

# **Chapter III Financial Reporting Practices**



## Chapter-III: Financial Reporting Practices

**This chapter provides broad based perspective of quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.**

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhance relevance and reliability of the information presented in the financial reports.

### Issues related to completeness of accounts

#### 3.1 Off-Budget Borrowings through State owned PSUs/ Authorities

Article 293(3) of the Constitution of India mandates consent of Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India. Further, the XV Finance Commission recommended that the normal net borrowing ceiling (NBC) to the State Governments for 2023-24 to 2025-26 may be fixed at three *per cent* of GSDP.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertakings (SPSUs)/ Corporations/ other Bodies despite the State being responsible for repayment of such loans, pose significant risk to fiscal health and transparency in the Government finances. Borrowing ceilings for a financial year of the State are being now reduced by GoI to the extent of Off-Budget Borrowings.

The Assam State Fiscal Responsibility and Budget Management (FRBM) Act, 2005 outlined that the State Government shall take suitable measures to ensure fiscal stability, sustainability, improve efficiency and transparency in management of the public finances of the State.

For the year 2024-25, outstanding liability was targeted as 25.23 *per cent* of GSDP under MTFP and 32 *per cent* under AFRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹ 18,882 crore (3 *per cent* of projected GSDP) and additional ₹ 3,147 crore (0.5 *per cent* of projected GSDP) for power sector reforms.

As per information furnished by the State Government, as on 31 March 2025, the outstanding Off-Budget Borrowing was ₹ 2,639.20 crore, which included borrowings of ₹ 542.11 crore during 2024-25 as detailed in **Table 3.1**.

**Table 3.1: Details of Off-Budget Borrowings as on 31 March 2025 as disclosed by the State Government**

(₹ in crore)

Entities borrowed on behalf of Government	FY	Outstanding Off-Budget Borrowing at the beginning of the FY	Borrowings During the FY	Repayment during the FY		Closing Balance at the end of the FY
				Principal	Interest	
Assam Infrastructure	2021-22	Nil	238.62	Nil	Nil	238.62
	2022-23	238.62	852.62	Nil	34.71	1,091.24
	2023-24	1,091.24	1,101.89	Nil	94.65	2,193.13

Entities borrowed on behalf of Government	FY	Outstanding Off-Budget Borrowing at the beginning of the FY	Borrowings During the FY	Repayment during the FY		Closing Balance at the end of the FY
				Principal	Interest	
Financing Authority (AIFA)	2024-25	2,193.13	542.11	96.04	217.88	2,639.20

However, the position differs from the Off-Budget Borrowing position depicted by the Department of Expenditure, Ministry of Finance, in its OM dated 23 June 2025. As per the OM, the Off-Budget Borrowing by Assam SPSE/ SPVs stood at ₹ 1,801.31 crore for 2024-25. During the Entry Conference (September 2025), the Finance Department stated that the matter is under reconciliation with the Ministry of Finance.

The Finance (Budget) Department stated (June 2025) that the purpose of the borrowing by AIFA was to fund various infrastructure projects across the State. Further, it was stated that the interest on the Off-Budget Borrowing is being incurred from the Sinking Fund of AIFA under the Head of Account: 2075-800-1640-000-32-01-99-SOPD-G.

Besides above, the information accessed from SPSEs of Assam revealed that one SPSE *i.e.*, Assam Plain Tribes Development Corporation Limited took Off-Budget Borrowings of ₹ 18.21 crore from National Scheduled Tribes Finance and Development Corporation during the period from 1992-93 to 2002-03 as term loan and micro credit finance scheme loan under Agriculture & Allied Sector, Industrial Sector and Service Sector – Transport and Service schemes. The outstanding loan of the SPSE as on 31 March 2025 was ₹ 44.58 crore (Principal: ₹ 18.21 crore, Interest: ₹ 26.37 crore).

These Off-Budget Borrowings 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 held on 19 December 2025, variance in figures relating to off-budget borrowings was acknowledged by the Finance Department. In an official communication, the Department stated that off-budget borrowings as on 31 March 2025 stood at ₹ 2,639.20 crore, including ₹ 542.11 crore raised during 2024-25 from NABARD. Further, it was informed that, now there is no Off-Budget Borrowings in Assam and AIFA borrowings from NABARD has been fully stopped.

### 3.1.1 AIFA Sinking Fund

The State Government vide Office Memorandum (OM) dated 23 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 contribution as well as the income accruing to the Fund, shall be kept outside the Consolidated Fund and the Public Account of the State. As per the regulation of the AIFA Sinking Fund, the State Government is required to contribute ₹ 50 crore per month to the fund account being the corpus of the fund beginning from the financial year 2023-24. 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.

During 2024-25, the Government of Assam contributed ₹ 600.00 crore to the AIFA Sinking Fund by debiting the Head of Account: 2075-00-800-{1640} Assam Infrastructure Financing Authority.

### 3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as short remittances to the National Pension System (NPS), or non-discharge of interest obligations on amounts in interest bearing Deposits/ Reserve Fund *etc.* can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby, constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

#### 3.2.1 Undischarged Interest liability

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/ Reserve Funds.

Audit observed that ₹ 134.75 crore was required to be paid as interest on the balance of ₹ 1,050.38 crore lying under interest bearing Deposits/ Reserve Funds as on 31 March 2025 as shown in **Table 3.2**.

**Table 3.2: Details of interest liability not discharged in respect of Interest-bearing Deposits/ Reserve Funds**

(₹ in crore)				
Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 01 April 2024	Basis for calculation of interest	Amount of interest not provisioned
1.	Deposits bearing interest - Defined Contribution Pension Scheme (DCPS) for Government Employees (NPS)	318.65	@ 7.10 percent*	17.05
2.	Reserve Funds bearing interest (SDRF)	527.69	@8.46 per cent (As per Guidelines of SDRF)	94.90
3.	Reserve Funds bearing interest (SDMF)	170.00	@8.46 per cent (As per Guidelines of SDMF)	22.00
4.	Deposits bearing interest other than DCPS	34.04	@ 2.35 per cent (i.e., Reverse Repo Rate Minus one per cent).	0.80
	<b>Total</b>	<b>1,050.38</b>		<b>134.75</b>

Source: Finance Accounts

\* The State Government vide OM dated 04 November 2020 specified the interest rate of NPS as applicable to GPF (as modified from time to time)

Non-payment of interest liability of ₹ 134.75 crore has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent during the year. The State Government must ensure accurate provisioning of interest in future accounts, timely transfer of

interest amounts as well as compliance with relevant codal provisions to ensure transparent and accurate presentation of state finances.

### 3.2.2 Short contribution in 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.

In 2024-25, the Government of Assam collected ₹ 1,488.08 crore from employees as contribution towards NPS and contributed ₹ 1,929.25 crore as employer's share against the due contribution of ₹ 2,083.31 crore, resulting in short contribution of ₹ 154.06 crore. Against the total available funds of ₹ 3,751.41 crore (comprising of opening balance of ₹ 334.08 crore, employees share of ₹ 1,488.08 crore and employer's share of ₹ 1,929.25 crore) during the year 2024-25, the Government disbursed ₹ 3,542.03 crore, while funds amounting to ₹ 209.38 crore remained to be transferred to NSDL.

Between 2010-25, total receipts under DCPS were ₹ 19,360.01 crore (employee: ₹ 8,710.13 crore, employer: ₹ 10,649.88 crore), while only ₹ 19,145.49 crore was transferred to the pension fund, resulting in a cumulative short transfer of ₹ 209.38 crore (excluding ₹ 5.46 crore paid to beneficiaries and ₹ 0.32 crore of net refund into the account). Out of the balance of ₹ 209.38 crore, ₹ 193.95 crore was lying in the Public Account and the remaining ₹ 15.43 crore was lying in the Current Account. The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund are given in *Appendix 3.1*.

The Director of Accounts and Treasuries, Government of Assam stated (July 2025) that out of total number of employees of 3,10,739, 18,899 employees were not issued PRAN as on 31 March 2025. Non-issuance of PRAN was mostly due to delay in submission of Common Subscriber Registration (CSR) Form by the DDOs, delay in receiving approval from the Finance Staff Inspection Unit (SIU) Department, incorrect employee data in the system, and pending upload of CSR Form in the FinAssam system.

Delay in transferring deducted contributions as well as short contribution of the State Government undermines the financial security of government employees, as their retirement savings are neither fully matched nor timely invested, potentially impacting the returns they receive. Moreover, retention of ₹ 193.95 crore in the Public Account and ₹ 15.43 crore in the Current Account reflects departure from NPS operational norms. The non-payment of ₹ 17.05 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 held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, noted the issue relating to short contributions and informed that the problem was mainly due to administrative delegation of power to Treasury Officers and activity tapped under State FMIS and now, the problem has been resolved. Subsequently, the Directorate of Accounts and Treasuries, Assam, clarified that the delays were largely attributable to non-generation of PRAN in certain cases, resulting in temporary parking of funds in the Public Account. It was further stated that substantial amounts have since been transferred to NSDL, with the remaining balances likely to be settled within the financial year 2025-26. The Government also informed that a series of systemic measures have been undertaken, including adoption of a decentralised upload mechanism, issuance of Standard Operating Procedures, delegation of financial powers to Treasury Officers, and mandatory use of PRAN in place of Permanent Pension Account Number (PPAN), with continuous monitoring and reconciliation drives to ensure expeditious and timely transfer of NPS contributions to NSDL.

### 3.2.3 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or prospecting license-cum-mining lease are required to contribute two *per cent* of the royalty paid to the Trust. As per the NMET Rules, the holder of the lease must deposit the amount in the Public Account of the State under appropriate Head (8449-123-NMET Deposits), and the State Government is responsible for collecting and transferring these receipts monthly to the Consolidated Fund of India.

As on 01 April 2024, the fund had a balance of ₹ 0.31 crore. During the year 2024-25, the State Government received an amount of ₹ 0.88 crore under the Head 8449-123-NMET Deposits being two *per cent* of royalty as NMET contribution from mine-holders. The State Government transferred ₹ 1.11 crore to the National Mineral Exploration Trust. Thus, an amount of ₹ 0.08 crore remained to be transferred to NMET as on 31 March 2025.

The non-transfer of ₹ 0.08 crore has not only resulted in an overstatement of Cash Balance but also leads to delays in national mineral exploration funding. The State Government may consider automating the monthly transfers from the Public Account to NMET Fund as well as regularly reconciling the NMET accounts to ensure timely remittance and accurate financial reporting.

The Ministry of Mines, Government of India, *vide* its letter dated 19 November 2024, advised all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957. Accordingly, the Government of Assam notified the Assam State Mineral Exploration Trust Rules, 2025 *vide* Gazette Notification dated 25 June 2025. Thereafter, the Government constituted the Governing Body of the Assam State Mineral Exploration Trust *vide* its notification dated 15 September 2025.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary, Finance Department, took note of the audit observations and assured that compliance with prescribed accounting and transfer procedures would be ensured.

### 3.2.4 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Four out of six tax collection Departments provided data on the pendency of refund cases.

The details of refund cases during the year 2024-25, as reported by the Departments concerned are given in **Table 3.3**.

**Table 3.3: Details of refund cases**

(₹ in crore)

Sl. No.	Particulars	GST		Sales tax/ VAT		Total	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year 2024-25	204	25.80	64	32.28	268	58.08
2	Claims received during the year 2024-25	1,468	74.85	16	11.54	1,484	86.39
3	Refunds made during the year 2024-25	566	12.83	06	3.42	572	16.25
4	Refunds rejected during the year 2024-25	61	1.29	04	6.75	65	8.04
5	Balance outstanding at the end of the year	1,045	86.53	70	33.65	1,115	120.18

*Source: Departmental information*

During the year 2024-25, the total outstanding refund cases increased by 316.04 *per cent*, with 1,045 out of the total 1,115 outstanding refund claims pertaining to GST. The sizeable backlog of unresolved refund claims may adversely affect business liquidity, especially for smaller enterprises.

### 3.3 Funds outside Government Accounts

#### 3.3.1 Maintenance of Electricity Regulatory Commission fund in Bank Accounts instead of Public Account

Article 266(2) of the Constitution of India provides that ‘All other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State’. The Assam Electricity Regulatory Commission (AERC) was constituted under the Electricity Act, 2003. Section 103 of the Act stipulates creation of a fund called ‘State Electricity Regulatory Commission Fund’ wherein receipts of the commission are to be credited and expenses therefrom are to be made. The Government of Assam enacted the AERC (Fund) Rules, 2005, and in terms of Rule 3, the AERC was permitted to open a bank account for accommodating such receipts and making expenses therefrom. In keeping with the rule *ibid*, funds were kept in a bank account and as of March 2024, ₹ 32.61 crore remained in the bank account instead of the Public Account of the State. Resultantly, not only did the Constitutional mandate stand violated, but the Public Account balance was also understated by ₹ 32.61 crore, which could have helped to finance the Fiscal Deficit. In this context, it may be mentioned that funds of Central Electricity Regulatory Commission are kept in Public Account of the Government of India.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, assured that the matter relating to AERC fund management would be looked into and resolved.

#### Issues related to transparency

#### 3.4 Delay in submission of Utilisation Certificates

Rule 517 (Appendix 16) of Assam Financial Rules, 1939 provides that every grant made for a specified object is subject to the implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

Further, as per Rule 256 of Assam Treasury Rules, 2017, the sanctioning authority shall obtain the Utilisation Certificates and audited accounts from the grantee agencies/institutions and send it to the Accountant General.

Thus, the State Government authorities who have received conditional grants are required to furnish formal Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E), unless specified otherwise, within one year from the date of receipt of grant or before applying for further grant on the same object, whichever is earlier.

During the year 2024-25, UCs amounting to ₹ 23,240.56 crore pertaining to 6,929 UCs were due for the period up to 31 March 2025. Of these, ₹ 2,504.47 crore pertaining to 384 outstanding UCs were cleared, leaving outstanding UCs of ₹ 20,736.09 crore pertaining to 6,545 UCs as on 31 March 2025 as given in **Table 3.4**. Department-wise breakup of outstanding UCs for the grants paid up to the year 2023-24 is given in **Appendix 3.2**. Status of outstanding UCs in respect of five major Departments is given in **Chart 3.1**.

**Table 3.4: Age-wise pendency of Utilisation Certificates**

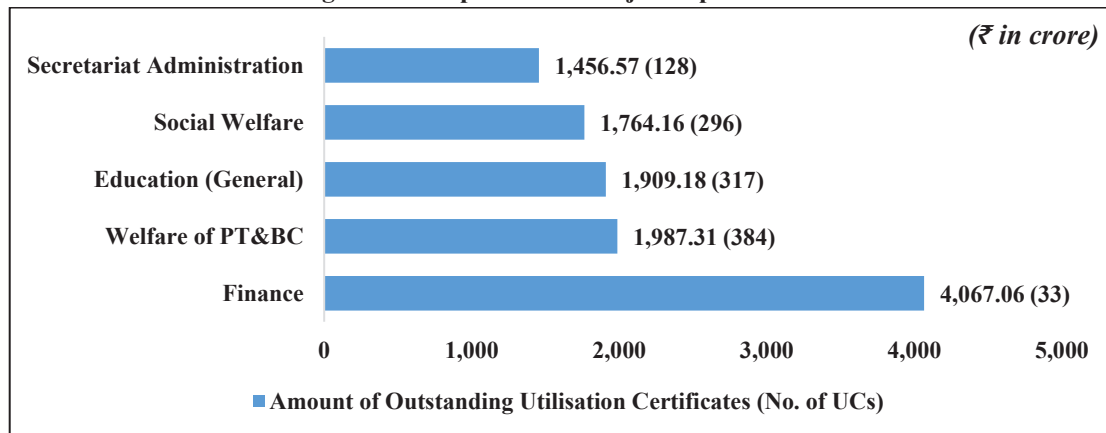
UC due year*	Number of pending UCs	Amount
Prior to 2019-20	1,644	4,732.0042
2019-20	430	1,042.31
2020-21	1,103	2,663.56
2021-22	900	1,936.44
2022-23	1,090	1,750.05
2023-24	833	4,447.42
2024-25	545	4,164.31
<b>Total</b>	<b>6,545</b>	<b>20,736.09</b>

(₹ in crore)

Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E), Assam

\*The year mentioned above relates to “Due year”, i.e., after 12 months of actual drawal

**Chart 3.1: Outstanding UCs in respect of five major Departments as on 31 March 2025**



Source: Office of the Accountant General (A&E), Assam

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely and hold the persons concerned accountable for submission of UCs in a timely manner.

Audit took up (March 2024, February 2025 and August 2025) the matter of pending UCs with the Finance Department, Government of Assam for their early submission to the Office of the Accountant General (A&E), Assam. Subsequently, the Finance Department directed all Departments to clear their respective pending UCs with the Office of the AG (A&E), Assam. As a result, the arrears of submission of UCs showed a marked decline, from 14,159 UCs (amounting to ₹ 37,991.70 crore) due for submission during 2022-23 to 6,335 UCs (amounting to ₹ 18,669.55 crore) due for submission during 2023-24. However, 6,545 UCs (amounting to ₹ 20,736.09 crore) were due for submission as on 31 March 2025 showing a slight increase from the previous year. The Commissioner and Secretary, Finance Department, convened a

series of meetings regarding pending UCs on 13-14 October 2025 and instructed all Departments to submit 50 *per cent* of pending UCs by 30 November 2025, with a target of 100 *per cent* clearance by the end of December 2025. The State Government should continue its efforts for reduction in the number of outstanding UCs, as in the absence of UCs, it cannot be ascertained whether the recipient had utilised the grants for the purposes of which they were given.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, acknowledged the audit observations and informed that review meetings and continuous monitoring were being undertaken to further reduce the pendency of Utilisation Certificates (UCs). It was also informed that pendency of UCs have reduced substantially<sup>34</sup>.

### 3.5 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

Under Rule 21 of the Assam Contingency Manual, 1989, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money for limited purposes by preparing Abstract Contingent (AC) bills without vouchers. Subsequently, Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure are required to be furnished to the Accountant General (A&E) not later than 25<sup>th</sup> of the month following the month in which such amounts are drawn. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts.

The details of AC bills, pending adjustment, as on 31 March 2025 is given in **Table 3.5**.

**Table 3.5: Age-wise pending adjustment of AC bills**

<i>(₹ in crore)</i>		
Due Year	Number of unadjusted AC bills	Amount
Up to 2023-24	1,180	665.38
2024-25	42	88.23
<b>Total</b>	<b>1,222</b>	<b>753.61</b>

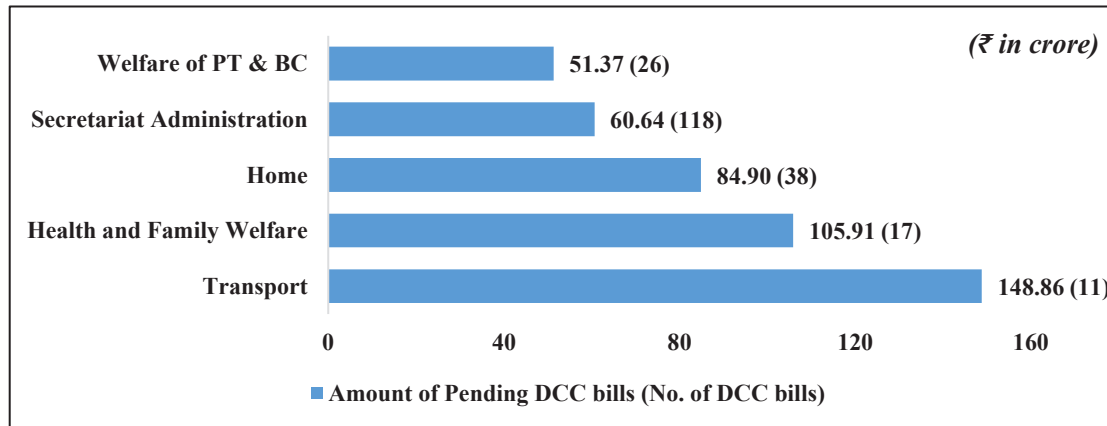
*Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E), Assam*

It was observed that 42 AC bills amounting to ₹ 88.23 crore drawn in 2024-25 remained unadjusted as on 31 March 2025, of which six AC bills amounting to ₹ 11.96 crore (12.99 *per cent*) were drawn in March 2025. Out of the six AC bills drawn in March 2025, four AC bills were cleared as of November 2025. DCC bills in respect of a total of 156 AC bills amounting to ₹ 86.89 crore were received during the year 2024-25. Audit scrutiny showed that as on 31 March 2025, 39 Departments had not submitted

<sup>34</sup> the Finance (Audit & Fund) Department, vide letter dated 20 December 2025, informed that as per the latest report received from the Office of the Accountant General (A&E), Assam, the pending UCs had been reduced from ₹ 26,682.37 crore to ₹ 14,100.78 crore as of December 2025.

DCC bills for ₹ 753.61 crore against 1,222 AC bills. Department-wise pending DCC bills for the years up to 2024-25 are detailed in *Appendix 3.3*, while status of pending DCC bills in respect of five major Departments is given in **Chart 3.2**.

**Chart 3.2: Pending DCC bills in respect of five major Departments**



Source: Office of the Accountant General (A&E), Assam

Audit took up (March 2024, February 2025 and August 2025) the matter of pending DCC bills with the Finance Department, Government of Assam for their early submission to the Office of the Accountant General (A&E), Assam. Subsequently, the Finance Department directed all Departments to submit their respective pending DCC bills to the Office of the AG (A&E), Assam. As a result, there was a slight reduction in the number of pending DCC bills, from 1,316 pending DCC bills up to 31 March 2024 to 1,222 pending DCC bills up to 31 March 2025. The Commissioner and Secretary, Finance Department, convened a series of meetings regarding pending DCC bills on 13-14 October 2025 and instructed all Departments with aged or high-value DCC bills to handle them on a case-to-case basis and reconcile data with the Office of the AG (A&E), Assam.

Expenditure against AC bills at the end of the year indicates poor public expenditure management. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be ascertained as correct or final.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, assured that instructions would be issued to the concerned departments for early submission of Detailed Countersigned Contingent (DCC) Bills to clear the pendency of Abstract Contingent (AC) Bills. Further, the Finance (Audit & Fund) Department, vide letter dated 20 December 2025, informed that AC bills amounting to ₹ 166.44 crore had already been cleared as of December 2025.

### 3.6 Personal Deposit Account

Under specific circumstances, the Government may authorise the opening of Personal Deposit (PD) accounts for operation by designated Administrators. Transfer of funds to PD accounts is booked under the service Major Heads, as expenditure under the Consolidated Fund of the State. Under Rule 325 of Treasury Rules, 2017 of the Government of Assam, the administrators are required to close such accounts on the last working day of the financial year and transfer the unspent balances back to the Consolidated Fund, with the PD account being reopened in the next year, if necessary. The Government of Assam, however, did not follow this procedure.

During 2024-25, no amount was transferred to the PD account from the Consolidated Fund of the State. As on 31 March 2025, there were three PD Accounts having a balance of ₹ 0.06 crore as detailed in **Table 3.6**.

**Table 3.6: Parking of funds in Personal Deposit Accounts**

	(₹ in crore)				
	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Funds parked in PD accounts</b>	0.57	0.09	0.07	0.07	0.06
<b>No. of administrators</b>	22	9	4	4	3

During the year 2024-25, one PD account was closed, while three PD accounts having balance of ₹ 0.06 crore remained inoperative.

Further, in terms of Rule 323 and 324 of Treasury Rules, 2017 of the Government of Assam, the administrator of PD account shall make necessary verification and reconciliation of the balances with the Treasury and shall furnish a certificate to the Treasury Officer by 30 April every year. The Treasury Officer shall verify the said certificate with treasury records and send a report of verification of such balances to the Accountant General (A&E). However, no reconciliation or verification of balances was carried out by the three administrators of PD accounts, and the annual verification certificate was not furnished by them to the AG (A&E), Assam during the year 2024-25.

These lapses undermine financial discipline, increase risk of fund misutilisation, and reflect weak internal controls in fund management.

### 3.7 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹ 15,195.07 crore under 70 Major Heads of account, constituting 12.03 *per cent* of the total Revenue and Capital expenditure (₹ 1,26,312.16 crore) was classified under the Minor Head-800 – Other Expenditure in the accounts. Of these, ₹ 1,050.73 crore under nine Heads of account (expenditure more than ₹ 20 crore) were classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.7**.

**Table 3.7: Expenditure misclassified under Minor Head 800-Other Expenditure during 2024-25**

(₹ in crore)

Sl. No.	Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
1	2501-01-800-{6111} Swahid Kushal Konwar Sarbajanin Briddha Pension Achoni (SKKSBPA)	363.00	Revenue-Voted	2235-02-104 Welfare of aged, infirm and destitute
2	2202-02-800-{3952} Rastriya Madhyamik Shiksha Abhijan (RMSA)	162.01	Revenue-Voted	2202-02-113 Samagra Shiksha
3	4250-00-800-{6103} Partnership with TATA Technology for Modernisation of Polytechnic and ITI	116.00	Capital-Voted	4202-02-104 Polytechnics
4	2217-80-800-{0798} Guwahati Municipal Corporation	111.54	Revenue-Voted	2217-80-191 Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards <i>etc.</i>
5	3054-04-800-{0123} PMGSY Maintenance to ASRB	100.00	Revenue-Voted	3054-04-338 Pradhan Mantri Gram Sadak Yojana
6	2202-02-800-{5764} Free Text Books to the Students from Class IX to X	80.00	Revenue-Voted	2202-02-106 Textbooks
7	2070-00-800-{3198} Rehabilitation of Surrendered Misguided Youths	57.27	Revenue-Voted	2235-01-202 Other Rehabilitation Schemes
8	2501-01-800-{0318} National Social Assistance Programme	32.79	Revenue-Voted	2235-03-101 National Old Age Pension Scheme
9	2702-00-800-{2555} Pradhan Mantri Krishi Sinchai Yojana – Har Khet ko Pani	28.12	Revenue-Voted	2702-03-101 Water Tanks
	<b>Total</b>	<b>1,050.73</b>		

Source: Appropriation Accounts and List of Major and Minor Heads of Accounts

Similarly, ₹ 921.13 crore under 47 Major Heads of Account, constituting 0.95 *per cent* of the total Revenue Receipts (₹ 96,907.91 crore) was classified under 800-Other Receipts in the accounts. Of these, ₹ 0.02 crore under one Major Head was classified under Minor Head-800-Other Receipts despite availability of appropriate Minor Heads thereunder as detailed in **Table 3.8**.

**Table 3.8: Receipts misclassified under Minor Head 800-Other Expenditure during 2024-25**

(₹ in crore)

Details of head under booking was wrongly classified	Amount	Nature of expenditure	Correct classification
0049-04-800-{4013} Interest on HBA to State Government Servant	0.02	Revenue-Voted	0049-04-118 Interest on Loans to Government Servants

Source: List of Major and Minor Head of Accounts and VLC data maintained by the AG (A&E), Assam

Thus, it is imperative that the State Government should review all classifications of schemes being made under Minor Head-800 in the light of their depiction in the List of

Major and Minor Heads of Account (LMMHA) and after consultation with the Accountant General (A&E), classify them appropriately as per existing LMMHA, or seek addition of new Minor Heads, to bring transparency in Accounts.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, took note of the audit observations and stated that corrective measures would be considered at the budgetary stage to minimise the use of Minor Head '800' in future.

### Issues related to measurement

#### 3.8 Outstanding balance under major Suspense and DDR Heads

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balance for the last three years has been shown in **Table 3.9**.

**Table 3.9: Balances under Suspense and Remittance Heads**

(₹ in crore)

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>8658</b>	<b>Suspense Account</b>						
101	PAO-Suspense	294.73	155.76	342.09	240.06	520.23	533.28
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 138.97</b>		<b>Dr. 102.03</b>		<b>Cr. 13.05</b>	
102	Suspense Account-Civil	2,155.06	992.21	1,590.64	442.55	1,756.35	703.40
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 1,162.85</b>		<b>Dr. 1,148.09</b>		<b>Dr. 1,052.95</b>	
107	Cash Settlement Suspense Account	82.73	15.65	82.73	15.65	82.73	15.65
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 67.08</b>		<b>Dr. 67.08</b>		<b>Dr. 67.08</b>	
109	Reserve Bank Suspense – Headquarters	-33.50	376.29	-101.01	409.78	0.01	--
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Cr. 409.79</b>		<b>Cr. 510.79</b>		<b>Dr. 0.01</b>	
110	Reserve Bank Suspense – CAO	14.30	18.27	1.65	44.75	18.45	84.64
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Cr. 3.97</b>		<b>Cr. 43.10</b>		<b>Cr. 66.19</b>	
112	Tax Deducted at Source (TDS) Suspense	--	0.02	--	0.06	--	341.23
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Cr. 0.02</b>		<b>Cr. 0.06</b>		<b>Cr. 341.23</b>	
123	AIS Officers' Group Insurance Scheme	0.07	1.27	0.04	1.25	0.01	1.24
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Cr. 1.20</b>		<b>Cr. 1.21</b>		<b>Cr. 1.23</b>	

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>8782</b>	<b>Cash Remittances and adjustments between Officers rendering accounts to the same Accounts Officer</b>						
102	P.W. Remittances	8,885.45	8,478.34	5,287.88	4,827.17	531.71	34.14
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 407.11</b>		<b>Dr. 460.71</b>		<b>Dr. 497.57</b>	
103	Forest Remittances	949.82	517.28	532.72	97.25	6,884.65	6,449.82
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 432.54</b>		<b>Dr. 435.47</b>		<b>Dr. 434.83</b>	
110	Miscellaneous Remittances	--	12.91	--	12.91	--	12.91
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Cr. 12.91</b>		<b>Cr. 12.91</b>		<b>Cr. 12.91</b>	
<b>8793</b>	<b>Inter State Suspense Account</b>						
		8.99	0.03	5.45	--	4.67	--
	<b>Net Debit (Dr.)/ Credit (Cr.)</b>	<b>Dr. 8.96</b>		<b>Dr. 5.45</b>		<b>Dr. 4.67</b>	

Source: Finance Accounts

During the year 2024-25, there was a significant increase in Net Credit balance under Tax Deducted at Source (TDS) Suspense (8658-112) from ₹ 0.06 crore (Cr.) in 2023-24 to ₹ 341.23 (Cr.) in 2024-25. Non-clearance of outstanding balances under these heads affects the accuracy of receipt/ expenditure figures and balances under different Heads of Account (which are carried forward from year to year) of the State Government. The State Government should make efforts for early clearance of outstanding balances under suspense and remittance heads, through inter-departmental reconciliation and systemic checks to prevent accumulation of suspense transactions that distort true fiscal position.

### 3.9 Reconciliation of Departmental figures

To exercise effective budgetary control over receipt/ disbursement and to ensure accuracy in accounts, Finance Department's letter dated 20 January 2007, stipulates that Chief Controlling Officers (CCOs)/ Controlling Officers (COs) are required to reconcile quarterly, the receipts and disbursement recorded in their books with the figures of the Accountant General (A&E).

The status of reconciliation of figures by the Controlling Officers is given in **Table 3.10 and Chart 3.3.**

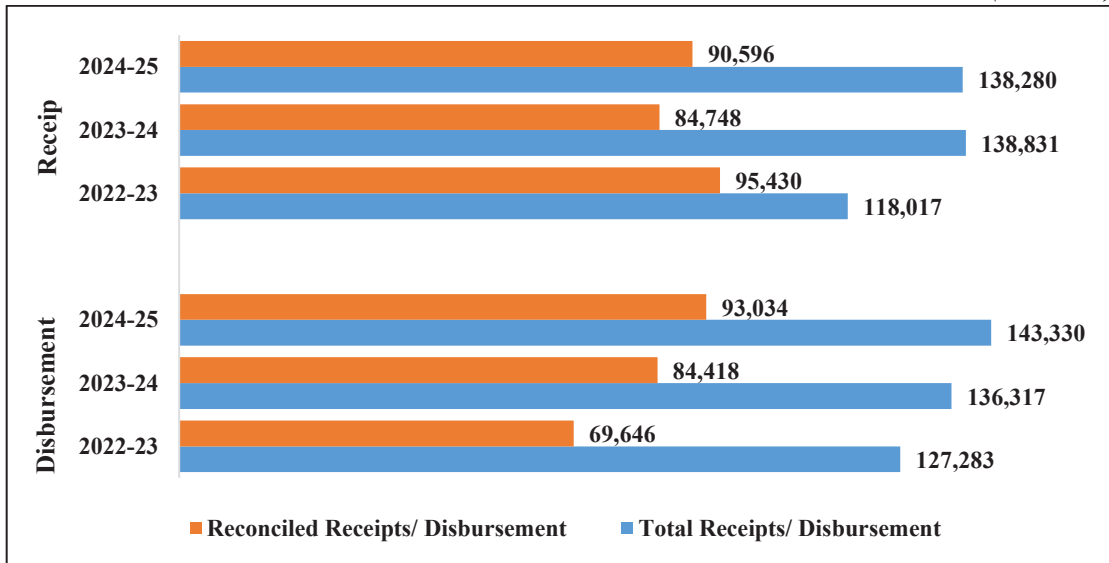
**Table 3.10: Status of Reconciliation of Receipts and Disbursement by Controlling Officers**

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
<b>Receipts</b>				
2022-23	58	11	02	45
2023-24	58	08	06	44
2024-25	58	18	08	32
<b>Expenditure</b>				
2022-23	58	25	24	09
2023-24	58	17	33	08
2024-25	58	22	33	03

Source: Information maintained by the Office of the Accountant General (A&E), Assam

Chart 3.3: Status of Reconciliation of Receipts and Disbursement during the years 2022-25

₹ in crore)



Source: Information maintained by the Office of the Accountant General (A&E), Assam

Non-reconciliation of figures has been pointed out by the CAG in the Audit Reports year after year. The PAC in its 161<sup>st</sup> Report (Paragraph 13) also recommended (March 2020) that the Departments should reconcile their figures with the Accountant General (A&E) on a monthly basis or at least quarterly basis to avoid wrong booking of figures. In spite of the recommendations, 34.48 per cent of receipts and 35.09 per cent of disbursement figures booked by the Accountant General (A&E), were not reconciled by the departmental authorities during 2024-25.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard results in misclassification and incorrect booking of receipts and disbursement in the accounts, affecting the accuracy of the State accounts. The State Government Departments should take necessary action for reconciliation of all receipts and disbursement adhering to the standing orders of the Finance Department as well as the PAC recommendations.

### 3.10 Reconciliation of Cash Balances

As per accounts of the Accountant General (A&E), Assam, the Cash Balance of the State Government as on 31 March 2025 was ₹ 276.95 crore (Cr.) while the same was reported as ₹ 1.98 crore (Dr.) by the Reserve Bank of India. There was a net difference of ₹ 274.97 crore (Cr.), mainly due to pending reconciliation between the Treasury, RBI, Agency Bank and the AG (A&E) Office.

The difference in Cash Balance as per record of the Accountant General (A&E), Assam and the RBI was ₹ 247.16 crore (Cr.) for the previous year as on 31 March 2024. Hence, there is a persistent difference over the years which requires timely and coordinated reconciliation efforts between the State Treasury, AG (A&E) and the RBI, to ensure integrity and reliability of Cash Balance figures in the Government accounts.

## Issues related to disclosure

### 3.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.11**.

**Table 3.11: Compliance to Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	<b>IGAS 1</b> <i>Guarantees given by government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied	While the government has disclosed the maximum amount of guarantees given during the year, detailed information like number of guarantees for each institution was not depicted.
2.	<b>IGAS 2</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as Revenue Expenditure in the accounts of the grantor and as Revenue Receipts in the accounts of the grantee, irrespective of the end use.	Partially complied	State Government made budgetary provision and classified GIA amounting to ₹ 30.96 crore under Capital Major Heads of Account, instead of under the Revenue Section. It did not also furnish any information regarding GIA paid in kind during the year.
3.	<b>IGAS 3</b> <i>Loans &amp; Advances made by Government</i>	This Standard 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.	Partially complied	While the State government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the cases of loans having been sanctioned as 'loan in perpetuity' have not been provided to the Accountant General (A&E).
4.	<b>IGAS 4</b> <i>Prior Period Adjustment</i>	This Standard prescribes the manner in which Prior Period Adjustments including errors once identified shall be presented and disclosed in the current financial year under the cash basis of accounting.	Complied	The State Government had taken recourse to Prior Period Adjustment for a total amount of ₹ 842.85 crore for giving accounting effect to a government decision of converting the GIA given to two SPSEs in the previous accounting periods into Equity.

*Source: Finance Accounts*

Failure to comply with the notified accounting standards adversely affects the accuracy, transparency and comparability of Government accounts. The State Government must take corrective steps including training of accounting staff and improved coordination with the AG (A&E) Office for strict adherence to the prescribed standards to ensure high-quality financial reporting.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, took note of the audit observations and stated that necessary steps would be continued to ensure full compliance with the provisions of IGAS-II..

### **Prior Period Adjustments**

As per the provisions of the Indian Government Accounting Standard (IGAS)-4 on Prior Period Adjustment, notified by the Ministry of Finance, Government of India, transactions relating to prior periods, once identified, are required to be adjusted through book adjustment and disclosed in the accounts of the current year under the cash basis of accounting.

During 2024-25, the Government of Assam issued financial sanctions for conversion of Grants-in-Aid into equity, pertaining to the period prior 2023-24, in respect of Assam Power Distribution Company Limited (APDCL), Assam Power Generation Corporation Limited (APGCL) and Assam Electricity Grid Corporation Limited (AEGCL), under IGAS-4. The total amount sanctioned for such prior period adjustments was ₹ 902.00 crore, comprising ₹ 390.06 crore in respect of APDCL, ₹ 498.42 crore in respect of APGCL and ₹ 13.52 crore in respect of AEGCL.

Out of the total sanctioned amount, only ₹ 842.85 crore was actually considered as prior period adjustment during the year, comprising ₹ 390.06 crore relating to APDCL and ₹ 452.79 crore relating to APGCL. The balance amount of ₹ 59.15 crore was not adjusted, which included ₹ 45.63 crore pertaining to APGCL as the detail head of account pertained to Major Works. The remaining ₹ 13.52 crore relating to AEGCL was not taken into account as the detail heads of account pertained to Information Technology (IT) and the Major Head relating to AIFA.

The prior period adjustments amounting to ₹ 842.85 crore were reflected as part of the Capital Expenditure of the State without actual outgo during the year. As a result, the Capital Expenditure for 2024-25 stood overstated to that extent due to inclusion of adjustments relating to earlier periods.

### **3.12 Submission of accounts of Autonomous Councils/ Development Councils/ Government Bodies/ Authorities**

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any Body or Authority has not been entrusted to the CAG by or under any law, he shall, if requested to do so by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such Body or Authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that Body or Authority (Section 20).

Audit certificate is issued in case of above-mentioned Autonomous Bodies and Authorities provided CAG is the sole auditor. Thus, these Bodies and Authorities are required to prepare annual accounts and submit to AG (Audit) for audit.

The CAG had not received 494 annual accounts of 75 Autonomous Councils/ Development Councils/ Government Bodies/ Authorities (due up to 2024-25) for audit as of September 2025. Out of 494 outstanding annual accounts, seven accounts<sup>35</sup> pertained to three Autonomous District Councils created under sixth Schedule of the Constitution. Moreover, 350 of the outstanding annual accounts pertained to 25 Autonomous and District Councils which have not submitted their accounts since their inception.

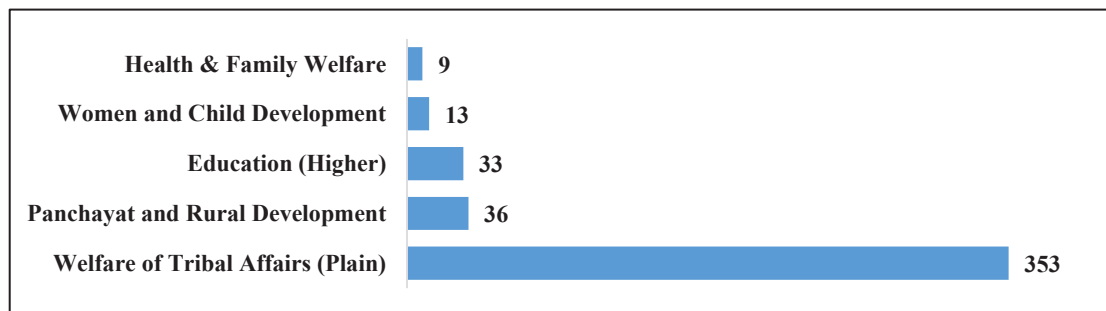
**Table 3.12: Arrears of Accounts of Autonomous Council/ Dev. Council/ Govt. Bodies/ Authorities**

Delay in Number of Years	No. of Accounts
0-1	75
1-3	105
3-5	70
5-10	143
More than 10	101
<b>Total</b>	<b>494</b>

The Department-wise details of accounts due from Autonomous Councils/ Development Councils/ Government Bodies/ Authorities are given in *Appendix 3.4*.

Age-wise pendency of these 494 accounts is given in **Table 3.12**. Status of pending accounts in respect of five major departments is given in **Chart 3.4**.

**Chart 3.4: Status of pending accounts of Autonomous Councils/ Development Councils/ Government Bodies/ Authorities pertaining to five major Departments**



In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/ Authorities and their accounting cannot be vouched.

<sup>35</sup> i) Bodoland Territorial Council, Kokrajhar: Three Annual Accounts (2022-23 to 2024-25); ii) Karbi Anglong Autonomous Council, Diphu: One Annual Account (2024-25); and iii) North Cachar Hills Autonomous Councils, Haflong: Three Annual Accounts (2022-23 to 2024-25)

Audit took up the matter of non-submission of accounts of the defaulting bodies with the Chief Secretary to the Government of Assam on 10 February 2025. Subsequently, the Finance Department directed (16 September 2025) all Departments to review the pending accounts and for early submission of remaining outstanding accounts.

### 3.13 Departmental Commercial Undertakings/ Corporations/ Companies

According to Sections 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report should be laid before the Houses or both the Houses of the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations (including Departmental undertakings). Departmental undertakings perform activities of commercial/ quasi-commercial nature. They are required to prepare *pro-forma* accounts in the prescribed format annually, showing the working results of operations so that the Government can assess their working. The above mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies and corporations from the Consolidated Fund of the State.

Further, Section 96 of the Companies Act, 2013, requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Section 129 of the Act stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. Section 129(7) of the Act provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Act.

In the absence of timely finalisation of accounts, results of the investment of the Government remain outside the purview of the State Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Accountant General (Audit) within a specified time frame.

However, the CAG has not received 240 annual accounts of 44 Public Sector Undertakings (due up to 2024-25) for audit as of September 2025.

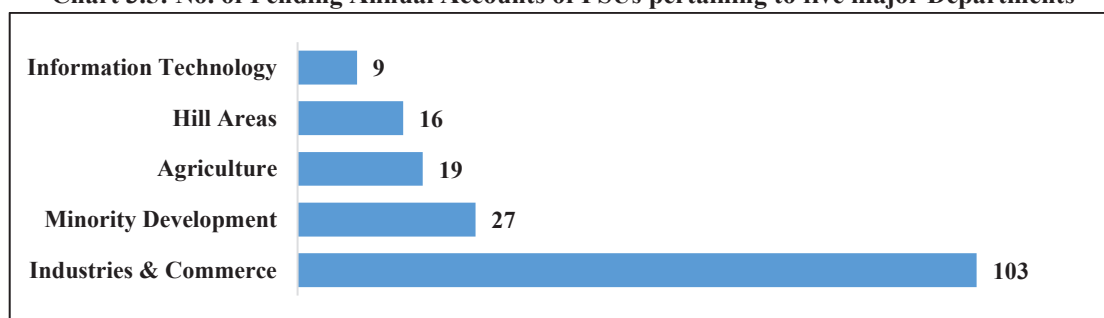
Age-wise pendency of these 240 accounts is given in **Table 3.13** and status of pending accounts in respect of five major departments is given in **Chart 3.5**.

**Table 3.13: Arrears of Accounts of State Public Sector Undertakings**

Delay in Number of Years	No. of Accounts
0-1	44
1-3	58
3-5	34
5-10	51
More than 10	53
<b>Total</b>	<b>240</b>

Department-wise details of accounts due from Public Sector Undertakings (due up to 2024-25) are given in *Appendix 3.5*.

**Chart 3.5: No. of Pending Annual Accounts of PSUs pertaining to five major Departments**



Out of the 240 pending annual accounts of 44 Public Sector Undertakings, 74 annual accounts (30.83 per cent) pertain to just five Public Sector Undertakings<sup>36</sup> which are non-working. Audit took up (December 2024 and February 2025) the issue of pending accounts of State PSUs and non-working SPSUs and urged the State Government for early submission of outstanding accounts. Through the constant pursuance by Audit, eight out of a total of 16 non-working State PSUs have been struck off from the Registrar of the Companies pursuant to sub-section (5) of Section 248 of the Companies Act, 2013.

Thus, it is recommended that the State Government continues its efforts for submission of pending accounts of working State PSUs as well as for reduction in pending accounts by closure of non-working State PSUs. The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of State PSUs under their control are finalised and adopted by the State PSUs within the stipulated period.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, while acknowledging the concern regarding pendency in submission of accounts of Autonomous Bodies and SPSEs, stated that necessary instructions would be issued to concerned Departments for early submission of the pending accounts.

<sup>36</sup> Non-working: Assam Agro-Industries Development Corporation Ltd., Assam Power Loom Dev. Corporation Ltd., Assam Spun Silk Mills Ltd., Pragjyotish Fertilisers & Chemicals Ltd., and Cachar Sugar Mills Ltd.

## Other Issues

### 3.14 Reserve Funds bearing interest

#### 3.14.1 State Disaster Response Fund (SDRF)

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 Northeastern & 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 the Overdraft Regulation Guidelines of the RBI. The interest is to be credited on a half yearly basis. Further, as per Paragraph 23 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 2024, the Fund had a balance of ₹ 527.69 crore. During 2024-25, the State Government received ₹ 716 crore as Central Government's share. The State Government's share due during the year was ₹ 79.20 crore. The State Government transferred entire amount of ₹ 795.20 crore (GoI share: ₹ 716 crore *plus* State's share: ₹ 79.20 crore) to the Fund account under the Major Head 8121-122 SDRF. During the year, the State Government also received ₹ 29.02 crore from NDRF, and this amount was also transferred to the Fund account. Hence, there was no short transfer to the fund account during 2024-25.
- The State Government also transferred ₹ 340.40 crore of Central Share received during 2023-24 together with ₹ 38 crore of State Share to the Fund account (Major Head 8121-122) during 2024-25.
- During 2024-25, the calamity related expenditure of ₹ 617.80 crore incurred by the State Government was set off (MH: 2245-901) against the fund balance. At the end of 31 March 2025, a balance of ₹ 1,112.50 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.
- During 2024-25, the Government of Assam did not pay interest of ₹ 94.90 crore on fund balance of ₹ 527.69 crore as required under Paragraph 4 of SDRF Guidelines. Further, an interest of ₹ 6.17 crore was payable to the Fund on account of delayed transfer of Central Share received, along with State Share to the Fund account. This led to understatement of Revenue Expenditure to that extent during 2024-25 and accumulated liabilities for the 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.

The State Government did not adhere to key provisions of the SDRF Guidelines during 2024-25, including 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 ₹ 101.07 crore and led to accumulation of future liabilities. The non-compliance with the SDRF Guidelines compromised fund transparency and reduced the potential for interest earnings, which may affect the financial preparedness for disaster response.

### **3.14.2 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 2024, the Fund had a balance of ₹ 169.99 crore. During the year 2024-25, the State Government did not receive any Central Government's share towards SDMF. The State Government, however, transferred ₹ 162.20 crore of Central share received in previous financial year (2023-24) along with ₹ 18 crore of State Government's share to the fund account of SDMF under Major Head 8121-130

An amount of ₹ 7.98 crore was set off in the Major Head 2245 as expenditure met from the funds. At the end of 31 March 2025, total amount of ₹ 342.22 crore, lying in the Fund had not been invested by Government of Assam in the assigned instruments as required under the Guidelines.

During 2024-25, the Government of Assam did not pay interest of ₹ 22.00 crore on fund balance of ₹ 170.00 crore as required under Paragraph 12 of SDMF Guidelines. Further, an interest of ₹ 5.06 crore was payable to the Fund on account of delayed transfer of Central Share received, along with State Share to the Fund account. This led to understatement of Revenue Expenditure and Revenue Deficit by ₹ 27.06 crore during 2024-25 and accumulated liabilities for the future. These lapses indicate poor fund management, loss of potential interest income, and may have an impact on the fiscal commitment towards disaster mitigation efforts.

### **3.14.3 State Compensatory Afforestation Fund**

The Compensatory Afforestation Fund Act, 2016, provides for establishment of the "State Compensatory Afforestation Fund" under Public Account of the State and crediting thereto the money received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980.

According to Paragraph 2 of the Compensatory Afforestation Fund (Accounting Procedure) Rules, 2018, the money received from the user agencies shall be credited in the interest-bearing section of the Public Account of the State under Major Head "8336 Civil Deposit – 103 State Compensatory Afforestation Deposits". Out of this, 90 *per cent* shall be transferred to the Major Head "8121 General and Other Reserve Fund – 129 State Compensatory Afforestation Fund (SCAF)" and 10 *per cent* credited into the National Fund on yearly basis. The balance in the fund shall be non-lapsable and get interest as per the rate declared by the Central Government on year-to-year basis. The expenditure from the fund shall be incurred from the Major Head "2406 Forestry and Wildlife" with accounting adjustment as deduct recoveries under Minor Head "904 Deduct Amount met from State Compensatory Afforestation Fund (SCAF)". This ensures that the expenditure is adjusted from the Fund and the balance continues to remain in the interest bearing, non-lapsable fund in Public Account. Further, as per Paragraph 26 of the Compensatory Afforestation Fund Act, the SCAF balances are to

be invested in the securities of the Central Government and in scheduled commercial banks.

During 2024-25, the Government of Assam received ₹ 191.21 crore from National Compensatory Afforestation Deposit out of ₹ 212.46 crore deposited by user agencies into the National Compensatory Afforestation Deposits. In addition, the State Government credited an amount of ₹ 89.34 crore to the fund account as interest on unspent balances of the previous years.

An expenditure of ₹ 85 crore was booked under SCAF during the year under the head of account “2406-04-103-2535-Compensatory Afforestation Fund Management and Planning Authority (CAMPA)”. However, no expenditure has been set off (Major Head: 2406-904) against the fund balance since inception of the fund. Further, the closing balance of ₹ 1,033.34 crore under MH 8121-129 was not invested by the State Government as on 31 March 2025.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, stated that the matter would be examined in detail and appropriate steps would be taken to align fund management with the applicable guidelines.

### **3.15 Reserve Fund not bearing interest**

#### **3.15.1 Central Road and Infrastructure Fund (CRIF)**

Government of India provides annual grants under Central Road and Infrastructure Fund (CRIF) (erstwhile CRF) to the State Government to incur expenditure on specific road projects. The fund is constituted out of the proceeds of (i) a duty of excise and customs on motor spirit (commonly known as petrol) and high-speed diesel oil (ii) Road and Infrastructure Cess and (iii) Grants and Loans by the Central Government.

In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601-06-104-Grants from Central Road and Infrastructure Fund”. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road and Infrastructure Fund”, through Revenue Expenditure Major Head “3054 Roads and Bridges”. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRIF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2024-25, the State Government received grants of ₹ 222.59 crore towards CRIF. While the receipt of fund was accounted for correctly in Revenue Receipts Major Head 1601-08-108 Grants from Central Road Infrastructure Fund, the accounting procedure for recording expenditure under CRIF as detailed above was not followed. No budget provision was made under the Major Head - ‘3054-80-797 -

transfer to Deposit Accounts’ for transfer of funds to the Major Head - ‘8449-Other Deposits-103 subvention from Central Road and Infrastructure Fund’ in Public Account. However, ₹ 237.28 crore was booked under CRIF during the year under the head of account 5054-03-337-1857 – Construction Expenditure Met from Central Road Fund (Block Grant) in Grant No. 64 without routing it through the Fund in Public Account.

During the Exit Conference held on 19 December 2025, the Commissioner and Secretary to the Government of Assam, Finance Department, took note of the audit observations and stated that the prescribed accounting procedure would be reviewed in consultation with the Office of the Accountant General (A&E), Assam.

### 3.15.2 Consolidated Sinking Fund

The State Government had set up the Sinking Fund in line with the recommendations of the Twelfth Finance Commission (12<sup>th</sup> 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 ₹ 661.66 crore, which was 0.5 *per cent* of the outstanding liabilities as of 31 March 2024 (₹ 1,32,331.28 crore).

Against this, the total receipt in the Fund was ₹ 3,513.06 crore (Government contribution: ₹ 3,000 crore; accrued interest earned on investment: ₹ 483.72 crore; and interest earned on disinvestment: ₹ 29.34 crore). The State Government dis-invested ₹ 1,900.00 crore from the fund account during 2024-25 for redemption of Open Market Loan. The total accumulation of the Fund was ₹ 7,523.13 crore as on 31 March 2025 of which ₹ 7,515.89 crore was invested by the Reserve Bank of India.

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.

### 3.15.3 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. The Government of Assam vide Gazette Notification dated 30 January 2024, issued a Revised “Scheme for Constitution and Administration of Guarantee Redemption Fund for Government of Assam”.

The notification stipulates that the Government should make conscious efforts towards building up the GRF corpus to five *per cent* of the outstanding guarantees within a span

of five years. It is open to the Government to increase the contributions to the Fund at its discretion and also based on its assessment of likely invocation of guarantees. The balance in the Fund shall be increased with periodic contributions made annually or at shorter intervals.

As on 31 March 2025, the total amount lying in the Fund was ₹ 91.87 crore (including the accrued interest of ₹ 6.43 crore for 2024-25) which was 3.42 *per cent* of the total outstanding guarantee of ₹ 2,690.09 crore, and the entire amount was invested by the Reserve Bank of India.

### **3.16 Follow up action on State Finances Audit Report**

#### **3.16.1 Suo-moto Action Taken Notes**

In the Audit Reports on the Finances of Government of Assam, the Comptroller and Auditor General of India has been flagging issues of concern relating to various aspects of financial and budgetary management, areas of non-compliance with the prescribed procedures, rules and regulations, *etc.* by the State Government Departments/ authorities. These Reports can achieve the desired results only when they evoke positive and adequate response from the Government/ administration itself. To ensure accountability of the executive with regard to the issues contained in the Audit Reports, the Public Accounts Committee (PAC) of Assam Legislative Assembly issued instructions (September 1994) for submission of *suo-motu* Action Taken Notes (ATNs) by the administrative departments concerned within three months of presentation of the Audit Reports to the State Legislature. However, this is not being complied with by most Departments.

#### **3.16.2 Discussion of SFAR and Appropriation Accounts by the PAC**

The PAC discussed the audit observations that featured in the State Finances Audit Report for the year ended 31 March 2018 with the Principal Secretary of the Finance Department on 19 November 2019 and obtained a written response from him in this regard. The Report of the PAC thereon is awaited (October 2025).

Further, the PAC discussed on two separate occasions (February 2020 and February 2021) the issue of excess expenditure reported in Appropriation Accounts of different years and issued 13 recommendations *vide* its 161<sup>st</sup> and 169<sup>th</sup> Reports placed before the State Legislature on 24 March 2020 and 11 February 2021 respectively, asking the departments to furnish Action Taken Report (ATR) in three cases. But only two Action Taken Reports have been submitted as of October 2025.

### 3.17 Conclusion

- The State Government short contributed ₹ 508.88 crore to National Pension System since inception of the Scheme creating an avoidable future liability to the Government. As on 01 April 2024, an amount of ₹ 318.65 crore remained in the Public Account on which interest of ₹ 17.05 crore was payable in 2024-25. Delay in transferring deducted contributions as well as short contribution of the State Government undermines the financial security of government employees, as their retirement savings are neither fully matched nor timely invested, potentially impacting the returns they receive.
- Utilisation Certificates in respect of grants aggregating to ₹ 20,736.09 crore (6,545 UCs) due up to 31 March 2025 had not been submitted. In absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given, and the assets had been created.
- As of 31 March 2025, 39 State Departments had not submitted DCC bills for ₹ 753.61 crore against 1,222 AC Bills. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs and Controlling Officers for ensuring submission of DCC bills.
- During the year 2024-25, ₹ 15,195.07 crore under 70 Major Heads of account, constituting 12.03 *per cent* of the total Revenue and Capital expenditure (₹ 1,26,312.16 crore) was classified under the Minor Head-800 – Other Expenditure in the accounts. Of these, ₹ 1,050.73 crore under nine Heads of account (expenditure more than ₹ 20 crore) were classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.
- During the year, receipt amounting to ₹ 90,596 crore (65.52 *per cent* of total receipt of ₹ 1,38,280 crore) and disbursement amounting to of ₹ 93,034 crore (64.91 *per cent* of the total expenditure of ₹ 1,43,330 crore) were reconciled. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard may entail the risk of misclassification and incorrect booking of both receipts and expenditure in the accounts.
- As on 31 March 2025, there were 494 annual accounts of 75 Autonomous Councils/ Development Councils/ Government Bodies/ Authorities and 240 annual accounts of 44 State Public Sector Undertaking (due up to 2024-25) pending for submission to the CAG for audit. Delayed rendering of accounts by the account rendering units/ authorities distorted the accurate depiction of monthly transactions of the State and impacted effective budgetary management and diluted accountability of these Bodies.

- As on 01 April 2024, the State had a balance of ₹ 527.69 crore lying in the State Disaster Response Fund and ₹ 170 crore lying in the State Disaster Mitigation Fund. Government of Assam had neither invested the balances in any instruments specified in the Guidelines, nor had it paid the half-yearly interest on the balance lying in the Funds in violation of SDRF/ SD MF Guidelines. The unpaid interest of ₹ 101.01 crore on account of SDRF and ₹ 27.06 on account of SD MF by GoA led to understatement of Revenue Deficit to that extent (during 2024-25) and accumulated liabilities for future.

### 3.18 Good Practices

1. The Commissioner and Secretary, Finance Department, convened a series of meetings regarding clearance of outstanding UCs and pending DCC bills on 13-14 October 2025. All Departments were instructed to submit 50 *per cent* of pending UCs by 30 November 2025, with a target of 100 *per cent* clearance by the end of December 2025. Further, the Finance Department directed all Departments to submit their respective pending DCC bills to the Office of the AG (A&E), Assam.
2. The Finance Department took up the issue of pending accounts of various Autonomous Bodies/ District Councils and SPSEs in a series of meeting convened on 20 September 2025 with various Departments. Further, eight out of a total of 16 non-working State PSUs have been struck off from the Register of the Companies pursuant to sub-section (5) of Section 248 of the Companies Act, 2013.
3. The total number of pending DCC bills against AC bills drawn showed a slight reduction from 1,316 pending DCC bills up to 31 March 2024 to 1,222 pending DCC bills up to 31 March 2025.

### 3.19 Recommendations

- i. State Government may institute a monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of UCs, DCC bills and accounts for audit.*
- ii. State Government should review the classification of schemes being made under the omnibus Minor Head 800 in the light of their depiction in the LMMHA and after consultation with the Accountant General (A&E), classify them appropriately as per existing LMMHA, or seek addition of new Minor Heads, to bring transparency in Accounts.*
- iii. Internal control mechanism needs to be strengthened, and the Government needs to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.*
- iv. The State Government may draw up a concrete plan to clear arrears in Accounts of persistently delaying/ defaulting Autonomous District Councils (ADCs) and other Government bodies. Disbursal of financial assistance to ADCs/*

*Autonomous Bodies of the State may be linked to improvement in finalisation of their Accounts.*

- v. *The State Government may invest the balances lying in the State Disaster Response Fund and State Disaster Mitigation Fund as per their respective Guidelines.*



**(KUMAR ABHAY)**  
**Accountant General (Audit), Assam**

**Guwahati**  
**The 24 February 2026**

*Countersigned*



**(K. SANJAY MURTHY)**  
**Comptroller and Auditor General of India**

**New Delhi**  
**The 03 March 2026**