

GOVERNMENT OF ASSAM FINANCE DEPARTMENT

**Statements laid before the Assam Legislative
Assembly as required under the Assam Fiscal
Responsibility and Budget Management Act, 2005**

2022-2023

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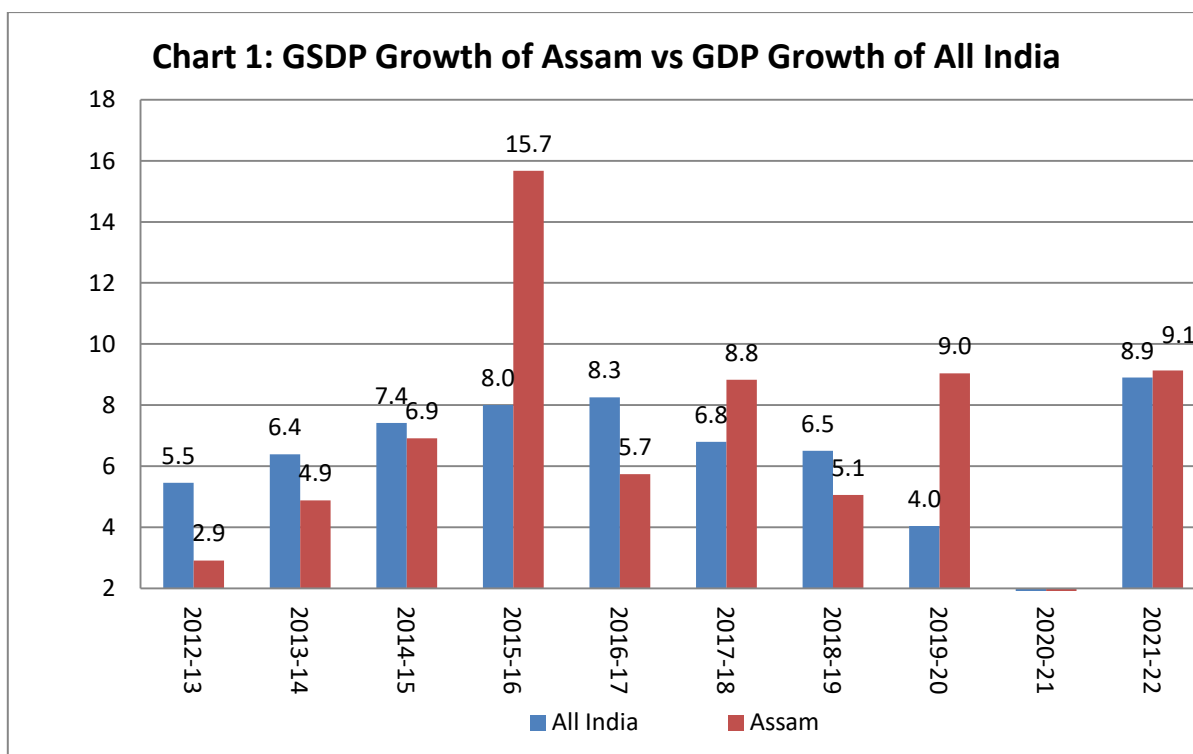
PREFACE

The Government of Assam (GoA) enacted the Fiscal Responsibility and Budget Management (AFRBM) Act in May 2005, which came into force from September 1, 2005 to ensure fiscal stability, sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources, remove the impediments for effective conduct of fiscal policy and prudent debt management for improving social and physical infrastructure and human development in the State. Under Section 3 of the Act, the GoA is required to submit in the State Legislative Assembly a five Year Rolling Fiscal Plan with objectives of the State Government along with relevant fiscal indicators, a statement on recent economic trends and future prospects for growth and development affecting the fiscal position of the State.

Accordingly, a Statement is therefore laid before the State Legislative Assembly in compliance with the above statutory requirements. A Medium Term Fiscal Policy (MTFP) 2023-2028 is also placed along with this Statement, which takes into cognizance the key challenges on revenue flows in the GST regime coupled with current economic scenario and the expenditure management.

I. OVERVIEW OF THE INDIAN ECONOMY

The International Monetary Fund (IMF) has projected that the world economy will tilt towards downside risk and accordingly the Global growth is expected to moderate from 5.9 per cent in 2021 to 4.4 per cent in 2022. However, the IMF in its January 2022 WEO has projected the real GDP growth of India at 9.0 per cent in both 2021-22 and 2022-23. On the other hand, the Central Statistics Office (CSO) has estimated in its Second Advance Estimate at constant (2011-12) prices at 8.9 percent during 2021-22 as compared with a negative 6.6 per cent growth estimated for 2020-21. As per the CSO, at current prices, the GDP is projected to grow at a higher rate of 19.4 per cent during 2021-22 as compared with a negative 1.4 per cent growth projected for 2020-21 (Chart 1).



As per Second Advance Estimate of national income released by the CSO on February 28, 2022, the Gross Value Added (GVA) at constant prices (2011-12) is projected to grow at 8.3 per cent during 2021-22 as compared with a negative 4.8 percent growth projected for 2020-21. Similarly, the GVA at current prices has also estimated to grow at a higher rate of 18.3 per cent during 2021-22 as compared with a negative 1.6 per cent growth recorded during 2020-21. Negative growth in GVA during 2020-21 was mainly on account of Covid-19

pandemic which devastated all the economic activities in the country in tandem with the world economy.

According to the Second Advance Estimate, sector-wise analysis reveals that the GVA at constant prices for 2021-22 from Agriculture, Forestry and Fishing sector is estimated to grow by the same rate 3.3 per cent as compared with 3.3 per cent growth recorded in 2020-21. The GVA for Mining and Quarrying sector is estimated to grow positively at a higher rate of 12.6 per cent during 2021-22 as compared with a negative 8.6 per cent growth projected for 2020-21. The GVA of Manufacturing sector is estimated to grow at a higher rate at 10.5 per cent during 2021-22 as compared with a negative 0.6 per cent in 2020-21. Electricity, Gas, Water Supply and Other Utility Services is estimated to grow at 7.8 per cent during 2021-22 as compared to a negative growth of 3.6 per cent in 2020-21. The Construction sector GVA is also projected to grow at a higher rate at 10.0 per cent for 2021-22 when compared with a negative 7.3 per cent estimated for 2020-21. The estimated growth in GVA for Trade, Hotels, Transport, Communication and Broadcasting services during 2021-22 is placed higher at 11.6 per cent by the CSO as against a higher negative growth of 20.2 per cent in the previous year. On the other hand, Financial, Real Estate and Professional Services has estimated to grow at 4.3 per cent during 2021-22 as compared with 2.2 per cent growth recorded in 2020-21. Public Administration, Defence and other Services is estimated to grow at the higher level at 12.5 per cent during 2021-22 as compared with a negative growth of 5.5 per cent estimated for the previous year. Overall, all the sectors are estimated to grow at a higher rate during 2021-22 as compared with all the sectors recorded negative growth during the previous year.

The size of the Indian economy is estimated at little more than US\$ 3.0 trillion in 2021-22. Although the march towards the milestone of achieving US\$ 5 trillion economy by FY 2026 or FY 2027 has, however, been challenged by less than expected growth of India's GDP during 2020-21 on the back of Covid-19 pandemic and the associated decline in world output. India's past record of growth with macroeconomic stability over the last several years as has been seen from the annual average growth rate of about 6.7 per cent during 2015-16 to 2019-20, the economy will be poised for a rebound towards the goal.

II. AN OVERVIEW OF THE STATE ECONOMY

AREA AND POPULATION

Assam is situated in the North-East region of India, bordering seven States viz., Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and West Bengal and two countries viz., Bangladesh and Bhutan. The geographical area of the State is 78,438 sq. Km of which 98.4 percent area is rural. Assam shares about 2.4 percent of the country's total geographical area and provides shelter to 2.6 percent population of the Country. Assam is a state of heterogeneous population with socio-cultural and ethnic diversity. According to 2011 Census of India, population of Assam stands at 312.05 lakh of which 159.39 lakh are male and 152.66 lakh are female. The decadal growth of the State's population works out at 17.07 percent during the decade 2001–2011 as against 17.68 percent for the country as a whole. Out of the total 312.06 lakh population of the State, 86 percent population lives in rural areas and 14 percent population lives in urban areas. While the percentage of rural population of the State stands much higher compared to All-India average (69 percent), the proportion of urban population in the State has increased from 12.9 percent in 2001 to 14 percent in Assam.

The density of the population of Assam has increased to 398 persons in 2011 from 340 persons in 2001 Census or on an average, 58 more people inhabit every square kilometer in the State as compared to a decade ago and the density in Assam is higher than all India average of 382 persons. The sex ratio of Assam has increased to 958 female per 1000 male in 2011 from 935 in 2001 (All India average at 943 female per 1000 male). Compared to overall sex ratio of the State, the Child sex ratio (age-group 0-6 years) has gradually declined from 975 in 2001 to 962 in 2011. On the other hand, sex ratio at birth (0-1) in Assam as per 2011 Census was calculated at 957 female per 1000 male.

STATE DOMESTIC PRODUCT

The economy is measured in terms of Gross State Domestic Product (GSDP) both at current and constant prices. It serves as an indicator for measuring the economic prosperity of the state and to study the structural changes taking place in the economy. The SDP and other related macroeconomic aggregates are useful to meet the financial requirement of the Government apart from planning and policy formulations. The estimate of State Domestic Product reveals the extent and direction of changes in the levels of economic development of the state over a period of time.

During the period of last three years i.e. 2018-19 to 2021-22, the State achieved annual average growth rate of 6.17% in terms of Gross State Domestic Product (GSDP) at constant (2011-12) prices reflected a moderate growth of the State Economy despite the state facing COVID-19 pandemic along with the rest of Country and the world. During this period,

the agriculture and allied sector achieved a favourable growth rate of 13.04 percent as against 2.43 percent and 4.48 percent in industry and service sector respectively. During the lock down period, the industry and service sector had been adversely affected where human activities were involved, resulted lower growth rate in these sectors. During this period of 2018-19 to 2021-22 at current prices, annual average growth rate of GSDP is estimated to attain at the level of 13.43 percent.

As according to quick estimates for 2021-22, Gross State Domestic Product (GSDP) of the state of Assam at current prices has recorded at 433925.44 crore as against 381003.97 crore in 2020-21 reflecting a growth of 13.89 percent. GSDP at constant (2011-12) prices is estimated at Rs. 273836.71 crore for 2021-22 as compared to Rs.250922.83crore for 2020-21.Quick estimates shows that the State economy is expected to witness real GSDP expansion of 9.13 per cent in 2021-22 after contracting in 2020-21. This implies that overall economic activity has recovered from past pandemic levels.

As per quick estimates for 2021-22, Net State Domestic Product (NSDP) of the state of Assam at current prices has estimated at 373075.79 crore as against 333991.49 crore in 2020-21 reflecting a growth of 11.70 percent. NSDP at constant (2011-12) prices is estimated at Rs. 239372.85 crore for 2021-22 as compared to Rs. 221521.15 crore for 2020-21 registering a growth of 8.06 percent.

The GSDP and NSDP of Assam at both current and constant prices during the period from 2016-17 to 2021-22 (Q.E) is presented in Table-2.1.

Table : 2.1					
(Rs. in crore)					
Sl. No	Year	GSDP		NSDP	
		Current prices	Constant prices (2011-12)	Current prices	Constant prices (2011-12)
1	2016-17	254320.86	200790.00	225901.49	176790.28
2	2017-18	278710.10	211175.80	246150.79	185667.39
3	2018-19	309336.32	231039.56	276624.76	204627.05
4	2019-20(P.E)	377404.81	251923.50	332142.48	223483.22
5	2020-21(2nd P.E)	381003.97	250922.83	333991.49	221521.15
6	2021-22(Q.E)	433925.44	273836.71	373075.79	239372.85

P.E-Provisional Estimates, Q.E-Quick Estimates

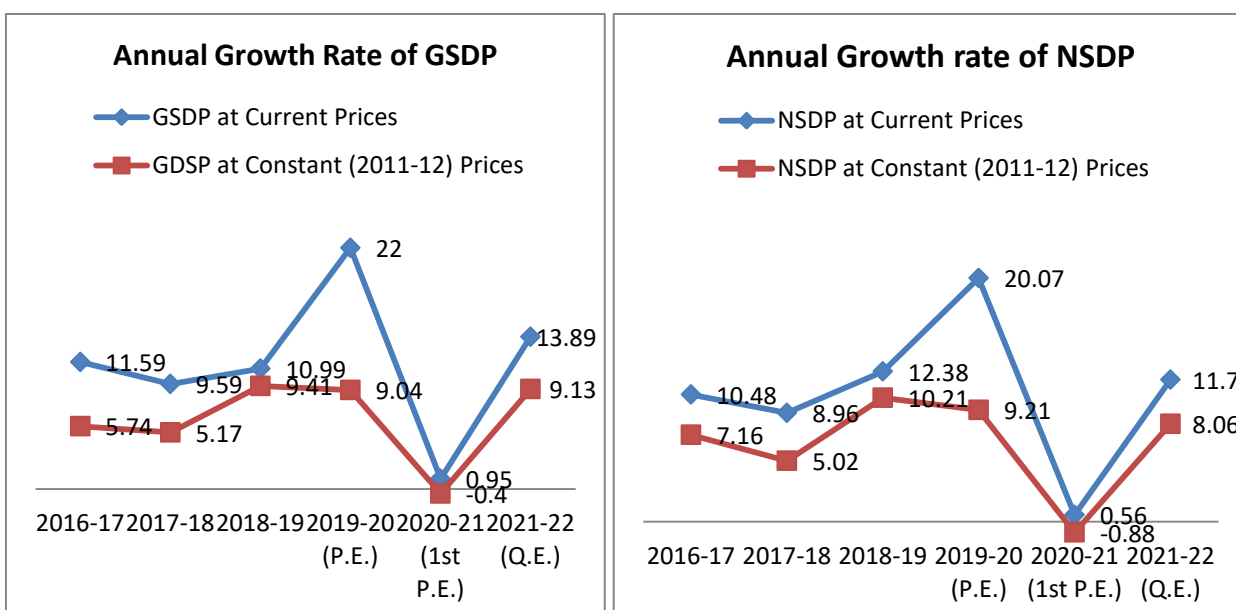
Source: Directorate of Economics and Statistics, Assam

The annual growth rate in terms of GSDP and NSDP of Assam during the period from 2016-17 to 2021-22(Q.E) at both current and constant prices is presented in Table: 2.2.

TABLE- 2.2					
Annual growth rate of GSDP and NSDP of Assam (in percentage)					
Sl. No.	Year	GSDP		NSDP	
		Current Prices	Constant (2011-12) Prices	Current Prices	Constant (2011-12) Prices
1	2016-17	11.59	5.74	10.48	7.16
2	2017-18	9.59	5.17	8.96	5.02
3	2018-19	10.99	9.41	12.38	10.21
4	2019-20 (P.E.)	22.00	9.04	20.07	9.21
5	2020-21 (1st P.E.)	0.95	-0.40	0.56	-0.88
6	2021-22 (Q.E.)	13.89	9.13	11.70	8.06

Source: Directorate of Economics and Statistics, Assam

From table-2.2, it is expected that annual growth rate of GSDP both at current and constant prices for 2021-22(Q.E.) will achieve at 13.89 percent and 9.13 percent over the preceding year respectively. During the same year, NSDP at current prices has achieved annual growth rate of 11.70 percent and 8.06 percent at constant (2011-12) prices over the previous year respectively. It reflected that the State economy has recovered over the previous year. The negative growth rate was recorded in terms of GSDP and NSDP at constant prices (2011-12) during the year 2020-21(1st P.E) as -0.40 percent and -0.88 percent respectively which is mainly caused by acute pandemic COVID-19 prevailing in the year effecting the economic activities of all sectors of the state adversely and irresistibly.



Sectoral Annual Average Growth Rate

The sectoral annual average growth rate in terms of GVA at constant (2011-12) prices during the period from 2011-12 to 2021-22 is shown in Table: 2.3.

The average annual percentage growth rate in respect of GSDP at constant prices during the period from 2011-12 to 2021-22(Q.E) is recorded at 15.70 percent in Electricity, Gas, Water Supply and other utility services which is highest amongst all the sub-sectors of economy, followed by manufacturing (13.20 percent), Other services (12.40 percent), mining and quarrying (11.37 percent) and public administration (10.13 percent) respectively.

Table:2.3				
Sectoral Annual Average Growth Rate in terms of GVA at constant (2011-12) prices during a decade				
New base (2011-12) series				
(Rs. In Lakh)				
Sl. No.	Sector	2011-12	2021-22 (Q.E)	Annual Average Growth Rate (in %)
1	Agriculture, Livestock ,Forestry and Fishing	2848113	5061857	7.77
2	Mining & Quarrying	1464989	3130604	11.37
A	Primary	4313102	8192461	8.99
3	Manufacturing	1540255	3573913	13.20
4	Electricity, Gas, Water Supply and other utility services	191883	493090	15.70
5	Construction	1188747	2123773	7.87
B	Secondary	2920885	6190776	11.19
6	Trade, Repair, Hotels & Restaurants	2045676	2204624	0.78
7	Transport, Storage, Communication and services related to broadcasting	810091	1433865	7.70
8	Financial Services	427077	831906	9.48
9	Real Estate, Ownership of dwelling & Professional Services	1112543	1177697	0.59
10	Public Administration	821723	1654461	10.13
11	Other Services	1077923	2414347	12.40
C	Tertiary	6295033	9716900	5.44
12	Total GSVA at Basic Prices	13529020	24100137	7.81
13	Taxes on Products	1203476	3647901	20.31
14	Subsidies on Products	415005	364367	-1.22
15	Gross State Domestic Product	14317491	27383671	9.13

Source: Directorate of Economics and Statistics, Assam

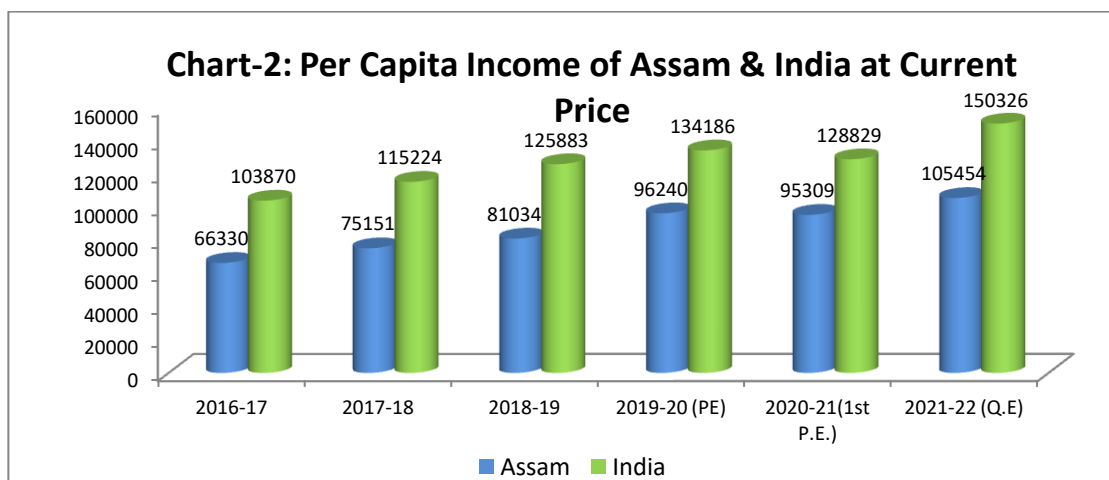
Per Capita Income

The per capita income of the State in terms of NSDP at constant (2011-12) prices is estimated at Rs. 67661.00 for the year 2021-22 (Q.E)) as against Rs.63214.00 in 2020-21 (1st P.E)) with an increase of 7.03 percent. The average annual growth during the period from 2011-12 to 2021-22 is estimated at 6.45 percent. The per capita NSDP at current prices for the year 2021-22 (Q.E) is estimated at Rs.105454.00 as against Rs.95309.00 in 2020-21(1st P.E) registering a growth of 10.64 percent.

Table-2.4				
Per Capita Income of Assam and All India				
In Rs.				
Year	Assam		India	
	Current Prices	Constant (2011-12) Prices	Current Prices	Constant (2011-12) Prices
2011-12	41142	41142	63462	63462
2012-13	44599	41609	70983	65538
2013-14	49734	43002	79118	68572
2014-15	52895	44809	86647	72805
2015-16	60817	50642	94797	77659
2016-17	66330	53575	103870	83003
2017-18	75151	57835	115224	87586
2018-19	81034	59943	125883	92241
2019-20 (PE)	96240	64755	134186	94566
2020-21(1st P.E.)	95309	63214	128829	86659
2021-22 (Q.E)	105454	67661	150326	93973

Source: Directorate of Economics and Statistics, Assam and MoSPI, Govt. of India

Per Capita income of Assam and India at current price is shown in the following Line Diagram.



SECTORAL COMPOSITION OF GSDP:

The sectoral composition of State Domestic Product (SDP) depicts the contribution of different sectors in percentage in the economy over a period of time which not only indicates the real structural changes taking place in the economy but also facilitates formulation of various plans and programmes for overall economic development of the State.

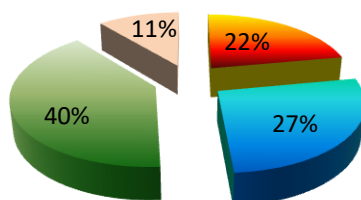
Table:-2.5					
Sectoral Composition of GSDP at Current Prices (In Percentage)					
Sector	2011-12 (Base year)	2018-19	2019-20 (P.E.)	2020-21 (1st P.E.)	2021-22 (Q.E.)
Agriculture and Allied Activities	19.89	16.28	20.56	22.32	22.07
Industry	30.63	32.50	28.84	27.28	26.90
Service	43.97	42.43	41.90	40.41	40.00
Taxes & Subsidies	5.51	8.79	8.70	10.00	11.03

Source: Directorate of Economics and Statistics, Assam

Table:-2.6					
Sectoral Composition of GSDP at constant (2011-12) Prices (In Percentage)					
Sector	2011-12 (Base year)	2018-19	2019-20 (P.E.)	2020-21 (1st P.E.)	2021-22 (Q.E.)
Agriculture and Allied Activities	19.89	15.75	17.79	19.05	18.48
Industry	30.63	37.60	35.51	33.55	34.04
Service	43.97	37.08	36.75	36.11	35.48
Taxes & Subsidies	5.51	9.57	9.95	11.29	11.99

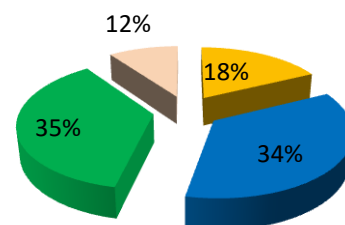
Source: Directorate of Economics and Statistics, Assam

Sectoral composition of GSDP at current prices for 2021-22(Q.E)



- Agriculture and Allied Activities
- Industry
- Service
- Taxes & Subsidies

Sectoral composition of GSDP at constant (2011-12) prices for 2021-22(Q.E)



- Agriculture and Allied Activities
- Industry
- Service
- Taxes & Subsidies

As per Quick Estimates for 2021-22, the percentage contribution of agriculture & allied sector, industry, service and taxes & subsidies to GSDP of Assam at current prices have estimated at 22.07 percent, 26.90 percent, 40.00 percent and 11.03 percent as compared to 19.89 percent, 30.63 percent, 43.97 percent and 5.51 percent respectively in the year 2011-12 i.e. during the period of ten years. The reason of increase in contribution of agriculture and allied sector to GSDP both at current and constant prices is revision of prices of various items, inclusion of new items and capturing data in large scale and mitigation of previous data gap . The contribution of Industry sector has been increasing over the time.

III. STATE FINANCES: FRBM & FISCAL CORRECTION PATH

(Under Rule 3(4)(b)& 3(4)(c) of AFRBM Act, 2005)

Fiscal Scenario

Own Tax Revenue

State's own tax revenue registered a growth of 7% in 2015-16. The State started to turn around its own tax revenue growth in 2016-17. During 2017-18 growth in own tax revenue had declined due to introduction of GST and corresponding changes in policy. GST has subsumed most of the Central and States taxes on supply of goods and services. The subsumation of five major taxes, i.e., VAT, CST, Entry Tax, Luxury and Amusement & Betting Tax under GST has brought about a paradigm shift in the taxing power of both Centre and the State. About 71% of the State's tax revenue has got pooled into GST leaving very little scope with the State Government to augment its revenue from GST by way of tweaking of GST rates since such power is vested in GST Council.

The high rate of growth in Own Tax Revenue of the state in 2018-19 is due to increase in collection from petroleum product and more receipt of GST with Advanced Settlement.

The decline in growth rate of OTR in 2019-20 may be associated with the decline in price of petroleum product, less collection of VAT/CST and less receipt of GST with Advance Settlement. The growth rate declined further in 2020-21 due to adverse effect of Covid-19 pandemic.

Table 3.1: Growth of Own Tax Revenue of Assam		
(Rs. in Crore)		
Year	Own Tax	Growth (%)
2014-15	9449.81	
2015-16	10106.5	7
2016-17	12079.56	20
2017-18	13215.52	9
2018-19	15924.85	20.5
2019-20	16528.69	3.8
2020-21 (PA)	17133.61	3.66

Source: Finance Accounts

Non-Tax Revenue

The collection of Non-Tax Revenue has shown significant improvement from 2016-17 to 2018-19 which is mainly for obtaining arrear royalty from Govt. of India. The growth of Non-Tax Revenue decreased in 2017-18. However, it showed an increasing trend in 2018-19 with a growth of around 102%. The growth rate in 2019-20 is 8.9%. The reason for declining growth rate in 2019-20 may be attributed to the fact that no arrear payment towards royalty has been made during this year. The growth rate showed tremendous decline in 2020-21. However, no standard pattern emerged in the non-tax revenue collection during the recent period (Table 3.2). The non-tax receipts in 2016-17 and in 2018-19 are higher due to receipt of arrears of oil royalty.

Table 3.2: Growth of Own Non-Tax Revenue of Assam		
(Rs. In Crore)		
Year	Non-Tax	Growth (%)
2014-15	2412.88	
2015-16	2741.56	14
2016-17	4353.12	59
2017-18	4071.97	-6
2018-19	8221.29	102
2019-20	5539.35	-33
2020-21(PA)	2899.61	-48

Source: Finance Accounts

Revenue Expenditure

The expenditure of the Govt of Assam has been increasing steadily during the recent period on account of increase in administrative expenditure (Table 3.3) and increase in maintenance cost of capital assets, creation of six Autonomous Councils and thirty three Development Councils and long drawn insurgency problem in the State. However, for each year, ratio of Development Expenditure to Total Revenue Expenditure is more than the ratio of Non-Development expenditure to Total Revenue Expenditure. Revenue expenditure showed an increasing growth rate during 2019-20, due to COVID-19 pandemic effects. However, it has been decreased considerably during 2020-21.

Table 3.3: Revenue Expenditure of Assam							
(Rs. in Core)							
Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (PA)
Total Expenditure	39078.17	37011.42	49362.72	55480.94	56899	65817.3	64519.6
Developmental Expenditure	25564.93	24120.3	31868.51	33565.08	35811.37	43358.7	41547.2
Non-Developmental Expenditure	12519.74	12515.96	16841.85	21790.81	20813.74	22092.3	22595.5
Grants-In-Aid And Contributions(GIA)	993.5	375.16	652.36	125.05	273.89	366.23	376.95
Developmental Expenditure as percent of TRE	65.41	65.17	64.56	60.5	62.94	65.88	64.39
Non-Developmental Expenditure as percent of TRE	32.03	33.81	34.11	39.28	36.58	33.57	35.02
GIA as per cent of TRE	2.54	1.01	1.32	0.23	0.48	0.56	0.58
Growth Rate(TRE)	22.2	-5.3	33.4	12.4	2.56	15.67	-1.98

Source: Finance Accounts

Capital Expenditure

The state's capital expenditure indicates the level of investment made for development purposes, which helps in accelerating the economic development. Contraction of revenue expenditure to the extent possible generates surplus funds for capital investment. Trend relating to share of revenue expenditure and share of capital expenditure in the total expenditure for the period from 2014-15 is indicated in the Table below.

Table 3.4: Ratio of Revenue Expenditure and Capital Expenditure to Total Expenditure						
(Rs. in Crore)						
Year	Revenue Expenditure	Non-Debt Capital Expenditure	Total Expenditure	% Share of Revenue Expenditure	% Share of Capital Expenditure	Capital Expenditure as % of GSDP
2014-15	39078.17	3912.27	43621.16	89.59	8.97	2
2015-16	37011.42	2690.91	39962.42	92.62	6.73	1.18
2016-17	49362.72	5502.08	55364.18	89.16	9.94	2.16
2017-18	55480.94	7692.84	63427.85	87.47	12.13	2.76
2018-19	56899	11034.08	68261.15	83.35	16.16	3.57
2019-20	65817.28	13185.42	79318.86	82.98	16.62	3.49
2020-21 (PA)	64519.59	12399.39	77006.78	83.78	16.1	3.25

From the above table, it has been observed that share of revenue expenditure in total expenditure has declined from 93% in 2015-16 to 83% during 2019-20. On the other hand, Capital expenditure trend has been upward since 2016-17 onwards i.e., 10% and 12% during 2016-17 and 2017-18 respectively against 7% during 2015-16. The Trend continued and the percentage share of Capital expenditure to total expenditure is recorded at 17% in 2019-20. The percentage of capital expenditure to GSDP has also improved, registering 2.16% and 2.76% during 2016-17 and 2017-18 respectively against 1.18 % during 2015-16. For 2019-20, the said figure was 3.49%.

During 2020-21, percent share of Capital expenditure in Total Expenditure slightly declined and for this year, percentage of capital expenditure to GSDP was recorded as 3.25. However, MoF, Government of India has offered Financial assistance under “Special Assistance for Schemes under Capital Expenditure’ and Govt. of Assam has taken various initiatives to boost up expenditure under Capital investment. This would definitely help to improve the figures in future.

Gross Fiscal Deficit

The fiscal deficit of the Govt of Assam has started accelerating steeply from Rs. 5429.54 crore in 2014-15 to Rs.9,292.21 crore in 2017-18 mainly on account of significant increase in Capital Expenditure and steady increase in Revenue Expenditure as against marginal increase in own tax revenue coupled with near stagnant own non-tax revenue collections. In 2018-19, however, Fiscal Deficit decelerated to Rs.4,779.06 Cr with increase in own tax and own non-tax revenue collections, keeping the figure well within the limit prescribed in AFRBM Act,2005 and subsequent amendments.

During the FY 2019-20, Fiscal Deficit as a percentage of GSDP had crossed 3%, the limit prescribed under Assam Fiscal Responsibility and Budget Management Act, 2011 as well as Amended Act, 2017, due to decline in Revenue Receipt as a result of non-receipt of Central share of taxes as per estimated amount of the same reflected in the Union Budget, 2019-20.

The 14th Finance Commission recommended an amount of Rs.34374 crore as Share of Central Taxes for the State of Assam for 2019-20. However, the Union Government has provided an amount of Rs.26790 crore in 2019-20 Union Budget for the same, which has been revised to Rs.23,670 crore. But Actual receipt is Rs. 21721.44Cr, which is even lesser than the amount of Rs. 22301.54Cr. received in 2017-18 and than that received in 2018-19 (Rs. 25215.85 Cr.).To compensate this loss , Govt. of India has allowed additional borrowing of Rs. 1949 Crore during 2019-20 and the AFRBM Act has been amended accordingly.

For 2021-22, over and above 3% of GSDP, Govt. of India allowed additional borrowing of 2% of GSDP to overcome revenue loss due to COVID-19 Pandemic and the AFRBM Act has been suitably amended to accommodate the additional space.

For 2021-22, the 15th Finance Commission has recommended fiscal deficit to be restricted within 4% of GSDP. However, Govt. of India has allowed up to 4.5 % of GSDP under certain performance conditions linked to Incremental Capital Expenditure and Power Sector Reforms. The existing AFRMB Act has been amended accordingly.

For 2022-23, Govt. of India has allowed borrowing limit as 4% of GSDP of which 3.5% is unconditional and additional borrowing of 0.5% of GSDP is linked to Power Sector Reforms. On the basis of recommendation of the 15th Finance Commission, the Govt. of India has allowed additional borrowing of 0.5% of GSDP linked to Power Sector Reforms from 2022-23 to 2024-25. The Honourable Cabinet has already approved necessary amendment in the existing AFRMB Act, 2005 for the purpose and the Amendment Bill has already been introduced in the Assam Legislative Assembly.

Table 3.5: Gross Fiscal Deficit		
Year	Gross Fiscal Deficit(Rs. in Crore)	Fiscal deficit as % of GSDP
2014-15	5429.54	2.77
2015-16	-3005.47	-1.15
2016-17	6125.77	2.41
2017-18	9292.21	3.33
2018-19	4779.06	1.54
2019-20	14815.80	3.93
2020-21 (PA)	11108.03	2.97

N.B.: (-ve sign indicates surplus)

Financing of Fiscal Deficit

During the recent past, financing of GFD through the National Small Savings Fund (NSSF) and Provident Fund has decelerated and as a consequence, open market borrowings have increased. As recommended by the 14th Finance Commission, States have been excluded from the NSSF borrowings, which have also led to the move towards more market borrowings to finance the GFD.

FRBM and Fiscal Correction Path

The fiscal base and fiscal health of a State are directly related to the development of the State. Public Investment in the infrastructure expands the productive capacity of the economy and thus, expands the revenue generating potential of the State. The fiscal base is determined by the size of the economy, which can be expanded in the long run. Thus, in the medium term, the fiscal health of the State has to be improved so that the Government can

increase the development expenditure and expand the economic base of the state. Towards this objective, the debt management strategy is to be streamlined in alignment with medium term fiscal policy.

Five Year Rolling Fiscal Plan

The Thirteenth Finance Commission had revised the revenue and fiscal deficit targets for the five fiscal years from 2010-11 to 2014-15. The 14th Finance Commission has viewed that tax devolution should be the primary route of transfer of resources to States since it is formula based and thus conducive to sound fiscal federalism. However, to the extent that formula-based transfers do not meet the needs of specific States, they need to be supplemented by grants-in-aid on an assured basis and in a fair manner. They further recommended that fiscal deficit of all States will be anchored to an annual limit of 3 per cent of GSDP.

The Fourteenth Finance Commission recommended that Fiscal Deficit- GSDP ratio to be maintained at 3% during 2015-2020. However, the State will be eligible for flexibility subject to the fulfilment of the following:

- State will be eligible for flexibility at 0.25% provided its Debt-GSDP ratio of the preceding year is less than or equal to 25%.
- State will be eligible for additional borrowing of 0.25% of GSDP in a given year provided the interest payment are less than or equal to 10 percent of the revenue receipts in the preceding year.
- The two options under these flexibility provisions can be availed of by a State either separately, if any of the above criteria is fulfilled, or simultaneously if both the above stated criteria are fulfilled.
- The flexibility in availing the additional limit under either of the two options or both will be available to a State only if there is no revenue deficit in the previous year.
- Accordingly, an amendment of AFRBM Act, 2005 was introduced in the Budget Session of Assam Legislative Assembly, 2017-18. The said amendment received the assent of the Governor on 30th March, 2017 and notified vide gazette notification Dated 5th April, 2017.
- The 15th FC has also recommended that both central and state governments should focus on debt consolidation and comply with the fiscal deficit and debt levels as per their respective Fiscal Responsibility and Budget Management (FRBM) Acts. The Commission has also indicated the fiscal deficit-GSDP ratio limits as 4.5, 4.0, 3.5 for 2020-21, 2021-22 and 2022-23 respectively and 3.0 for 2024-25 and 2025-26.
- The fiscal indicators along with the budget for 2020-21 and the rolling targets for the next four years are placed in Annexure-I.

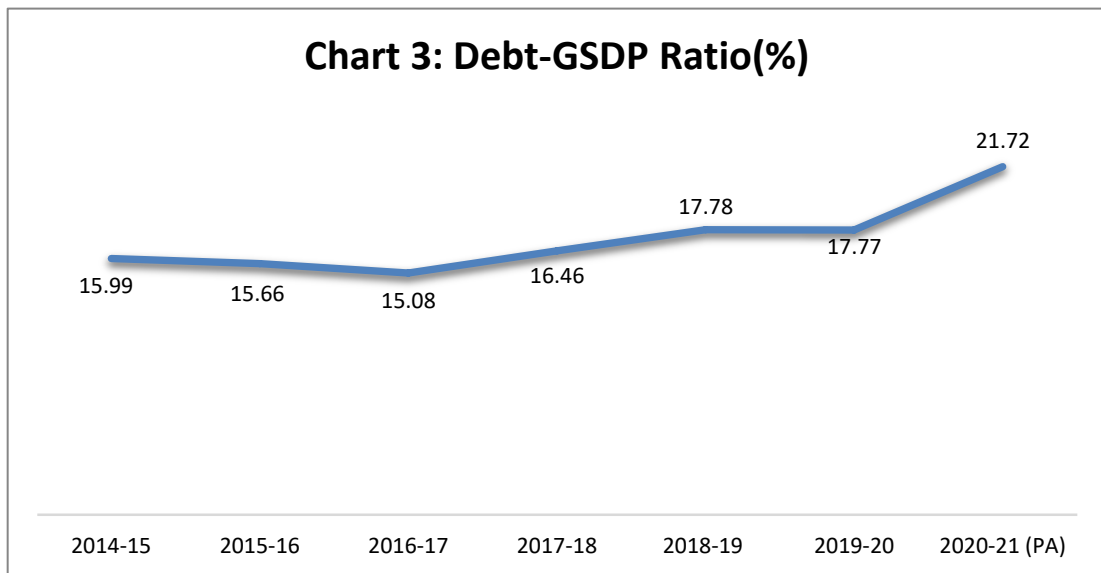
IV. Debt Management

Debt Structure

The outstanding debt of the Government of Assam (GoA) increased from Rs. 31300.99 Cr at the end of March, 2015 to Rs. 82741.07 Cr. at the end of March, 2021. However, the Debt to GSDP ratio of the state accelerated from 15.99 percent at end-March 2015 to (Table 4.1) to 21.72 percent at the end March, 2020-21 mainly due to increase in OMB and Institutional loan and lower growth of GSDP.

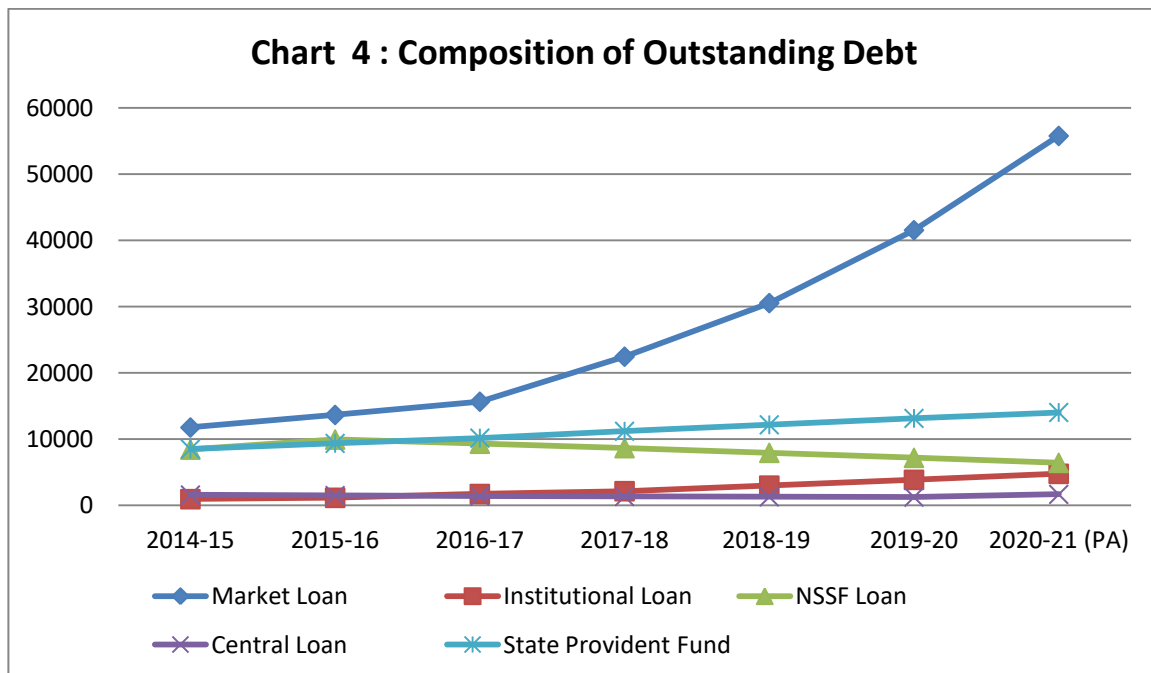
In view of COVID-19 pandemic situation Assam witnessed a sharp decline in the state's own revenue collection during 2020-21. However, the State has been managing its developmental expenditures mainly through Central Assistance in the form of grants-in-aid and capital borrowings. Assam has undertaken a number of developmental schemes, ranging from creation of durable capital assets, employment generation to social security measures. As a result, the State is compelled to borrow more from the market and other available sources, which has led to increase in our Debt to State Gross Domestic Product (GSDP) ratio over years. This has become more pronounced against the backdrop of almost stagnating GSDP due to COVID-19 pandemic which has limited our borrowing window. Hence, Outstanding Debt to GSDP ratio for Assam needs to be enhanced from 28.5% to 32%. The Honourable Cabinet has approved necessary amendment in the existing AFRMB Act for the purpose and the Amendment Bill will be introduced in the coming session of Assam Legislative Assembly.

Table 4.1: Debt Position and Debt-GSDP Ratio							
							(Rs.in Cr.)
Year	Market Loan	Institutional Loan	NSSF Loan	Central Loan	State Provident Fund	Yearend total outstanding debt	Debt-GSDP Ratio (%)
2014-15	11777.45	962.06	8447.10	1591.65	8522.73	31300.99	15.99
2015-16	13674.20	1165.26	9959.73	1508.15	9382.87	35690.22	15.66
2016-17	15668.54	1738.56	9329.55	1429.78	10179.33	38345.76	15.08
2017-18	22465.41	2164.24	8664.08	1361.18	11206.99	45861.87	16.46
2018-19	30554.77	3001.78	7954.58	1309.07	12188.05	55008.25	17.78
2019-20	41551.01	3876.59	7199.62	1270.29	13156.52	67054.02	17.77
2020-21 (PA)	55781.01	4785.36	6444.66	1684.68	14045.37	82741.07	21.72



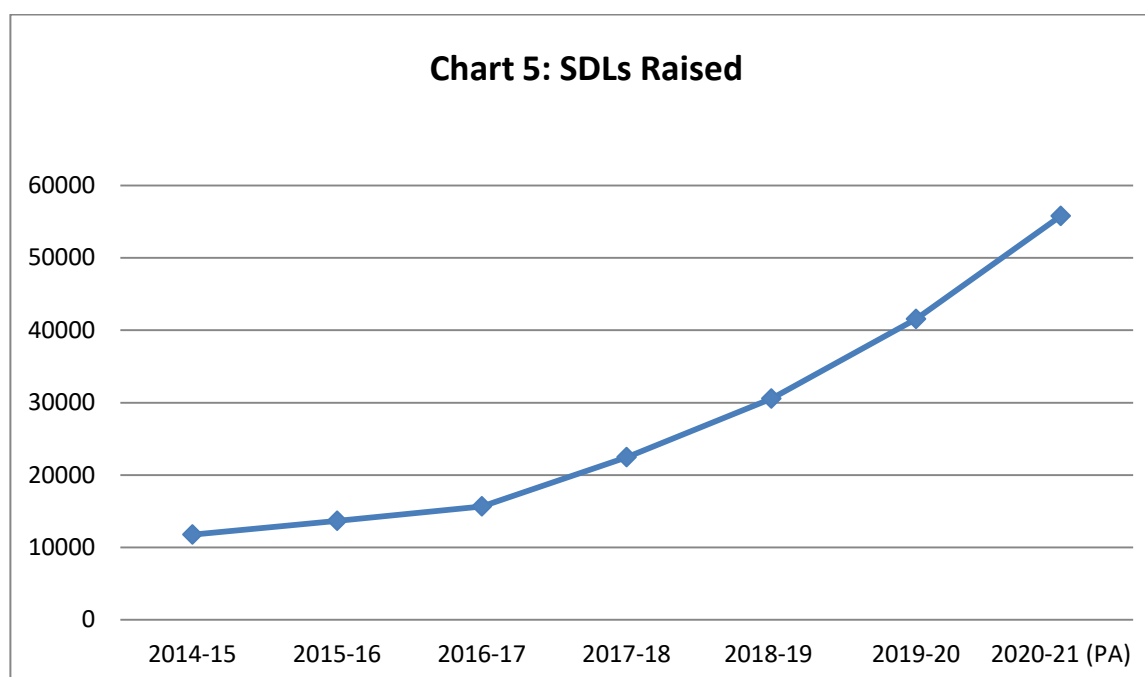
Composition of Debt

The market borrowings constitute the major share in the total debt averaging at 50 per cent followed by provident fund and NSSF. While the share of market borrowings and Institutional Loan accelerated during 2014-15 to 2020-21, the share of Central Loan has decreased during the period (Chart - 4).



Debt Management Strategy

Market borrowing is the main source of financing the Gross Fiscal Deficit (GFD) of the Government of Assam (GoA) during the recent past on account of exclusion of States from accessing the NSSF funds as also decline in Government of India (GoI) assistance to state. However, GoA availed the Open Market Borrowings (OMBs) judiciously to finance its fiscal deficit and accordingly, the actual borrowings were, in some years, lower than the budgeted amount. Since 2014-15, the market borrowings have increased on account of increase in capital expenditure coupled with increase in State's share to cope up with the enhanced RIDF and EAP borrowings for capital intensive projects. As a prudent debt management initiative, during 2018-19, GoA has raised 3 year, 4 year and 5 year securities in addition to regular 10 year securities at competitive rates to smoothen the repayment schedule. During 2019-20 also, similar strategy has been followed to smoothen the repayment obligation of the Government within the manageable level (Chart-5)



When the repayment schedule of SDLs of the State is examined, there are sufficient room for issuance of little more than one year, 4 to 7 year securities. Issuance of very short term securities may not be advisable as rollover risk may be a threat. Therefore, the issuance strategy has been devised towards issuance of small amount of 4 to 6 year securities, which would be beneficial for the state in terms of interest rate advantages as also the availability of repayment cushion, in addition to regular 10 year securities during 2019-20.

Medium Term Debt Management Strategy

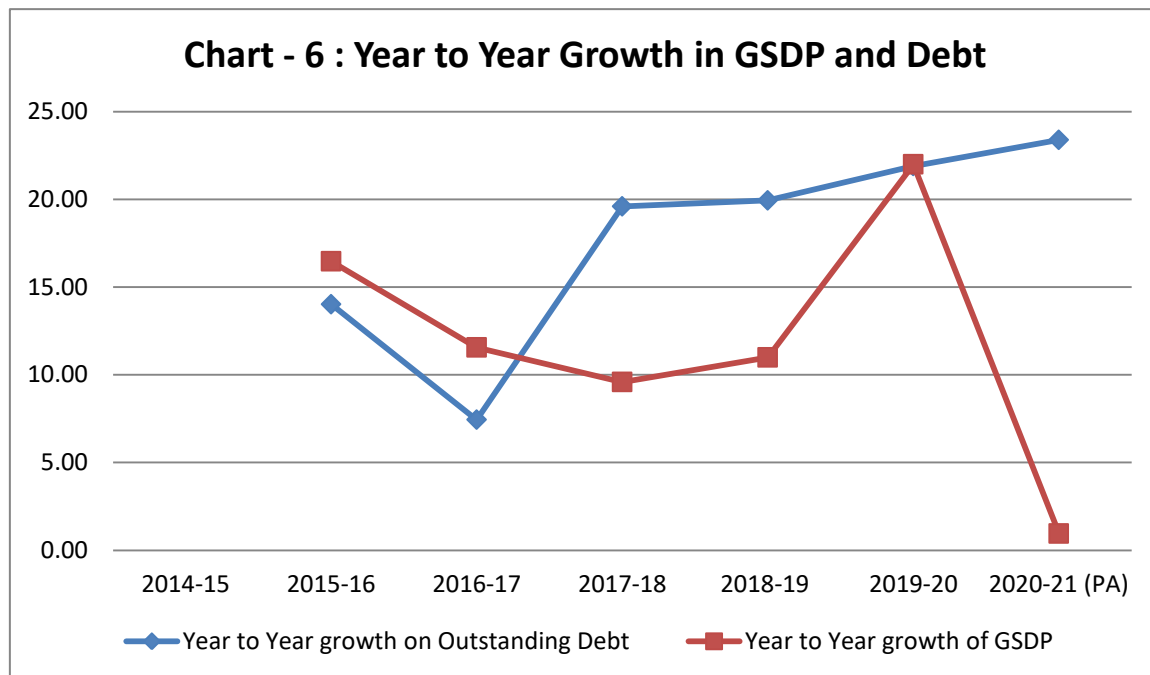
Prudent public debt management and coordinated policy options thereon are an integral part of macroeconomic development of the State. It is well-recognised that GoA needs efficient and effective public debt management as the public debt is the largest financial portfolio in the economy and its impact could be felt over years. Developing and implementing an effective strategy for managing the debt in order to raise the required amount of funds at a lower cost over the medium term, consistent with a prudent degree of risk is essential in this context. A prudent and efficient debt management strategy is important for the sustainability of the budget and the debt of the State. Towards this goal, a prudent Medium-Term Debt Management Strategy (MTDS) is an essential tool in the cash and debt management operations of the GoA.

Debt Sustainability Analysis

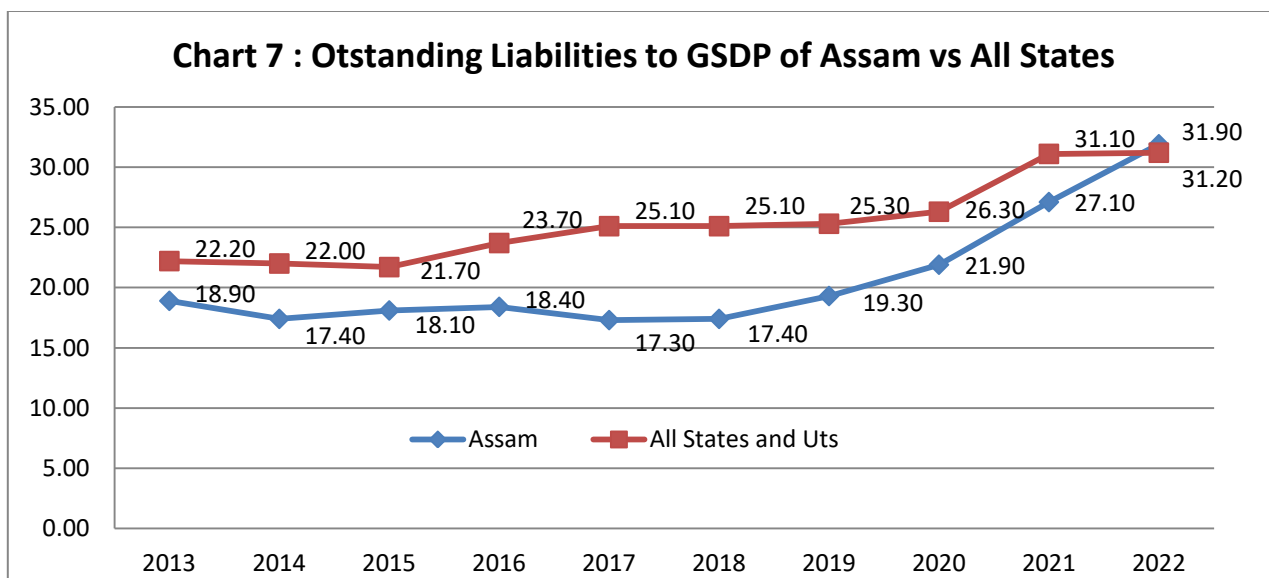
In terms of international standards, Debt Sustainability is defined as the ability of a country to meet its debt obligations without requiring debt relief or accumulating arrears. Debt sustainability can be assessed on the basis of different debt and debt-service indicators relative to measures of repayment capacity, which can be measured in terms of GSDP or fiscal indicators.

State Finances: A Study of Budgets (RBI) described the debt sustainability of the State that the rate of growth of public debt (k) should be lower than the growth rate of nominal GSDP (g), i.e., $k-g < 0$. Another indicator is the growth rate of GSDP should be higher than effective interest rate (i), i.e., $g-i > 0$. In terms of these indicators, the growth of nominal GSDP of Assam is much higher during 2014-15 & 2015-16 than the growth of debt and the GSDP growth of Assam is higher than the effective interest rate of the country (Char-6). Therefore, it may be concluded that the debt position of Govt. of Assam is sustainable at this juncture.

Table 4.2: Growth in GSDP and Debt				
(Rs.in Cr.)				
Year	Yearend total outstanding debt	GSDP At current prices	Year to Year growth on Outstanding Debt	Year to Year growth of GSDP
2014-15	31300.99	195723.2		
2015-16	35690.22	227958.8	14.02	16.47
2016-17	38345.76	254320.4	7.44	11.56
2017-18	45861.87	278710.1	19.6	9.59
2018-19	55008.25	309336.3	19.94	10.99
2019-20	67054.02	377404.8	21.9	22
2020-21 (PA)	82741.07	381004	23.39	0.95



In terms of 14th FC recommendations, as a fiscal deficit target and borrowing ceiling, the debt to GSDP ratio should be lower than 25 per cent and the interest payment to revenue receipt should be lower than 10 per cent. The debt to GSDP ratio of Assam has been steadily declining from as high as 32.6 per cent in end-March 2004 to 17.77% per cent in end-March 2020 (Chart 7). During 2020-21 (PA), the said ratio increases to 21.72 as the Govt has increased borrowings in order to incur more capital expenditure. The interest payment to revenue receipts of GoA is recording at around 7.89 per cent during 2020-21 (PA).



V. STATE FINANCES: A CRITICAL ACCOUNT

(Under Rule 5(3) of AFRBM Act, 2005)

A close scrutiny on the State Finances is very crucial for the purpose of estimating its Balance from Current Revenue (BCR) of the state. Moreover, for making a critical analysis of the state finances, it is imperative to take a close look at the State's own resources and its revenue expenditure. State's own resources consist of (i) Tax revenue, (ii) Non-Tax revenue, (iii) Share of Central taxes and (iv) Grants-in-aid from the Centre.

State Tax Revenue

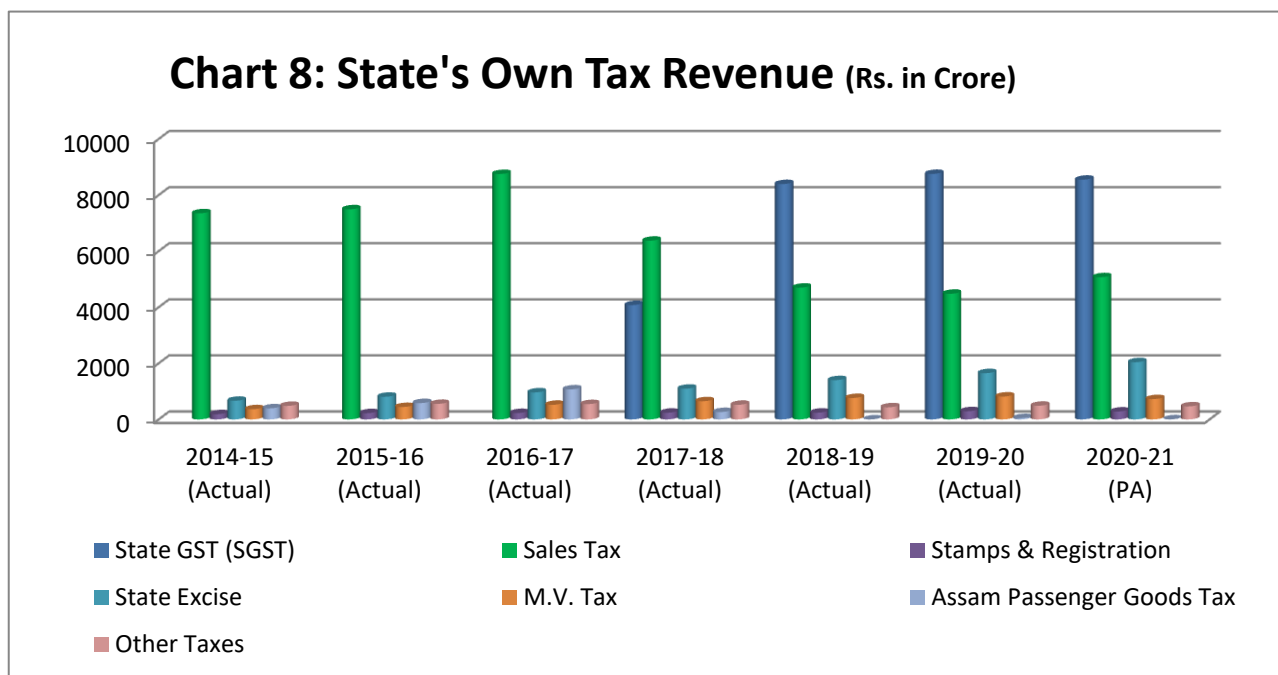
The following are the main components of state's own tax revenue:

(1) Sales Tax, (2) Agricultural Income Tax, (3) Taxes on Profession, etc., (4) Land Revenue including cess on Green Tea Leaf, (5) Stamp duty & Registration, (6) State Excise Duties, (7) Motor Vehicle Tax, (8) Passengers & Goods Tax which includes Entry Tax (9) Electricity Duty and (10) Entertainment Tax.

However, in view of introduction of a uniform tax regime all over the country through the GST, there are considerable decreases in Sales Tax and in Assam Passenger & Goods tax, which however compensated through SGST and IGST. An increasing trend has been noticed in SGST in 2018-19 and 2019-20. An increasing trend is also noticed in Stamps & Registration, State Excise and MV taxes in 2018-19. Other taxes showed a declining trend since 2015-16 up to 2018-19. However, it registered an upward trend in 2019-20. Table 5.1 depicts State's Own Tax Revenue for last 6 years.

Table 5.1: State's Own Tax Revenue								
Items	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	CAGR in %
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(PA)	(2014-20)
State GST (SGST)				4078	8393	8755	8549	20.33
Integrated Goods & Services Tax (IGST)								
Sales Tax	7351	7493	8752	6373	4699	4481	5071	-5.17
Stamps & Registration	188	224	227	239	241	293	281	5.91
State Excise	665	808	964	1095	1400	1650	2040	17.37
M.V. Tax	364	442	521	647	765	816	724	10.32
Assam Passenger Goods Tax	396	583	1070	263	(-4)	47	4	-48.13
Other Taxes	483	554	546	521	431	487	465	-0.54
Total	9450	10107	12080	13216	15925	16529	17134	8.87

The Compounded average growth rate of the State's Own Tax Revenue over last seven years is nearly 8.87%



Source: Finance Accounts, AG, Assam

Non-Tax Revenue

The major component of non-tax revenue is royalty on petroleum crude. Other items in this category are royalty on coal and gas, receipts from interest and dividend and forest produce. It also includes departmental receipts like fees, fines user charges etc. The trend of Non-Tax revenue collection from 2014-15 to 2019-20 (PA) may be seen from the following Table 5.2.

Table 5.2: Non-Tax revenue							
(Rs. in Crore)							
Non-Tax Revenue	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (PA)
Total Collection	2413	2742	4353	4072	8221	5539	2900

As reported by the AG, the aggregate collection from non-tax revenue during 2014-15 was at Rs. 2413 crore, which increased to Rs.8221 Crore in 2018-19. However, the collection showed a downward trend and decreased to Rs.5539 Cr and Rs.2900 Cr in 2019-20 and 2020-21 respectively. The cause of decrease may be attributed to Covid-19 pandemic. Usually the

growth rate of non-tax revenue is erratic and it fluctuates widely. This is so because about 65-70% of non-tax revenue accrues from oil royalty which is linked to international crude price, and on the quantum of annual extraction of crude oil.

Share of Central Taxes

The State's share of Central taxes is received against collection of Income Tax, Corporate Tax, Wealth Tax, Union Excise Duty, Customs Duty and Service Tax collected by the Union Government. After introduction of GST, the two major components viz. Central Goods & Services Tax (CGST) and Integrated Goods and Services Tax (IGST) have been added to this Head. The actual devolution during 2014-15 to 2019-20 (PA) may be seen from Table 5.3.

Table 5.3: Share of Central Taxes						
						(Rs. in Crore)
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Actual	Actual	Actual	Actual	Actual	Actual	(PA)
12284	16785	20189	22302	25216	21721	18629

The above table reveals that in view of the 14th Finance Commission recommendations for enhancing tax devolution to States from 32% to 42%, the share of central taxes has registered a 36% growth during 2015-16. Further, the Govt. of India has released Rs.25216crore during 2018-19, of which Rs. 1949 crore would be recovered in the revised estimate. The 14th Finance Commission recommended an amount of Rs.34374 crore for 2019-20. However, the Union Government has provided an amount of Rs.26790 crore in 2019-20 Union Budget, which has been revised to 23,670 crore whereas actual receipt is Rs. 21721Cr.

The 15th Finance Commission in its Report recommended a tax devolution amount of Rs.26,776 Crore for the State of Assam in 2020-21, however, the Union Budget has provided only Rs. 24,553 crore whereas actual receipt is Rs. 18629.32 Cr.

Grant from the Centre

The Government of India (GoI) released Grant-in-aid to the State under the award of the Central Finance Commission as well as for other non-plan purposes like border roads, home guards, civil defence, Indo-Bangla border check post, etc., up to 2016-17.

However, after merger of Plan and Non-Plan classification in 2017-18, the state receives only Finance Commission Grants. The trend of receiving Non-Plan grants/FC grants from centre during the recent years may be seen from the following Table 5.4.

Table 5.4: Grant from Centre				
(Rs. in Crore)				
	Transfer from the Centre			
Year	Share in Central Taxes	Plan Grants	Non Plan Grants	Total (2+3+4)
1	2	3	4	5
2014-15	12283.71	12544.13	1490.96	26318.79
2015-16	16784.88	9494.27	3330.48	29609.63
2016-17	20188.64	10444.07	2154.41	32787.12
2017-18	22301.54	14541.91		36843.45
2018-19	25215.85	14117.17		39333.02
2019-20	21721.44	20705.61		42427.05
2020-21(PA)	18629.32	27233.65		45862.97

It appears from above Table that in spite of various resource augmenting measures taken by the State Government the State is heavily dependent on the Central transfer for its resource built-up.

Revenue Expenditure

The main components of revenue expenditure of the State Government are - salary and pension of employees, interest payment on public debt, maintenance of law and order, out-go on account of Central and State Finance Commissions award and other expenditure pertaining to General, Social and Economic Services.

However, the major share of revenue expenditure of the State Government has to be incurred for payment of salary of the employees. During 2016-17, the total amount spent under salary accounted for Rs.19,209.13 Crore which has significantly increased to Rs. 25751.61 Crore in 2017-18 on account of 7th Pay Commission payments.

In 2017-18, salary and pension expenditure accounted for about 61% of total revenue expenditure and about 12% of GSDP. The relentless increase in expenditure on pay and pension is mainly due to the periodic revision of pay and pension and biannual increase in dearness allowances and dearness relief. However, in 2018-19, salary and pension expenditure accounted for about 60% of Total Revenue Expenditure and 10.86% of GSDP. During 2019-20, Salary and pension expenditure slowed down and it was nearly 58% of Total revenue expenditure and 9.75 percent of GSDP in 2020-21. (Table 5.5)

Table 5.5: Major Components of Revenue Expenditure						
(Rs in Crore)						
Year	Salary	Pension	Total Revenue Expenditure	Percentage of Salary to TRE	Percentage of Pension to TRE	Salary and Pension as percentage of GSDP
2014-15	17579.82	5237.02	39078.17	44.99	13.40	11.66
2015-16	18484.46	5985.23	37011.42	49.94	16.17	10.73
2016-17	19209.13	6564.64	49362.72	38.91	13.30	10.13
2017-18	25751.61	8287.34	55480.95	46.42	14.94	12.21
2018-19	26177.73	8112.26	56899.00	46.01	14.26	11.09
2019-20	27008.57	9609.02	65817.28	41.04	14.60	9.70
2020-21 (PA)	26803.09	10329.01	64519.59	41.54	16.01	9.75

Interest payment has been growing at a compounded average growth rate of 12.12% over the period 2014-15 to 2020-21. The decline in the ratio of Interest payment to Total Revenue receipt over the years from 2014-15 to 2017-18 is due to fiscal consolidation measures adopted by the State. The ratio of interest payment to total revenue receipt is also gradually coming down from 6.17% in 2014-15 to 6.06% in 2018-19 (Table 5.6). However during 2019-20 and 2020-21 to compensate revenue loss, the state has to go for borrowing. An increase in borrowings increases the expenditure on Interest payment. Interest payment increases from Rs. 3844.37Cr in 2018-19 to Rs. 5199.18 Cr in 2020-21. The percentage ratio of Interest payment to Revenue receipt has increased from 6.06 in 2018-19 to 7.89 in 2020-21. The acceptable level of Debt-GSDP ratio and the ratio of interest payment to total revenue receipt is pegged at 25% and 10% respectively by the 14th Finance Commission. Hence, Assam is well within the accepted norms.

Table 5.6: Ratio of Interest Payment to Total Revenue Receipts			
(Rs. in crore)			
Year	Total Revenue Receipts	Interest Payment	Interest Payment to Revenue Receipts Ratio (in percent)
2014-15	38181.49	2333.74	6.17
2015-16	42457.7	2618.44	6.02
2016-17	49219.81	2963.75	6.02
2017-18	54130.94	3205.32	5.92
2018-19	63479.16	3844.37	6.06
2019-20	64495.08	4438.87	6.88
2020-21(PA)	64902.19	5199.18	7.89

The trend of Revenue expenditures of the State during last few years have been indicated in the following Table 5.7.

Table 5.7: Trend of Revenue Expenditure						
(Rs. In Crore)						
Year	Plan Expenditure	Non-Plan Expenditure				Total Revenue Expenditure
		Salary	Pension	Interest	others	
2014-15	9390.89	17579.8	5237.02	2333.7	5414.6	39078.17
2015-16	9435.57	18484.5	5985.23	2618.4	1869.26	37011.42
2016-17	13433.82	19209.1	6564.64	2963.8	8641.42	49362.72
2017-18		25751.6	8287.34	3205.3	18236.7	55480.95
2018-19		26177.7	8112.26	3844.4	18764.6	56899
2019-20		27008.3	9609.02	4438.9	24760.8	65817.28
2020-21 (PA)		26803.1	10329.01	5199.2	22188.3	64519.59

TRENDS IN MAJOR FISCAL INDICATORS

The trends in various parameters of fiscal indicators of Assam vis a vis all States are in Table 5.8.

Table 5.8: Major Fiscal Indicators of Assam vs All States			
Item	Year	(Per cent)	
		Assam	All States
Revenue Deficit /GSDP	2014-15	0.5	0.4
	2015-16	-2.4	0.2
	2016-17	0.1	0.3
	2017-18	0.5	0.1
	2018-19	-2.09	0.1
	2019-20	0.38	0.6
	2020-21(RE)	1.9	2
Gross Fiscal Deficit/GSDP	2014-15	2.7	2.6
	2015-16	-1.3	3.1
	2016-17	2.4	3.5
	2017-18	3.3	3.1
	2018-19	1.52	2.9
	2019-20	3.9	2.6
	2020-21(RE)	3.2	4.7
Own revenue/Revenue Expenditure	2014-15	30.4	56.4
	2015-16	34.7	54.4
	2016-17	26.1	50.8

	2017-18	31.1	56
	2018-19	42.4	54.3
	2019-20	33.5	53.2
	2020-21(RE)	24.4	45.6
Development Expenditure/ Aggregate Disbursement*	2014-15	65.4	65.5
	2015-16	64	67.1
	2016-17	69.3	68
	2017-18	62.5	64.2
	2018-19	64.7	62.9
	2019-20	68	61.9
	2020-21(RE)	70	63.1
Non-Developmental Expenditure/ Aggregate Disbursement*	2013-14	29.6	29.6
	2014-15	28.9	28
	2015-16	64	67.1
	2016-17	69.3	68
	2017-18	34.3	28.2
	2018-19	30	28.3
	2019-20	27.7	28.8
	2020-21(RE)	27.8	28
Interest Payment/Revenue Expenditure	2014-15	6	11.6
	2015-16	7.1	11.7
	2016-17	6	11.4
	2017-18	5.8	12.5
	2018-19	6.8	12.1
	2019-20	6.7	12.6
	2020-21(RE)	6	12.3
Interest Payment/ Revenue Receipt Receipts	2014-15	6.1	12
	2015-16	6.2	11.7
	2016-17	6	11.6
	2017-18	5.9	12.6
	2018-19	6.1	12.2
	2019-20	6.9	13.2
	2020-21(RE)	6.5	14.1
Committed Expenditure/ Revenue Expenditure	2014-15	29.7	30.1
	2015-16	32.6	29.8
	2016-17	29.1	29.1
	2017-18	31.2	31.2
	2018-19	32.1	31
	2019-20	30.5	32.2
	2020-21(RE)	31.2	31.2

Pension/Revenue Expenditure	2014-15	13.4	11.2
	2015-16	16.2	11.1
	2016-17	13.3	10.7
	2017-18	14.9	11.8
	2018-19	14.3	11.9
	2019-20	14.6	12.4
	2020-21(RE)	10.1	11.6
Gross Transfers/Aggregate Disbursement	2014-15	58.3	33.6
	2015-16	70.7	35.8
	2016-17	52.5	37.7
	2017-18	53	35.2
	2018-19	54.2	36.4
	2019-20	51.6	34.8
	2020-21(RE)	54.8	36.2
Source: Finance accounts and RBI publications.			

(*: Development and Non development expenditure as a ratio to aggregate disbursement may not add up to hundred as aggregate disbursement also includes repayments.)

GUARANTEE POLICY AND OUTSTANDING GUARANTEES

The Assam FRBM Act provides State Government guarantee for loans contracted by Public Sector Undertakings, Boards, Companies, Corporations, Cooperative Societies, Autonomous organizations under the State Government, shall be restricted at any point of time to fifty percent of State's own tax and non-tax revenue of the second preceding year, as reflected in the books of accounts as maintained by the Accountant General.

The State Government guarantees do not form part of the State Government debt liabilities. However, in the event of default in servicing Government guaranteed debt by the borrowing agencies / organizations, the guarantee becomes the liability of the State and the State Government has to pay the debt. As such, the Government guarantees are treated as contingent liabilities of the State.

Table 5.9 reflects Guarantee amount by the State Govt. to Public Sector undertakings. The total amount of Government Guarantee was Rs. 143.13 Crore in 2014-15 and 2015-16, which showed a decreasing trend up to 2020-21, which is well within the limit set by AFRBM Act, 2005.

Table 5.9: Outstanding Government Guarantees			
Year		Outstanding Government guarantees at the end of the Financial Year (Rs. In Crore)	
	Principal	Interest	Total
2014-15	120.87	22.26	143.13
2015-16	113.89	29.24	143.13
2016-17	98.61	31.39	130.00
2017-18	57.58	32.66	90.24
2018-19	49.22	35.80	85.02
2019-20	50.57	32.84	83.41
2020-21(PA)	42.25	35.47	77.71

Table 5.10 depicts the details of Sector-wise guarantees given by the Government.

Table 5.10: Sector-wise Guarantees Given				
(Rs in Crore)				
Sector	Outstanding at the beginning of FY 2020-21		Outstanding at the end of FY 2020-21	
	Principal	Interest	Principal	Interest
Power Sector				
1)Assam Power Generation Company Ltd.	14.60	0	6.28	0
Corporation Sector				
1)Assam State Cooperation Agriculture & Rural Development Bank Ltd.	2.14	3.96	2.14	4.12
Government Companies				
1)Assam State Development Cooperation for OBC Ltd.	0	1.18	0	1.19
2)Assam Plains Tribes Development Cooperation Ltd.	15.26	19.44	15.26	21.21
3)Assam State Development Cooperation For Scheduled Caste Ltd.	4.15	2.86	4.15	3.03
4)Assam State Development Cooperation for Scheduled Caste Ltd.	5.54	0.81	5.54	1.04
5)Assam Minorities Development and Finance Cooperation Ltd.	8.87	4.43	8.87	4.88

VI. MAJOR POLICY INTERVENTIONS

Rural Infrastructure Development Fund (RIDF):

The Government of Assam has been emphasizing on rural connectivity and strengthening the assets in rural areas for accelerating growth and employment in the State. Realizing that Rural infrastructure is to be broad based to agriculture and allied sectors, the State Government diversified the projects under RIDF and decided to include Roads & Bridges, Irrigation, Flood Protection, Soil Conservation, Beel Fisheries, Marketing Infrastructure (Vegetable processing), Rural Godowns, Veterinary Hospitals & Sub-Centers, Cattle Feed Plant, Modern Abattoirs, Sericulture, Small Hydel Power, Agriculture, Construction of Model Anganwadi Centre, Water Supply Project, Up-gradation and Infrastructure Development of schools, Village Knowledge Centres etc. The State Government has so far availed loan assistance for a total amount of Rs.8304.40 Crore from NABARD against various sectors up to financial year 2021-22.(As on 28.2.2022)

Against interim normative allocation amounting Rs.2000.00 cr. communicated by NABARD under RIDF XXVII (2021-22), Finance Department has given sector-wise allocation against the sectors of Agriculture (Rs.50.00 cr), A.H&Vety. (Rs. 45.00cr), Water Resources (Rs.200.00cr), Irrigation (Rs. 35.00cr), Elementary Education (Rs. 100.00cr), PWD (Roads) (Rs.1500.00cr), Soil Conservation (Rs. 20.00 cr) and Social Welfare (Rs.50.00 cr.).

In order to streamline the process of obtaining loans from NABARD under RIDF and disbursement of the same by Govt. of Assam, an online portal for submission of DPRs by the departments and drawal of loan from NABARD along with ceiling proposals is crated in Finance Department under finassam portal which proved to be effective, efficient and optimum mode for dealing matters under RIDF.

NIDA and RIAS :

Govt. of Assam signed a MoU with NABARD for raising loan under NABARD Infrastructure Development Assistance (NIDA) and Rural Infrastructure Assistance to State Governments (RIAS):

- Govt. of Assam is undertaking various capital intensive projects under NIDA and RIAS in rural and semi rural areas in the following sectors:
 - Social sectors (Health, Education, Social Welfare, Sports etc.)
 - Rural connectivity
 - Agriculture and related activities (Water Resources, Fisheries, Veterinary, etc.)
- NABARD Infrastructure Development Assistance (NIDA) is designed to fund directly the State Governments/State owned institutions/ Corporations on both on-budget as well as off-budget {outside the ambit of Art. 293 (3)} for creation of rural

infrastructure outside the ambit of RIDF borrowing. On the other hand, the main objective of RIAS is to invest in Rural Infrastructure and Creation of Livelihood Infrastructure in Eastern region.

- With a view to realize the Government's vision for undertaking various capital intensive projects in rural and semi rural areas, the Hon'ble Cabinet in principle approved for obtaining loans for an amount of Rs.10000 Crore under NIDA through AIFA backed by Govt. Guarantee and Rs.1000 Crore under RIAS.
- Subsequent to the Cabinet approval, the MoU amongst Government of Assam, NABARD and Assam Infrastructure Financing Authority (AIFA) has been signed on 4/8/2021 in the presence of Hon'ble Chief Minister, Assam and Cabinet Colleagues and other officials.

Chief Minister Samagra Gramya Unnayan Yojana (CMSGUY):

Finance Department, Govt. of Assam has so far released a total amount of Rs. 1950 Crores (Rs. 1500 Crore during 2016-17, Rs. 200 Crore during 2017-18, Rs. 100 Crores during 2018-19 and Rs. 150 Crores during FY 2020-21) to the Mega Mission Society-Chief Minister Samagra Gramya Unnayan Yojana (MMS-CMSGUY).

Recently MMS-CMSGUY has sanctioned many schemes under various missions which are as follows:

Under Agriculture Mission.

- Incentivization of Milling of Paddy for Enhancement of Paddy Procurement
- "Setting up /up-gradation of Rice mills in Assam"
- Distribution of Combined Harvester under CMSGUY
- Distribution of Mini trucks at subsidized rate to local youth and SHGs" under CMSGUY
- Distribution/ Installation of Mini Rice Mill in Assam
- Setting up of Godown for storage of Paddy in Rural areas of Assam 2021
- Setting up of Drier Units in Assam, 2021 under CMSGUY

Under Sports Mission.

- Development of Playfields

Under Fishery Mission.

- Ghaare Ghaare Pukhuri Ghaare Ghaare Mach"-for providing training to the project farmer beneficiaries of ponds constructed with RIDF XXIII under FMS-CMSGUY
- Cage Culture in selected beels of Assam

Under A.H & Veterinary Mission.

- Special Intervention in Bokakhat, Majuli, Jalukbari LAC Under CMSGUY for Livelihood and Employment Generation for youth in Livestock Sector
- Upgradation and revitalization of milk processing plant at Nazira in Sivsagar District
- Mini Milk Processing plant and other activities under Kannayeka Bahumukhi pam, Jamuguri ghat in sonitpur dist
- Dairy integrated Value chain In Sitajakhala (Morigaon Dist)

ASPIRe-

- The Finance Department, Government of Assam is implementing Assam Public Finance Institutional Reforms (ASPIRe) Project funded by the World Bank under ReSTART Assam. The principal aim of the project is to contribute to improvement in Public Finance Institutional capacity and Strengthening Expenditure and Revenue Information System in Assam. The project was ceremonially launched by the Hon'ble Chief Minister of Assam in the presence of Senior Officers and Staff of Government of Assam and World Bank officials on 9th October, 2017. The Project was restructured on 27th January, 2021 with specific emphasis on the inclusion of a Strengthening of Digital Infrastructure for DBT Schemes into project finance agreement.
- The project has the following components:

Strengthening Public Finance Institutional Capacity

- Strengthening Cash and Debt management
- Strengthening Public Procurement Framework and scaling up e-procurement
- Strengthening Public-Private Partnership Framework and institutional capacity (dropped as part of restructuring)
- Institutional strengthening of Finance Department
- Training and capacity building to implementing departments

Strengthening Expenditure and Revenue Information System

- Design, development, and implementation of Financial Management Information System (FMIS)
- Enhancing e-collection and e-payment systems
- Designing/upgrading information systems and institutional strengthening in Office of Commissioner of Taxes
- Design, development, and implementation of workflow-based information system in Excise Department
- Design, development and implementation of Digital Infrastructure for Direct Benefit Transfers Schemes (DIDS)

Results-Based Financing

- Enhancing controls in budget execution and reporting.
- Enhancing transparency of key budget, financial and procurement information.
- Increasing tax e-collection and e-payments.
- Enhancing services provided by the Office of the Commissioner of Taxes (CoT) using e-Governance
- Enhancing services provided by Excise Department (ED) using e-Governance
- Improving efficiency in payment processes for select State DBT schemes through digitization and establishment of centralized IT platform.

Project Management, Monitoring and Evaluation and Coordination

- For Project management of this project as well as for a long term objective of bringing about synergy in planning and implementation of various IT based Public Financial Management reforms of the Finance Department, a Special Purpose Vehicle (SPV) named “Assam Society for Comprehensive Financial Management System (AS-CFMS)” was registered on 2nd March 2016
- The project is benefitting the citizens of Assam through efficient processes and better service delivery provided by public institutions, such as electronic payments and collections for services, better public procurement and enhanced tax payer services and enhanced transparency. All Government Departments and functionaries namely Finance Taxation, Excise, Environment & Forest and Transport Department is benefitting immensely from the project.
- The project has reached to all sections of people of the State providing knowledge based digital platform.

Lead Externally Aided Projects (LEAP)

- Mobilizing additional resources, in a big way, through Externally Aided Projects (EAPs) in a concerted and coordinated manner by the Finance Department itself through a dedicated cell created by name LEAPs (Lead EAPs).
- At present, there are 9(nine) nos of ongoing projects covering sectors like Transport, Forest, Water Supply, Public Finance Management, Energy, Citizen Centric Services and Bridges.
- Moreover, there are 10(ten) nos of pipeline projects covering sectors like Energy, Water Resources, Sewerage, Skill development, Health, Fisheries and Road Network.

Sixth Assam State Finance Commission

The Govt. of Assam constituted the 6th ASFC vide Notification No. FEA(SFC) 179/2017/74 Dated 9th November 2018 under the Chairmanship of Smti T.Y Das, IAS (Rtd),

former Chief Secretary of Assam. The Commission shall make its report available to the Governor of Assam by 30th October, 2019 covering a period of five years commencing on the 1st April,2020.

The 6th Assam State Finance Commission has submitted its report to the Govt. of Assam on 22.04.2020. The recommendation of the report shall cover a period of five years commencing from 1st April, 2020.The Cabinet has approved the recommendations for the period 2020-21. Recommendations for remaining years are still awaiting Cabinet approval.

VII. Medium Term Fiscal Plan and underlying Assumptions

The consolidated Medium Term Fiscal Plan (MTFP) is placed at Annexure-I and related assumptions are presented in Table -7.1.

Table- 7.1 : Major Assumptions	
Item	Growth Rate Assumption
GSDP	12%
I. State Good & Service Tax (SGST)	15% for 2023-24 and 8% for rest of the years
I. Integrated Good & Service Tax (IGST)	0%
II. Sales Tax	15% for 2023-24 and 8% for rest of the years
III. State Excise	25% for 2023-24 and 8% for rest of the years
IV. Stamp Duty & Registration	15% for 2023-24 and 10% for rest of the years
V. Motor Vehicle Tax	15% for 2023-24 and 12% for rest of the years
VI. Taxes on Goods & Passengers	12%
VII. Tax on Professions, Trades etc.	15% for 2023-24 and 12% for rest of the years
VIII. Other Taxes on Commodities & Services	10%
IX. Land Revenue	20% for 2023-24 and 10% for rest of the years
X. Taxes on agricultural income.	
XI. Taxes & Duties on Electricity	15%
I. Interest receipts	17% for 2023-24 and 12% for rest of the years
II. Royalty on Crude Oil & Natural Gas	20% for 2023-24 and 10% for rest of the years
III. Forestry & Wild life	20% for 2023-24 and 12% for rest of the years
IV. Others	25% for 2023-24 and 15% for rest of the years
a) Share of Central Taxes	15% for 2023-24 and 10% for rest of the years
i) CSS	30% for 2023-24 and 15% for rest of the years
ii) Grants under Finance Commission	35% for 2023-24 and 10% for rest of the years
iii) Recoveries of loans & advances	18% for 2023-24 and 10% for rest of the years
Revenue Expenditure	
a) Interest	5% for 2023-24 and 10% for rest of the years
b) Salary	5% for 2023-24 and 10% for rest of the years
c) Pension	5% for 2023-24 and 10% for rest of the years
d) Others	3% for 2023-24 and 10% for rest of the years
4. Capital Outlay	3% for 2023-24 and 15% for rest of the years
5. Lending	1% for 2023-24 and 5% for rest of the years
6. Year End Debt Stock	10% for 2023-24 and 10% for rest of the years

Annexure- I
(Rs. in Crore)

Items	2020-21 (PA)	2021-22 (BE)	2022-23 Estimates	2023-24 Projection	2024-25 Projection	2025-26 Projection	2026-27 Projection	2027-28 Projection
[1]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	
1. Total Revenue Receipts	65896.19	88979.40	99662.52	122804.82	136822.91	152534.23	170154.18	189926.87
Own Revenues (a+b)	20033.22	27275.15	29061.90	34123.57	37296.72	40782.08	44612.49	48824.51
a) Own Tax Revenue (i to xi)	17133.61	21177.55	22385.24	25997.26	28185.77	30562.72	33144.89	35950.55
i. State Good & Service Tax (SGST)	8549.02	11179.75	11884.00	13666.60	14759.93	15940.72	17215.98	18593.26
i. Integrated Good & Service Tax (IGST)								
ii. Sales Tax	5070.97	5721.73	5553.07	6386.03	6896.91	7448.67	8044.56	8688.12
iii. State Excise	2039.94	2106.92	2412.00	3015.00	3256.20	3516.70	3798.03	4101.87
iv. Stamp Duty & Registration	280.75	373.68	524.20	602.82	663.11	729.42	802.36	882.60
v. Motor Vehicle Tax	723.98	1041.72	1245.04	1431.79	1603.61	1796.04	2011.56	2252.95
vi. Taxes on Goods & Passengers	3.64	60.62	4.96	5.56	6.23	6.98	7.81	8.75
vii. Tax on Professions, Trades etc.	188.79	242.51	210.00	241.50	270.48	302.94	339.29	380.01
viii. Other Taxes on Commodities & Services	0.12	1.23	0.16	0.18	0.19	0.21	0.23	0.26
ix. Land Revenue	116.81	120.24	263.92	316.70	348.37	383.21	421.53	463.69
x. Taxes on agricultural income.	-38.00	8.78	0.00	0.00	0.00	0.00	0.00	0.00
xi. Taxes & Duties on Electricity	197.59	320.38	287.89	331.07	380.73	437.84	503.52	579.05
b) Non-Tax Revenue	2899.61	6097.60	6676.66	8126.31	9110.96	10219.36	11467.60	12873.96
i. Interest receipts	235.87	851.52	311.93	364.96	408.76	457.81	512.74	574.27
ii. Royalty on Crude Oil & Natural Gas	1468.55	3872.51	3469.24	4163.09	4579.40	5037.34	5541.07	6095.18
iii. Forestry & Wild life	352.89	531.26	422.00	506.40	567.17	635.23	711.46	796.83
iv. Others	842.30	842.31	2473.49	3091.86	3555.64	4088.98	4702.33	5407.68
Transfer from the Centre (a+b)	45862.97	61704.25	70600.62	88681.25	99526.19	111752.15	125541.70	141102.35
a) Share of Central Taxes	18629.32	20818.82	25544.80	29376.52	32314.17	35545.59	39100.15	43010.16
b) Grants (i +ii)	27233.65	40885.43	45055.82	59304.73	67212.02	76206.56	86441.55	98092.19
i)Centrally Sponsored Schemes	13832.87	26013.09	30412.53	39536.29	45466.73	52286.74	60129.75	69149.22
ii)Grants under Finance Commission and other transfers	13400.78	14872.35	14643.29	19768.44	21745.29	23919.81	26311.80	28942.98
2. Recovery of loans and advances	2.56	12.61	11.84	13.97	15.37	16.90	18.60	20.45
3. Revenue Expenditure (a to d)	64519.59	84405.47	96367.05	119608.68	132501.00	146823.73	162741.17	180437.23
a) Interest	5199.18	7063.73	7533.65	7910.33	8701.37	9571.50	10528.65	11581.52
b) Salary	26803.09	30801.49	38162.85	40071.00	44078.10	48485.91	53334.50	58667.95
c) Pension	10329.01	8696.63	11069.10	11622.56	12784.81	14063.29	15469.62	17016.59
d) Others	22188.31	37843.62	39601.44	40789.49	44868.44	49355.28	54290.81	59719.89
4. Capital Outlay	12399.39	19490.99	18371.01	18922.14	21760.46	25024.53	28778.21	33094.94
5. Lending	87.80	123.60	290.27	293.17	307.83	323.22	339.38	356.35
6. Revenue Deficit [Surplus (-)/ Deficit(+)]	-1376.60	-4573.93	-3295.47	-3196.14	-4321.92	-5710.50	-7413.02	-9489.64
7. Fiscal Deficit [Surplus (-) / Deficit (+)]	11108.03	15028.05	15353.97	16005.20	17731.00	19620.35	21685.98	23941.19
8. Year End Debt Stock	82741.07	99510.85	123962.35	136358.59	149994.44	164993.89	181493.28	199642.60
9. Year End Outstanding Guarantees	77.71	83.42	77.71	77.71	77.71	77.71	77.71	77.71
10. Debt Stock including Guarantees (8+9)	82818.78	99594.27	124040.06	136436.30	150072.15	165071.60	181570.99	199720.31
11. Debt/GSDP	22.13%	26.39%	25.74%	25.28%	24.83%	24.38%	23.95%	23.52%
12. (Debt+Guarantee)/GSDP	22.15%	26.41%	25.75%	25.29%	24.84%	24.39%	23.96%	23.53%
13. Revenue Balance/Revenue Receipts (%)	-2.09	-5.14	-3.31	-2.60	-3.16	-3.74	-4.36	-5.00
14. Revenue Balance/GSDP (%)	-0.37	-1.21	-0.68	-0.59	-0.72	-0.84	-0.98	-1.12
15. Fiscal Balance/GSDP (%)	2.97	3.99	3.19	2.97	2.93	2.90	2.86	2.82
16. Interest Payment/Revenue receipt (%)	7.89	7.94	7.56	6.44	6.36	6.27	6.19	6.10
17. Own Taxrevenue /GSDP(%)	5.36	7.23	6.03	6.33	6.17	6.03	5.89	5.75
18. GSDP (Rs. in crore) at current prices	373872.00	377102.00	481657.2162	539456.08	604190.81	676693.71	757896.95	848844.59