

Executive Summary

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1. The Report

Based on the audited accounts of the Government of Assam for the year ending March 2018, this report provides an analytical review of the Annual Accounts of the State Government. The report has three Chapters.

Chapter I is based on the Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2018. It broadly presents and analyses the State Government's resources and their applications.

Chapter II is based on audit of Appropriation Accounts and reviews the allocative priorities of the State Government and the manner in which the allocated resources were managed by various Departments.

Chapter III gives an overview and status of the State Government's compliance with various financial rules, procedures and directives during 2017-18.

The Report has 26 appendices containing additional data collated from several sources in support of the audit observations.

Exit Conference was conducted on 25 January 2019 to discuss the audit observations contained in this Report. The replies/views expressed by the representatives of the Government of Assam in the Conference have been incorporated in the Report.

2. Audit Findings

2.1 Finances of the State Government

During 2017-18, the State had achieved only one out of three fiscal targets prescribed under Assam Fiscal Responsibility and Budget Management Act, 2011.

As prescribed under the Act, the State could not attain Revenue Surplus and had a Revenue Deficit of ₹ 1,350 crore. Fiscal Deficit of the State as a percentage of GSDP stood at 3.29 per cent, which exceeded by 0.29 per cent from the target fixed under the Act (3 per cent). The outstanding liabilities of the State stood at 18.85 per cent at the end of 2017-18 which was well within the norms (28.50 per cent), prescribed under the Act.

During the current year, the State's Revenue Receipts recorded the growth of 9.98 per cent, which was less than that of GSDP (11.59 per cent).

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About 32 per cent of the Revenue Receipts during 2017-18 came from State's own resources while Central Tax Transfers and Grants-in-Aid together contributed 68 per cent. This was indicative of the fact that the Government of Assam's fiscal position has largely been influenced by the Tax Transfers and Grants-in-Aid from GOI.

Revenue Receipts of the State increased by ₹ 4,911 crore (10 per cent) from ₹ 49,220 crore in 2016-17 to 54,131 crore in 2017-18. The Revenue Receipts at ₹ 54,131 crore was, however, lower by ₹ 16,589 crore than the assessment made in Medium Term Fiscal Plan (MTFP)¹ (₹ 70,720 crore). Revenue Expenditure increased by ₹ 6,118 crore (12 per cent) from ₹ 49,363 crore in 2016-17 to ₹ 55,481 crore in 2017-18.

Capital Expenditure of the State increased significantly by 40 per cent (₹ 2,191 crore) from ₹ 5,502 crore in 2016-17 to ₹ 7,693 crore in 2017-18. However, during the current year its ratio to total expenditure stood at 12.13 per cent which was lower than combined average (15.50 per cent) of Special Category States.

The increase in receipts of Public Debt by ₹ 4,545 crore (116 per cent) and decrease in repayment of Public Debt by ₹ 84 crore (four per cent) over the previous year indicated the State's poor debt management.

The maturity profile of outstanding stock of public debt as on 31 March 2018 indicates that out of the outstanding public debt of ₹ 34,654.91 crore, 44.68 per cent (₹ 15,482.22 crore) is payable within the next seven years.

As on 31 March 2018, 166 projects were due to be completed which remained incomplete. An amount of ₹ 360.70 crore was blocked in these projects.

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 8.93 per cent in the last five years whereas the State Government's average interest outgo was in the range of 6.33 to 6.57 per cent during the corresponding period.

Cash Balances of the State Government at the end of the current year decreased by ₹ 3,387 crore from ₹ 8,752 crore in 2016-17 to ₹ 5,365 crore in 2017-18. The State Government had earned an interest of ₹ 287 crore during 2017-18 from the investments made in GOI Securities and Treasury Bills.

(Chapter I)

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.

2.2 Financial Management and Budgetary Control

Sound financial management requires advance planning and accurate estimation of revenue and expenditure. There were instances of excess expenditure or substantial savings with reference to provision made during the year, exhibiting weakness in expenditure monitoring and control.

During the year 2017-18, Government of Assam (GOA) incurred expenditure of ₹ 68,586.99 crore against the total grants and appropriations of ₹ 99,453.08 crore resulting in overall savings of ₹ 30,866.09 crore. The overall savings stood at 31 per cent of total grants and appropriations. This shows poor financial management by the State.

The overall savings of ₹ 30,866.09 crore was the net result of total saving of ₹ 31,130.69 crore in 84 grants and three appropriations under Revenue Section and 58 grants and one appropriation under Capital Section offset by excess of ₹ 264.60 crore in two grants under Revenue Section and one grant under Capital Section.

Against the overall savings of ₹ 30,866.09 crore, only an amount of ₹ 3,900.00 crore (12.64 per cent) was surrendered during 2017-18, of which ₹ 3,894.00 crore (99.85 per cent) was surrendered on the last day of the year i.e., 31 March 2018.

Excess expenditure over allocation amounting to ₹ 9,323.63 crore pertaining to years from 2005-06 to 2016-17 was yet to be regularized as of November 2018. The cases of excess expenditure over grants are serious matters and are in violation of the will of the Legislature. It is imperative that responsibility for such serious violations is fixed to discourage this practice.

Supplementary provision aggregating ₹ 6,029.67 crore obtained in 75 cases (₹ 10 lakh or more in each case) proved unnecessary as the expenditure under the respective heads was even less than the original budget provision.

At the close of the year 2017-18, there were 60 grants/appropriations in which substantial savings of ₹ five crore and above occurred. But the departments concerned did not surrender the amount. The amount involved in those cases was ₹ 22,514.82 crore (72 per cent of the total savings).

The total amount of Detailed Countersigned Contingent (DCC) bills received was only ₹ 837.52 crore against the amount of Abstract Contingent (AC) bills of ₹ 1,516.37 crore. This led to the outstanding balance on account of non-submission of DCC bills of ₹ 678.85 crore as on 31 March 2018.

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Out of 54 Controlling Officers (Cos), only four carried out full reconciliation of departmental receipts figures and 14 carried out full reconciliation of departmental expenditure figures with those reflected in the books of Office of the Accountant General (Accounts & Entitlement), Assam.

The Accountant General (A&E), Assam called for reasons for savings/excesses in respect of 2,310 sub-heads/sub sub-heads. Government of Assam did not furnish any explanation for variation in respect of 1,962 sub-heads/sub sub-heads, while for 86 sub-heads/sub sub-heads partial explanation was received. Complete explanation furnished in respect of 262 sub-heads/sub sub-heads have been incorporated in the Appropriation Accounts of 2017-18.

Excessive/unnecessary re-appropriation of funds was also observed. Unrealistic budgetary allocations resulting in substantial savings, unnecessary supplementary grants and expenditure without provisions were indicative of poor budget management.

(Chapter II)

2.3 Financial Reporting

State Government's compliance with various rules, procedures and directives was unsatisfactory as 9,370 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 17,935.10 crore paid to 53 departments of the State Government during the period from 2001-02 to 2016-17 were in arrears. Non-submission of Utilization certificates is fraught with the risk of misappropriation.

Delays figured in submission of annual accounts by some of the Autonomous Bodies/Councils as 51 accounts were in arrears for periods ranging from five to 137 months.

Out of 583 annual accounts due up to 2017-18, 472 accounts (81 per cent) of 79 PSUs, Government Bodies and Authorities were also in arrears.

Delay in finalization of accounts carries the risk of financial irregularities going undetected apart from violation of the provisions of the respective legislations under which the Bodies were constituted.

(Chapter III)