

## 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 2015-16. 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 2015-16.

Based on the audited accounts of the Government of Assam for the year ending March 2016, 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 2016. 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 is viewed in terms of key fiscal parameters – Revenue Deficit/Surplus, Fiscal Deficit/Surplus and Primary Deficit/Surplus. The State had maintained Revenue Surplus during four years of last five year period – 2011-16 except during the year 2014-15. During the current year i.e., 2015-16, the State has Revenue Surplus of ₹ 5,446 crore. As per limits prescribed under Assam Fiscal Responsibility and Budget Management (AFRBM) Act 2011, Fiscal Deficit of the State was to be limited to 3 *per cent* of Gross State Domestic Product (GSDP). But as a major turnaround towards the fiscal consolidation, the State exhibited the Fiscal Surplus of ₹ 3,005 crore during 2015-16. Primary Deficit of the last year also turned into Primary Surplus and stood at ₹ 5,623 crore during 2015-16.

### ***Revenue Receipts***

Revenue Receipts grew by ₹ 4,276 crore (11 *per cent*) over the previous year. The increase was contributed by Tax Revenue ₹ 656 crore (15 *per cent*), Non-Tax Revenue by ₹ 328 crore (eight *per cent*) and State's share of Union Taxes and Duties by ₹ 4,502 crore (105 *per cent*). The increase was however, offset by decrease in Grants-in-Aid from Government of India (GOI) by ₹ 1,210 crore (28 *per cent*). **The Revenue Receipts at ₹ 42,457 crore was more by ₹ 2,596 crore than the assessment made in Medium Term Fiscal Plan (MTFP)<sup>1</sup> (₹ 39,861 crore)**

**(Para-1.1.1)**

### ***Revenue Expenditure***

The overall Revenue Expenditure of the State increased by 39.52 *per cent* from ₹ 26,528 crore in 2011-12 to ₹ 37,011 crore in 2015-16 at an annual average rate of 7.90 *per cent*. Non-Plan Revenue Expenditure (NPRE), which constituted a dominant share of nearly 75 *per cent* during the last five-year period i.e., 2011-16, decreased by ₹ 2,111 crore (7.11 *per cent*) during the current year over the previous year. The Plan Revenue Expenditure (PRE) increased nominally by ₹ 44 crore (0.47 *per cent*) from ₹ 9,391 crore in 2014-15 to ₹ 9,435 crore in 2015-16.

**(Para-1.6.3)**

During 2015-16, the Development Expenditure (₹ 26,855 crore) decreased by ₹ 2,717 crore (nine *per cent*) over the previous year. The relative share of the Revenue Developmental Expenditure was 60 *per cent* of the total expenditure while this share in respect of Capital Development Expenditure was only six *per cent*.

**(Para-1.7.1)**

### ***Investment and Returns***

As on 31 March 2016, 127 projects which were due to be completed by March 2016 remained incomplete in which ₹ 304.12 crore was blocked.

**(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 2.91 *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)**

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<sup>1</sup> 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.

Cash Balances of the State Government at the end of the current year increased significantly from ₹ 3,467 crore in 2014-15 to ₹ 10,056 crore in 2015-16. The interest receipts against investment on Cash Balance was 3.79 *per cent* during 2015-16 while Government paid interest at the rate of 6.47 *per cent* 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 7.43 *per cent* during the period 2011-16. During the current year, the fiscal liabilities of the State Government increased by ₹ 3,897 crore (10.12 *per cent*) from ₹ 31,497 crore in 2014-15 to ₹ 42,409 crore in 2015-16. The ratio of fiscal liabilities to Gross State Domestic Product (GSDP) had improved and decreased from 19.44 *per cent* in 2014-15 to 18.91 *per cent* in 2015-16 which was well within the norms (26.25 *per cent*), prescribed by the Fourteenth Finance Commission (XIV FC).

**(Para-1.9.2)**

### ***Budgetary Control and Financial Management***

During the year 2015-16, expenditure of ₹ 42,031.46 crore was incurred against the total grants and appropriations of ₹ 74,818.49 crore resulting in a saving of ₹ 32,787.03 crore. The overall savings of ₹ 32,787.03 crore was the net result of total saving of ₹ 33,030.80 crore offset by excess of ₹ 243.77 crore.

The excess expenditure amounting to ₹ 243.77 crore incurred in three grants during 2015-16 required regularisation under Article 205 of the Constitution of India. At the close of the year 2015-16, there were 61 grants/ appropriations in which savings (₹ five crore and above in each grant) of ₹ 24,337.89 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 ₹ 3,209.25 crore in four cases, ₹ 156.90 crore (4.89 *per cent*) was surrendered (amount exceeding ₹10 crore) at the end on 31<sup>st</sup> March 2016.

**(Para-2.2.9)**

The total amount of Detailed Countersigned Contingent (DCC) bills received was only ₹ 715.35 crore against the amount of Abstract Contingent (AC) bills of ₹ 1,376.64 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 661.29 crore as on 31 March 2016.

**(Para-2.3.1)**

Out of 54 Controlling Officers, only one carried out full reconciliation of departmental receipts figures and 38 carried out full reconciliation of departmental expenditure figures with those reflected in the books of Office of the Accountant General (Accounts and Entitlement), 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 2015-16 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 25 years.

**(Paras-3.1, 3.2, 3.3 and 3.6)**