



# **GOVERNMENT OF ASSAM FINANCE DEPARTMENT**

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

**2021-2022**

**Smti. Ajanta Neog  
Finance Minister, Assam**

## CONTENTS

<b>Chapter No.</b>	<b>Topics</b>	<b>Page No.</b>
	Preface	1
<b>I</b>	Overview of Global and Indian Economy	2-4
<b>II</b>	Overview of the State Economy	5-12
<b>III</b>	State Finances: FRBM & Fiscal Correction Path	13-19
<b>IV</b>	Debt Management	20-23
<b>V</b>	State Finances: A Critical Account	24-34
<b>VI</b>	Major Policy Interventions	35-39
<b>VII</b>	Medium Term Fiscal Plan & Underlying Assumptions	40
	Annexure-I	41

## **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) 2022-2027 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 GLOBAL AND INDIAN ECONOMY**

The year 2020 witnessed unrivalled turmoil with the novel COVID-19 virus and the resultant pandemic emerging as the biggest threat to economic growth in a century. The World Health Organization (WHO) declared COVID-19 a ‘Public Health Emergency of International Concern’ (PHEIC) on 30th January, 2020 and advised that all countries should be prepared for containment, including active surveillance, early detection, isolation and case management contact tracing, and prevention of onward spread.

The month of April 2020 became the month of “Global Lockdown” with world economic activity coming to a standstill – leading to a steep fall in output during second quarter of 2020

Global output is expected to witness the sharpest contraction in a century, contracting in the range of 3.5 - 4.3 per cent in 2020 as per the estimates provided by IMF and World Bank. The cumulative loss to global GDP over 2020 and 2021 is estimated at around USD 9 trillion – greater than the economies of Japan and Germany combined. Loss of output is anticipated to be more severe in AEs at 5.4 per cent compared to EMDEs, excluding China, which stood at 5.0 per cent for the year 2020. This is aligned with the more severe impact of the pandemic spread in AEs than EMDEs.

### **Indian Economy a Snapshot:**

The Indian economy was also negatively impacted by an unprecedented health crisis in 2020-21 with the highly contagious corona virus (Covid-19) spreading across the country. In response to the pandemic, Government took several proactive preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measures. Government imposed a strict 21 days nationwide lockdown from 25<sup>th</sup> March, 2020, under the Disaster Management Act, 2005, with subsequent extensions and relaxations, to contain the spread of Covid-19 while ramping up the health infrastructure in the country.

The lockdown measures, imposed to contain the spread of Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities. The real Gross Domestic Product (GDP) growth is projected to contract by 7.7 percent in 2020-21 as compared to a growth of 4.2 percent in 2019-20. GDP growth, however, is expected to rebound strongly in 2021-22 owing to the reform measures undertaken by the Government.

The Government announced a special economic and comprehensive package under Atmanirbhar Bharat of Rs 20 lakh crore - equivalent to 10 percent of India's GDP – to fight the Covid-19 pandemic in India. Several structural reforms announced as part of the package, inter alia, include deregulation of the agricultural sector, change in definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in defence and space sector, development of Industrial Land/Land Bank and Industrial Information System, Production Linked Incentive Schemes, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivizing States to undertake sector reforms.

As per the first Advance Estimates of annual national income released by the National Statistical Office (NSO), Real GDP is estimated to contract by 7.7 percent in 2020-21, as compared to a growth of 4.2 percent in 2019-20. This contraction in GDP growth is mainly attributed to the contraction in industry and services sector. The growth of Gross Value Added (GVA) at constant (2011-12) basic prices is estimated to contract by 7.2 percent in 2020-21, as compared to a growth of 3.9 percent achieved in 2019- 20. Positive growth in real GVA in agriculture & allied sectors at 3.4 percent in 2020- 21 against 4.0 percent of 2019-20 indicates resilience of rural economic activity to the Covid-19 pandemic. From the demand side, private consumption expenditure is estimated to contract at 9.5 percent in 2020-21 as against a growth of 5.3 percent in 2019-20 and fixed investment is estimated to decline by 14.5 percent in 2020-21 as against 2.8 percent in 2019-20. Government consumption final expenditure is estimated to grow at 5.8 percent in 2020-21 as against 11.8 percent in 2019-20. Exports and imports of goods and services are estimated to contract at 8.3 percent and 20.5 percent (at constant prices) respectively in 2020-21.

India's real GDP is projected to record a growth of 11.0 percent in 2021-22 and nominal GDP by 15.4 per cent. These conservative estimates reflect upside potential that can manifest due to the continued normalisation in economic activities as the rollout of Covid-19 vaccines gathers traction. This will further be supported by supply-side push from reforms and easing of regulations, push to infrastructural investments, boost to manufacturing sector through the Productivity Linked Incentive Schemes, recovery of pent-up demand for services sector, increase in discretionary consumption subsequent to roll-out of the vaccine and pick up in credit given adequate liquidity and low interest rates. This path would entail a growth in real GDP by 2.4 percent over the absolute level of 2019-20 – implying that the economy would take two years to reach and go past the pre-pandemic level. These projections are in line with IMF estimate of real

GDP growth of 11.5 per cent in 2021-22 for India and 6.8 per cent in 2022-23. India is expected to emerge as the fastest growing economy in the next two years as per IMF.

## II. OVERVIEW OF THE STATE ECONOMY

### State Domestic Product

The size, sectoral composition and growth of the economy determine the revenue potential of the state as well as the size of the budget. The size of the budget determines the kind of public expenditure of the Government. The economy is measured in terms of GSDP both at current and constant prices. State Domestic Product (SDP) is the total value of goods and services produced during any financial year within the geographical boundaries of a state. It is also called the state income. 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 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. Assam is one of the potential states registering high growth in terms of GVA and GSDP.

### **GROSS STATE DOMESTIC PRODUCT (GSDP) AND NET STATE DOMESTIC PRODUCT AT CURRENT PRICES AND CONSTANT PRICES (BASE YEAR 2011-12) FOR LAST FIVE YEARS.**

During the period 2015-16 to 2019-20, the State achieved an impressive annual average growth rate of 7.55 % in terms of Gross State Domestic Product (GSDP) at constant (2011-12) prices. During this period, industry sector attained the highest annual average growth rate of 17.55% in respect of GSDP at constant prices, followed by service sector (9.52%) and agriculture & allied sector (2.21%) respectively. On the other hand, the annual average growth rate in respect to GSDP at current prices during the period 2015-16 to 2020-21 attained at the level of 10.64% as against 8.68 % at National level.

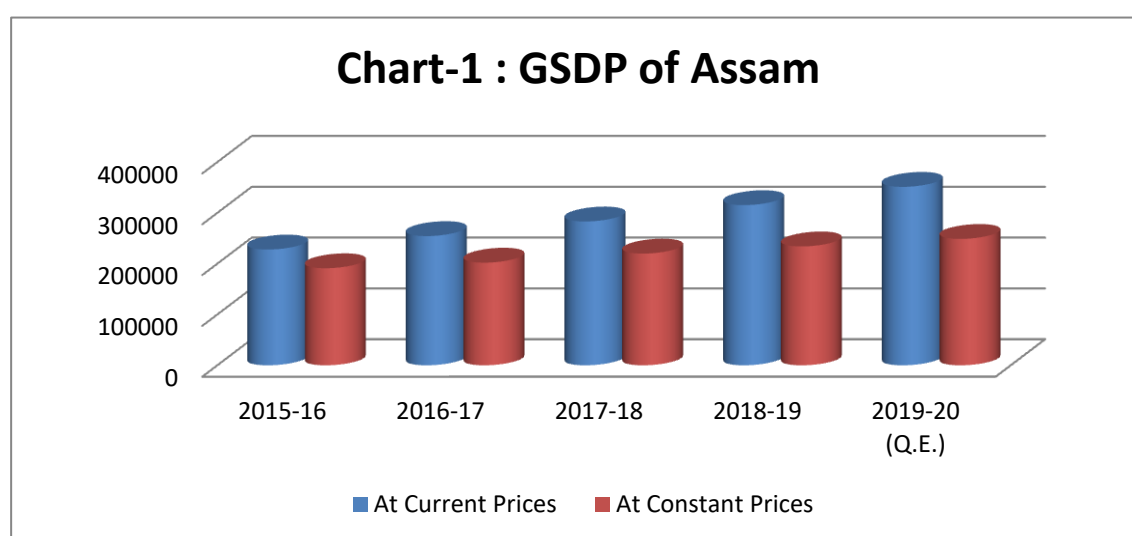
GSDP at current prices was Rs.227958.82 crore in 2015-16 and it increased to Rs 351317.77 crore in 2019-20 with an annual increase of 11.22% during the period. On the other hand, GSDP at constant (2011-12) prices increased from Rs.191109.00 crore in 2015-16 to Rs. 248796.15 in 2019-20 (Q.E) registering an annual growth of 7.55% during the period.

GSDP of Assam both at current and constant prices during the period from 2015-16 to 2019-20 is presented in following table.

**GSDP and NSDP of Assam at both current and constant prices during the period from 2015-16 to 2019-20 (Q.E)**

Base year: 2011-12		(Rs. in Crore)			
Sl. No	Year	GSDP of Assam		GDP of India	
		At current prices	At constant prices	At current prices	At constant prices
1	2015-16	227958.82	191109.00	13771874	11369493
2	2016-17	254382.36	202080.85	15391669	12308193
3	2017-18	283164.90	219919.38	17090042	13144582
4	2018-19	315372.17	234047.90	18886857	14003316
5	2019-20 (Q.E.)	351317.77	248796.15	20351013	14569268

Source: Directorate of Economics & Statistics, Assam



ANNUAL GROWTH RATE IN TERMS OF GDP OF INDIA AND GSDP OF ASSAM FOR LAST FIVE YEARS IS SHOWN IN THE FOLLWING TABLE.

YEAR	ASSAM		INDIA	
	Current Prices	Constant Prices	Current Prices	Constant Prices
<b>2016-17</b>	11.59%	5.74 %	11.76%	8.26%
<b>2017-18</b>	11.31%	8.83 %	11.03%	6.80%
<b>2018-19 (P.E)</b>	11.37%	6.42 %	10.51%	6.53%
<b>2019-20 (Q.E.)</b>	11.22%	6.30 %	7.75%	4.04%



## SECTORAL COMPOSITION OF GSDP DURING LAST FIVE YEARS:

The share of Agriculture and its allied activities in GSDP at current prices had marginally come down from 16.21% in 2018-19 to 15.64% in 2019-20(Q.E). During this period, the share of industry sector also marginally declined from 33.69% in 2018-19 to 33.62% in 2019-20 (Q.E). During the same period, the share of service sector in GSDP has increased from 43.51% in 2018-19 to 44.03% in 2019-20 (Q.E)

Sectoral Composition of GSDP at current prices		
Industry	2018-19(P.E)	2019-20(Q.E)
<b>Agriculture and its Allied</b>	16.21%	15.64%
<b>Industry</b>	33.69%	33.62%
<b>Service</b>	43.51%	44.03%
<b>Taxes &amp; Subsidies</b>	6.58%	6.71%

The similar picture has also been reflected at constant prices. The contribution of Agriculture and allied sector to total GSDP at constant prices (2011-12) has marginally declined from 15.66% in 2018-19 to 15.08% in 2019-20. The share of industry sector at constant (2011-12) prices increased from 39.77% in 2018-19 to 40.48% in 2019-20. But, the contribution of service sector has slightly declined from 38.67% in 2018-19 to 38.01% in 2019-20(Q.E).

Sectoral composition of GSDP at constant prices		
Industry	2018-19 (P.E)	2019-20 (Q.E)
<b>Agriculture and its Allied</b>	15.66%	15.08%
<b>Industrv</b>	39.77%	40.48%
<b>Service</b>	38.67%	38.01%
<b>Taxes &amp; Subsidies</b>	5.89%	6.43%
<b>Source: Directorate of Economics and Statistics, Assam</b>		

**SECTORAL GROWTH RATES OF GSDP AT CONSTANT (2011-12) PRICES FOR LAST FIVE YEARS.**

The sectoral growth rates of GSDP at constant (2011-12) prices during the period 2014-15 to 2019-20 is presented in the following table-

SECTORAL GROWTH RATES OF GSDP AT CONSTANT (2011-12) PRICES DURING THE PERIOD 2014-2015 TO 2019-2020			
			(Rs. in Lakh)
Industry	2014-15	2019-20 (Q.E)	Average Annual Growth Rate
Agriculture, Forestry & Fishing	3295165	3752512	2.78%
Mining & Quarrying	1276493	3321569	32.04%
Manufacturing	1802930	3856084	23.32%
Electricity, Gas, Water Supply & Other utility Services	271628	537416	16.63%
Construction	1446532	2356993	12.59%
Trade, Repair, Hotels & Restaurants	2534132	2446062	2.57%
Transport, Storage, Communication & Services related to Broadcasting	1028904	1245327	4.20%
Financial Services	479116	737134	10.77%
Real Estates, Ownership of Dwelling and Professional Services	1144128	1167342	0.41%
Public Administration	959113	1402407	9.24%
Other Services	1321779	2457866	17.19%
Gross State Domestic Product (GSDP)	14317491	24879615	10.11%

The above table depicts that the annual percentage growth rate (APGR) in respect of GSDP at constant prices during the period from 2014-15 to 2019-20, was highest in mining and quarrying (32.04%) among all sectors, followed by manufacturing (23.32)%, other services (17.19%) and electricity, gas, water supply and other utility services (16.63%) respectively.

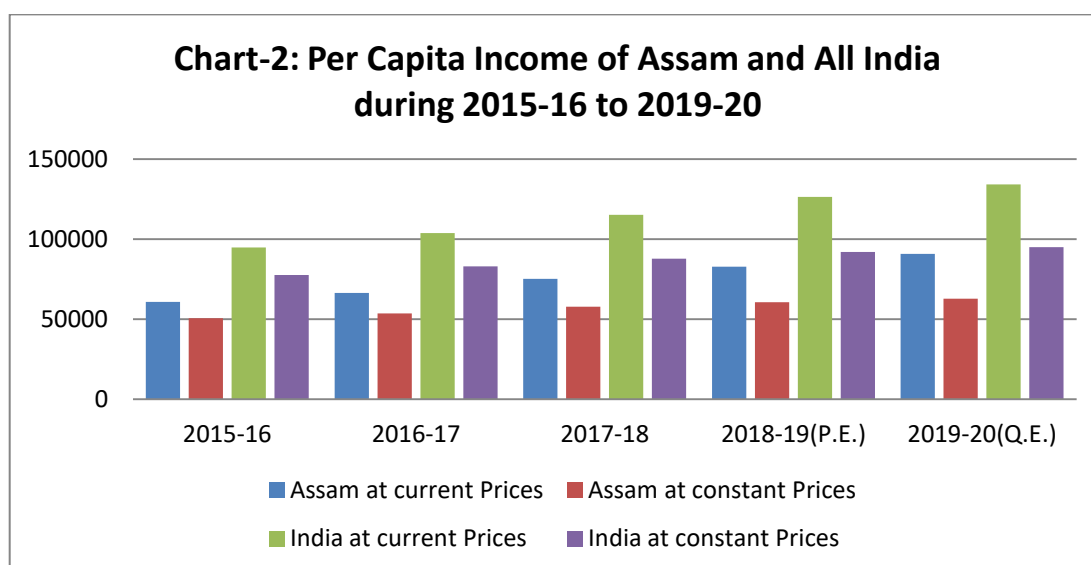
## PER CAPITA INCOME

Per capita income of Assam and All India is presented in the following table-

Per capita income of Assam and All India				
(In Rs.)				
Year	Assam		India	
	At current Prices	At constant Prices	At current Prices	At constant Prices
2015-16	60817	50642	94797	77659
2016-17	66330	53575	103870	83003
2017-18	75151	57835	115293	87828
2018-19(P.E.)	82837	60695	126521	92085
2019-20(Q.E.)	90758	62796	134226	94954

*Source: Directorate of Economics and Statistics, Assam and National Statistics Office (MOSPI), Govt. of India*

The per capita income of the State in terms of NSDP at constant (2011-12) prices was increased from Rs.50642 in 2015-16 to Rs.62796 in 2019-20 (Q.E) registering annual growth of 6.00% as against 5.57% at All India Level.



GDP of India and GSDP of Assam at current and constant (2011-12) prices is shown in the following table.

<b>GDP of India and GSDP of Assam at Current and Constant (2011-12) Prices</b>							
<b>New base (2011-12) series</b>							
(Rs. In crore)							
Sl. No.	Year	Assam		India		Contribution of GSDP of Assam in GDP of India	
		Constant prices	Current prices	Constant prices	Current prices	Constant prices	Current prices
1	2015-16	191109	227959	11369493	13771874	1.68%	1.66%
2	2016-17	202081	254382	12308193	15391669	1.64%	1.65%
3	2017-18	219919	283165	13144582	17090042	1.67%	1.66%
4	2018-19	234048	315372	14003316	18886957	1.67%	1.67%
5	2019-20(Q.E)	248796	351318	14569268	20351013	1.71%	1.73%

<b>GROSS STATE DOMESTIC PRODUCTS OF ASSAM AT CURRENT PRICES</b>			
<b>New base (2011-12) series</b>			
(Rs. in Lakh)			
Sl No	Industry Sector	2018-19 (P.E)	2019-20 (Q.E)
<b>1</b>	<b>Agriculture, Forestry and Fishing</b>	<b>5121469</b>	<b>5494358</b>
1.1	Crops	3655194	3894745
1.2	Livestock	369223	386045
1.3	Forestry & Logging	306278	327099
1.4	Fishing and aquaculture	790773	886469
2	Mining & Quarrying	3653222	4050112
<b>A</b>	<b>Primary</b>	<b>8774691</b>	<b>9544470</b>
3	Manufacturing	3615479	3869127
4	Electricity, Gas, Water Supply and other utility services	705626	749258
5	Construction	2669230	3143980
<b>B</b>	<b>Secondary</b>	<b>6990334</b>	<b>7762365</b>
6	Trade, Repair, Hotels & Restaurants	4297516	4756116
7	Transport, Storage, Communication and services related to broadcasting	1673082	1816491
8	Financial Services	864894	994856
9	Real Estate, Ownership of dwelling & Professional Services	1651710	1767451

10	Public Administration	1996207	2464595
11	Other Services	3259855	3669211
<b>C</b>	<b>Tertiary</b>	<b>13743264</b>	<b>15468720</b>
12	Total GSVA at Basic Prices	29508289	32775555
13	Taxes on Products	2668567	3023196
14	Subsidies on Products	588736	666974
<b>15</b>	<b>Gross State Domestic Product</b>	<b>31588120</b>	<b>35131777</b>
16	Populatiuon (in '00 )	341370	348153
<b>17</b>	<b>Per Capita (in Rs.)</b>	<b>92533</b>	<b>100909</b>
D	Agriculture	5121469	5494358
E	Industry Sector	10643556	11812477
F	Service Sector	13743264	15468720
G	Taxes on Products -Subsidies on Products	2079831	2356222
<b>GSDP</b>		<b>31588120</b>	<b>35131777</b>

<b>GROSS STATE DOMESTIC PRODUCTS OF ASSAM AT CONSTANT PRICES</b>			
<b>New base (2011-12) series</b>			
<b>(Rs. In Lakhs)</b>			
Sl No	Industry Sector	2018-19 (P.E)	2019-20 (Q.E)
1	2	8	
<b>1</b>	<b>Agriculture, Forestry and Fishing</b>	<b>3666272</b>	<b>3752512</b>
1.1	Crops	2699140	2748243
1.2	Livestock	231899	233490
1.3	Forestry & Logging	172053	173131
1.4	Fishing and aquaculture	563180	597648
2	Mining & Quarrying	3074647	3321569
<b>A</b>	<b>Primary</b>	<b>6740919</b>	<b>7074081</b>
3	Manufacturing	3590722	3896033
4	Electricity, Gas, Water Supply and other utility services	497095	497467
5	Construction	2146213	2356993
<b>B</b>	<b>Secondary</b>	<b>6234031</b>	<b>6750493</b>
6	Trade, Repair, Hotels & Restaurants	2387499	2446062
7	Transport, Storage, Communication and services related to broadcasting	1237346	1245327
8	Financial Services	693487	737134

9	Real Estate, Ownership of dwelling & Professional Services	1142460	1167342
10	Public Administration	1387103	1402407
11	Other Services	2202475	2457866
<b>C</b>	<b>Tertiary</b>	<b>9050370</b>	<b>9456138</b>
12	Total GSVA at Basic Prices	22025320	23280712
13	Taxes on Products	1769273	2120253
14	Subsidies on Products	389803	521350
<b>15</b>	<b>Gross State Domestic Product at constant prices</b>	<b>23404790</b>	<b>24879615</b>
16	Population (in '00 )	341370	348153
<b>17</b>	<b>Per Capita (in Rs.)</b>	<b>68561</b>	<b>71462</b>
D	Agriculture	3666272	3752512
E	Industry Sector	9308677	10072062
F	Service Sector	9050370	9456138
G	Taxes on Products -Subsidies on Products	1379470	1598903
<b>GSDP</b>		<b>23404789</b>	<b>24879615</b>

### III. STATE FINANCES: FRBM & FISCAL CORRECTION PATH

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

#### Fiscal Scenario

##### Own Tax Revenue

Although the state's own tax revenue growth declined to 5% in 2014-15, the state again started to turn around its own tax revenue growth from 2015-16 onwards. 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 now 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.

**Table 3.1: Growth of Own Tax Revenue of Assam**  
(Rs. in Crore)

Year	Own Tax	Growth (%)
2013-14	8994.92	
2014-15	9449.81	5
2015-16	10106.5	7
2016-17	12079.56	20
2017-18	13215.52	9
2018-19	15924.85	20.5
2019-20 (PA)	16528.69	3.8

**Source: Finance Accounts and Budget Documents**

## Non-Tax Revenue

The collection of Non-Tax Revenue also 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. 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 (%)
2013-14	2705.03	
2014-15	2412.88	-11
2015-16	2741.56	14
2016-17	4353.12	59
2017-18	4071.97	-6
2018-19	8221.29	102
2019-20(PA)	5539.35	8.9

*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 eighteen 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.



**Table 3.3: Revenue Expenditure of Assam**

(Rs. in Core)

Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 (PA)
<b>Total Expenditure</b>	39078.17	37011.42	49362.72	55480.94	56899.00	65817.28
<b>Developmental Expenditure</b>	25163.06	23980.22	31587.17	33565.08	35811.37	43358.70
<b>Non-Developmental Expenditure</b>	12921.60	12656.03	17123.19	21790.81	20813.74	22092.34
<b>Grants-In-Aid And Contributions</b>	993.50	375.16	652.36	125.05	273.89	366.23
<b>Growth Rate</b>	22.2	-5.3	33.4	12.4	2.56	15.67

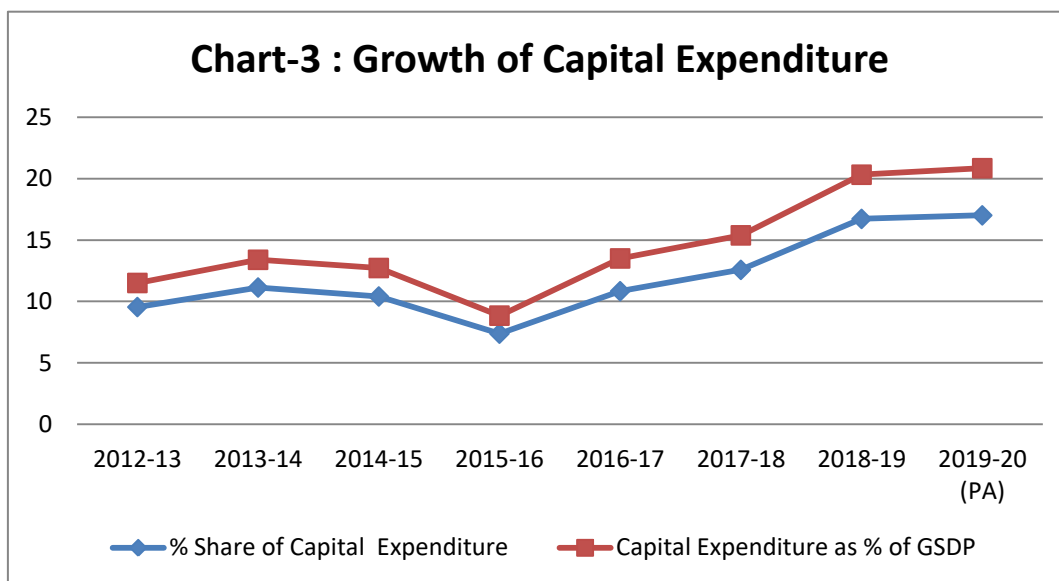
### Capital Expenditure

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 2012-13 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 Exp. as % of GSDP
2012-13	29136.91	3077.93	32214.84	90.45	9.55	1.96
2013-14	31989.29	4011.27	36000.56	88.86	11.14	2.26
2014-15	39078.17	4542.99	43621.16	89.59	10.41	2.32
2015-16	37011.42	2951.00	39972.42	92.59	7.38	1.47
2016-17	49362.72	6001.46	55364.18	89.16	10.84	2.67
2017-18	55480.94	7946.91	63173.78	87.82	12.58	2.81
2018-19	56899.00	11362.15	67933.08	83.69	16.73	3.60
2019-20 (PA)	65817.28	13501.58	79002.70	83.31	17.02	3.84



From the above table, it has been observed that share of revenue expenditure has declined from 93% of 2015-16 to 84% during 2018-19 and to 83% during 2019-20. On the other hand, Capital expenditure trend has been upward since 2016-17 onwards i.e., 11% 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 2.67% and 2.81% during 2016-17 and 2017-18 respectively against 1.47 % during 2015-16. For 2019-20, the said figure is 3.84%.

### Gross Fiscal Deficit

The fiscal deficit of the Govt of Assam has started accelerating steeply from Rs. 3782.30 crore in 2013-14 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 14<sup>th</sup> 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. 21721.44 Cr, which is even lesser than the amount of Rs. 22301.54 Cr. received in 2017-18 and then 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.

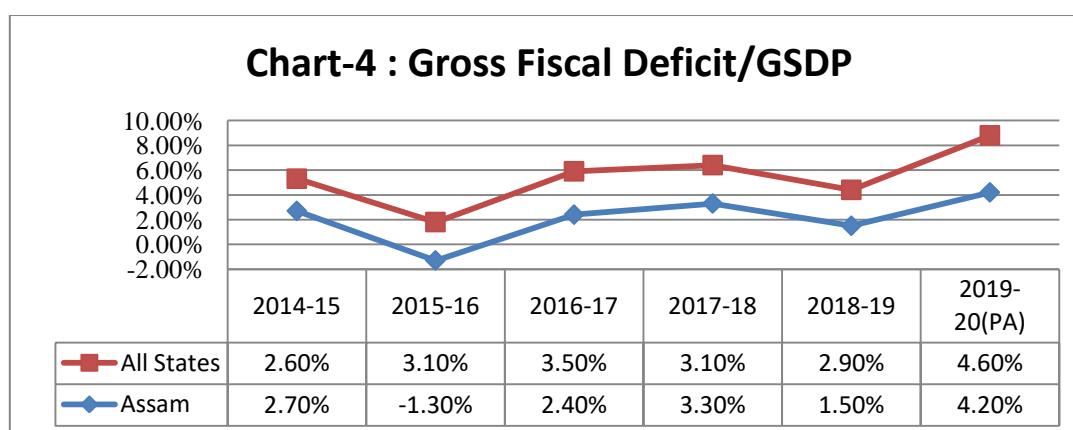
For 2021-22, over and above 3% of GSDP, Govt. of India allowed additional borrowing of 2% of GSDP to overcome revenue loss due to COVID-19 Pandemic and the AFRBM Act has been suitably amended to accommodate the additional space.

For 2021-22, the 15<sup>th</sup> 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 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 3.5: Gross Fiscal Deficit**

	Gross Fiscal Deficit (Rs. in Crore)	Fiscal Deficit as % of GSDP
<b>2013-14</b>	3782.30	2.13
<b>2014-15</b>	5429.54	2.77
<b>2015-16</b>	-3005.47	-1.32
<b>2016-17</b>	6125.77	2.41
<b>2017-18</b>	9292.21	3.28
<b>2018-19</b>	4779.06	1.52
<b>2019-20(PA)</b>	14815.80	4.22

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 14<sup>th</sup> 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 14<sup>th</sup> 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 30<sup>th</sup> March, 2017 and notified vide gazette notification Dated 5<sup>th</sup> April, 2017.
- The 15<sup>th</sup> 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 indicated the fiscal deficit-GSDP ratio limits as 4.0 for 2021-22, 3.5 for 2022-23 and 3.0 for 2023-24, 2024-25 and 2025-26. The Commission has also recommended an extra annual borrowing space of 0.50 percent of GSDP for States for the period 2021-22 to 2024-25 based on performance criteria in Power Sector.
- 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

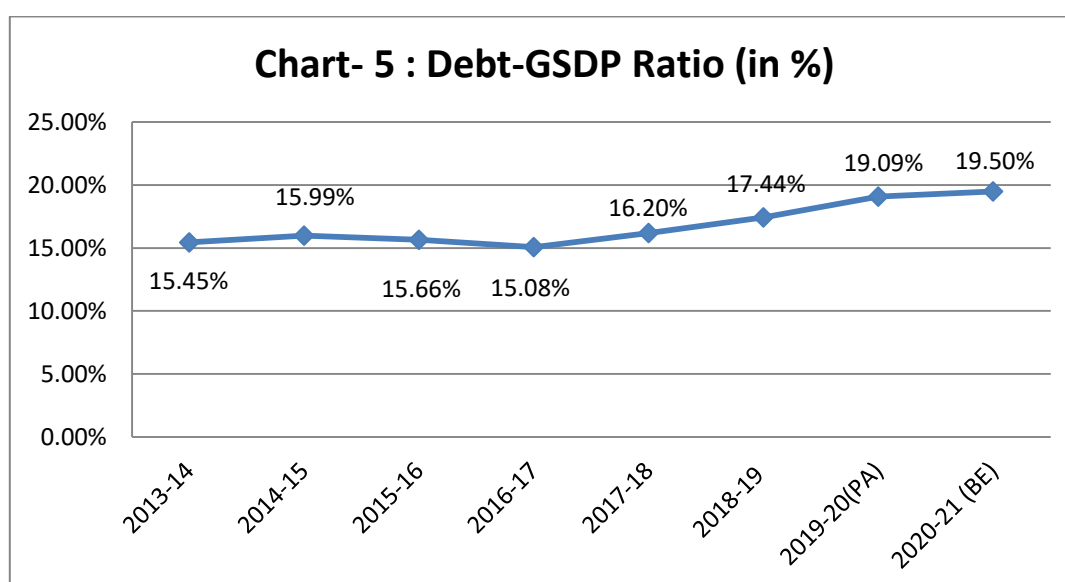
### Debt Structure

The outstanding debt of the Government of Assam (GoA) increased from Rs. 27455.63Cr at the end of March, 2014 to Rs. 67054.02 Cr. at the end of March, 2020. However, the Debt to GSDP ratio of the state accelerated from 15.45 percent at end-March 2014 to (Table 4.1) to 19.09 percent at the end March,2019-20 mainly due to increase in OMB and Institutional loan and lower growth of GSDP.

**Table 4.1: Debt Position and Debt-GSDP Ratio**

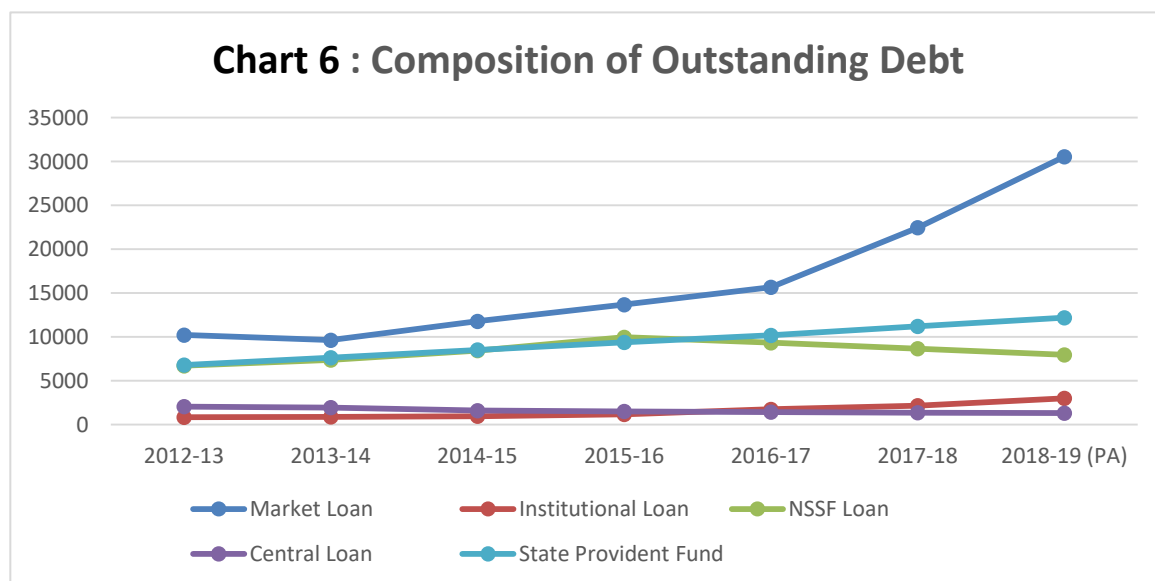
(Rs.in Cr.)

Year	Market Loan	Institutional Loan	NSSF Loan	Central Loan	State Provident Fund	Year-end total outstanding debt	Debt-GSDP Ratio (%)
<b>2013-14</b>	9624.52	886.02	7368.95	1943.54	7632.6	27455.63	<b>15.45</b>
<b>2014-15</b>	11777.45	962.06	8447.10	1591.65	8522.73	31300.99	<b>15.99</b>
<b>2015-16</b>	13674.20	1165.26	9959.73	1508.15	9382.87	35690.22	<b>15.66</b>
<b>2016-17</b>	15668.54	1738.56	9329.55	1429.78	10179.33	38345.76	<b>15.08</b>
<b>2017-18</b>	22465.41	2164.24	8664.08	1361.18	11206.99	45861.87	<b>16.20</b>
<b>2018-19</b>	30554.77	3001.78	7954.58	1309.07	12188.05	55008.25	<b>17.44</b>
<b>2019-20 (PA)</b>	41551.01	3876.59	7199.62	1270.29	13156.52	67054.02	<b>19.09</b>
<b>2020-21 (BE)</b>	<b>52014.90</b>	<b>5331.42</b>	<b>6444.66</b>	<b>1517.88</b>	<b>14357.68</b>	<b>79666.54</b>	<b>19.50</b>



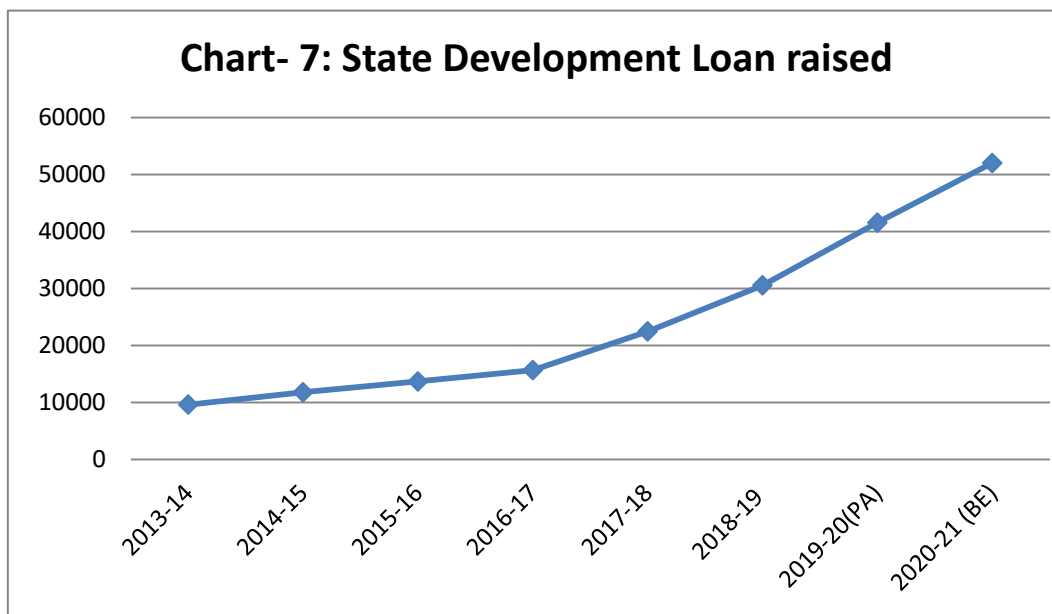
## Composition of Debt

The market borrowings constitute the major share in the total debt averaging at 46 per cent followed by provident fund and NSSF. While the share of market borrowings and Provident Fund accelerated during 2014-15 to 2019-20, the share of Central Loan has decreased during the period (Chart 9).



## 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 10).



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**

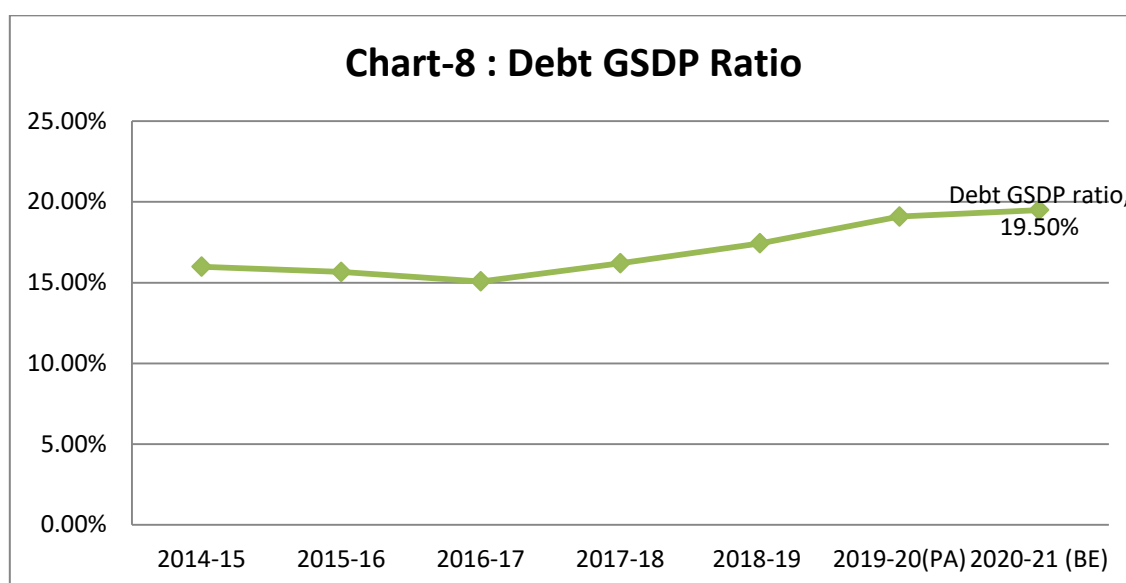
Prudent public debt management and coordinated policy options thereon are an integral part of macroeconomic development of the State. It is well-recognised that GoA needs efficient and effective public debt management as the public debt is the largest financial portfolio in the economy and its impact 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 than the growth of debt, and the GSDP growth of Assam is much higher than the effective interest rate of the country. Therefore, it may be concluded that the debt position of GoA is sustainable at this juncture.



In terms of 14<sup>th</sup> 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 19.09% per cent in end-March 2020. The interest payment to revenue receipts of GoA is recording at around 6.9 per cent during the recent period.

## **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.

### **Change in Accounting Policy**

#### **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.

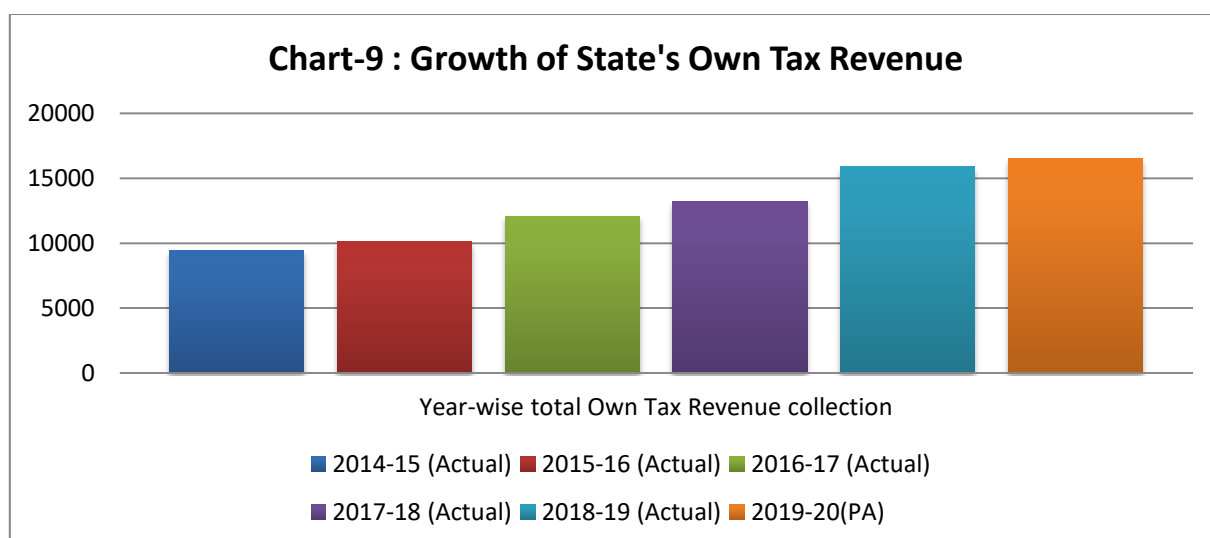
However, in view of introduction of a uniform tax regime all over the country through the GST, there are considerable decreases in Sales Tax and in Assam Passenger & Goods tax, which however compensated through SGST and IGST. An increasing trend has been noticed in SGST in 2018-19 and 2019-20. An increasing trend is also noticed in Stamps & Registration, State Excise and MV taxes in 2018-19. Other taxes showed a declining trend since 2015-16 upto 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**

(Rs. In Crore)

Items	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Actual)	2017-18 (Actual)	2018-19 (Actual)	2019- 20(PA)	Average growth in % (2014-19)
<b>State GST (SGST)</b>				4078	8393	8755	55.06
<b>Integrated Goods &amp; Services Tax(IGST)</b>							
<b>Sales Tax</b>	7351	7493	8752	6373	4699	4481	-7.87
<b>Stamps &amp; Registration</b>	188	224	227	239	241	293	9.64
<b>State Excise</b>	665	808	964	1095	1400	1650	20.02
<b>M.V. Tax</b>	364	442	521	647	765	816	17.68
<b>Assam Passenger Goods Tax</b>	396	583	1070	263	(-) 4	47	-264.24
<b>Other Taxes</b>	483	554	546	521	431	487	0.88
<b>Total</b>	<b>9450</b>	<b>10107</b>	<b>12080</b>	<b>13216</b>	<b>15925</b>	<b>16529</b>	<b>12.03</b>

The average growth rate of the State over last five years is nearly 12.03%



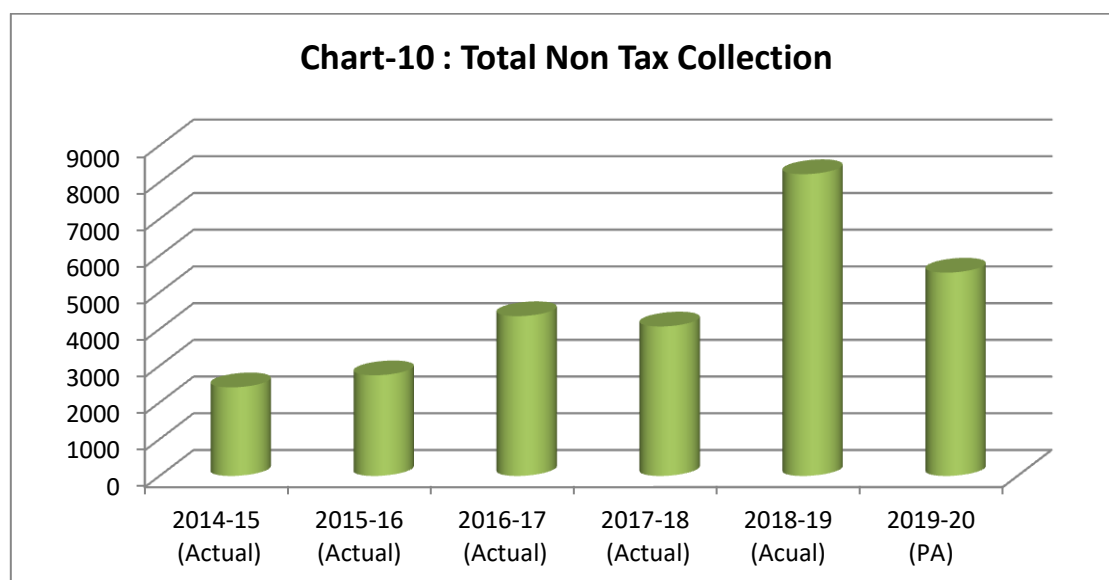
Source: Finance Accounts, AG, Assam & State Budget

## 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 (PA)
<b>Total Collection</b>	2413	2742	4353	4072	8221	5539



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. 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
Actual	Actual	Actual	Actual	Actual	(PA)
12284	16785	20189	22302	25216	21721

The above table reveals that in view of the 14<sup>th</sup> 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, of which Rs. 1949 crore would be recovered in the revised estimate. The Union Government has provided an amount of Rs.26790 crore in 2019-20 Union Budget, which was subsequently revised to 23,670 crore against which actual receipt was Rs. 21721Cr.

## 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., upto 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)**

Year	Transfer from the Centre			
	Share in Central Taxes	Plan Grants	Non Plan Grants	Total (2+3+4)
1	2	3	4	5
2012-13	10601.26	7991.40	1374.03	19966.69
2013-14	11574.52	8257.40	680.92	20512.84
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 (PA)	21721.00		20705.61	42427.05

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 7<sup>th</sup> 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 (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
2012-13	11636.00	3779.00	29136.91	39.94	12.97
2013-14	15614.45	4264.13	31989.29	48.81	13.33
2014-15	17579.82	5237.02	39078.17	44.99	13.40
2015-16	18484.46	5985.23	37011.42	49.94	16.17
2016-17	19209.13	6564.64	49362.72	38.91	13.30
2017-18	25751.61	8287.34	55480.95	46.42	14.94
2018-19	26177.73	8112.26	56899.00	46.01	14.26
2019-20(PA)	27008.30	9609.02	65817.28	41.04	14.60

Interest payment has been growing at an average annual growth rate of 2.13% during the period 2013-14 to 2019-20. 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 6.11% in 2013-14 to 6.06% in 2018-19 (Table 5.6). However, during 2019-20 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.3844.37 Cr in 2018-19 to Rs. 4438.87 Cr in 2019-20. The percentage ratio of Interest payment to Revenue receipt has increased from 6.06 in 2018-19 to 6.88 2019-20. 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 14<sup>th</sup> 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 %)
2013-14	32212.79	2198.45	<b>6.11</b>
2014-15	38181.49	2333.74	<b>6.17</b>
2015-16	42457.70	2618.44	<b>6.02</b>
2016-17	49219.81	2963.75	<b>6.02</b>
2017-18	54130.94	3205.32	<b>5.92</b>
2018-19	63479.16	3844.37	<b>6.06</b>
2019-20(PA)	<b>64495.08</b>	<b>4438.87</b>	<b>6.88</b>

The trend of Revenue expenditures of the state during last few years along with the BE 2019-20 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	
2013-14	7027.06	15614.45	4264.13	2198.45	3658.21	31989.29
2014-15	9390.89	17579.82	5237.02	2333.74	5414.60	39078.17
2015-16	9435.57	18484.46	5985.23	2618.44	1869.26	37011.42
2016-17	13433.82	19209.13	6564.64	2963.75	8641.42	49362.72
2017-18		25751.61	8287.34	3205.32	18236.68	55480.95
2018-19		26177.73	8112.26	3844.37	18764.64	56899.00
2019-20 (PA)		27008.30	9609.02	4438.87	24761.09	65817.28

## 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(PA)	0.38	3.3
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	1.5	2.9
	2019-20(PA)	4.2	4.6
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 (PA)	33.5	51.3
<b>Development Expenditure/ Aggregate Disbursement*</b>	2013-14	59.9	63.1
	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 (PA)	71.5	63.8
<b>Non-Developmental Expenditure/ Aggregate Disbursement*</b>	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 (PA)	24.9	27.5
<b>Interest Payment/Revenue Expenditure</b>	2013-14	6.9	12.2
	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 (PA)	6.7	11.3
<b>Interest Payment/ Revenue Receipt Receipts</b>	2013-14	6.8	12.3
	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 (PA)	6.9	11.9
<b>Committed Expenditure/ Revenue Expenditure</b>	2013-14	31.6	31.8
	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 (PA)	26.6	30
<b>Pension/Revenue Expenditure</b>	2013-14	13.3	11.8
	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 (PA)	14.6	11.6
<b>Gross Transfers/Aggregate Disbursement</b>	2013-14	55.3	31.4
	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 (PA)	51.6	35.7
<b>Source: Finance accounts and RBI publications.</b>			

(\*: 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. 259.03 Crore in 2011-12, which showed a decreasing trend up to 2013-14. During 2014-15 it was Rs.143.13 Crore and remained same in 2015-16. However, it started decreasing again from 2016-17. The figure for the year 2019-20 (PA) stands at Rs.83.41 Crore, 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
2011-12	161.5	97.53	259.03
2012-13	71.83	42.35	114.18
2013-14	69.39	20.23	89.62
2014-15	120.87	22.26	143.13
2015-16	113.89	29.24	143.13
2016-17	98.61	31.39	130
2017-18	57.58	32.66	90.24
2018-19	49.22	35.8	85.02
2019-20 (PA)	50.57	32.84	83.41

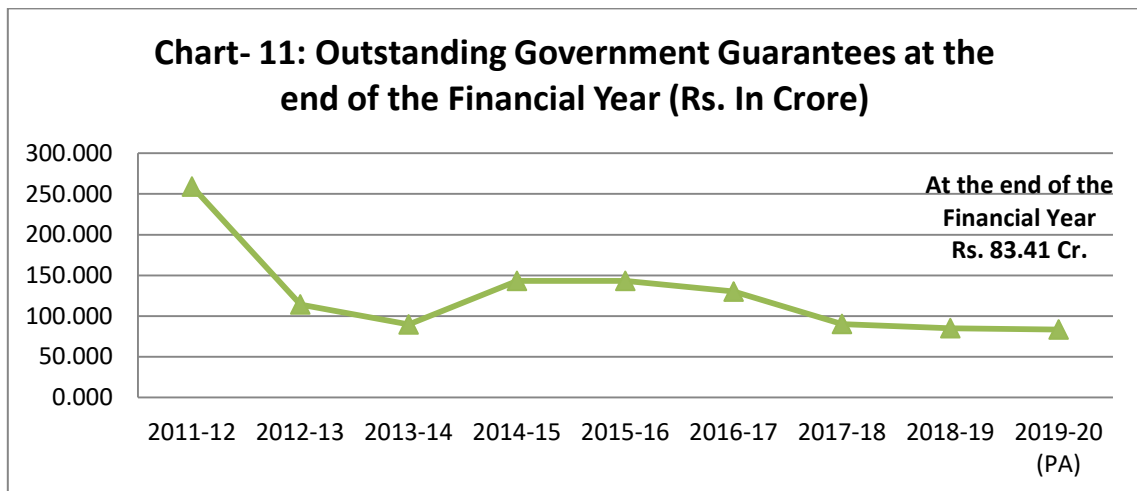


Table 5.10 depicts the details of Sector-wise guarantees given by the Government.

**Table 5.10: Sector-wise Guarantees Given***(Rs in Crore)*

Sector	Outstanding at the end of FY 2018-19		Outstanding at the end of FY 2018-19	
	Principal	Interest	Principal	Interest
<b>Total Power Sector</b>				
1) Assam Power Distribution Company Ltd.	0	0	0	0
2) Assam Power Generation Company Ltd.	22.94	0	14.60	0
<b>Total Corporation Sector</b>	22.94			
1) Assam State Corporation	0	0	0	0

<b>Marketing &amp; Consumer Federation Ltd.</b>				
2) Assam State Cooperation Agriculture & Rural Development Bank Ltd.	2.14	3.96	2.14	4.12
Assam State Cooperation Housing Federation Ltd.	2.14	3.96	0	0
<b>Government Companies</b>				
1) Assam Electronics Development Cooperation Ltd.	0	0	0	0
2) Assam state Development Cooperation for OBC Ltd.	0	2.17	0	1.18
3) Assam Plains Tribes Development Cooperation Ltd.	15.26	17.84	15.26	17.83
4) Assam State Development Cooperation For Scheduled Caste Ltd.	0	4.15.	4.15	2.86
5) Assam state Development Cooperation for Scheduled Caste Ltd.	0	3.96	5.54	0.81
6) Assam Minorities Development and Finance Cooperation Ltd.	8.87	3.73	8.87	4.43
<b>Local Bodies, Boards and others</b>				
1) Amguri Town Committee	0	0	0	0
2) Barpeta Municipal Board	0	0	0	0
3) Hojai Municipal Board	0	0	0	
<b>Grand Total</b>	<b>49.23</b>	<b>35.80</b>	<b>50.57</b>	<b>32.85</b>

## VI. MAJOR POLICY INTERVENTIONS

(Under Rule 3 (4) (d) & 3(4)(e) of AFRBM Act, 2005)

### 1. ReSTART Assam-Revenue augmentation drive

Assam State Public Finance Institutional Reforms (ASPIRe) Project funded by World Bank, is an Externally Aided Project for improving the systems in public finance management and focusing investments in critical sectors inducing growth, development and employment in a post-Planning Commission scenario. The following modules have been developed under the ASPIRe Project:

1. Budget disclosures made by the Finance Department for the following sections-

- a) Budget at a Glance,
  - b) Analytical Statement
  - c) Transfer to local bodies
  - d) Action taken report on the budget of the previous year.
- 
- i. Payment made by the treasuries are being made electronically using e-Kuber.
  - ii. Excise and Non-GST taxes are now being collected by the e-collection portal 'e-GRAS'.
  - iii. New Excise Rule, 2016 has been notified. Assam Procurement Act, 2017 and Assam Public Procurement Rules, 2020 have been notified.
  - iv. Development of Centralised IT platform for DBT schemes under AS-CFMS, Finance Department is in progress.

Under this World Bank Funded Programme, Govt. of Assam aims to further strengthen its ReSTART initiatives to enhance resources for development through a combination of policy, legislation and administration / institutional reforms in Revenue and Disaster Management Department and Transport Department. The objective of the programme is to prepare a Revenue Enhancement Action Plan (REAP) for five years for the aforesaid departments. The strategies designed under the REAP are expected to transform these departments into forward looking tax administrative departments and result in enhanced revenue mobilization for Govt. of Assam.

## **2. Rural Infrastructure Development Fund**

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, Const. of Model Anganwadi Centre, Water Supply Project, Up-gradation and Infrastructure development of schools etc. The State Government has so far availed loan assistance for a total amount of Rs.7504.22 Crore from NABARD against various sectors up to financial year 2020-21.

Against interim normative allocation amounting Rs.900.00 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. 45.00 cr), Water Resources (Rs. 100.00 cr), Irrigation (Rs. 35.00 cr), Elementary Education (Rs. 100.00 cr), PWD (Roads) (Rs.500.00 cr), 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 created in Finance Department under finassam portal which proved to be effective, efficient and optimum mode for dealing matters under RIDF.

## **3. Sixth Assam State Finance Commission**

The Govt. of Assam constituted the 6<sup>th</sup> ASFC vide Notification No. FEA(SFC) 179/2017/74 Dated 9<sup>th</sup> 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 30<sup>th</sup> October, 2019 covering a period of five years commencing on the 1<sup>st</sup> April, 2020.

The Terms of Reference of the Sixth Assam State Finance Commission are as follows:

- (a) The principles, which should govern-

- i) the distribution between the State of Assam and the Panchayats and Municipalities of the net proceeds of the taxes and duties, levied and collected by the State;
  - ii) the determination of the taxes, duties, tolls and fees, which may be assigned to, or appropriated by, the Panchayats and Municipalities;
  - iii) the grants-in-aid to the Panchayats/Municipalities from the Consolidated Fund of the State;
- (b) The measures needed to improve the financial position of the Panchayats and Municipalities with special references to: -
- i) the potential for Local Governments to raise funds from financial institutions and the market, and to suggest a mechanism and framework for realizing the potential;
  - ii) improving the quality of upkeep of assets owned by Local Governments as well as those transferred to Local Governments;
  - iii) improving the financial position of the Panchayats and Municipalities with special emphasis on rationalization of taxes and revenues and user charges collected by Local Governments with innovative methods.
  - iv) achieving economy and efficiency in expenditure by Local Governments;
  - v) providing incentives for higher mobilization of own resources by the Local Governments;
  - vi) maintaining a proper fiscal data base relating to Local Governments;
  - vii) putting in place measures required for improving the capacity of financial management by Local Governments;
  - viii) improving monitoring of the fiscal performance of the Local Governments;
  - ix) improving the measures for quality of service delivery of Local Governments in respect of State Government as well as Local Government programmes;
  - x) Examine the feasibility and make recommendations on creation of urban infrastructure and other civic amenities by the Urban Local Bodies through Public-Private partnership and exploring avenues of viability gap funding.

- (c) Any other matter referred to the State Finance Commission by the Governor in the interests of sound financial position of the Panchayats and Municipalities.
- (d) In making its recommendations the Commission shall have regard, among others, Considerations to:-
- i) the objective of balancing the receipts and expenditure on revenue account of both the Local Bodies as a whole and the State Government and each Local Body;
  - ii) the resources of State Government, the demands thereon, in particular, the expenditure of the State on maintaining law and order, civil administration, pension, debt servicing including the debt servicing on behalf of Local Bodies and other committed expenditure and need to generate adequate surplus on revenue account for capital outlay and the commitment for maintaining fiscal targets as per Assam FRBM (Amendment) Act, 2011;
  - iii) the revenue of the resources of the Local Bodies for the five years commencing on 1st April, 2020 on the basis of the level of collection made during 2016-17 from taxes, duties, tolls, fees, cess, etc., levied by the them;
  - iv) The impact of the GST, including payment of compensation for possible loss of revenue for 5 years and abolition of a number of cesses, earmarking thereof for compensation and other structural reforms programme, on the finances of Centre and States;
  - v) The commission may consider proposing measurable performance –based incentives for Local Bodies and councils.
4. In making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of that Census for which PRI-wise and ULB-wise figures are available in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid.
5. The Commission shall indicate the basis on which it has arrived at its finding and make available the Local Body-wise estimates of receipts and expenditure.
6. While making assessment of the resources of the Local Governments, the Commission shall also make recommendation devolution and grant-in-aid for the Local Bodies of the three Autonomous Councils under the Sixth Schedule.



7. The 6<sup>th</sup> 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.

<b>Table- 7.1 : Major Assumptions</b>	
<b>Item</b>	<b>Growth Rate Assumption</b>
GSDP	10%
I. State Good & Service Tax (SGST)	12%
I. Integrated Good & Service Tax (IGST)	0%
II. Sales Tax	12%
III. State Excise	15%
IV. Stamp Duty & Registration	12%
V. Motor Vehicle Tax	12%
VI. Taxes on Goods & Passengers	12%
VII. Tax on Professions, Trades etc.	12%
VIII. Other Taxes on Commodities & Services	10%
IX. Land Revenue	15%
X. Taxes on agricultural income.	10%
XI. Taxes & Duties on Electricity	15%
I. Interest receipts	15%
II. Royalty on Crude Oil & Natural Gas	15%
III. Forestry & Wild life	15%
IV. Others	15%
a) Share of Central Taxes	12%
i) CASP/Transfer from Centre	15%
ii) CS/CSS/NEC/NLCPR	
iii) Grants under Finance Commission	10%
iv) Other Non-Plan Grants	
v) Recoveries of loans & advances	10%
a) Interest	12%
b) Salary	10%
c) Pension	10%
d) Others	10%
4. Capital Outlay	7%
5. Lending	2%
6. Year End Debt Stock	10%

## Annexure- I

(Rs. in Crore)

Items	2018-19 (Actual)	2019-20 (PA)	2020-21 (BE)	2021-22 Estimates	2022-23 Projection	2023-24 Projection	2024-25 Projection	2025-26 Projection	2026-27 Projection
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]
<b>1. Total Revenue Receipts</b>	<b>63479.16</b>	<b>64495.08</b>	<b>91930.80</b>	<b>88979.41</b>	<b>100567.22</b>	<b>113336.11</b>	<b>127762.20</b>	<b>144065.10</b>	<b>162494.04</b>
<b>Own Revenues (a+b)</b>	<b>24146.14</b>	<b>22068.04</b>	<b>30513.53</b>	<b>27275.15</b>	<b>30807.32</b>	<b>34444.71</b>	<b>38516.82</b>	<b>43076.28</b>	<b>48182.16</b>
<b>a) Own Tax Revenue (i to xi)</b>	<b>15924.85</b>	<b>16528.69</b>	<b>23209.74</b>	<b>21177.55</b>	<b>23795.08</b>	<b>26731.24</b>	<b>30032.01</b>	<b>33742.99</b>	<b>37915.54</b>
i. State Good & Service Tax (SGST)	8393.04	8755.30	13935.11	11179.75	12521.31	14023.87	15706.74	17591.55	19702.53
i. Integrated Good & Service Tax (IGST)									
ii. Sales Tax	4698.74	4480.96	5340.73	5721.73	6408.34	7177.34	8038.62	9003.26	10083.65
iii. State Excise	1399.84	1650.03	1750.00	2106.92	2422.96	2786.41	3204.37	3685.02	4237.78
iv. Stamp Duty & Registration	240.72	292.65	400.18	373.68	418.52	468.75	525.00	587.99	658.55
v. Motor Vehicle Tax	765.01	815.82	1077.97	1041.72	1166.73	1306.73	1463.54	1639.17	1835.87
vi. Taxes on Goods & Passengers	-3.62	47.47	1.14	60.62	67.89	76.04	85.16	95.38	106.83
vii. Tax on Professions, Trades etc.	186.35	189.92	246.20	242.51	271.61	304.20	340.71	381.59	427.38
viii. Other Taxes on Commodities & Services	0.95	0.94	1.26	1.23	1.35	1.49	1.63	1.80	1.98
ix. Land Revenue	163.22	94.16	276.19	120.24	138.27	152.10	167.31	184.04	202.44
x. Taxes on agricultural income.	7.85	6.87	14.73	8.78	9.65	10.62	11.68	12.85	14.14
xi. Taxes & Duties on Electricity	72.75	194.56	166.23	320.38	368.43	423.70	487.25	560.34	644.39
<b>b) Non-Tax Revenue</b>	<b>8221.29</b>	<b>5539.35</b>	<b>7303.79</b>	<b>6097.60</b>	<b>7012.24</b>	<b>7713.46</b>	<b>8484.81</b>	<b>9333.29</b>	<b>10266.62</b>
i. Interest receipts	12.00	666.86	950.94	851.52	979.24	1126.13	1295.05	1489.31	1712.70
ii. Royalty on Crude Oil & Natural Gas	5642.66	3611.27	3198.90	3624.71	4168.42	4793.68	5512.73	6339.64	7290.59
iii. Forestry & Wild life	364.27	416.06	465.13	531.26	610.95	702.60	807.99	929.18	1068.56
iv. Others	2202.36	845.16	2688.82	1090.11	1253.62	1441.67	1657.92	1906.61	2192.60
<b>Transfer from the Centre (a+b)</b>	<b>39333.02</b>	<b>42427.05</b>	<b>61417.27</b>	<b>61704.26</b>	<b>69759.90</b>	<b>78891.40</b>	<b>89245.38</b>	<b>100988.82</b>	<b>114311.89</b>
a) Share of Central Taxes	25215.85	21721.44	26775.56	20818.82	23317.08	26115.13	29248.94	32758.82	36689.87
<b>b) Grants (i to v)</b>	<b>14117.17</b>	<b>20705.61</b>	<b>34641.71</b>	<b>40885.44</b>	<b>46442.82</b>	<b>52776.27</b>	<b>59996.44</b>	<b>68230.00</b>	<b>77622.01</b>
i) CASP/Transfer from Centre	13184.97	16101.54	23588.71	29376.79	33783.31	38850.80	44678.43	51380.19	59087.22
ii) CS/CSS/NEC/NLCPR									
iii) Grants under Finance Commission	932.20	4604.07	11053.00	11508.65	12659.52	13925.47	15318.01	16849.81	18534.80
iv) Other Non-Plan Grants									
<b>2. Recovery of loans and advances</b>	<b>2.93</b>	<b>7.98</b>	<b>300.29</b>	<b>12.61</b>	<b>13.87</b>	<b>15.26</b>	<b>16.78</b>	<b>18.46</b>	<b>20.31</b>
<b>3. Revenue Expenditure (a to d)</b>	<b>56899.00</b>	<b>65817.28</b>	<b>82776.98</b>	<b>84405.47</b>	<b>92987.29</b>	<b>104572.59</b>	<b>117654.64</b>	<b>132433.31</b>	<b>149135.87</b>
a) Interest	3844.37	4438.87	5801.84	7063.73	7911.37	8860.74	9924.03	11114.91	12448.70
b) Salary	26177.73	27008.30	29450.00	29948.11	32942.92	36237.21	39860.94	43847.03	48231.73
c) Pension	8112.26	9609.02	9293.17	8696.63	9566.29	10522.92	11575.22	12732.74	14006.01
d) Others	18764.64	24761.09	38231.97	38697.00	42566.70	48951.71	56294.46	64738.63	74449.43
<b>4. Capital Outlay</b>	<b>11034.08</b>	<b>13185.42</b>	<b>18520.54</b>	<b>19490.99</b>	<b>20855.36</b>	<b>22315.23</b>	<b>23877.30</b>	<b>25548.71</b>	<b>27337.12</b>
<b>5. Lending</b>	<b>328.07</b>	<b>316.16</b>	<b>316.28</b>	<b>123.59</b>	<b>126.07</b>	<b>128.59</b>	<b>131.16</b>	<b>133.78</b>	<b>136.46</b>
<b>6. Revenue Deficit</b> [Surplus (-)/ Deficit(+)]	<b>-6580.16</b>	<b>1322.19</b>	<b>-9153.82</b>	<b>-4573.93</b>	<b>-7579.93</b>	<b>-8763.52</b>	<b>-10107.56</b>	<b>-11631.79</b>	<b>-13358.17</b>
<b>7. Fiscal Deficit</b> [Surplus (-) / Deficit (+)]	<b>4779.06</b>	<b>14815.80</b>	<b>9382.71</b>	<b>15028.04</b>	<b>13387.62</b>	<b>13665.04</b>	<b>13884.11</b>	<b>14032.24</b>	<b>14095.09</b>
<b>8. Year End Debt Stock</b>	<b>55008.25</b>	<b>67054.02</b>	<b>79666.53</b>	<b>99510.85</b>	<b>109461.94</b>	<b>120408.13</b>	<b>132448.94</b>	<b>145693.84</b>	<b>160263.22</b>
<b>9. Year End Outstanding Guarantees</b>	<b>85.02</b>	<b>83.42</b>	<b>85.02</b>	<b>83.42</b>	<b>83.42</b>	<b>83.42</b>	<b>83.42</b>	<b>83.42</b>	<b>83.42</b>
<b>10. Debt Stock including Guarantees (8+9)</b>	<b>55093.27</b>	<b>67137.44</b>	<b>79751.55</b>	<b>99594.27</b>	<b>109545.36</b>	<b>120491.55</b>	<b>132532.36</b>	<b>145777.26</b>	<b>160346.64</b>
<b>11. Debt/GSDP</b>	<b>17.44%</b>	<b>19.09%</b>	<b>19.50%</b>	<b>26.39%</b>	<b>26.39%</b>	<b>26.39%</b>	<b>26.39%</b>	<b>26.39%</b>	<b>26.39%</b>
<b>12. (Debt+Guarantee)/GSDP</b>	<b>17.47%</b>	<b>19.11%</b>	<b>19.52%</b>	<b>26.41%</b>	<b>26.41%</b>	<b>26.41%</b>	<b>26.40%</b>	<b>26.40%</b>	<b>26.40%</b>
<b>13. Revenue Balance/Revenue Receipts (%)</b>	<b>-10.37</b>	<b>2.05</b>	<b>-9.96</b>	<b>-5.14</b>	<b>-7.54</b>	<b>-7.73</b>	<b>-7.91</b>	<b>-8.07</b>	<b>-8.22</b>
<b>14. Revenue Balance/GSDP (%)</b>	<b>-2.09</b>	<b>0.38</b>	<b>-2.24</b>	<b>-1.21</b>	<b>-1.83</b>	<b>-1.92</b>	<b>-2.01</b>	<b>-2.11</b>	<b>-2.20</b>
<b>15. Fiscal Balance/GSDP (%)</b>	<b>1.52</b>	<b>4.22</b>	<b>2.30</b>	<b>3.99</b>	<b>3.23</b>	<b>2.99</b>	<b>2.77</b>	<b>2.54</b>	<b>2.32</b>
<b>16. Interest Payment/Revenue receipt (%)</b>	<b>6.06</b>	<b>6.88</b>	<b>6.31</b>	<b>7.94</b>	<b>7.87</b>	<b>7.82</b>	<b>7.77</b>	<b>7.72</b>	<b>7.66</b>
<b>17. Own Tax revenue /GSDP(%)</b>	<b>13.05</b>	<b>6.28</b>	<b>7.47</b>	<b>7.23</b>	<b>7.43</b>	<b>7.55</b>	<b>7.67</b>	<b>7.80</b>	<b>7.93</b>
<b>18. GSDP (Rs. in crore) at current prices</b>	<b>315372.17</b>	<b>351317.77</b>	<b>408626.65</b>	<b>377102.00</b>	<b>414812</b>	<b>456293</b>	<b>501923</b>	<b>552115</b>	<b>607327</b>