 per cent➤ Capital Expenditure on Social Services increased by 39.84 per cent➤ Capital Expenditure on Economic Services decreased by 15.53 per cent
Loans and Advances	<ul style="list-style-type: none">➤ Disbursements of Loans and Advances decreased by 72.23 per cent➤ Recoveries of Loans and Advances decreased significantly by 99.78 per cent
Public Debt	<ul style="list-style-type: none">➤ Public Debt Receipts increased by 25.90 per cent➤ Repayment of Public Debt decreased by 32.22 per cent
Public Account	<ul style="list-style-type: none">➤ Public Account Receipts decreased by 14.77 per cent➤ Public Account Disbursements decreased by 9.30 per cent
Cash Balance	<ul style="list-style-type: none">➤ Cash balance increased by ₹ 4,370.58 crore (42.52 per cent)

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

2.3 Sources and Application of Funds

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

Table 2.2: Details of Sources and Application of funds during 2019-20 and 2020-21

(₹ in crore)

	Particulars	2019-20	2020-21	Increase (+) / Decrease (-)
Sources	Opening Cash Balance with RBI	-563.08	2,980.20	3,543.28
	Revenue Receipts	64,495.08	64,902.19	407.11
	Recoveries of Loans & Advances	1,140.51	2.56	-1,137.95
	Public Debt Receipts (Net)	11,080.37	15,792.20	4,711.83
	Contingency Fund Receipts	100.00	0.00	-100.00
	Public Account Receipts (Net)	7,278.71	-2,973.61	-10,252.32
	Total	83,531.59	80,703.54	-2,828.05
Application	Revenue Expenditure	66,666.68	64,519.59	-2,147.09
	Capital Expenditure	13,468.55	12,399.39	-1,069.16
	Disbursements of Loans & Advances	316.16	87.80	-228.36
	Appropriation to Contingency Fund	100.00	0.00	-100.00
	Closing Cash Balance with RBI	2,980.20	3,696.76	716.56
	Total	83,531.59	80,703.54	-2,828.05

Chart 2.1: Composition of Resources (per cent)

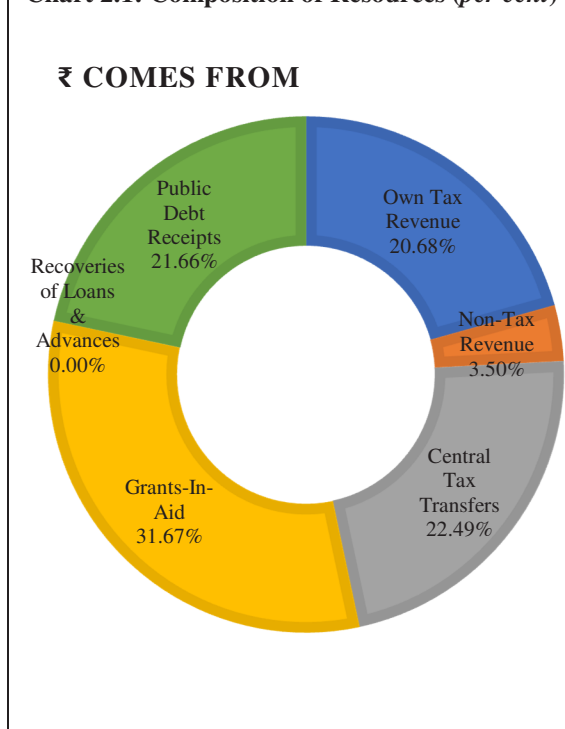
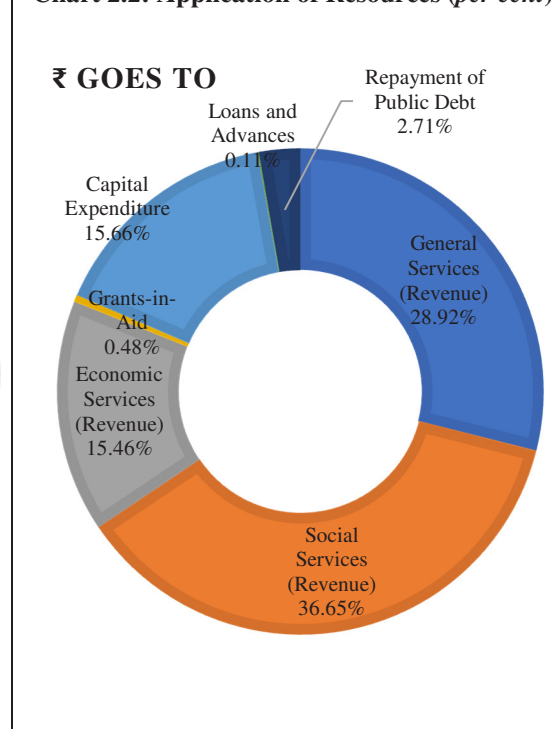


Chart 2.2: Application of Resources (per cent)



2.4 Resources of the State

The resources of the State are described below:

1. **Revenue Receipts** consist of tax revenue, non-tax revenue, State's share of Union taxes and duties and grants-in-aid from the Government of India (GoI).
2. **Capital receipts** comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GoI. Both Revenue and Capital receipts form part of the Consolidated Fund of the State.
3. **Net Public Account receipts:** There are receipts and disbursements in respect of

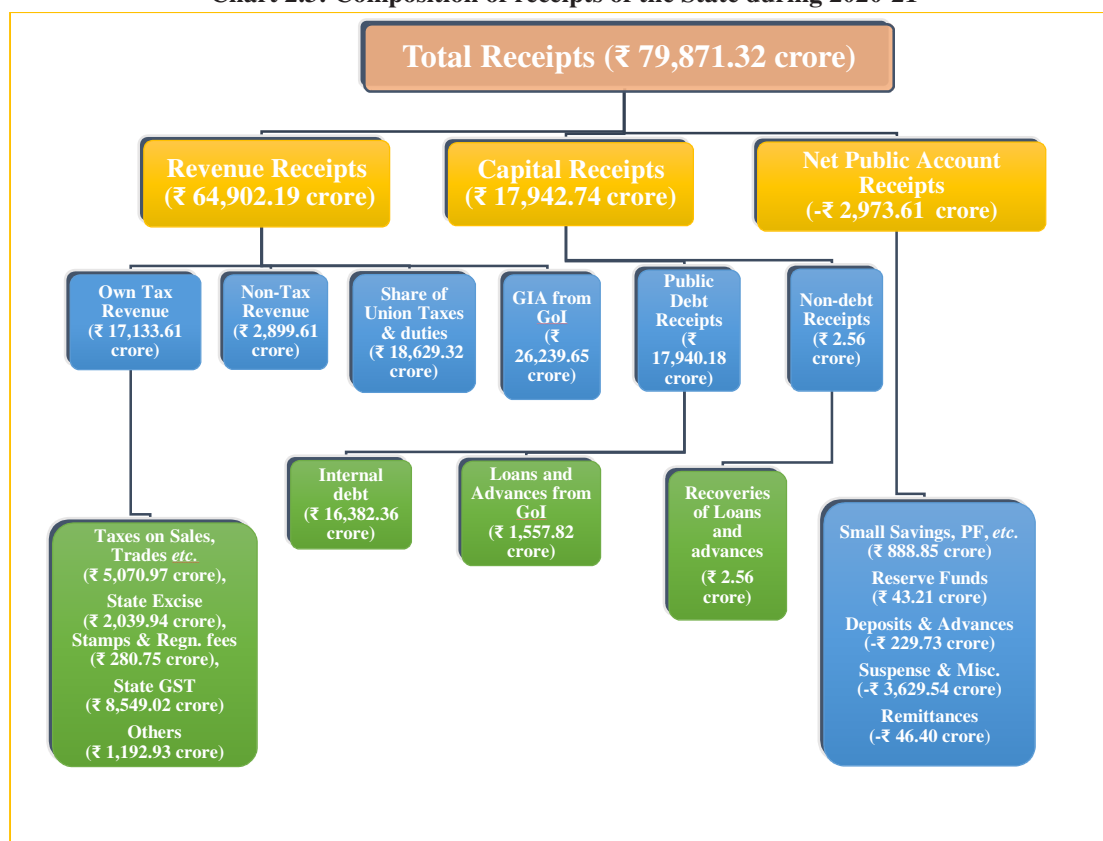
certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund. These are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. Here, the Government acts as a banker. The balance after disbursements is the fund available with the Government for use.

2.4.1 Receipts of the State

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

Composition of receipts of the State during 2020-21 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2020-21



2.4.2 State's Revenue Receipts

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

2.4.2.1 Trends and growth of Revenue Receipts

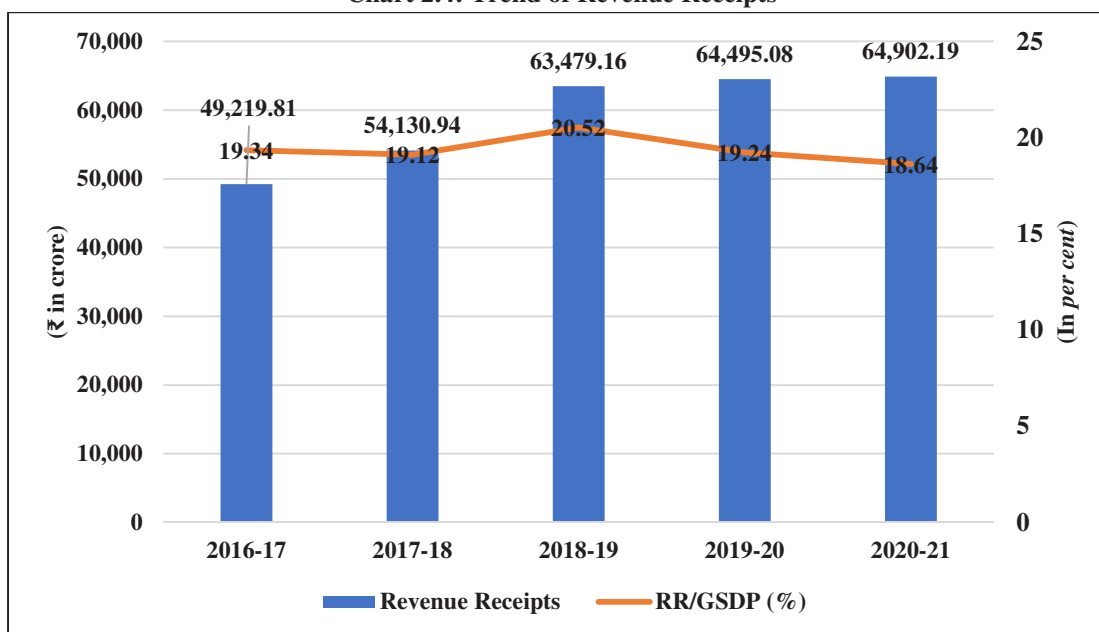
Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2016-21. Further, trends in Revenue Receipts relative to GSDP and composition of Revenue Receipts are given in **Charts 2.4** and **2.5** respectively.

Table 2.3: Trend in Revenue Receipts

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts (RR) (₹ in crore)	49,219.81	54,130.94	63,479.16	64,495.08	64,902.19
Rate of growth of RR (per cent)	15.93	9.98	17.27	1.60	0.63
Own Tax Revenue (₹ in crore)	12,079.56	13,215.52	15,924.85	16,528.69	17,133.61
Non-Tax Revenue (₹ in crore)	4,353.13	4,071.97	8,221.29	5,539.34	2,899.61
Rate of growth of Own Revenue (Own Tax and Non-tax Revenue) (per cent)	27.90	5.20	39.67	-8.61	-9.22
Gross State Domestic Product (₹ in crore) (2011-12 Series)	2,54,478.25	2,83,164.90	3,09,336.32	3,35,238.11 (P.E.)	3,48,277.17 (Q.E.)
Rate of growth of GSDP (per cent)	11.63	11.27	9.24	8.37	3.89
RR/GSDP (per cent)	19.34	19.12	20.52	19.24	18.64
Buoyancy Ratios⁵					
Revenue Buoyancy w.r.t GSDP	1.37	0.89	1.87	0.19	0.16
State's Own Revenue Buoyancy w.r.t GSDP	2.40	0.46	4.29	-1.03	-2.37

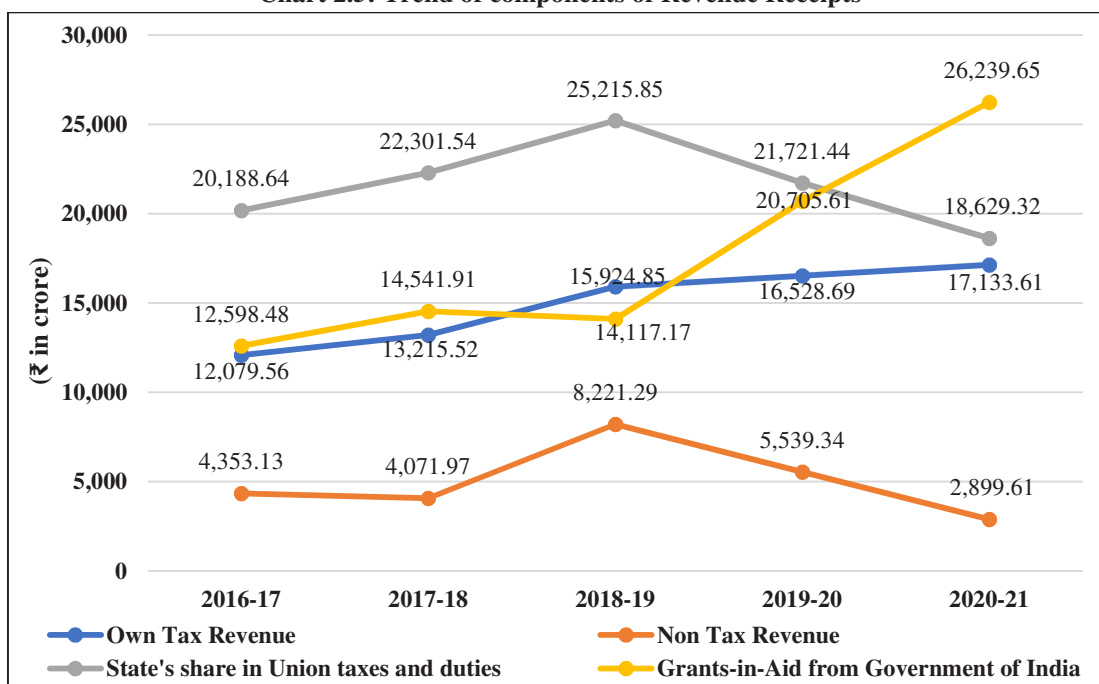
Source of GSDP figures: Directorate of Economics and Statistics, Assam;
P.E. - Provisional Estimates; Q.E. - Quick Estimates

Chart 2.4: Trend of Revenue Receipts



⁵ 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 0.16 implies that Revenue Receipts tend to increase by 0.16 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 31.86 per cent from ₹ 49,219.81 crore in 2016-17 to ₹ 64,902.19 crore in 2020-21 at an annual average growth rate of 6.37 per cent. During 2020-21, Revenue Receipts increased marginally by ₹ 407.11 crore (0.63 per cent) over the previous year. As a percentage of GSDP, the Revenue Receipts decreased from 19.24 per cent in 2019-20 to 18.64 per cent in 2020-21, primarily on account of the sharp decrease in the Own Non-Tax Receipts and State's share in Union Taxes and Duties.
- During 2020-21, State's own revenue constituted 30.87 per cent of Revenue Receipts and remaining 69.13 per cent came from Government of India as Central tax transfers and Grant-in-Aid. The Grants-in-Aid from Government of India increased significantly by 26.73 per cent (₹ 5,534.04 crore) from ₹ 20,705.61 crore in 2019-20 to ₹ 26,239.65 crore in 2020-21.
- There was a marginal increase of Revenue Receipts of 0.63 per cent (₹ 407.11 crore) and decrease in Revenue Expenditure of 3.22 per cent (₹ 2,147.09 crore) vis-à-vis previous year.

2.4.2.2 State's Own Resources

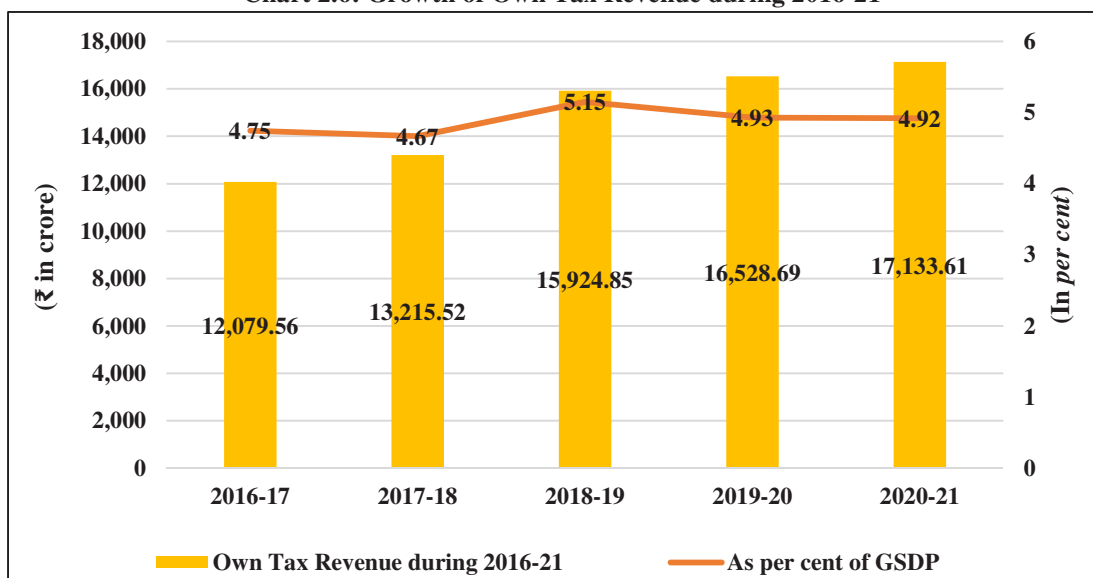
State's share in Central taxes is determined on the basis of recommendations of the Finance Commission; share of Grants-in-Aid are determined by the quantum of collection of Central tax receipts and anticipated Central assistance for schemes, etc. State's performance in mobilisation of additional resources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

Own Tax Revenue

Own Tax Revenue of the State consists of State GST, 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.*, 2016-21 is given in **Chart 2.6**.

Chart 2.6: Growth of Own Tax Revenue during 2016-21



The component-wise details of Own Tax Revenue collected during the years 2016-21 were as follows.

Table 2.4: Components of State's Own Tax Revenue during 2016-21

Heads	2016-17	2017-18	2018-19	2019-20	2020-21	
					Budget Estimates	Actuals
State Goods and Services Tax	0.00	4,077.67	8,393.04	8,755.30	13,935.11	8,549.02
Taxes on Sales, Trades, <i>etc.</i>	8,751.63	6,373.00	4,698.74	4,480.96	5,340.73	5,070.97
State Excise	963.81	1,095.16	1,399.84	1,650.03	1,750.00	2,039.94
Taxes on Vehicles	521.59	646.96	765.01	815.82	1,077.97	723.98
Stamps and Registration Fees	226.78	239.17	240.72	292.65	400.18	280.75
Land Revenue	210.02	219.39	163.22	94.16	276.19	116.81
Other Taxes ⁶	1,405.73	564.17	264.28	439.77	429.56	352.14
Total	12,079.56	13,215.52	15,924.85	16,528.69	23,209.74	17,133.61

Source: Finance Accounts

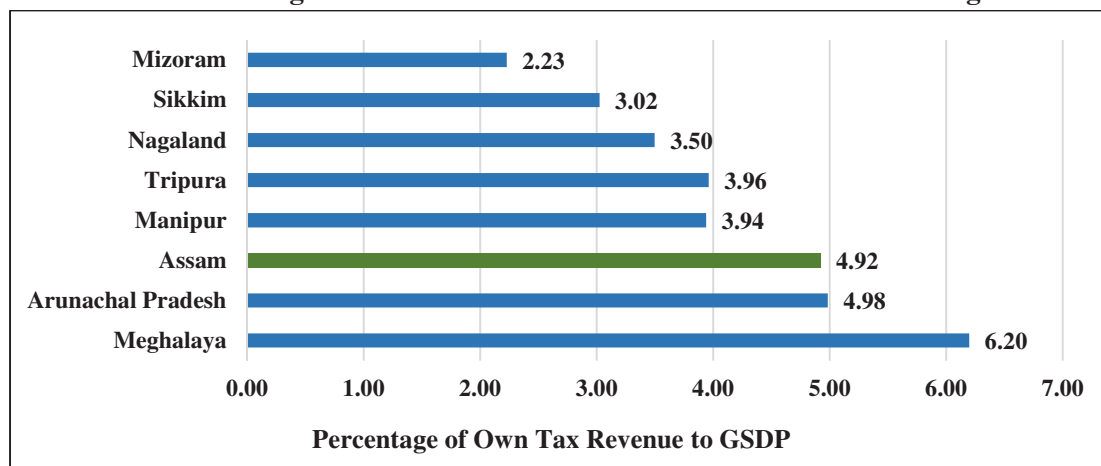
Own Tax Revenue of the State increased by ₹ 5,054.05 crore from ₹ 12,079.56 crore in 2016-17 to ₹ 17,133.61 crore in 2020-21 at an average annual rate of 8.37 *per cent*. During the current year, major contributors of Tax Revenue were State Goods and

⁶ 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.*

Services Tax (49.90 per cent), Taxes on Sales, Trades etc. (29.60 per cent) and State Excise (11.91 per cent).

During 2020-21, State's Own Tax Revenue of ₹ 17,133.61 crore at 4.92 per cent of GSDP was lower than that of Meghalaya (6.20 per cent) and Arunachal Pradesh (4.98 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 2020-21



State Goods and Services Tax

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

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

Actual collection of revenue under State Goods and Services Tax (SGST) from 2017-18 to 2020-21 is given in **Table 2.5**.

Table 2.5: SGST receipts of Government of Assam

(₹ in crore)					
State Goods and Services Tax (SGST)	2017-18	2018-19	2019-20	2020-21	Increase / Decrease over previous year
Tax (Minor Head: 101, 105)	3,613.48	7,094.96	8,248.97	7,063.66	(-) 1,185.31
IGST Apportionment (Minor Head: 106, 110)	453.39	1,235.73	332.16	993.87	(+) 661.71
Others (Minor Head: 102,103, 104, 500, 800)	10.80	62.35	174.17	491.49	(+) 317.32
SGST collection	4,077.67	8,393.04	8,755.30	8,549.02	(-) 206.28

Source: Finance Accounts

During 2020-21, SGST collection of the State decreased marginally by 2.36 per cent (₹ 206.28 crore) over the previous year.

Further, in accordance with Section 6 of GST (Compensation to States) Act, 2017, the protected revenue of the State for the year 2020-21 was fixed at ₹ 11,524.57 crore by taking into consideration the revenue collection of 2015-16 (₹ 5,985.50 crore) as base year with annual growth calculated @ 14 per cent. Since the SGST receipts in 2020-21 fell short of the protected revenue, in keeping with the GST (Compensation to States) Act, the State Government received a compensation of ₹ 2,363.60 crore during the year, on account of loss of revenue arising out of implementation of GST. Out of the compensation of ₹ 2,363.60 crore received during the year, an amount of ₹ 994.00 crore was received by the State Government as Back to Back loans in lieu of GST Compensation, due to inadequate balance in GST Compensation Fund, under debt receipts, with no repayment liability to the State.

Analysis of arrears of revenue and arrears of assessment

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

Analysis of arrears of revenue

The arrears of revenue as on 31 March 2021 in respect of the Finance (Taxation), Excise, Transport, Mines and Minerals Departments amounted to ₹ 4,486.80 crore of which ₹ 3,749.40 crore was outstanding for more than five years, as detailed in **Table 2.6**

Table 2.6: Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Name of Department	Amount outstanding as on 31 March 2021		Replies of the Department
			Total	For more than five years	
1	0022-Taxes on Agricultural Income	Finance (Taxation)	68.50	49.54	Following are the reasons for the pending arrears: Some amounts become arrears when the amounts are not paid by the dealers on due date. The assessing Officer issues notices to the defaulters for payment of arrears and tries his best to realise the amount. Such arrears are paid by the concerned dealers with interest. Current arrears are also included in the above amount. 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> (Revenue) officers for realisation of the amount and these amounts remain as arrear with the Superintendent of Taxes
2	0028-Other Taxes On Income and Expenditure		3.01	2.28	
3	0029-Land Revenue		2525.82	2031.87	
4	0040-Tax on Sales, Trade, etc.		1670.78	1486.06	
5	0042-Taxes on Goods and Passengers		80.05	50.12	
6	0043-Taxes and Duties on Electricity		32.55	27.28	
7	0045-Other Taxes and Duties on Commodities and Services		5.30	3.68	

Sl. No.	Head of Revenue	Name of Department	Amount outstanding as on 31 March 2021		Replies of the Department
			Total	For more than five years	
					(Recovery) till recovery of the said arrear amount. Pending cases involving arrears of revenue in High Court/ Supreme Court/ Board of Revenue and with Appellate/ Revision Authority. Un traceability of dealers at the time of realisation of dues, etc.
8	0039-State Excise	Excise	69.54	69.54	Due to non-payment of levies by the wholesale warehouse in due time.
9	0041-Taxes on vehicles	Transport	31.17	28.95	Shortage of Enforcement personnel/ staff and inadequate infrastructure in respect of enforcement drive due to ongoing Covid-19 Pandemic
10	0853-Non-ferrous Mining and Metallurgical Industries	Mines and Minerals	0.08	0.08	Non-payment of royalty on limestone by NECEM Cement Ltd. for 2005-06, 2006-07 and 2011-12 (₹ 8,15,789)
Total			4,486.80	3,749.40	

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

Arrears in Assessments

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

Table 2.7: Arrears in assessment

Nomenclature of the Act	Arrears of assessment due as on 31 March 2020	New cases due for assessments during 2020-21	Total assessment due	Cases disposed during 2020-21	Balance at the end of the year 2020-21	Percentage of disposal (col. 5 to 4)
1	2	3	4 (2+3)	5	6 (4-5)	7
Sales Tax (VAT/ CST Acts)	20,501	3,223	23,724	8,050	15,674	33.93
Entry Tax Act	2,500	85	2,585	304	2,281	11.76
Profession Traders, Callings and Employment Taxation Act	508	4,806	5,314	753	4561	14.17
Taxation (on Specified Lands) Acts	46,551	76	46,627	1,120	45,507	2.40
Agricultural Income Tax Act	2,769	87	2,856	147	2,709	5.15
Amusement and Betting Taxation Act	220	0	220	28	192	12.73

Nomenclature of the Act	Arrears of assessment due as on 31 March 2020	New cases due for assessments during 2020-21	Total assessment due	Cases disposed during 2020-21	Balance at the end of the year 2020-21	Percentage of disposal (col. 5 to 4)
Luxury (Hotel & Lodging Houses) Act	266	0	266	39	227	14.66
Electricity Duty Act	1,975	16	1,991	589	1,402	29.58
Total	75,290	8,293	83,583	11,030	72,553	13.20

Above table indicates that the assessments pending at the end of the year increased over the previous year in respect of one head of revenue (Profession Traders, Callings and Employment Taxation Act). The percentage of disposal of cases due for assessment in overall cases was 13.20 *per cent* during the year. In respect of Taxation (on Specified Lands) Act and Agricultural Income Tax Act, percentage of disposal of cases at 2.40 *per cent* and 5.15 *per cent* respectively were, however, very poor. Pendency in assessment may result in non/ short realisation of Government revenues and further accumulation in arrears of revenue.

Details of evasion of tax detected by Department

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

Table 2.8: Evasion of Tax Detected

Sl. No.	Head of Revenue	Cases pending as on 31 March 2020	Cases detected during 2020-21	Total	Cases in which additional demand with penalty, etc. raised		No. of cases pending as on 31 March 2021
					No.	Amount (₹ in crore)	
1.	GST	0	306	306	306	11.70	0
2.	State Excise	4	0	4	4	43.94	4
	Total	4	306	310	310	55.64	4

Source: Information furnished by Government of Assam

Thus, the Government of Assam had raised a demand of ₹ 55.64 crore relating to 310 cases of evasion of Tax as of 31 March 2021.

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 2016-21 are given in **Table 2.9**.

Table 2.9: Component-wise Non-Tax Revenue during 2016-21

Heads	2016-17	2017-18	2018-19	2019-20	2020-21	
					BEs	Actuals
Interest receipts	475.40	305.39	588.09	666.86	950.94	235.87
Dividend and Profit	124.44	225.55	153.24	30.64	195.68	481.89
Petroleum	3,101.96	2,533.20	5,642.66	3,805.34	3,198.90	1,468.55
Forestry and Wild Life	215.85	250.74	364.27	416.06	465.13	352.89
Other Administrative Services	210.46	75.74	211.90	103.17	320.57	95.72
Others	225.02	681.35	1,261.13	517.27	2,172.57	264.69
Total	4,353.13	4,071.97	8,221.29	5,539.34	7,303.79	2,899.61

Source: Finance Accounts

Non-Tax Revenue, which ranged between 13 *per cent* (2018-19) and four *per cent* (2020-21) of Total Revenue Receipts of the State during the five-year period from 2016-17 to 2020-21, decreased significantly by ₹ 2,639.73 crore (47.65 *per cent*) during 2020-21 over the previous year. Major contributors of Non-Tax Revenue during 2020-21 were Petroleum (₹ 1,468.55 crore), followed by Dividends and Profits (₹ 481.89 crore) and Forestry and Wild Life (₹ 352.89 crore).

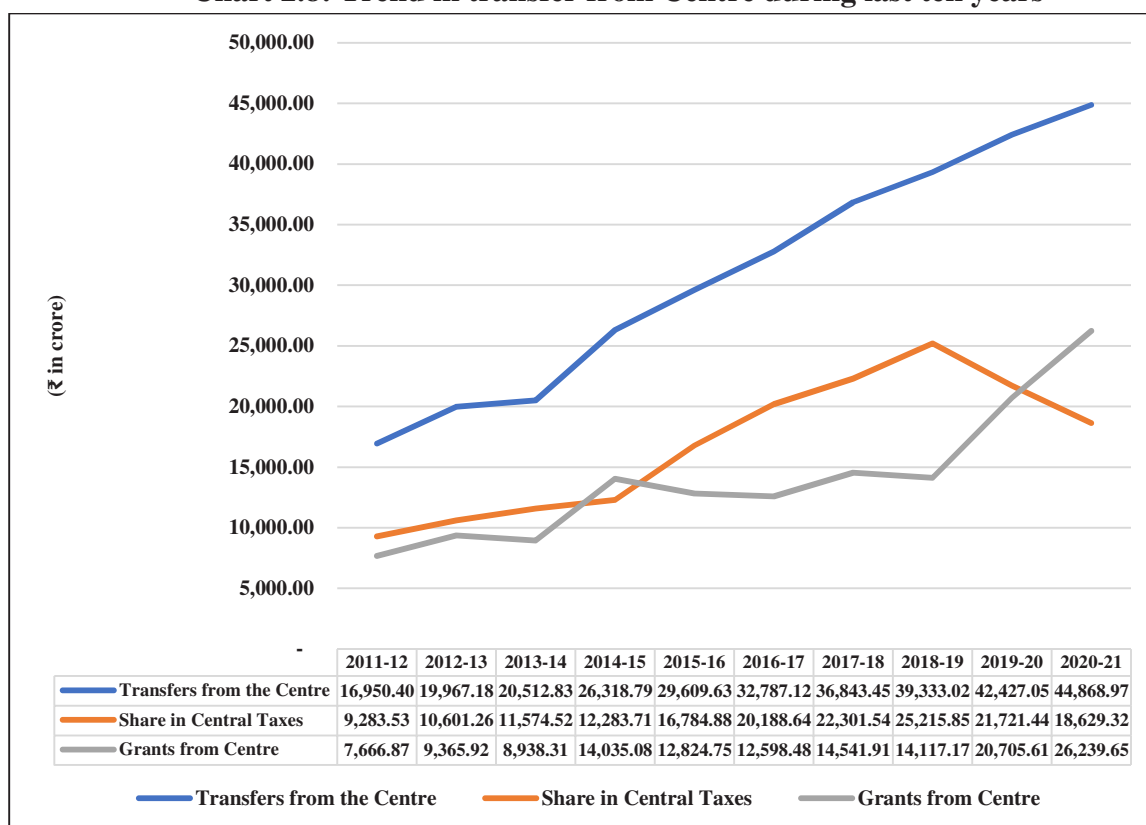
2.4.2.3 Transfers from the Centre

During last 10 years from 2011-12 to 2020-21, 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 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 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 Grant-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 2020-21 also. The trend and composition of Central Transfers during last ten years are shown in **Chart 2.8**.

Chart 2.8: Trend in transfer from Centre during last ten years



Central Tax Transfers

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

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	Shortfall in Devolution (<i>per cent</i>)
1	2	3	4	5	6 (4-5)
FC-XIII	2010-11	3.628 <i>per cent</i> of net proceeds	7,397	7,968.61	(-) 572 (-7.7)
	2011-12	of all shareable taxes	8,677	9,283.53	(-) 606 (-7.0)
	2012-13	excluding service tax and	10,234	10,601.26	(-) 367 (-3.6)
	2013-14	3.685 <i>per cent</i> of net proceeds	12,072	11,574.52	497 (4.1)
	2014-15	of sharable service tax	14,240	12,283.71	1,957 (13.7)
Total for XIII FC			52,620	51,711	909 (1.7)
FC-XIV	2015-16	3.311 <i>per cent</i> of net proceeds	19,244	16,784.88	2,459 (12.8)
	2016-17	of all shareable taxes	22,208	20,188.64	2,019 (9.1)
	2017-18	excluding service tax and	25,661	22,301.54	3,360 (13.1)
	2018-19	3.371 <i>per cent</i> of net proceeds	29,687	25,215.85	4,471 (15.1)
	2019-20	of sharable service tax	34,386	21,721.44	12,665 (36.8)
Total for XIV FC			1,31,186	1,06,212.35	24,974 (19)
FC-XV	2020-21	3.131 <i>per cent</i> of net proceeds of all shareable taxes	26,776	18,629.32	8,146.68 (30)

Source: Report of Finance Commissions, and Finance Accounts

As can be seen in **Table 2.10** above, the Actual Tax Devolution fell short of the projections made by the Finance Commission. While the shortfall in projected

devolution was fairly low at 1.7 *per cent* during the FC- XIII period, this shortfall was as high as 19 *per cent* for the FC- XIV period, with the shortfall rising to 36.8 *per cent* in the terminal year of 2019-20. The shortfall continued in the award of FC-XV for the year 2020-21, where the actual tax devolution fell short of the projection by 30 *per cent*.

The shortfall in realisation of Central Tax revenue *vis-à-vis* FC projection, which translates to lower devolution to the States, has greater impact on a State like Assam, which has historically been in receipt of Revenue Deficit (RD) Grants from the FC, with four of the last five FCs, including FC XV, having recommended RD Grants to Assam.

Details of Central tax transfers

The details of Central tax transfers to the State during 2016-21 are given in **Table 2.11**.

Table 2.11: Central Tax Transfers

Head	2016-17	2017-18	2018-19	2019-20	(₹ in crore)	
					2020-21	
					BEs	Actuals
Central Goods and Services Tax	0.00	315.80	6,223.49	6,163.89	7,349.19	5,497.76
Integrated Goods and Services Tax	0.00	2,251.40	496.70	0.00	0.00	0.00
Corporation Tax	6,470.99	6,829.45	8,768.87	7,406.13	7,545.17	5,648.64
Taxes on Income other than Corporation Tax	4,497.36	5,767.00	6,457.89	5,803.21	6,859.25	5,794.53
Customs	2,783.57	2,250.70	1,787.36	1,376.85	1,837.30	964.41
Union Excise Duties	3,178.60	2,352.60	1,187.80	957.27	3111.16	622.41
Service Tax	3,154.60	2,534.80	231.85	0.00	73.49	86.82
Other Taxes	103.52	-0.21	61.89	14.09	1.09	14.75
Central Tax transfers	20,188.64	22,301.54	25,215.85	21,721.44	26,776.65	18,629.32
Percentage variation over previous year	20.28	10.47	13.07	-13.86	--	-14.24
Percentage of Central tax transfers to Revenue Receipts	41.02	41.20	39.72	33.68	--	28.70

Over the five-year period 2016-21, Central tax transfers decreased by 7.72 *per cent* from ₹ 20,188.64 crore in 2016-17 to ₹ 18,629.32 crore in 2020-21, and it also fell far short of the increase projected by FC XV. During the current year, the Central tax transfers decreased significantly by ₹ 3,092.12 crore (14.24 *per cent*) from ₹ 21,721.44 crore in 2019-20 to ₹ 18,629.32 crore in 2020-21.

Grants-in-Aid from Government of India

Grants-in-Aid (GIA) received by the State Government from GoI during 2016-21 are detailed in **Table 2.12**.

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

(₹ in crore)

Head	2016-17	2017-18*	2018-19*	2019-20*	2020-21*	
					BEs	Actuals
Non-Plan Grants	966.41	0.00	0.00	0.00	0.00	0.00
Grants for State Plan Schemes	9,111.10	0.00	0.00	0.00	0.00	0.00
Grants for Central Plan Schemes	979.01	0.00	0.00	0.00	0.00	0.00
Grants for Centrally Sponsored Schemes (CSS)	207.23	0.00	0.00	0.00	0.00	0.00
Grants for Special Plan Schemes	146.73	0.00	0.00	0.00	0.00	0.00
Grants for CSS	0.00	11,600.11	11,849.26	14,389.53	39,598.95	13,832.87
Finance Commission Other than Revenue Deficit	0.00	1,283.06	932.20	4,604.07		2,955.00
Finance Commission Revenue Deficit Grants	1,188	0.00	0.00	0.00		7,578.90
Other transfers/ Grants to States/ Union Territories with Legislature	0.00	1,658.74	1,335.71	1,712.01		1,872.88
Total	12,598.48	14,541.91	14,117.17	20,705.61	39,598.95	26,239.65
Percentage variation over the previous year	(-)1.76	15.43	(-)2.92	46.67	--	26.73
Percentage of GIA to Revenue Receipts	25.60	26.86	22.24	32.10	--	40.43

Source: Finance Accounts

*There are no figures in some rows since the nomenclature of plan and non-plan grants was removed with effect from the year 2017-18 and replaced by Grants for CSS, Finance Commission Grants and Other Grants to States.

Grants-in-Aid from GoI increased by ₹ 5,534.04 crore (26.73 per cent) during the year compared to the previous year, primarily on account of the Post Devolution Revenue Deficit (RD) Grant of ₹ 7,578.90 crore received during the year based on the recommendation of FC XV. Besides RD Grant, Finance Commission Grants were provided to the State for Local Bodies (₹ 2,183.00 crore) and for State Disaster Response Fund (₹ 772.00 crore) which together (₹ 10,533.90 crore) constituted 40 per cent of total grants received during the year.

GIA constituted 40 per cent of Revenue Receipts during the year 2020-21. Grants for Centrally Sponsored Schemes (₹ 13,832.87 crore) to the State constituted 53 per cent of the total grants during the year.

Other grants received by the State during the year were in respect of (i) Compensation for loss of revenue arising out of implementation of GST (₹ 1,369.60 crore) (ii) Grants for Central Road Fund (₹ 220.81 crore), etc.

Fourteenth & Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, XIV FC & XV FC Grants were provided to states for Local Bodies and SDRF. Details of grants recommended by XIV FC & XV FC and actual release by GoI and GoA during 2015-21 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 XIV-FC & XV-FC			Actual release by GoI			Release by State Government		
	2015-20	2020-21	Total	2015-20	2020-21	Total	2015-20	2020-21	Total
1	2	3	4	5	6	7	8	9	10
Local Bodies	6,387.12	2,376.00	8,763.12	5,782.69	2,183.00	7,965.69	5,549.77	1,015.48	6,565.25
(i) Grants to PRIs	5,416.58	1,604.00	7,020.58	5,101.34	1,604.00	6,705.34	5,101.34	802.00	5,903.34
(a) General Basic Grant	4,874.92	-	4,874.92	4,874.92	-	4,874.92	4,874.92	-	4,874.92
(b) Basic Grant (Untied)	-	802.00	802.00	-	802.00	802.00	-	401.00	401.00
(c) General Performance Grants	541.66	-	541.66	226.42	-	226.42	226.42	-	226.42
(d) Tied Grant	-	802.00	802.00	--	802.00	802.00	-	401.00	401.00
(ii) Grants to ULBs	970.54	772.00	1,742.54	681.35	579.00	1,260.35	448.43	213.48	661.91
(a) General Basic Grant	776.43	-	776.43	681.35	-	681.35	448.43	-	448.43
(b) Basic Grant (Untied)	-	386.00	386.00	-	386.00	386.00	-	193.00	193.00
(c) General Performance Grants	194.11	-	194.11	-	-	-	-	-	-
(d) Tied Grant	-	386.00	386.00	-	193.00	193.00	-	20.48	20.48
State Disaster Response Fund	2,287.00	772.00	3,059.00	2,286.90	772.00	3,058.90	2,286.90	579.00	2,865.90
Grand Total	8,674.12	3,148.00	11,822.12	8,069.59	2,955.00	11,024.59	7,836.67	1,594.48	9,431.15

Source: Director of Finance (Economic Affairs) Department and Finance Accounts

It could be seen from above table that XIV FC recommended ₹ 8,674.12 crore for release to the local bodies and for disaster relief during 2015-16 to 2019-20. Out of that, GoI released ₹ 8,069.59 crore during the period. Further, XV FC recommended ₹ 3,148.00 crore for release to above sectors during 2020-21. Out of which, GoI released ₹ 2,955.00 crore during the year.

2.4.3 Capital Receipts

Capital Receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from Internal sources (market loans, borrowings from financial institutions/ commercial banks) and loans and advances from GoI.

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

Table 2.14: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sl. No.	Sources of State's Capital Receipts*	2016-17	2017-18	2018-19	2019-20	2020-21
1	Capital Receipts	3,920.31	8,451.78	11,757.58	15,390.14	17,942.74
(a)	Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
(b)	Recovery of Loans and Advances	18.60	4.71	2.93	1,140.51	2.56
(c)	Public Debt Receipts	3,901.71	8,447.07	11,754.65	14,249.63	17,940.18
(i)	Internal Debt (excluding Ways and Means Advance and Overdraft)	3,844.36	8,377.50	11,665.49	14,143.29	16,382.36
	Growth rate (In per cent)	-29.43	117.92	39.25	21.24	15.83
(ii)	Loans and advances from GoI	57.35	69.57	89.16	106.34	1,557.82
	Growth rate (In per cent)	13.59	21.31	28.16	19.27	1,364.94
2	Rate of growth of debt Capital Receipts (per cent)	-29.03	116.50	39.15	21.23	25.90
3	Rate of growth of non-debt capital receipts (per cent)	-96.35	-74.68	-37.79	38,825.26	-99.78

Sl. No.	Sources of State's Capital Receipts*	2016-17	2017-18	2018-19	2019-20	2020-21
4	Rate of growth of GSDP (per cent)	11.63	11.27	9.24	8.37	3.89
5	Rate of growth of Capital Receipts (per cent)	-34.75	115.59	39.11	30.90	16.59

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

*Includes only receipts under Consolidated Fund

Capital Receipts increased by 357.69 per cent from ₹ 3,920.31 crore in 2016-17 to ₹ 17,942.74 crore in 2020-21. Public debt receipts create future repayment obligation and these are taken from Market, Financial Institutions and Central Government. During the current year, it grew significantly by 25.90 per cent from ₹ 14,249.63 crore in 2019-20 to ₹ 17,940.18 crore in 2020-21.

2.4.4 State's performance in mobilisation of resources

State's performance in mobilisation of resources is assessed in terms of its own resources comprising 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 2016-21 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

	(₹ in crore)				
	FC projections	Budget Estimates	Actuals	Percentage variation of actuals over	
				FC projections	Budget Estimates
Own Tax Revenue	21,190.00	23,209.74	17,133.61	(-) 19.14	(-) 26.18
Non-Tax Revenue	5,499.00	7,303.79	2,899.61	(-) 47.27	(-) 60.30

It can be seen from above table that State's Own Tax and Non-Tax Revenues were short by 19.14 and 47.27 per cent respectively from the projections of XV FC whereas same were short by 26.18 and 60.30 per cent respectively over the estimates made in the Budget during 2020-21.

2.5 Application of resources

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

2.5.1 Growth and composition of total expenditure

The expenditure of the State is broadly classified under three categories viz., Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances. These three together are called total expenditure⁷ of the State.

⁷ Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

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.

Disbursement of 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 2016-17 to 2020-21 is presented in **Table 2.16**.

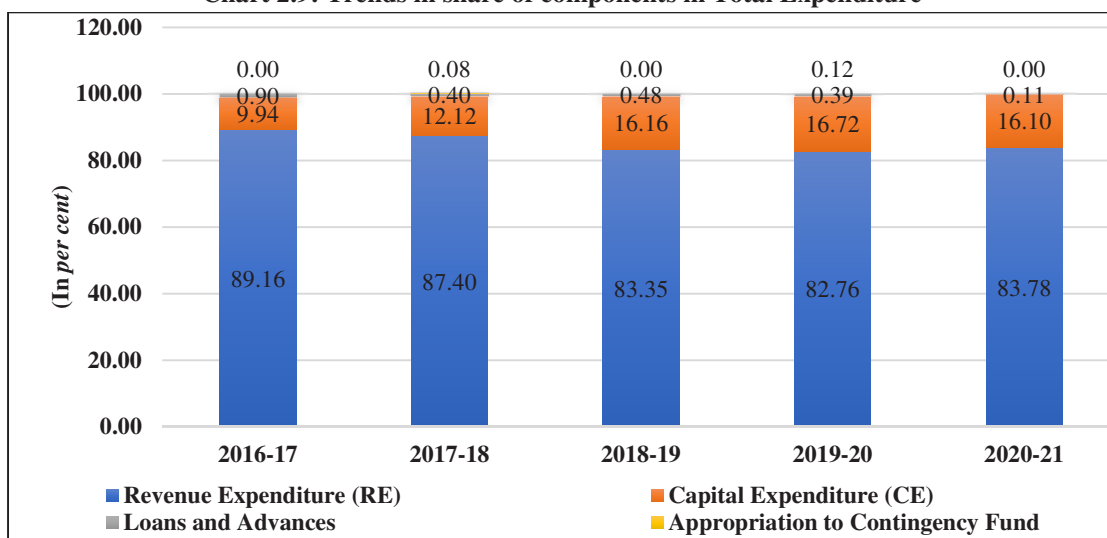
Table 2.16: Total Expenditure and its composition

(₹ in crore)					
Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	55,364.18	63,477.85	68,261.15	80,551.39	77,006.78
Revenue Expenditure (RE)	49,362.72	55,480.94	56,899.00	66,666.68	64,519.59
Capital Expenditure (CE)	5,502.08	7,692.84	11,034.08	13,468.55	12,399.39
Loans and Advances	499.38	254.07	328.07	316.16	87.80
Appropriation to Contingency Fund	0.00	50.00	0.00	100.00	0.00
As a percentage of GSDP					
TE/GSDP	21.76	22.42	22.07	24.03	22.11
RE/GSDP	19.40	19.59	18.39	19.89	18.53
CE/GSDP	2.16	2.72	3.57	4.02	3.56
Loans and Advances/GSDP	0.20	0.09	0.11	0.09	0.03
Appropriation to Contingency Fund/GSDP	0.00	0.02	0.00	0.03	0.00

The above table shows that Total Expenditure of the State increased nearly 1.5 times from ₹ 55,364.18 crore in 2016-17 to ₹ 77,006.78 crore in 2020-21. During the year, it decreased by 4.40 *per cent* over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 21.76 *per cent* to 24.03 *per cent* during 2016-21.

Chart 2.9 depicts the share of components of Total Expenditure and their trend during 2016-21. It is evident from the following chart that share of Revenue Expenditure in Total Expenditure had declined from 89.16 *per cent* in 2016-17 to 83.78 *per cent* in 2020-21 whereas share of Capital Expenditure in Total Expenditure had shown matching increase as it increased from 9.94 *per cent* in 2016-17 to 16.10 *per cent* in 2020-21.

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 2016-21 is given in **Table 2.17** and also in **Chart 2.10**. Composition of Total Expenditure during current year *i.e.*, 2020-21 is also given in **Chart 2.11**.

Table 2.17: Relative share of various sectors of expenditure

Parameters	(In per cent)				
	2016-17	2017-18	2018-19	2019-20	2020-21
General Services	31.29	35.30	31.53	28.38	30.40
Social Services	43.74	38.15	40.28	38.17	40.73
Economic Services	22.89	25.87	27.30	32.49	28.26
Others (Grants to Local Bodies, Loans and Advances and Appropriation to Contingency Fund)	2.08	0.68	0.88	0.97	0.60

Chart 2.10: Trends in share of Total expenditure by activities

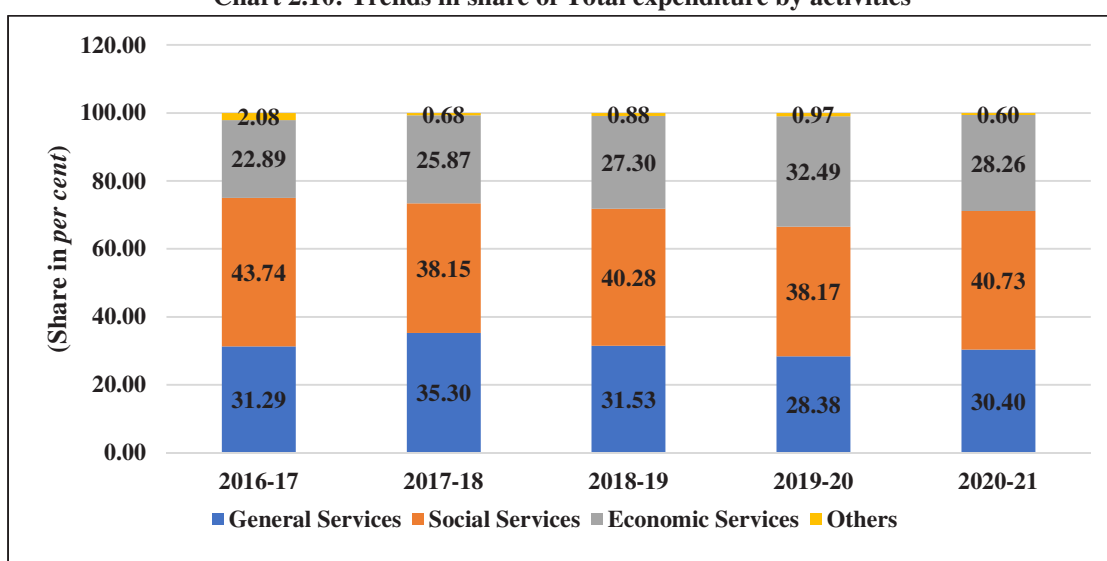
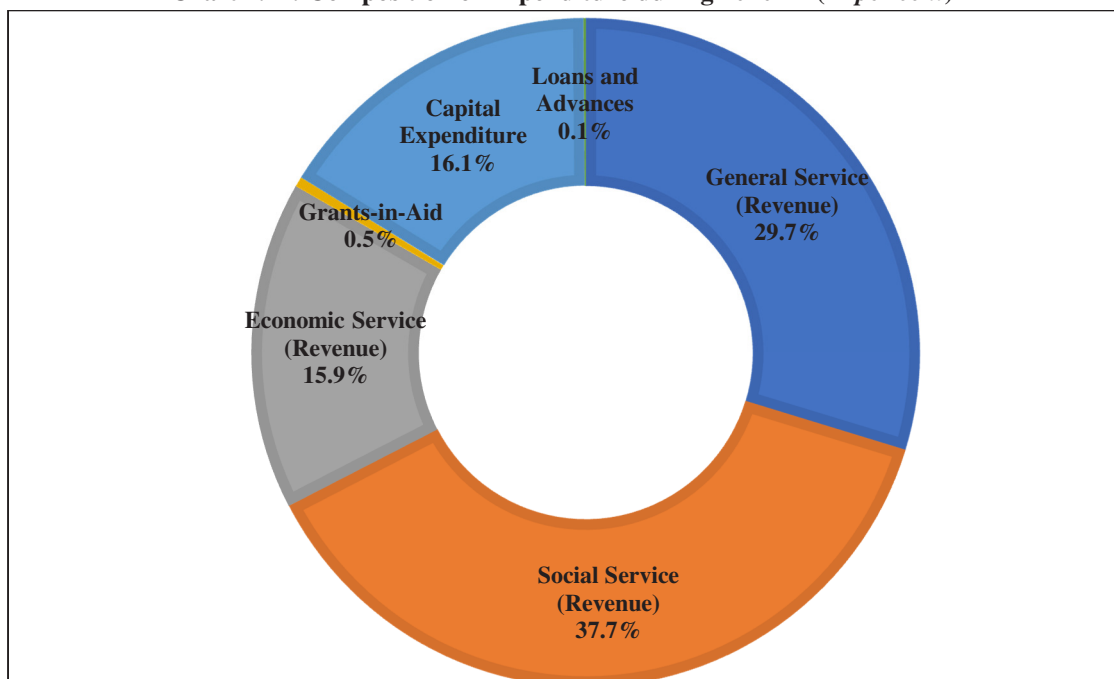


Chart 2.11: Composition of Expenditure during 2020-21 (In per cent)



The relative share of the above components of expenditure indicates that the share of Economic Services and others in the Total Expenditure decreased by 4.23 per cent and 0.37 per cent during 2020-21 over the previous year respectively. These decreases were, however, offset by increase in the respective share of General Services and Social Services.

2.5.2 Revenue Expenditure

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

Table 2.18 indicates the overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts during the five-year period (2016-21). It is evident from the table that the Revenue Expenditure formed on an average 85 per cent (ranging from 82.76 per cent in 2019-20 to 89.16 per cent in 2016-17) of the Total Expenditure during the period 2016-21. Rate of growth of Revenue Expenditure displayed wide fluctuation during the five-year period.

Trends in Revenue Expenditure over a period of five years (2016-21) are given in **Chart 2.12** whereas the sectoral distribution of Revenue Expenditure pertaining to 2020-21 is given in **Chart 2.13**.

Table 2.18: Revenue Expenditure – Basic parameters

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
Total Expenditure (TE)	55,364.18	63,477.85	68,261.15	80,551.39	77,006.78
Revenue Expenditure (RE)	49,362.72	55,480.94	56,899.00	66,666.68	64,519.59
Rate of Growth of RE (per cent)	33.37	12.39	2.56	17.17	-3.22
Revenue Expenditure as percentage of TE	89.16	87.40	83.35	82.76	83.78

Parameters	2016-17	2017-18	2018-19	2019-20	2020-21
RE/GSDP (<i>per cent</i>)	19.40	19.59	18.39	19.89	18.53
RE as percentage of RR	100.29	102.49	89.63	103.37	99.41
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	2.87	1.10	0.28	2.05	-0.83
Revenue Receipts (ratio)	2.10	1.24	0.15	10.73	-5.10

Chart 2.12: Trend of Revenue Expenditure during 2016-21

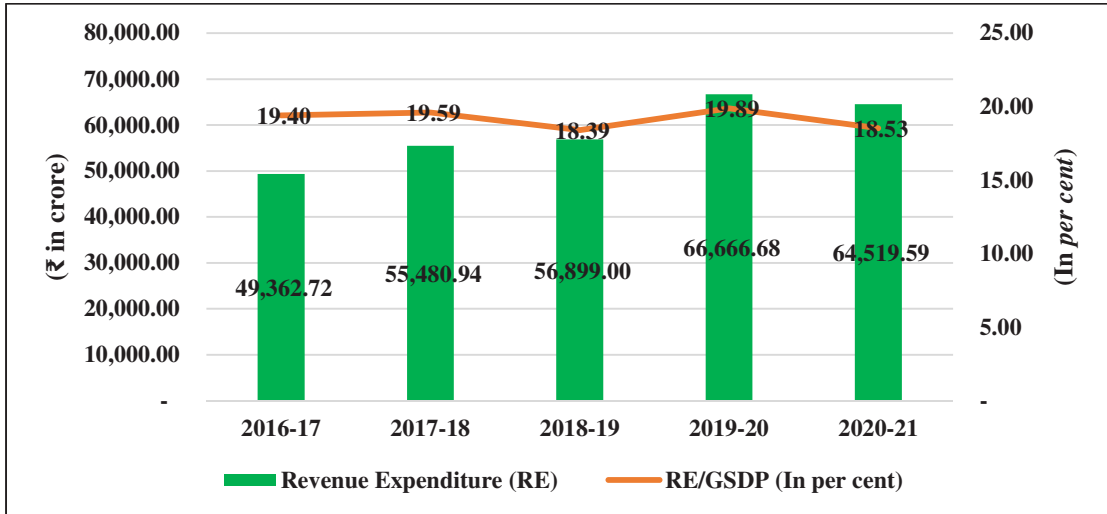
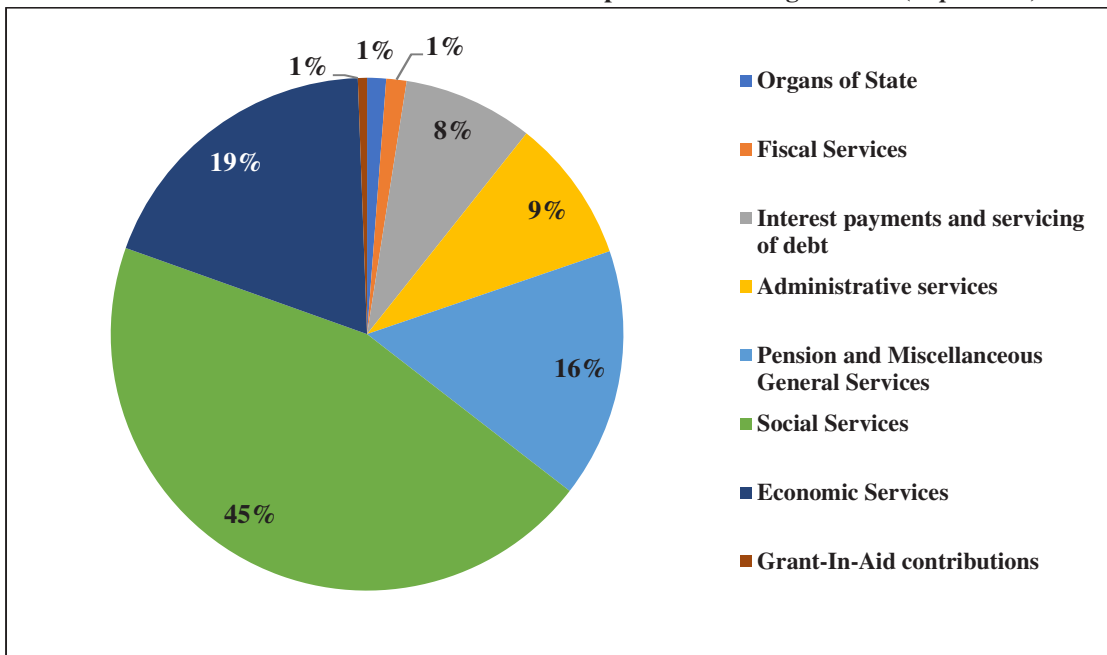


Chart 2.13: Sectoral distribution of Revenue Expenditure during 2020-21 (In per cent)



Revenue Expenditure decreased by ₹ 2,147.09 crore (3.22 *per cent*) from ₹ 66,666.68 crore in 2019-20 to ₹ 64,519.59 crore in 2020-21. Revenue Expenditure as a percentage of GSDP also decreased marginally during the year. However, Revenue Expenditure during the year was lower by ₹ 18,257.39 crore *vis-à-vis* the projections made in Medium Term Fiscal Plan (MTFP) (₹ 82,776.98 crore).

2.5.2.1 Major Changes in Revenue Expenditure

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

Table 2.19: Variation in Revenue Expenditure during 2020-21 compared to 2019-20

(₹ in crore)

Major Heads of Account	2019-20	2020-21	Increase/ Decrease(-)	Increase/Decrease (In per cent)
2515-Other Rural Development Programmes	4,138.43	1,757.96	(-) 2,380.47	(-) 57.52
2225-Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	2,076.98	622.45	(-) 1,454.53	(-)70.03
2052-Secretariat General Services	512.18	1,341.46	829.28	161.91
2505-Rural Employment	179.80	690.62	510.82	284.10
3451-Secretariat-Economic Services	420.87	709.23	288.36	68.52

The table above indicates that Other Rural Development Programmes recorded maximum decrease during the year and this was due to decline in expenditure under (i) Rastriya Gram Swaraj Abhiyan (RGSA) and (ii) Assistance to Gram Panchayat, *etc.* Further, Secretariat General Services recorded maximum increase during the year due to fresh expenditure under enhancing stake in NRL, Nabaudita Assam, Tea Garden Scheme, *etc.*

2.5.2.2 Committed Expenditure

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

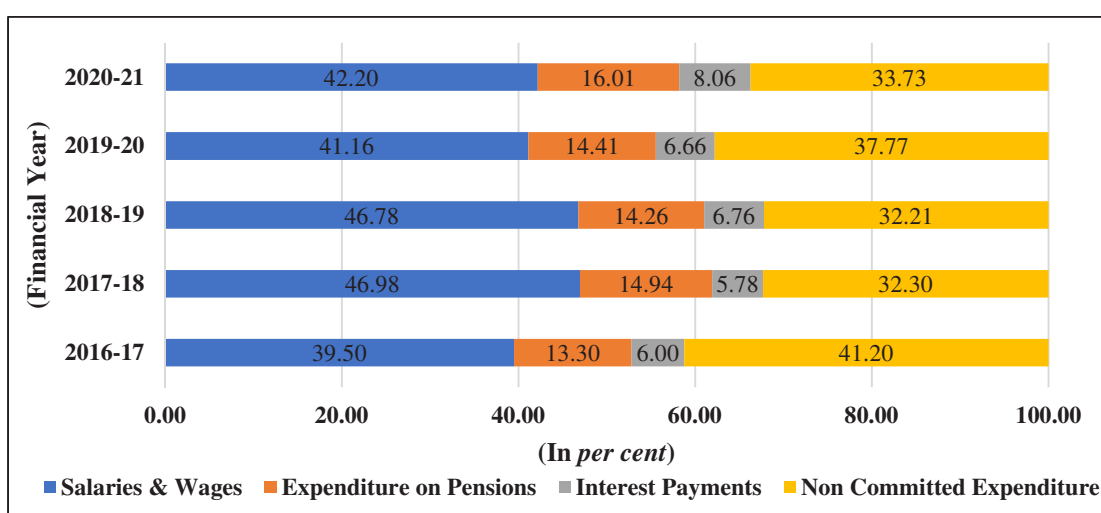
Table 2.20 presents the trends in the components of committed expenditure during 2016-21. Share of committed and non-committed expenditure in Revenue Expenditure during 2016-21 is given in **Chart 2.14**.

Table 2.20: Components of Committed Expenditure

(₹ in crore)

Components of Committed Expenditure	2016-17	2017-18	2018-19	2019-20	2020-21
Salaries & Wages	19,497.61	26,068.00	26,617.37	27,437.89	27,227.09
Expenditure on Pensions	6,564.64	8,287.34	8,112.26	9,609.02	10,329.01
Interest Payments	2,963.75	3,205.32	3,844.37	4,438.87	5,199.18
Total	29,026.00	37,560.66	38,574.00	41,485.78	42,755.28
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	39.61	48.16	41.93	42.54	41.95
Expenditure on Pensions	13.34	15.31	12.78	14.90	15.91
Interest Payments	6.02	5.92	6.06	6.88	8.01
Total	58.97	69.39	60.77	64.32	65.88
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	39.50	46.99	46.78	41.16	42.20
Expenditure on Pensions	13.30	14.94	14.26	14.41	16.01
Interest Payments	6.00	5.78	6.76	6.66	8.06
Total	58.80	67.70	67.79	62.23	66.27

Chart 2.14: Share of Committed Expenditure in Revenue Expenditure



As can be seen from the details tabulated above, the committed expenditure constituted 60 per cent and above of both Revenue Receipts and Revenue Expenditure during the five-year period 2016-21 (except for 2016-17, where the committed expenditure fell below 60 per cent of both Revenue Receipts and Revenue Expenditure).

Salaries and Wages

Expenditure on salaries and wages accounted for 42.20 per cent of Revenue Expenditure during 2020-21. Over the five-year period 2016-21, it increased by ₹ 7,729.48 crore (39.64 per cent) from ₹ 19,497.61 crore in 2016-17 to ₹ 27,227.09 crore in 2020-21. Expenditure on Salaries (₹ 26,803.09 crore) during 2020-21 was less by ₹ 2,646.91 crore compared to the projection of ₹ 29,450.00 crore made in MTFP.

Interest Payments

Interest Payments increased by ₹ 760.31 crore (17.13 per cent) from ₹ 4,438.87 crore in 2019-20 to ₹ 5,199.18 crore in 2020-21 primarily due to an increase of ₹ 797.39 crore in interest payment on Market Loans. During the current year, Interest Payments were made on internal debt (₹ 4,233.17 crore), Small Savings, Provident Fund, etc., (₹ 875.33 crore) and Loans and Advances from Central Government (₹ 90.68 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	MTFP	
2020-21	5,272.00	5,801.84	5,801.84	5,199.18

Above table indicates that the interest payments of State Government were within its own projections made in XV FC Projection, MTFP and Budget for 2020-21.

Pensions Payments

The expenditure on “Pension and other Retirement Benefits” for State Government employees recruited prior to 30 January 2005 was ₹ 9,268.67 crore during the year (excluding expenditure on National Pension System). The expenditure towards Retirement Benefits depicted in the Accounts is less by ₹ 1,209.08 crore than actual due to non-reporting of pension payment made by non-link branches of Agency banks to the treasuries.

2.5.2.3 Undischarged Liability under National Pension System

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

Under this system, employees contribute 10 *per cent* basic pay and dearness allowance, which is matched by the State Government since inception of NPS. The State Government had increased the employer’s contribution to 14 *per cent* with effect from 01 April 2019. Accumulated amount *i.e.*, both employee’s and employer’s contribution are initially transferred to the Public Account (Major Head ‘8342-117-Defined Contributory Pension Scheme’). State Government has the responsibility to deposit both employee’s and employer’s share with the designated authority *i.e.*, National Securities Depository Limited (NSDL)/ trustee bank for further investment as per the guidelines of NPS. In terms of the guidelines of the Scheme, Government of Assam is liable to pay interest on funds not transferred to NSDL. NSDL allots a Permanent Retirement Account Number (PRAN) to each employee enrolled under the system on receipt of requisite information/ documents from Government.

As on 31 March 2021, 1,96,017 PRANs were allotted to the employees whereas 8,614 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 (1-2)	Total (1+2)	NSDL	Beneficiaries	Net Refunds (+) and re-submission (-)	Less transfer {(4+7) - (5+6)}	
	1	2	3	4	5	6	7	8	
2009-10	3.21	*76.72	(-) 73.51	79.93	Nil	--	--	79.93	
2010-11	53.11	*1.32	51.79	54.43	3.54	--	--	50.89	
2011-12	83.55	*57.34	26.21	140.89	94.05	--	--	46.84	
2012-13	108.39	**101.42	6.97	209.81	201.49	--	--	8.32	
2013-14	201.16	***98.80	102.36	299.96	180.11	--	--	119.85	
2014-15	288.52	250.00	38.52	538.52	599.86	--	--	(-) 61.34	
2015-16	334.80	352.50	(-)17.69	687.30	704.98	0.01	0.19	(-) 17.50	
2016-17	396.69	308.12	88.57	704.81	616.11	0.16	0.01	88.55	
2017-18	529.01	565.88	(-) 36.87	1,094.89	1,131.40	0.38	0.26	(-) 36.63	

Year	Details of contribution				Details of funds transferred/ paid to			
	Employees	Government	Shortfall (1-2)	Total (1+2)	NSDL	Beneficiaries	Net Refunds (+) and re-submission (-)	Less transfer {(4+7) - (5+6)}
	1	2	3	4	5	6	7	8
2018-19	590.14	445.25	144.89	1035.39	890.06	0.44	(-) 0.14	144.75
2019-20	682.96	749.32	206.82 [@]	1432.28	1498.30	0.38	(-) 0.03	(-) 66.43
2020-21	735.43	1060.34	(-) 30.74 ^{\$}	1795.77	1820.25	0.60	(-) 0.03	(-) 25.11
Total	4,006.97	4,067.01	507.32	8,073.98	7,740.15	1.97	0.26[#]	332.12^{&}

*GS credited to current Account from Asian Development Bank (ADB) funds

** ₹ 1.88 crore made from Asian Development Bank (ADB) fund and ₹ 99.54 crore directly credited to Current Account from MH: 2701

*** ₹ 93.42 crore of fund directly credited to Current Account from MH: 2701

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

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

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

& Less transfer (₹ 316.74 crore under MH-8342-117 *plus* ₹ 15.38 crore in Current Bank Account)

Audit observations in this regard are as follows:

As of 31 March 2021, Government of Assam collected ₹ 4,006.97 crore from employees as contribution towards NPS since the introduction of the Scheme and contributed ₹ 4,067.01 crore as Government share against the due contribution of ₹ 4,574.33 crore, resulting in short contribution of ₹ 507.32 crore. Against the total collected funds of ₹ 8,073.98 crore (comprising employees share of ₹ 4,006.97 crore and Government share of ₹ 4,067.01 crore), the Government had transferred only ₹ 7,740.15 crore to the designated authority (NSDL) for further investment as per the provisions of the scheme. Funds of ₹ 332.12 crore as well as the interest on it remained to be transferred to NSDL from the Public Account as on 31 March 2021. Out of the balance of ₹ 332.12 crore, ₹ 316.74 crore were lying in the Public Account and the balance ₹ 15.38 crore was lying in the Current Account.

As on 31 March 2020, an amount of ₹ 341.82 crore remained in the Public Account under the Major Head - 8342 - 117 on which, interest payable in 2020-21 has been estimated as ₹ 27.35 crore (@ eight *per cent*). Uncollected, unmatched and untransferred amounts, with accrued interest, represent outstanding liabilities under the scheme. Non-payment of interest of ₹ 27.35 crore has resulted in overstatement of Revenue Surplus and understatement of 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.

During the Exit Conference (December 2021), the Secretary, Finance Department informed that the Government has decided to pay interest on balances, and notification to the effect would be issued soon. Further, the Government would also work on rectifying other deficiencies of NPS as pointed out by Audit.

2.5.2.4 Subsidies

Table 2.23 indicates that there has been significant increase in expenditure on subsidies during the last three years of five-year period. Subsidies as a percentage of Revenue

Receipts and Revenue Expenditure stood at 3.03 *per cent* and 3.05 *per cent* respectively during the current year.

Table 2.23: Expenditure on subsidies during 2016-21

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Subsidies (₹ in crore)	226.74	703.84	1,464.93	1,473.23	1,966.15
Subsidies as a percentage of Revenue Receipts	0.46	1.30	2.31	2.28	3.03
Subsidies as a percentage of Revenue Expenditure	0.46	1.27	2.57	2.21	3.05

Source: VLC data of respective years and Finance Accounts

During 2020-21, subsidies were mainly given under targeted subsidy to APDCL (₹ 603.34 crore), National Food Security Scheme (₹ 598.37 crore), Power purchase subsidy (₹ 300.00 crore) and Housing for All (Pradhan Mantri Awas Yojana) (₹ 432.70 crore). State Government had not made any projection for subsidy in its MTFP during 2020-21.

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

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. Further, many of the Centrally Sponsored Scheme funds are transferred to implementing agencies as Grants-in-Aid. The following table details the quantum of grants given by the State to local bodies and other institutions during the last five years *i.e.*, 2016-21.

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

Institutions	2016-17	2017-18	2018-19	2019-20	2020-21
PRIs	144.59	818.42	569.49	3,642.78	682.48
ULBs	151.27	306.73	456.98	578.33	354.96
PSUs	8.62	22.78	10.18	886.81	57.58
Autonomous Bodies	382.60	476.61	839.91	1,252.07	193.58
Others*	12,968.07	17,392.69	15,687.58	19,259.65	22,447.14
Total⁸	13,655.15	19,017.23	17,564.14	25,619.64	23,735.74
Revenue Expenditure	49,362.72	55,480.94	56,899.00	66,666.68	64,519.59
Assistance as percentage of Revenue Expenditure	27.66	34.28	30.87	38.43	36.79

Source: Finance Accounts (Statement 10 and Appendix III)

* Largely to Implementing agencies of Centrally Sponsored Schemes like NRHM, PMGSY, SNP

It can be seen from above table that Grant-in-Aid to local bodies and other institutions as percentage of Revenue Expenditure increased from 27.66 *per cent* in 2016-17 to 36.79 *per cent* in 2020-21. During the year, out of the total grants-in-aid given by the State, 94.57 *per cent* went to various agencies implementing Centrally Sponsored Schemes, educational, health institutions, *etc.*, followed by 2.88 *per cent* to PRIs and 1.50 *per cent* to ULBs.

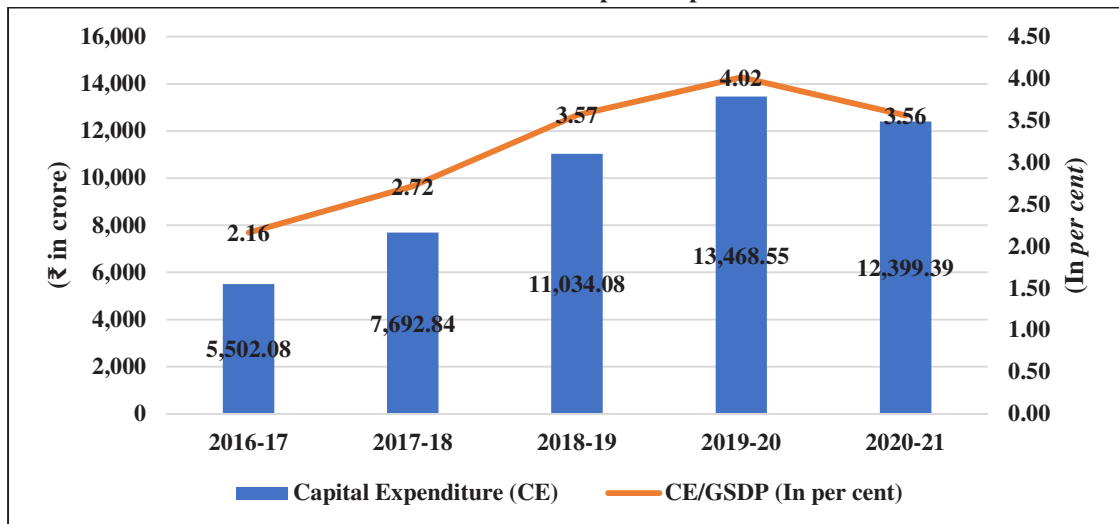
⁸ Includes GIA booked under Capital Major Heads

2.5.3 Capital Expenditure

Capital Expenditure (capex) is primarily expenditure on creation of fixed infrastructure assets, such as buildings, roads, bridges, *etc.*

Capital Expenditure of the State showed an increasing trend during the first four years *i.e.*, 2016-17 to 2019-20. But it decreased by ₹ 1,069.16 crore from ₹ 13,468.55 crore in 2019-20 to ₹ 12,399.39 crore in 2020-21 as detailed in **Chart 2.15**.

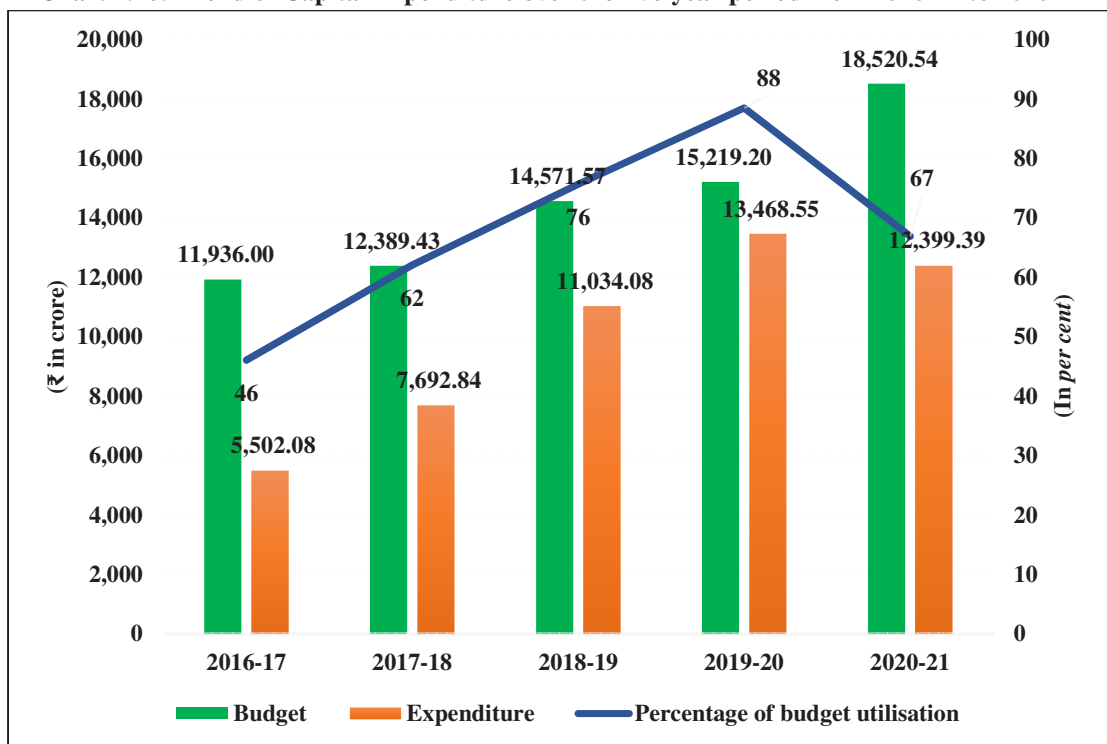
Chart 2.15: Trend of Capital Expenditure



As is evident from the preceding chart, Capital Expenditure has shown a significant increase in the last few years, with its share as a percentage of GSDP remained in the range of 2.16 *per cent* and 4.02 *per cent* during 2016-21. However, percentage of Capital Expenditure has to be viewed in the light of the fact that Grants-in-Aid were booked under capital section, instead of under revenue which resulted in understatement of Revenue Expenditure and Revenue Deficit to that extent, as discussed in Chapter 3 under Paragraph 3.3.7.

However, the State could not fully expend the budgetary allocation on creation of assets in any year during the five-year period 2016-21. While the extent of utilisation of budget for Capital Expenditure has been increasing since 2016-17 and reached the level of 88 *per cent* during 2019-20, it declined in 2020-21 and stood at 67 *per cent* during the year. Details of Capital Expenditure *vis-à-vis* budget during the five-year period 2016-21 are given in **Chart 2.16**.

Chart 2.16: Trend of Capital Expenditure over the five-year period from 2016-17 to 2020-21



2.5.3.1 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 2.25.

Table 2.25: Capital Expenditure during 2020-21 compared to 2019-20

Major Heads of Accounts	2019-20	2020-21	Increase/Decrease(-)	
			(₹ in crore)	(In per cent)
4217- Capital Outlay on Urban Development	293.44	143.39	(-) 150.05	(-) 51.13
4552- Capital Outlay on North Eastern Areas	420.18	216.76	(-) 203.42	(-) 48.41
4711 - Capital Outlay on Flood Control Projects	732.94	411.34	(-) 321.60	(-) 43.88
4215 - Capital Outlay on Water Supply and Sanitation	635.55	1,545.62	910.07	143.19
4401 - Capital Outlay on Crop Husbandry	48.91	180.68	131.77	269.41

The above table reveals that Capital Outlay on Flood Control Projects recorded maximum decrease of ₹ 321.60 crore during the year due to decline in expenditure in various flood control projects whereas Capital Outlay on Water Supply and Sanitation recorded maximum increase of ₹ 910.07 crore during the year due to increase in expenditure under National Rural Drinking Water Programme, National Water Quality Sub-Mission, etc.

2.5.3.2 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 companies, corporations, *etc.*, which are loss making and those where net worth is completely eroded, affect 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 2020-21, Government of Assam had invested ₹ 2,923.57 crore in four Statutory Corporations, 24 Government Companies (Working: 21; Non-working: 3), 17 Joint Stock Companies, two Rural Banks and 19 Co-operatives in the State as of 31 March 2021. The State Government earned a return of ₹ 481.89 crore on these investments during 2020-21. The average rate of return on investment was 7.46 *per cent* during the five-year period from 2016-17 to 2020-21, while the average rate of interest paid by the State Government during the period was 6.99 *per cent*.

Details of investment by Government of Assam and returns on investment during the five-year period 2016-17 to 2020-21 were as follows:

Table 2.26: Details of Investment and returns on Investment during last five years

Entities	2016-17	2017-18	2018-19	2019-20	2020-21
Statutory Corporations ⁹ (No. of entities)	2,136.13 (4)	2,136.13 (4)	2,151.90 (4)	2,442.71* (4)	2,442.71* (4)
Government Companies (No. of entities)	176.92 (24)	176.92 (24)	176.92 (24)	176.92 (24)	176.91 (24)
Joint Stock Companies (No. of entities)	65.81 (17)	80.49 (17)	149.03 (17)	169.03 (17)	169.03 (17)
Banks ¹⁰ (No. of entities)	21.26 (2)	21.76 (2)	21.76 (2)	21.76 (2)	21.76 (2)
Co-operatives (No. of entities)	109.83 (18)	109.83 (18)	109.83 (18)	109.83 (18)	113.16 (19)
Total Investment	2,509.95	2,525.13	2,609.44	2,920.25	2,923.57
Return on investment (₹ in crore)	124.44	225.55	153.24	30.64	481.89
Return on investment (<i>Per cent</i>)	4.96	8.93	5.87	1.05	16.48
Average rate of interest on Government borrowings (<i>Per cent</i>)	7.14	6.87	7.07	6.74	6.51
Difference between interest rate and return (<i>Per cent</i>)	2.18	-2.06	1.20	5.69	-9.97
Difference between interest on Government borrowings and return on investment (₹ in crore)	2,839.31	2,979.77	3,691.13	4,408.23	4,717.29

Source: Finance Accounts

*Includes Uday transaction of ₹ 283.13 crore

During the last five years, *i.e.*, 2016-21, the State Government's investments had

⁹ 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.

¹⁰ It includes the Rural Bank and Urban and Industrial Co-operative Bank.

increased marginally by ₹ 413.62 crore from ₹ 2,509.95 crore in 2016-17 to ₹ 2,923.57 crore in 2020-21. During the current year, Government invested ₹ 3.32 crore in Co-operatives.

Out of four Statutory Corporations, three were incurring losses and their accumulated losses amounted to ₹ 113.59 crore¹¹. Similarly, out of 24 Government Companies in the State, 16 companies were incurring losses and their accumulated losses amounted to ₹ 636.57 crore.

The major loss incurring five Government Companies were Assam Tea Corporation Limited, Guwahati (Investment: ₹ 8.07 crore; accumulated loss: ₹ 323.75 crore), Assam Industrial Development Corporation Limited (Investment: ₹ 29.71 crore; accumulated loss: ₹ 95.05 crore), Assam Plain Tribes Development Corporation, (Investment: ₹ 0.46 crore; accumulated loss: ₹ 41.71 crore), Assam State Textile Corporation Limited (Investment: ₹ 4.78 crore; accumulated loss: ₹ 36.79 crore) and Assam State Development Corporation for Scheduled Castes Limited (Investment: ₹ 4.88 crore; accumulated loss: ₹ 32.40 crore).

Moreover, it is worth mentioning that there is a difference between the number of State Public Sector Undertaking (SPSUs) recorded in the Finance Accounts (45) as detailed in **Table 2.26** and that of the Audit Report on SPSUs (51). The differences have arisen primarily due to the investment transactions being booked in Government accounts based on the vouchers received in the Office of the Accountant General (A&E) and the details given in the Audit Reports obtained from the individual SPSUs. The differences in the number of SPSUs as well as investments made by the State Government in these SPSUs are under reconciliation.

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

During the Exit Conference (December 2021), the Secretary, Finance Department, assured to take appropriate action to rectify the discrepancy between the number of SPSUs.

(ii) 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 2.27** presents the outstanding loans and advances as on 31 March 2021 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2016-17 to 2020-21.

¹¹ Assam State Warehousing Corporation:-₹ 9.06 crore (as on 31-03-2017); Assam State Transport Corporation:-₹ 94.80 crore (as on 31-03-2017); Assam Financial Corporation, Guwahati:-₹ 9.73 crore (as on 31-03-2019).

Table 2.27: Details of Loans advanced by State Government and interest received

(₹ in crore)

Quantum of Loans/ Interest Receipts/ Cost of Borrowings	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Balance	4,693.52	5,174.30	5,423.66	5,748.80	4,924.45
Amount advanced during the year	499.38	254.07	328.07	316.16	87.80
Amount recovered during the year	18.6	4.71	2.93	1,140.51*	2.56
Closing Balance	5,174.30	5,423.66	5,748.80	4,924.45	5,009.69
Net addition	480.78	249.36	325.14	-824.35	85.24
Interest Receipts	17.28	18.86	281.10	284.00	167.20
Interest receipts as a <i>percentage</i> of outstanding Loans and Advances	0.33	0.35	4.89	5.77	3.34
Average rate of interest on Government borrowing (<i>per cent</i>)	7.14	6.87	7.07	6.74	6.51
Difference between Interest Payments and Interest Receipts (<i>per cent</i>)	6.81	6.52	2.18	0.97	3.17

*Includes recoveries of ₹ 1,132.53 crore on account of conversion of loan to Discom into grant and Equity

The total amount of outstanding loans and advances as on 31 March 2021 was ₹ 5,009.69 crore. During 2020-21, the State Government recovered a loan of ₹ 2.56 crore from the loanee entities. Further, the State Government also disbursed a loan of ₹ 87.80 crore to different entities during the year and received ₹ 167.20 crore as interest on loans disbursed in earlier years. Economic Services Sector received the entire amount of loans advanced (₹ 87.80 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 2020-21, fresh loans of ₹ 87.80 crore disbursed to three loanee entities from whom repayments of earlier loans ₹ 6,739.02 crore were in arrears. Out of those three cases, loans in respect of Assam Tea Corporation Limited (₹ 567.26 crore) were in arrears since 2001-02. Details in this regard are given in the following table.

Table 2.28: Payment of fresh loans to entity during 2020-21

(₹ in crore)

Sl. No.	Name of the loanee entity	Loans Disbursed during the current year		Amount of arrears as on 31 March 2020			Earliest period to which arrears relate
		Rate of Interest	Principal	Principal	Interest	Total	
1	Assam Tea Corporation Limited	11.50%	29.40	435.72	131.54	567.26	2001-02
2	APDCL*	10%	35.03	4,777.72	1,342.37	6,120.09	2003-04
3	Jute Mills	---	23.37	51.66	0.00	51.66	---
	Total		87.80	5,265.10	1,473.91	6,739.01	

*Assam Power Distribution and Generation Company Limited

(iii) Capital locked in Incomplete Projects

As per data provided by the Public Works, PHED and Irrigation Departments, there were 131 incomplete/ ongoing projects with progressive expenditure of ₹ 1,057.93 crore, as of 31 March 2021, incurred by 37 works divisions of these Departments of the State. Age profile of incomplete projects based on the year of sanction of these projects and department-wise profile as on 31 March 2021 is given in the following tables.

Table 2.29: Age profile of incomplete projects as on 31 March 2021 (₹ in crore)

Year of sanction of the project	No of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2021)
2008-09	3	3.26	1.37
2010-11	3	274.53	326.79
2011-12	2	180.39	71.14
2013-14	9	143.97	81.66
2014-15	12	38.55	13.79
2015-16	4	151.69	123.05
2016-17	12	262.01	154.51
2017-18	3	87.49	43.28
2018-19	13	346.75	149.18
2019-20	55	120.89	41.64
2020-21	15	135.95	51.51
Total	131	1,745.48	1,057.93

Table 2.30: Department-wise profile of incomplete projects as on 31 March 2021 (₹ in crore)

Department	No. of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2021)
Public Works	51	1,359.27	830.82
PHED	46	194.41	150.21
Irrigation	34	191.80	76.88
Total	131	1,745.48	1,057.93

Source: Finance Accounts

Physical progress of the projects as on 31 March 2021 was in the range of 0 to 99 per cent in respect of projects being executed by Public Works Department, 45 to 98 per cent in respect of projects being executed by PHED Department and 5 to 98 per cent in respect of projects being executed by Irrigation Department.

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

2.5.3.3 Resource availability of the State under Public Private Partnership Projects

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

During 2020-21, no PPP project was completed in the State. However, three projects¹² were ongoing and no project was planned for future. Department wise details of ongoing projects and projects under pipeline are given in **Table 2.31**.

Table 2.31: Status of PPP projects as on 31 March 2021

Sl. No.	Sector	Completed		Ongoing		Planned for future	
		No.	Estimated Cost	No.	Estimated Cost	No.	Estimated Cost
1	PWD (Roads)*	-	-	1	1,220.00	-	-
2	GDD (GMC)*	-	-	1	291.60	-	-
3	GDD (GMDA)*	-	-	1	671.21	-	-
4	Power	-	-	-	-	-	-
	Total	-	-	3	2,182.81	-	-

(₹ in crore)

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

2.5.4 Expenditure priorities

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

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 2020-21, taking 2016-17 as the base year.

Table 2.32: Fiscal Priority of the State in 2016-17 and 2020-21

(In per cent)

Fiscal Priority of the State	AE/ GSDP	CE/ AE	Education/AE	Health/AE
Average (ratio) in 2016-17 of				
North Eastern and Himalayan States	26.50	15.97	16.67	5.67
Assam	21.76	9.94	22.86	5.77
Average (ratio) in 2020-21 of				
North Eastern and Himalayan States	26.92	15.63	16.95	7.04
Assam	22.11	16.10	21.02	8.12

AE-Aggregate Expenditure, CE-Capital Expenditure

As can be seen from the above table, Capital Expenditure of the State was less than that of NE&H States during 2016-17. However, it improved and exceeded the average of

¹² i) Six Road Project (Bundle), ii) Development of Adabari Bus Terminus Land, Guwahati and iii) Construction of Games Village (Phase-II)

NE&H States in 2020-21. Expenditure of the State on Education as well as Health was more than the average of NE&H States during both the years.

2.5.5 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 (-)	
		2019-20	2020-21	Amount	Per cent
1	Salaries	24,331.02	24,335.58	4.56	0.02
2	Grants-in-Aid-General (Salary)	2,677.56	2,467.51	-210.05	-7.84
3	Grants-in-Aid-General (Non-Salary)	17,610.45	15,797.40	-1,813.05	-10.30
4	Grants for Creation of Capital Assets	8,559.48	7,938.34	-621.14	-7.26
5	Pension / Gratuity	9,609.02	10,329.01	719.99	7.49
6	Major Works	6,485.04	7,059.84	574.80	8.86
7	Interest	4,438.87	5,199.18	760.31	17.13
8	Other Charges	1,946.78	1,178.25	-768.53	-39.48
9	Office Expenses	626.39	755.01	128.62	20.53
10	Maintenance	616.20	736.43	120.23	19.51
11	Inter-Accounts Transfer	559.00	643.5	84.50	15.12
12	Materials and Supplies	516.99	468.88	-48.11	-9.31
13	Subsidy	1,473.23	1966.15	492.92	33.46
14	Wages	429.31	424.00	-5.31	-1.24
15	Professionals & Special Services	345.02	335.86	-9.16	-2.65
16	Minor Works	263.44	254.94	-8.50	-3.23
17	Scholarships and Stipend	192.94	262.19	69.25	35.89
18	Machinery and Equipment/ Tools and Plants	185.09	165.26	-19.83	-10.71
19	Deployment	140.06	156.71	16.65	11.89
20	Others	2,580.82	2,007.16	-573.66	-22.23

It can be seen from the table above that expenditure under two object heads recorded more than 30 per cent increase during the year.

2.6 Contingency Fund

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

As on 31 March 2021, the balance under Contingency Fund was ₹ 200 crore and no amount was lying un-recouped at the end of the financial year.

2.7 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article

266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.7.1 Net Balance of transactions in Public Account

Sector-wise net balance of transactions in Public Account of the State as of end of March 2021 are given in **Table 2.34** and also in **Chart 2.17**.

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

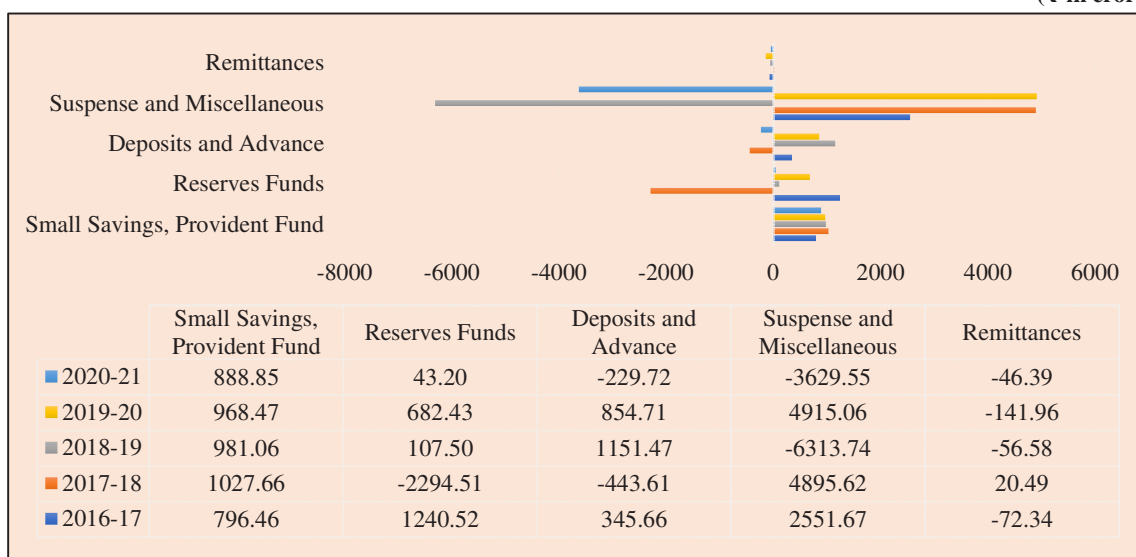
		(₹ in crore)				
Sector	Sub Sector	2016-17	2017-18	2018-19	2019-20	2020-21
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, etc.	796.46	1,027.66	981.06	968.47	888.85
J. Reserve Funds	(a) Reserve Funds bearing Interest	1,240.52	-2,294.54	107.50	682.43	43.20
	(b) Reserve Funds not bearing Interest	0.00	0.00	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	89.38	-36.32	148.06	-62.19	-19.83
	(b) Deposits not bearing Interest	940.54	109.04	748.82	161.84	-559.15
	(c) Advances	-684.26	-516.33	254.59	755.06	349.26
L. Suspense and Miscellaneous	(a) Suspense	234.01	651.55	-48.32	-415.06	-459.46
	(b) Other Accounts*	2,317.66	4,244.07	-7,318.83	5,330.12	-3,970.09
	(c) Accounts with Governments of Foreign Countries	----	---	---	---	---
	(d) Miscellaneous	----	---	1,053.41	---	800.00
M. Remittances	(a) Money Orders and other Remittances	-54.33	-3.73	-39.35	-123.90	-54.60
	(b) Inter-Governmental Adjustment Account	-18.01	24.22	-17.23	-18.06	8.21
Total		4,861.97	3,205.62	-4,130.29	7,278.71	-2,973.61

Note: Net balances denote excess of receipts over expenditure;

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

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

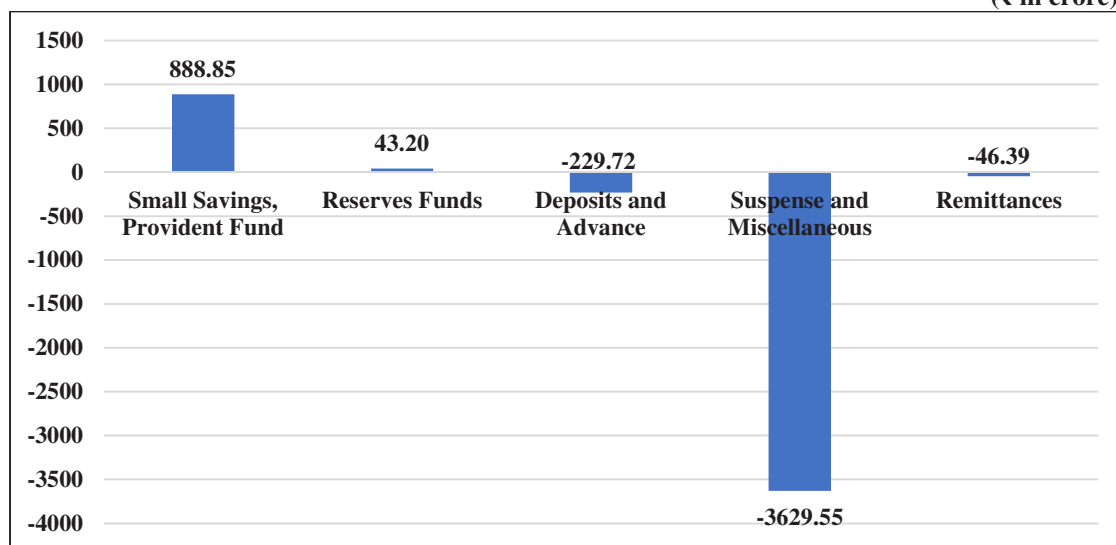
(₹ in crore)



The following Chart gives the details of changes in the balances in Public Account during the year 2020-21.

Chart 2.18: Change in net balances in transactions of Public Account during 2020-21

(₹ in crore)



2.7.2 Reserve Funds

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

As of 31 March 2021, there were 15 Reserve Funds in the State. Out of these, seven Reserve Funds were active and the remaining eight had been inactive for several years. The total accumulated balance in these funds, as of 31 March 2021, was ₹ 5,382.43 crore. Out of which, ₹ 1,329.24 crore was under interest bearing Reserve Fund and ₹ 4,053.21 crore under Non-Interest bearing Reserve Fund. Details of transactions during the year in three main active Reserve Funds are discussed below:

2.7.2.1 Consolidated Sinking Fund

The State Government had set up the Sinking Fund in line with the recommendations of the XII Finance Commission for amortisation of market borrowings as well as other loans and debt obligations. Under the scheme guidelines, State Government may contribute to the Fund at least 0.5 *per cent* of the outstanding liabilities at the end of the previous financial year. In terms of guidelines of the RBI, which is responsible for management of the Fund, outstanding liabilities are defined as comprising Public Debt and Public Account liabilities of the State Government. Accordingly, the desired contribution of the State Government was ₹ 354.93 crore, which was 0.5 *per cent* of the outstanding liabilities as of 31 March 2020 (₹ 70,986.23 crore).

Against this requirement, the State Government contributed ₹ 100 crore to the Fund during the year leading to a short contribution of ₹ 254.93 crore. As on 31 March 2021, an amount of ₹ 3,988.35 crore was lying in the Fund (including accrued interest of ₹ 311.85 crore), of which ₹ 3,981.12 crore had been invested.

2.7.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and Special Category 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 2020, the Fund had a balance of ₹ 725.23 crore. During 2020-21, the State Government received ₹ 772.00 crore as Central Government's share. The State Government's share due during the year was ₹ 85.77 crore. Against this, the State Government transferred ₹ 643.50 crore (GoI share: ₹ 579.00 crore *plus* State's share: ₹ 64.50 crore) to the Fund under the Major Head 8121-122 SDRF. During the year, the State also received ₹ 44.37 crore from the Central Government towards NDRF.

Further, against the total due receipts of ₹ 902.14 crore (Central Share received: ₹ 772.00 crore *plus* State Share due: ₹ 85.77 crore *plus* NDRF received: ₹ 44.37 crore) during the year, the State Government transferred ₹ 643.50 crore (Central Share: ₹ 579.00 crore *plus* State Share: ₹ 64.50 crore) to the Fund account which resulted in short transfer of ₹ 258.64 crore to the Fund account during the year. The entire expenditure of ₹ 600.30 crore incurred on natural calamities was set off (MH 2245-901)

against the Fund balance of ₹ 1,368.73 crore during the year. The balance lying under the Fund at the end of 31 March 2021 was ₹ 768.43 crore.

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 ₹ 43.51 crore by the GoA led to overstatement of Revenue Surplus to that extent during 2020-21 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) 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 November 2021.

During the Exit Conference (December 2021), the Commissioner and Secretary, Finance Department assured to follow the provisions of SDRF guidelines as pointed by Audit.

2.7.2.3 Guarantee Redemption Fund

State Government constituted (September 2009) a '*Guarantee Redemption Fund*' for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Public Sector Undertakings or other Bodies and invoked by the beneficiaries.

According to the scheme guidelines, the Government should contribute an amount equivalent to at least three *per cent* of the outstanding guarantees at the end of the second financial year preceding the current financial year as reflected in the books of accounts maintained by the Accountant General (A&E).

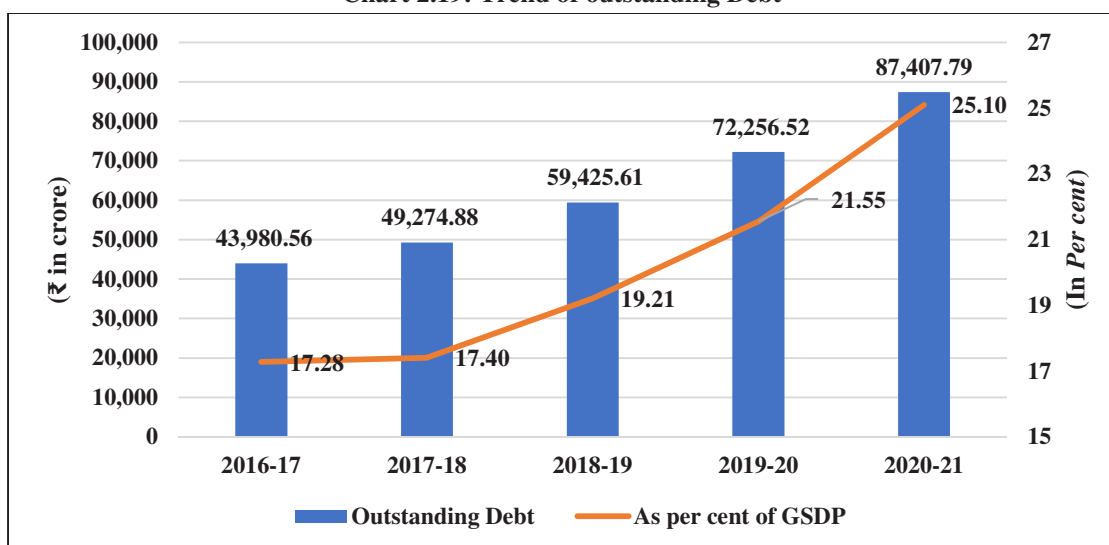
During 2020-21, the State Government was required to contribute ₹ 2.55 crore to the Fund, which was three *per cent* of ₹ 85.02 crore (outstanding guarantees at the end of second financial year preceding the current financial year). This was not done by the State Government during the year. As on 31 March 2021, the total amount lying in the Fund was ₹ 57.22 crore (including the accrued interest of ₹ 4.15 crore for 2020-21) and the entire amount was invested by the Reserve Bank of India.

2.8 Debt Management

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

Total outstanding Debt as a percentage of GSDP during 2016-21 is given in **Chart 2.19**.

Chart 2.19: Trend of outstanding Debt



2.8.1 Debt profile: Components

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

Item	What it means	Status in Assam
Ways and Means Advances (WMAs)	It is a facility for both the Centre and states to borrow from the RBI to help them tide over temporary mismatches in cash flows of their receipts and expenditure. Such advances should be repaid not later than three months from the date of taking the advance. RBI also charges interest on WMAs equivalent to its repo rate, which is basically the rate at which it lends short-term money to banks. That rate is currently 4.0 <i>per cent</i> .	The limit for ordinary WMA to the State Government was ₹ 608.49 crore with effect from 01 April 2020. The Bank has also agreed to give special ways and means advances against the pledge of Government Securities. The limit of special ways and means advances revised by the Bank from time to time. Government of Assam maintained the minimum cash balance with RBI during 2020-21 and no Ways and Means Advances or Overdraft was taken during the year.
Overdrafts	The governments are allowed to draw amounts in excess of their WMA limits. No state can run an overdraft with the RBI for more than a certain period. A state can be in overdraft from 14 to 21 consecutive working days, and from 36 to 50 working days during a quarter. The interest on overdraft is two percentage points above the repo rate, which works out to 6.0 <i>per cent</i> .	
Government securities	A Government Security (G-Sec) is a tradeable instrument issued by the Central Government	Long term securities carry a fixed or floating coupon

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

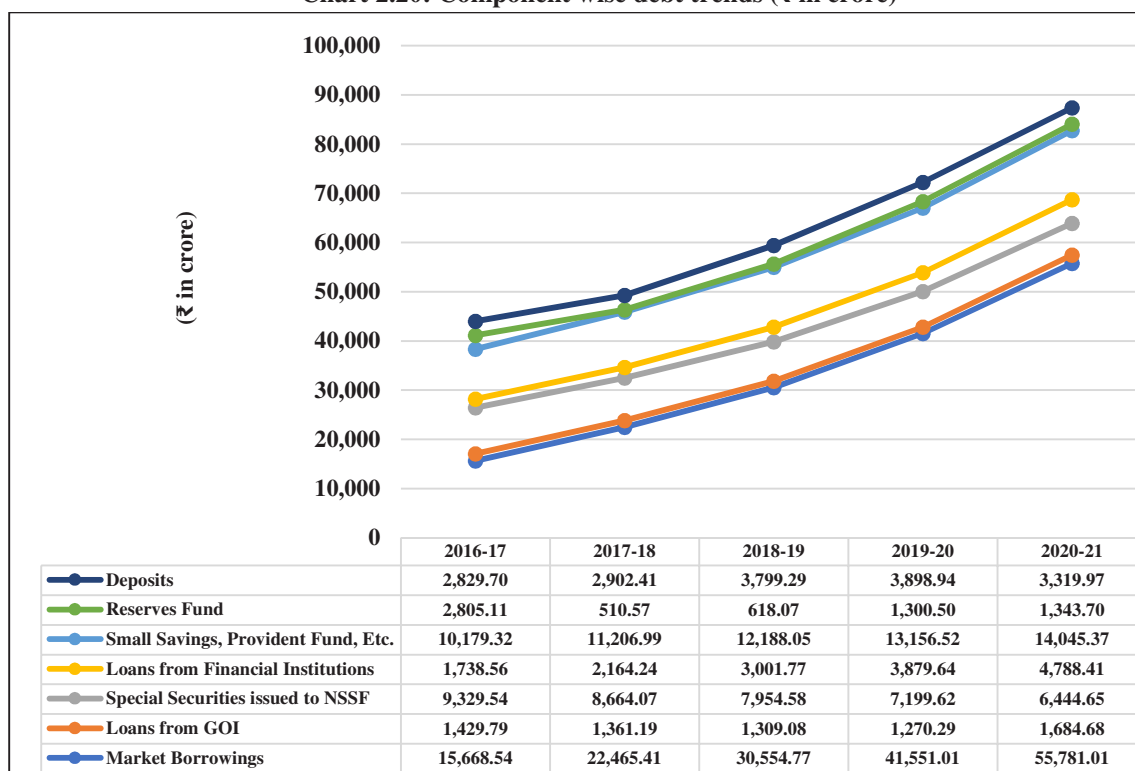
Outstanding debt, total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2016-21 are given in **Table 2.35**. Component wise debt and their trends during 2016-21 are also given in **Chart 2.20**.

Table 2.35: Trend of Outstanding Debt

		(₹ in crore)				
		2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Debt		43,980.56	49,274.88	59,425.61	72,256.52	87,407.79*
Public Debt	Internal Debt	26,736.65	33,293.73	41,511.12	52,630.27	67,014.07
	Loans from GoI	1,429.78	1,361.18	1,309.08	1,270.29	1,684.68
Public Account Liabilities		15,814.13	14,619.97	16,605.41	18,355.96	18,709.04
<i>(i) Small Savings, Provident Funds, etc.</i>		10,179.33	11,206.99	12,188.05	13,156.52	14,045.37
<i>(ii) Reserve Funds</i>		2,805.10	510.56	618.07	1,300.50	1,343.70
<i>(iii) Deposits</i>		2,829.70	2,902.42	3,799.29	3,898.94	3,319.97
Rate of growth of outstanding debt (per cent)		12.62	12.04	20.60	21.59	20.97
Gross State Domestic Product		2,54,478.25	2,83,164.90	3,09,336.32	3,35,238.11	3,48,277.17
Debt/GSDP (per cent)		17.28	17.40	19.21	21.55	25.10
Total Debt Receipts		13,533.76	18,848.19	25,163.98	25,275.04	27,561.92
Total Debt Repayments		8,607.78	13,553.88	15,013.26	12,444.13	11,416.65
Total Debt Available		4,925.98	5,294.31	10,150.72	12,830.91	16,145.27
Debt Repayments/Debt Receipts (per cent)		63.60	71.91	59.66	49.23	41.42

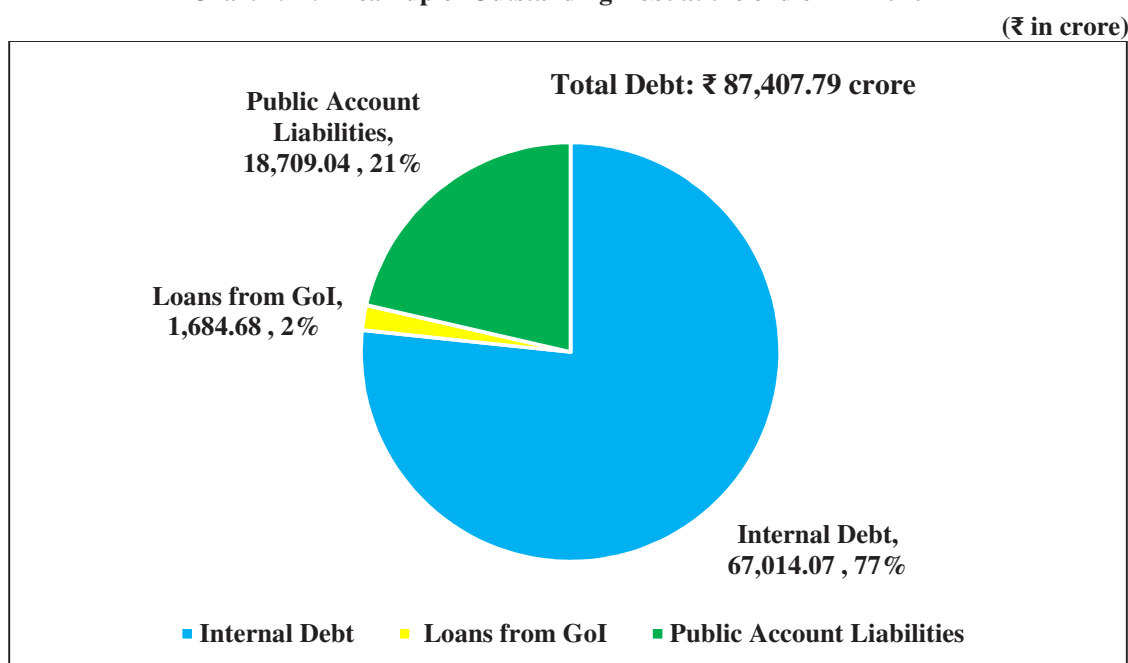
*Excludes loan of ₹ 994.00 crore, which was passed on as back to back loans by GoI, in lieu of shortfall in GST Compensation vide GoI's letter No. F.No. 40(1)PF-S/2021-22 dated 10-12-2021

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



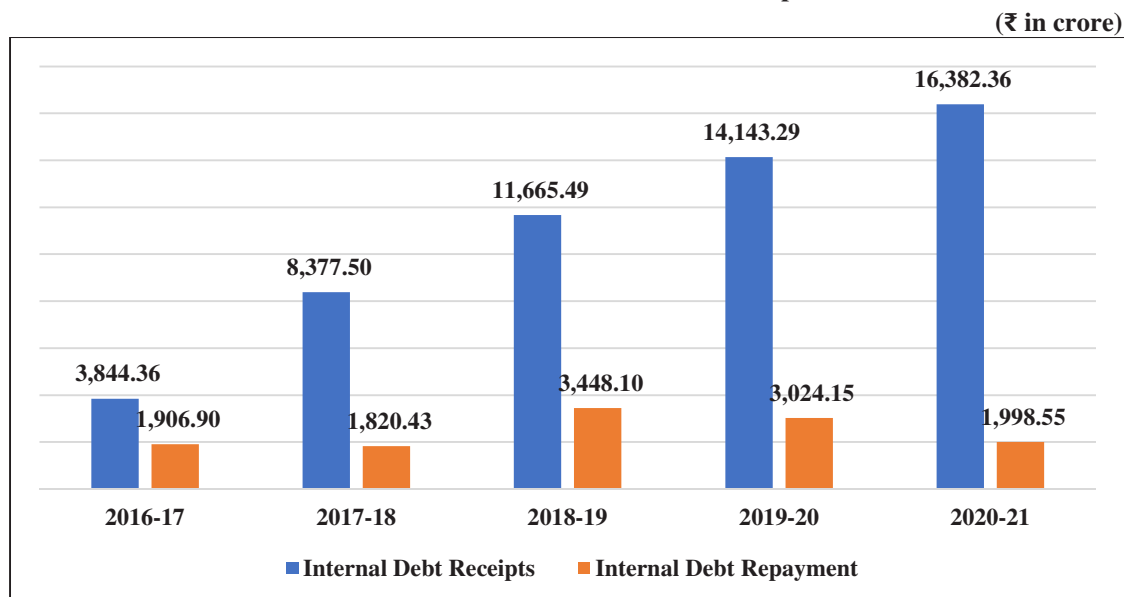
The total outstanding debt of the State Government at the end of 2020-21 was ₹ 87,407.79 crore. Component-wise break-up of debt during the year is shown in Chart 2.21.

Chart 2.21: Break-up of Outstanding Debt at the end of FY 2020-21



Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 77 per cent of the total outstanding debt. Internal debt receipts and repayment made by the State during the period is given in Chart 2.22.

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



Fiscal Deficit of the State ranged between 1.54 per cent and 4.45 per cent of GSDP during 2016-21. The financing pattern of fiscal deficit during the five-year period has undergone a compositional shift as reflected in **Table 2.36**. Financing of fiscal deficit during 2020-21 has also been expressed through a water flow chart given below.

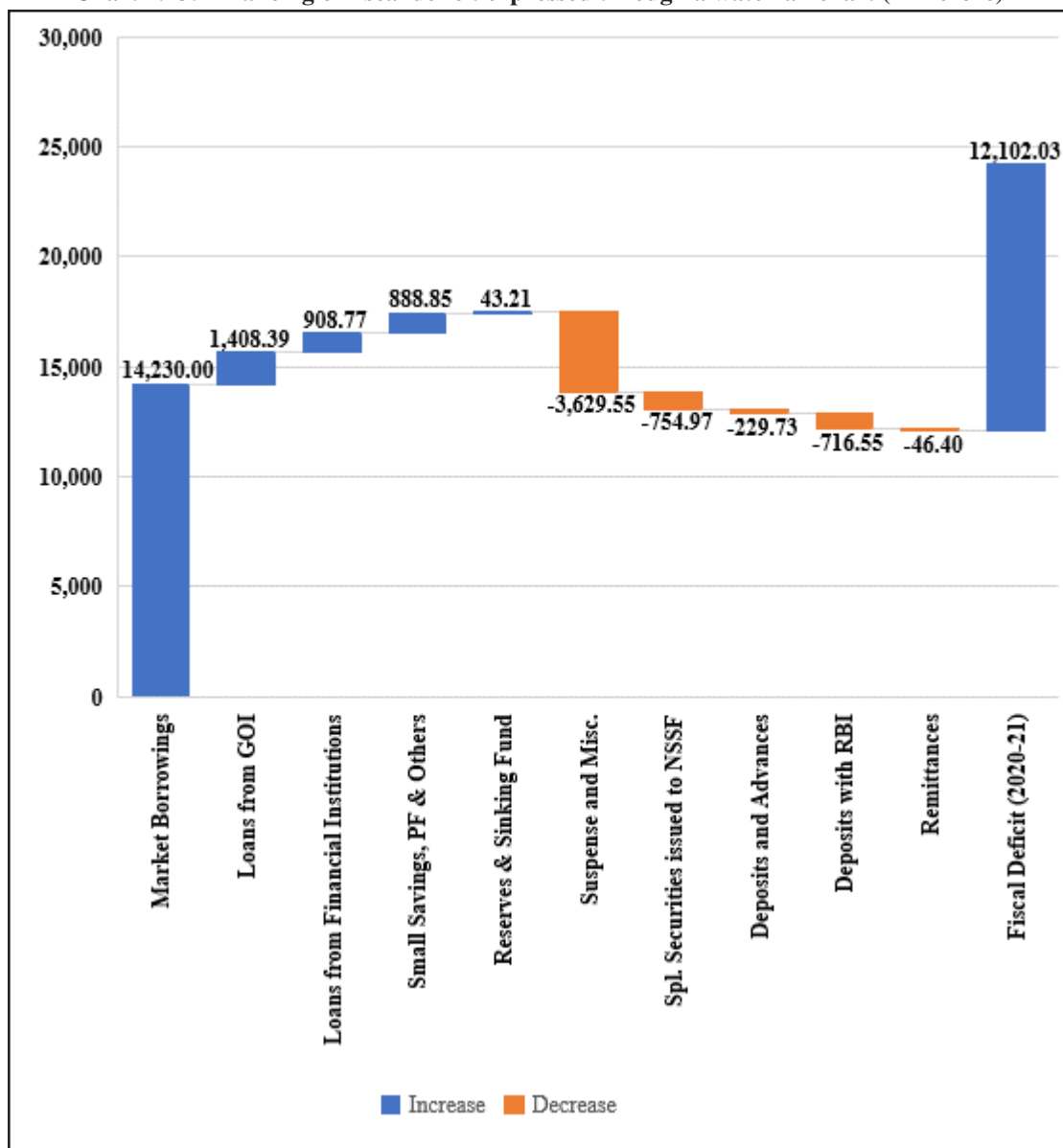
Table 2.36: Components of fiscal deficit and its financing pattern

(₹ in crore)

Particulars		2016-17	2017-18	2018-19	2019-20	2020-21
Fiscal Deficit (-)/ Surplus (+)		-6,125.77	-9,342.20	-4,779.06	-14,915.80	-12,102.03
FD/GSDP		-2.41	-3.30	-1.54	-4.45	-3.47
Composition of Fiscal Deficit/Surplus						
1	Revenue Deficit (-)/Surplus(+)	-142.91	-1,350.00	6,580.16	-2,171.60	382.60
2	Net Capital Expenditure	-5,502.08	-7,692.84	-11,034.08	-13,468.55	-12,399.39
3	Net Loans & Advances	-480.78	-249.36	-325.14	824.35	-85.24
4	Appropriation to Contingency Fund	0.00	-50.00	0.00	-100.00	0.00
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	1,994.34	6,796.87	8,089.36	10,996.24	14,230.00
2	Loans from GOI	-78.38	-68.60	-52.11	-38.78	1,408.39
3	Special Securities issued to NSSF	-630.19	-665.47	-709.49	-754.96	-754.97
4	Loans from Financial Institutions	573.31	425.67	837.53	877.86	908.77
5	Small Savings, Provident Fund & Others	796.45	1,027.66	981.06	968.47	888.85
6	Deposits and Advances	345.65	-443.61	1,151.46	854.71	-229.73
7	Suspense and Miscellaneous	2,551.67	4,895.62	-6,313.73	4,915.06	-3,629.55
8	Remittances	-72.34	20.50	-56.58	-141.96	-46.40
9	Reserves & Sinking Fund	1,240.52	-2,294.54	107.50	682.44	43.21
10	Contingency Fund	0.00	50.00	0.00	100.00	0.00
11	Overall Deficit	6,721.03	9,744.10	4,035.00	18,459.08	12,818.59
12	Increase (-)/ Decrease (+) in cash balance	-595.26	-401.90	744.06	-3,543.28	-716.55
13	Gross Fiscal Deficit	6,125.77	9,342.20	4,779.06	14,915.80	12,102.03

*Net of receipts and disbursement during the year

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



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

Table 2.37: Receipts and Disbursements under components financing the fiscal deficit during 2020-21

(₹ in crore)				
Sl. No.	Particulars	Receipts	Disbursement	Net
1	Market Borrowings	15,030.00	800.00	14,230.00
2	Loans and Advances from GOI	1,557.82	149.43	1,408.39
3	Special Securities issued to NSSF	0	754.97	-754.97
4	Loans from Financial Institutions	1,352.35	443.58	908.77
5	Small Savings, PF, etc.	2,310.41	1,421.56	888.85
6	Deposits and Advances	7,538.60	7,768.32	-229.73
7	Suspense and Miscellaneous	1,29,610.79	1,33,240.33	-3,629.54
8	Remittances	7,737.39	7,783.79	-46.40
9	Reserves & Sinking Funds	1,859.50	1,816.29	43.21
10	Overall Deficit			12,818.58

Sl. No.	Particulars	Receipts	Disbursement	Net
11	Increase (-)/Decrease (+) in cash balance	2,980.20	3,696.79	-716.55
12	Gross Fiscal Deficit			12,102.03

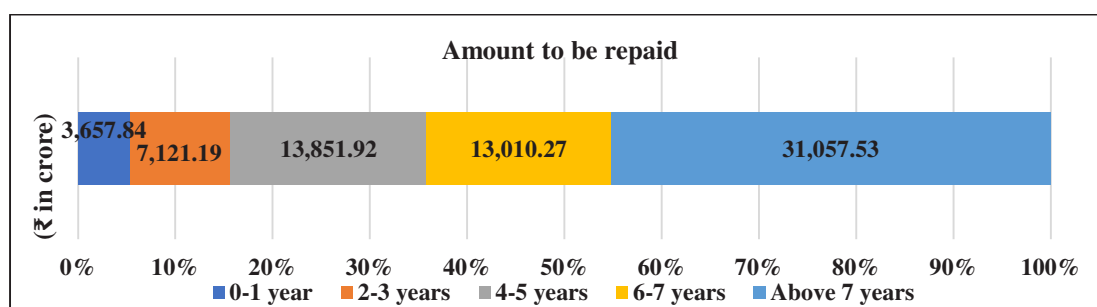
2.8.2 Debt profile: Maturity and Repayment

Public Debt consists of Internal Debt and Loans and Advances received from GoI. As per Statement 17 of the Finance Accounts for the year 2020-21, the maturity profile of public debt is given in **Table 2.38** and **Chart 2.24**.

Table 2.38: Maturity Profile of Public Debt

Year of maturity	Maturity Profile	Amount			Per cent of total Public Debt
		Internal Debt	Loans & Advances from GoI	Total	
By 2021-22	0-1 year	3,372.22	285.62	3,657.84	5.32
Between 2022-23 & 2023-24	2-3 years	6,798.57	322.62	7,121.19	10.37
Between 2024-25 & 2025-26	4-5 years	13,745.42	106.50	13,851.92	20.16
Between 2026-27 & 2027-28	6-7 years	12,908.05	102.22	13,010.27	18.94
2028-29 onwards	Above 7 years	30,189.81	867.72	31,057.53	45.21
Total		67,014.07	1,684.68	68,698.75	

Chart 2.24: Maturity Profile of Public Debt



The maturity profile of outstanding stock of public debt as on 31 March 2021 indicates that out of the outstanding public debt of ₹ 68,698.75 crore, 54.79 per cent (₹ 37,641.22 crore) is payable within the next seven years while the remaining 45.21 per cent (₹ 31,057.53 crore) is in the maturity bracket of more than seven years. Of the total outstanding public debt, internal debt consisting of market borrowings, loans from NABARD and special securities issued to NSSF of Central Government constituted 98.19 per cent (₹ 67,014.07 crore).

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

Table 2.39: Maturity Profile of Public Debt

Year	Outstanding Public debt as on 31 March	Indicated payment in Finance Accounts	Actual repayment
2018-19	42,820.20	3,301.19	3,589.36
2019-20	53,900.56	2,880.50	3,169.27
2020-21	68,698.75	3,773.55	2,147.98
Total		9,955.24	8,906.61

It can be seen that during last three years *i.e.*, 2018-19 to 2020-21, the State repaid ₹ 8,906.61 crore of debt against indicated payment of ₹ 9,955.24 crore in the Finance Accounts. The difference between the indicated amount and the actual repayment is under reconciliation.

2.9 Debt Sustainability Analysis (DSA)

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

- large primary fiscal surpluses are needed to service a high level of debt; such surpluses may be difficult to sustain, both economically and politically.
- a high level of debt heightens an economy's vulnerability to interest rate and growth shocks.
- a high debt level is generally associated with higher borrowing requirements, and therefore a higher risk of a rollover crisis (*i.e.*, being unable to fulfil borrowing requirements from private sources or being able to do so only at very high interest rates).
- high levels of debt may be detrimental to economic growth; while lower growth is a concern in itself, it also has a direct impact on debt dynamics and debt sustainability in the long term.

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

Debt Sustainability indicators:

Ratio of total outstanding debt to GSDP (<i>In per cent</i>)	The debt-to-GSDP ratio is the metric comparing a state's public debt to its gross domestic product (GSDP). By comparing what a state owes with what it produces, the debt-to-GSDP ratio reliably indicates that particular state's ability to pay back its debts. A falling debt/GSDP ratio can be considered as leading towards stability. If Debt/GSDP ratio is increasing rapidly and goes above a threshold, we can say that current level of the primary balance is not sufficient to stabilise the debt-to-GSDP ratio, which is on an explosive path. Sufficient fiscal adjustment should be made by reducing the fiscal deficit (primary balance) to a level necessary to make public debt sustainable.
Ratio of Revenue Receipts to total outstanding debt	If the ratio is increasing, it would be easy for the government to repay its debt using Revenue Receipts only without resorting to additional debt.

Ratio of State's own resources to total outstanding debt	If the ratio is increasing, it would be easier for the government to repay its debt using its own resources.
Percentage of outstanding amount of guarantees to total Revenue Receipts	Higher percentage of guarantees increase the fiscal risks. States have put statutory or administrative ceiling on Government guarantees. They are linked to State's revenue.
Rate of Growth of Outstanding Public Debt <i>vis-à-vis</i> Rate of Growth of GSDP	If the growth rate of public debt is higher than the GSDP growth rate, it will lead to higher debt to GSDP ratio.
Average interest Rate of Outstanding Debt (Int. paid/OB of Public Debt + CB of Public Debt/2)	Higher interest rate means that there is scope for restructuring of debt.
Percentage of Interest payments to Revenue Receipts	Higher percentage of interest payments leaves less funds for priority areas. It measures the margin of safety a government has for paying interest on its debt during a given period. Governments need to have more than enough revenues to cover interest payments in order to survive future (and perhaps unforeseeable) financial hardships that may arise. If significant portion of borrowed funds are used for repayment of borrowings and interest thereon, the net debt available with State for development activities is curtailed.
Percentage of Public Debt Repayment to Public Debt Receipts	Higher the percentage, the greater the proportion of debt utilised for debt servicing rather than productively.
Net Debt available to the State	It is the excess of Public Debt Receipts over Public Debt repayment and Interest payment of Public Debt.
Debt Maturity profile of repayment of State debt – including default history, if any	A high share of short-term debt at original maturity, increases vulnerability to rollover (re-financing risk) and interest rate risks. The past record of repayments as per schedule in conjunction with the proportion of debt repayable in the forthcoming seven years, is indicative of debt servicing position.

2.9.1 Debt Sustainability Analysis (DSA)-Outstanding Debt

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

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

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

Table 2.40 shows the debt sustainability of the State according to these indicators for the five-year period beginning from 2016-17.

Table 2.40: Debt Sustainability: Indicators and Trends

	(₹ in crore)				
Indicators of Debt sustainability	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Debt (₹ in crore)	43,980.56	49,274.88	59,425.61	72,256.52	87,407.79*
Percentage of outstanding Debt to Revenue Receipts	89.36	91.03	93.61	112.03	134.68
Debt/GSDP (<i>per cent</i>)	17.28	17.40	19.21	21.55	25.10
Fiscal Deficit/GSDP (<i>per cent</i>)	2.41	3.30	1.54	4.45	3.47
Interest Payments/Revenue Receipts Ratio	6.02	5.92	6.06	6.88	8.01
Rate of growth of outstanding Debt (<i>per cent</i>)	12.61	12.04	20.60	21.59	20.97
Rate of growth of GSDP (<i>per cent</i>)	11.63	11.27	9.24	8.37	3.89
Rate of growth of RR (<i>per cent</i>)	15.93	9.98	17.27	1.60	0.63
Interest payment (₹ in crore)	2,963.75	3,205.32	3,844.37	4,438.87	5,199.18
Average interest rate on Outstanding debt (<i>per cent</i>)	7.14	6.87	7.07	6.74	6.51
Available Debt as a percentage of Debt Receipts	36.40	28.09	40.34	50.77	58.58

*Excludes loan of ₹ 994.00 crore given as back-to-back loan by Government of India during 2020-21

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

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

Further, XV FC also recommended that the State Government should also comply with the recommended path of debt consolidation and must abide by the definition of both debt and fiscal deficit as contained in FRBM Act. The Act envisaged that ratio of outstanding debt to GSDP of the State is to be limited to 28.50 *per cent* of GSDP in 2020-21.

As can be seen from **Table 2.40** that during the last five years *i.e.*, 2016-17 to 2020-21, ratio of debt to GSDP showed an upward trend. During the last two years, it recorded sharp increase and reached a level of 25.10 *per cent* during 2020-21. However, this ratio during the current year was below the target ceiling for debt of 28.50 *per cent* set in AFRBM Act. During 2020-21, the total outstanding debt was 134.68 *per cent* of Revenue Receipts of the State. The rate of growth of Revenue Receipts was 0.63 *per cent* as against the rate of growth of outstanding debt of 20.97 *per cent* during the year. However, the growth rate of Revenue Receipts outpaced the growth rate of debt only in one year *i.e.*, in 2016-17 out of five-year period. The burden of interest payment ranged from 5.92 to 8.01 *per cent* of the Revenue Receipts. During the five-year period 2016-17 to 2020-21, while GSDP has grown at a CAGR of 8.16 *per cent*, the outstanding debt has grown at a faster rate of 18.73 *per cent*, and

hence the State needs to review the debt position for remedial action. The State Government needs to further augment its Revenue Receipts to be in a position to service the debt on a sustainable basis.

During the Exit Conference (December 2021), Audit expressed concern over the increasing trend of debt to GSDP ratio.

In reply, the Commissioner and Secretary, Finance Department stated that during 2020-21, the State resorted to additional borrowing *i.e.*, up to 2.5 per cent of GSDP under amended AFRBM Act 2020.

2.9.1.1 Debt Sustainability Analysis (DSA)-Public Debt

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

Public debt sustainability of the State according to these indicators for the five-year period beginning from 2016-17 is given in **Table 2.41** and also in **Chart 2.25**.

Table 2.41: Trends in Public Debt Sustainability indicators

(₹ in crore)

Debt sustainability Indicators	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding Public Debt*	28,166.43	34,654.91	42,820.20	53,900.56	68,698.75**
Rate of Growth of Outstanding Public Debt (per cent)	7.07	23.04	23.56	25.88	27.45
GSDP	2,54,478.25	2,83,164.90	3,09,336.32	3,35,238.11	3,48,277.17
Rate of growth of GSDP (per cent)	11.63	11.27	9.24	8.37	3.89
Public Debt/GSDP (per cent)	11.07	12.24	13.84	16.08	19.73
Repayment of Public debt - including default history, if any	2,042.63	1,958.60	3,589.36	3,169.26	2,147.98
Average interest rate of Outstanding Public Debt (per cent)	8.36	7.90	7.88	7.39	7.05
Percentage of Interest payment on Public Debt to Revenue Receipts	4.63	4.58	4.81	5.54	6.66
Percentage of Public Debt Repayment to Public Debt Receipts	52.35	23.19	30.54	22.24	11.97
Net Debt available to the State#	-418.85	4,007.28	5,113.18	7,507.86	11,468.35
Net Debt available as per cent to Debt Receipts	-10.74	47.44	43.51	52.69	63.93

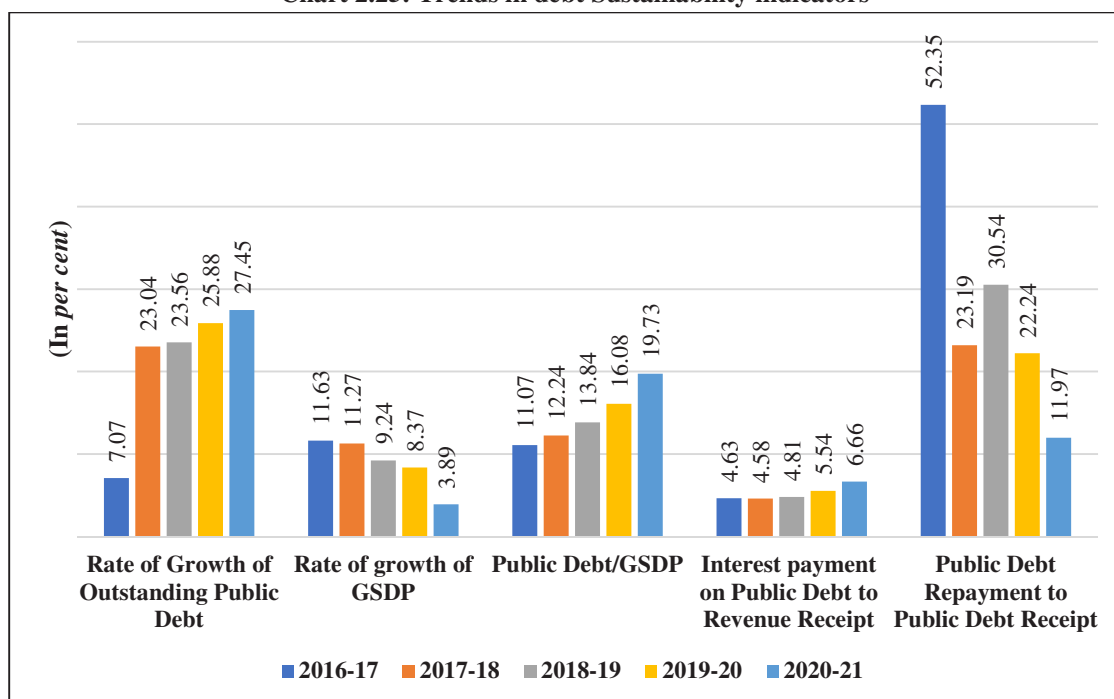
Source: Finance Accounts

* 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 given as back-to-back loan by Government of India during 2020-21

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

Chart 2.25: Trends in debt Sustainability indicators



As evident from above table, public debt constituted 79 per cent of total debt at the end of 2020-21. During the year, it grew at the rate of 27.45 per cent i.e., the highest in the last five-year period. Growth rate of public debt at 27.45 per cent also outpaced the growth rate of GSDP (3.89 per cent) during the year. These all indicate that there would be increased pressure on interest payment on public debt in forthcoming years.

2.9.2 Utilisation of borrowed funds

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

The trend of borrowing (public debt receipts) during the last five-year period 2016-21 and utilisation are shown in **Table 2.42**.

Table 2.42: Utilisation of borrowed funds

		(₹ in crore)				
Sl. No.	Year	2016-17	2017-18	2018-19	2019-20	2020-21
1	Total Borrowings (Public Debt Receipts)	3,901.71	8,447.07	11,754.65	14,249.63	17,940.18
2	Repayment of earlier borrowings (per cent)	2,042.63 (52.35)	1,958.60 (23.19)	3,589.36 (30.54)	3,169.26 (22.24)	2,147.98 (11.97)
3	Capital expenditure (per cent)	5,502.08 (141.02)	7,692.84 (91.07)	11,034.08 (93.87)	13,468.55 (94.51)	12,399.39 (69.12)

Source: Finance Accounts

It is observed that over the last five years, public debt receipts increased by 359.80 per cent from ₹ 3,901.71 crore in 2016-17 to ₹ 17,940.18 crore in 2020-21. Out of public debt receipts of ₹ 17,940.18 crore during 2020-21, the State Government utilised 11.97 per cent (₹ 2,147.98 crore) for repayment of earlier borrowing and

69.12 *per cent* (₹ 12,399.39 crore) for incurring capital expenditure during the year 2020-21, which was also the lowest during the five-year period.

2.9.3 Status of Guarantees – Contingent Liabilities

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

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2016-17 to 2020-21 are shown in **Table 2.43**:

Table 2.43: Guarantees given by the Government of Assam

	(₹ in crore)				
Guarantees	2016-17	2017-18	2018-19	2019-20	2020-21
Outstanding amount of guarantees including interest liability	130.00	90.23	85.02	83.42	77.72
Criteria as per the AFRBM Act, 2005	State Government guarantees shall be restricted at any point of time to 50 <i>per cent</i> of State's own tax and non-tax revenue of the second preceding year as reflected in the books of accounts maintained by Accountant General (A&E).				

Government had guaranteed loans raised by various Corporations and Others which at the end of 2020-21 stood at ₹ 77.72 crore. It was 0.32 *per cent* of State's Own Tax and Non-Tax Revenue of the second preceding year (₹ 24,146.14 crore) *i.e.*, well within the limit prescribed in the State FRBM Act. Out of the total outstanding guarantees, ₹ 6.28 crore (eight *per cent*) pertained to power sector.

2.9.4 Management of Cash Balances

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

The limit for ordinary WMA to the State Government was ₹ 608.49 crore with effect from 01 April 2020 and the limit of SWMA is revised by the bank from time to time. The State Government maintained the minimum daily cash balance with the RBI during 2020-21 and no WMA/ SWMA/ OD was availed during the year.

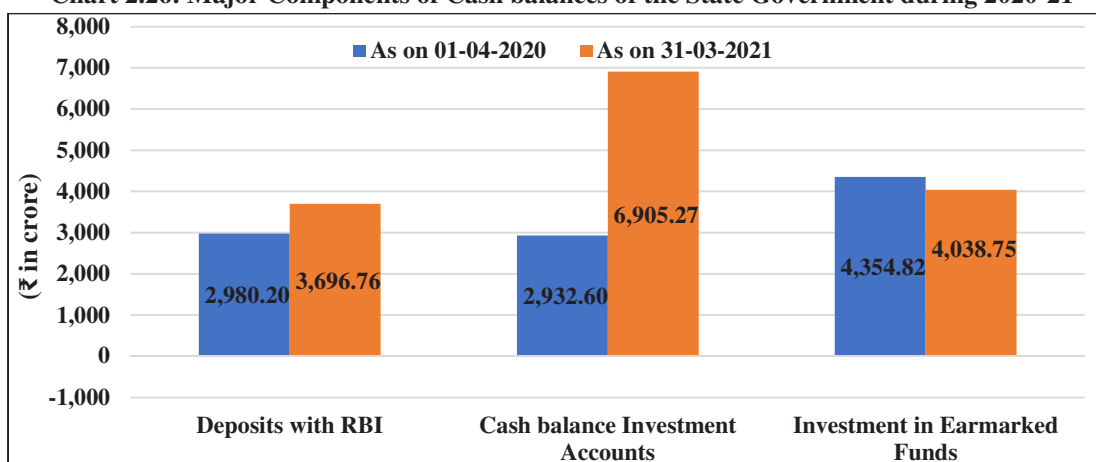
Table 2.44 and **Chart 2.26** depict the cash balances and investments made out of these by the State Government during the year.

Table 2.44: Cash Balances and their investment

(₹ in crore)

	Opening balance on 01 April 2020	Closing balance on 31 March 2021
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India ¹³	2,980.20	3,696.76
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	2,980.20	3,696.76
Investments held in Cash Balance investment account	2,932.60	6,905.27
Total (A)	5,912.80	10,602.03
B. Other Cash Balances and Investments		
Cash with departmental officers viz., Public Works, Forest Officers	11.49	8.91
Permanent advances for contingent expenditure with department officers	0.47	0.47
Investment in earmarked funds	4,354.82	4,038.75
Total (B)	4,366.78	4,048.13
Total (A + B)	10,279.58	14,650.16
Interest realised	382.86	68.66

Chart 2.26: Major Components of Cash balances of the State Government during 2020-21



Cash Balances of the State Government at the end of the current year increased by ₹ 4,370.58 crore from ₹ 10,279.58 crore in 2019-20 to ₹ 14,650.16 crore in 2020-21. This was mainly due to increase in investment in Treasury Bills by ₹ 3,972.67 crore from ₹ 2,932.60 crore in 2019-20 to ₹ 6,905.27 crore in 2020-21.

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 ₹ 68.66 crore during 2020-21 from the investments made in GoI Securities and Treasury Bills.

Out of the investment of ₹ 4,038.75 crore in earmarked funds, ₹ 3,981.12 crore was invested in the Consolidated Sinking Fund and ₹ 57.22 crore in Guarantee Redemption

¹³ There is a difference of ₹ 3,679.55 crore between Closing Cash Balance as per Accounts (₹ 3,696.76 crore) and as per RBI (₹ 17.21 crore).

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 2016-17 to 2020-21 are given in the following table:

Table 2.45: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ decrease (-)	Interest earned
2016-17	7,510.11	5,181.64	-2,328.47	458.12
2017-18	5,181.64	936.95	-4,244.69	286.53
2018-19	936.95	8,262.27	7,325.32	307.00
2019-20	8,262.27	2,932.60	-5,329.67	382.86
2020-21	2,932.60	6,905.27	3,972.67	68.66

The trend analysis of the cash balance investment of the State Government during 2016-21 revealed that investment increased significantly during 2018-19 and 2020-21. During the current year, *i.e.*, 2020-21, interest earned by the State from its investment in the cash balance investment account stood at ₹ 68.66 crore.

Chart 2.27 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2016-21. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

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

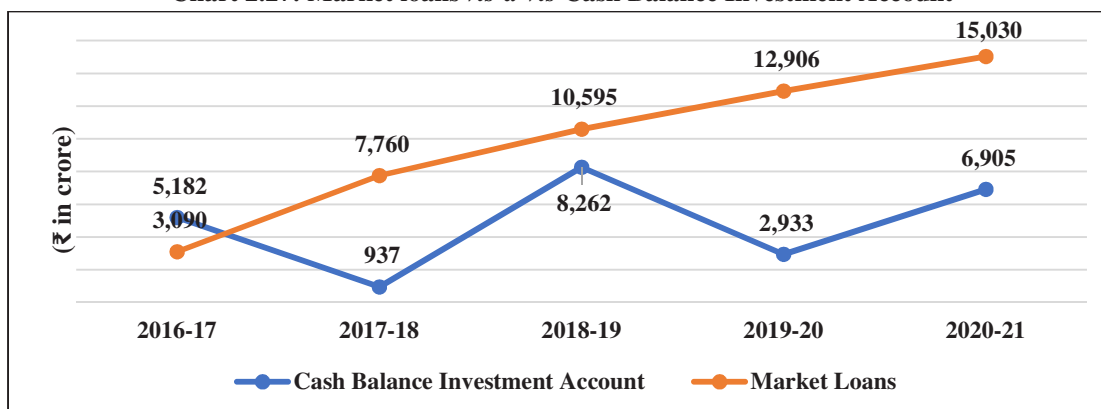
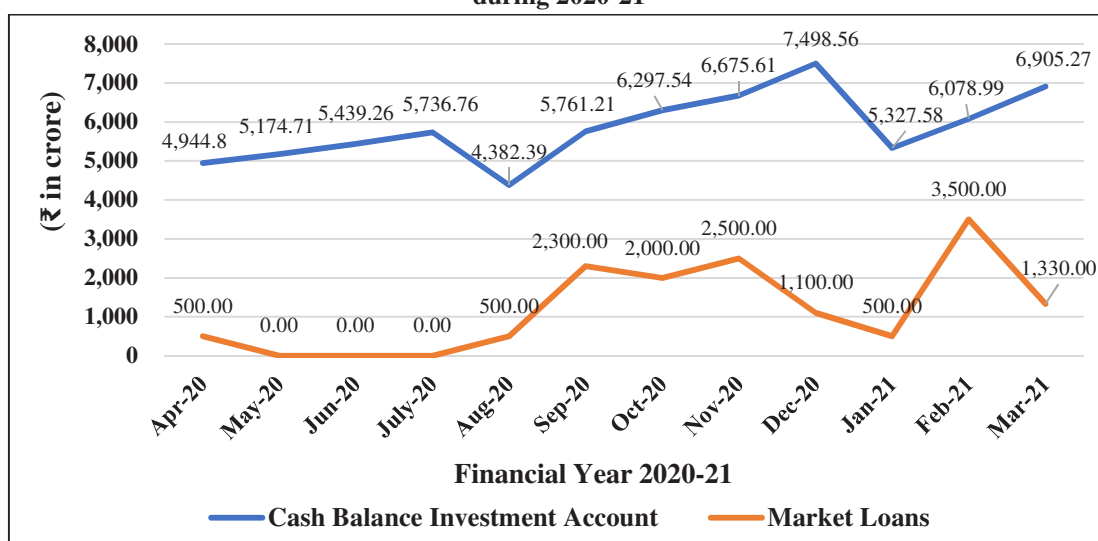


Chart 2.28 compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

Chart 2.28: Month-wise movement of Cash Balances Investment Account and market loans during 2020-21



The preceding chart indicates that the State Government had taken recourse to market loans on several occasions during the year despite having large cash balances. During the year 2020-21, the State Government raised ₹ 15,030 crore from the market, while at the same time, the cash balance of the State Government was in the range of ₹ 4,382.39 crore to ₹ 7,498.56 crore during the year.

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

2.10 Conclusion

- The fiscal position of the State is viewed in terms of key fiscal parameters-Revenue Deficit/ Surplus, fiscal deficit/ Surplus and Primary Deficit/ Surplus. During 2020-21, the State had a Revenue Surplus of ₹ 382.60 crore which was 0.11 per cent of GSDP during the year. Fiscal Deficit during 2020-21 was ₹ 12,102.03 crore which was 3.47 per cent of GSDP and Primary Deficit was ₹ 6,902.85 crore (1.98 per cent of GSDP).
- Revenue Receipts during the year 2020-21 were ₹ 64,902.19 crore, which increased by ₹ 407.11 crore (0.63 per cent), as compared to 2019-20 (₹ 64,495.08 crore). State's Own Tax revenue increased by ₹ 604.92 crore (3.66 per cent) compared to the previous year (₹ 16,528.69 crore), while Non-Tax revenue decreased by ₹ 2,639.73 crore (47.65 per cent) during the year as compared to 2019-20 (₹ 5,539.34 crore). Grants-in-Aid from GoI increased by ₹ 5,534.04 crore (26.73 per cent) as compared to the previous year (₹ 20,705.61 crore) whereas State's Share of Union taxes and Duties decreased by ₹ 3,092.12 crore (14.24 per cent) during 2020-21 as compared to the previous year (₹ 21,721.44 crore). During 2020-21, revenue collection under State Goods and Services Tax decreased marginally by ₹ 206.28 crore (2.36 per cent) from ₹ 8,755.30 crore in 2019-20 to ₹ 8,549.02 crore in 2020-21.

- Revenue Expenditure during the year 2020-21 was ₹ 64,519.59 crore, constituting 83.78 *per cent* of the total expenditure of ₹ 77,006.78 crore. There was a misclassification of ₹ 5,640.47 crore due to grants-in-Aid given by the State Government to the local bodies or individual entities under various Central Schemes during the year being as Capital expenditure instead of Revenue Expenditure, resulting in overstatement of Capital expenditure and understatement of Revenue Expenditure to that extent.
- Committed expenditure of the Government like salary & wages, pensions, interest payments steadily increased during the last five-year period 2016-21. It increased by ₹ 1,269.50 crore during the year 2020-21. The Committed expenditure during 2020-21 was ₹ 42,755.28 crore (65.88 *per cent* of Revenue Receipts of ₹ 64,902.19 crore and 66.27 *per cent* of Revenue Expenditure of ₹ 64,519.59 crore).
- The State Government short contributed ₹ 332.12 crore to National Pension System since inception of the Scheme creating an avoidable future liability to the Government. As on 31 March 2020, an amount of ₹ 341.82 crore remained in the Public Account on which interest of ₹ 27.35 crore was payable in 2020-21.
- 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 ₹ 1,069.16 crore (7.94 *per cent*) from ₹ 13,468.55 crore during 2019-20 to ₹ 12,399.39 crore during 2020-21. However, this increase has to be viewed in the light of the fact that GIA of ₹ 5,640.47 crore was booked under capital section, instead of under revenue resulting in overstatement of Revenue Surplus to that extent.
- During 2020-21, the State Government invested ₹ 3.32 crore in Co-operatives. As on 31 March 2021, the State Government's investment stood at ₹ 2,923.57 crore in those Companies/ Corporations and Co-operative societies. Out of the investments, they received returns of ₹ 481.89 crore as dividend during the year.
- As on 01 April 2020, the State had a balance of ₹ 725.23 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 ₹ 43.51 crore by the GoA led to overstatement of Revenue Surplus to that extent (during 2020-21) and accumulated liabilities for future.
- Outstanding Debt of the State rapidly increased from ₹ 43,980.56 crore in 2016-17 to ₹ 87,407.79 crore in 2020-21. The rate of growth of outstanding Debt was from 12.62 *per cent* in 2016-17 to 20.97 *per cent* in 2020-21. The Debt/ GSDP ratio increased from 17.28 *per cent* in 2016-17 to 25.10 *per cent* in 2020-21 due to more borrowings from the open market. The State used about six to eight *per cent* of its Revenue Receipts for payment of interest on the outstanding Debt at an average rate

of interest ranging between 6.51 *per cent* to 7.14 *per cent*, during the five-year period 2016-21.

- The maturity profile of outstanding stock of the State public debt as on 31 March 2021 indicated that 54.79 *per cent* (₹ 37,641.22 crore) of the debt is payable within the next seven years while the remaining 45.21 *per cent* (₹ 31,057.53 crore) is in the maturity bracket of more than seven years.
- Public debt constituted 79 *per cent* of total debt at the end of 2020-21. During the year, it grew at the rate of 27.45 *per cent i.e.*, the highest in the last five-year period. Growth rate of public debt at 27.45 *per cent* also outpaced the growth rate of GSDP (3.89 *per cent*) significantly 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 359.80 *per cent* from ₹ 3,901.71 crore in 2016-17 to ₹ 17,940.18 crore in 2020-21. Out of public debt receipts of ₹ 17,940.18 crore during 2020-21, the State Government utilised 11.97 *per cent* (₹ 2,147.98 crore) for repayment of earlier borrowing and 69.12 *per cent* (₹ 12,399.39 crore) for incurring capital expenditure during the year 2020-21, which were also the lowest during the five-year period.

2.11 Recommendations

- State Government may take necessary steps to reduce the Fiscal Deficit and to achieve the targets under the AFRBM Act, 2011.*
- 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.*
- 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.*
- The State Government may invest the balances lying in State Disaster Response Fund as per the guidelines.*
- In view of the increasing growth rate of its public debt, the State Government may make efforts to augment its own Revenues and reduce its Revenue Expenditure so as to avoid pressure on repayment of Public Debt and interest liabilities on Public Debt in forthcoming years.*
- The State Government may keep the cash balance position in mind while taking any decision on raising market loans.*