

Executive Summary

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This Report on the finances of the State of Assam provides an independent assessment of the fiscal position of the Assam for FY 2024-25. It analyses the State's overall financial health and reviews its revenue and expenditure trends, assesses the State's debt position and borrowing patterns, evaluates its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators.

Assam's economy showed moderate growth during the FY 2024-25, with GSDP registering growth of 13.07 *per cent* as against the previous financial year. State contributed 1.95 *per cent* to GDP of India. This contribution has shown an increasing trend over the last five years, which is a positive sign for the overall economic output of the State. We observed that the revenue receipts of the state during the FY 2024-25 grew by 5.87 *per cent*, driven primarily by growth in State's share in union taxes and duties, higher tax collections, notably under SGST. However, non-tax revenue of the State declined by 9.34 *per cent*, and grants from the Centre also declined. The state's own revenue performance improved yet dependence on central grants-in-aid remains substantial.

Expenditure of the state, during the year, was dominated by a moderate growth of revenue spending (6.10 *per cent*) particularly committed costs and subsidies (64.93 *per cent* of RE, 51.35 *per cent* of TE and 66.93 *per cent* of RR). However, during the last five years, despite increasing pressure from committed expenditure, the State was able to maintain a consistent level of fiscal flexibility, though with limited scope for expansion in discretionary and developmental expenditures. Capital expenditure, during the past five years, remained volatile and below budgeted levels (except for FY 2021-22), reflecting constraints in infrastructure investment. Subsidies, during the current year, increased sharply (124.63 *per cent*), mainly due to power subsidies. As a result, the State was not able to arrest the revenue and fiscal deficits within the target levels of the State FRBM Act, thereby rendering little room for fiscal consolidation. Though outstanding liabilities remained within the numerical targets, this needs to be seen in the context of growing outstanding off budget borrowings and contingent liabilities through guarantees. Besides, the state government also carried forward significant undischarged liabilities in respect of SDRF, SDMF, short contribution of Government share towards NPS, etc., to the tune of ₹ 3,282.83 crore (2.60 *per cent* of TE) in the FY 2024-25.

Audit through its various reports have already highlighted the increased efforts to be taken by state in realizing the arrears in tax revenue, reducing the compliance risks in the taxations, recycling the capital investments made in the SPSEs and rationalising the expenditure in tune with revenue growth.

The fiscal year also continued to witness large scale savings in revenue/capital, charged and voted sections of 34 Grants and one Appropriation (exceeding ₹ 100 crore in each case) and excess in revenue-voted section of one Grant. Excess expenditure of ₹ 604.40 crore in FY 2024-25 requires regularisation by the Legislature. Concerns also arise from

delays in submission of utilisation certificates, some of which are from 2005-06, pending accounts for departmental undertakings and autonomous bodies, and substantial use of Minor Head 800-Other Receipts/Expenditure affecting transparency in financial reporting. Resorting to Off-budget borrowings hampered the maintenance of universality and unity in the budget. Funds, viz, AIFA sinking fund, was kept outside Government Account which violates the provisions of Article 266 of the Constitution of India.

The report notes positive steps like implementation of Single Nodal Agency (SNA) and SNA- SPARSH for better fund tracking in Centrally Sponsored Schemes. However, full migration to these systems is pending. Best practices were, a significant reduction in misclassification of expenditure from Grants-in-Aid as Capital Expenditure, from ₹ 5,658.63 crore in 2023-24 to ₹ 30.96 crore in 2024-25, closure of eight non-working SPSEs and rolling out of e-Khazana Service from July 2024, which will enable citizens to conveniently pay their land revenue online.

The increasing debt load, high committed expenditure, and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control, and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in off-budget borrowings, ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.