

Chapter 2

Finances of the State

Chapter 2

Finances of the State

This Chapter provides a broad perspective of the finances of the State, analyses the critical changes in major fiscal aggregates relative to the previous year, overall trends during the five-year period from 2019-20 to 2023-24, debt sustainability of the State and key Public Account transactions, based on the Finance Accounts of the State. Information was also obtained from the State Government where necessary.

2.1 Major changes in Key Fiscal Aggregates during 2023-24 vis-à-vis 2022-23

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

Table 2.1: Changes in key fiscal aggregates in 2023-24 compared to 2022-23

Revenue Receipts	<ul style="list-style-type: none">➤ Revenue Receipts of the State increased by 2.00 per cent➤ Tax Revenue of the State increased by 17.18 per cent<ul style="list-style-type: none">○ Own Tax Receipts of the State increased by 15.00 per cent○ State's Share of Union Taxes and Duties increased by 18.98 per cent➤ Non-Tax Receipts increased by 2.46 per cent➤ Grants-in-Aid from Government of India decreased by 25.72 per cent
Revenue Expenditure	<ul style="list-style-type: none">➤ Revenue Expenditure decreased by 7.52 per cent➤ Revenue Expenditure on General Services increased by 10.55 per cent➤ Revenue Expenditure on Social Services decreased by 16.17 per cent➤ Revenue Expenditure on Economic Services decreased by 18.19 per cent➤ Expenditure on Grants-in-Aid to Local bodies decreased by 35.45 per cent
Capital Receipts	<ul style="list-style-type: none">➤ Debt Capital Receipt increased by 55.69 per cent➤ Non-debt Capital Receipts increased by 64,642.60 per cent
Capital Expenditure	<ul style="list-style-type: none">➤ Capital Expenditure increased by 34.05 per cent➤ Capital Expenditure on General Services increased by 58.76 per cent➤ Capital Expenditure on Social Services increased by 74.77 per cent➤ Capital Expenditure on Economic Services increased by 20.50 per cent
Loans and Advances	<ul style="list-style-type: none">➤ Recoveries of Loans and Advances increased significantly by 64,642.60 per cent➤ Disbursements of Loans and Advances decreased by 81.02 per cent
Public Debt	<ul style="list-style-type: none">➤ Public Debt Receipts increased by 55.69 per cent➤ Repayment of Public Debt increased by 181.62 per cent
Public Account	<ul style="list-style-type: none">➤ Public Account Receipts decreased by 32.61 per cent➤ Disbursements of Public Account decreased by 25.49 per cent
Cash Balance	<ul style="list-style-type: none">➤ Cash balance increased by ₹ 3,653.14 crore (58.64 per cent)

Source: Finance Accounts

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

2.2 Sources and Application of Funds

This section compares the components of the sources and application of funds of the State during the financial year vis-à-vis the previous year. Overall sources and application of funds of the State during 2023-24 are given in **Table 2.2** whereas sources and application of Consolidated Fund are depicted in **Chart 2.1** and **Chart 2.2** respectively.

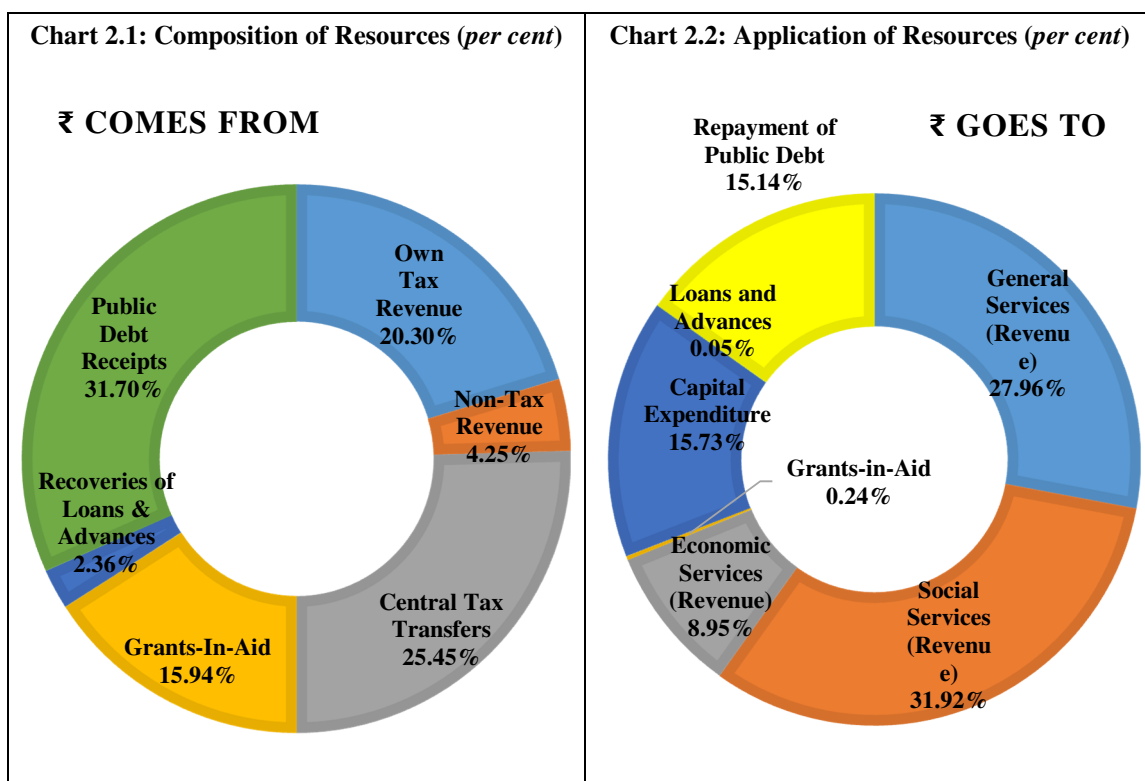
Table 2.2: Details of Sources and Application of funds during 2022-23 and 2023-24

(₹ in crore)

	Particulars	2022-23	2023-24	Increase (+) / Decrease (-)
Sources	Opening Cash Balance with RBI	-1,826.58	-674.23	1,152.35
	Revenue Receipts	89,742.30	91,534.49	1,792.19
	Recoveries of Loans & Advances	5.07	3,282.45	3,277.38
	Public Debt Receipts (Net)	20,939.17	23,368.78	2,429.61
	Contingency Fund Receipts	1,800.00	0.00	-1,800.00
	Public Account Receipts (Net)	8,618.01	-2,062.86	-10,680.87
	Total	1,19,277.97	1,15,448.63	-3,829.34
Application	Revenue Expenditure	1,01,814.65	94,162.90	-7,651.75
	Capital Expenditure	15,997.71	21,444.23	5,446.52
	Disbursements of Loans & Advances	339.84	64.50	-275.34
	Appropriation to Contingency Fund	1,800.00	0.00	-1,800.00
	Closing Cash Balance with RBI	-674.23	-223.00	451.23
	Total	1,19,277.97	1,15,448.63	-3,829.34

Source: Finance Accounts

From the above data, it is seen that public debt receipts grew significantly during the year. The higher growth in capital expenditure (34.05 per cent) compared to significant decrease in revenue expenditure (7.52 per cent) reflects an increased focus on asset creation, which is a positive sign for long-term development.



2.3 Resources of the State

The resources of the State are described below:

1. Revenue Receipts consist of Tax Revenue (Own Tax Revenue *plus* share of Union Taxes/ Duties), Non-Tax Revenue and Grants-in-Aid from Government of India (GoI).

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

Both Revenue and Capital receipts form part of the Consolidated Fund of the State.

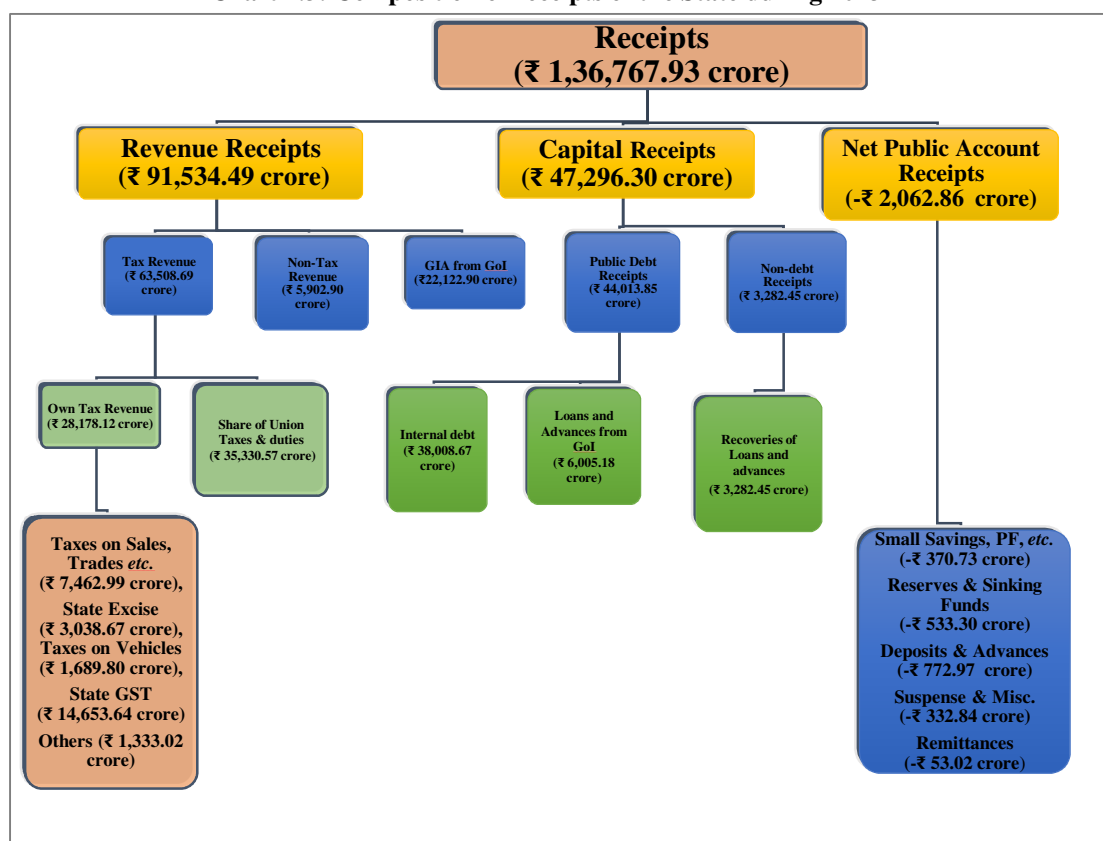
3. Net Public Account Receipts: There are receipts and disbursements in respect of certain transactions such as small savings, provident fund, reserve funds, deposits, suspense, remittances, *etc.* which do not form part of the Consolidated Fund.

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

2.3.1 Receipts of the State

This paragraph provides the composition of the overall receipts. Besides, the Capital and Revenue Receipts, funds available in the Public Account (net of receipts and disbursement made from it) are also utilised by the Government to finance its deficit. Composition of receipts of the State during 2023-24 is given in **Chart 2.3**.

Chart 2.3: Composition of receipts of the State during 2023-24



Source: Finance Accounts

Out of the total resources of ₹ 1,36,767.93 crore of the State Government during the year 2023-24, Revenue Receipts (₹ 91,534.49 crore) constituted 66.93 *per cent* while Capital Receipts (₹ 47,296.30 crore) constituted 34.58 *per cent* of the total resources, which was offset by net Public Account Receipts (-₹ 2,062.86 crore).

The state's share of Union taxes (₹ 35,330.57 crore) and Grants-in-Aid (₹ 22,122.90 crore) together account for 62.77 per cent of revenue receipts, highlighting reliance on Central Government support. Debt receipts (₹ 44,013.85 crore) form the bulk of capital receipts, indicating a significant reliance on borrowings to meet fiscal demands. Non-tax revenue (₹ 5,902.90 crore) remains relatively low compared to tax revenue and central transfers, suggesting potential scope for improvement in resource mobilisation through royalties, fees, and other charges. Negative balances in components like Deposits and Advances, Reserves and Sinking Funds, Small Savings, PF etc., Suspense & Misc. and remittances suggest outflows exceeding inflows during the year.

2.3.2 State's Revenue Receipts

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

2.3.2.1 Trends and growth of Revenue Receipts

Table 2.3 provides the trends and growth of Revenue Receipts as well as revenue buoyancy with respect to GSDP over the five-year period 2019-24. 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	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Receipts (RR) (₹ in crore)	64,495.08	64,902.19	79,815.19	89,742.30	91,534.49
Rate of growth of RR (<i>per cent</i>)	1.60	0.63	22.98	12.44	2.00
Tax Revenue	38,250.13	35,762.93	47,683.65	54,196.28	63,508.69
<i>Own Tax Revenue (₹ in crore)</i>	<i>16,528.69</i>	<i>17,133.61</i>	<i>19,533.10</i>	<i>24,502.02</i>	<i>28,178.12</i>
<i>State's share in Union taxes and duties (₹ in crore)</i>	<i>21,721.44</i>	<i>18,629.32</i>	<i>28,150.55</i>	<i>29,694.26</i>	<i>35,330.57</i>
Non-Tax Revenue (₹ in crore)	5,539.34	2,899.61	3,579.75	5,761.31	5,902.90
Grants-in-Aid from GoI	20,705.61	26,239.65	28,551.79	29,784.71	22,122.90
Own Revenue (Own Tax and Non-Tax Revenue)	22,068.03	20,033.22	23,112.85	30,263.33	34,081.02
Rate of growth of Own Revenue (<i>per cent</i>)	-8.61	-9.22	15.37	30.94	12.61
Gross State Domestic Product (₹ in crore) (2011-12 Series)	3,46,850.68	3,39,802.98	4,10,723.56	4,78,779.19 (PE)	5,70,242.61 (AE)
Rate of growth of GSDP (<i>per cent</i>)	12.13	-2.03	20.87	16.57	19.10
RR/GSDP (<i>per cent</i>)	18.59	19.10	19.43	18.74	16.05
Buoyancy Ratios⁴					
Revenue Buoyancy w.r.t GSDP	0.13	-0.31	1.10	0.75	0.10
State's Own Revenue Buoyancy w.r.t GSDP	-0.71	4.54	0.74	1.87	0.66

Source: Finance Accounts for Revenue Receipts and Directorate of Economics and Statistics, GoA for GSDP figures

PE. - Provisional Estimates; AE. – Advance Estimates

⁴ 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 0.10 implies that Revenue Receipts tend to increase by 0.10 percentage points, if the GSDP increases by one *per cent*.

Chart 2.4: Trend of Revenue Receipts

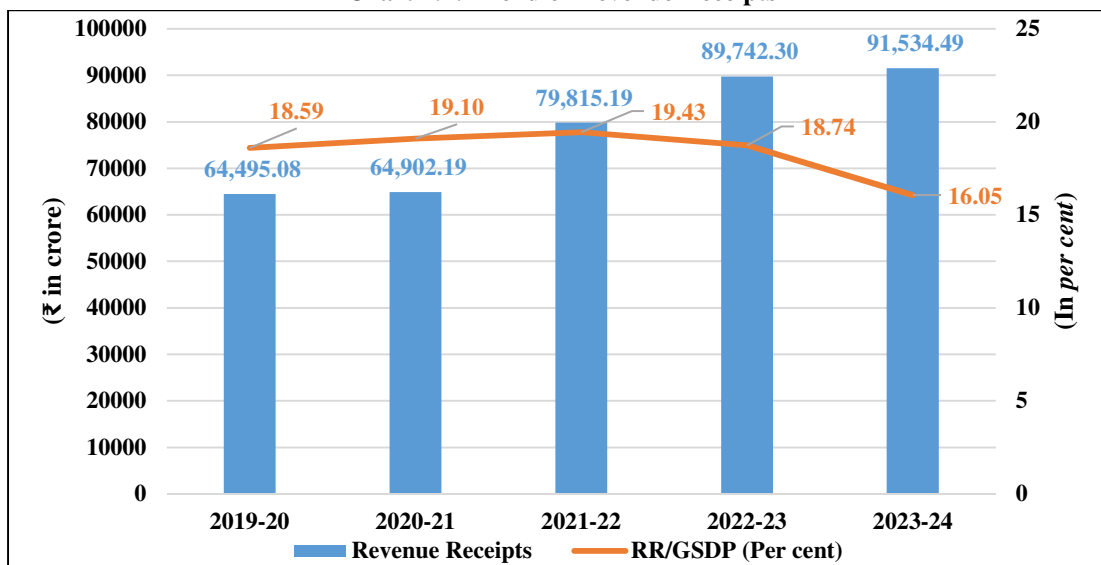
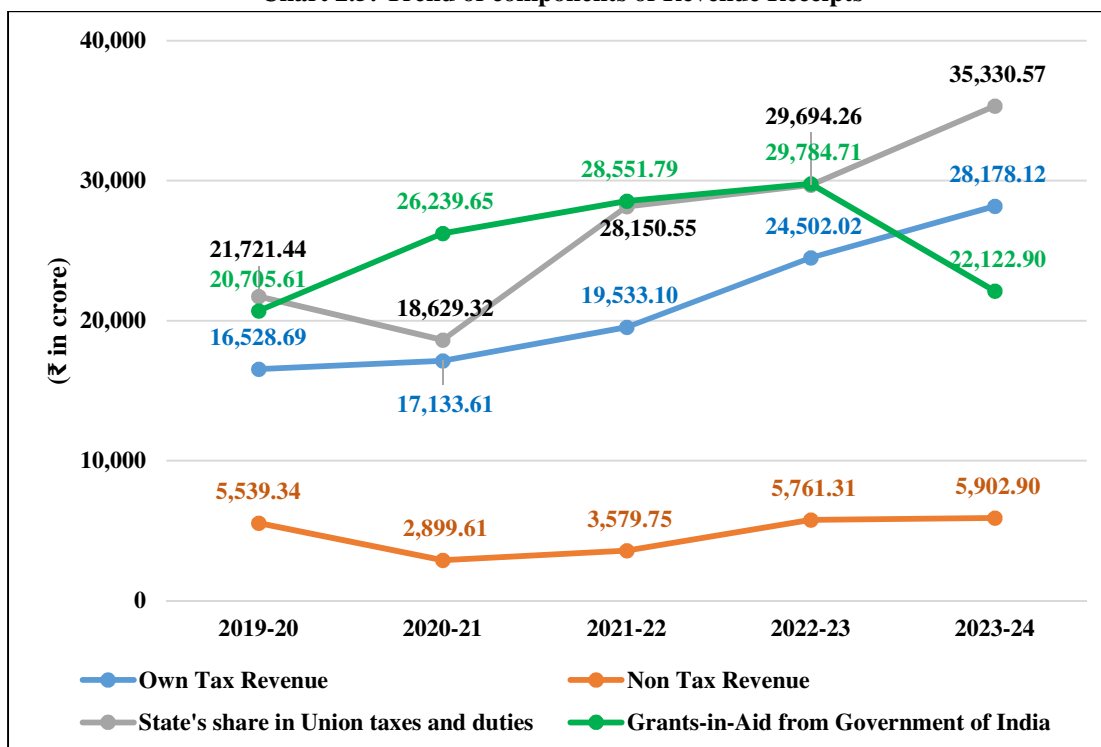


Chart 2.5: Trend of components of Revenue Receipts



General trends relating to Revenue Receipts of the State are as follows:

- Revenue Receipts increased by 41.92 *per cent* from ₹ 64,495.08 crore in 2019-20 to ₹ 91,534.49 crore in 2023-24 at an annual average growth rate of 8.38 *per cent*. During 2023-24, Revenue Receipts increased marginally by ₹ 1,792.19 crore (2.00 *per cent*) over the previous year. However, ratio of Revenue Receipts to GSDP decreased from 18.74 *per cent* in 2022-23 to 16.05 *per cent* in 2023-24.
- During 2023-24, State's own revenue (Own Tax Revenue and Non-Tax Revenue) constituted 37.23 *per cent* of Revenue Receipts and remaining 62.77 *per cent* came from Government of India as Central Tax transfers and Grant-in-Aid.

- The Central tax transfers from Government of India increased by 62.65 *per cent* (₹ 13,609.13 crore) from ₹ 21,721.44 crore in 2019-20 to ₹ 35,330.57 crore in 2023-24. During the current year, it increased by 18.98 *per cent* (₹ 5,636.31 crore) from ₹ 29,694.26 crore in 2022-23.
- Grants-in-Aid increased by 6.84 *per cent* (₹ 1,417.29 crore) from ₹ 20,705.61 crore in 2019-20 to ₹ 22,122.90 crore in 2023-24. However, it decreased significantly by 25.72 *per cent* (₹ 7,661.81 crore) from ₹ 29,784.71 crore in 2022-23 to ₹ 22,122.90 crore in 2023-24.
- The revenue buoyancy with reference to GSDP decreased marginally from 0.13 *per cent* in 2019-20 to 0.10 *per cent* in 2023-24. Ratio of State's own tax buoyancy to GSDP had shown inter-year fluctuation during the last five years *i.e.*, 2019-24 and it decreased significantly during the year from 1.87 *per cent* in 2022-23 to 0.66 *per cent* in 2023-24. Trends in components of own tax revenue and non-tax revenue are discussed under subsequent paragraphs.

The growth in revenue receipts of 41.92 *per cent* over five years reflects a healthy long-term trend. However, the growth rate in 2023-24 was only 2.00 *per cent*, indicating a significant slowdown. The average annual growth rate of 8.38 *per cent* is commendable, but the sharp deceleration in the current year suggests emerging structural or economic constraints.

The Revenue Receipts to GSDP ratio declined from 18.74 *per cent* (2022-23) to 16.05 *per cent* (2023-24), indicating that revenue mobilisation has not kept pace with economic growth. This decline is a matter of concern as it may constrain fiscal space for development expenditure.

In 2023-24, only 37.23 *per cent* of Revenue Receipts were mobilised from State's own sources, while 62.77 *per cent* came from Central Tax transfers and Grants-in-Aid. This dependence on the Centre exposes the State's fiscal position to uncertainties in intergovernmental transfers. Central tax transfers grew by 62.65 *per cent* over five years, and by 18.98 *per cent* in the current year alone, indicating robust national revenue growth and effective devolution. This trend helped cushion the impact of weaker own-revenue performance.

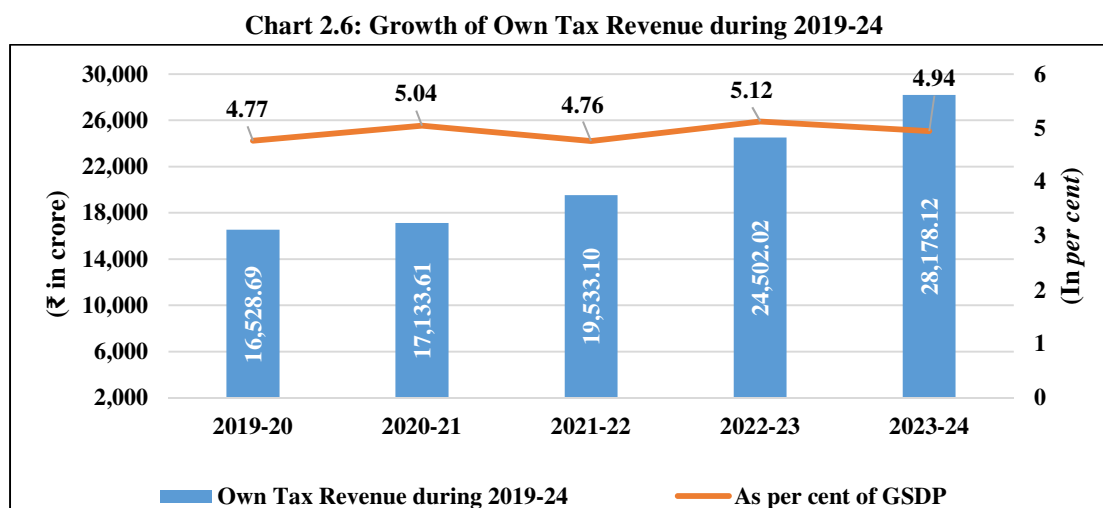
While Grants-in-Aid grew modestly over five years (6.84 *per cent*), they fell by 25.72 *per cent* in 2023-24, highlighting the volatility in this component and its impact on revenue stability. Revenue buoyancy with respect to GSDP declined marginally from 0.13 to 0.10 between 2019-20 and 2023-24, suggesting that revenue growth is not proportionately responding to economic expansion. Own tax buoyancy fell significantly from 1.87 in 2022-23 to 0.66 in 2023-24, indicating a sharp weakening in the responsiveness of tax collections to economic growth.

2.3.2.2 State's Own Resources

(i) Own Tax Revenue

Own Tax Revenue of the State consists of State Goods and Services Tax (SGST), State Excise, Taxes on vehicles, Stamps Duty and Registration Fees, Land Revenue, Taxes on Goods and Passengers, *etc.*

The total collection of Own Tax Revenue of the State and its ratio to GSDP during the five-year period *i.e.*, 2019-24 is given in **Chart 2.6**.



The component-wise details of Own Tax Revenue collected during the years 2019-24 were as given in **Table 2.4**.

Table 2.4: Components of State's Own Tax Revenue during 2019-24

(₹ in crore)

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	
					BEs	Actuals
State Goods and Services Tax	8,755.30	8,549.02	10,579.56	12,564.45	15,668.00	14,653.64
Taxes on Sales, Trades, <i>etc.</i>	4,480.96	5,070.97	4,866.68	6,748.61	7,743.24	7,462.99
State Excise	1,650.03	2,039.94	1,939.07	2,525.57	3,000.00	3,038.67
Taxes on Vehicles	815.82	723.98	978.21	1,348.41	1,445.04	1,689.80
Stamps and Registration Fees	292.65	280.75	439.46	851.51	821.04	694.78
Land Revenue	94.16	116.81	185.02	158.50	681.56	333.63
Other Taxes ⁵	439.77	352.14	545.10	304.97	642.78	304.61
Total	16,528.69	17,133.61	19,533.10	24,502.02	30,001.66	28,178.12

Source: Finance Accounts

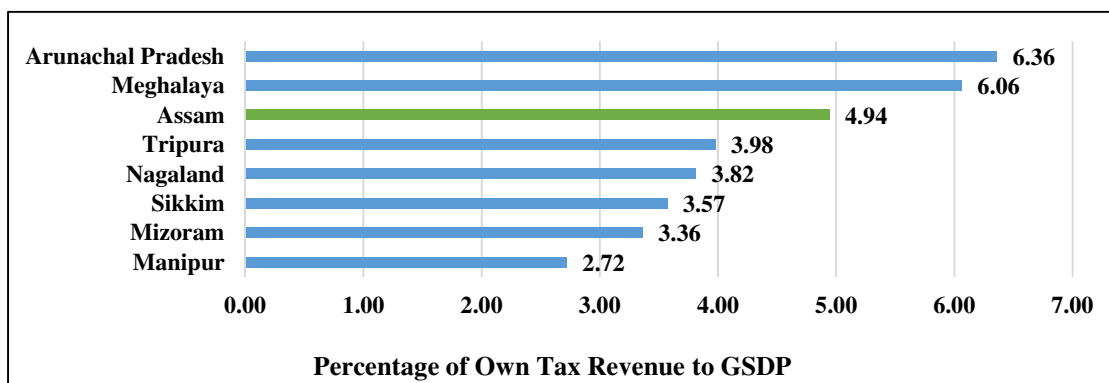
During 2023-24, Own Tax Revenue of the State was less by ₹ 1,823.54 crore (6.08 *per cent*) over the Budget Estimates made for the year. However, it increased by ₹ 3,676.10 crore (15.00 *per cent*) from ₹ 24,502.02 crore in 2022-23 to ₹ 28,178.12 crore in 2023-24. During the current year, major contributors of Own Tax

⁵ 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.*

Revenue were State Goods and Services Tax (52.00 *per cent*), Taxes on Sales, Trades etc. (26.49 *per cent*) and State Excise (10.78 *per cent*).

During 2023-24, State's Own Tax Revenue of ₹ 28,178.12 crore at 4.94 *per cent* of GSDP was lower than that of Arunachal Pradesh (6.36 *per cent*) and Meghalaya (6.06 *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 2023-24



(a) Audit of GST Receipts

Government of India's decision to provide access to Pan-India data at GSTN premises was conveyed on 22 June 2020. In the case of Assam, which is a Model-II State, role-based access to back-end application was provided to the office of the Accountant General (Audit), Assam in November 2020. However, the access was limited to premises only. The office of the Accountant General (Audit), Assam conducted one Performance Audit and one Subject Specific Compliance Audit (SSCA) on the following GST topics:

- i. Performance Audit on "E-Way Bill System under Goods and Services Tax (GST)".
- ii. Subject Specific Compliance Audit (SSCA) on "Department's Oversight on GST Payments and Return Filing (DORF) Phase-II".

Outcomes of the audit has been reported through the C&AG's Audit Report (Revenue Sector) of Government of Assam for the year ended 31 March 2023.

(b) Analysis of arrears of revenue and arrears of assessment

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

Arrears of revenue

The arrears of revenue as on 31 March 2024 in respect of the Finance (Taxation), Excise, Mines and Minerals Departments amounted to ₹ 4,495.76 crore of which ₹ 3,024.52 crore was outstanding for more than five years, as detailed in **Table 2.5**.

Table 2.5: Arrears of revenue

(₹ in crore)

Sl. No.	Head of Revenue	Name of Department	Amount outstanding as on 31 March 2024		Reply of the Department
			Total	For more than five years	
1	0022-Taxes on Agricultural Income	Finance (Taxation Department)	69.79	51.07	<p>Following are the reasons for the pending arrears:</p> <p>i. Some amounts become arrears when the amounts are not paid by the dealers on due date. The Assessing Officers issue notices to the defaulters for payment of arrears and try their best to realise the amount. Such arrears are paid by the concerned dealers with interest. Current arrears are also included in the outstanding amount.</p> <p>ii. For the amount which cannot be realised by the Assessing Officers in spite of all efforts, arrear certificates are issued by the assessing officers to the <i>Bakijai</i> (Recovery) officers for realisation of the amount and these amounts remain as arrear with the Superintendent of Taxes (Recovery) till recovery of the said arrear amount.</p> <p>iii. Pending cases involving arrears of revenue in Courts/ Board of Revenue and with Appellate/ Revision authority.</p> <p>iv. Un-traceability of dealers at the time of realisation of dues, etc.</p>
2	0028- Professional Tax		2.50	0.48	
3	0029-Land Revenue		2,950.16	1,889.25	
4	0040-Tax on Sales, Trade, etc.		1,308.34	909.44	
5	0042-Taxes on Goods and Passengers		73.55	84.29	
6	0043- Taxes and Duties on Electricity		23.17	21.84	
7	0045- Other Taxes and Duties on Commodities and Services		5.04	4.94	
8	0039-State Excise	Excise Department	63.13	63.13	Due to non-payment of levies by the Wholesale Warehouses in due time.
9	0853- Non-ferrous Mining and Metallurgical Industries	Mines and Minerals Department	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			4,495.76	3,024.52	

Source: Information furnished by the Departments concerned

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

Arrears of Assessments

The details of arrears in assessment pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending for assessment at the end of the year as furnished by the Finance (Taxation) Department in respect of various taxation Acts are given in Table 2.6.

Table 2.6: Arrears in assessment

Nomenclature of the Act	Arrears of assessment due as on 31 March 2023	New cases due for assessments during 2023-24	Total assessment due	Cases disposed during 2023-24	Balance at the end of the year 2023-24	Percentage of disposal (col. 5 to 4)
1	2	3	4 (2+3)	5	6 (4-5)	7
GST	1,117	4,047	5,164	2,999	2,165	58.08
VAT	5,313	792	6,105	2,437	3,668	39.92
CST	1,488	124	1,612	155	1,457	9.62
Entry Tax Act	1,781	0	1,781	382	1,399	21.45
Profession Traders, Callings and Employment Taxation Act	14,606	5,895	20,501	6,503	13,998	31.72
Taxation (on Specified Lands) Acts	3,598	61	3,659	782	2,877	21.37
Agricultural Income Tax Act	2,494	151	2,645	522	2,123	19.74
Amusement and Betting Taxation Act	192	0	192	0	192	0.00
Luxury (Hotel & Lodging Houses) Act	227	0	227	0	227	0.00
Electricity Duty Act	1,618	244	1,862	216	1,646	11.60
Total	32,434	11,314	43,748	13,996	29,752	31.99

Source: Information furnished by the Departments concerned

Table 2.6 indicates that the assessments pending at the end of the year increased over the previous year largely in respect of GST and Profession Traders, Callings and Employment Taxation Act. The percentage of disposal of cases due for assessment in overall cases was 31.99 *per cent* during the year. In respect of CST and Electricity Duty Act, percentage of disposal of cases at 9.62 *per cent* and 11.60 *per cent* respectively were very poor. Further, no case in respect of Amusement and Betting Taxation Act and Luxury (Hotel & Lodging Houses) Act was disposed by the Finance (Taxation) Department during the year 2023-24. This indicates significant gaps in tax administration and enforcement within the Finance (Taxation) Department.

The low disposal rates of assessment cases, particularly under CST, Electricity Duty, and certain Acts with zero disposals, have significant fiscal and administrative implications for the State. Delayed assessments can lead to revenue leakage, as potential tax dues remain unrealised. Non-disposal of cases may hinder timely audits and enforcement actions, affecting the deterrence mechanism in tax governance.

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

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

The details of cases of evasion of tax detected by the Finance (Taxation) and Excise Department, cases finalised and the demand for additional tax raised; and details of refund cases during the year 2023-24, as reported by the department concerned, are depicted in **Table 2.7** and **Table 2.8** respectively.

Table 2.7: Evasion of Tax Detected

Head of Revenue	Cases pending as on 01 April 2023	Cases detected during 2023-24	Total	Cases in which additional demand with penalty, etc. raised		No. of cases pending as on 31 March 2024
				No.	Amount (₹ in crore)	
0006-GST	23	618	641	618	53.62	20
0039-State Excise	4	0	4	4	43.94	4
Total	27	618	645	622	97.56	24

Source: Information furnished by Government of Assam

Table 2.8: Details of refund cases

Sl. No.	Particulars	GST		Sales tax/VAT	
		No. of cases	Amount (₹ in crore)	No. of cases	Amount (₹ in crore)
1	Claims outstanding at the beginning of the year	221	400.27	36	24.53
2	Claims received during the year	851	207.43	44	15.23
3	Refunds made during the year	573	134.72	12	3.84
4	Refunds rejected during the year	295	447.18	4	3.64
5	Balance outstanding at the end of year	204	25.80	64	32.28

Source: Departmental information

The high volume of tax evasion cases detected, and substantial demands raised in 2023-24 reflect improved vigilance by the State's tax authorities. However, the persistence of unresolved cases and outstanding refunds points to systemic inefficiencies in enforcement and processing. The significant rejection of refund claims, particularly under GST, suggests either widespread inaccuracies in taxpayer filings or overly stringent scrutiny. Moreover, the sizeable backlog of unresolved refund claims may adversely affect business liquidity, especially for smaller enterprises.

(ii) Non-Tax Revenue

Non-Tax revenue consists of interest receipts, dividends and profits, mining receipts, departmental receipts, etc. Component-wise details of Non-Tax Revenue collected during the years 2019-24 are given in Table 2.9.

Table 2.9: Component-wise Non-Tax Revenue during 2019-24

Heads	2019-20	2020-21	2021-22	2022-23	2023-24	(₹ in crore) Sparkline
Interest receipts	666.86	235.87	120.86	323.68	828.11	
Dividend and Profit	30.64	481.89	113.65	447.62	185.1	
Petroleum	3,805.34	1,468.55	2,505.30	4,087.06	3,840.48	
Forestry and Wild Life	416.06	352.89	393.14	451.39	564.67	
Other Administrative Services	103.17	95.72	113.84	121.41	113.97	
Others	517.27	264.69	332.96	330.15	370.57	
Total	5,539.34	2,899.61	3,579.75	5,761.31	5,902.90	

Non-Tax Revenue, which ranged between 8.59 per cent (2019-20) and 4.47 per cent (2020-21) of Total Revenue Receipts of the State during the five-year period from 2019-20 to 2023-24, increased significantly by ₹ 141.59 crore (2.46 per cent) during 2023-24 over the previous year. Major contributors of Non-Tax Revenue during

2023-24 were Petroleum (₹ 3,840.48 crore), followed by Interest receipts (₹ 828.11 crore) and Forestry and Wildlife (₹ 564.67 crore).

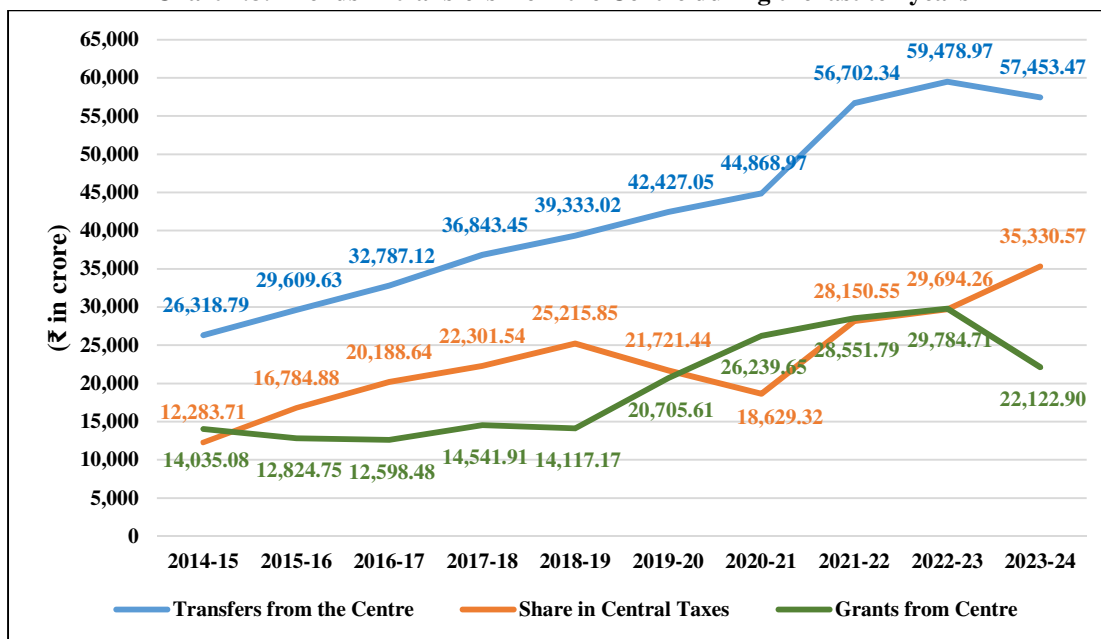
2.3.2.3 Transfers from the Centre

During the last 10 years from 2014-15 to 2023-24, three Central Finance Commissions (XIII FC, XIV FC and XV FC) were 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 states during the period for 2010-15. Further, the XIV FC increased the percentage of the State's Share of Union taxes to 42 *per cent* during the FC award period from 2015-20. This significant increase in the State's share altered the composition of Central transfers in favour of statutory transfers from discretionary transfers made earlier. It also led to greater predictability and certainty in the quantum of funds being transferred to states. As a result, the devolution of State's Share of Union taxes had substantially increased during the XIV FC Award period. The XV FC made a small reduction in the percentage of State's Share of Union taxes by one *per cent*, to meet the needs of the newly constituted Union Territories of Jammu and Kashmir and Ladakh, and kept it at 41 *per cent* during the award period of 2020-21 to 2025-26.

Grants-in-Aid from GoI also increased significantly during the XIV FC period (2015-20) in comparison with those released in XIII FC period (2010-15). This pattern continued during the XV FC period also. The trends and composition of Central Transfers during the last ten years are shown in **Chart 2.8**.

Chart 2.8: Trends in transfers from the Centre during the last ten years



(i) Central Tax Transfers

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

Table 2.10: State's share in Union taxes and duties: Actual devolution *vis-à-vis* Finance Commission projections

(₹ in crore)					
FC	Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Variation (per cent) (5-4/4)
1	2	3	4	5	6
FC-XIII	2010-11	3.628 per cent of net proceeds	7,397	7,968.61	571.61 (7.73)
	2011-12	of all shareable taxes excluding	8,677	9,283.53	606.53 (6.99)
	2012-13	service tax and 3.685 per cent	10,234	10,601.26	367.26 (3.59)
	2013-14	of net proceeds of sharable	12,072	11,574.52	-497.48 (-4.12)
	2014-15	service tax	14,240	12,283.71	-1,956.29 (-13.74)
Total for XIII FC			52,620	51,711.63	-908.37 (-1.73)
FC-XIV	2015-16	3.311 per cent of net proceeds	19,244	16,784.88	-2,459.12 (-12.78)
	2016-17	of all shareable taxes excluding	22,208	20,188.64	-2,019.36 (-9.09)
	2017-18	service tax and 3.371 per cent	25,661	22,301.54	-3,359.46 (-13.09)
	2018-19	of net proceeds of sharable	29,687	25,215.85	-4,471.15 (-15.06)
	2019-20	service tax	34,386	21,721.44	-12,664.56 (-36.83)
Total for XIV FC			1,31,186	1,06,212.35	24,974 (19)
FC-XV	2020-21	3.131 per cent of net proceeds of all shareable taxes	26,776	18,629.32	-8,146.68 (-30.43)
	2021-22	3.128 per cent of net proceeds of all shareable taxes	20,601	28,150.55	7,549.55 (36.64)
	2022-23		22,917	29,694.26	6,777.26 (29.57)
	2023-24		25,787	35,330.57	9,543.57 (37.00)

Source: Report of Finance Commissions and Finance Accounts

The State Government's share in Union Taxes and duties increased by ₹ 5,636.31 crore (18.98 per cent) during 2023-24 over the previous year.

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

Table 2.11: Central Tax Transfers

(₹ in crore)					
Head	2019-20	2020-21	2021-22	2022-23	2023-24
Central Goods and Services Tax (CGST)	6,163.89	5,497.76	7,895.43	8,393.50	10,722.38
Corporation Tax	7,406.13	5,648.64	8,298.61	9,949.02	10,604.68
Taxes on Income other than Corporation Tax	5,803.21	5,794.53	8,272.50	9,722.45	12,246.98
Customs	1,376.85	964.41	2,073.20	1,167.68	1,238.11
Union Excise Duties	957.27	622.41	1,156.10	366.32	468.53
Service Tax	0.00	86.82	424.25	46.40	6.59
Other Taxes	14.09	14.75	30.46	48.89	43.30
Central Tax transfers	21,721.44	18,629.32	28,150.55	29,694.26	35,330.57
Percentage variation over previous year	-13.86	-14.24	51.11	5.48	18.98
Percentage of Central tax transfers to Revenue Receipts	33.68	28.70	35.27	33.09	38.60

Source: Finance Accounts

Over the five-year period 2019-24, Central tax transfers increased by 62.65 per cent from ₹ 21,721.44 crore in 2019-20 to ₹ 35,330.57 crore in 2023-24. During the current year, the Central tax transfers increased significantly by ₹ 5,636.31 crore (18.98 per cent) from ₹ 29,694.26 crore in 2022-23 to ₹ 35,330.57 crore in 2023-24.

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

Grants-in-Aid (GIA) received by the State Government from GoI during 2019-24 are detailed in **Table 2.12**.

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

		(₹ in crore)				
Head		2019-20	2020-21	2021-22	2022-23	2023-24
Grants for Centrally Sponsored Plan Schemes		14,389.53	13,832.87	18,186.82	21,557.33	16,205.52
Finance	Other than Revenue Deficit	4,604.07	2,955.00	2,540.05	2,465.00	2,681.23
Commission Grants	Revenue Deficit Grant	0.00	7,578.90	6,376.00	4,890.00	2,918.00
Other transfers/ Grants to States/ Union Territories with Legislature		1,712.01	1,872.88	1,448.92	872.38	318.15
Total		20,705.61	26,239.65	28,551.79	29,784.71	22,122.90
Percentage variation over the previous year		46.67	26.73	8.81	4.32	-25.72
Percentage of GIA to Revenue Receipts		32.10	40.43	35.77	33.19	24.17

Source: Finance Accounts

Grants-in-Aid from GoI decreased by ₹ 7,661.81 crore (25.72 per cent) during the year as compared to the previous year, primarily on account of decreased grants for the implementation of CSS. Finance Commission Grants were provided to the State for Local Bodies⁶ (₹ 1,838.23 crore) and for State Disaster Response Fund (₹ 680.80 crore) which together constituted 44.99 per cent of total FC grants (₹ 5,599.23 crore) received during the year.

GIA constituted 24.17 per cent of Revenue Receipts during the year 2023-24. Grants for Centrally Sponsored Schemes (₹ 16,205.52 crore) to the State constituted 73.25 per cent of the total grants during the year.

Other grants received by the State during the year were in respect of (i) Grants for Central Road and Infrastructure Fund (₹ 223.24 crore) (ii) Special Assistance (₹ 58.94 crore), etc.

(a) Grants for Centrally Sponsored Schemes

Out of the Grants of ₹ 16,205.52 crore for Centrally Sponsored Schemes during 2023-24, the major amounts were given to:

- Pradhan Mantri Awas Yojana (PMAY)–PMAY Rural (₹ 2,934.45 crore-decrease of 67.90 per cent over previous year);
- Additional Central Assistance for Externally Aided Projects (₹ 1,806.71 crore-increase of 48.17 per cent over previous year);
- National Health Mission–National Urban Health Mission (₹ 1,953.28 crore-increase of 19.47 per cent over previous year);
- Integrated Child Development Service Schemes–Anganwadi Services (₹ 1,814.02 crore-increase of 100.00 per cent over previous year);
- Samagra Shiksha-Elementary Education (₹ 1,810.47 crore-increase of 42.00 per cent over previous year).

⁶ Rural Local Bodies: ₹ 1,241.00 crore; Urban Local Bodies: ₹ 597.23 crore.

Single Nodal Agency: Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13)/PFMS/FCD/2020 dated 08 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of the State Government concerned to ensure that the entire unspent amount is returned by all the implementing Agencies (IAs) to the Single Nodal Account of the Single Nodal Agency concerned.

As per MoF, GoI's letter dated 16 February 2023, the State Government shall transfer the Central share as well as the commensurate State share to the SNA account within 30 days of receipt of Central share. Any delay beyond 30 days in transfer of Central share to the SNA account, interest on the number of days at the rate of seven *per cent per annum* has to be paid by the State Government with effect from 01 April 2023.

As per the SNA 01 report of PFMS, the State Government received ₹ 13,901.14 crore being Central share during the year in its Treasury account. As on 31 March 2024, the Government transferred Central share of ₹ 15,790.72 crore and State share of ₹ 2,864.09 crore to the SNAs. The entire transfer of ₹ 18,654.81 crore was made through GIA bills.

As per the SNAs report, ₹ 5,416.67 crore are lying unspent in the bank accounts of SNAs as on 31 March 2024. Information regarding amount of interest, if any, paid on account of delay in release of central share to SNA account is awaited from the Government (November 2024).

A substantial unspent balance of ₹ 5,416.67 crore remaining parked in SNA accounts indicates inefficiencies in fund utilisation and possible delays in project implementation. This accumulation of funds contradicts the objective of just-in-time releases under the SNA framework and may lead to interest liabilities for delayed transfers beyond the stipulated 30-day window, in accordance with the 16 February 2023 directive. Moreover, such delays may also result in distorted fiscal reporting, underutilisation of central assistance, and compromised service delivery under Centrally Sponsored Schemes.

(b) Fifteenth Finance Commission Grants

As mentioned in the previous paragraph, XV FC Grants were provided to States for Local Bodies and State Disaster Response Fund (SDRF). Details of grants recommended by XV FC and actual release by GoI and GoA during 2022-23 to 2023-24 are given in **Table 2.13**.

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

(₹ in crore)

Particulars	Recommendation of the XV-FC			Actual release by GoI			Release by State Government		
	2022-23	2023-24	Total	2022-23	2023-24	Total	2022-23	2023-24	Total
1	2	3	4	5	6	7	8	9	10
Local Bodies (i+ii)	1,833.00	1,881.00	3,714.00	1,816.20	1,838.23	3,654.43	1,228.00	923.00	2,151.00
(i) Grants to PRIs	1,228.00	1,241.00	2,469.00	1,228.00	1,241.00	2,469.00	1,228.00	620.50	1,848.50
(ii) Grants to ULBs	605.00	640.00	1,245.00	588.20 ⁷	597.23	1,185.43	0.00	302.50	302.50
State Disaster Response Fund	648.80	681.12	1,329.92	648.80	680.80	1,329.60	648.80	340.40	989.20
Grand Total	2,481.80	2,562.12	5,043.92	2,465.00	2,519.03	4,984.03	1,876.80	1,263.40	3,140.20

Source: Finance Accounts

It may be seen from the table above that XV FC recommended ₹ 5,043.92 crore for release to the local bodies and for disaster relief during 2022-23 to 2023-24. Out of that, GoI released ₹ 4,984.03 crore to the State Government during the period.

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

During 2023-24, the State Government had paid an interest of ₹ 13.66 crore against delayed release of funds to PRIs (₹ 5.48 crore) and ULBs (₹ 8.18 crore). Since delayed transfers attract interest liability at the average effective rate of interest on State borrowings, the result is avoidable financial burden on the State exchequer. This not only reflects poor fund flow management but also diverts public resources toward interest payments instead of developmental activities.

2.3.3 Capital Receipts

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

Trends of capital receipts and its components during 2019-20 to 2023-24 are shown in Table 2.14.

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

Table 2.14: Trends in growth and composition of Capital Receipts

(₹ in crore)

Sl. No.	Sources of State's Capital Receipts*	2019-20	2020-21	2021-22	2022-23	2023-24
1	Capital Receipts	14,257.61	17,942.74	19,769.64	28,275.09	47,296.30
(a)	Miscellaneous Capital Receipts	0.00	0.00	0.00	0.00	0.00
(b)	Recovery of Loans and Advances	7.98	2.56	3,099.49	5.07	3,282.45
(c)	Public Debt Receipts	14,249.63	17,940.18	16,670.15	28,270.02	44,013.85
(i)	Internal Debt (including WMAs ⁸ and Overdraft)	14,143.29	16,382.36	14,138.94	23,834.40	38,008.67
	Growth rate (in per cent)	21.24	15.83	-13.69	68.57	59.47
(ii)	Loans and advances from GoI	106.34	1,557.82	2,531.21	4,435.62	6,005.18
	Growth rate (in per cent)	19.27	1,364.94	62.48	75.24	35.39
2	Rate of growth of debt Capital Receipts (per cent)	21.23	25.90	-7.08	69.58	55.69
3	Rate of growth of non-debt capital receipts (per cent)	172.35	-67.92	1,20,973.83	-99.84	64,642.60
4	Rate of growth of GSDP (per cent)	12.13	-2.03	20.87	16.57	19.10
5	Rate of growth of Capital Receipts (per cent)	21.26	25.85	10.18	43.02	67.27

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

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

Capital Receipts increased by 231.73 per cent from ₹ 14,257.61 crore in 2019-20 to ₹ 47,296.30 crore in 2023-24. Public debt receipts create future repayment obligation as these are taken from the market, Financial Institutions and Central Government. During the current year, it increased by 55.69 per cent from ₹ 28,270.02 crore in 2022-23 to ₹ 44,013.85 crore in 2023-24. Further, non-debt capital receipts increased significantly from ₹ 5.07 crore in 2022-23 to ₹ 3,282.45 crore in 2023-24 mainly due to prior period adjustments of ₹ 2,239.13 crore carried out by the State during the current year.

Public debt receipts dominate capital receipts, with internal debt and Central loans forming the backbone of state capital financing. Over-reliance on borrowings could pose sustainability concerns if not effectively utilised for productive purposes.

Loans from GoI grew exponentially, reflecting heightened dependence on Central assistance for capital funding.

2.3.4 State's performance in mobilisation of resources

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

The gross collections in respect of major Tax and Non-Tax Revenue and their relative share in GSDP during 2019-24 are given in **Appendix 1.2**. Further, **Table 2.15** provides

⁸ 2022-23: ₹ 4,608.64 crore; 2023-24: ₹ 16,242.25 crore.

the State's performance in mobilisation of resources assessed in terms of its own resources comprising own-tax and non-tax sources.

Table 2.15: Tax and Non-Tax receipts vis-à-vis projections

	15 th FC projections	BEs	Actuals	(₹ in crore)	
				Percentage variation of actuals over 15 th FC projections	BEs
Own Tax Revenue	19,730.00	30,001.66	28,178.12	42.82	-6.08
Non-Tax Revenue	6,691.00	7,010.84	5,902.90	-11.78	-15.80

Source: Finance Accounts, FC Report and Budget documents

It may be seen from the table above that State's Own Tax receipts exceeded the projections of XV FC by 42.82 *per cent*, while the Non-Tax Revenues fell short by 11.78 *per cent*. However, State's Own Tax Revenue fell short by 6.08 *per cent* and Non-Tax Revenues fell short by 15.80 *per cent* of BEs during 2023-24. These variances have fiscal implications—falling short of budgeted revenue targets can lead to expenditure compression or higher borrowings, both of which may have an impact on developmental priorities of the State.

2.4 Application of resources

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

Growth and composition of total expenditure

The expenditure of the State is broadly classified under three categories *viz.*, Revenue Expenditure, Capital Expenditure and Disbursement of Loans & Advances. These three together are called Total Expenditure⁹ of the State.

Revenue Expenditure: Charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organisation, including establishment and administrative expenses shall be classified as Revenue Expenditure.

Capital Expenditure: All charges for the first construction of a project as well as charges for intermediate maintenance of the work while not opened for service and also charges for such further additions and improvements as may be sanctioned under the rules made by competent authority shall be classified as Capital Expenditure.

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

The Total Expenditure, its composition and relative share in GSDP during 2019-20 to 2023-24 is presented in **Table 2.16**.

⁹ Any Appropriation to Contingency Fund for increasing the Corpus of the Fund also forms part of the Total Expenditure.

Table 2.16: Total Expenditure and its composition

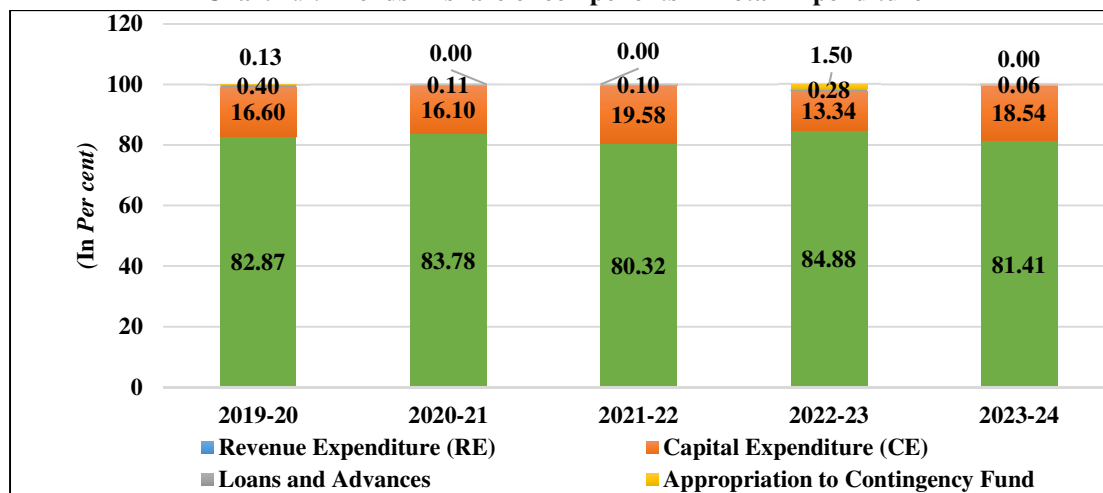
(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	79,418.86	77,006.78	1,02,777.80	1,19,952.20	1,15,671.63
Revenue Expenditure (RE)	65,817.28	64,519.59	82,547.96	1,01,814.65	94,162.90
Capital Expenditure (CE)	13,185.42	12,399.39	20,125.83	15,997.71	21,444.23
Loans and Advances	316.16	87.80	104.01	339.84	64.50
Appropriation to Contingency Fund	100.00	0.00	0.00	1,800.00	0.00
As a percentage of GSDP					
TE/GSDP	22.90	22.66	25.02	25.05	20.28
RE/GSDP	18.98	18.99	20.10	21.27	16.51
CE/GSDP	3.80	3.65	4.90	3.34	3.76
Loans and Advances/ GSDP	0.09	0.03	0.03	0.07	0.01
Appropriation to Contingency Fund/ GSDP	0.03	0.00	0.00	0.38	0.00

Source: Finance Accounts

Table 2.16 shows that Total Expenditure of the State increased nearly 1.5 times from ₹ 79,418.86 crore in 2019-20 to ₹ 1,15,671.63 crore in 2023-24. During the year, it decreased by 3.57 per cent over the previous year. As a percentage of GSDP, the Total Expenditure remained in the range of 20.28 per cent to 25.05 per cent during 2019-24.

Chart 2.9 depicts the share of components of Total Expenditure and their trend during 2019-24. It is evident from **Chart 2.9** that the share of Revenue Expenditure in Total Expenditure ranged between 80.32 per cent and 84.88 per cent during 2019-24 whereas share of Capital Expenditure in Total Expenditure ranged between 13.34 per cent and 19.58 per cent during the period.

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 2019-24 is given in **Table 2.17** as well as in **Chart 2.10**. Composition of Total Expenditure during the current year i.e., 2023-24 is also given in **Chart 2.11**.

Table 2.17: Relative share of various sectors of expenditure

Parameters	(In per cent)				
	2019-20	2020-21	2021-22	2022-23	2023-24
General Services	28.78	30.40	36.23	30.35	35.59
Social Services	38.72	40.73	35.21	45.47	41.60
Economic Services	31.92	28.37	28.27	22.25	22.52
Others (Grants to Local Bodies, Loans to Govt. Servant and Appropriation to Contingency Fund)	0.59	0.49	0.30	1.93	0.29

Source: Finance Accounts

Chart 2.10: Trends in share of Total expenditure by activities

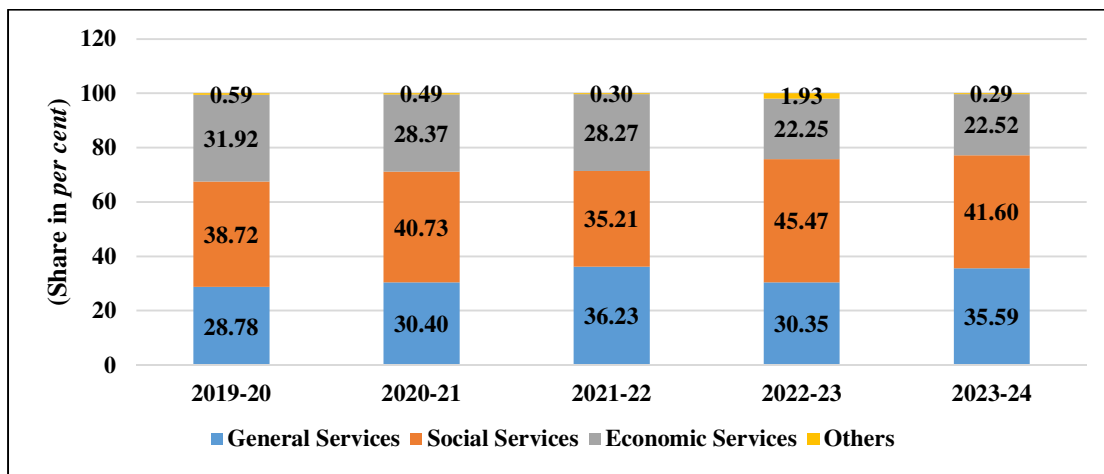
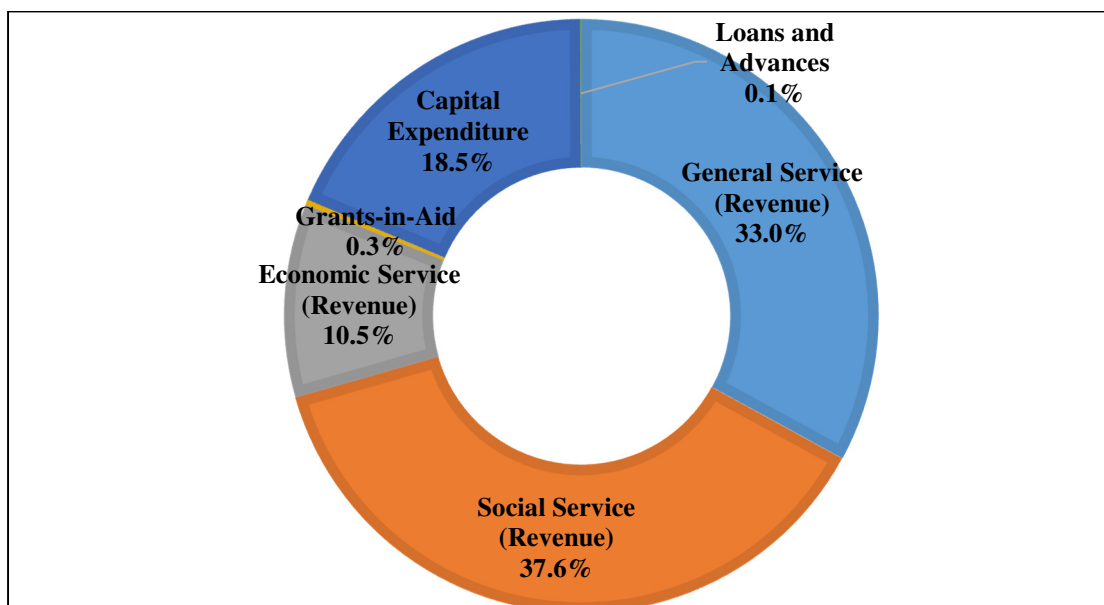


Chart 2.11: Composition of Expenditure during 2023-24 (In per cent)



The relative share of the above components of expenditure indicates that the share of Social Services and Others in the Total Expenditure decreased by 3.87 per cent and 1.64 per cent respectively during 2023-24 over the previous year. These decreases were, however, offset by increase in the respective share of General Services and Economic Services.

2.4.1 Revenue Expenditure

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

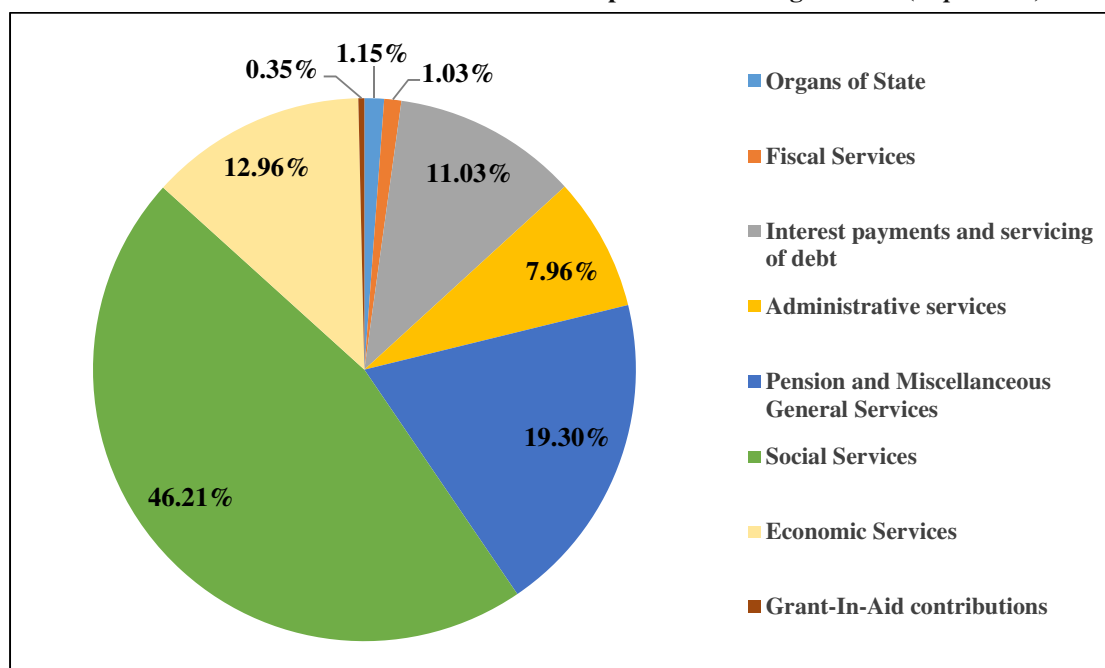
Table 2.18 indicates the overall Revenue Expenditure, its rate of growth, its ratio to Total Expenditure and buoyancy *vis-à-vis* GSDP and Revenue Receipts during the five-year period (2019-24). It is evident from **Table 2.18** that the Revenue Expenditure formed on an average 82.65 *per cent* (ranging from 80.32 *per cent* in 2021-22 to 84.88 *per cent* in 2022-23) of the Total Expenditure during the period 2019-24. Rate of growth of Revenue Expenditure displayed wide fluctuations during the five-year period. Further, the sectoral distribution of Revenue Expenditure pertaining to 2023-24 is given in **Chart 2.12**.

Table 2.18: Revenue Expenditure – Basic parameters

(₹ in crore)					
Parameters	2019-20	2020-21	2021-22	2022-23	2023-24
Total Expenditure (TE)	79,418.86	77,006.78	1,02,777.80	1,19,952.20	1,15,671.63
Revenue Expenditure (RE)	65,817.28	64,519.59	82,547.96	1,01,814.65	94,162.90
Rate of Growth of RE (<i>per cent</i>)	15.67	-1.97	27.94	23.34	-7.52
Revenue Expenditure as percentage of TE	82.87	83.78	80.32	84.88	81.41
RE/GSDP (<i>per cent</i>)	18.98	18.99	20.10	21.27	16.51
RE as percentage of RR	102.05	99.41	103.42	113.45	102.87
Buoyancy of Revenue Expenditure with					
GSDP (ratio)	1.29	0.97	1.34	1.41	-0.39
Revenue Receipts (ratio)	9.79	-3.12	1.22	1.88	-3.77

Source: Finance Accounts

Chart 2.12: Sectoral distribution of Revenue Expenditure during 2023-24 (In *per cent*)



Revenue Expenditure decreased by ₹ 7,651.75 crore (7.52 *per cent*) from ₹ 1,01,814.65 crore in 2022-23 to ₹ 94,162.90 crore in 2023-24. Revenue Expenditure as a percentage of GSDP also decreased significantly from 21.27 *per cent* in 2022-23

to 16.51 *per cent* in 2023-24. Further, Revenue Expenditure during the year was lower by ₹ 17,173.69 crore *vis-à-vis* the projections made in Medium Term Fiscal Plan (MTFP) (₹ 1,11,336.59 crore).

The persistent dominance of Revenue Expenditure in the overall expenditure mix constrains the State's capacity to enhance infrastructure and economic productivity. The abrupt decline in Revenue Expenditure in 2023-24 could adversely affect service delivery, especially in social sectors such as health, education, and rural development. Moreover, significant deviation from MTFP targets may indicate weaknesses in fiscal forecasting and financial planning, affecting fiscal credibility.

2.4.1.1 Major Changes in Revenue Expenditure

Revenue expenditure decreased substantially by ₹ 7,651.75 crore (7.52 *per cent*) from ₹ 1,01,814.65 crore in 2022-23 to ₹ 94,162.90 crore in 2023-24. Significant variations under various Major Heads of Accounts with regard to revenue expenditure of the State during the current year as compared to the previous year are depicted in **Table 2.19**.

Table 2.19: Variation in Revenue Expenditure during 2023-24 compared to 2022-23

Major Heads of Account	2022-23	2023-24	(₹ in crore)	
			Increase (+)/ Decrease (-)	Increase (+)/ Decrease (-) (In <i>per cent</i>)
2216 - Housing	12,828.78	4,958.02	(-) 7,870.76	(-)61.35
2515 - Other Rural Development Programmes	3,909.28	2,254.80	(-) 1,654.48	(-)42.32
2245 - Relief on Account of Natural Calamities	1,512.78	261.58	(-) 1,251.20	(-)82.71
2852 - Industries	632.75	186.05	(-) 446.70	(-)70.60
2702 - Minor Irrigation	800.06	447.31	(-) 352.75	(-)44.09
2235 - Social Security and Welfare	4,630.46	5,946.03	1,315.57	28.41
2015 - Elections	149.21	436.14	286.93	192.30

Source: Finance Accounts

Table 2.19 shows:

- decrease of ₹ 7,870.76 crore (61.35 *per cent*) under 'Housing' which was mainly due to decrease in expenditure under Pradhan Mantri Awaas Yojana (Gramin) and maintenance and repair works in connection with other Administrative Services-Raj Bhawan, *etc.*;
- decrease of ₹ 1,654.48 crore (42.32 *per cent*) under Other Rural Development Programmes was mainly due to decrease in expenditure under miscellaneous expenditure under (i) PRI & ULBs from share of net proceeds of State own taxes assigned under recommendation by SFC, (ii) Tied Grant-Central Finance Commission-Rural Local Bodies and (iii) Untied Basic Grant-Central Finance Commission-Rural Local Bodies, *etc.*;
- decrease of ₹ 1,251.20 crore (82.71 *per cent*) under Relief on Account of Natural Calamities was mainly due to decrease in expenditure under Rehabilitation Grant (Flood), Gratuitous Relief (Flood) and transfer of funds to SDRF (Reserve Fund) *etc.*;
- decrease of ₹ 446.70 crore (70.60 *per cent*) under Industries was mainly due to decrease in expenditure under Establishment of IT Park, IT infrastructure support

and services for State Data Centre and Headquarters Establishment expenditure in connection with ease of doing business, *etc.*;

- decrease of ₹ 352.75 crore (44.09 *per cent*) under Minor Irrigation was mainly due to decrease in expenditure under Lift Irrigation schemes (Surface Water) and Ground Water Scheme (Tube Wells), *etc.*;
- increase of ₹ 1,315.57 crore (28.41 *per cent*) under Social Security and Welfare was mainly due to increase in expenditure under Implementation of Integrated Child Development Services (ICDS) Scheme, Anganwadi Employees Welfare Fund, Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABALA), *etc.*;
- increase of ₹ 286.93 crore (192.30 *per cent*) under Elections was mainly due to increase in expenditure in connection with charges for Conduct of Election to Parliament and expenditure under Headquarters and District Establishment.

In 2023-24, the State's Revenue Expenditure declined significantly by ₹7,651.75 crore (7.52 *per cent*), largely due to substantial reductions in key sectors such as Housing, Rural Development, Natural Calamity Relief, and Industries. While this decrease may suggest fiscal restraint, it also reflects possible underutilisation of funds and reduced investment in essential welfare and infrastructure programmes. The sharp cuts in areas like flood relief and rural development could adversely impact vulnerable populations, particularly in disaster-prone and rural regions. Although there were increases in social security and election-related spending, the overall shift in expenditure priorities may compromise balanced development and weaken the State's resilience to socio-economic and environmental challenges.

2.4.1.2 Committed Expenditure

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

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

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

- (vi) Payment of interest on the balances of the interest-bearing funds as if they could have been invested and payment of interest on public debt as charged expenditure – Interest payment.

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

Table 2.20: Components of Committed Expenditure

(₹ in crore)

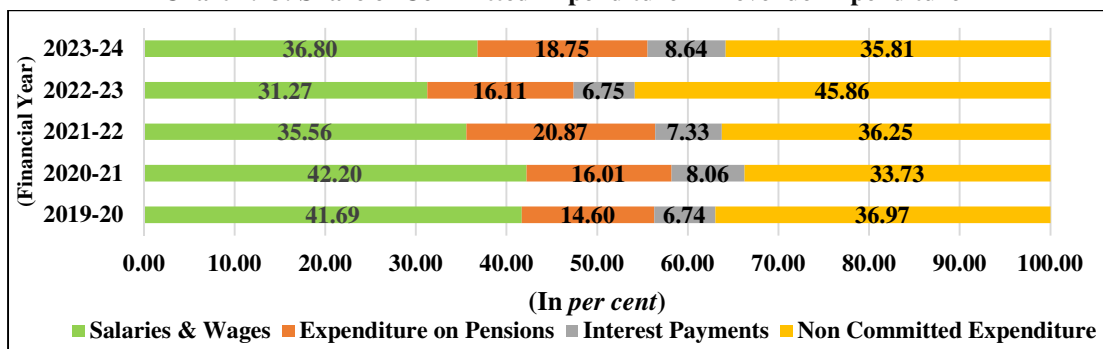
	2019-20	2020-21	2021-22	2022-23	2023-24
Components of Committed Expenditure					
Salaries & Wages ¹⁰	27,437.89	27,227.09	29,351.09	31,841.12	34,652.65
Expenditure on Pensions	9,609.02	10,329.01	17,223.74	16,406.63	17,654.21
Interest Payments	4,438.87	5,199.18	6,051.47	6,874.97	8,139.17
Total	41,485.78	42,755.28	52,626.30	55,122.72	60,446.03
Component of Inflexible Expenditure					
Statutory devolution to local bodies	366.23	376.95	306.13	516.23	333.23
Contribution to Reserve Funds ¹¹	282.75	280.15	359.57	2,002.34	2,251.00
Recoupment of Contingency Fund	-	-	-	-	-
Transfer of cess to reserve fund/ other body	-	-	-	-	-
Share contribution of CSS against the Central Fund received	6,214.89	8,524.91	9,626.98	10,187.01	2,809.59
Total	6,863.81	9,182.01	10,292.68	12,705.58	5,393.82
As a percentage of Revenue Receipts (RR)					
Salaries & Wages	42.54	41.95	36.77	35.48	37.86
Expenditure on Pensions	14.90	15.91	21.58	18.28	19.29
Interest Payments	6.88	8.01	7.58	7.66	8.89
Total	64.32	65.88	65.94	61.42	66.04
As a percentage of Revenue Expenditure (RE)					
Salaries & Wages	41.69	42.20	35.56	31.27	36.80
Expenditure on Pensions	14.60	16.01	20.87	16.11	18.75
Interest Payments	6.74	8.06	7.33	6.75	8.64
Total	63.03	66.27	63.75	54.14	64.19
Non-committed RE	24,331.51	21,764.31	29,921.66	46,691.93	33,716.87
Non-committed RE as Percentage of RE	36.97	33.73	36.25	45.86	35.81
Non-committed RE as Percentage of TE	30.64	28.26	29.11	38.93	29.15
Subsidies	1,473.23	1,966.15	2,005.69	1,662.58	455.78
Subsidies as percentage of non-committed expenditure	6.05	9.03	6.70	3.56	1.35

Source: Finance Accounts

¹⁰ Includes Grants-in-Aid (Salary): 2019-20 (₹ 2,677.56 crore); 2020-21 (₹ 2,467.51 crore); 2021-22 (₹ 2,844.51 crore), 2022-23 (₹ 2,838.40 crore) and 2023-24 (₹ 3,693.93 crore).

¹¹ Consolidated Sinking Fund and Guarantee Redemption Fund.

Chart 2.13: Share of Committed Expenditure in Revenue Expenditure



Source: Finance Accounts

As can be seen from the details given in **Table 2.20** and **Chart 2.13**, percentage of committed expenditure to revenue expenditure increased from 63.03 *per cent* in 2019-20 to 64.19 *per cent* in 2023-24. However, non-committed expenditure to revenue expenditure decreased from 36.97 *per cent* in 2019-20 to 35.81 *per cent* in 2023-24 of which subsidies constituted ranging from one *per cent* to nine *per cent*.

Rising interest payments reflect increasing debt servicing costs, requiring close monitoring to ensure long-term fiscal sustainability. Pension expenditure is increasing steadily, which could pose a long-term fiscal challenge given the aging workforce and rising commitments. Limited growth in statutory transfers to local bodies (₹ 333.23 crore in 2023-24) may restrict their capacity to meet local development needs.

Salaries and Wages

Expenditure on salaries and wages accounted for 36.80 *per cent* of Revenue Expenditure during 2023-24. Over the five-year period 2019-24, it increased by ₹ 7,214.76 crore (26.29 *per cent*) from ₹ 27,437.89 crore in 2019-20 to ₹ 34,652.65 crore in 2023-24. Expenditure on Salaries (₹ 33,500.48 crore) during 2023-24 was less by ₹ 7,539.45 crore compared to the projection of ₹ 41,039.93 crore made in MTFP.

Interest Payments

Interest Payments increased by ₹ 1,264.20 crore (18.39 *per cent*) from ₹ 6,874.97 crore in 2022-23 to ₹ 8,139.17 crore in 2023-24 primarily due to an increase of ₹ 1,249.20 crore in interest payment on market loans. During the current year, Interest Payments were made on internal debt (₹ 7,163.53 crore), Small Savings, Provident Fund, *etc.* (₹ 885.32 crore) and Loans and Advances from Central Government (₹ 90.32 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

Year	Assessment made by the XV FC	Assessment made by the State Government in		Actuals
		Budget Estimates	MTFP	
2023-24	7,514	8,815.37	8,815.37	8,139.17

Source: Finance Accounts, FC Report and Budget documents

Table 2.21 indicates that the interest payments of State Government during the year increased significantly by ₹ 625.17 crore *vis-à-vis* the assessment made by XV FC for the year. However, it decreased significantly by ₹ 676.20 crore as compared to its own projections made in MTFP and Budget for 2023-24.

Pensions

The expenditure on “Pension and other Retirement Benefits” for State Government employees recruited prior to 30 January 2005 was ₹ 15,928.16 crore during the year (excluding expenditure on National Pension System).

2.4.1.3 Undischarged Liability under National Pension System

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

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

As on 31 March 2024, 2,62,986 PRANs were allotted to the employees whereas 7,149 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			Total	NSDL	Benefi- ciaries	Net Refunds (+) and re- submission (-)	Less transfer {(5+8) - (6+7)}
		Due	Actual	Shortfall					
	1	2	3	4	5 (1+3)	6	7	8	9
Up to 2017-18	1,998.44	1,998.44	1,812.10	186.34	3,810.54	3,531.54	0.55	0.46	278.91
2018-19	590.14	590.14	445.25	144.89	1,035.39	890.06	0.44	-0.14	144.75
2019-20	682.96	956.14 [@]	749.32	206.82	1,432.28	1,498.30	0.38	-0.03	-66.43
2020-21	735.43	1029.60	1,060.34	-30.74	1,795.77	1,820.25	0.6	-0.03	-25.11
2021-22	876.49	1227.09	1,478.61	-251.52	2,355.10	2,419.02	1	0.06	-64.86

Year	Details of contribution					Details of funds transferred/ paid to			
	Employees	Government			Total	NSDL	Beneficiaries	Net Refunds (+) and re-submission (-)	Less transfer {(5+8) - (6+7)}
		Due	Actual	Shortfall					
	1	2	3	4	5 (1+3)	6	7	8	9
2022-23	1,055.60	1477.84	1,448.96	28.88	2,504.56	2,484.21	1.75	0	18.60
2023-24	1,282.99	1796.19	1,726.05	70.14	3,009.04	2,960.08	0.74	0	48.22
Total	7,222.05	9,075.44	8,720.63	354.81	15,942.68	15,603.46	5.46	0.32[#]	334.08^{&}

Source: Finance Accounts

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

@ Figures updated as GS raised to 14 per cent w.e.f. April 2019

& Less transfer (₹ 318.65 crore under MH-8342-117 plus ₹ 15.43 crore in Current Bank Account)

Audit observations in this regard are as follows:

As of 31 March 2024, Government of Assam collected ₹ 7,222.05 crore from employees as contribution towards NPS since the introduction of the Scheme and contributed ₹ 8,720.63 crore as Government share against the due contribution of ₹ 9,075.44 crore, resulting in short contribution of ₹ 354.81 crore. Against the total collected funds of ₹ 15,942.68 crore (comprising employees share of ₹ 7,222.05 crore and Government share of ₹ 8,720.63 crore), the Government had transferred ₹ 15,603.46 crore to the designated authority (NSDL) for further investment as per the provisions of the scheme. Funds amounting to ₹ 334.08 crore as well as the interest on it remained to be transferred to NSDL from the Public Account as on 31 March 2024. Out of the balance of ₹ 334.08 crore, ₹ 318.65 crore was lying in the Public Account and the remaining ₹ 15.43 crore was lying in the Current Account.

As on 31 March 2023, an amount of ₹ 270.43 crore remained in the Public Account under the Major Head '8342-117-Defined Contributory Pension Scheme' on which, interest payable in 2023-24 has been estimated as ₹ 28.11 crore (@ 7.1 per cent). Uncollected, unmatched and un-transferred amounts, with accrued interest, represent outstanding liabilities under the scheme. Non-payment of interest of ₹ 28.11 crore has resulted in understatement of Revenue Deficit and Fiscal Deficit.

Firstly, the shortfall undermines the financial security of government employees, as their retirement savings are neither fully matched nor timely invested, potentially impacting the returns they receive. Secondly, retention of ₹ 318.65 crore in the Public Account and ₹ 15.43 crore in the Current Account reflects departure from NPS operational norms. Thirdly, the non-payment of ₹ 28.11 crore in interest on the uninvested NPS funds not only constitutes an outstanding liability, but has also led to understatement of both Revenue and Fiscal Deficits.

During the Exit Conference (February 2025), the Commissioner and Secretary to Government of Assam, Finance Department, noted the issue and assured Audit of taking steps to resolve short contribution and transfer of funds to NSDL to prevent future liability.

Inflexible expenditure

The components on Inflexible expenditure which include among others statutory devolution to local bodies and contribution to Reserve Funds showed an increasing

trend during the period from 2019-20 to 2022-23 and decreased during the current year 2023-24. As a percentage of revenue expenditure, the inflexible expenditure ranged between 5.73 per cent and 14.43 per cent during 2019-24.

2.4.1.4 Subsidies

Table 2.23 indicates that there has been significant decrease in expenditure on subsidies during the last two years out of a five-year period. Subsidies as a percentage of Revenue Receipts and Revenue Expenditure stood at 0.50 per cent and 0.48 per cent respectively during the current year.

Table 2.23: Expenditure on subsidies during 2019-24

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Subsidies (₹ in crore)	1,473.23	1,966.15	2,005.69	1,662.58	455.78
Power subsidy (₹ in crore)	715.95	903.34	943.00	625.00	--
Subsidies as a percentage of Revenue Receipts	2.28	3.03	2.51	1.85	0.50
Subsidies as a percentage of Revenue Expenditure	2.24	3.05	2.43	1.63	0.48
Subsidies as a percentage of Total Expenditure	1.86	2.55	1.95	1.39	0.39
Subsidies as a percentage of Revenue Surplus/ Deficit	111.42	513.89	73.39	13.77	17.34
Power subsidy as percentage to total subsidy	48.60	45.94	47.02	37.59	--

Source: VLC data of respective years and Finance Accounts

During 2023-24, subsidies were given under targeted subsidy under National Food Security Scheme (₹ 455.78 crore). State Government had not made any projection for subsidy in its MTFP during 2023-24.

The decline in subsidy expenditure in Assam — from ₹ 2,005.69 crore in 2021-22 to just ₹ 455.78 crore in 2023-24 — signals a significant shift in fiscal policy and spending priorities. While reduced subsidy outlay may contribute to fiscal consolidation and reduce revenue pressure, it also raises concerns regarding adequate support for vulnerable sections of the population, especially in areas such as power, food security, and rural welfare.

2.4.1.5 Financial assistance by the State Government to Local Bodies and Other Institutions

Financial assistance is provided by the State Government to Local bodies and other institutions by way of grants and loans. Further, many of the Centrally Sponsored Scheme funds are transferred to implementing agencies as Grants-in-Aid. **Table 2.24** details the quantum of grants given by the State to local bodies and other institutions during the last five years.

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

(₹ in crore)

Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
PRIs	3,642.78	682.48	1,339.39	252.96	326.94
ULBs	578.33	354.96	826.37	1,310.92	1,005.64
PSUs	37.41	57.58	141.70	129.72	376.25
Autonomous Bodies	1,252.07	193.58	1,084.56	2,782.17	2,057.86

Institutions	2019-20	2020-21	2021-22	2022-23	2023-24
Others*	19,259.65	22,447.14	28,388.07	42,205.04	35,094.29
Total¹²	24,770.24	23,735.74	31,780.09	46,680.81	38,860.98
GIA on Salary	2,677.56	2,467.51	2,844.51	2,838.36	3,693.93
GIA for creation of Capital assets	3,127.27	3,002.98	3,650.94	15,479.46	6,453.39
GIA for non-salary	15,417.51	15,092.29	20,562.04	24,546.47	22,697.37
GIA given in kind	Information not provided by the State Government				
Revenue Expenditure (RE)	65,817.28	64,519.59	82,547.96	1,01,814.65	94,162.90
Assistance as <i>per cent</i> of RE	37.63	36.79	38.50	45.84	41.27

Source: Finance Accounts (Statement 10 and Appendix III)

* Largely to Implementing agencies of Centrally Sponsored Schemes like NRHM, PMAY, SSA, etc.

It can be seen from **Table 2.24** that Grants-in-Aid to local bodies and other institutions as percentage of Revenue Expenditure ranged between 36.79 *per cent* and 45.84 *per cent* during 2019-24. During the current year, out of the total Grants-in-Aid given by the State, 90.30 *per cent* went to various agencies implementing Centrally Sponsored Schemes, educational, health institutions, etc. followed by 5.30 *per cent* to Autonomous Bodies and 4.40 *per cent* to ULBs, PRIs & PSUs.

Although the financial assistance given for creation of Capital assets and for non-salary purpose during 2023-24 decreased over the previous year, the financial assistance on Salary had shown an increase during the year as compared to the previous year. It was further noted that assistance on salary component showed a significant increase of 38 *per cent* over a period of five years *i.e.*, 2019-24. Details of financial assistance given in respect of 10 major Schemes/ recipients are given in **Table 2.25**.

Table 2.25: Major recipients of financial assistance during the year 2023-24

(₹ in crore)		
Sl. No.	Recipient/Scheme	Amount
1	Pradhan Mantri Awas Yojana (Gramin) PMAY-G	4,937.74
2	Director Institutional Finance Cell	3,601.54
3	National Health Mission (NHM)	2,751.84
4	Finance Department	1,378.51
5	Integrated Child Development Services (ICDS) Scheme	1,472.90
6	Assam Infrastructure Financing Authority	880.00
7	National Rural Drinking Water Programme	814.82
8	Special Nutrition Programme (PMGY)	750.38
9	Sarva Siksha Abhiyan	2,109.00
10	Housing for All (Pradhan Mantri Awas Yojana)	640.90

Source: Finance Accounts

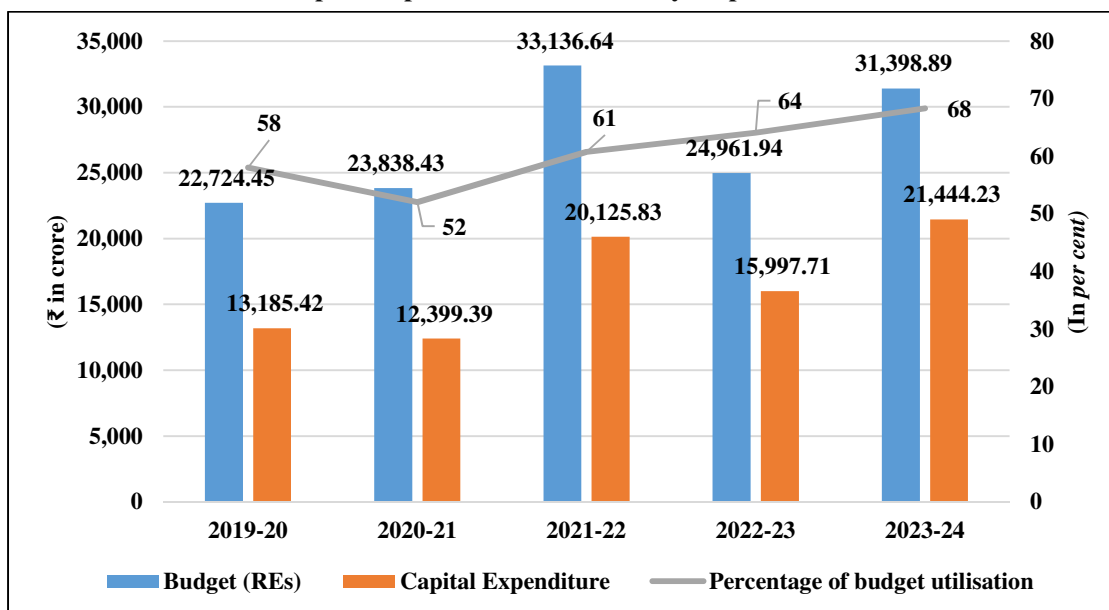
2.4.2 Capital Expenditure

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

Details of Capital Expenditure *vis-à-vis* budget (Revised Estimates) during the period 2019-24 are given in **Chart 2.14**.

¹² Includes GIA booked under Capital Major Heads

Chart 2.14: Trend of Capital Expenditure over the five-year period from 2019-20 to 2023-24



Capital Expenditure of the State increased by ₹ 8,258.81 crore (62.64 *per cent*) from ₹ 13,185.42 crore in 2019-20 to ₹ 21,444.23 crore in 2023-24. However, during the year it increased by ₹ 5,446.52 crore (34.05 *per cent*) from ₹ 15,997.71 crore in 2022-23 to ₹ 21,444.23 crore in 2023-24.

Further, the State could not fully utilise the budgetary allocation on creation of assets in any year during the five-year period 2019-24. While the extent of utilisation of budget for Capital Expenditure has declined to 52 *per cent* in 2020-21 from 58 *per cent* in 2019-20 and then increased consistently and reached the level of 68 *per cent* during 2023-24.

2.4.2.1 Major changes in Capital Expenditure

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

Table 2.26: Capital Expenditure during 2023-24 compared to 2022-23

(₹ in crore)

Major Heads of Accounts	2022-23	2023-24	Increase/ Decrease (-) (per cent)
4885- Other Capital Outlay on Industries and Minerals	139.29	2,694.61	2,555.32 (1,834.53)
4801- Capital Outlay on Power Projects	782.92	2,329.97	1,547.05 (197.60)
4202- Capital Outlay on Education, Sports, Art and Culture	520.26	1,506.67	986.41 (189.60)
4059- Capital Outlay on Public Works	1,302.21	2,163.99	861.78 (66.18)
4217- Capital Outlay on Urban Development	206.15	657.79	451.64 (219.08)
4215- Capital Outlay on Water Supply and Sanitation	863.29	1312.45	449.16 (52.03)
4552 Capital Outlay on North Eastern Areas	290.80	7.91	-282.89 (-97.28)
4250 Capital Outlay on Other Social Services	253.95	76.61	-177.34 (-69.83)

Source: Finance Accounts

Table 2.26 shows that Capital Outlay on Industries and Minerals recorded maximum increase of ₹ 2,555.32 crore during the year due to fresh expenditure under

(i) Investment in Public Sector and other undertakings for equity participation of Government of Assam in NRL, (ii) Investment in Public Sector and other undertakings for equity infusion of Government of Assam into PSUs, (iii) preparation of land Bank and Creation of new industrial Area/ upgradation of industrial Area, *etc.* Further, Capital Outlay on Power Projects also recorded a higher increase of ₹ 1,547.05 crore due to fresh expenditure under (i) Barpani Hydro Electric Power Project, (ii) Share Capital Investment in Assam Power Generation Corporation Limited (APGCL), (iii) Share Capital Investment in Assam Electricity Grid Corporation Limited (AEGCL) and Share Capital Investment in Assam Power Distribution Company Limited (APDCL), *etc.*

However, Capital Outlay on North Eastern Areas recorded maximum decrease of ₹ 282.89 crore during the year due to decrease in expenditure under NEC Project (Capital) and Scheme under NLCPR, *etc.*

The shifting pattern of capital expenditure in Assam implies a strategic emphasis on accelerating industrialisation, infrastructure development, and power sector enhancement, likely aimed at stimulating economic growth and attracting investment. The marked increase in allocations to education, urban development, and public works suggests a push toward improving human capital and urban infrastructure. However, the steep decline in funding for the North Eastern Areas and Other Social Services may lead to regional imbalances.

2.4.2.2 Quality of Capital expenditure

This section presents an analysis of investments and other capital expenditure undertaken by the Government during the current year.

(i) *Quality of investments in the companies, corporations and other bodies*

Capital expenditure in the companies, corporations and other bodies, which are loss making or where net worth is completely eroded, is not sustainable. Investments made and loan given to such companies, corporations, *etc.*, affect the quality of capital expenditure. Return on investment in share capital invested in PSUs and history of repayment of loans given to various bodies are important determinants of quality of capital expenditure.

As per the Finance Accounts 2023-24, Government of Assam had invested ₹ 11,474.30 crore in four Statutory Corporations, 27 Government Companies, 17 Joint Stock Companies, three Rural Banks and 20 Co-operatives in the State as on 31 March 2024. The State Government earned a return of ₹ 185.10 crore on these investments during 2023-24. The average rate of return on investment was 5.78 *per cent* during the five-year period from 2019-20 to 2023-24, while the average rate of interest paid by the State Government during the period was 6.73 *per cent*.

Details of investment by Government of Assam and returns on investment during the five-year period 2019-20 to 2023-24 is given in **Table 2.27**.

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

(₹ in crore)

Entities	2019-20	2020-21	2021-22	2022-23	2023-24
Statutory Corporations ¹³ (No. of entities)	2,159.58# (4)	2,159.58# (4)	5,255.41 (4)	5,256.36 (4)	6,668.01 (4)
Government Companies (No. of entities)	176.92 (24)	176.91 (24)	216.91 (25)	216.91 (25)	2,690.45 (27)
Joint Stock Companies (No. of entities)	169.03 (17)	169.03 (17)	1,385.91 (17)	1,441.16 (17)	1,852.62 (17)
Banks ¹⁴ (No. of entities)	21.76 (2)	21.76 (2)	38.60 (3)	76.66 (3)	98.19 (3)
Co-operatives (No. of entities)	109.83 (18)	113.16 (19)	113.96 (19)	131.67 (20)	165.03 (20)
Total Investment	2,637.12	2,640.44	7,010.79	7,122.76	11,474.30
Return on investment (₹ in crore)	30.64	481.89	113.64	447.62	185.10
Return on investment (per cent)	1.16	18.25	1.62	6.28	1.61
Average rate of interest on Government borrowings (per cent)	7.12	6.81	6.74	6.53	6.46
Difference between return and interest rate (per cent)	-5.96	11.44	-5.12	-0.25	-4.85
Difference between interest on Government borrowings and return on investment (₹ in crore)	4,408.23	4,717.29	5,937.83	6,427.35	7,954.07

Source: Finance Accounts

#The figure was modified due to accounting of UDAY transactions of ₹ 1,132.53 crore (Grant: ₹ 849.40 crore plus Equity: ₹ 283.13 crore) in FY 2021-22 instead of FY 2019-20 as conveyed by the State Government vide order dated 30 March 2022.

During the last five years, i.e., 2019-24, the State Government's investments had increased significantly by ₹ 8,837.18 crore from ₹ 2,637.12 crore in 2019-20 to ₹ 11,474.30 crore in 2023-24. During the current year, Government invested ₹ 1,411.65 crore in Statutory Corporations, ₹ 2,473.54 crore in Government Companies, ₹ 411.46 crore in Joint Stock Companies, ₹ 21.53 crore in Bank and ₹ 33.36 crore in Co-operatives.

Out of four Statutory Corporations, three were incurring losses and their accumulated losses amounted to ₹ 112.90 crore¹⁵. Similarly, out of 27 Government Companies in the State, 17 companies were incurring losses and their accumulated losses amounted to ₹ 592.30 crore.

The major loss incurring five Government Companies were Assam Tea Corporation Limited, Guwahati (Investment: ₹ 1,233.29 crore; accumulated loss: ₹ 284.03 crore), Assam Industrial Development Corporation Limited (Investment: ₹ 893.39 crore;

¹³ 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.

¹⁴ Includes the Rural Bank, Urban and Industrial Co-operative Bank and Assam Gramin Vikash Bank.

¹⁵ Assam State Warehousing Corporation: ₹ 8.37 crore (as on 31-03-2018); Assam State Transport Corporation: ₹ 94.80 crore (as on 31-03-2017); Assam Financial Corporation, Guwahati: ₹ 9.73 crore (as on 31-03-2019).

accumulated loss: ₹ 85.32 crore), Assam Plain Tribes Development Corporation, (Investment: ₹ 0.46 crore; accumulated loss: ₹ 42.03 crore), Assam State Textile Corporation Limited (Investment: ₹ 4.78 crore; accumulated loss: ₹ 36.88 crore) and Assam State Development Corporation for Scheduled Castes Limited (Investment: ₹ 4.88 crore; accumulated loss: ₹ 32.40 crore).

As shown in the table, the return on investments was only between 1.16 *per cent* and 18.25 *per cent* during 2019-24 while the average rate of interest paid by the State Government on its borrowings was between 6.46 *per cent* and 7.12 *per cent* during the period.

The return on investment remains below the borrowing cost except for 2020-21, leading to a net fiscal burden. Investments are not generating sufficient returns to justify the associated debt servicing. Returns have fluctuated significantly, reflecting volatility in investment performance and possible inefficiencies in managing State investments.

(ii) Reconciliation of Government Investments with Accounts of Companies

The figures of Government investments as equity in State Public Sector Enterprises (SPSEs) should agree with those appearing in the accounts of the PSEs. Reconciliation of figures is necessary to figure out the difference in accounts of PSEs and Finance Accounts of the State Government. There is a difference between the number of SPSEs¹⁶ (16 SPSEs) and investment made by the State Government (₹ 4,729.22 crore) as recorded in the Finance Accounts (31 SPSEs having an investment of ₹ 9,358.46 crore) and that of the Audit Report on SPSEs (47 SPSEs having an investment of ₹ 14,087.68 crore). In addition, three Government Companies have been mentioned as Joint Stock Companies in the Finance Accounts. The differences have arisen primarily due to information about investments reported by the State Government to Accountant General (A&E), Assam and the details given in the Audit Reports obtained from the SPSEs concerned.

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 (February 2025), the Commissioner and Secretary to the Government of Assam, Finance Department, agreed that the issue of discrepancy in investment in SPSEs is important particularly considering the conversion of Loans/ Grants to Equity, and assured to issue appropriate instructions to resolve the issue.

(iii) Loans and advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, State Government has also provided loans and advances to many institutions/ organisations. **Table 2.28** presents the outstanding loans and advances as on

¹⁶ Statutory Corporations and Government Companies

31 March 2024 along with interest receipts *vis-à-vis* interest payments during the five-year period from 2019-20 to 2023-24.

Table 2.28: Quantum of loans disbursed and recovered during 2019-24

(₹ in crore)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Balance of loans outstanding	5,748.80	6,056.98	6,142.22	3,146.74	5,720.65*
Amount advanced during the year	316.16	87.80	104.01	339.84	64.50
Amount recovered during the year	7.98	2.56	3,099.49	5.07	3,282.45
Closing Balance of the loans outstanding	6,056.98	6,142.22	3,146.74	3,481.51	2,502.70
Net addition	308.18	85.24	-2,995.48	334.77	-3,217.95
Interest received	284.00	167.20	49.67	296.98	815.23
Interest rate on Loans and Advances received by the Government (<i>per cent</i>)	4.69	2.72	1.58	8.53	32.57
Rate of Interest paid on the outstanding borrowings of the Government	7.12	6.81	6.74	6.53	6.46
Difference between the rate of interest paid and interest received (<i>per cent</i>)	2.43	4.09	5.16	-2.00	-26.11

Source: Finance Accounts

*Opening balance differs from previous year's closing balance due to prior period adjustment of ₹ 2,239.13 crore carried out on request of the State Government.

The total amount of outstanding loans and advances as on 31 March 2024 was ₹ 2,502.70 crore. During 2023-24, the State Government recovered a loan of ₹ 3,282.45 crore from the loanee entities. Significant increase in recoveries of loan was mainly due to conversion of outstanding loans to equity investment. Further, the State Government also disbursed a loan of ₹ 64.50 crore to different entities during the year and received ₹ 815.23 crore¹⁷ as interest on loans disbursed in earlier years. Economic Services Sector received the maximum amount of loans advanced (₹ 61.84 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).

(iv) Capital locked in Incomplete Projects

Audit called for the information relating to number of incomplete projects from 10 Departments of GoA. As per data provided by four departments *viz.*, Irrigation, Public Health Engineering (PHE), Public Works and Water Resources Departments, there were 276 incomplete/ ongoing projects with progressive expenditure of ₹ 1,006.60 crore, as of 31 March 2024. Details of age-wise and department-wise incomplete projects, which were targeted to be completed up to 2023-24 are shown in **Table 2.29** and **Table 2.30** respectively.

¹⁷ Interest from Public sector and other Undertakings: ₹ 435.02 crore; Interest realised on investment of Cash balance: ₹ 12.88 crore; Other Receipts: ₹ 380.21 crore.

Table 2.29: Age profile of incomplete projects as on 31 March 2024 (₹ in crore)

Year of sanction of the project	No of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2024)
Up to 2016-17	9	53.95	35.39
2017-18	4	48.07	29.75
2018-19	7	684.80	450.32
2019-20	4	22.66	11.35
2020-21	52	195.59	58.56
2021-22	128	673.66	340.31
2022-23	72	266.83	80.92
Total	276	1,945.56	1,006.60

Source: Finance Accounts

Table 2.30: Department-wise profile of incomplete projects as on 31 March 2024 (₹ in crore)

Department	No. of incomplete projects	Estimated cost	Progressive Expenditure (as on 31 March 2024)
Irrigation	3	8.48	2.36
PHE	173	284.03	140.25
Public Works	90	1,448.77	798.81
Water Resources	10	204.28	65.18
Total	276	1,945.56	1,006.60

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

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

2.4.3 Expenditure priorities

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

Table 2.31 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 2023-24, taking 2019-20 as the base year.

Table 2.31: Fiscal Priority of the State in 2019-20 and 2023-24

Fiscal Priority of the State	(In per cent)			
	TE/ GSDP	CE/ TE	Education*/TE	Health**/TE
North Eastern and Himalayan States Average (2019-20)	26.21	14.56	17.09	5.82
Assam (2019-20)	22.90	16.60	19.91	6.10
North Eastern and Himalayan States Average (2023-24)	25.19	17.50	15.32	5.76
Assam (2023-24)	20.28	18.54	17.70	5.21

TE-Total Expenditure, CE-Capital Expenditure

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

**Revenue Expenditure on Health includes expenditure on family welfare.

Table 2.31 shows that:

- The State Government's Total Expenditure as proportion of GSDP, decreased from 22.90 per cent in 2019-20 to 20.28 per cent in 2023-24 whereas for North Eastern

and Himalayan States (NE&HS) it decreased marginally from 26.21 *per cent* to 25.19 *per cent* during the same period.

- Capital Expenditure facilitates asset creation which generates opportunities for higher growth. The ratio of Capital Expenditure to Total Expenditure of the State increased from 16.60 *per cent* in 2019-20 to 18.54 *per cent* in 2023-24. This ratio for NE&H States increased from 14.56 *per cent* in 2019-20 to 17.50 *per cent* in 2023-24.
- The ratio of expenditure on education to the Total Expenditure in Assam decreased from 19.91 *per cent* in 2019-20 to 17.70 *per cent* in 2023-24. This ratio for NE&H States decreased from 17.09 *per cent* in 2019-20 to 15.32 *per cent* in 2023-24.
- The ratio of expenditure on Health to Total Expenditure in Assam decreased from 6.10 *per cent* in 2019-20 to 5.21 *per cent* in 2023-24 whereas for NE&H States decreased marginally from 5.82 *per cent* in 2019-20 to 5.76 *per cent* in 2023-24.

2.4.4 Object Head-wise Expenditure

Table 2.32 compares the object head-wise expenditure (above ₹ 100 crore) of the State during current year with respect to the previous year.

Table 2.32: Object Head-wise expenditure

(₹ in crore)

Sl. No.	Head	Expenditure		Increase (+)/ Decrease (-)	
		2022-23	2023-24	Amount	Per cent
1	Salaries	28,029.61	29,806.54	1,776.93	6.34
2	Grants-in-Aid-General (Salary)	2,838.40	3,693.93	855.53	30.14
3	Grants-in-Aid-General (Non-Salary)	25,593.42	23,782.78	-1,810.64	-7.07
4	Grants for Creation of Capital Assets	21,101.51	11,026.62	-10,074.89	-47.74
5	Pension/ Gratuity*	16,518.11	17,732.30	1,214.19	7.35
6	Major Works	9,112.06	11,075.50	1,963.44	21.55
7	Interest	6,874.97	8,139.17	1,264.20	18.39
8	Other Charges	1,434.61	832.25	-602.36	-41.99
9	Office Expenses	659.48	971.17	311.69	47.26
10	Maintenance	632.34	1,071.92	439.58	69.52
11	Inter-Accounts Transfer	3,288.96	2,628.40	-660.56	-20.08
12	Materials and Supplies	177.79	267.59	89.80	50.51
13	Wages	973.11	1,152.18	179.07	18.40
14	Professionals & Special Services	357.29	459.67	102.38	28.65
15	Scholarships and Stipend	373.13	264.96	-108.17	-28.99
16	Machinery and Equipment/ Tools and Plants	393.44	319.64	-73.80	-18.76
17	Investment	2,101.61	4,351.53	2,249.92	107.06
18	Principal Repayment	7,330.86	20,655.86	13,325.00	181.77

Source: Finance Accounts

*Differs from **Table 2.20** by ₹ 78.09 crore due to operation of object head 21-Pension/Gratuity under the Major Heads other than Major Head 2071 (such as 2235, 2075 etc.)

It can be seen from **Table 2.32** that expenditure under two object heads recorded more than 100 *per cent* increase during the period.

2.5 Contingency Fund

This Fund is in the nature of an imprest, which is established by the State Legislature by law, and is placed at the disposal of the Governor to enable advances to be made for

meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature. The fund is recouped by debiting the expenditure to the concerned functional major head relating to the Consolidated Fund of the State.

As on 31 March 2024, the balance under Contingency Fund was ₹ 2,000 crore and no amount was lying un-recouped at the end of the financial year.

2.6 Public Account

Receipts and Disbursements in respect of certain transactions such as Small Savings, Provident Funds, Reserve Funds, Deposits, Suspense, Remittances, *etc.*, which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266 (2) of the Constitution and are not subject to vote by the State Legislature. The Government acts as a banker in respect of these. The balance after disbursements during the year is the fund available with the Government for use for various purposes.

2.6.1 Net Public Account balances

The component wise net balance of transactions in Public Account of the State as of end of March 2024 are given in **Table 2.33** and also in **Chart 2.15**.

Table 2.33: Component-wise yearly changes in net balance of transactions in Public Account

(₹ in crore)

Sector	Sub Sector	2019-20	2020-21	2021-22	2022-23	2023-24
I. Small Savings, Provident Funds, etc.	Small Savings, Provident Funds, <i>etc.</i>	968.47	888.85	601.53	100.17	-370.73
J. Reserve Funds	(a) Reserve Funds bearing Interest	682.43	43.20	-49.37	703.89	-533.30
	(b) Reserve Funds not bearing Interest	0.00	0.00	0.00	0.00	0.00
K. Deposits and Advances	(a) Deposits bearing Interest	-62.19	-19.83	-59.63	23.76	48.04
	(b) Deposits not bearing Interest	161.84	-559.15	648.83	438.00	98.38
	(c) Advances	755.06	349.26	-542.68	560.66	-919.39
L. Suspense and Miscellaneous	(a) Suspense	-415.06	-459.46	-38.11	226.57	191.87
	(b) Other Accounts*	5,330.12	-3,970.09	-1,387.80	6,627.09	-2,441.71
	(c) Accounts with Governments of Foreign Countries	---	---	---	---	---
	(d) Miscellaneous	---	800.00	2000.00	---	1,917.00
M. Remittances	(a) Money Orders and other Remittances	-123.90	-54.60	0.57	-71.52	-56.52
	(b) Inter-Governmental Adjustment Account	-18.06	8.21	23.19	9.39	3.50
Total		7,278.71	-2,973.61	1,196.53	8,618.01	-2,062.86

Source: Finance Accounts

Note: Net balances denote excess of receipts over expenditure

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

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

(₹ in crore)

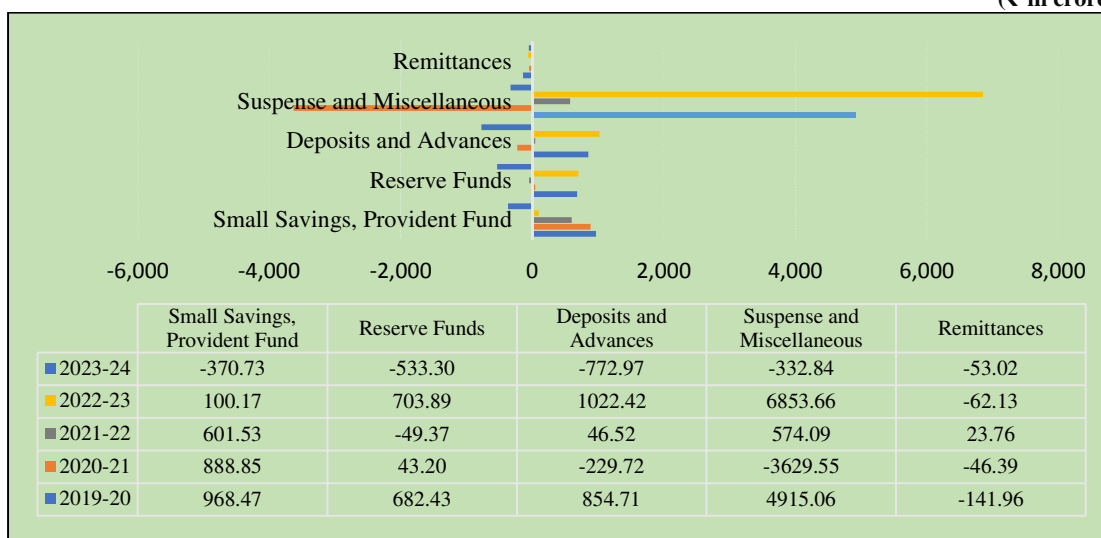
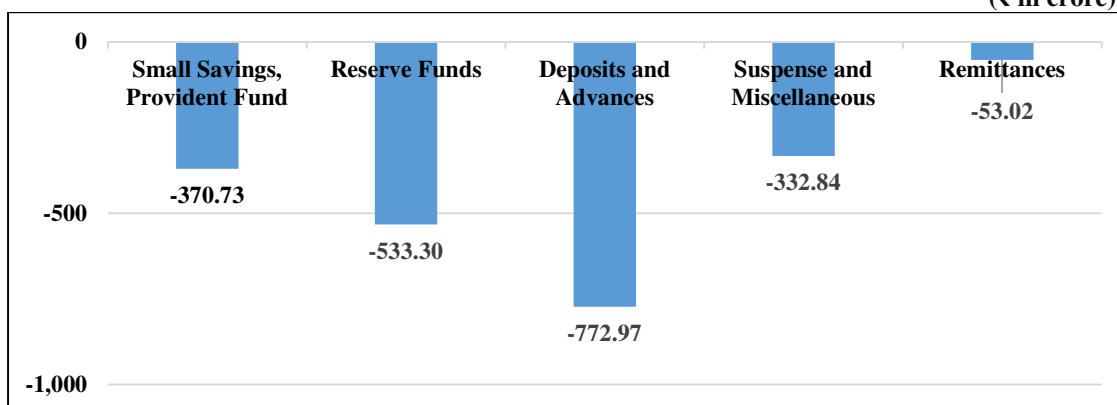


Chart 2.16 gives the details of changes in the balances in Public Account during the year 2023-24.

Chart 2.16: Change in net balances in transactions of Public Account during 2023-24

(₹ in crore)



The component-wise net balance of transactions in the Public Account of the State as of the end of March 2024 revealed significant year-on-year fluctuations, indicating volatility in fund movements across various sectors.

The overall net balance under the Public Account exhibited alternating trends of surplus and deficit during the five-year period 2019-20 to 2023-24. While substantial surpluses were observed in 2019-20 (₹7,278.71 crore) and 2022-23 (₹8,618.01 crore), deficit balances were recorded in 2020-21 (-₹2,973.61 crore) and 2023-24 (-₹2,062.86 crore). These fluctuations suggest inconsistencies in fund flow and possible gaps in planning or forecasting of liabilities and recoveries.

Component-wise analysis revealed the following:

- Small Savings, Provident Funds, etc. reflected a declining trend, with the net balance turning negative in 2023-24 {(-₹370.73 crore)}, indicating reduced accruals or increased withdrawals.

- Reserve Funds bearing Interest showed erratic movements, with a high of ₹ 703.89 crore in 2022-23 followed by a significant negative balance of ₹ 533.30 crore in 2023-24, suggesting inadequate replenishments or withdrawals without matching credits.
- Deposits and Advances remained volatile, particularly under Advances, which recorded a large negative balance of ₹ 919.39 crore in 2023-24, meriting a detailed review of outstanding recoveries and adjustments.
- Suspense and Miscellaneous heads, particularly Other Accounts, exhibited sharp and unpredictable changes over the years, contributing substantially to overall volatility. The large negative balance under this head in 2023-24 {(-) ₹ 2,441.71 crore} reinforces the need for timely reconciliation.
- Miscellaneous transactions, recorded intermittently, included substantial credits in select years such as ₹ 1,917 crore in 2023-24, pointing to possible *ad hoc* adjustments.

The persistent fluctuations and significant negative balances in key components such as Reserve Funds, Advances, and Suspense Accounts highlight the need for improved financial management, periodic reconciliation, and adherence to prescribed accounting norms to ensure transparency and fiscal discipline in the handling of Public Account transactions.

2.6.2 Reserve Funds

Reserve Funds are created for specific and defined purposes under the Public Account of the State Government. These funds are met from contributions or grants from the Consolidated Fund of the State. It comprises interest bearing reserve funds and reserve funds not bearing interest.

Details of Reserve Funds are available in Statements 22 of the Finance Accounts. There were one interest bearing reserve fund and five reserve funds not bearing interest as on 31 March 2024. The fund balances lying in these Reserve Funds as on 31 March 2024 are given in **Table 2.34**.

Table 2.34: Detail of Reserve funds

(₹ in crore)		
Sl. No.	Name of Reserve Fund	Balance as on 31 March 2024
A	Reserve Funds bearing Interest	1,450.46
1.	General and Other Reserve Funds	1,450.46
B	Reserve Funds not bearing Interest	6,003.14
1.	Sinking Funds	5,910.06
2.	Roads and Bridges Fund	1.23
3.	Depreciation/Renewal Reserve Fund	0.12
4.	Development and Welfare Funds	3.44
5.	General and Other Reserve Funds	88.29
	Grand Total	7,453.60

Source: Finance Accounts

2.6.2.1 Consolidated Sinking Fund

The State Government had set up the Sinking Fund in line with the recommendations of the Twelfth Finance Commission (12th FC) for amortisation of market borrowings as well as other loans and debt obligations. Under the scheme guidelines, State Government may contribute to the Fund at least 0.5 *per cent* of the outstanding liabilities (Internal debt *plus* Public Account) at the end of the previous financial year. Accordingly, the desired contribution of the State Government was ₹ 577.80 crore, which was 0.5 *per cent* of the outstanding liabilities as of 31 March 2023 (₹ 1,15,559.75 crore).

The State Government contributed ₹ 2,250.00 crore to the Fund during the year. The State Government dis-invested ₹ 1,917.00 crore from the fund account during the year 2023-24 for redemption of Open Market Loans. The total accumulation of the Fund was ₹ 5,910.06 crore as on 31 March 2024 including accrued interest of ₹ 398.15 crore of which ₹ 5,902.83 crore had been invested by RBI.

The contribution exceeding the minimum requirement reflects positively on the State's commitment to long-term debt sustainability. The timely use of the Fund for loan redemption reduces the pressure on fiscal resources and helps in smoothing out the debt repayment profile. However, the practice of disinvestment for immediate debt servicing needs to be closely monitored to ensure that it does not dilute the long-term objective of creating a robust corpus for future debt amortisation.

2.6.2.2 State Disaster Response Fund

Government of India (GoI) replaced the erstwhile Calamity Relief Fund with the State Disaster Response Fund (SDRF) with effect from 01 April 2010. In terms of the guidelines of the Fund, the Centre and North Eastern & Himalayan States are required to contribute to the Fund in the proportion of 90:10 and the contributions are to be transferred to the Public Account under Major Head-8121. Expenditure during the year is incurred by operating Major Head-2245.

As per paragraph 7.1 of the Guidelines, the state Government would transfer Government of India's share along with their matching share, if not already transferred, to the Public Account Head within 15 days of its receipt. Any delay will require the State Government to release the amount, with interest, at Bank rate of RBI, for the number of days of delay.

Further, 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.

In this regard, Audit observed the following:

- As on 01 April 2023, the Fund had a balance of ₹ 1,103.01 crore. During 2023-24, the State Government received ₹ 680.80 crore as Central Government's share. The State Government's share due during the year was ₹ 76.00 crore. Against this, the State Government transferred ₹ 378.40 crore (GoI share: ₹ 340.40 crore *plus* State's share: ₹ 38.00 crore) to the Fund account under the Major Head 8121-122 SDRF with a delay of 250 days and remaining ₹ 378.40 crore (Central share ₹ 340.40 crore, State share ₹ 38.00 crore) was not transferred to the Fund Account. During the year, the State Government did not receive any fund from NDRF.
- The short transfer/non-transfer of ₹ 378.40 crore (Central share ₹ 340.40 crore, State share ₹ 38.00 crore) and interest of ₹ 17.49 crore payable to the Fund Account on account of delayed transfer of SDRF receipt of 378.40 crore to the Fund Account resulted in understatement of Revenue Expenditure as well as Revenue Deficit during the year.
- During 2023-24, the calamity related expenditure of ₹ 953.72 crore incurred by the State Government was set off (MH: 2245-901) against the fund balance. At the end of 31 March 2024, a balance of ₹ 527.69 crore remained un-invested in the fund.
- Government of Assam had neither invested the balances in SDRF in any of the instruments specified in the Guidelines, nor had it paid the half-yearly interest on the balance lying in the Fund and also interest on delayed transfer of SDRF receipts to the Fund Account in violation of SDRF guidelines.
- The unpaid interest of ₹ 111.25 crore (₹ 93.76 crore + ₹ 17.49 crore) by GoA led to understatement of Revenue Expenditure to that extent during 2023-24 and accumulated liabilities for future.
- During the Public Accounts Committee (PAC) meeting (November 2019) on SFAR for the year ended 31 March 2018, the Principal Secretary, Finance Department acknowledged that SDRF funds were not being invested regularly and assured (January 2020) the PAC that the Government would take necessary action for investment of the funds as per the norms prescribed by GoI guidelines. However, no such investment was done as of November 2024.

The State Government did not adhere to key provisions of the SDRF guidelines during 2023-24, including delayed and partial transfer of contributions, non-payment of mandated interest, and not investing the fund balance in approved instruments. These lapses resulted in an understatement of revenue expenditure and revenue deficit by ₹ 111.25 crore and led to accumulation of future liabilities. The non-compliance also compromised fund transparency and reduced the potential for interest earnings, which may affect the financial preparedness for disaster response.

2.6.2.3 State Disaster Mitigation Fund (SDMF)

Keeping in view of the provision of the Disaster Management Act, 2005 and the recommendations of Fifteenth Finance Commission, Government of India has framed

guidelines for administration of State Disaster Mitigation Fund (SDMF) at the State level.

As per Paragraph 7 of the guidelines, SDMF will be constituted with the nomenclature of "State Disaster Mitigation Fund" in the Public Account under the Reserve Fund bearing interest in the Major Head: 8121-General and other Reserve Funds-130-State Disaster Mitigation Fund' in the accounts of the State Governments concerned after fulfilling all codal and other accounting formalities required. Paragraph 8.4 of the guidelines states that in order to enable transfer of the total amount of contribution to the SDMF (both Central share and the State share of contribution), the State Governments would make suitable budget provision on the expenditure side of their budget under the Head "2245- Relief on Account of Natural Calamities-08-State Disaster Mitigation Fund-797-Transfers to Reserve Fund and Deposit Accounts".

As per Paragraph 12 of the guidelines, the State Government shall invest the accretions to the SDMF together with the income earned on the investments of the SDMF in one or more of the instruments such as Central Government dated Securities; Auctioned Treasury Bills; and interest earning deposits and certificates of deposits with Scheduled Commercial Banks. The State Government shall pay interest into the SDMF at the rate applicable to overdrafts under Overdraft Regulation Guidelines of the RBI for the amount not invested from SDMF. The interest will be credited on a half-yearly basis.

As on 01 April 2023, the Fund had a balance of ₹ 171.60 crore. During the year 2023-24, the State Government received ₹ 162.20 crore as Central Government's share towards SDMF. Accordingly, the State Government's share towards SDMF is ₹ 18.02 crore. The State Government, however, did not make budget provision for transfer of funds to SDMF nor did it transfer any fund towards SDMF during 2023-24. The short transfer/non transfer of ₹ 180.22 crore resulted in understatement of Revenue Expenditure.

An amount of ₹ 1.61 crore was set off in the Major Head 2245 as expenditure met from the funds. At the end of 31 March 2024, the total amount lying in the Fund was ₹ 169.99 crore had not been invested by Government of Assam in the assigned instruments as required under the guidelines.

During the Exit Conference (February 2025), the Commissioner and Secretary to Government of Assam, Finance Department, stated that the short transfer of SDRF fund has been rectified in 2024-25 and assured to follow the provisions of SDRF/ SDMF guidelines regarding investment.

The State Government did not comply with key provisions of the SDMF guidelines during 2023-24. It failed to make the required budget provision and did not transfer ₹ 180.22 crore (comprising both Central and State shares) to the SDMF, resulting in an understatement of revenue expenditure. Additionally, the existing fund balance of ₹ 169.99 crore remained uninvested, contrary to the prescribed norms. These lapses indicate poor fund management, loss of potential interest income, and may have an impact on the fiscal commitment towards disaster mitigation efforts.

2.6.2.4 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 2023-24, the State Government was required to contribute ₹ 9.35 crore to the Fund, which was three *per cent* of ₹ 311.76 crore (outstanding guarantees at the end of second financial year preceding the current financial year). The State Government contributed ₹ one crore to the fund during the year 2023-24 leading to short contribution of ₹ 8.35 crore. As on 31 March 2024, the total amount lying in the Fund was ₹ 85.44 crore (including the accrued interest of ₹ 6.01 crore for 2023-24) and the entire amount was invested by the Reserve Bank of India.

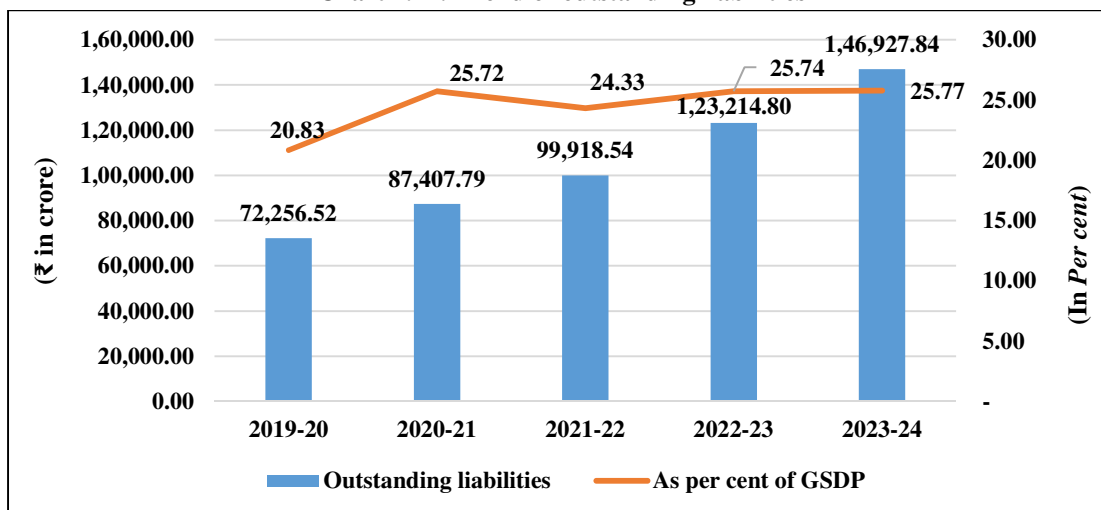
During 2023-24, the State Government contributed only ₹ one crore to the Guarantee Redemption Fund against the required ₹ 9.35 crore, resulting in a short contribution of ₹ 8.35 crore. This represents a deviation from the scheme guidelines, which mandate a minimum contribution of three *per cent* of the outstanding guarantees. While the accumulated fund of ₹ 85.44 crore (including interest of ₹ 6.01 crore) was fully invested by the RBI, the shortfall in contribution reflects inadequate provisioning for contingent liabilities, potentially affecting the State's ability to meet guarantee-related obligations promptly.

2.7 Public Liability Management

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

Outstanding liability of the State along with its percentage of GSDP during 2019-24 is depicted in **Chart 2.17**.

Chart 2.17: Trend of outstanding liabilities



Source: Finance Accounts

*Excludes loan of ₹ 994.00 crore (2020-21) and ₹ 1,773.87 crore (2021-22), which were passed on as back to back loans by GoI, in lieu of shortfall in GST Compensation.

The debt/GSDP ratio of the State rose from 20.83 *per cent* in 2019-20 to 25.77 *per cent* in 2023-24. During the same period, the internal debt of State government increased from ₹ 52,630.27 crore in 2019-20 to ₹ 1,11,972.66 crore in 2023-24.

The significant growth in outstanding liabilities outpaces GSDP growth, resulting in a steadily increasing debt-to-GSDP ratio. Although the ratio slightly declined in 2021-22, it remains high at 25.77 *per cent* indicating potential risks to fiscal sustainability. A consistently high rate of debt growth (above 14 *per cent* annually) reflects a growing reliance on borrowings to meet fiscal obligations.

The state's Gross State Domestic Product (GSDP) grew from ₹ 3,46,850.68 crore (2019-20) to ₹ 5,70,242.61 crore (2023-24), representing a 64.41 *per cent* increase over the period. While GSDP growth supports the State's capacity to absorb debt, the rising debt-to-GSDP ratio suggests that economic growth alone may not be sufficient to stabilise the debt burden.

2.7.1 Liability profile: Components

The State FRBM Act, 2005 defines 'total liabilities' as the liabilities under the Consolidated Fund and the Public Account of the State. Thus, total liabilities of the State Government typically constitute Internal Debt of the State (market loans, ways and means advances from RBI, special securities issued to National Small Savings Fund and loans from financial institutions, *etc.*), loans and advances from the Central Government and Public Account Liabilities.

Outstanding liability, total debt received, repayment of debt, ratio of debt to GSDP and the actual quantum of debt available to the State during the five-year period 2019-24 are given in **Table 2.35**. Component wise liability and their trends during 2019-24 are also given in **Chart 2.18**.

Table 2.35: Component-wise liability trends

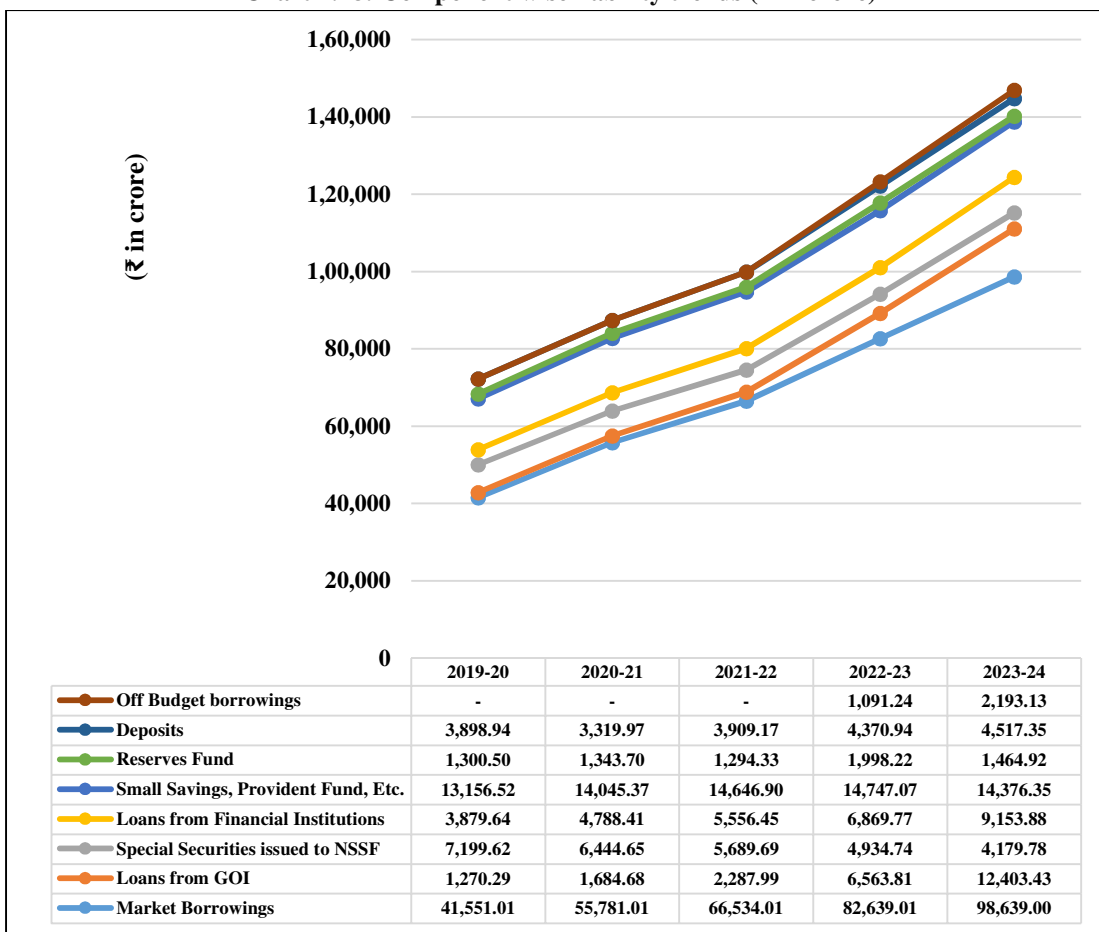
(₹ in crore)

Component of fiscal liability		2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding Total Liability (a + b + c)		72,256.52	87,407.79	99,918.54	1,23,214.80	1,46,927.84
(a) Public Debt	Internal Debt	52,630.27	67,014.07	77,780.15	94,443.52	1,11,972.66
	Loans from GoI	1,270.29	1,684.68*	2,287.99*	6,563.81*	12,403.43*
(b) Off-budget borrowings		Nil	Nil	Nil	1,091.24	2,193.13
(c) Public Account Liabilities		18,355.96	18,709.04	19,850.40	21,116.23	20,358.62
Small Savings, Provident Funds, etc.		13,156.52	14,045.37	14,646.90	14,747.07	14,376.35
Reserve Funds bearing Interest		1,286.04	1,329.24	1,279.87	1,983.76	1,450.46
Reserve Funds not bearing Interest		14.46	14.46	14.46	14.46	14.46
Deposits bearing Interest		360.34	340.51	280.88	304.64	352.67
Deposits not bearing Interest		3,538.60	2,979.46	3,628.29	4,066.30	4,164.68
Rate of growth of outstanding total liability (per cent)		21.59	20.97	14.31	23.32	19.25
Gross State Domestic Product		3,46,850.68	3,39,802.98	4,10,723.56	4,78,779.19	5,70,242.61
Liability/GSDP (per cent)		20.83	25.72	24.33	25.74	25.77
Borrowings and Other Liabilities (as per Statement 6 of Finance Accounts)						
Total Receipts		25,275.04	27,561.92	28,973.95	41,770.68	59,056.57
Total Repayments		12,444.13	11,416.65	14,689.33	19,565.69	36,445.39
Net funds available		12,830.91	16,145.27	14,284.62	22,204.99	22,611.18
Repayments/Receipts (per cent)		49.23	41.42	50.70	46.84	61.71

Source: Finance Accounts

*Excludes loan of ₹ 994.00 crore (2020-21) and ₹ 1,773.87 crore (2021-22), which were passed on as back to back loans by GoI, in lieu of shortfall in GST Compensation.

Chart 2.18: Component wise liability trends (₹ in crore)



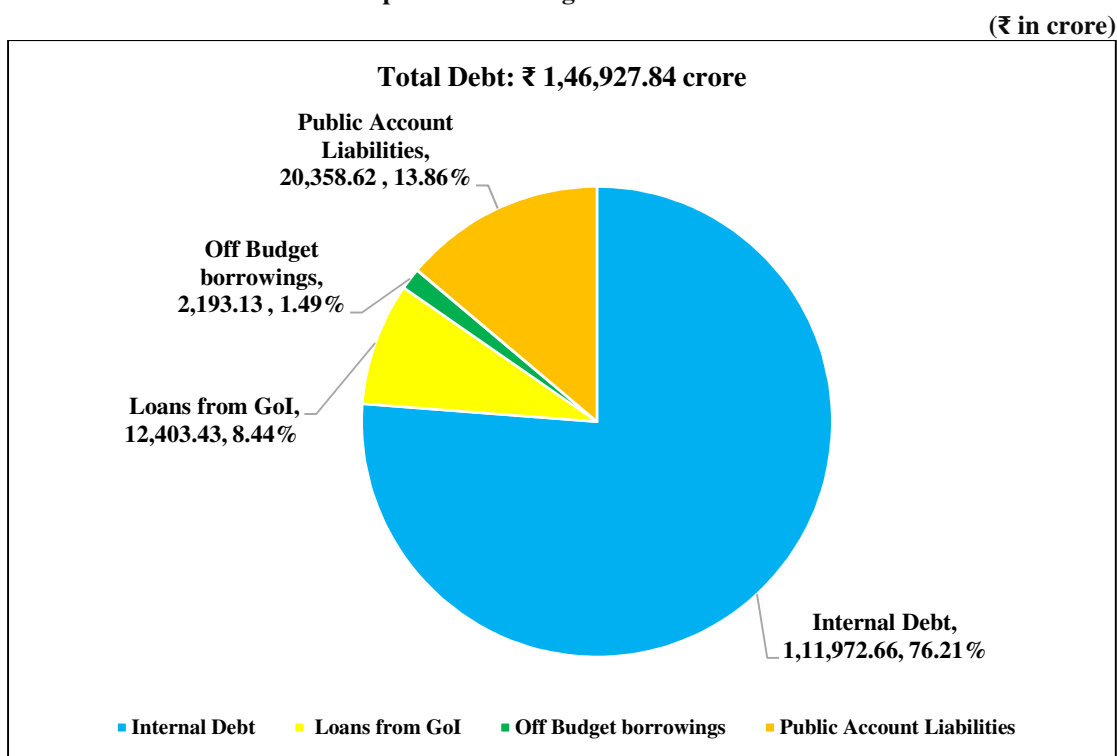
The total liabilities of the State Government increased by 103.34 per cent from ₹ 72,256.52 crore in 2019-20 to ₹ 1,46,927.84 crore in 2023-24. Public Debt increased

by ₹ 70,475.53 crore (130.75 *per cent*) during the period 2019-24 wherein Internal debt increased by ₹ 59,342.39 crore (112.75 *per cent*) and Loans from GoI increased by ₹ 11,133.14 crore (876.43 *per cent*).

Public Account liabilities increased by ₹ 2,002.66 crore (10.91 *per cent*) over the period of 2019-20 to 2023-24. During the period, major increase was under Small Savings, Provident Funds, *etc.* (₹ 1,219.83 crore: 9.27 *per cent*) and Deposits not bearing Interest (₹ 626.08 crore: 17.69 *per cent*).

The Outstanding liabilities of the State Government at the end of 2023-24 was ₹ 1,46,927.84 crore. Component-wise break-up of outstanding liabilities at the end of 2023-24 is shown in **Chart 2.19**.

Chart 2.19: Break-up of Outstanding liabilities at the end of FY 2023-24

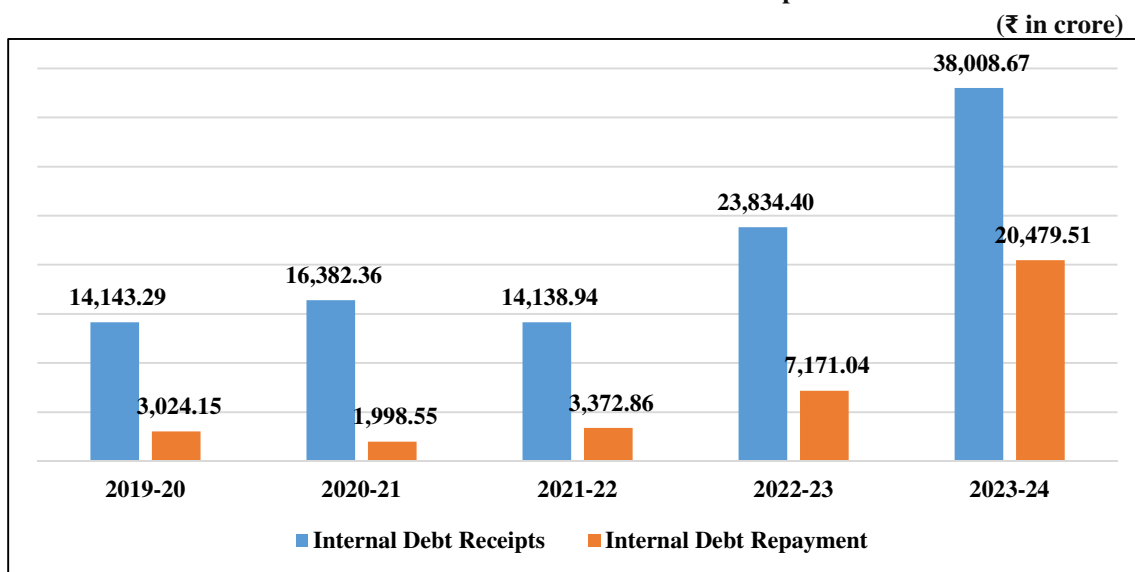


Source: Finance Accounts

**Excludes loan of ₹ 994.00 crore (2020-21) and ₹ 1,773.87 crore (2021-22), which were passed on as back to back loans by GoI, in lieu of shortfall in GST Compensation.*

Internal debt, which is primarily market borrowings through issue of State Development Loans (SDLs), accounts for 76.21 *per cent* of the total outstanding liabilities.

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

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

Source: Finance Accounts

Internal debt of the State Government increased by ₹ 59,342.39 crore (112.75 per cent) from ₹ 52,630.27 crore in 2019-20 to ₹ 1,11,972.66 crore in 2023-24. An amount of ₹ 7,163.53 crore was paid towards interest on internal debt during 2023-24.

Fiscal Deficit of the State ranged between 3.56 per cent and 6.31 per cent of GSDP during 2019-24. 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 2023-24 has also been expressed through a water flow **Chart 2.21**.

Table 2.36: Components of fiscal deficit and its financing pattern

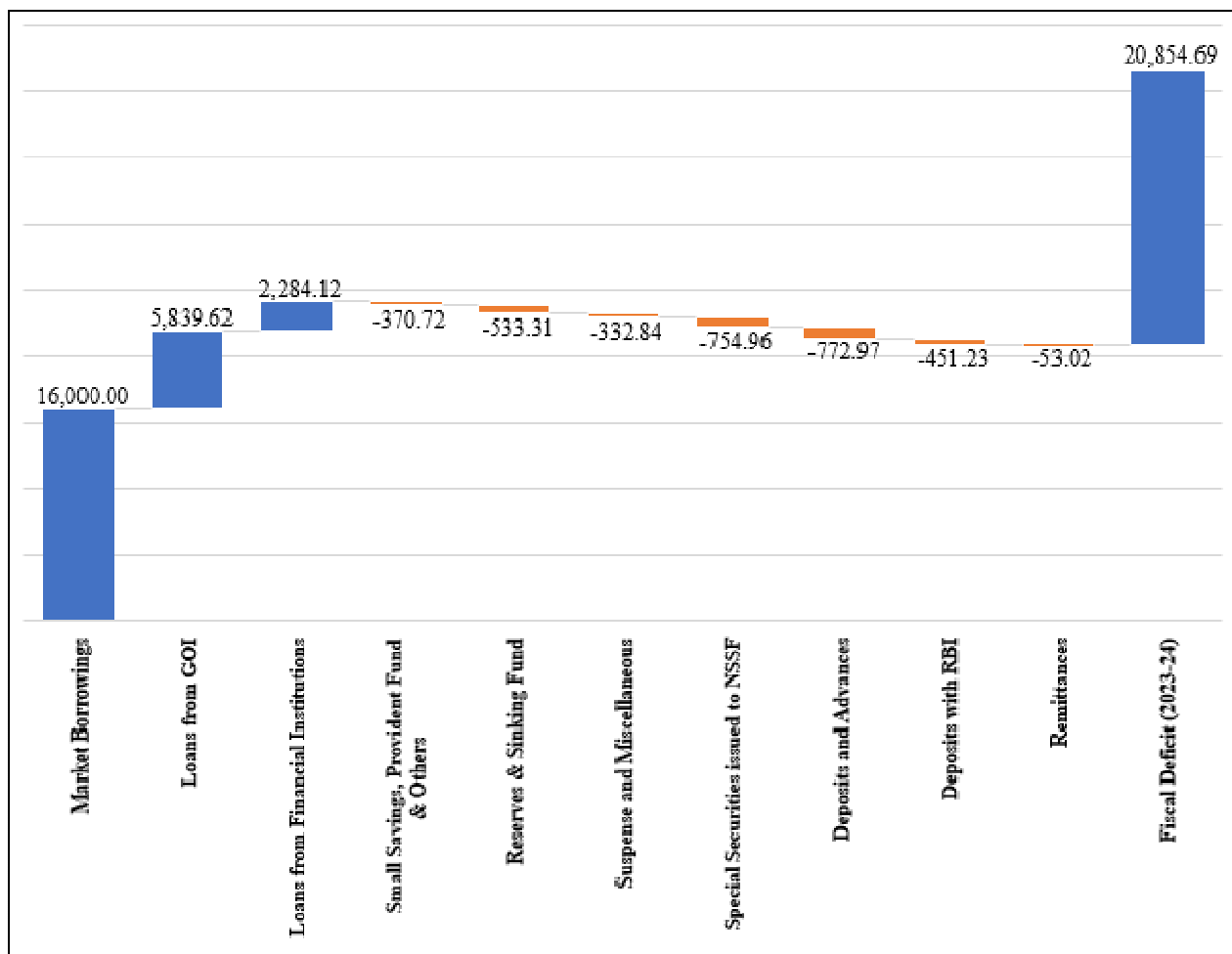
(₹ in crore)

Particulars		2019-20	2020-21	2021-22	2022-23	2023-24
Fiscal Deficit (-)/ Surplus (+)		-14,915.80	-12,102.03	-19,863.12	-30,204.83	-20,854.69
FD/GSDP (In per cent)		-4.30	-3.56	-4.84	-6.31	-3.66
Composition of Fiscal Deficit/Surplus						
1	Revenue Deficit (-)/Surplus (+)	-1,322.20	382.60	-2,732.77	-12,072.35	-2,628.41
2	Net Capital Expenditure	-13,185.42	-12,399.39	-20,125.83	-15,997.71	-21,444.23
3	Net Loans and Advances	-308.18	-85.24	2,995.48	-334.77	3,217.95
4	Appropriation to Contingency Fund	-100.00	0.00	0.00	-1,800.00	0.00
Financing Pattern of Fiscal Deficit*						
1	Market Borrowings	10,996.24	14,230.00	10,753.00	16,105.00	16,000.00
2	Loans from GoI	-38.78	1,408.39	2,377.18	4,275.81	5,839.62
3	Special Securities issued to NSSF	-754.96	-754.97	-754.97	-754.95	-754.96
4	Loans from Financial Institutions	877.86	908.77	768.04	1,313.31	2,284.12
5	Small Savings, Provident Fund & Others	968.47	888.85	601.53	100.17	-370.72
6	Deposits and Advances	854.71	-229.73	46.52	1,022.42	-772.97
7	Suspense and Miscellaneous	4,915.06	-3,629.55	574.09	6,853.66	-332.84
8	Remittances	-141.96	-46.40	23.76	-62.13	-53.02
9	Reserves & Sinking Fund	682.44	43.21	-49.37	703.89	-533.31
10	Contingency Fund	100.00	0.00	0.00	1,800.00	0.00
11	Overall Deficit	18,459.08	12,818.59	14,339.78	31,357.18	21,305.92
12	Increase (-)/ Decrease (+) in cash balance	-3,543.28	-716.55	5,523.34	-1,152.35	-451.23
13	Gross Fiscal Deficit	14,915.80	12,102.03	19,863.12	30,204.83	20,854.69

Source: Finance Accounts

*Net of receipts and disbursement during the year

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



Source: Finance Accounts

The components of receipts and disbursements financing the fiscal deficit during the year 2023-24 are depicted in **Table 2.37**.

Table 2.37: Receipts and Disbursements under components financing the fiscal deficit during 2023-24

(₹ in crore)				
Sl. No.	Particulars	Receipts	Disbursement	Net
1	Market Borrowings	18,500.00	2,500	16,000.00
2	Loans and Advances from GOI	6,005.18	165.56	5,839.62
3	Special Securities issued to NSSF	0	754.96	-754.96
4	Loans from Financial Institutions	19,508.67	17,224.55	2,284.12
5	Small Savings, PF, etc.	2,150.35	2,521.07	-370.72
6	Deposits and Advances	8,196.17	8,969.14	-772.97
7	Suspense and Miscellaneous	60,063.17	60,396.01	-332.84
8	Remittances	4,893.15	4,946.17	-53.02
9	Reserves & Sinking Funds	4,994.19	5,527.5	-533.31
10	Overall Deficit	1,24,310.88	1,03,004.96	21,305.92
11	Increase (-)/Decrease (+) in cash balance	-674.23	-223.00	-451.23
12	Gross Fiscal Deficit	1,23,636.65	1,02,781.96	20,854.69

Source: Finance Accounts

Market borrowings and loans from the Central Government are the primary sources for financing the fiscal deficit, posing long-term debt sustainability concerns. High capital

expenditure accounts for the largest share of the fiscal deficit, which, while positive for development, demands efficient project implementation to ensure returns. Negative trends in small savings and provident funds indicate potential outflows or reduced public participation in these schemes.

2.7.1.1 Off-budget Borrowings

As of 31 March 2024, Assam Infrastructure Financing Authority (AIFA), a society functioning under Finance Department, Government of Assam, had made off-budget borrowing of ₹ 2,193.13 crore¹⁸ from National Bank for Agriculture and Rural Development (NABARD). The purpose of the borrowing is to fund infrastructure projects across the State. Assigned period of the borrowings is 12 years with 2 years of moratorium period. Interest on the borrowings is to be paid through service head (2075) of the State Budget.

As on 31 March 2024, the State had not paid any principal amount against the borrowings made from NABARD. However, interest of ₹ 34.71 crore in 2022-23 and ₹ 94.65 crore in 2023-24 was paid by the State Government through the budget towards the said borrowings.

These off-budget borrowings, although not reflected in the fiscal deficit, represent deferred liabilities of the State and impact long-term debt sustainability. Continued reliance on such borrowings without transparent disclosure may understate the State's true debt position and limit future fiscal flexibility.

During the Exit Conference (February 2025), the Commissioner and Secretary to the Government of Assam, Finance Department, informed that the State Government has decided to foreclose the Off-budget borrowing of AIFA from NABARD due to unfavourable interest rates and formal notification would be issued in due course.

2.7.1.2 AIFA Sinking Fund

The State Government vide Office Memorandum (OM) dated 23rd June, 2023 had constituted AIFA Sinking Fund. The Fund came into force with effect from the financial year 2023-24. As per the OM, Government of Assam entered into a Memorandum of Understanding (MoU) with NABARD for infrastructure Development Assistance (NIDA). The corpus of the Fund comprising the periodic contribution¹⁹ as well as the income accruing to the Fund shall be kept outside the Consolidated Fund and the Public Account of the State. The funds so collected by the AIFA will be invested in Government Securities of Government of India, Treasury Bills and the State Government Securities. AIFA may invest a portion of the Fund in equities, Mutual Fund and Debt Securities.

¹⁸ 2021-22: ₹ 238.63 crore; 2022-23: ₹ 852.61 crore; 2023-24: ₹ 1,101.89 crore

¹⁹ 2023-24: ₹ 360 crore (₹ 30 crore per month)

Further, as per the OM, AIFA shall open a separate account for administration of the fund and the corpus of the fund shall be utilised for repayment of outstanding liabilities of AIFA only, as per repayment schedule notified by the Government.

The OM also states that the transfer of amount from Consolidated Fund to the AIFA shall be maintained by the Accountant General in the normal course. AIFA will maintain Fund Account and securities investment account in such manner and details as may be considered by the State Government in consultation with the Accountant General.

The creation of a dedicated fund reflects a proactive approach toward debt management. However, maintaining such a fund outside the government accounts should be accompanied by robust monitoring and disclosure mechanisms established in coordination with the Accountant General.

2.7.2 Debt profile: Maturity and Repayment

Debt maturity and repayment profile indicates commitment on the part of the Government for debt repayment or debt servicing. Debt maturity profile of the State is depicted in **Table 2.38** and **Chart 2.22**.

Table 2.38: Maturity Profile of repayment of Public Debt along with approximate interest of the State

Period of repayment (Years)	Principal Amount	Interest Amount [#]	Public Debt (including interest)	Percentage (w.r.t. total public debt)
	(₹ in crore)			
0-1 years	7,246.13	7,792.79	15,038.92	9.45
1-3 years	16,608.42	13,811.07	30,419.49	19.11
3-5 years	18,473.30	11,290.38	29,763.68	18.69
5-7 years	26,124.57	7,937.17	34,061.74	21.39
7-10 years	43,763.09	5,086.51	48,849.60	30.68
Above 10	1,006.00	70.42	1,076.42	0.68
Total	1,13,221.51^{\$}	45,988.34	1,59,209.85	100.00

Source: Calculated on the basis of Finance Accounts

[#] Approximate interest calculated at average interest rate of 7.00 per cent (average of interest rate for the last five years of Outstanding Public Debt 2019-20: 7.39 per cent; 2020-21: 7.08 per cent; and 2021-22: 6.99 per cent; 2022-23: 6.79 per cent and 2023-24: 6.74 per cent).

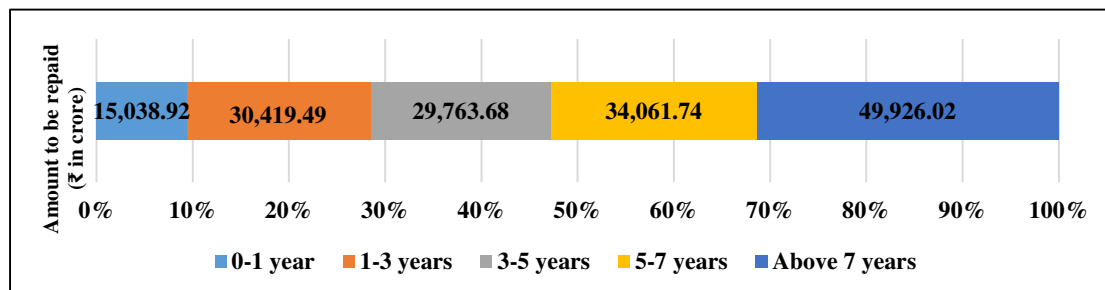
^{\$} It excludes Back to Back Loans to State in lieu of GST Compensation Shortfall (₹ 2,767.87 crore) and Scheme for Special Assistance as Loans to State for Capital Expenditure (₹ 11,154.57 crore)

Table 2.38 indicates that the State Government has to repay 18.56 per cent (₹ 45,458.41 crore) of its public debt (including approximate interest) within the next three years, 18.69 per cent (₹ 29,763.68 crore) between 3-5 years, 21.39 per cent (₹ 34,061.74 crore) between 5-7 years and 30.68 per cent (₹ 48,849.60 crore) between 7-10 years. It signifies that the State has to repay 99.32 per cent of its debt and interest thereon (₹ 1,58,133.43 crore) in the next ten years.

The bulk of repayment obligations occur in the 3-10 year range, which accounts for 70.76 per cent of total debt repayment obligations. This highlights the need for careful cash flow planning and resource allocation during this period. Short-term obligations (0-1 year) form a small share (9.45 per cent), allowing the state to focus on managing medium-to-long term commitments.

Long-term obligations beyond 10-years are relatively very small, constituting just 0.68 *per cent* suggesting limited deferral of debt repayments. The repayment peak of ₹ 48,849.60 crore (30.68 *per cent*) during 7-10 years underscores the need for enhanced revenue mobilisation or refinancing strategies.

Chart 2.22: Maturity Profile of Public Debt along with approximate interest



Source: Finance Accounts

Note: It excludes Back to Back Loans to State in lieu of GST Compensation Shortfall (₹ 2,767.87 crore) and Scheme for Special Assistance as Loans to State for Capital Expenditure (₹ 11,154.57 crore)

Table 2.39: Repayment of Public Debt and Interest for next ten years

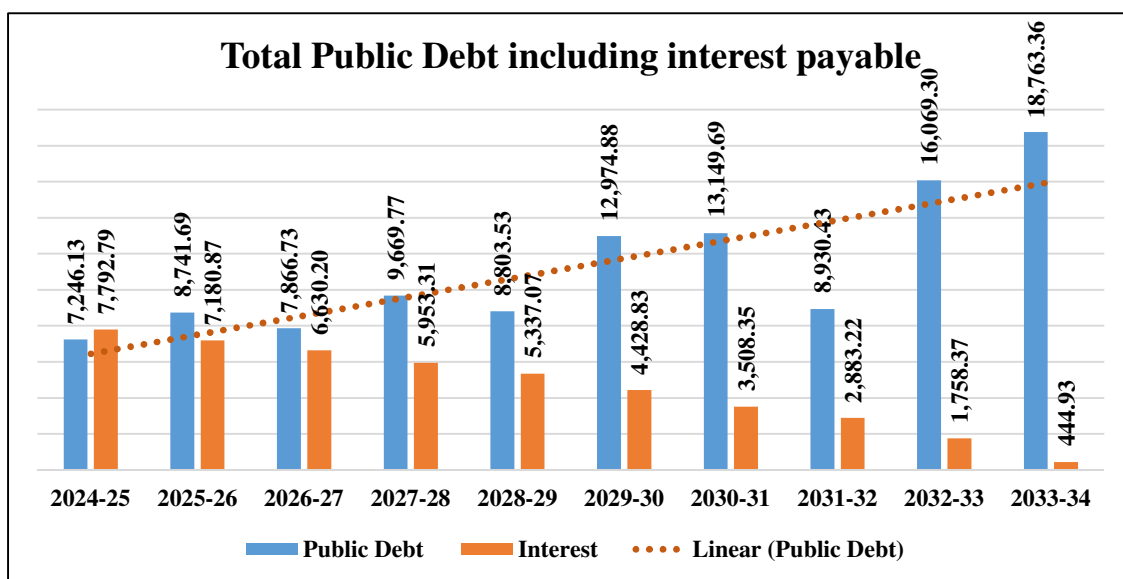
(₹ in crore)

Year	Repayment of				
	Internal Debt	Loans from GoI	Public Debt	Interest	Public Debt including interest
1	2	3	4 (2+3)	5	6 (4+5)
2024-25	7,035.02	211.11	7,246.13	7,792.79	15,038.92
2025-26	8,681.16	60.53	8,741.69	7,180.87	15,922.56
2026-27	7,805.37	61.36	7,866.73	6,630.20	14,496.93
2027-28	9,604.49	65.28	9,669.77	5,953.31	15,623.08
2028-29	8,736.93	66.60	8,803.53	5,337.07	14,140.60
2029-30	12,895.92	78.96	12,974.88	4,428.83	17,403.71
2030-31	13,073.06	76.63	13,149.69	3,508.35	16,658.04
2031-32	8,854.64	75.79	8,930.43	2,883.22	11,813.65
2032-33	15,995.27	74.03	16,069.30	1,758.37	17,827.67
2033-34	18,691.68	71.68	18,763.36	444.93	19,208.29

Source: Finance Accounts 2023-24

Note: Total Public Debt (Principal) due for payment for the year 2034-35 onwards: ₹ 12,160.57 crore
Interest has been calculated on the basis of five years' average of 'Average Interest Rate of Outstanding Public Debt' (2019-20: 7.39 *per cent*; 2020-21: 7.08 *per cent*; and 2021-22: 6.99 *per cent*; 2022-23: 6.79 *per cent* and 2023-24: 6.74 *per cent*), i.e., 7.00 *per cent*; on closing balances of Outstanding Public Debt.

Chart 2.23: Total Public Debt including interest payable during next years



The above chart, and the trend line show that the repayment burden over the next ten years (*i.e.*, 2024-25 to 2033-34). The current outstanding public debt of ₹ 1,24,376.08 crore shows an increasing trend – with a compound annual increase of 23.25 *per cent per annum*, which is significantly higher than that of GSDP of 13.23 *per cent* in the previous five-year period from 2019-24. The increasing trend has the net effect of shifting the debt repayment burden to future years where the higher expected GSDP may lead to an even out of debt repayment burden as a percentage of GSDP. Further, since the calculations have been done based on the current stock of outstanding total liabilities, the repayment of public debt and interest thereupon is bound to increase in view of the trends of borrowings of the State Government.

Further, maturity profile of outstanding stock of public debt (excluding interest) as on 31 March 2024 indicates that out of the outstanding public debt of ₹ 1,24,376.09 crore, 55.04 *per cent* (₹ 68,452.42 crore) is payable within the next seven years. This requires the State to generate sufficient revenue or refinance debt within this time frame. The remaining 44.96 *per cent* (₹ 55,923.67 crore) is in the maturity bracket of more than seven years, indicating limited use of long-term borrowings to manage fiscal stress. This may result in a concentrated debt burden, increasing financial strain in the medium term.

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 90.03 *per cent* (₹ 1,11,972.66 crore). This reliance on domestic borrowing mechanisms underscores the importance of prudent debt management strategies to mitigate repayment risks.

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

Table 2.40: Maturity Profile of Public Debt

(₹ in crore)

Year	Outstanding Public debt as on 31 March	Indicated payment in Finance Accounts	Actual repayment
2021-22	80,068.14	3,657.84	3,526.89
2022-23	1,01,007.33	2,857.80	2,722.22
2023-24	1,24,376.09	4,563.98	4,402.82
Total	3,05,451.56	11,079.62	10,651.93

Source: Finance Accounts

It can be seen that during last three years *i.e.*, 2021-22 to 2023-24, the State repaid ₹ 10,651.93 crore of debt against indicated payment of ₹ 11,079.62 crore in the Finance Accounts. The difference between the indicated amount and the actual repayment is under reconciliation.

2.8 Debt Sustainability Analysis (DSA)

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

(A) Debt sustainability refers to the ability of the State to service its debt obligation now and in future. Analysis of variations in debt sustainability indicators is given in **Table 2.41** and **Chart 2.24**.

Table 2.41: Debt Sustainability: Indicators and Trends

(₹ in crore)

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
1	Overall Liability or Overall Debt*	72,256.52	87,407.79	99,918.54	1,23,214.80	1,46,927.84
2	Rate of Growth of overall liability (<i>per cent</i>)	21.59	20.97	14.31	23.32	19.25
3	GSDP (in nominal terms)	3,46,850.68	3,39,802.98	4,10,723.56	4,78,779.19	5,70,242.61
4	Nominal GSDP growth (<i>per cent</i>)	12.13	-2.03	20.87	16.57	19.10
5	Overall Debt/GSDP (<i>per cent</i>)	20.83	25.72	24.33	25.74	25.77
6	Maturity profile of State Development Loans (<i>per cent</i>)					
6a	0-2 years	7.46	5.37	5.25	9.26	11.96
6b	2-5 years	16.35	23.84	27.04	25.53	22.46
6c	5-10 years	76.19	70.79	67.71	65.21	65.58
6d	Over 10 years	0.00	0.00	0.00	0.00	0.00
7	Repayment to Gross Borrowings (<i>per cent</i>)	49.23	41.42	50.7	46.84	61.71
8	Net borrowings available as a percentage of Gross Borrowings	50.77	58.58	49.3	53.16	38.29
9	Interest payments	4,438.87	5,199.18	6,051.47	6,874.97	8,139.17
10	Effective rate of interest on Overall Debt (<i>per cent</i>)	7.12	6.81	6.74	6.53	6.46
11	Interest payment to Revenue Receipts (<i>per cent</i>)	6.88	8.01	7.58	7.66	8.89
12	Revenue Deficit/Surplus	-1,322.2	382.60	-2,732.77	-12,072.35	-2,628.41
13	Primary Revenue Balance (PRB) (12+9)	3,116.67	5,581.78	3,318.70	-5,197.38	5,510.76
14	Primary Balance (PB)	-10,476.93	-6,902.85	-13,811.65	-23,329.86	-12,715.52
15	PB/GSDP (<i>per cent</i>)	-3.02	-2.03	-3.36	-4.87	-2.23

Sl. No.	Debt Sustainability Indicators	2019-20	2020-21	2021-22	2022-23	2023-24
16	Difference between Return on Investment (RoI) and effective rate of interest on overall liability	-2.31	-4.07	-5.67	2.43	20.78
17	Liquidity Management (use of financial accommodation instruments available with RBI) (No. of occasions in which the State availed WMA)	0	0	0	60	88
18	Debt Stabilisation (Quantum spread [#] + Primary balance)	-7,034.89	-14,325.26	-292.66	-11,800.54	4,596.51
19	Domar Model					
a	GSDP (in constant terms)	2,40,707.24	2,47,819.23	2,58,139.69	2,81,092.88	3,18,558.59
b	Real Growth (in constant terms)	4.18	2.95	4.16	8.89	13.33
c	Inflation based on CPI (per cent)	5.98	7.71	3.93	6.52	4.59
d	Effective Rate of interest ^{\$}	7.12	6.81	6.74	6.53	6.46
e	Real effective rate of interest (Effective rate of interest-Inflation) (19d-19c)	1.14	-0.90	2.81	0.01	1.87
f	Growth Interest Differential (Real growth-Real effective rate of interest) (19b-19c)	3.04	3.85	1.35	8.88	11.46

Source: Finance Accounts

*Excludes loan of ₹ 994.00 crore and ₹ 1,773.87 crore given as back-to-back loan by Government of India during 2020-21 and 2021-22 respectively.

Quantum spread=Interest spread*Debt

Interest spread= GSDP Nominal Growth – Effective Rate of Interest

PRB: Revenue Receipts-Revenue Expenditure (Net of interest payments), where (-) PRB implies Primary Revenue Deficit and vice-versa.

PB: Total Receipts (Net of borrowings)-Total Expenditure (Net of interest payments), where (-)PB implies Primary Deficit and vice-versa.

Effective Rate of Interest: Interest Receipts/[(Opening Balance excluding non-interest bearing debt + Closing Balance excluding non-interest bearing debt)/2]*100

RoI as measured by effective rate of interest receipt

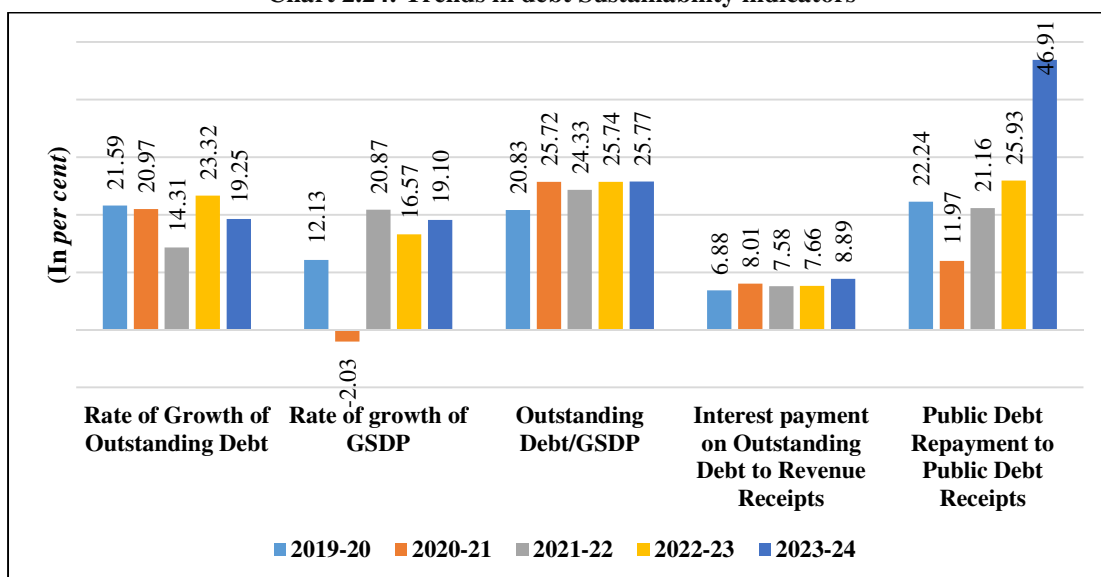
RoI= Interest receipt/Average of outstanding Loans & Advances of previous and current financial year*100

The State's debt burden, measured by the total liabilities-GSDP ratio, increased from 19.21 per cent in 2018-19 to 20.83 per cent in 2019-20 and reached a 3-year high of 25.72 per cent in the pandemic year 2020-21. The State's debt burden increased by 1.62 percentage points in 2019-20 due to a significant rise of 21.59 per cent in overall liabilities against the corresponding nominal growth of 12.13 per cent. Given the disruption in economic activity due to the pandemic-induced lockdown, the gap between the increase in debt and nominal growth widened further to 23 percentage points, leading to an increase of 4.9 percentage points in the debt-GSDP ratio in 2020-21 over the previous year. Registering a significant nominal growth of about 20.87 per cent in 2021-22 as compared to a contraction of around two per cent in the pandemic year 2020-21 due to base effect, the State has been able to reduce its debt-GSDP ratio by 1.39 percentage points in 2021-22. However, the debt-GSDP ratio showed an upward trend, rising from 24.33 per cent in 2021-22 to 25.74 per cent in 2022-23 and 25.77 per cent in 2023-24, which can be attributed to the increase in debt exceeding the nominal growth in these years. The rising trend in debt-GSDP ratio

observed in 2022-23 and 2023-24 indicates that the State requires persistent spending restraint and increase growth boosting expenditure to reduce its reliance on borrowings. This could help the State to reduce its fiscal deficit relative to GSDP, thereby stabilising the debt-GSDP ratio in the medium term.

Decomposition of accumulated debt-GSDP against GSDP during 2019-24 excluding the pandemic year (2020-21) shows that favourable Growth Interest Differential (GID) was not sufficient to balance the impact of accumulated primary deficit, which increased debt-GSDP from 20.83 *per cent* in 2019-20 to 25.77 *per cent* in 2023-24. Year-wise analysis shows that favourable GID succeeded in mitigating the increase in debt-GSDP due to primary deficit in 2019-20 and 2021-2024. However, the GID which saw an improvement supported by reduction in the persistent negative primary balance witnessed a negligible increase in debt-GSDP in 2023-24, thereby keeping the almost at the level of 2022-23. However, it remained above the pre-pandemic level.

Chart 2.24: Trends in debt Sustainability indicators



Source: Finance Accounts

Note: Excludes loan of ₹ 994.00 crore and ₹ 1,773.87 crore given as back-to-back loan by Government of India during 2020-21 and 2021-22 respectively.

- A falling Outstanding debt-GSDP ratio can be considered as leading towards stability. Debt-GSDP ratio rose from 20.83 *per cent* in 2019-20 to 25.77 *per cent* in 2023-24 which cannot be considered as leading towards stability.
- The ratio of interest payments to revenue receipts is also a good measure of debt sustainability. This ratio ranged between 6.88 *per cent* and 8.89 *per cent* during 2019-24, which was substantially low.
- Higher the percentage of public debt repayment to public debt receipts, the greater the proportion of debt utilised for debt servicing rather than productively. Ratio of public debt repayment to public debt receipts rose significantly in last four years from 11.97 *per cent* in 2020-21 to 46.91 *per cent* in 2023-24 which means that substantial portion of debt receipts were utilised for productive purpose by the State during the period.

(B) An analysis on debt sustainability was carried out based on a study by E.D Domar²⁰ [Domar, 1944]. The Domar model states that the necessary premise for ensuring stability of public indebtedness is that the interest rates for government loans should not exceed the growth rate of GSDP.

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

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

The results of applying the above parameters in the case of Assam, are shown in Table 2.42.

Table 2.42: Debt sustainability analysis based on Domar Model

Year	Real Growth (g) of GSDP	Real Interest Rate (r)*	g-r (Domar gap)	Primary Deficit (-)/ Surplus (+) (s)	Remarks
2019-20	4.18	1.14	3.04	-10,476.93	g-r>0 and s<0, Public Debt as a percentage of GSDP should converge to a stable level
2020-21	2.95	-0.90	3.85	-6,902.85	
2021-22	4.16	2.81	1.35	-13,811.65	
2022-23	8.89	0.01	8.88	-23,329.86	
2023-24	13.33	1.87	11.46	-12,715.52	

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

*Real Interest Rate= Effective rate of interest– Annual Inflation rate (based on CPI) of Assam

In the five years of the subject period i.e., 2019-20 to 2023-24, the State had primary deficit and Domar gap (g-r) remained positive during the period. This indicates that Public Debt as a percentage of GSDP should converge to a stable level. However, the sustainability of public debt depends on whether the State economy maintains the real growth rate in the long run.

Domar criterion suggests that contrary to the nominal growth, the average effective rate of interest was largely driven by CPI inflation, thereby suppressing the average real interest rate. Average inflation as measured by CPI remained in upper tolerance limit of bandwidth of 2-6 per cent determined by the RBI helped the State to suppress the real rate of interest below the real growth and to keep the GID favourable. This enabled the State to recover the cost of borrowing except for the pandemic year when real interest rate turned negative.

(C) Details of the achievements vis-à-vis targets set in the State MTFP under FRBM Act are shown in subsequent table.

²⁰ Domar model does not take into account maturity profile, composition, cost and risk characteristics of debt stock.

Table 2.43: Achievements *vis-à-vis* targets set in the State MTFP under FRBM Act

Fiscal Parameters		Achievement <i>vis-a-vis</i> targets set in the State MTFP				
		2019-20	2020-21	2021-22	2022-23	2023-24
Revenue Deficit (-)/ Surplus (+)/GSDP	T	0.01	2.24	1.21	0.68	0.48
	A	-0.38	0.11	-0.67	-2.52	-0.46
Fiscal Deficit/ GSDP	T	2.97	2.30	3.99	3.19	3.70
	A	4.30	3.56	4.84	6.31	3.66
Ratio of total Outstanding liability to GSDP (in <i>per cent</i>)	T	17.57	19.50	26.39	25.74	24.40
	A	20.83	25.72	24.33	25.74	25.77
Guarantees in terms of percentage of Revenue Receipts of previous year	T	0.18	0.10	0.09	0.09	0.31
	A	0.13	0.12	0.48	1.46	2.50

T: Target; A: Actuals

Above table indicates that the ratios of revenue deficit-GSDP decreased from (-)0.38 to (-)0.46, fiscal deficit-GSDP increased from (-)4.30 to (-)3.66 and outstanding liability-GSDP increased from 20.83 to 25.77 during the last five years *i.e.*, 2019-24.

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

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

2.8.1 Utilisation of borrowed funds

Borrowed funds should ideally be used to fund capital creation and developmental activities. Using borrowed funds for meeting consumption and repayment of interest on outstanding loans is not a healthy trend. **Table 2.44** depicts the utilisation of borrowed funds during 2019-24.

Table 2.44: Utilisation of borrowed funds

		(₹ in crore)				
Sl. No.	Year	2019-20	2020-21	2021-22	2022-23	2023-24
1	Total Borrowings (Public Debt Receipts)	14,249.63	17,940.18	16,670.15	28,270.02	44,013.85
2	Repayment of earlier borrowings (Principal) (<i>percentage</i>)	3,169.26 (22.24)	2,147.98 (11.97)	3,526.89 (21.16)	7,330.86 (25.93)	20,645.07 (46.91)
3	Capital Expenditure* (<i>percentage</i>)	13,185.42 (92.53)	12,399.39 (69.12)	20,125.83 (120.73)	15,997.71 (56.59)	21,444.23 (48.72)
4	Loans and Advances (<i>percentage</i>)	316.16 (2.22)	87.80 (0.49)	104.01 (0.62)	339.84 (1.20)	64.50 (0.15)

Source: Finance Accounts

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

It is observed that over the last five years, public debt receipts increased by 208.88 *per cent* from ₹ 14,249.63 crore in 2019-20 to ₹ 44,013.85 crore in 2023-24. The share of borrowings used for repaying earlier loans increased from 22.24 *per cent* in 2019-20 to 46.97 *per cent* in 2023-24. The increasing percentage indicates raised reliance on borrowed funds for debt servicing. Out of public debt receipts of ₹ 44,013.85 crore during 2023-24, the State Government utilised 48.72 *per cent* for incurring capital expenditure (₹ 21,444.23 crore) and 46.91 *per cent* (₹ 20,645.07 crore)

for repayment of earlier borrowings and payment towards ways and means advances taken during the year.

2.8.2 Status of Guarantees – Contingent Liabilities

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

The details of outstanding guarantees given by the State Government including interest liability during the five-year period from 2019-20 to 2023-24 are shown in **Table 2.45**:

Table 2.45: Guarantees given by Government of Assam

(₹ in crore)					
Guarantees	2019-20	2020-21	2021-22	2022-23	2023-24
Outstanding amount of guarantees including interest liability	83.42	77.72	311.76	1,166.49	2,241.30
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).				

Source: Finance Accounts

Government had guaranteed loans raised by various Corporations and Others which at the end of 2023-24 stood at ₹ 2,241.30 crore. It was 9.70 *per cent* of State's Own Tax and Non-Tax Revenue of the second preceding year (₹ 23,112.85 crore) *i.e.*, well within the limit prescribed in the State FRBM Act. Out of the total outstanding guarantees, ₹ 2,193.13 crore (97.85 *per cent*) pertained to Assam Infrastructure Financing Authority (AIFA).

2.8.3 Management of Cash Balances

As per an agreement with the Reserve Bank of India, State Governments have to maintain a minimum daily cash balance with the Bank. Presently, this limit is fixed at ₹ 1.08 crore for the State of Assam. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking Normal Ways and Means Advances (NWMA)/ Special Ways and Means Advances (SWMA)/Overdrafts (OD) from time to time.

The limit for NWMA to the State Government was ₹ 1,243.00 crore with effect from 01 April 2022 and the limit of SWMA is revised by the bank from time to time. The State Government maintained the minimum daily cash balance with the RBI for 278 days during 2023-24 and both NWMA and SWMA were availed for remaining 88 days during the year. In absolute terms, the State Government availed Ways and Means Advances worth ₹ 16,242.25 crore (SWMA: ₹ 16,179.83 crore + NWMA: ₹ 62.42 crore) and paid an amount of ₹ 8.33 crore as interest during the year.

Table 2.46 and **Chart 2.25** depict the cash balances and investments made out of these by the State Government during the year.

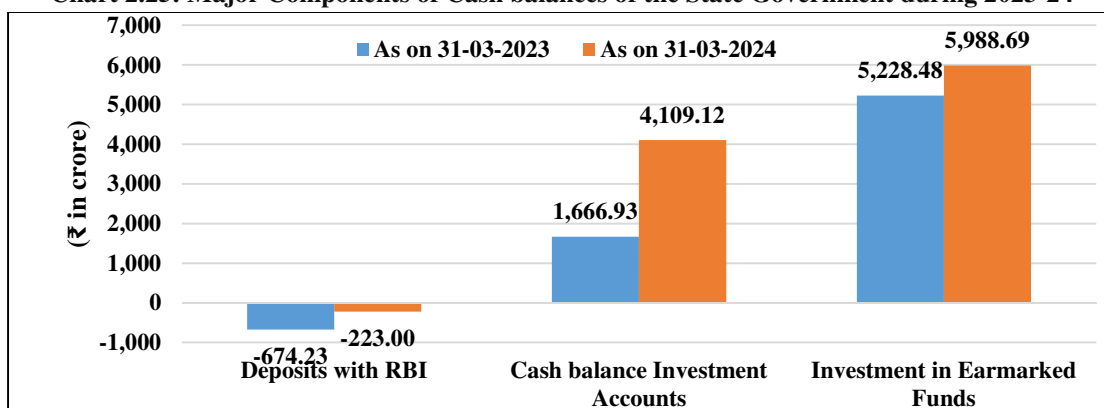
Table 2.46: Cash Balances and their investment

(₹ in crore)

	Opening balance on 01 April 2023	Closing balance on 31 March 2024
A. General Cash Balance		
Cash in treasuries	0.00	0.00
Deposits with Reserve Bank of India ²¹	(-) 674.23	(-) 223.00
Deposits with other Banks	0.00	0.00
Remittances in transit – Local	0.00	0.00
Total	(-) 674.23	(-) 223.00
Investments held in Cash Balance Investment Account	1,666.93	4,109.12
Total (A)	992.70	3,886.12
B. Other Cash Balances and Investments		
Cash with Departmental Officers viz., Public Works, Forest Officers	7.95	7.47
Permanent advances for contingent expenditure with department officers	0.47	0.47
Investment in earmarked funds	5,228.48	5,988.69
Total (B)	5,236.90	5,996.63
Total (A + B)	6,229.60	9,882.75

Source: Finance Accounts

Chart 2.25: Major Components of Cash balances of the State Government during 2023-24



Source: Finance Accounts

Cash Balances of the State Government at the end of the current year increased by ₹ 3,653.15 crore from ₹ 6,229.60 crore in 2022-23 to ₹ 9,882.75 crore in 2023-24. During the year investment in Treasury Bills increased by ₹ 2,442.19 crore from ₹ 1,666.93 crore in 2022-23 to ₹ 4,109.12 crore in 2023-24. Further, investment in earmarked funds also increased by ₹ 760.21 crore from ₹ 5,228.48 crore in 2022-23 to ₹ 5,988.69 crore in 2023-24.

Earmarked funds are mainly two funds *i.e.*, Consolidated Sinking Fund and Guarantee Redemption Fund. Out of the total investment of ₹ 5,988.69 crore in earmarked funds, ₹ 5,902.83 crore was invested in the Consolidated Sinking Fund and ₹ 85.44 crore in Guarantee Redemption Fund at the end of the year. Interest earned from earmarked funds are credited back to the funds to which these relate for their investment by RBI.

²¹ There is a difference of ₹ 247.16 crore between Closing Cash Balance as per Accounts (₹ 223.00 crore) and as per RBI (₹ 24.16 crore).

State Government also 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 State Government has earned an interest of ₹ 12.88 crore from the short-term investments made in Treasury Bills during 2023-24.

The cash balance investments of the State during the five-year period 2019-20 to 2023-24 are given in **Table 2.47**.

Table 2.47: Cash Balance Investment Account (Major Head-8673)

(₹ in crore)

Year	Opening Balance	Closing Balance	Increase (+)/ decrease (-)	Interest earned
2019-20	8,262.27	2,932.60	-5,329.67	382.86
2020-21	2,932.60	6,905.27	3,972.67	68.66
2021-22	6,905.27	8,295.14	1,389.87	71.19
2022-23	8,295.14	1,666.93	-6,628.21	26.70
2023-24	1,666.93	4,109.12	2,442.19	12.88

Source: Finance Accounts

The trend analysis of the cash balance investment of the State Government revealed that investment in treasury bills fluctuated significantly during 2019-24. Interest earned from such investments also showed a decreasing trend and stood at ₹ 12.88 crore during the period.

The State Government maintained the minimum daily cash balance with RBI for only 278 days during 2023-24 and availed Ways and Means Advances totalling ₹ 16,242.25 crore for the remaining 88 days, incurring ₹ 8.33 crore as interest.

Chart 2.26 compares the balances available in the Cash Balance Investment Account and the Market Loans taken by the State during the period 2019-24. Market Loans were taken at higher interest rates whereas investment in Treasury Bills yielded interest at lower rates.

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

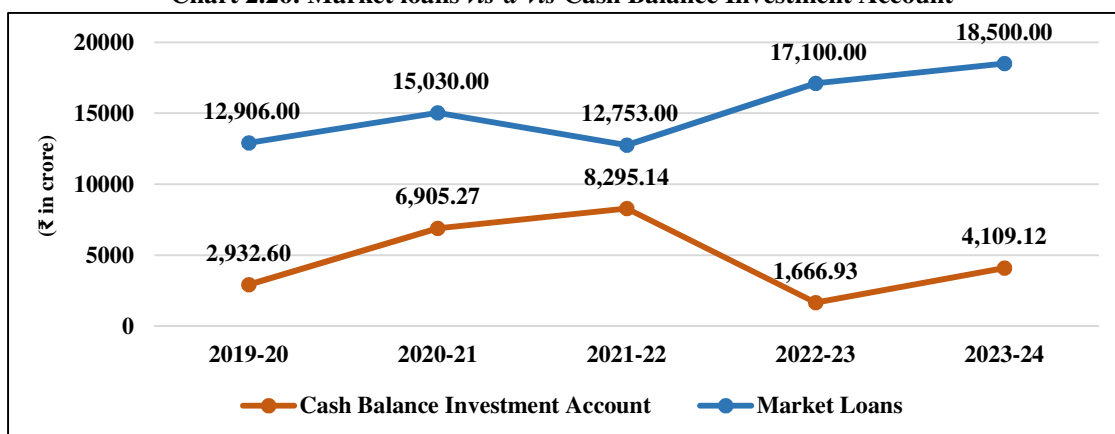
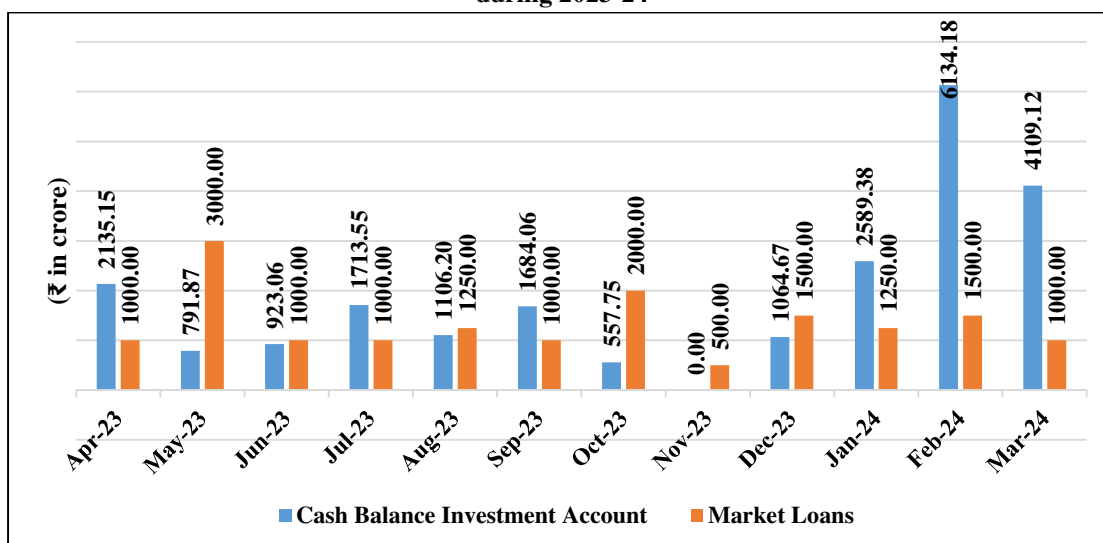


Chart 2.27 compares the month-wise Cash Balance Investment Account with the market loans obtained by the State.

Chart 2.27: Month-wise movement of Cash Balances Investment Account and market loans during 2023-24



The State Government may keep the funds available in Cash Balance Investment Account in mind before deciding on the quantum of funds to be borrowed from open market.

2.9 Salient features

Deficit indicators, revenue augmentation and expenditure management are major yardsticks for judging the fiscal performance of the Government. Comparison of key parameters of State Finances during 2023-24 with that of the previous year *i.e.*, 2022-23 is summarised in **Table 2.48**.

Table 2.48: Key parameters

Positive Indicators	Parameters requiring close watch
↑ Increase in Capital Expenditure by 34.05 per cent.	↓ The State had a Revenue Deficit of ₹ 2,628.41 crore against target of Revenue Surplus fixed under AFRBM Act.
↑ Outstanding liabilities to GSDP ratio (25.77 per cent) remained within AFRBM target (32 per cent).	↓ Fiscal Deficit of the State at 3.66 per cent was marginally above the target of 3.50 per cent fixed under AFRBM Act.

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 2023-24, the State had a Revenue Deficit of ₹ 2,628.41 crore which was 0.46 per cent of GSDP during the year. Fiscal Deficit during 2023-24 was ₹ 20,854.69 crore which was 3.66 per cent of GSDP and Primary Deficit at ₹ 12,715.52 crore stood at 2.23 per cent of GSDP.
- Revenue Receipts during the year 2023-24 were ₹ 91,534.49 crore, which increased by ₹ 1,792.19 crore (2.00 per cent), as compared to 2022-23 (₹ 89,742.30 crore). State's Own Tax Revenue increased by ₹ 3,676.10 crore

(15.00 *per cent*) compared to the previous year (₹ 24,502.02 crore), while Non-Tax Revenue increased by ₹ 141.59 crore (2.46 *per cent*) during the year as compared to 2022-23 (₹ 5,761.31 crore). Grants-in-Aid from GoI decreased by ₹ 7,661.81 crore (25.72 *per cent*) as compared to the previous year (₹ 29,784.71 crore) whereas State's Share of Union taxes and Duties increased by ₹ 5,636.31 crore (18.98 *per cent*) during 2023-24 as compared to the previous year (₹ 29,694.26 crore). During 2023-24, revenue collection under State Goods and Services Tax increased by ₹ 2,089.19 crore (16.63 *per cent*) from ₹ 12,564.45 crore in 2022-23 to ₹ 14,653.64 crore in 2023-24.

- Revenue Expenditure during the year 2023-24 was ₹ 94,162.90 crore, constituting 81.41 *per cent* of the Total Expenditure of ₹ 1,15,671.63 crore. There was a misclassification of ₹ 5,658.63 crore due to Grants-in-Aid given by the State Government to the local bodies or individual entities under various Central Schemes during the year. These were classified Capital expenditure instead of Revenue Expenditure, resulting in overstatement of Capital expenditure and understatement of Revenue Expenditure to that extent.
- Committed expenditure of the Government like salary & wages, pensions, interest payments steadily increased by ₹ 18,960.25 crore (45.70 *per cent*) during the last five-year period 2019-24. The Committed expenditure during 2023-24 was ₹ 60,446.03 crore (66.04 *per cent* of Revenue Receipts of ₹ 91,534.49 crore and 64.19 *per cent* of Revenue Expenditure of ₹ 94,162.90 crore).
- The State Government short contributed ₹ 354.81 crore to National Pension System since inception of the Scheme creating an avoidable future liability to the Government. As on 31 March 2023, an amount of ₹ 270.43 crore remained in the Public Account on which interest of ₹ 28.11 crore was payable in 2023-24.
- 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 increased by ₹ 5,446.52 crore (34.05 *per cent*) from ₹ 15,997.71 crore during 2022-23 to ₹ 21,444.23 crore during 2023-24.
- During 2023-24, the State Government invested ₹ 4,351.54 crore in Government Companies (₹ 2,473.54 crore), Statutory Corporations (₹ 1,411.65 crore), Joint Stock Companies (₹ 411.46 crore), Banks (₹ 21.53 crore) and Co-operatives (₹ 33.36 crore). As on 31 March 2024, the State Government's investment stood at ₹ 11,474.30 crore in those Companies/Corporations and Co-operative societies. Out of the investments, they received returns of ₹ 185.10 crore as dividend during the year.
- As on 01 April 2023, the State had a balance of ₹ 1,103.01 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 ₹ 111.25 crore by GoA led to understatement of Revenue Deficit to that extent (during 2023-24) and accumulated liabilities for future.

- Outstanding Debt of the State rapidly increased by 103.34 *per cent* from ₹ 72,256.52 crore in 2019-20 to ₹ 1,46,927.84 crore in 2023-24. The Outstanding liabilities/ GSDP ratio increased from 20.83 *per cent* in 2019-20 to 25.77 *per cent* in 2023-24 due to increased borrowings from the open market. The State used about seven to nine *per cent* of its Revenue Receipts for payment of interest on the Outstanding Debt at an average rate of interest ranging between 6.46 *per cent* and 7.12 *per cent*, during the five-year period 2019-24.
- The maturity profile of outstanding stock of the State public debt as on 31 March 2024 indicated that 55.04 *per cent* (₹ 68,452.42 crore) of the debt is payable within the next seven years while the remaining 44.96 *per cent* (₹ 55,923.66 crore) is in the maturity bracket of more than seven years.
- Public debt constituted 84.65 *per cent* of total debt at the end of 2023-24. During the year, it grew at the rate of 23.14 *per cent i.e.*, the second lowest in the last five-year period. Average growth rate of public debt (23.83 *per cent*) also outpaced the average growth rate of GSDP (13.33 *per cent*) during the year. These all indicate that there would be increased pressure of interest payment on public debt in forthcoming years.
- Public debt receipts increased by 208.88 *per cent* from ₹ 14,249.63 crore in 2019-20 to ₹ 44,013.85 crore in 2023-24. Out of public debt receipts of ₹ 44,013.85 crore during 2023-24, the State Government utilised 48.72 *per cent* (₹ 21,444.23 crore) for capital expenditure and remaining for repayment of earlier loan *etc.*, taken in earlier years.

2.11 Recommendations

- i. *State Government may take necessary steps to reduce the Fiscal Deficit and to achieve the targets specified under the AFRBM Act.*
- ii. *State Government may undertake a rigorous exercise to meet its liability for NPS including short contribution of its share and interest liability and the balance funds to be transferred to NSDL, the pension authority, to ensure that the NPS employees are not deprived of returns. The prescribed procedure for accounting the NPS related transactions should be adhered to scrupulously to avoid future liability.*
- iii. *State Government should review the functioning of the loss-making State Public Sector Undertakings in the State considering the investment and negligible returns on investments.*
- iv. *The State Government may invest the balances lying in State Disaster Response Fund as per the guidelines.*
- v. *In view of the increasing growth rate of its public debt, the State Government may make efforts to augment its own Revenues and manage its Revenue Expenditure efficiently so as to avoid pressure on repayment of Public Debt and interest liabilities on Public Debt in forthcoming years.*
- vi. *The State Government may keep the cash balance position in mind while taking any decision on raising market loans.*

