



GOVERNMENT OF ASSAM FINANCE DEPARTMENT

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

2023-2024

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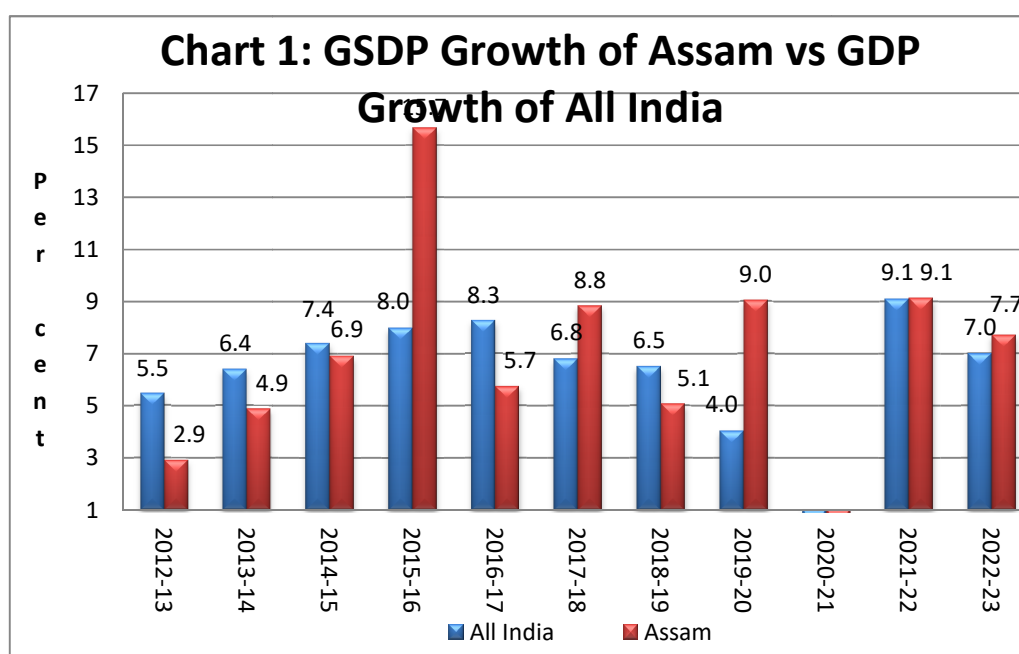
PREFACE

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) 2024-2029 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) in their World Economic Outlook (WEO) has projected in January 2023 that the growth of the world economy is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 but below the historical (2000–19) average of 3.8 percent. Reflecting these global trends in GDP growth, the IMF has estimated that the growth in Indian economy will decelerate from 8.7 per cent during 2021-22 to 6.8 per cent during 2022-23 and will further decelerate to 6.1 per cent during 2023-24. On the other hand, the Central Statistics Office (CSO) has estimated in its First Advance Estimate at constant (2011-12) prices that the growth in real GDP during 2022-23 is estimated to grow at 7.0 per cent as compared to 9.1 per cent growth in 2021-22. As per the CSO, at current prices, the GDP is projected to grow at 15.4 per cent as compared to 19.5 per cent growth achieved in 2021-22 in the First Advance Estimate. However, the growth has been revised as per Second Advance Estimate to 15.9 percent during 2022-23 as compared with 18.4 percent during the previous year (Chart 1).



According to the Second Advance Estimate, sector-wise analysis reveals that the GVA at constant prices for 2022-23 from Agriculture, Forestry and Fishing sector is estimated to grow at a lower rate of 3.3 per cent as compared with 3.5 per cent growth recorded in 2021-22. The GVA for Mining and Quarry sector is also

estimated to grow at a lower rate of 3.4 per cent during 2022-23 as compared with a higher rate of 7.1 per cent growth projected for 2021-22. The GVA of Manufacturing sector is estimated to grow at a significantly lower rate at 0.6 percent during 2022-23 as compared with a higher growth of 11.1 per cent in 2021-22. Electricity, Gas, Water Supply and Other Utility Services is estimated to grow lower at 9.2 percent during 2022-23 as compared to 9.9 per cent in 2021-22. The growth in Construction sector GVA is expected to moderate at 9.1 per cent for 2022-23 when compared with 14.8 per cent estimated for 2021-22. The estimated growth in GVA for Trade, Hotels, Transport, Communication and Broadcasting services during 2022-23 is placed higher at 14.2 per cent by the CSO as against a growth of 13.8 per cent in the previous year. Similarly, Financial, Real Estate and Professional Services have estimated to grow at 6.9 per cent during 2022-23 as compared with 4.7 per cent growth recorded in 2021-22. On the other hand, Public Administration, Defence and other Services is estimated to grow at a lower level at 7.1 percent during 2022-23 as compared with a higher growth of 9.7 per cent estimated for the previous year. Overall, only two sectors, viz., Trade, Hotels, Transport, Communication and Broadcasting services and Financial, Real Estate and Professional Services are expected to grow at a higher rate during 2022-23 as compared with previous year.

The size of the Indian economy is estimated at little more than US\$ 3.0 trillion in 2021-22. Although, 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 2022-23 on the back of decline in world output and elevated level of inflation. 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 are bound towards the goal.

II. AN OVERVIEW OF THE STATE ECONOMY

Present Status of State Economy for Last Five Years

Economy at a glance



Size of the Economy at Current Prices in FY 2022-23

❖ **India: Rs. 273.08 Lakh Crore Assam: Rs. 4.93 Lakh Crore**

Size of the Economy at Constant(2011-12) Prices in FY 2022-23

❖ **India: Rs.157.60 Lakh Crore Assam: Rs.2.86 Lakh Crore**

Growth in Economy at Constant Prices in FY 2022-23

❖ **India: 7.0 % Assam: 10.2 %**

Per Capita Income at Current Prices (2022-23)

❖ **India: Rs. 1,70,620 Assam : RS. 1,18,504**

Globally economic growth suffered a huge setback due to the outbreak of the COVID-19 pandemic further imposing complete and partial lockdowns for two consecutive years in the State. The income of the State in the FY 2020-21 suffered to a great extent but with the efforts of the government and their policies, the economy of the state was able to recover in the next year.

During the period of the last five years i.e. FY 2017-18 to FY 2022-23, the State achieved an annual average growth rate of 11.8 per cent in terms of Gross State Domestic Product (GSDP) at current prices reflected a favorable growth of the State Economy despite the state facing COVID-19 pandemic along with the rest of country and the world. Agriculture and allied services have been the major driving sector to boost the economy of the State. During the year 2020-21, the agriculture and allied sector achieved a favourable growth rate of 12.98 per cent as against (-) 4.69 per cent and (-) 1.52 per cent in the industry and service sectors respectively. During the lockdown period, the industry and service sectors had been adversely affected in the

state, resulting in a negative growth rate in these two sectors. The overall economy of Assam is estimated to be achieved at 8.1 per cent in FY 2021-22 as compared to 8.7 per cent at the All India level.

As per the advance estimates, the GSDP for Assam at current prices for the FY 2022-23 is likely to be attained at the level of Rs. 4,93,167 crore as against Rs. 4,12,612 crore in FY 2021-22 reflecting a growth of 19.52 per cent.

As per the first advance estimates of Govt. of India, the GDP of the nation at current prices for the FY 2022-23 is estimated to be achieved a level of Rs.273.08 lakh crore showing annual growth of 15.4 per cent over the previous financial year. The contribution of the GSDP of Assam to the nation's GDP at current prices is estimated at 1.77 per cent for the FY 2022-23.

The GSDP of Assam and GDP of All India and its annual growth rate at current prices are presented in **Table: 2.1**

Table2.1

GSDP of Assam and GDP of India at current prices						
(Rs. in crore)						
Assam				India		
Sl No	Year	GSDP of Assam	Growth Rate (in %)	Year	GDP of All India	Growth Rate (in %)
1	2016-17	2,54,382	11.6	2016-17	15,391,669	10.8
2	2017-18	2,83,165	11.3	2017-18	17,090,042	11.0
3	2018-19	3,09,336	9.2	2018-19	18,886,957	10.5
4	2019-20	3,46,851	12.1	2019-20	20,351,013	7.8
5	2020-21(PE-II)	3,53,605	1.95	2020-21(1 st RE)	1,98,00,914	-3.0
6	2021-22(QE)	4,12,612	16.7	2021-22 (PE)	2,36,64,637	19.5
7	2022-23 (AE)	4,93,167	19.5	2022-23 (FAE)	2,73,07,751	15.4

For Assam, PE-II:- 2nd Provisional Estimates, QE:- Quick Estimates and

AE:- Advance Estimates

For All India- 1st RE:- First Revised Estimates, PE:- Provisional Estimates and FAD:

First Advance Estimates

Source: Directorate of Economics and Statistics, Assam & National Statistics Office, Ministry of Statistics and Programme Implementation (MoSPI), Govt. of India

As per the advance estimates, the GSDP for Assam at constant (2011-12) prices for the FY 2022-23 is likely to be attained at the level of Rs. 2,86,097 crore as against Rs. 2,62,523 crore in FY 2021-22 reflecting a growth of 8.98 per cent.

As per the first advance estimates of Govt. of India, the GDP of the nation at current prices for the FY 2022-23 is estimated to be achieved a level of Rs. 157.60 lakh crore showing annual growth of 7.0 per cent over the previous financial year. The contribution of the GSDP of Assam to the nation's GDP at constant prices is estimated at 1.82 per cent for the FY 2022-23.

The GSDP of Assam and the GDP of India and its annual growth rate at constant (2011-12) prices are presented in **Table:2.2**

Table 2.2

GSDP of Assam and GDP of All India at constant (2011-12) prices						
Rs. in crore						
Assam				India		
Sl No	Year	GSDP of Assam	Growth Rate (in %)	Year	GDP of All India	Growth Rate (in %)
1	2016-17	2,02,081	5.7	2016-17	12,308,193	8.3
2	2017-18	2,19,919	8.8	2017-18	13,144,582	6.8
3	2018-19	2,31,040	5.1	2018-19	14,003,316	6.5
4	2019-20	2,40,707	4.2	2019-20	14,569,268	4.0
5	2020-21 (PE-II)	2,42,946	0.9	2020-21 (1 st RE)	1,35,58,473	-6.9
6	2021-22 (QE)	2,62,523	8.1	2021-22 (PE)	1,47,35,515	8.7
7	2022-23 (AE)	2,89,192	10.2	2022-23 (FAE)	1,57,60,363	7.0

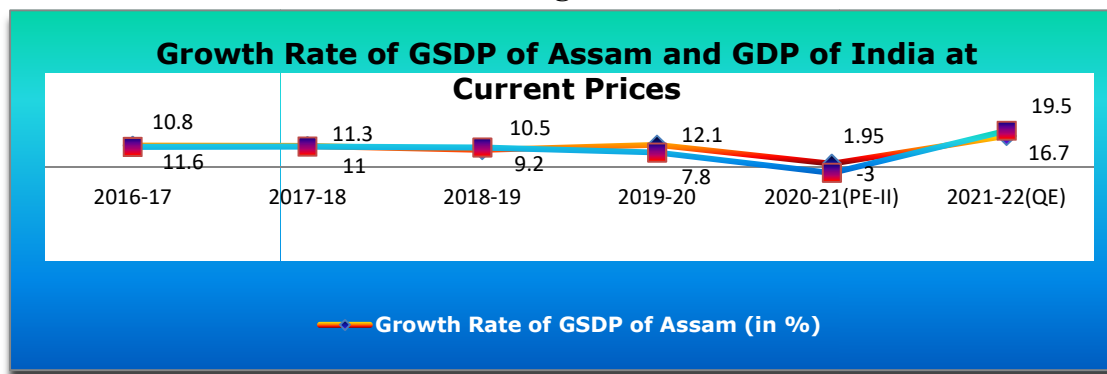
For Assam, PE-II:- 2nd Provisional Estimates, QE:- Quick Estimates and
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For All India- 1st RE:- First Revised Estimates, PE:- Provisional Estimates and FAD:-
First Advance Estimates

Source: Directorate of Economics and Statistics, Assam & National Statistics Office,
Ministry of Statistics and Programme Implementation(MoSPI), Govt. of India

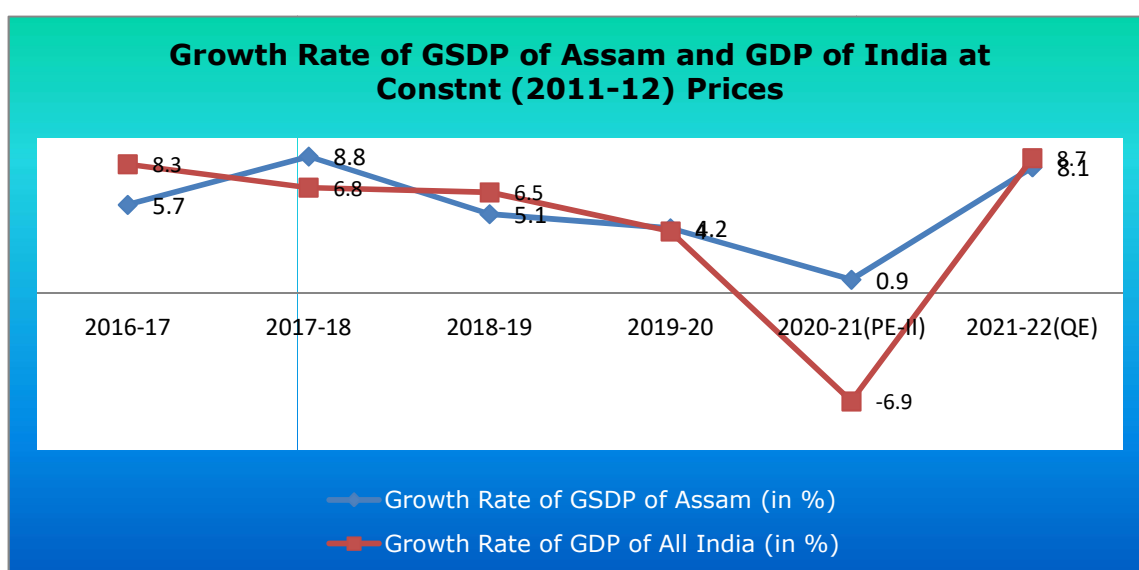
The growth rate of the GSDP of Assam and the GDP of All India at current prices is depicted in **Fig.2.1**

Fig: 2.1



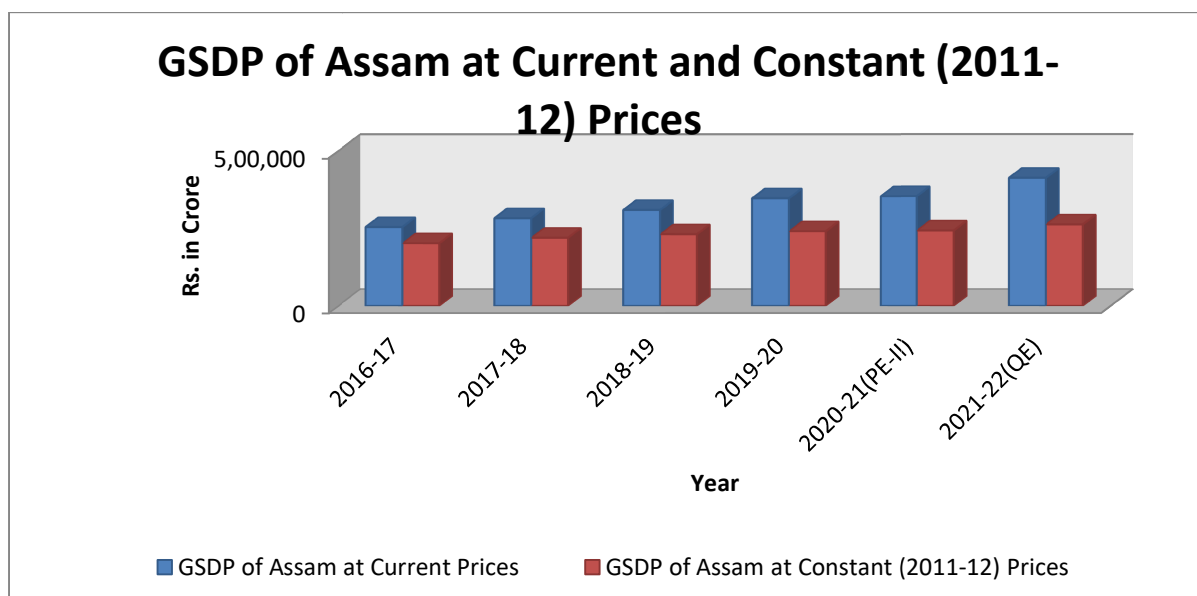
The growth rate of the GSDP of Assam and GDP of India at constant (2011-12) prices is depicted in **Fig.2.2**

Fig.2.2



The GSDP of Assam at current and constant (2011-12) prices is shown in **Fig.2.3**

Fig.2.3



Per Capita Income

The Per Capita Income is derived by dividing the Net State Domestic Product by the mid-year total population of the State. The Per Capita Income is one of the indicators to measure the standard of living of residents of a State. These estimates not only serve as an indicator to assess the status of the economy among the States in the country but also throw light on the overall impact of various developmental programmes implemented by the Government.

Per Capita Income at Current Prices

As per the quick estimates, the Per Capita Income of Assam at current prices for the FY 2021-22 is estimated to be attained at Rs.1,02,965 compared to Rs.90,482 for the FY 2020-21 registering an increase of 13.80 per cent in 2021-22 over the previous financial year 2020-21.

Per Capita Income at Constant (2011-12) Prices.

As per the quick estimates, the Per Capita Income of the State at constant (2011-12) prices for the FY 2021-22 is estimated to be attained at Rs.65,726 as compared to Rs. 61,304 for the FY 2020-21 showing a growth of 5.46 per cent .

Table: 2.3

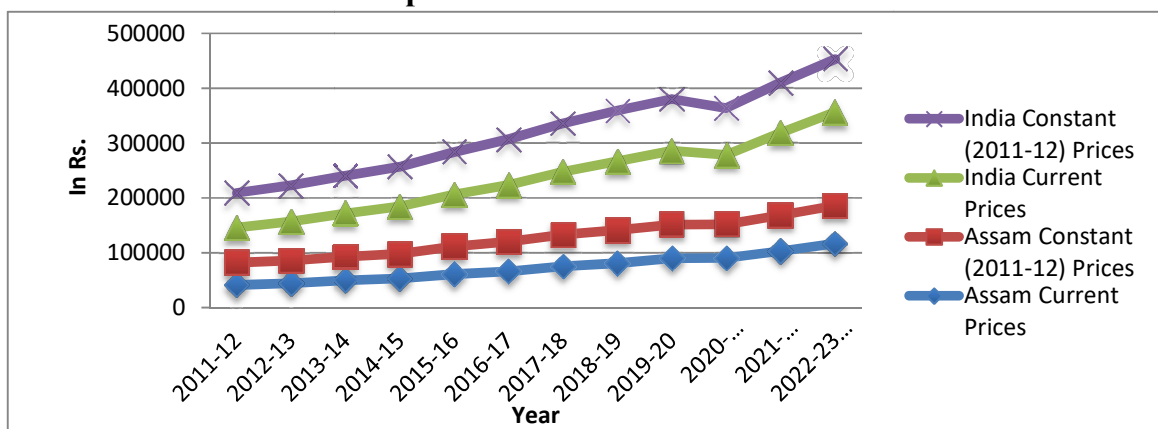
Per Capita Income of Assam and India						
(In Rs.)						
Sl No	Year	Assam		Year	India	
		Current Prices	Constant (2011-12) Prices		Current Prices	Constant (2011-12) Prices
1	2011-12	41142	41142	2011-12	63462	63462
2	2012-13	44598	41609	2012-13	70983	65538
3	2013-14	49734	43002	2013-14	79118	68572
4	2014-15	52895	44809	2014-15	86647	72805
5	2015-16	60817	50642	2015-16	94797	77659
6	2016-17	66330	53575	2016-17	103870	83003
7	2017-18	75151	57835	2017-18	115224	87586
8	2018-19	81034	59943	2018-19	125883	92241
9	2019-20	90123	61519	2019-20	134186	94566
10	2020-21(PE-II)	90482	61304	2020-21(1 st RE)	126855	85110
11	2021-22(QE)	102965	65726	2021-22 (PE)	150007	91481
12	2022-23 (AE)	118504	69826	2022-23 (FAE)	170620	96522

For Assam, PE-II:- 2nd Provisional Estimates, QE:- Quick Estimates and
AE:- Advance Estimates

For All India- 1st RE:- First Revised Estimates, PE:- Provisional Estimates and FAD:-
First Advance Estimates

Source: Directorate of Economics and Statistics, Assam & National Statistics Office,
Ministry of Statistics and Programme Implementation(MoSPI), Govt. of India

Per Capita Income of Assam and India is shown in the following line diagram.

Fig: 2.4**Per Capita Income of Assam and India**

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 20% in 2016-17. 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. However, The State has turned around in 2021-22 and registered an increase of 14% in its Own Tax Revenue

Table 3.1: Growth of Own Tax Revenue of Assam		
(Rs. in Crore)		
Year	Own Tax	Growth (%)
2015-16	10106.5	
2016-17	12079.56	20.0
2017-18	13215.52	9.4
2018-19	15924.85	20.5
2019-20	16528.69	3.8
2020-21	17133.61	3.7
2021-22 (PA)	19533.16	14.0

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. The growth rate improved remarkably in 2021-22. In 2021-22, The State has registered a growth rate of 23.46%. However, no standard pattern emerged in the non-tax revenue collection during the recent period (Table3.2). 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 (%)
2015-16	2741.56	
2016-17	4353.12	59
2017-18	4071.97	-6
2018-19	8221.29	102
2019-20	5539.35	8.9
2020-21	2899.61	-48
2021-22 (PA)	3579.75	23.46

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 (Table3.3) 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.

During 2021-22, Revenue Expenditure showed a growth rate of 28% over the previous year mainly due to increase in committed expenditure of the State. However,

ratio of Development Expenditure to Total Revenue Expenditure remains to be more than the ratio of Non-Development expenditure to Total Revenue Expenditure.

Table 3.3: Revenue Expenditure of Assam							
(Rs. in Core)							
Item	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (PA)
Total Expenditure	37011.42	49362.72	55480.94	56899.00	65817.30	64519.59	82547.96
Developmental Expenditure	24120.30	31868.51	33565.08	35811.37	43358.70	41924.13	46544.06
Non-Developmental Expenditure	12515.96	16841.85	21790.81	20813.74	22092.30	22595.50	36003.90
Grants-In-Aid And Contributions(GIA)	375.16	652.36	125.05	273.89	366.23	376.95	306.13
Developmental Expenditure as percent of TRE	65.17	64.56	60.50	62.94	65.88	64.98	56.38
Non-Developmental Expenditure as percent of TRE	33.82	34.12	39.28	36.58	33.57	35.02	43.62
GIA as per cent of TRE	1.01	1.32	0.23	0.48	0.56	0.58	0.37
Growth Rate (TRE)		33.37	12.39	2.56	15.67	-1.97	27.94

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 2015-16 is indicated in the Table below.

Table 3.4: Ratio of Revenue Expenditure and Capital Expenditure to Total Expenditure					
(Rs. in Crore)					
Year	Non-Debt Capital Expenditure	Total Expenditure	% Share of Revenue Expenditure	% Share of Capital Expenditure	Capital Expenditure as % of GSDP
2015-16	2690.91	39962.42	92.62	6.73	1.18
2016-17	5502.08	55364.18	89.16	9.94	2.16
2017-18	7692.84	63427.85	87.47	12.13	2.72
2018-19	11034.08	68261.15	83.35	16.16	3.57
2019-20	13185.42	79318.86	82.98	16.62	3.80
2020-21	12399.39	77006.78	83.78	16.10	3.51
2021-22 (PA)	20125.83	102777.80	80.32	19.68	4.88

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 3.80%.

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 3.51. 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 and invested in capital projects under this scheme since 2020-21. As a result, percent share of Capital expenditure in Total Expenditure increased to 19.68% in 2021-22 and for this year, percentage of capital expenditure to GSDP was recorded as 4.88.

Gross Fiscal Deficit

The fiscal deficit of the Govt of Assam has started accelerating steeply from Rs. 6125.77 Crore in 2016-17 to Rs. 9292.21Crore 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 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 2020-21, 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, over and above 3% of GSDP, Govt. of India has allowed additional 0.5 % of GSDP under certain performance conditions linked to Power Sector Reforms. The Honourable Cabinet has approved necessary amendment in the existing AFRMB Act for the purpose and the AFRBM Act has been suitably amended to accommodate the additional space.

Table 3.5: Gross Fiscal Deficit		
Year	Gross Fiscal Deficit (Rs. in Crore)	Fiscal deficit as % of GSDP
2015-16	-3005.47	-1.15
2016-17	6125.77	2.41
2017-18	9292.21	3.28
2018-19	4779.06	1.54
2019-20	14815.80	4.27
2020-21	11108.03	3.14
2021-22 (PA)	18089.25	4.38

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:

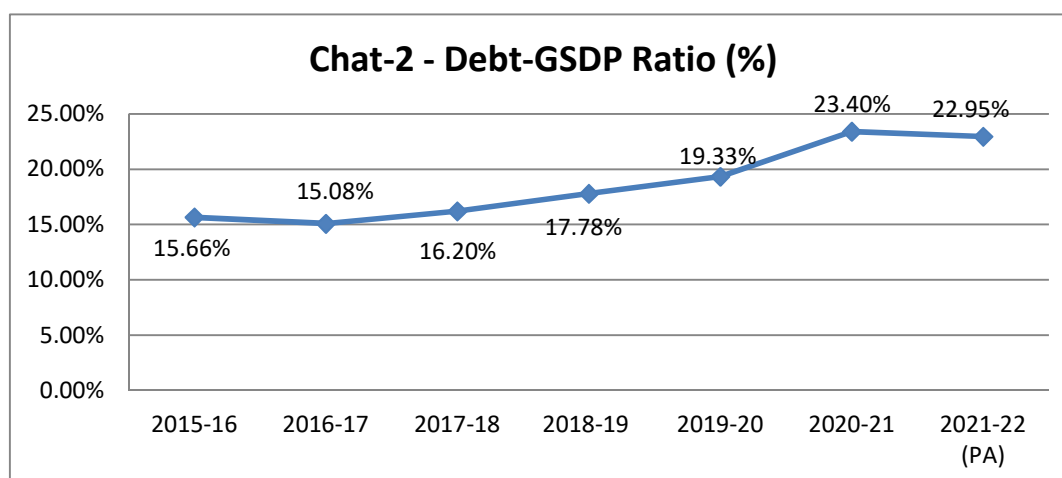
- State will be eligible for flexibility at 0.25% provided its Debt-GSDP ratio of the preceding year is less than or equal to 25%.
- State will be eligible for additional borrowing of 0.25% of GSDP in a given year provided the interest payment are less than or equal to 10 percent of the revenue receipts 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 2023-24, 2024-25 and 2025-26.
- The fiscal indicators along with the budget estimates for 2023-24 and the rolling targets for the next four years are placed in **Annexure-I**.

IV. Debt Management

Debt Structure

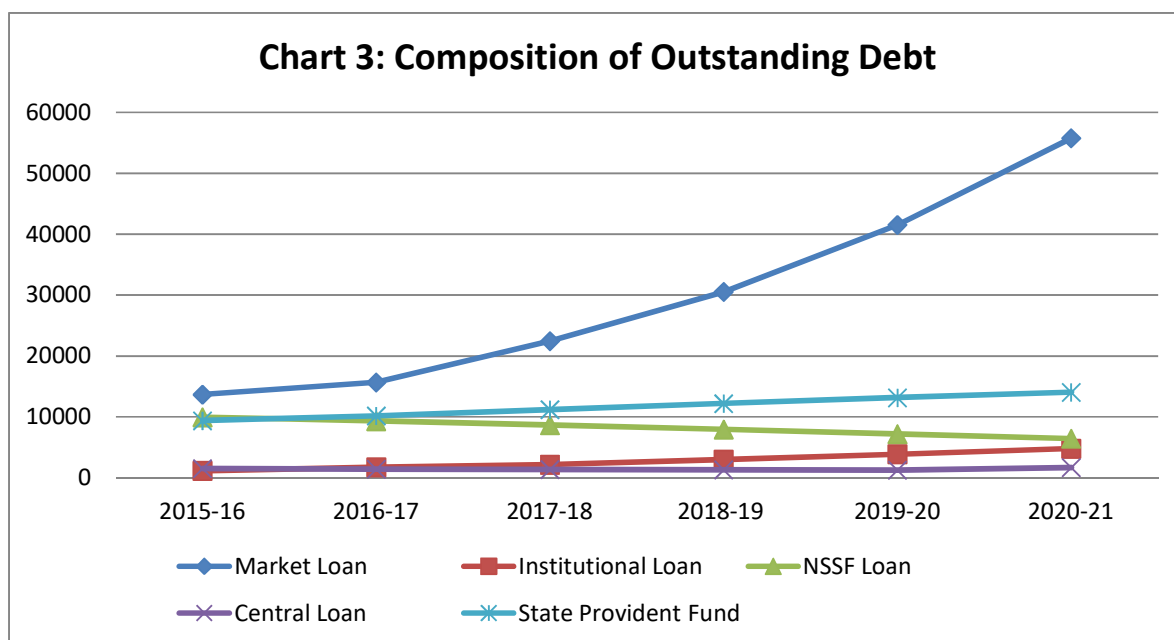
The outstanding debt of the Government of Assam (GoA) increased from Rs. 35690.22 Cr at the end of March, 2016 to Rs.94711.99Cr. at the end of March, 2022. However, the Debt to GSDP ratio of the State accelerated from 15.66 percent at end March 2016 (Table 4.1) to 23.40 percent at the end March,2020-21 mainly due to increase in OMB, Institutional loan and loans under “Schemes for Special Assistance to States for Capital Investment. However, the Debt –GSDP ratio is well within the prescribed limit of 32% of GSDP as amended in AFRBM Act. The said percent decreased to 22.95 at the end of March, 2021-22.

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 (%)
2001-02	2792.20	1640.12	1216.37	4312.88	1738.65	11700.22	30.54
2006-07	7296.53	417.74	4688.26	2775.31	3614.78	18792.62	29.05
2015-16	13674.2	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	16.20
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	19.33
2020-21	55781.01	4785.36	6444.66	1684.68	14045.37	82741.07	23.40
2021-22 (PA)	66534.01	5553.40	5689.70	2287.99	14646.90	94711.99	22.95



Composition of Debt

The market borrowings constitute the major share in the total debt followed by provident fund and NSSF. While the share of market borrowings and Institutional Loan accelerated during 2015-16 to 2021-22, the share of Central Loan has decreased during the period (Chart - 4). In addition to SDLs, GoA has also availed institutional loans from NABARD, NCDC, GIC etc., and Block Loan from GoI for EAP to finance the GFD. As loans from NSSF have been discontinued, servicing of these loans will continue along with other loans. Loan from NABARD under RIDF etc., has been increasing during the recent past on account of increase in rural infrastructure projects in the state. Similarly, EAP loan has also edged up on account of more projects have been initiated during the recent past for the development of the State.

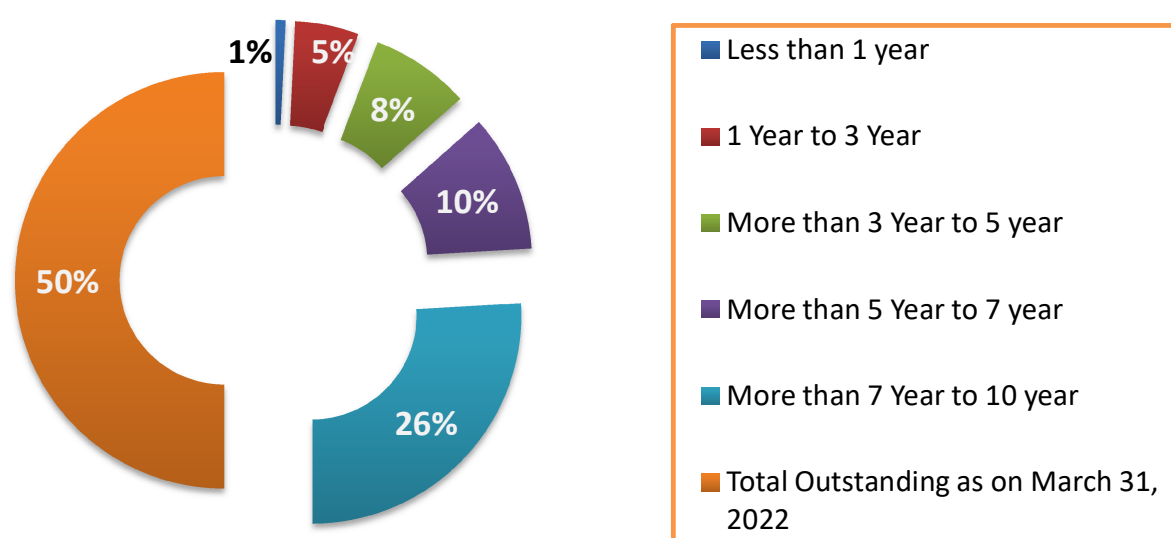


Maturity Pattern of Outstanding Debt

The maturity patterns of the SDLs as at end-March 2022 reveals that SDLs of Rs. 995 crore to be repaid during 2022-23. The residual maturity of outstanding SDLs over 1 year to 3 years will be at Rs.6,650 crore as at end-March 2022 and 3-year at Rs.10,240 crore. Over 5year to 7 year maturity will be at Rs.14,160 crore and above 7 year will be at Rs.34,489 crore (**Table 4.2 and Chart 5**). Therefore, there is sufficient cushion for further issuance of short term securities of more than 1 year to 3 year maturities, which would smoothen the repayment curve of the State.

Table 4.2: Maturity Pattern of SDLs of GoA (Rs. in Crore)	
Residual Maturity of OMB	Amount
Less than 1 year	995
1 Year to 3 Year	6650
More than 3 Year to 5 year	10240
More than 5 Year to 7 year	14160
More than 7 Year to 10 year	34489
Total Outstanding as on March 31, 2022	66534

Chart 4: Maturity pattern of outstanding SDLs (%)

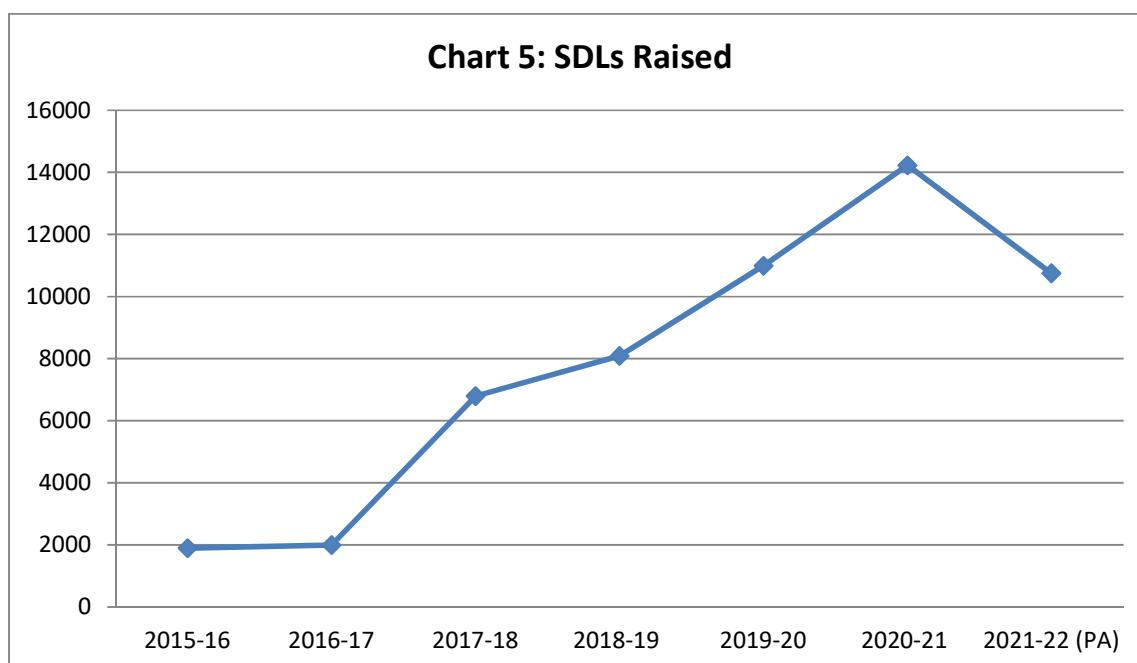


Debt Management Strategy

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 and 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. In recent years 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. (Table 4.3).

Table 4.3: SDL Raised and Repayment by GoA (Rs. in Crore)			
Year	Gross SDL Raised	Repayment	Net SDL Raised
2015-16	3150.00	1253.25	1896.75
2016-17	3090.00	1095.66	1994.34
2017-18	7760.00	963.13	6796.87
2018-19	10595.00	2505.64	8089.36
2019-20	12906.00	1909.76	10996.24
2020-21	15030.00	800.00	14230.00
2021-22 (PA)	12753.00	2000.00	10753.00
Source : Internal Records			

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).



Issuance of very short-term securities may not be advisable as rollover risk may be a threat. Therefore, as a prudent debt management strategy, since 2018-19, GoA has been raising short term borrowings of 3 year, 4 year, 5 year, 6 year and 7 year securities, in addition to regular 10 year securities at competitive rates to smoothen the

repayment curve. During 2021-22, GoA raised SDLs of Rs.12, 753 crore for the tenures ranging from 3 year to 10 year 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.

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. Accordingly, the GoA is in practice of preparing MTDS as and when required and devises the borrowing strategy depending upon the funds requirements and the financial market conditions. As the GoA's issuance of securities is limited to around Rs.18,000 crore, long term planning in terms of interest rate risk may not yield the desired results as the movement of market depends upon various factors including the larger issuer of securities like the GoI and the bigger states. Studies have concluded that the yield on the Government securities generally depends on demand and supply in the bond market, which are decided by factors such as prevailing interest rate scenario, financial market conditions especially liquidity conditions, time of accessing the market, bidding pattern of the market participants, developments in other markets such as forex market, capital market, international bond market, etc. Another RBI study concluded that, sometimes, market do not differentiate between the borrowings of various States, notwithstanding their very different financial conditions. Therefore, cost of borrowings of the GoA may depend upon various factors, which include market factors as well as fiscal factors. As the GoA has minimal influence in the market factors, improvement in fiscal factors may influence to raise loans at a competitive rate. GoA has generally avoided lumping of repayments and smoothen its repayment curve for better management of its debt portfolio.

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 by way of two indicators:

- that the rate of growth of public debt (k) should be lower than the growth rate of nominal GSDP (g), i.e., $k-g < 0$.
- that the growth rate of GSDP should be higher than effective interest rate (i), i.e., $g-i > 0$.

In terms of these two indicators, the growth of nominal GSDP of Assam is much higher than the growth of debt and the GSDP growth of Assam is much higher than the effective interest rate of the country upto 2016-17. However, the growth in debt has increased thereafter on account of increased spending in capital expenditure for the development of the state. This trend may be transitory on account of Covid-19 pandemic and the position will make a turnaround when the economic situation improves. Therefore, it may be concluded that the debt position of GoA is sustainable at this juncture.

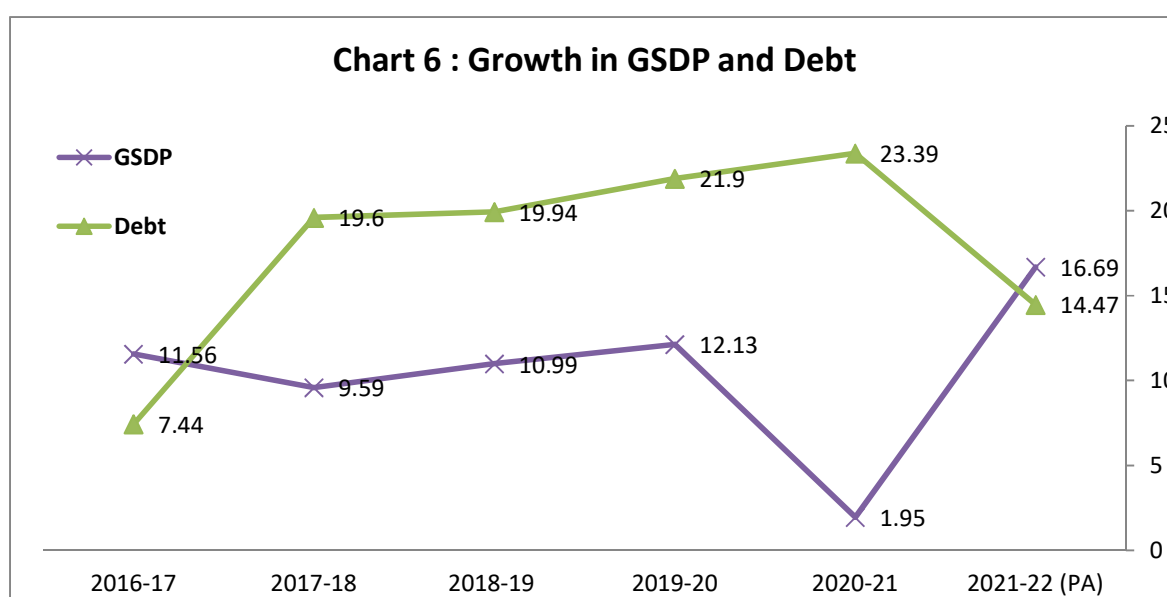


Table 4.4: Growth in GSDP and Debt				
(Rs.in Cr.)				
Year	Year end total outstanding debt	GSDP At current prices	Year to Year growth on Outstanding Debt	Year to Year growth of GSDP
2015-16	35690.22	227958.80		
2016-17	38345.76	254382.36	7.44	11.56
2017-18	45861.87	283164.90	19.60	9.59
2018-19	55008.25	309336.32	19.94	10.99
2019-20	67054.02	346851.00	21.90	12.13
2020-21	82741.07	353605.00	23.39	1.95
2021-22 (PA)	94711.99	412612.00	14.47	16.69

The year to year growth on outstanding debt showed a sharp increase from 7.44 in 2015-16 to 23.39 in 2020-21. However, this rate is declined to 14.47 in 2021-2022. On the other hand, the year to year growth of GSDP showed a increase from 9.59 2017-18 to 12.13 in 2019-20. The GSDP growth rate is negligible in 2020-21 being the Covid affected year. However, it showed a further increase to 16.69 in 2021-22(PA) due to revival of economic activities.

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:

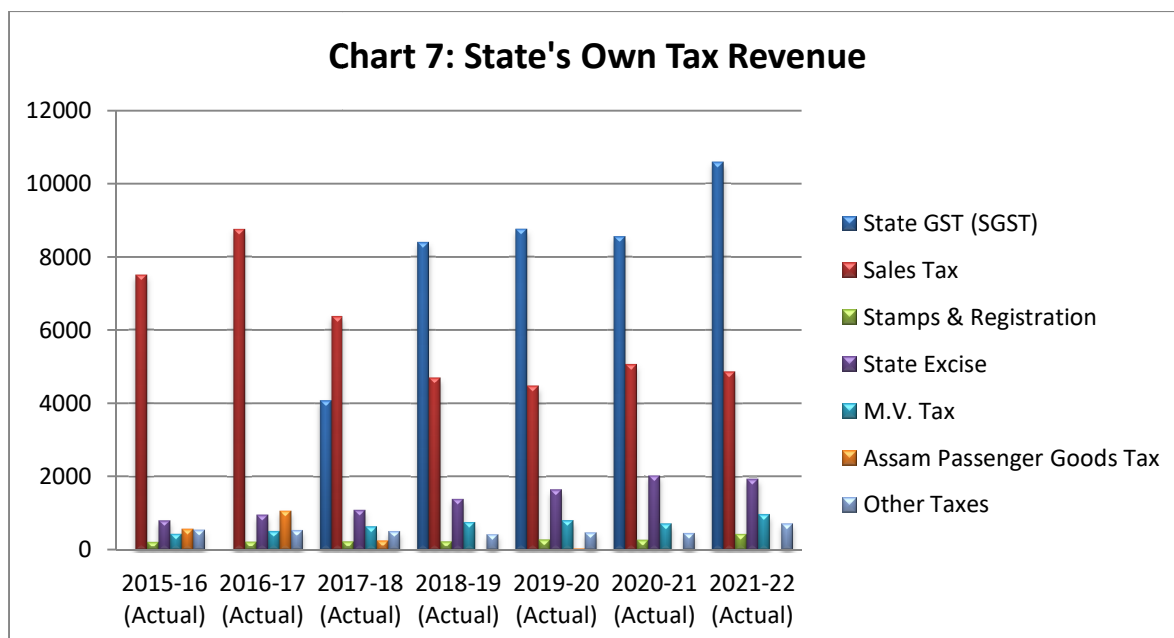
(1) Sales Tax, (2) Agricultural Income Tax, (3) Taxes on Profession, etc., (4) Land Revenue including cess on Green Tea Leaf, (5) Stamp duty & Registration, (6) State Excise Duties, (7) Motor Vehicle Tax, (8) Passengers & Goods Tax which includes Entry Tax (9) Electricity Duty and (10) Entertainment 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 and in 2021-22 (PA). An increasing trend is also noticed in Stamps & Registration and MV taxes in 2021-22 (PA). Other taxes showed a declining trend since 2015-16 up to 2018-19. However, it registered an upward trend in 2019-20 and in 2021-22 (PA). Table 5.1 depicts State's Own Tax Revenue for last 7 years.

Table 5.1: State's Own Tax Revenue								
(Rs. in Crore)								
Items	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR in %
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(PA)	(2015-21)
State GST (SGST) Integrated Goods & Services Tax(IGST and			4078	8393	8755	8549	10580	21.01%
Sales Tax	7493	8752	6373	4699	4481	5071	4867	-5.98%
Stamps & Registration	224	227	239	241	293	281	439	10.09%
State Excise	808	964	1095	1400	1650	2040	1939	13.32%
M.V. Tax	443	522	647	765	816	724	978	12.01%
Assam Passenger Goods Tax	583	1070	263	(-)	47	4	2	-55.55%
Other Taxes	554	546	521	431	487	465	728	3.98%
Total	10107	12080	13216	15925	16529	17134	19533	9.87%

Source: Finance Accounts

The Compounded average growth rate of the State's Own Tax Revenue over last seven years is nearly **9.87%**



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 2015-16 to 2021-22 (PA) may be seen from the following Table 5.2.

Table 5.2: Non-Tax revenue							
(Rs. in Crore)							
Non-Tax Revenue	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019-20 (Actual)	2020-21 (Actual)	2021-22 (PA)
Total Collection	2742	4353	4072	8221	5539	2900	3580

Source: Finance Accounts

As reported by the AG, the aggregate collection from non-tax revenue during 2015-16 was at Rs. 2742 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. . However, the Non-Tax Revenue of the State has increased to Rs.3580.00 Cr. in 2021-22.

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)						
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Actual	Actual	Actual	Actual	Actual	Actual	(PA)
16785	20189	22302	25216	21721	18629	28151

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.25216 crore during 2018-19. 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 Cr. During 2021-22, an amount of Rs.28151 lakh has been received as Share of Central Taxes.

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 and grants under Centrally Sponsored Schemes.

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

Table 5.4: Grant from Centre				
(Rs. in Crore)				
Year	Transfer from the Centre			
	Share in Central Taxes	Plan Grants	Non Plan Grants	Total (2+3+4)
1	2	3	4	5
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	21721.00	20705.61		42427.05
2020-21	18629.32	27233.65		45862.97
2021-22(PA)	28150.55	30325.66		58476.21

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 66% 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 11.09% of GSDP. During 2019-20, Salary and pension expenditure slowed down and it was nearly 56% of Total revenue expenditure and 10.56% of GSDP. In 2020-21, salary and pension expenditure accounted for about 58% of Total Revenue Expenditure and 10.50% of GSDP. During 2021-22(PA), Salary and pension expenditure further slowed down to nearly 55% of Total revenue expenditure and 11.10% of GSDP (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
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	12.02
2018-19	26177.73	8112.26	56899.00	46.01	14.26	11.09
2019-20	27008.30	9609.02	65817.28	41.04	14.60	10.56
2020-21	26803.09	10329.01	64519.59	41.54	16.01	10.50
2021-22 (PA)	28559.49	17223.74	82547.96	34.60	20.87	11.10

Interest payment has been growing at a compounded average growth rate of 12.71% over the period 2015-16 to 2021-22. The decline in the ratio of Interest payment to Total Revenue receipt over the years from 2015-16 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 6.02% in 2015-16 to 5.92% in 2017-18 (Table 5.6). However during 2018-19 onwards 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. 6051.47 Cr in 2021-22. The percentage ratio of Interest payment to Revenue receipt has increased from 6.06 in 2018-19 to 7.89 in 2020-21 thereafter decreasing to 7.42% in 2021-22. The acceptable level of Debt-GSDP ratio and the ratio of interest payment to total revenue receipt is pegged at 32% and 10% respectively and 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)
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	65896.19	5199.18	7.89
2021-22 (PA)	81589.12	6051.47	7.42

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	
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	24761.1	65817.28
2020-21		26803.1	10329.01	5199.2	22188.3	64519.59
2021-22 (PA)		28559.49	17223.74	6051.47	30713.25	82547.96

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			
		(Per cent)	
Item	Year	Assam	All States
Revenue Deficit /GSDP	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	-0.39	1.9
	2021-22(PA)	0.23	0.9
Gross Fiscal Deficit/GSDP	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	4.3	2.6
	2020-21	3.1	4.7
	2021-22(PA)	4.4	3.7
Own revenue/Revenue Expenditure	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	31.1	45.6
	2021-22(PA)	28.0	49.8
Development Expenditure/ Aggregate Disbursement*	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	67.2	61.2
	2021-22(RE)	71.1	63.6
Non-Developmental Expenditure/ Aggregate Disbursement*	2015-16	64	67.1
	2016-17	69.3	68
	2017-18	34.3	28.2
	2018-19	30	28.3

Non-Developmental Expenditure/ Aggregate Disbursement*	2019-20	27.7	28.8
	2020-21	29.6	28.8
	2021-22(RE)	25.7	27.0
Interest Payment/Revenue Expenditure	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	8.1	13.1
	2021-22(RE)	7.3	12.2
Interest Payment/ Revenue Receipt Receipts	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	7.9	15.0
	2021-22(RE)	7.4	12.9
Committed Expenditure/ Revenue Expenditure	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	33.1	32.5
	2021-22(RE)	30.5	30.6
Pension/Revenue Expenditure	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	16.0	12.5
	2021-22(RE)	20.9	11.2
Gross Transfers/Aggregate Disbursement	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	58.7	37.7
	2021-22(RE)	50.8	37.9
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 2015-16, which showed a decreasing trend up to 2020-21,

During 2021-22, an amount of Rs. 238.63 Crore has been issued guarantee to AIFA thereby increasing the outstanding guarantee amount to Rs. 311.76 crore at the end of the financial year 2021-22. However, this 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
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	42.25	35.47	77.71
2021-22(PA)	274.60	37.16	311.76

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 2021-22		Outstanding at the end of FY 2021-22	
	Principal	Interest	Principal	Interest
Power Sector				
1)Assam Power Generation Company Ltd.	6.28	0.00	0.00	0.00
Corporation Sector				
1)Assam State Cooperation Agriculture & Rural Development Bank Ltd.	2.14	4.13	2.14	4.14
Government Companies				
1)Assam State Development Cooperation for OBC Ltd.	0.00	1.19	0.00	0.00
2)Assam Plains Tribes Development Cooperation Ltd.	15.26	21.21	15.26	23.08
3)Assam State Development Cooperation For Scheduled Caste Ltd.	4.15	3.03	4.15	3.19
4)Assam State Development Cooperation for Scheduled Caste Ltd.	5.54	1.04	5.54	1.26
5)Assam Minorities Development and Finance Cooperation Ltd.	8.87	4.88	8.87	5.49
Any other:				
1.Assam Infrastructure Financing Authority (AIFA)	0.00	0.00	238.63	0.00

VI. MAJOR POLICY INTERVENTIONS

1. ASPIRe-

The Finance Department, Government of Assam is implementing Assam State Public Finance Institutional Reforms (ASPIRe) Project funded by the World Bank under ReSTART Assam with effect from the year 26th June, 2017. The project development objective of ASPIRe Project is to contribute to improvement in predictability and transparency in budget execution and efficiency in tax administration in Assam. The project was restructured on 27th January, 2021 giving importance on the inclusion of a strengthening of digital infrastructure for DBT Schemes into project finance agreements and further got extension for 1 year on 21st September, 2022 and to be completed on 30th September 2023.

The project has the following components:

- **Strengthening Public Finance Institutional Capacity:** This include cash and debt management, strengthening public procurement framework and scaling up e-procurement, strengthening public-private partnership framework and institutional capacity, institutional strengthening of Finance Department and training and capacity building to implementing departments.
- **Strengthening Expenditure and Revenue Information System:** This include design, development and implementation of financial management information system (FMIS), enhancing e- collection and e-payment systems, designing and upgrading information systems and institutional strengthening in Office of Commissioner of Taxes, design, development and implementation of workflow based information system in Excise Department and design , development and implementation of Digital Infrastructure for Direct Benefit Transfer Schemes (DIDS).
- **Project Management, Monitoring and Evaluation and Coordination:** For management of this project as usual as a long term objective of bringing about synergy in planning and implementation of various IT based public financial management reforms of the Finance Department, Special Purpose Vehicle (SPV) in the name of Assam society for Comprehensive Financial management System (AS-CFMS) was registered on 2nd March, 2016.

The key beneficiaries of the project include the Finance Department, The Office of the Commissioner of Taxes, Department of Excise, procuring agencies in selected line departments and Government officials.

All line departments, directorates and field level officials is benefitting from having information of budget execution rates and status of payment of bills. The project is also benefitting the citizens of Assam through efficient process and better service delivery provided by public institutions such as electronic payment and collection for services, better public procurement and enhanced taxpayer services with enhancement of transparency.

2. Chief Minister Samagra Gramya Unnayan Yojana (CMSGUY):

Finance Department has so far released a total amount of Rs.2550.00 crore to the MMS CMSGUY from 2016-17 to 2022-23.

LIST OF ONGOING SCHEMES UNDER MMS-CMSGUY

A. Under AACPMS-CMSGUY

- (i) Distribution of Tractor Units under CMSGUY
- (ii) Distribution of 1000 Mini Trucks under CMSGUY
- (iii) Top up subsidy on Micro Irrigation Component of Per Drop More Crops under PMKSY
- (iv) Distribution of Combined Harvester under CMSGUY
- (v) Distribution of Mini Rice Mills 2671 nos. of selected beneficiaries
- (vi) Distribution of Solar Pump under PM Kusum
- (vii) Setting up /upgradation of Rice mills in Assam
- (viii) Setting up of 100 Godowns for storage of paddy in rural areas of Assam(New Scheme)
- (ix) Setting up of 200 Drier units in Assam(New Scheme)
- (x) Setting up of 1MT/hr, 2MT/hr , 4MT/hr capacity Rice mill
- (xi) Setting up of Fortified Rice Kernel (FRK) under CMSGUY
- (xii) Incentivisation of milling of paddy for enhancement of production of rice for KMS 2021-22 (Phase-II)

B. Under AMMEMS-CMSGUY

- i) Scheme "Special intervention to Sootea LAC under CMSGUY"
- ii) Special Intervention in Bokakhat LAC Under CMSGUY for Livelihood and Employment Generation for youth in Livestock Sector
- iii) Special Intervention in Jalukbari LAC Under CMSGUY for Livelihood and Employment Generation for youth in Livestock Sector

- iv) Special Intervention in Majuli LAC Under CMSGUY for Livelihood and Employment Generation for youth in Livestock Sector.
- v) Dairy integrated Value chain In Sitajakhala (Morigaon Dist)
- vi) Establishment of 30TLPD dairy processing plant at Bajali
- vii) Mini Milk Processing plant and other activities under Kannayeka Bahumukhi pam, jamuguri ghat in sonitpur dist
- viii) Upgradation and revitalization of milk processing plant at Nazira in Sivsagar District.
- ix) Establishment of Dairy Farm & small scale Milk Processing Unit under Laxmi Dugdha Utpadak Samabai Samittee Ltd, Joyrampur Dhemaji
- x) Scheme "Special intervention to Sootea LAC under CMSGUY" Phase II.

C. Under FMS-CMSGUY

- (i) Training to the project Farmers beneficiary of Pond under “Ghare Ghare Pukhuri Ghare Ghare Maach”
- (ii) Inputs for pond constructed under RIDF for “Ghare Ghare Pukhuri Ghare Ghare Maach”
- (iii) Cage culture in selected bills of Assam under FMS_CMSGUY. Phase-II

D. Under AYDMS-CMSGUY

- (i) Development of Football / Playfields

E. Under CRMS-CMSGUY

- (i) Guru Sishya Manikanchan scheme.
- (ii) Workshop cum Training at cultural centres

F. Under P&RD

- (i) Mission Amrit Sarovar

3. Rural Infrastructure Development Fund (RIDF):

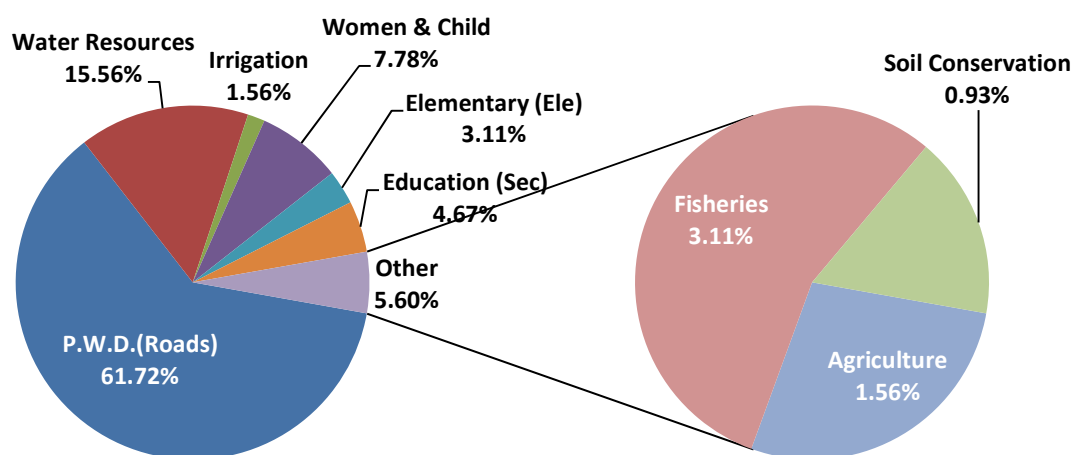
The Government of Assam has been emphasizing on rural connectivity and strengthening the assets in rural areas for accelerating growth and employment in the State. Realizing that Rural infrastructure is to be broad based to agriculture and allied sectors, the State Government diversified the projects 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, Mathauri Pakikaran etc. The State Government has so far availed

loan assistance for a total amount of Rs.8890.16 Crore from NABARD against various sectors up to financial year 2021-22.(As on 31.3.2022).

Against normative allocation amounting Rs.3000.00 cr. communicated by NABARD under RIDF XXVIII (2022-23), Finance Department has given sector-wise allocation against the sector:

Sl. No.	Sectors	Allocation (Rs. in Crore)
1	P.W.D.(Roads)	1983.09
2	Water Resources	500.00
3	Irrigation	50.00
4	Women & Child	250.00
5	Elementary (Ele)	100.00
6	Education (Sec)	150.00
7	Agriculture	50.00
8	Fisheries	100.00
9	Soil Conservation	30.00
	Total	3213.09

Chart 8 : Normative Allocation during 2022-23



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 developed in Finance Department under finassam.in portal which proved to be effective, efficient and optimum mode for dealing matters under RIDF.

4. 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 6th Assam State Finance Commission has submitted its report to the Govt. of Assam on 22.04.2020. The recommendation of the report has covered a period of five years commencing from 1st April, 2020. The Cabinet has approved the recommendations for the period 2020-21 to 2024-25. As per the recommendations of the 6th ASFC Award, the PRIs and ULBs as well as concerned line departments have implemented the schemes/projects for utilization of the Local Bodies grants.

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	15%
I. State Good & Service Tax (SGST)	25% for 2024-25 and 10% for rest of the years
I. Integrated Good & Service Tax (IGST)	0%
II. Sales Tax	25% for 2024-25 and 10% for rest of the years
III. State Excise	25% for 2024-25 and 10% for rest of the years
IV. Stamp Duty & Registration	25% for 2024-25 and 10% for rest of the years
V. Motor Vehicle Tax	25% for 2024-25 and 10% for rest of the years
VI. Taxes on Goods & Passengers	20% for 2024-25 and 10% for rest of the years
VII. Tax on Professions, Trades etc.	25% for 2024-25 and 10% for rest of the years
VIII. Other Taxes on Commodities & Services	25% for 2024-25 and 10% for rest of the years
IX. Land Revenue	25% for 2024-25 and 10% for rest of the years
X. Taxes on agricultural income.	20% for 2024-25 and 10% for rest of the years
XI. Taxes & Duties on Electricity	25% for 2024-25 and 10% for rest of the years
I. Interest receipts	25% for 2024-25 and 15% for rest of the years
II. Royalty on Crude Oil & Natural Gas	25% for 2024-25 and 15% for rest of the years
III. Forestry & Wild life	25% for 2024-25 and 22% for rest of the years
IV. Others	25% for 2024-25 and 15% for rest of the years
a) Share of Central Taxes	20% for 2024-25 and 10% for rest of the years
i) CSS	20% for 2024-25 and 10% for rest of the years
ii) Grants under Finance Commission and other transfers	30% for 2024-25 and 10% for rest of the years
iii) Recoveries of loans & advances	20% for 2024-25 and 15% for rest of the years
Revenue Expenditure	
a) Interest	5% for 2024-25 and 10% for rest of the years
b) Salary	5% for 2024-25 and 10% for rest of the years
c) Pension	5% for 2024-25 and 10% for rest of the years
d) Others	1% for 2024-25 and 7% for rest of the years
4. Capital Outlay	5% for 2024-25 and 10% for rest of the years
5. Lending	5% for 2024-25 and 10% for rest of the years
6. Year End Debt Stock	10%

Annexure- I

(Rs. in Crore)

Items	2021-22 (PA)	2022-23 (BE)	2023-24 Estimates	2024-25 Projection	2025-26 Projection	2026-27 Projection	2027-28 Projection	2028-29 Projection
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
1. Total Revenue Receipts	81589.12	99662.52	114084.70	141675.73	156369.85	172622.98	190606.78	210512.96
Own Revenues (a+b)	23112.91	29061.90	37012.50	46233.49	51383.39	57137.87	63573.15	70775.98
a) Own Tax Revenue (i to xi)	19533.16	22385.24	30001.66	37469.94	41216.93	45338.62	49872.48	54859.73
i. State Good & Service Tax (SGST) Integrated Goods & Service Tax (IGST)	10579.56	11884.00	15668.00	19585.00	21543.50	23697.85	26067.64	28674.40
ii. Sales Tax	4866.68	5553.07	7743.24	9679.05	10646.96	11711.65	12882.82	14171.10
iii. State Excise	1939.07	2412.00	3000.00	3750.00	4125.00	4537.50	4991.25	5490.38
iv. Stamp Duty & Registration	439.46	524.20	821.04	1026.30	1128.93	1241.82	1366.01	1502.61
v. Motor Vehicle Tax	978.21	1245.04	1445.04	1806.30	1986.93	2185.62	2404.18	2644.60
vi. Taxes on Goods & Passengers	2.29	4.96	5.50	6.60	7.26	7.98	8.78	9.66
vii. Tax on Professions, Trades etc.	206.86	210.00	231.01	277.21	304.93	335.42	368.96	405.86
viii. Other Taxes on Commodities & Services	-1.29	0.16	0.01	0.01	0.01	0.01	0.02	0.02
ix. Land Revenue	185.02	263.92	681.56	851.95	937.15	1030.86	1133.95	1247.34
x. Taxes on agricultural income.	-0.62	0.00	7.00	8.40	9.24	10.16	11.18	12.30
xi. Taxes & Duties on Electricity	337.91	287.89	399.27	479.12	527.03	579.74	637.71	701.48
b) Non-Tax Revenue	3579.75	6676.66	7010.84	8763.55	10166.46	11799.24	13700.67	15916.24
i. Interest receipts	120.86	311.93	159.84	199.80	229.77	264.24	303.87	349.45
ii. Royalty on Crude Oil & Natural Gas	2505.29	3469.24	4204.66	5255.82	6044.19	6950.82	7993.44	9192.46
iii. Forestry & Wild life	393.14	422.00	1010.00	1262.50	1540.26	1879.11	2292.52	2796.87
iv. Others	560.45	2473.49	1636.34	2045.43	2352.24	2705.08	3110.84	3577.46
Transfer from the Centre (a+b)	58476.21	70600.62	77072.20	95442.24	104986.47	115485.11	127033.62	139736.99
a) Share of Central Taxes	28150.55	25544.80	31950.89	38341.07	42175.17	46392.69	51031.96	56135.16
b) Grants (i +ii)	30325.66	45055.82	45121.31	57101.17	62811.29	69092.42	76001.66	83601.83
i) Centrally Sponsored Schemes	18186.82	30412.53	31130.48	38913.10	42804.41	47084.86	51793.34	56972.68
ii) Grants under Finance Commission and other transfers	12138.84	14643.29	13990.82	18188.07	20006.88	22007.56	24208.32	26629.15
2. Recovery of loans and advances	3099.49	11.84	306.88	368.26	423.50	487.03	560.08	644.09
3. Revenue Expenditure (a to d)	82547.96	96367.05	111336.59	140304.69	152963.41	166791.98	181900.65	198410.26
a) Interest	6051.47	7533.65	8815.37	9256.14	10181.75	11199.93	12319.92	13551.91
b) Salary	28559.49	38162.85	41039.93	43091.93	47401.12	52141.23	57355.36	63090.89
c) Pension	17223.74	11069.10	16208.91	17019.36	18721.29	20593.42	22652.77	24918.04
d) Others	30713.25	39601.44	45272.38	45725.10	48925.86	52350.67	56015.21	59936.28
4. Capital Outlay	20125.83	18371.01	23822.47	25013.59	27514.95	30266.44	33293.09	36622.40
5. Lending	104.01	290.27	189.12	198.58	218.44	240.28	264.31	290.74
6. Revenue Deficit	958.84	-3295.47	-2748.10	-1371.03	-3406.44	-5831.00	-8706.12	-12102.70
[Surplus (-)/ Deficit(+)]								
7. Fiscal Deficit	18089.19	15353.97	20956.60	23472.87	23903.44	24188.70	24291.19	24166.34
[Surplus (-) / Deficit (+)]								
8. Year End Debt Stock	94711.99	123962.35	138388.30	152227.13	167449.84	184194.82	202614.31	222875.74
9. Year End Outstanding Guarantees	311.76	77.71	311.76	311.76	311.76	311.76	311.76	312.76
10. Debt Stock including Guarantees (8+9)	95023.75	124040.06	138700.06	152538.89	167761.60	184506.58	202926.07	223188.50
11. Debt/GSDP	22.95%	25.74%	24.40%	23.34%	22.33%	21.35%	20.43%	19.54%
12. (Debt+Guarantee)/GSDP	23.03%	25.75%	24.46%	23.39%	22.37%	21.39%	20.46%	19.57%
13. Revenue Balance/Revenue Receipts (%)	1.18	-3.31	-2.41	-0.97	-2.18	-3.38	-4.57	-5.75
14. Revenue Balance/GSDP (%)	0.23	-0.68	-0.48	-0.21	-0.45	-0.68	-0.88	-1.06
15. Fiscal Balance/GSDP (%)	4.38	3.19	3.70	3.60	3.19	2.80	2.45	2.12
16. Interest Payment/Revenue receipt (%)	7.42	7.56	7.73	6.53	6.51	6.49	6.46	6.44
17. Own Taxrevenue /GSDP(%)	5.60	6.03	6.53	7.09	6.85	6.62	6.41	6.20
18. GSDP (Rs. in crore) at current prices	412612.00	481657	567142.05	652213.36	750045.36	862552.17	991934.99	1140725.24