

Executive Summary

This Report on the Finances of the Government of Assam is being brought out with a view to assess objectively the financial performance of the State during the year 2014-15. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011) as well as in the Budget estimates of 2014-15.

Based on the audited accounts of the Government of Assam for the year ending March 2015, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2015. It provides an insight into trends in growth of revenue receipt, committed expenditure, borrowing pattern besides a brief account of Public Private Partnership (PPP) Projects conceived in the State.

Chapter-II is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter-III is an inventory of Government's compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and also delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and loss that indicate inadequacy of controls in the Government departments are also detailed in this chapter.

The fiscal position of the State are viewed in terms of key fiscal parameters – revenue deficit, fiscal deficit and primary deficit. The State had been maintaining revenue surplus during the last four years of five year period – 2010-15, however, it turned into deficit during the current year i.e., 2014-15. The fiscal deficit of the State at 2.95 *per cent* was lower than 3 *per cent* of GSDP, the limit prescribed under the Assam Fiscal Responsibility and Budget Management (AFRBM) Act 2011. However, primary deficit of the last year further decreased and stood at ₹ 3,096 crore during 2014-15.

Revenue Receipts

Revenue receipts grew by ₹ 5,969 crore (*19 per cent*) over the previous year. The increase was contributed by tax revenue ₹ 455 crore (*eight per cent*), State's share of Union Taxes and Duties by ₹ 709 crore (*12 per cent*) and Grants-in-aid from Government of India (GOI) by ₹ 5,097 crore (*85 per cent*). The increase was however, offset by decrease in non-tax revenue by ₹ 292 crore (*five per cent*). **The revenue receipts at ₹ 38,181 crore was more by ₹ 891 crore than the assessment made in Medium Term Fiscal Plan (MTFP)¹ (₹ 37,290 crore).**

(Para-1.1.1)

Revenue Expenditure

The overall revenue expenditure of the State increased by *70.26 per cent* from ₹ 22,952 crore in 2010-11 to ₹ 39,078 crore in 2014-15 at an annual average rate of *14.05 per cent*. The NPSE constituted a dominant share of nearly *76 per cent* in the revenue expenditure and increased by ₹ 4,725 crore (*18.93 per cent*) over the previous year. The PRE increased by ₹ 2,363 crore (*33.62 per cent*) from ₹ 7,028 crore in 2013-14 to ₹ 9,391 crore in 2014-15.

(Para-1.6.3)

During 2014-15, the development expenditure (₹ 29,572 crore) increased by ₹ 5,001 crore (*20.35 per cent*) over the previous year. The relative share of the revenue developmental expenditure was *58 per cent* of the total expenditure while this share in respect of capital development expenditure was only *nine per cent*. The expenditure pattern of the State revealed that there was an increasing pressure of revenue expenditure. Salaries and wages alone accounted for nearly *47 per cent* of revenue receipts of the State during 2014-15. It increased by *13 per cent* from ₹ 15,814 crore in 2013-14 to ₹ 17,829 crore in 2014-15. Although expenditure on salaries (₹ 17,582 crore) during 2014-15 was less by ₹ 3,153 crore (*15 per cent*) than assessed (₹ 20,735 crore) by the State Government in its budget, it was more by ₹ 1,525 crore (*nine per cent*) than the projection of ₹ 16,057 crore made in MTFP and by ₹ 10,067 crore (*134 per cent*) than the assessment made by the FC-XIII (₹ 7,515 crore).

(Paras-1.6.4 and 1.7.1)

Investment and Returns

As on 31 March 2015 there were 62 projects which were due to be completed by March 2015 remained incomplete and in which ₹ 408.80 crore was blocked. Of these, 48 projects involving ₹ 279.09 crore remained incomplete for less than three years, 10 projects involving an amount of ₹ 104.45 crore remained

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

incomplete for periods ranging from three to five years and four projects involving ₹ 25.26 crore remained incomplete for more than five years. Delay in completion of works/projects invites the risk of escalation in the cost of the works, besides the intended benefits from those projects did not reach the beneficiaries in the State.

(Para-1.8.1)

The average return on State Government's investment in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies varied between 0.53 and 0.69 *per cent* in the last five years whereas the State Government's average interest outgo was in the range of 6.40 to 6.78 *per cent* during the corresponding period.

(Para-1.8.2)

Cash balances of the State Government at the end of the current year decreased from ₹ 4,528 crore in 2013-14 to ₹ 3,467 crore in 2014-15. The State Government from the investments made in GOI Treasury Bills, had earned an interest of ₹ 299 crore during 2014-15. Further, the Government invested ₹ 3,108 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2015. The interest receipts against investment on cash balance was 14.90 *per cent* during 2014-15 while Government paid interest at the rate of 6.40 *per cent* only on its borrowings during the year.

(Para-1.8.4)

Fiscal liabilities

The overall fiscal liabilities of the State increased at an average annual rate of 5.94 *per cent* during the period 2010-15. During the current year, the fiscal liabilities of the State Government increased by ₹ 4,136 crore from ₹ 34,376 crore in 2013-14 to ₹ 38,512 crore in 2014-15. The ratio of fiscal liabilities to GSDP had improved and decreased from 21.56 *per cent* in 2013-14 to 20.95 *per cent* in 2014-15 which was well within the norms (28.5 *per cent*), prescribed by the FC-XIII. The fiscal liabilities stood at nearly 1.01 times of the revenue receipts and 3.25 times of the State's own resources at the end of 2014-15.

(Para-1.9.2)

Budgetary Control and Financial Management

During 2014-15, expenditure of ₹ 46,835.67 crore was incurred against the total grants and appropriations of ₹ 65,350.89 crore resulting in a savings of ₹ 18,515.22 crore. The overall savings of ₹ 18,515.22 crore was the net result of total saving of ₹ 22,316.86 crore offset by excess of ₹ 3,801.64 crore.

The excess expenditure amounting to ₹ 3,801.63 crore incurred over authorization in five grants and one appropriation during 2014-15 requires regularisation under Article 205 of the Constitution of India. At the close of the year 2014-15, there were 47 grants/ appropriations in which savings (₹ five crore and above in each grant) of ₹ 13,640.28 crore (*74 per cent* of the total savings) occurred but no surrenders were made by the concerned departments.

(Paras-2.2.1, 2.2.6 and 2.2.10)

Out of the total provision amounting to ₹ 5,057.05 crore in 14 cases, ₹ 1,836.73 crore (*36.32 per cent*) was surrendered (amount exceeding ₹10 crore) at the fag end on 30th and 31st March 2015.

(Para-2.2.9)

Injudicious re-appropriation proved excessive or unnecessary and resulted in saving of ₹ 10 lakh and above in 21 sub-heads/sub sub-heads. Rush of expenditure was noticed in 23 cases where expenditure exceeding ₹ 10 crore and also more than *50 per cent* of the total expenditure for the year was incurred in the month of March 2015 alone.

(Paras-2.2.8 and 2.2.11)

Funds amounting to ₹ 9.98 crore meant for developmental works were retained in Personal Deposit Accounts after the close of the financial year, against the spirit of financial regulations.

(Para-2.4)

The total amount of DCC bills received was only ₹ 1,974.96 crore against the amount of AC bills of ₹ 3,202.29 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 1,227.33 crore as on 31 March 2015.

(Para-2.3.1)

Out of 59 Controlling Officers (COs), only four carried out full reconciliation of departmental receipts figures and 34 carried out full reconciliation of departmental expenditure figures with those reflected in the books of Office of the Accountant General (A&E), Assam.

(Para-2.3.2)

Financial Reporting

State Government's compliance with various rules, procedures and directives was unsatisfactory as was evident from delays by various departments in furnishing utilisation certificates against the loans and grants received by them. Delays also

figured in submission of annual accounts by some of the Autonomous Bodies/Councils. Further, annual accounts in respect of a large number of Government Bodies/Authorities due up to 2014-15 had not been received by the Accountant General (Audit), Assam. There were instances of loss and misappropriation which remained unsettled with various departments for period ranging from one to more than 25 years.

(Paras-3.1, 3.2, 3.3 and 3.6)