



GOVERNMENT OF ASSAM FINANCE DEPARTMENT

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

2020 - 2021

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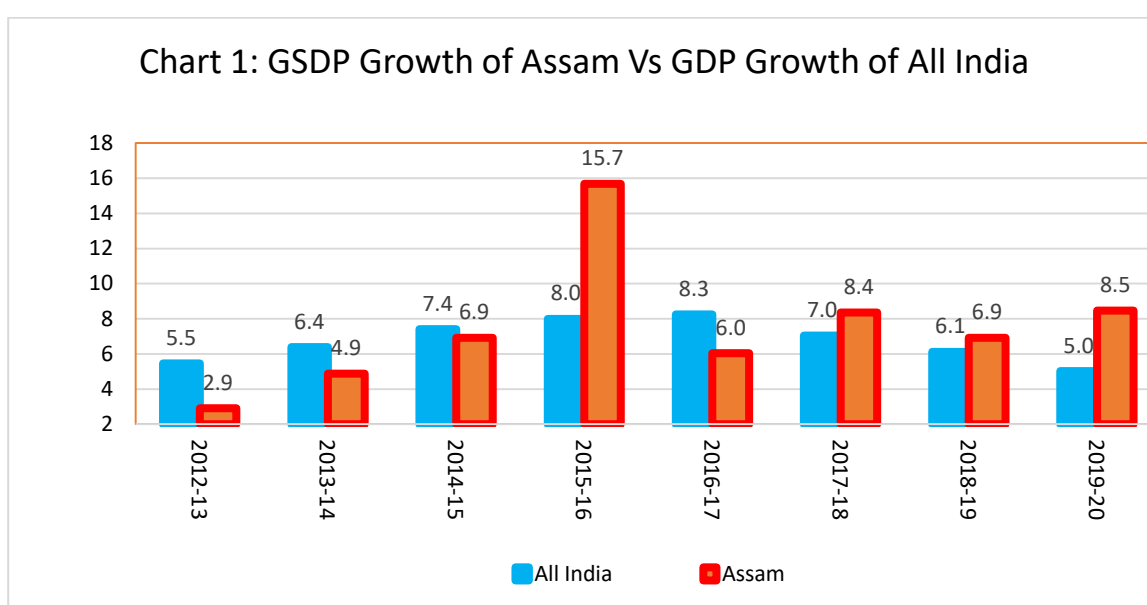
PREFACE

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) 2020-2025 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

While the International Monetary Fund (IMF) has revised its forecast of Gross Domestic Product (GDP) growth for India in January 2020 to 4.8 per cent for 2019-20 as compared with a growth of 6.8 per cent during 2018-19, the Central Statistics Office (CSO) has estimated through its Second advance estimate at constant (2011-12) prices at 5.0 percent during 2019-20 as compared with 6.1 per cent growth estimated for 2018-19. As per the CSO, at current prices, the GDP is projected to grow at a lower rate of 7.5 per cent during 2019-20 as compared with 11.0 per cent projected for 2018-19 (**Chart 1**).



As per First Revised Estimate of national income released by the CSO on January 31, 2020 and Second Advance Estimate released on February 28, 2020, the Gross Value Added (GVA) at constant prices (2011-12) is projected to grow at 4.9 per cent during 2019-20 as compared with 6.0 percent projected for 2018-19 and 6.6 percent recorded in 2017-18. Similarly, the GVA at current prices has also estimated to grow at a lower rate of 7.9 per cent during 2019-20 as compared with 10.5 per cent recorded during 2018-19 and 11.1 per cent achieved in 2017-18. Lower growth in GVA during 2019-20 is mainly on account of deceleration in growth of all the major sectors of the economy.

According to the Second Advance Estimate, sector-wise analysis reveals that the GVA at constant prices for 2019-20 from **Agriculture, Forestry and Fishing** sector is estimated to grow by 3.7 per cent as compared with 2.4 per cent in 2018-19. The GVA for **Mining and Quarrying** sector is estimated to grow positively at 2.8 per cent during 2019-20 as compared with a negative 5.8

per cent growth projected for 2018-19. The GAV of **Manufacturing** sector for 2019-20 is estimated to grow at a lower rate at 0.9 per cent during 2019-20 as compared with 5.7 per cent in 2018-19. **Electricity, Gas, Water Supply and Other Utility Services** is estimated to grow at 4.6 per cent during 2019-20 as compared to a higher growth of 8.2 per cent in 2018-19. The **Construction** sector GVA is projected to grow at a lower rate of 3.0 per cent for 2019-20 when compared with 6.1 per cent estimated for 2018-19. The estimated growth in GVA for **Trade, Hotels, Transport, Communication and Broadcasting services** during 2019-20 is placed lower at 5.6 per cent by the CSO as against a higher growth of 7.7 per cent in the previous year. On the other hand **Financial, Real Estate and Professional Services** has estimated to grow at a higher rate of 7.3 per cent during 2019-20 as compared with 6.8 per cent recorded in 2018-19. **Public Administration, Defence and other Services** continue to grow at the higher level at 8.8 per cent during 2019-20 as compared to 9.4 per cent estimated for the previous year. Overall, major sectors like manufacturing, electricity, gas, water supply, construction, trade, hotels, transport and communications, etc., are estimated to grow at a lower rate during 2019-20 as compared with the previous year.

The size of the Indian economy is estimated at US\$ 2.9 trillion in 2019. Although the march towards the milestone of achieving US\$ 5 trillion economy has, however, been challenged by less than expected growth of India's GDP during 2019-20 on the back of a decline in world output, India's past record of growth with macroeconomic stability over the last five years (annual average growth rate of about 7.5 per cent during 2014-15 to 2018-19), the economy will be poised for a rebound towards the goal.

II. OVERVIEW OF THE STATE ECONOMY

State Domestic Product

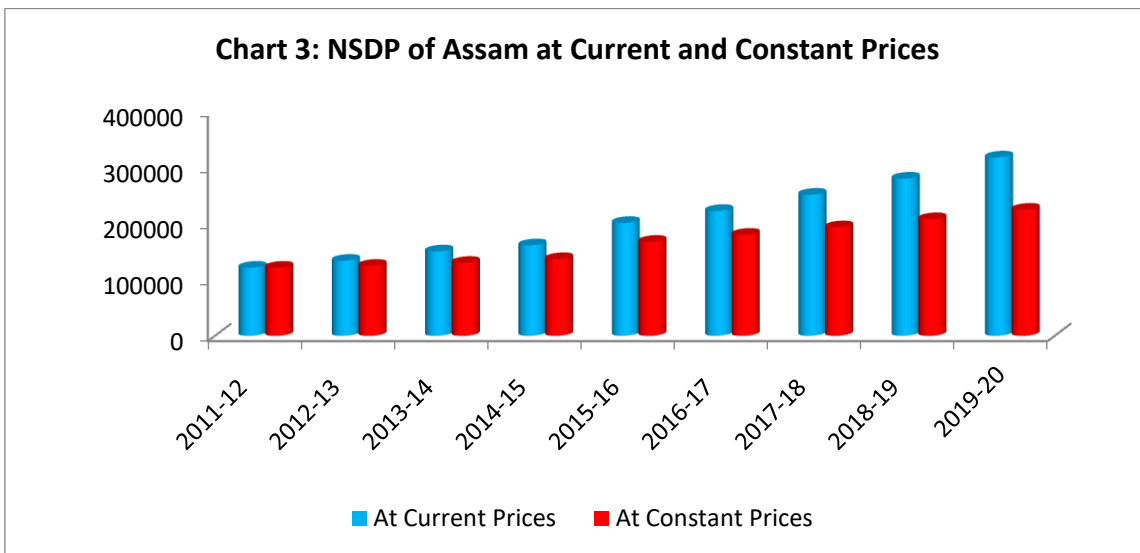
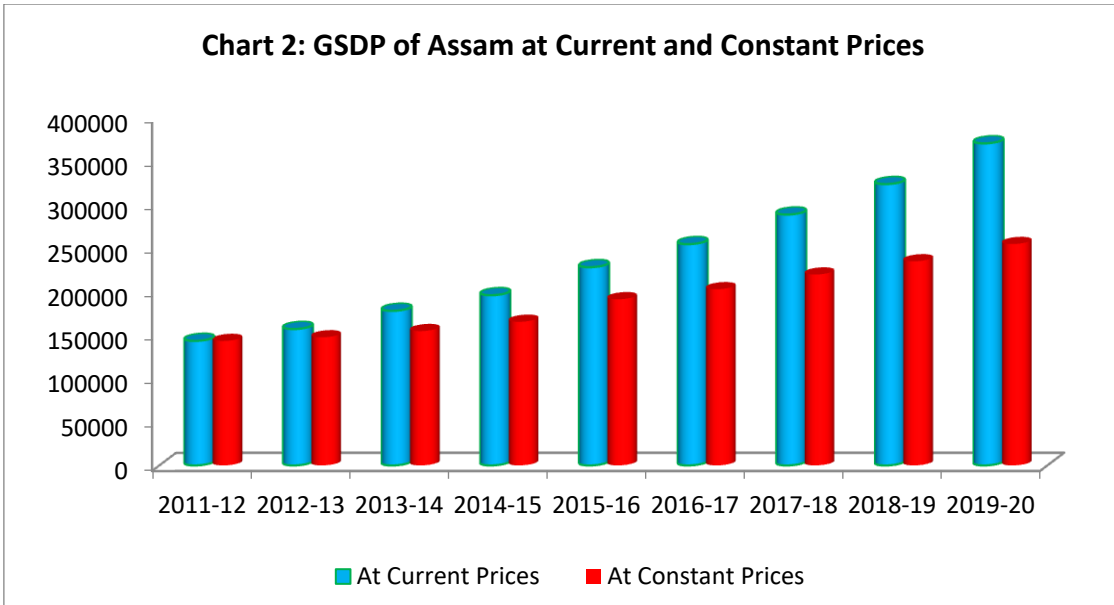
The size, sectoral composition and growth of the economy determine the revenue potential of the state as well as the size of the budget. The size of the budget determines the kind of public expenditure of the Government. The economy is measured in terms of GSDP both at current and constant prices. State 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

The annual average growth rate in respect to GSDP at current prices during the period 2015-16 to 2019-20 is estimated to achieve at 13.6%. The GSDP growth of Assam is much higher than All India GDP growth during the recent past.

The annual average growth rate in respect of Net State Domestic Product (NSDP) for the period 2015-16 to 2019-20 is estimated at 13.0% at current prices. As per provisional estimates, Gross State Domestic Product (GSDP) of Assam at current prices is estimated at Rs.3,70,406 crore during 2019-20 as against Rs.3,23,555 crore in 2018-19 with an increase of 14.48% (Chart 2). Net State Domestic Product (NSDP) of Assam at current prices for 2019-20 is estimated at Rs. 3,18,107 crore as against Rs.2,80,394 crore in 2018-19 registering a growth of 13.45% (Chart 3).



Gross State Domestic Product (GSDP) and Net State Domestic Product at Constant Prices (Base Year 2011-12)

During the period 2015-16 to 2019-20, the State achieved an impressive annual average growth rate of 9.1% in terms of Gross State Domestic Product (GSDP) at constant (2011-12) prices reflected a favorable status of the State Economy. During 2015-16 to 2018-19 period, industry sector attained the highest annual average growth rate of 8.42% in respect of GSDP at constant prices, followed by service sector (7.94%) and agriculture and allied sector (2.58%), respectively.

According to the provisional estimates, the GSDP of Assam at constant prices is estimated at Rs.2,34,772 crore for 2018-19 as compared with Rs. 2,19,580 crore in 2017-18, reflecting a growth of 6.92 %. As per quick estimates, the Gross State Domestic Product of the State at constant prices is estimated to increase at the level of Rs. 2,54,657 crore during 2019-20 indicating a growth of 8.47% (Table 2.1).

The Net State Domestic Product of Assam at constant prices is estimated at Rs. 2,08,035 crore for 2018-19as against Rs. 1,93,595 crore for 2017-18 and thereby recording a growth of 7.46% over the previous year. The NSDP of Assam at constant prices is estimated to achieve a level of Rs.2,24,886 crore during 2019-20 with a growth of 8.1% over the preceding year.

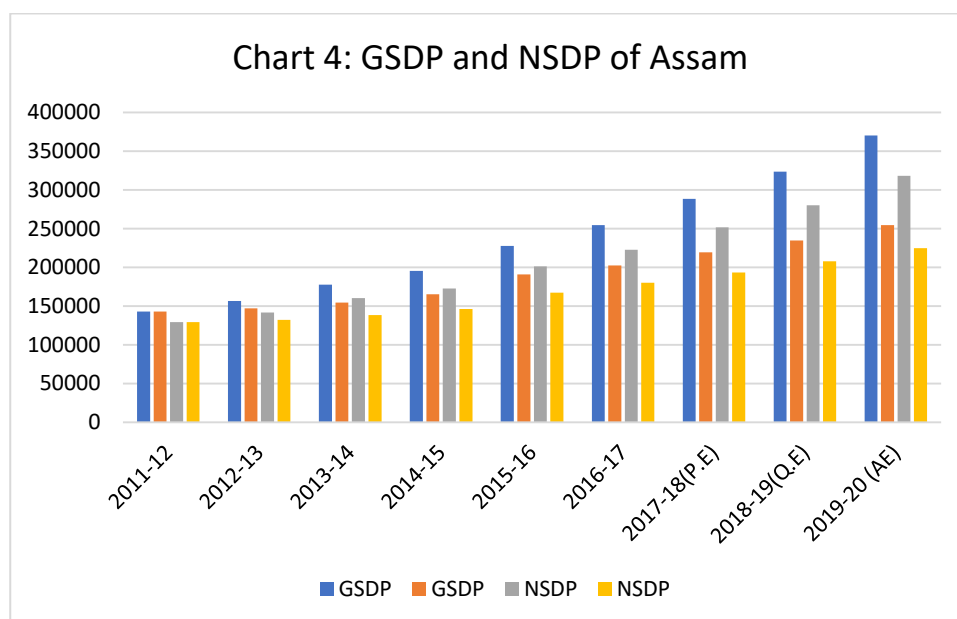
The GSDP and NSDP of Assam at both current and constant prices during the period from 2011-12 to 2019-20 is presented in **Table 2.1**.

Table-2.1					
GSDP and NSDP of Assam at both current and constant prices during the period from 2011-12 to 2018-19(Q.E)					
Rs. in crore					
Sl. No	Year	GSDP		NSDP	
		At current prices	At constant prices	At current prices	At constant prices
1	2011-12	143174.91	143174.91	129354.12	129354.12
2	2012-13	156864.24	147342.38	142039.46	132517.60
3	2013-14	177745.22	154525.40	160441.53	138724.76
4	2014-15	195723.15	165212.30	172848.89	146425.39
5	2015-16	227958.83	191109.00	201308.81	167628.67
6	2016-17	254478.25	202656.33	222733.75	180201.31
7	2017-18(P.E)	288493.57	219580.40	251588.11	193594.73
8	2018-19(Q.E)	323555.38	234771.79	280394.17	208035.15
9	2019-20 (AE)	363611.54	254657.00	318107.00	224886.00

P.E-Provisional Estimates; Q.E-Quick Estimates; **Base year: 2011-12;**

Source: Directorate of Economics and Statistics, Assam

GSDP and NSDP of Assam at both current and constant prices during the period from 2011-12 to 2019-20 is depicted in the following Chart 4.



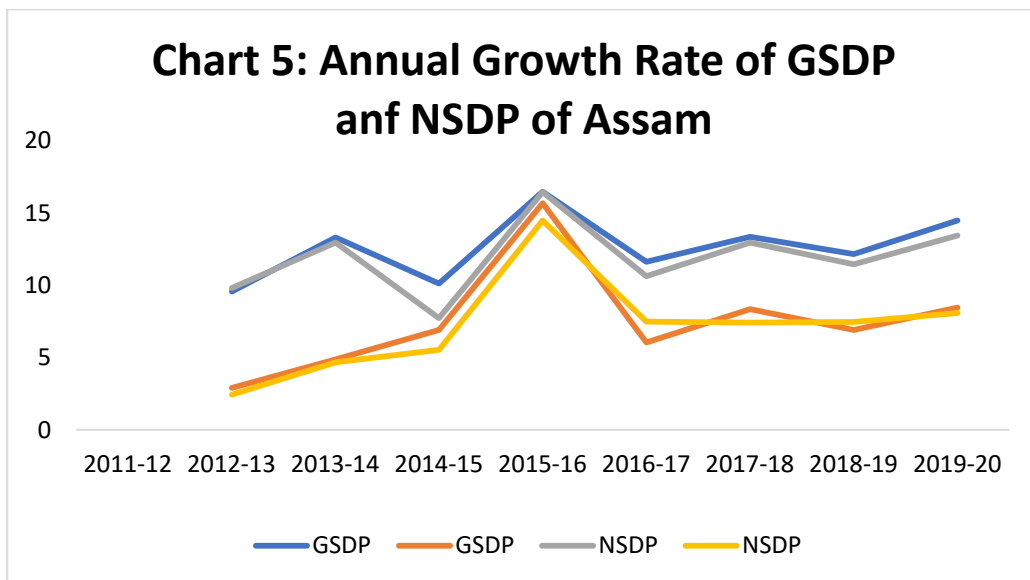
The annual growth rate in terms of GSDP and NSDP of Assam during the period from 2012-13 to 2019-20 at both current and constant prices is presented in **Table 2.2**.

TABLE : 2.2					
Annual growth rate of GSDP and NSDP of Assam					
Base Year: 2011-12					
Sl. No	Year	GSDP		NSDP	
		Current Prices	Constant Prices	Current Prices	Constant Prices
1	2012-13	9.56%	2.91%	9.81%	2.45%
2	2013-14	13.31%	4.88%	12.96%	4.68%
3	2014-15	10.11%	6.92%	7.73%	5.55%
4	2015-16	16.47%	15.67%	16.47%	14.48%
5	2016-17	11.63%	6.04%	10.64%	7.50%
6	2017-18(P.E)	13.37%	8.35%	12.95%	7.43%
7	2018-19(Q.E)	12.15%	6.92%	11.45%	7.46%
8	2019-20 (AE)	12.38%	8.47%	13.45%	8.10%

Source: Directorate of Economics and Statistics, Assam

From the table 2.2, It has been observed that GSDP both at current and constant prices for 2018-19 achieved annual growth rate of 12.15% and 6.92% respectively as compared with 13.37% and 8.35 % during 2017-18. Similarly, NSDP at current prices and constant prices has also recorded 11.45% and 7.46% growth during 2018-19 as compared to 12.95% and 7.43% in 2017-18. During 2019-20, it is estimated that GSDP at current and constant prices will achieve an annual growth rate of 12.38% and 8.47% respectively and the NSDP will achieve 13.45% and 8.1% respectively in current and constant prices.

The annual growth rate in terms of GSDP and NSDP of Assam during the period from 2012-13 to 2019-20 both at current and constant prices is shown in Chart 5.



SECTORAL COMPOSITION OF GSDP

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

As per Quick Estimates for 2018-19, the percentage contribution of agriculture and allied sector, industry and services sector to total GSDP of Assam at current prices were 15.80%, 33.51%, and 45.63% respectively against 15.76%, 36.36%, and 41.24% at constant prices. While compiling the GSDP, taxes and subsidies contribute about 5% during the recent years. It is observed that the structural composition of the state economy witnessed significant changes during the last eight years.

Table : 2.3			
Sectoral composition of GSDP at current prices			
	2011-12 (Base yr.)	2017-18(P.E)	2018-19(Q.E)
Industry	19.89%	16.76%	15.80%
Agriculture and its Allied	30.63%	32.71%	33.51%
Industry	43.97%	45.36%	45.63%
Service	5.51%	5.16%	5.06%
Taxes & Subsidies			

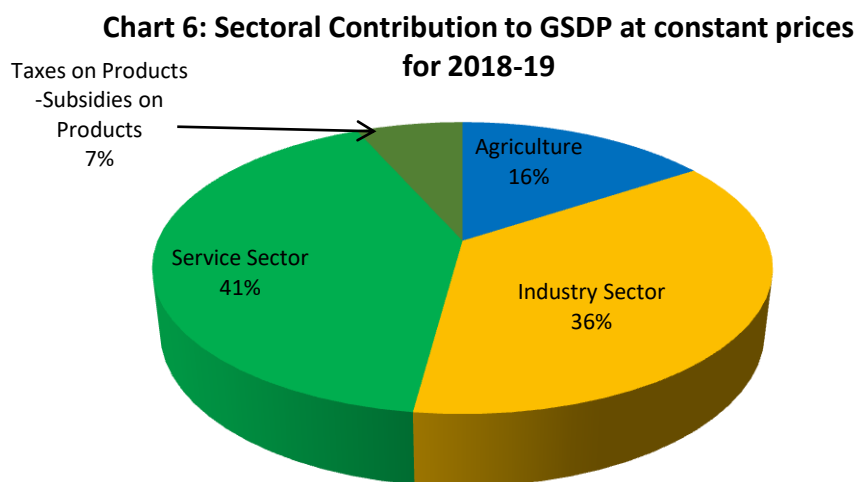
As per 2018-19 (Q.E), the services sector has the largest share in state GSDP, followed by industry. It is evident that the service sector plays a significant role in the state economy. The share of agriculture and its allied activities in GSDP at current prices had marginally come down from 19.89% in 2011-12 to 16.76% in 2017-18(P.E) and 15.80% in

Table : 2.4			
Sectoral composition of GSDP at constant prices			
	2011-12 (Base yr.)	2017-18(P.E)	2018-19(Q.E)
Industry	19.89%	16.39%	15.76%
Agriculture and its Allied	30.63%	36.80%	36.36%
Industry	43.97%	41.10%	41.24%
Service	5.51%	5.70%	6.65%
Taxes & Subsidies			
Source: Directorate of Economics and Statistics, Assam			

2018-19(Q.E). Similar picture has also been reflected at constant prices. During 2018-19, the contribution of agriculture and allied sector to total GSDP at constant prices (2011-12) has slightly declined by 0.63% due to less production of paddy, pulses and some vegetable crops. Yet the agriculture sector continues to occupy a significant place in the state economy and any fluctuation in the production of food grains/ vegetables and fruits affect the state economy. During the same period, the share of industry sector at current prices has inclined gradually from 30.63% in

2011-12 to 32.71% in 2017-18(P.E) and 33.51% in 2018-19(Q.E). The increasing trend has been reflected in services sector during the same period.

Sectoral composition of GSDP at constant prices for 2018-19 is shown in the following Chart 6.



The sectoral growth rates of GSDP at constant (2011-12) prices during the period 2011-12 and 2018-19 is shown in **Table 2.5**.

Table: 2.5			
SECTORAL GROWTH RATES OF GSDP AT CONSTANT (2011-12) PRICES DURING 2011-2019			
Sector	2011-12	2018-19	(Rs. in Lakh)
	(Base Yr.)	(Q.E)	Average Annual Growth Rate
Agriculture, Forestry & Fishing	2848113	3699324	4.27%
Mining & Quarrying	1464989	2668897	11.74%
Manufacturing	1540255	3348792	16.77%
Electricity, Gas, Water Supply & Other utility Services	191883	533691	25.45%
Construction	1188747	1984582	9.56%

Trade, Repair, Hotels & Restaurants	2045676	2248515	1.42%
Transport, Storage, Communication & Services related to Broadcasting	810091	1289996	8.46%
Financial Services	427077	735742	10.32%
Real Estates, Ownership of Dwelling and Professional Services	1112543	1109600	-0.04%
Public Administration	821723	2038847	21.16%
Other Services	1077923	2258637	15.65%
Primary Sector	4313102	6368221	6.81%
Industry Sector	2920885	5867065	14.41%
Tertiary Sector	6295033	9681337	7.68%
Total Gross State Value Added at Basic Prices	13529020	21916623	8.86%
Gross State Domestic Product (GSDP)	14317491	23477179	9.14%
Taxes on Products -Subsidies on Products	788471	1560556	13.99%
Per capita Gross State Domestic Product (in Rs.)	45538	68384	7.17%

Source: Directorate of Economics & Statistics, Assam.

Table 2.5 depicts that the Annual Percentage Growth Rate (APGR) in respect of GSDP at constant prices during the period from 2011-12 to 2018-19 (Q.E) was highest in electricity, gas, water supply & other utility services (25.45%) among all the sub-sectors, followed by public administration (21.16%), Manufacturing (16.77%), and Other services (15.65%), respectively. On the other hand, negative APGR was found in real estates, ownership of dwelling and professional services (-0.04%).

PER CAPITA INCOME

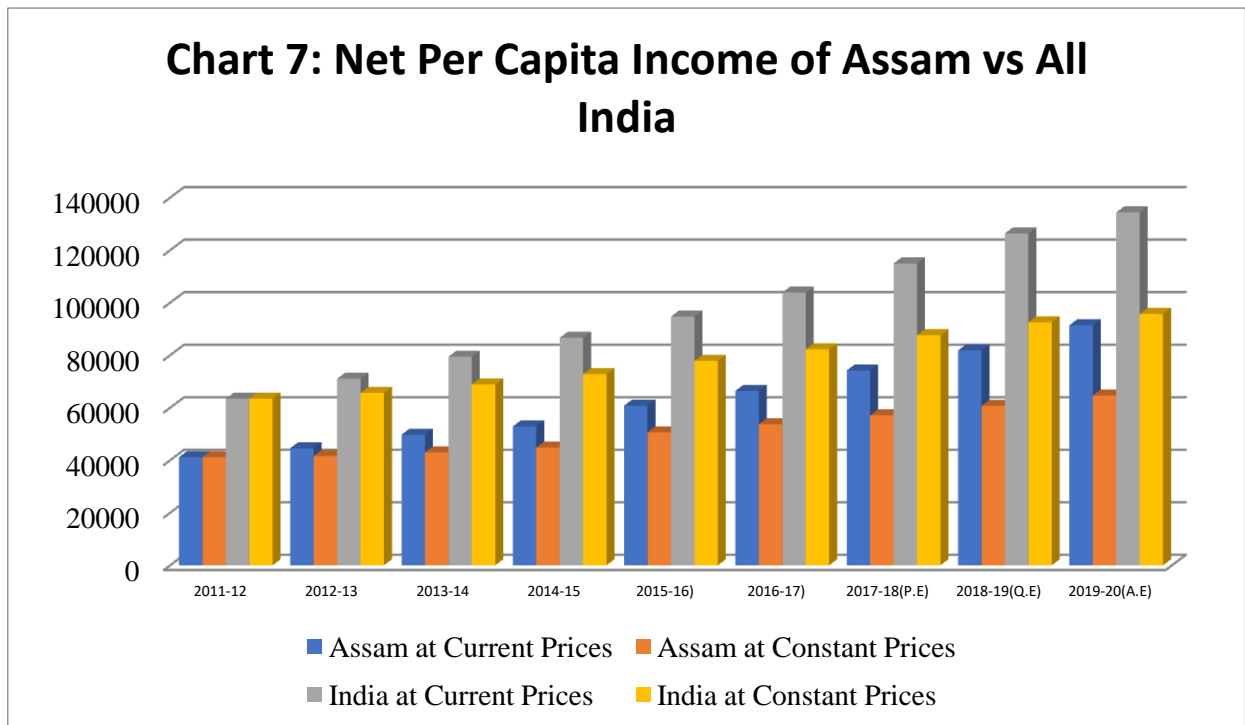
The net Per Capita Income of the state and the nation in current and constant prices is presented in **Table 2.6**.

Table 2.6				
Per capita income of the Assam and All India				
In Rs.				
Year	Assam		India	
	At current Prices	At constant Prices	At current Prices	At constant Prices
2011-12	41142	41142	63460	63460
2012-13	44599	41609	71050	65664
2013-14	49734	43002	79412	68572
2014-15	52895	44809	86647	72805
2015-16)	60817	50642	94731	77826
2016-17)	66430	53745	103870	82229
2017-18(P.E)	74204	57099	114958	87623
2018-19(Q.E)	81841	60721	1264069	92565
2019-20(A.E)	91408	64668	134432	95706

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

The per capita income of the State in terms of NSDP at constant (2011-12) prices is estimated at Rs. 60,721 for the year 2018-19 (Q.E) as against Rs.57,099 in 2017-18 (P.E) with an increase of 6.34% and the same has increased from Rs. 41,142 in 2011-12. During 2019-20, the per capita NSDP is estimated at Rs. 64,668 in constant term with a growth of 6.5%. The average annual growth during the period from 2011-12 to 2018-19 was 6.80%. The per capita NSDP at current prices for the year 2019-20 is estimated at Rs.91,408 as against Rs. 81,841 in 2018-19 registering a growth of 11.69%. During the period from 2011-12 to 2018-19, Net per capita income at current prices achieved more than double.

Net Per Capita Income of the State and the Nation is shown in the following Chart 7.



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 8% in 2012-13, 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. However, due to sincere efforts of the State Govt for augmenting its own resources, the major revenue earning Departments evolved positive result registering a growth of 20.5% in 2018-19 (PA).

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

Year	Own Tax	Growth (%)
2011-12	7638.23	29
2012-13	8250.21	8
2013-14	8994.92	9
2014-15	9449.81	5
2015-16	10106.5	7
2016-17	12079.56	20
2017-18	13215.52	9
2018-19 (Pre-Actual)	15924.85	20.5

Source: Finance Accounts

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 25%. No standard pattern emerged in the non-tax revenue collection during the recent period (**Table 3.2**). The non-tax receipts since 2016-17 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 (%)
2011-12	2866.76	
2012-13	2473.59	-14
2013-14	2705.03	9
2014-15	2412.88	-11
2015-16	2741.56	14
2016-17	4353.12	59
2017-18	4071.97	-6
2018-19(Pre-Actual)	5086.94	25

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	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 (PA)	2019-20 (BE)
Total Expenditure	31989.89	39078.17	37011.42	49362.72	55480.94	56899.00	79742.26
Developmental Expenditure	20685.63	25163.06	23980.22	31587.17	33565.08	35811.37	53215.06
Non-Developmental Expenditure	10928.50	12921.60	12656.03	17123.19	21790.81	20813.74	26041.13
Grants-In-Aid And Contributions	375.76	993.50	375.16	652.36	125.05	273.89	486.07
Growth Rate	9.8	22.2	-5.3	33.4	12.4	2.56	40.15

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 2011-12 is indicated in the Table below.

Table 3.4: Ratio of Revenue Expenditure and Capital Expenditure to Total Expenditure

(Rs. in Crore)

Year	Revenue Expenditure	Non-Debt Capital Expenditure	Total Expenditure	% Share of Revenue Expenditure	% Share of Capital Expenditure	Capital Expenditure as % of GSDP
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	2961.00	39972.42	92.59	7.41	1.30
2016-17	49362.72	6001.46	55364.18	89.16	10.84	2.36
2017-18	55480.94	7692.84	63173.78	87.82	12.18	2.76
2018-19 (PA)	56899.00	11034.08	67933.08	83.69	16.31	3.39

From the above table, it has been observed that share of revenue expenditure has declined from 93% of 2015-16 to 89% during 2016-17 and 84% during 2018-19. 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 16% in 2018-19. The percentage of

capital expenditure to GSDP has also improved, registering 2.36% and 2.85% during 2016-17 and 2017-18 respectively against 1.30 % during 2015-16. For 2018-19, the said figure is 3.39%.

Gross Fiscal Deficit

The fiscal deficit of the Govt of Assam has started accelerating steeply from Rs. 1,516.48 crore in 2012-13 to Rs.9,292.21 (PA) 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.

Table 3.5: Gross Fiscal Deficit

	Gross Fiscal Deficit (Rs. in Crore)	Fiscal deficit as % of GSDP
2012-13	1516.48	0.97
2013-14	3782.30	2.13
2014-15	5429.54	2.77
2015-16	-3005.47	-1.32
2016-17	6125.77	2.41
2017-18	9292.21	3.33
2018-19(PA)	4779.06	1.48

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 has 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 fiscal indicators along with the budget for 2020-21 and the rolling targets for the next four years are placed in **Annexure-I**

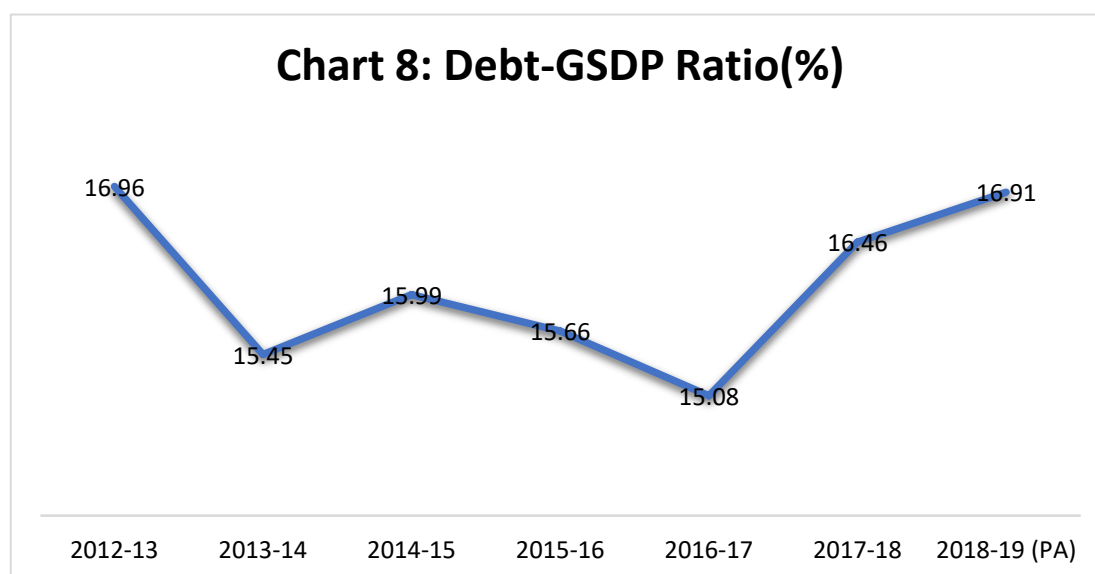
IV: Debt Management

Debt Structure

The outstanding debt of the Government of Assam (GoA) increased from Rs. 26,599.64 crore at the end of March, 2013 to Rs. 55,008.25 crore at the end of March, 2019. However, the Debt to GSDP ratio of the state decelerated from 16.96 percent at end-March 2013 to 16.91 percent at end-March 2019, mainly on account of higher growth in GSDP than the growth in debt (**Table 4.1**).

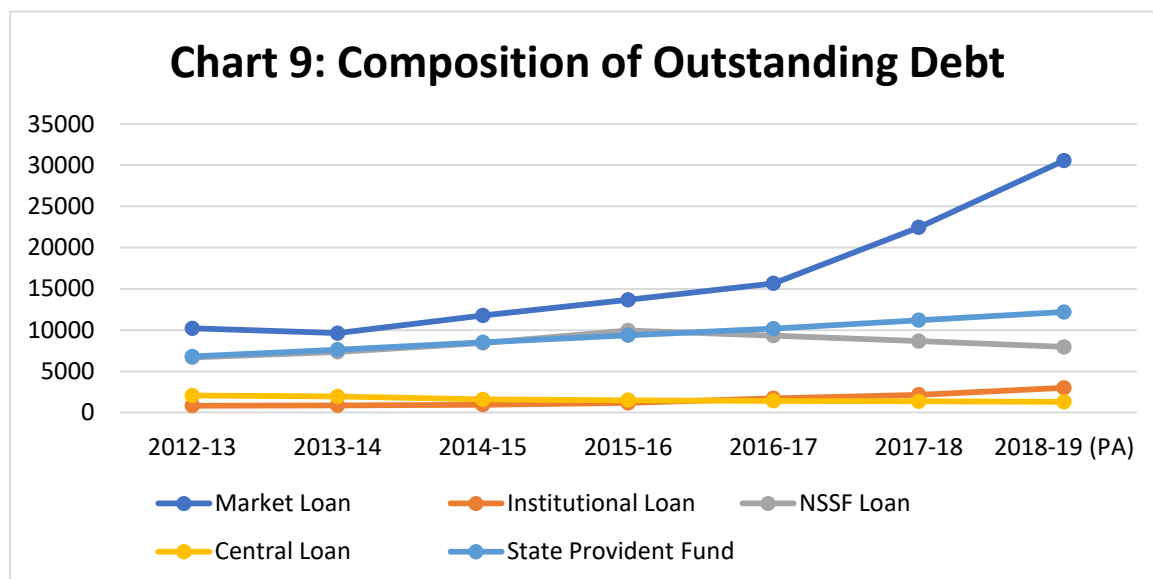
Table 4.1: Debt Position and Debt-GSDP Ratio

Year	Market Loan	Institutional Loan	NSSF Loan	Central Loan	State Provident Fund	Yearend total outstanding debt	Debt-GSDP Ratio (%)
2012-13	10210.18	836.78	6700.39	2056.86	6795.43	26599.64	16.96
2013-14	9624.52	886.02	7368.95	1943.54	7632.6	27455.63	15.45
2014-15	11777.45	962.06	8447.10	1591.65	8522.73	31300.99	15.99
2015-16	13674.20	1165.26	9959.73	1508.15	9382.87	35690.22	15.66
2016-17	15668.54	1738.56	9329.55	1429.78	10179.33	38345.76	15.08
2017-18	22465.41	2164.24	8664.08	1361.18	11206.99	45861.87	16.46
2018-19 (PA)	30554.77	3001.78	7954.58	1309.07	12188.05	55008.25	16.91



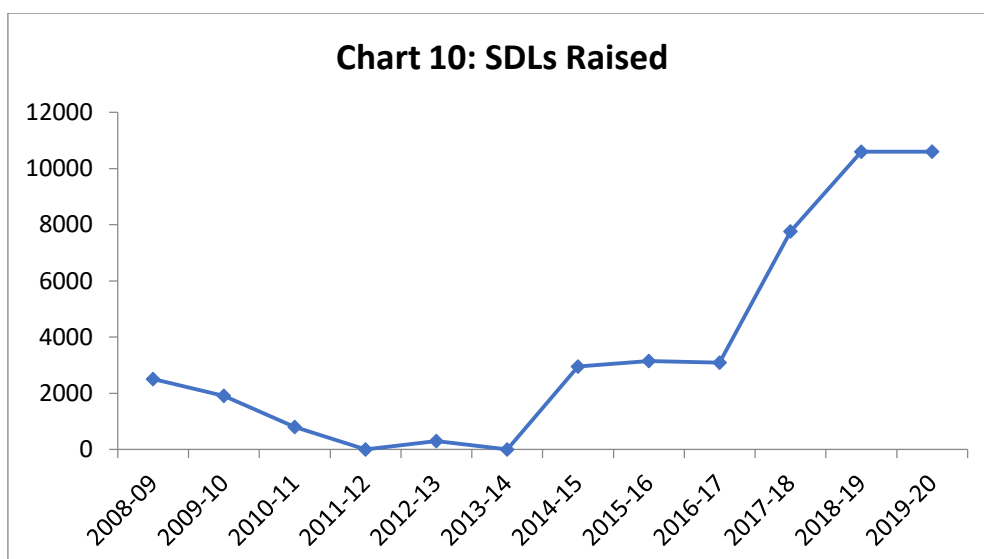
Composition of Debt

The market borrowings constitute the major share in the total debt averaging at 45 per cent followed by provident fund and NSSF. While the share of market borrowings and Provident Fund accelerated during 2014-15 to 2017-18, 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. During 2011-12 and 2013-14, GoA has not raised any State Development Loans (SDLs). 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.

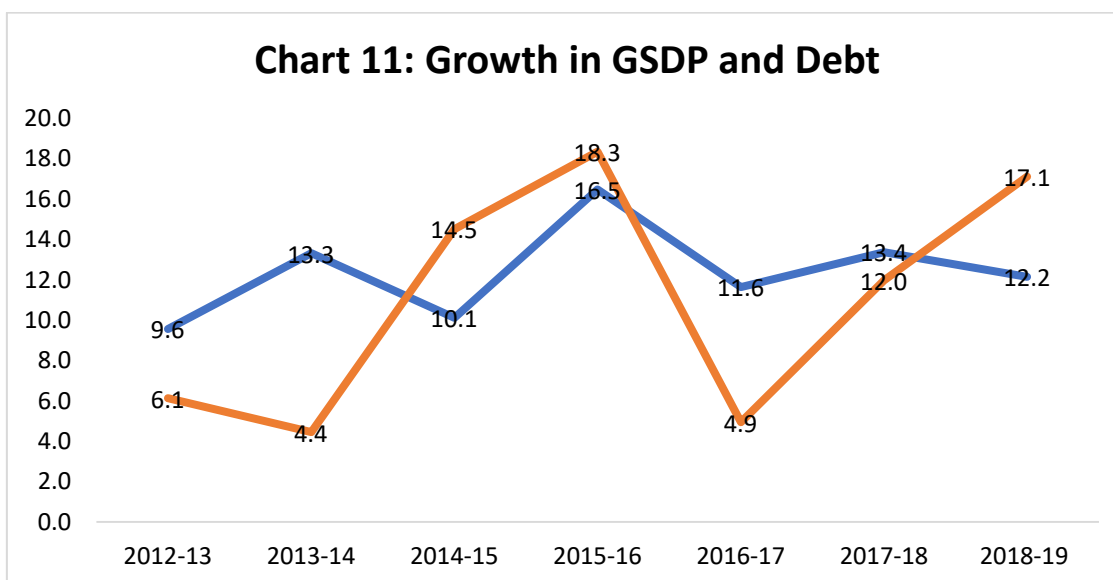
Medium Term Debt Management Strategy

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.

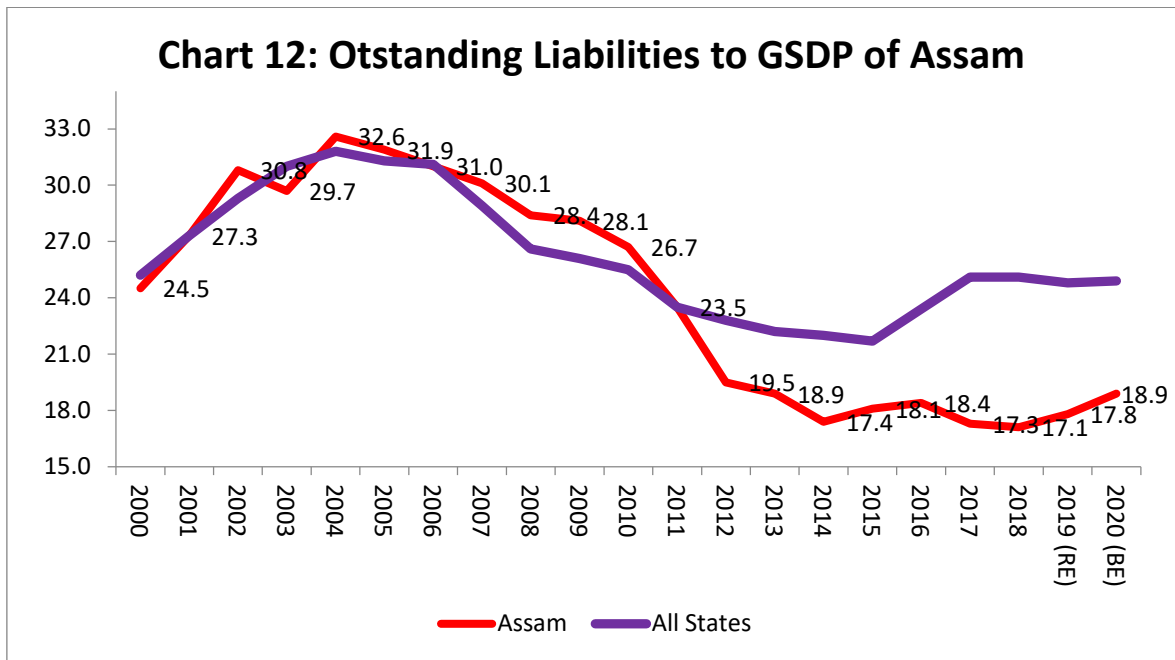
Debt Sustainability Analysis

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 (**Chart 11**). Therefore, it may be concluded that the debt position of GoA is sustainable at this juncture.



In terms of 14th FC recommendations, as a fiscal deficit target and borrowing ceiling, the debt to GSDP ratio should be lower than 25 per cent and the interest payment to revenue receipt should be lower than 10 per cent. The debt to GSDP ratio of Assam has been steadily declining from as high as 32.6 per cent in end-March 2004 to 17.8 per cent in end-March 2019 (**Chart 12**). The interest payment to revenue receipts of GoA is lower than all special category states and recording at around 6 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.

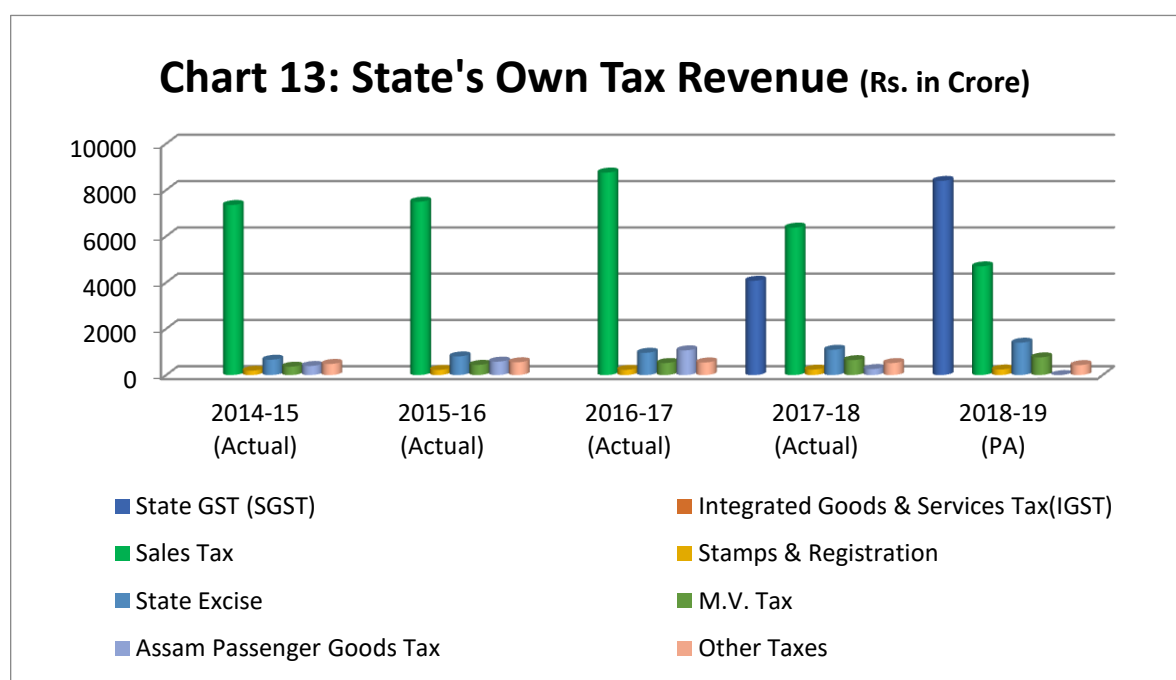
However, in view of introduction of a uniform tax regime all over the country through the GST, there are considerable decreases in Sales Tax and in Assam Passenger & Goods tax, which however compensated through SGST and IGST. In 2017-18, being the introductory year of GST, Assam Passenger and Goods Tax decreased. An increase has been noticed in SGST in 2018-19. 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. **Table 5.1** depicts State's Own Tax Revenue for last 5 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 (PA)	2019-20 (BE)	Average growth in % (2014-19)
State GST (SGST)				4078	8393		105.81
Integrated Goods & Services Tax(IGST)							
Sales Tax	7351	7493	8752	6373	4699		-8.68
Stamps & Registration	188	224	227	239	241		6.65
State Excise	665	808	964	1095	1400		20.56
M.V. Tax	364	442	521	647	765		20.43
Assam Passenger Goods Tax	396	583	1070	263	(-)4		-11.55
Other Taxes	483	554	546	521	431		-2.15
Total	9450	10107	12080	13216	15925		14.09

The average growth rate of the State over last five years is nearly 14.09%



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 2018-19 (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 PA	2019-20 (BE)
Total Collection	2413	2742	4353	4072	5087	8532

As reported by the AG, the aggregate collection from non-tax revenue during 2014-15 was at Rs. 2413 crore, which increased to Rs.5087 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.

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 (RE) 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	PA	BE
12284	16785	20189	22302	25216	34374

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.25216croreduring 2018-19, of which Rs. 1949 crore

would be recovered in the revised estimate. The 14th Finance Commission recommended an amount of Rs.34374 crore for 2019-20. However, the Union Government has provided an amount of Rs26790 crore in 2019-20 Union Budget, which has been revised to 23,670 crore.

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.

Grant from the Centre

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

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

Table 5.4: Grant from Centre
(Rs. in Crore)

Year	Transfer from the Centre			
	Share in Central Taxes	Plan Grants	Non Plan Grants	Total (5+6+7)
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 (PA)	25215.85	17251.52		42467.37

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 crore which has significantly increased to Rs. 25751.61 Crore in 2017-18 on account of 7th Pay Commission payments.

In 2017-18, salary and pension expenditure accounted for about 61% of total revenue expenditure and about 12% of GSDP. The relentless increase in expenditure on pay and pension is mainly due to the periodic revision of pay and pension and biannual increase in dearness allowances and dearness relief. However, in 2018-19, salary and pension expenditure accounted for about 60% of Total Revenue Expenditure and 10.54% 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
2012-13	11636.00	3779.00	29136.91	39.94	12.97
2013-14	15618.81	4264.13	31989.29	48.83	13.33
2014-15	17582.18	5237.02	39078.17	44.99	13.40
2015-16	19802.62	6407.17	37011.42	53.50	17.31
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 (PA)	26177.73	8112.26	56899.00	46.01	14.26

Interest payment has been growing at an average annual growth rate of 6.16% during the period 2012-13 to 2018-19. The decline in the ratio of Interest payment to Total Revenue receipt over the years from 2012-13 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 6.82% in 2012-13 to 6.06% in 2018-19 (Table 5.6). The acceptable level of Debt-GSDP ratio and the ratio of interest payment to total revenue receipt is pegged at 25% and 10%

respectively by the 14th Finance Commission. Hence, Assam is well within the accepted norms.

Table 5.6: Ratio of Interest Payment to Total Revenue Receipts

(Rs. in crore)

Year	Total Revenue Receipts	Interest Payment	Interest Payment to Revenue Receipts Ratio (in percent)
2012-13	30690.98	2114.91	6.82
2013-14	32212.79	2198.45	6.11
2014-15	38181.49	2333.74	6.17
2015-16	42457.70	2618.44	6.02
2016-17	49219.81	2963.75	6.02
2017-18	54130.94	3205.32	5.92
2018-19(PA)	63479.16	3844.37	6.06

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	
2011-12	6487.76	10978.54	3136.07	2074.4	3851.78	26528.55
2012-13	6494.27	12295.96	3778.87	2114.91	4452.9	29136.91
2013-14	7027.06	14841.44	4264.13	2198.45	3658.21	31989.29
2014-15	9390.89	16701.92	5237.02	2333.74	5414.60	39078.17
2015-16	9435.57	17102.92	5985.23	2618.44	1869.26	37011.42
2016-17	13433.82	17759.09	6564.64	2963.75	8641.42	49362.72
2017-18		25751.61	8287.34	3205.32	18236.68	55480.95
2018-19(PA)		26177.73	8112.26	3844.37	18764.64	56899.00
2019-20(BE)		32293.99	8982.01	4792.92	33673.33	79742.20

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	2013-14	-0.2	0.1
	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(PA)	-2.02	0.1
Gross Fiscal Deficit/GSDP	2013-14	2.4	2.2
	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(PA)	1.47	2.9
Own revenue/Revenue Expenditure	2013-14	36.6	61.2
	2014-15	30.4	56.4
	2015-16	34.7	54.4
	2016-17	26.1	50.8
	2017-18	31.1	56.0
	2018-19(PA)	37.0	51.9
Development Expenditure/ Aggregate Disbursement*	2013-14	59.9	63.1
	2014-15	65.4	65.5
	2015-16	64.0	67.1
	2016-17	69.3	68.0
	2017-18	62.5	64.2
	2018-19 (RE)	70.5	65.2
Non-Developmental Expenditure/ Aggregate Disbursement*	2013-14	29.6	29.6
	2014-15	28.9	28.0
	2015-16	64.0	67.1
	2016-17	69.3	68.0
	2017-18	34.3	28.2
	2018-19 (RE)	25.6	26.7
Interest Payment/Revenue Expenditure	2013-14	6.9	12.2
	2014-15	6.0	11.6
	2015-16	7.1	11.7
	2016-17	4.9	11.4
	2017-18	5.8	12.5
	2018-19 (PA)	6.8	11.1

Receipts	2013-14	6.8	12.3
	2014-15	6.1	12.0
	2015-16	6.2	11.7
	2016-17	5.4	11.6
	2017-18	5.9	12.6
	2018-19 (PA)	6.1	11.2
Committed Expenditure/ Revenue Expenditure	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 (RE)	26.0	29.0
Pension/Revenue Expenditure	2013-14	13.3	11.8
	2014-15	13.4	11.2
	2015-16	16.2	11.1
	2016-17	11.7	10.7
	2017-18	14.9	11.8
	2018-19 (PA)	14.3	11.0
Gross Transfers/Aggregate Disbursement	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	53.0	35.2
	2018-19 (RE)	55.1	38.1

Source: Finance accounts and RBI publications.

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. 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 2018-19 stands at Rs. 85.02 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	161.50	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	130.00
2017-18	57.58	32.66	90.24
2018-19(PA)	49.22	35.80	85.02

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 2017-18		Outstanding at the end of FY 2018-19	
	Principal	Interest	Principal	Interest
Total Power Sector				
1)Assam Power Distribution Company Ltd.	0	0	0	0
2)Assam Power Generation Company Ltd.	31.29	0	22.94	0
Total Corporation Sector	31.29	0	22.94	
1)Assam State Corporation Marketing & Consumer Federation Ltd.	0	0	0	0
2)Assam State Cooperation Agriculture & Rural Development Bank Ltd.	2.14	3.79	2.14	3.96
Assam State Cooperation Housing Federation Ltd.	2.14	3.79	2.14	3.96
Government Companies				
1)Assam Electronics Development Cooperation Ltd.	0	0	0	0
2)Assam state Development Cooperation for OBC Ltd.	0	1.31	0	2.17

3)Assam Plains Tribes Development Cooperation Ltd.	15.26	16.23	15.26	17.84
4)Assam State Development Cooperation For Scheduled Caste Ltd.	0	4.15.	0	4.15.
5)Assam state Development Cooperation for Scheduled Caste Ltd.	0	3.99	0	3.96
6)Assam Minorities Development and Finance Cooperation Ltd.	8.89	3.22	8.87	3.73
Local Bodies, Boards and others				
1) Amguri Town Committee	0	0	0	0
2) Barpeta Municipal Board	0	0	0	0
3) Hojai Municipal Board	0	0	0	
Grand Total	57.58	32.66	49.22	35.80

VI. MAJOR POLICY INTERVENTIONS

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

1. ReSTART Assam-Revenue augmentation drive

- 1.1. The Government of Assam has launched the Restructuring Systems and Technology for augmentation of Resources for Transformed Assam (ReSTART Assam) during 2016-17 in order to mop up maximum possible State's Own Resources through coordinated and concerted mission mode programme with four pronged action plan of ReSTART Assam as below:
- 1.2. Rationalize revenue collection through reforms and restructuring of policy, legislations and administration. This includes measures to increase efficiency in tax collection and rationalize the tax structure. During 2016-17, State's Own Revenue has registered an impressive growth of 28% which was only 8% during 2015-16. The growth rate over the previous year were 5% and 17% in 2017-18 and 2018-19 respectively.
- 1.3. Mobilizing additional resources, in a big way, through Externally Aided Projects (EAPs) in a concerted and coordinated manner by the Finance Department itself through a dedicated cell created by name LEAPs (Lead EAPs). The LEAP cell has been operational since February 16, 2017 and the team has drawn up a list of 19 no. of proposals with total project Cost of around Rs.39,009 crore covering the key sectors like Transport, Energy, Health, Rural water supply, Water Resources, Tourism, Industries, Urban Development, Fisheries, Forestry, etc. Government of India has so far approved seven projects with a cost of Rs.188.62 crore under the sector Transport and Fisheries.
 - 1.3.1. Assam State Public Finance Institutional Reforms (ASPIRe) Project funded by World Bank, as 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. ICT driven fiscal management reform measures are taken for improved planning and budgeting, public expenditure, accounting and reporting, Public Procurement, Institutional strengthening of Finance Department, etc. In addition to that, numerous training and capacity building programs are organized in PFM areas.
- 1.4. A large scale IT-enabled systems with "near-zero interface" and real time monitoring of revenue collection.
- 1.5. Strengthening Public Finance Institutional Capacity.
 - 1.6.1. Cash and Debt Management:-
 - Domain expert engaged as Cash & Debt Management Advisor

- Medium Term Debt Management Strategy Report submitted
- A module already developed for Debt Management integrated with FinAssam, NABARD and Market loans are already ported to new system.
- Cash flow projection on a weekly, monthly and yearly basis has been stabilised, which facilitate the Finance Department to take precise decision in the expenditure management.

1.6.2. Public Procurement

- Adoption of Government of e-Marketplace (GeM) by Government of Assam.
- PMU establishment for driving GeM and e-Procurement
- Preparation of Rules to Assam Public Procurement Act, under process
- SBDs, FAQs, User Manuals for Act, Rules being prepared
- Capacity Building for 100 Procurement Specialists across Departments, Directorates.
- Procurement Shared Services Team (about 10 consultants) to be bounced under ASPIRe.

1.6.3. Public Private Partnership

- PPP Study across sectors for potential PPP Policy Framework
- A Seminar on PPP was organised for way forward

1.6.4. Institutional Strengthening at Finance Department

- Refurbishment of four branches of Finance on Pilot basis
- Implementation of DBT across the State
- Training and Capacity Building
- Regional Public Finance Management Institute mooted
- Concept Note, ToR for Director, PFM Institute submitted
- To be housed under AS-CFMS Society & to leverage AASC Infrastructure
- Partnerships with leading Global, National Institutes – Duke University, LKY (Singapore), ASCI, NIPFP, NIFM, etc., planned.

1.7. Strengthening Expenditure and Revenue Information Systems

1.7.1. Integrated Finance Management Information System (IFMIS)

- Final DPR, To-Be Report submitted by consultant (PwC) accepted
- Hiring a BI & Analytics provider: Integrated Finance Dashboard (FY 2018-19)
- Major Initiation taken to make Budget participatory and citizen friendly & eBudget to bring the Budget in Android app.
- Budget documents are published in Open Budget format
- Shortlisted for National eGovernance Awards for Ceiling Process

1.7.2. e-Collection and e-Payment

- eCollection: Government Receipt Accounting System (GRAS) rollout for all Revenue Earning Departments (FY 19-20)
 - ePayment
 - eKuber rolled out in all Treasuries
 - Latest eKuber Version 2.0 has been adopted in the Government transactions
 - Public Finance Management System (PFMS): Used for all CSS
- 1.7.3. Commercial Tax
- Reorganisation of CoT instituted under GST Regime
 - Up-gradation of IT peripheral and Data Centre
- 1.7.4. Excise
- Final DPR, To-Be Report submitted has been accepted by the Department
 - Workshops with key vendors
 - Open Competitive Bid Process to select a System Integrator in under way

2. Rural Infrastructure Development fund

The State Government has been emphasizing on rural connectivity and on strengthening the assets in rural areas for accelerating growth and employment. The Government of Assam has been availing loan facility from NABARD against various sectors for upgradation of the Rural Infrastructure of the State since 1996-97 under Rural Infrastructure Development Fund (RIDF). The State Government has so far availed loan assistance to the tune of Rs.5176.22 Crore (As on January,2020) from NABARD covering sectors like Agriculture, Sericulture, Soil conservation, Education, Tourism, Health, Cooperation, Irrigation, PWD(R), Water Resources, Industry & Commerce, Animal Husbandry & Veterinary, etc.

NABARD has so far issued sanction for a total amount of Rs.486.47 crore against the sectors of Public Works Roads (Rs.410.38cr), Irrigation (Rs.47.50cr) Soil conservation (Rs.28.59 crore), etc., against normative allocation of Rs.1500 crore.

In view of upgrading rural road infrastructure in the State, Govt. of Assam has launched an innovative scheme namely “Mahabir Lachit Chilarai Setu Nirman Abhijan (MLCSNA)” during 2018-19 for conversion of SPT Bridges to concrete ones. NABARD has sanctioned 279 numbers of bridges for implementation during 2018-19 and 146 numbers of bridges for implementation during 2019-20 (As on 27.02.2020)

In order to streamline the process of obtaining loans from NABARD under RIDF and disbursement of the same by Gov. of Assam, an online portal for submission of DPRs by the departments and drawal of loan from NABARD along with ceiling proposals is under process in Finance Department under finassam portal.

3. Tapping Oil Royalty

Our Government has so far received total arrear royalty amounting to **Rs.7746.69 cr** on crude oil at pre-discounted price, i.e., Rs.2395.90cr in the year 2016-17, Rs.670.00cr in 2017-18, Rs. 3134.35cr in 2018-19 and Rs. 1555.75 cr in 2019-20, which was a long standing demand of the State for releasing arrear amounts against Petroleum.

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

The 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.
5. 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.

6. 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.
7. 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.
8. The 6th Assam State Finance Commission Commission has already completed its report within the stipulated tenure and shall make its report available to the Governor of Assam very soon. This recommendation of the report shall cover a period of five years commencing from 1st April, 2020.

VII. Medium Term Fiscal Plan & 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)	10%
I. Integrated Good & Service Tax (IGST)	0%
II. Sales Tax	15%
III. State Excise	15%
IV. Stamp Duty & Registration	10%
V. Motor Vehicle Tax	10%
VI. Taxes on Goods & Passengers	10%
VII. Tax on Professions, Trades etc.	10%
VIII. Other Taxes on Commodities & Services	10%
IX. Land Revenue	15% for 2021-22 and 10% for the remaining years of projection period
X. Taxes on agricultural income.	10%
XI. Taxes & Duties on Electricity	10%
I. Interest receipts	10%
II. Royalty on Crude Oil & Natural Gas	12%
III. Forestry & Wild life	10%
IV. Others	10%
a) Share of Central Taxes	15%
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	5%
a) Interest	12%
b) Salary	15%
c) Pension	15%
d) Others	15%
4. Capital Outlay	10%
5. Lending	10%
6. Year End Debt Stock	10%

Medium Term Fiscal Plan

(Rs. in Crore)

Items	2018-19 (PA)	2019-20 (BE)	2020-21 Estimates	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection	2025-26 Projection
1. Total Revenue Receipts	63479.16	83147.99	91930.80	104074.41	116400.20	130244.16	145800.70	163290.02
Own Revenues (a+b)	21011.79	26525.80	30513.53	33997.20	37775.67	41986.65	46681.32	51917.18
a). Own Tax Revenue (I to XI)	15924.85	17994.15	23209.74	25899.06	28796.05	32028.81	35637.82	39668.65
I. State Good & Service Tax (SGST)	8393.04	9309.68	13935.11	15328.62	16861.49	18547.63	20402.40	22442.64
I. Integrated Good & Service Tax (IGST)		445.23		0.00	0.00	0.00	0.00	0.00
II. Sales Tax	4698.74	4856.25	5340.73	6141.84	7063.11	8122.58	9340.97	10742.11
III. State Excise	1399.84	1450.00	1750.00	2012.50	2213.75	2435.13	2678.64	2946.50
IV. Stamp Duty & Registration	240.72	396.80	400.18	440.19	484.21	532.63	585.90	644.49
V. Motor Vehicle Tax	765.01	898.31	1077.97	1185.77	1304.34	1434.78	1578.25	1736.08
VI. Taxes on Goods & Passengers	-3.62	0.94	1.14	1.25	1.38	1.52	1.67	1.84
VII. Tax on Professions, Trades etc.	186.35	226.63	246.20	270.82	297.91	327.70	360.47	396.51
VIII. Other Taxes on Commodities & Services	0.95	0.00	1.26	1.38	1.52	1.67	1.84	2.02
IX. Land Revenue	163.22	253.30	276.19	317.62	349.38	384.32	422.75	465.03
X. Taxes on agricultural income.	7.85	14.50	14.73	16.21	17.83	19.61	21.57	23.73
XI. Taxes & Duties on Electricity	72.75	142.51	166.23	182.85	201.13	221.25	243.37	267.71
b) Non-Tax Revenue	5086.94	8531.65	7303.79	8098.15	8979.62	9957.83	11043.50	12248.52
I. Interest receipts	588.09	376.27	950.94	1046.03	1150.63	1265.70	1392.27	1531.49
II. Royalty on Crude Oil & Natural Gas	2508.31	5642.66	3198.90	3582.77	4012.70	4494.23	5033.54	5637.56
III. Forestry & Wild life	364.27	308.93	465.13	511.65	562.81	619.09	681.00	749.10
IV. Others	1626.27	2203.79	2688.82	2957.70	3253.47	3578.81	3936.69	4330.36
Transfer from the Centre (a+b)	42467.37	56622.19	61417.27	70077.21	78624.53	88257.51	99119.38	111372.85
a) Share of Central Taxes	25215.85	34374.20	26775.56	30791.89	35410.68	40722.28	46830.62	53855.22
b) Grants (I to v)	17251.52	22247.99	34641.71	39285.32	43213.85	47535.23	52288.76	57517.63
i) CASP/Transfer from Centre	16319.32	19806.73	23588.71	27127.02	29839.72	32823.69	36106.06	39716.66
ii) CS/CSS/NEC/NLCPR								
iii) Grants under Finance Commission	932.20	2441.26	11053.00	12158.30	13374.13	14711.54	16182.70	17800.97
iv) Other Non-Plan Grants								
2. Recovery of loans and advances	2.93	1048.33	300.29	315.30	331.07	347.62	365.00	383.25
3. Revenue Expenditure (a to d)	56899.00	79742.26	82776.98	93495.77	107325.19	123205.64	138635.40	156069.63
a) Interest	3844.37	4792.92	5801.84	6498.06	7277.82	8151.16	9129.30	10224.82
b) Salary	26177.73	33306.25	29450.00	33867.50	38947.63	44789.77	51508.24	59234.47
c) Pension	8112.26	8982.01	9293.17	10687.15	12290.22	14133.75	16253.81	18691.89
d) Others	18764.64	32661.07	36907.01	42443.06	48809.52	56130.95	61744.05	67918.45
4. Capital Outlay	11034.08	15219.20	18520.54	20372.59	22409.85	24650.84	27115.92	29827.51
5. Lending	328.07	348.32	316.28	347.91	382.70	420.97	463.07	509.37
6. Revenue Deficit [Surplus (-)/ Deficit(+)]	-6580.16	-3405.73	-9153.82	-10578.64	-9075.00	-7038.52	-7165.30	-7220.39
7. Fiscal Deficit [Surplus (-) / Deficit (+)]	4779.06	11113.46	9382.71	9826.55	13386.48	17685.66	20048.68	22733.24
8. Year End Debt Stock	55008.25	65738.04	79666.53	87633.19	96396.51	106036.16	116639.77	128303.75
9. Year End Outstanding Guarantees	85.02	132.60	85.02	85.02	85.02	85.02	85.02	85.02
10. Debt Stock including Guarantees (8+9)	55093.27	65870.64	79751.55	87718.21	96481.53	106121.18	116724.79	128388.77
11. Debt/GSDP	17.00%	17.57%	19.50%	18.65%	17.84%	17.06%	16.32%	15.61%
12. (Debt+Guarantee)/GSDP	17.03%	17.61%	19.52%	18.67%	17.85%	17.08%	16.33%	15.62%
13. Revenue Balance/Revenue Receipts (%)	-10.37	-4.10	-9.96	-10.16	-7.80	-5.40	-4.91	-4.42
14. Revenue Balance/GSDP (%)	-2.03	-0.91	-2.24	-2.25	-1.68	-1.13	-1.00	-0.88
15. Fiscal Balance/GSDP (%)	1.48	2.97	2.30	2.09	2.48	2.85	2.81	2.77
16. Interest Payment/Revenue receipt (%)	6.06	5.76	6.31	6.24	6.25	6.26	6.26	6.26
17. Own Tax revenue /GSDP(%)	6.49	7.09	7.47	7.23	6.99	6.76	6.53	6.32
18. GSDP (Rs. in crore) at current prices	323555.38	374096.15	408626.65	469920.65	540408.74	621470.05	714690.56	821894.15
19. GSDP Nominal Growth Rate				15%	15%	15%	15%	15%