Executive Summary

This Report on the Finances of the Government of Assam is being brought out with a view to assess objectively the financial performance of the State during the year 2013-14. The aim of this Report is to provide the State Government with timely inputs based on actual data so that there is a better insight into both well performing as well as ill performing schemes/programmes of the Government. In order to give a perspective to the analysis, an effort has been made to compare the achievements with the targets envisaged by the State Government in Fiscal Responsibility and Budget Management (FRBM) Act, 2005 (amended in 2011) as well as in the Budget estimates of 2013-14.

Based on the audited accounts of the Government of Assam for the year ending March 2014, this report provides an analytical review of the Annual Accounts of the State Government. The report is structured in three Chapters.

Chapter-I is based on the audit of Finance Accounts and makes an assessment of the Government˘s fiscal position as on 31 March 2014. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route.

Chapter-II is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments.

Chapter-III is an inventory of Government˘s compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and also delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and loss that indicate inadequacy of controls in the Government departments are also detailed in this chapter.

The fiscal position of the State viewed in terms of key fiscal parameters ˉ revenue deficit, fiscal deficit and primary deficit etc., indicated that except during 2009-10 the State had maintained revenue surplus during the last five years. The fiscal deficit of the State at 2.33 *per cent* was also lower than 3 *per cent* of GSDP, the limit prescribed under the Assam Fiscal Responsibility and Budget Management (AFRBM) Act 2011. However, primary surplus of the last year turned into primary deficit during the current year.

Revenue Receipts

Revenue receipts grew by ₹ 1,522 crore (five *per cent)* over the previous year. The increase was contributed by tax revenue ₹ 745 crore (49 *per cent*), non-tax revenue by ₹ 231 crore (15 *per cent*) and State˘s share of Union Taxes and Duties by ₹ 974 crore (64 *per cent*). The increase was however, offset by decrease in

Grants-in-aid from Government of India (GOI) by ₹ 428 crore (28 *per cent*). ***The revenue receipts at ₹ 32,213 crore was lesser by ₹ 1,075 crore than the assessment made in Medium Term Fiscal Plan (MTFP)[1] (₹ 33,288 crore)***.

(Para-1.1.1)

Revenue Expenditure

The overall revenue expenditure of the State increased by 50.69 *per cent* from ₹ 21,232 crore in 2009-10 to ₹ 31,990 crore in 2013-14 at an annual average rate of 10.13 *per cent.* The Non-Plan Revenue Expenditure (NPRE) constituted a dominant share of nearly 78 *per cent* in the revenue expenditure and increased by ₹ 2,320 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 533 crore (8.21 *per cent*) from ₹ 6,495 crore in 2012-13 to ₹ 7,028 crore in 2013-14.

(Para-1.6.3)

During 2013-14, the development expenditure (₹ 24,571 crore) increased by ₹ 3,768 crore (18.11 *per cent*) over the previous year. The relative share of the revenue developmental expenditure was 57 *per cent* of the total expenditure while this share in respect of capital development expenditure was only nine *per cent*. The expenditure pattern of the State revealed that there was an increasing pressure on revenue expenditure. Salaries and wages alone accounted for 49 *per cent* of revenue receipts of the State during 2013-14. It increased by 18 *per cent* from ₹ 13,442 crore in 2012-13 to ₹ 15,814 crore in 2013-14. Although expenditure on salaries (₹ 15,619 crore) during 2013-14 was lesser by ₹ 1,719 crore (11 *per cent*) than assessed (₹ 17,338 crore) by the State Government in its budget, it was more by ₹ 1,526 crore (11 *per cent*) than the projection of ₹ 14,093 crore in MTFP and by ₹ 8,282 crore (113 *per cent*) than the assessment made by the FC-XIII (₹ 7,337 crore).

(Paras-1.6.4 and 1.7.1)

Investment and Returns

There were 109 incomplete projects (total cost more than ₹ one crore of each project) which were due to be completed by March 2014 in which ₹ 384.76 crore was blocked. Of these, 83 projects involving ₹ 322.32 crore remained incomplete for less than three years, 18 projects involving an amount of ₹ 37.32 crore remained incomplete for periods ranging from three to five years and six projects involving ₹ 17.08 crore remained incomplete for more than five years. Details in respect of two projects involving ₹ 8.04 crore were not available. The revised cost of six incomplete projects increased by 42.54 *per cent* from ₹ 47.88 crore (initial budgeted cost) to ₹ 68.25 crore (total revised cost) and resulted in cost overrun of

[1] MTFP: As required under Section 3 of the Act, the State Government laid before the State Legislative Assembly a five year rolling Fiscal Plan along with Annual Financial Statement showing therein the relevant fiscal indicators and future prospects for growth.

₹ 20.37 crore. Delay in completion of works/projects invites the risk of escalation in the cost of the works, besides the intended benefits from these projects did not reach the beneficiaries in the State.

(Para-1.8.1)

The average return on State Government˘s investment in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies varied between 0.53 and 0.70 *per cent* in the last five years whereas the State Government˘s average interest outgo was in the range of 6.53 to 6.83 *per cent*.

(Para-1.8.2)

Cash balances of the State Government at the end of the current year decreased from ₹ 6,620 crore in 2012-13 to ₹ 4,528 crore in 2013-14. The State Government from the investments made in GOI Treasury Bills, had earned an interest of ₹ 400 crore during 2013-14. Further, the Government invested ₹ 2,610 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2014. The interest receipts against investment on cash balance was 11.07 *per cent* during 2013-14 while Government paid interest at the rate of 6.53 *per cent* only on its borrowings during the year.

(Para-1.8.4)

Fiscal liabilities

The overall fiscal liabilities of the State increased at an average annual rate of 4.15 *per cent* during the period 2009-14. During the current year, the fiscal liabilities of the State Government increased by ₹ 1,479 crore from ₹ 32,897 crore in 2012-13 to ₹ 34,376 crore in 2013-14. The ratio of fiscal liabilities to GSDP had improved and decreased from 23.23 *per cent* in 2012-13 to 21.13 *per cent* in 2013-14 which was well within the norms (28.4 *per cent*), prescribed by the FC-XIII. The fiscal liabilities stood at nearly 1.07 times of the revenue receipts and three times of the State˘s own resources at the end of 2013-14.

(Para-1.9.2)

Budgetary Control and Financial Management

During 2013-14, expenditure of ₹ 37,207.68 crore was incurred against the total grants and appropriations of ₹ 53,017.11 crore resulting in savings of ₹ 15,809.43 crore. The overall savings of ₹ 15,809.43 crore was the net result of total saving of ₹ 17,333.14 crore offset by excess of ₹ 1,523.71 crore.

The excess expenditure amounting to ₹ 1,499.89 crore incurred over authorization in five grants during 2013-14 requires regularisation under Article 205 of the Constitution of India. At the close of the year 2013-14, there were 52 grants/ appropriations in which savings (savings of ₹ five crore and above) of ₹ 12,300.34 crore (71 *per cent* of the total savings) occurred but no surrenders were made by the concerned departments.

(Paras-2.2.1, 2.2.7 and 2.2.11)

Injudicious re-appropriation proved excessive or unnecessary and resulted in savings of ₹ 10 lakh and above in 55 sub-heads/sub sub-heads. Rush of expenditure was noticed in respect of five Major heads where expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred alone in the month of March 2014.

(Paras-2.2.9 and 2.2.12)

Funds amounting to ₹ 95.12 crore drawn at the end of the year were deposited into the head of account ‘8443-Civil Deposit’ to avoid lapse of budget grant, bypassing legislative control. Besides, funds amounting to ₹ 14.23 crore retained in Personal Deposit Accounts after the close of the financial year, was against the spirit of financial regulations.

(Paras-2.2.5 and 2.4)

The total amount of DCC bills received was only ₹ 1,285.09 crore against the AC bills amounting to ₹ 2,834.71 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 1,549.62 crore as on 31 March 2014.

(Para-2.3.1)

Out of 59 Controlling Officers (COs), only one of them carried out full reconciliation of departmental receipts figures with those reflected in the books of Office of the Principal Accountant General (A&E), Assam.

(Para-2.3.2)

Financial Reporting

State Government’s compliance with various rules, procedures and directives was unsatisfactory as was evident from delays by various departments in furnishing utilisation certificates against the loans and grants received by them. Delays also figured in submission of annual accounts by some of the Autonomous Bodies/ Councils. Further, annual accounts in respect of a large number of Government Bodies/Authorities due up to 2013-14 had not been received by the Accountant General (Audit), Assam. There were instances of loss and misappropriation which remained unsettled with various departments for period ranging from one to 25 years.

(Paras-3.1, 3.2, 3.3 and 3.6)