

## CHAPTER – XIX

### STATE FINANCE

**19.1.0** In a developing country like ours where the Government is more prominently involved in planning and directing the country's economic development, the budgetary action of the Government has a direct bearing on the same. The Assam Government Budget, which is presented before the State Legislative in each financial year, contains the Actual of Receipt and Expenditure of the preceding year, Revised Estimates (R. E.) for the current year and Budget Estimates (B. E.) for the ensuing year. A brief account of the State finance for the year 2004-05 is described briefly in the following paragraphs.

**19.2.0** During the financial year 2004-05 the Government of Assam expects to receive by way of revenue a sum of Rs.13026.21 crore as against the total expenditure estimated at Rs.14982.89 crore, thereby showing a deficit amounting to Rs.1956.68 crore in the Revenue receipt. The opening balance in the Budget for 2004-05 (B.E.) is in the deficit of Rs.1051.48 crore and the closing balance for the year is estimated at the deficit of Rs.3138.54 crore. The revenue receipts for the year 2004-05 (B.E.) have been found to be increased by 31.0 per cent as compared to the amount of revenue receipt for the year 2003-04 (R.E.).

**19.2.1** The sources of Revenue Receipt of Assam Government broadly comprises of (a) State Taxes, (b) Share of Central Taxes, (c) Non-Tax Revenue (State) and (d) Grants-in-Aid from the Central Government. It is observed that the receipt from share of Central Taxes have shown an increase of Rs.358.42 crore over that in 2003-04 (R.E.) as per budgetary estimates for 2004-05. The receipts from State Taxes have been estimated at Rs.3284.12 crore in 2004-05 (B.E.) as against Rs.2837.09 crore in 2003-04 (R. E.), showing an increase of 15.8 per cent. In respect of State's Non-Tax Revenue, the Budget anticipates an increase of Rs.2463.73 crore over that in 2003-04 (R.E.). The Grants-in-Aid from the Central Government have been estimated at Rs.4363.21 crore in 2004-05 (B.E.) as compared to Rs.4578.03 crores in 2003-04 (R.E.). The total Revenue Receipt has been estimated at Rs.13026.21 crore in Budget Estimates for 2004-05, which shows an increase of 31.0 per cent over the Revised Estimates for 2003-04. Table-19.1 shows the Receipt and Expenditure from the Consolidated Fund of Assam Government Budget.

TABLE- 19.1

#### RECEIPT AND EXPENDITURE FROM THE CONSOLIDATED FUND OF ASSAM GOVERNMENT BUDGET (Rs. in lakh)

Year	Receipt			Expenditure			Surplus (+) Deficit (-)
	Revenue Account	Capital Account	Total	Revenue Account	Capital Account	Total	
1	2	3	4	5	6	7	8
1980-81	43616	34450	78066	34399	56070	90469	(-) 12403
1990-91	177394	220058	397452	192040	204384	396424	(+) 1028
2000-2001	563764	674276	1238040	641711	633297	1275008	(-) 36968
2002-2003	6793.34	8501.07	15294.41	7112.50	8115.88	15228.38	(-) 66.03
2003-2004 (R.E.)	9971.85	9196.14	19167.99	11605.47	9049.80	20655.27	(-) 1487.28
2004-2005 (B.E.)	13026.21	9486.38	22512.59	14982.89	10297.10	25279.99	(-) 2767.40

Note : R. E. – Revised Estimates. B. E.- Budget Estimates  
Source: Assam Budget in Brief, 2004-05.

**19.2.2** The total expenditure in the Revenue Account has been estimated at Rs.14982.89 crore in the Budget for 2004-05 as against Rs.11605.47 crore in 2003-04 (R.E.). In the Budget for 2004-05, the Capital Receipts along with Contingency Fund and Public Account have been estimated at Rs.12519.43 crore as against Rs.11892.23 crore in 2003-04 (R.E.). The total capital disbursement has been estimated at Rs.12649.82 crore in the Budgetary Estimates for 2004-05 against the amount of Rs.11175.89 crore in the previous year thereby showing an increase of capital expenditure by around 13.0 per cent in Budget Estimates over the Revised Estimates of 2003-04.

**19.2.3** The expenditure under Consolidated Fund on both Revenue Account and Capital Account during 2004-05 (B.E.) has been estimated at Rs.25280.00 crore as against the receipt of Rs.22512.58 crore under same account showing a cash deficit of Rs.2767.42 crore. The net transaction in Budget estimate for 2004-05 shows a deficit of Rs.2087.06 crore with an opening and a closing balance of Rs.1051.48 crore and Rs.3138.54 crore respectively.

**19.2.4** Out of the total Revenue Receipt of Rs.13026.21 crore in 2004-05 (B.E.), the highest share has been accounted by Grants-in-Aid, i.e., contribution from the Central Government with Rs.4363.21 crore (33.5 per cent) followed by State Taxes with Rs.3284.12 crore (25.2 per cent), Non-Tax Revenue (State) with Rs.3318.63 crore (25.5 per cent) and Central Taxes with Rs.2060.25 crore (15.8 per cent). The Table 19.2 shows the volume of Revenue of the State Government by broad group of sources.

Sl. No.	Head	1980-1981	1990-1991	2001-02 (Actual)	2002-03 (Actual)	2003-04 (R.E.)	2004-05 (B.E.)
1	2	3	4	5	6	7	8
1.	Share of Central Taxes	6770 (15.6)	50555 (28.5)	133880 (22.4)	141048 (20.8)	170183 (17.0)	206025 (15.8)
2.	State Taxes	6419 (14.7)	39953 (22.5)	192405 (32.3)	233839 (34.4)	283709 (28.5)	328412 (25.2)
3.	State Non-Tax Revenue	26245 (60.1)	27752 (15.6)	53321 (8.9)	69297 (10.2)	85490 (8.6)	331863 (25.5)
4.	Grants -in- Aid from Centre	4182 (9.6)	59134 (33.3)	216880 (36.4)	235150 (34.6)	457803 (45.9)	436321 (33.5)
	Total Revenue Receipt	43616 (100)	177394 (100)	596485 (100)	679334 (100)	997185 (100)	1302621 (100)

R. E: Revised Estimates,                      B. E. : Budget Estimates.  
Source : Assam Budget in Brief, 2004-05.

**19.2.5** As regards the allocation of funds under the Capital Expenditure, the Budget for 2004-05 provides Rs.1029710 lakh as against the anticipated receipt of Rs.9486.38 lakh. Table-19.3 shows the Capital Expenditure and Capital Receipt under different Heads for 2004-05 (B.E.).

TABLE-19.3

CAPITAL RECEIPT AND CAPITAL EXPENDITURE IN ASSAM  
GOVERNMENT BUDGET 2004-2005

Heads		Rupees in Lakh
1		2
<b>A. Expenditure</b>		
i)	Capital Outlay	440218
ii)	Public Debt	476600
iii)	Loans and Advances by the State Government	112892
iv)	Appropriation to Contingency Fund	-
v)	Inter- State Settlement	-
<b>Total</b>		<b>1029710</b>
<b>B. Receipt</b>		
i)	Public Debt	695737
ii)	Loans and Advances by the State Government	252901
iii)	Inter- State Settlement	-
<b>Total</b>		<b>948638</b>
<b>C. Net Result</b>		
Surplus (+) / Deficit (-)		<b>(-) 81072</b>

Source : Assam Budget in Brief, 2004-2005

**SHARE OF PLAN EXPENDITURE IN 2004-05 BUDGET:**

**19.3.0.** The Statements I and II below show the relative shares of the Plan Schemes under different heads in the budget provision for 2004-05 and sectoral break-up of the Plan Expenditures respectively. The Statement I reveals that the total Plan Expenditure constitutes about 15.95 per cent of the total budget provision for the year where Economic Services constitute the highest proportion of total plan expenditure followed by Social and Community Services and Loans and Advances. The Statement II shows that out of the total plan Expenditure State Plan Schemes constitute 54.2 per cent.

## STATEMENT - I

## SHARE OF PLAN EXPENDITURE UNDER DIFFERENT HEADS

(Rs. in lakh)

Heads	Total Budget Provision			Budget for Plan Scheme			Plan expenditure as percentage of total budget provision
	Revenue	Capital	Total	Revenue	Capital	Total	
1	2	3	4	5	6	7	8
1. General Service	474409	3812	478221	3267	3131	6398	0.31
2. Social & Community Service	504612	5586	510198	7534	4122	11656	0.56
3. Economic	517893	430820	948713	158681	150000	308681	14.78
4. Grants-in-aid & Contribution	1375	-	1375	-	-	-	-
5. Loan & Advances	112892	-	112892	6247	-	6247	0.30
6. Public Debt including inter-State Settlement & Appropriation to contingency Fund	476600	-	476600	-	-	-	-
7. Total (a)	2087781	440218	2527999	175729	157253	332982	15.95
8. Public Sector contributions	-	-	-	-	-	-	-

(a) Excluding Public Sector contribution.

STATEMENT – II  
 SECTORAL BREAK-UP OF EXPENDITURE UNDER PLAN SCHEMES  
 (Rs. in lakh)

Sectors		Revenue	Capital	Total	Percent of Total
1		2	3	4	5
1.	State Plan	208083	48594	256677	54.2
2.	Central / Centrally Sponsored Schemes including NEC	107875	108756	216631	45.8
3.	Public Sector Contributions	-	-	-	-
Total		315958	157350	473308	100.00

Source: Assam Budget in Brief, 2004-05

**PER CAPITA REVENUE RECEIPT AND EXPENDITURE:**

**19.4.0.** The per capita Revenue Receipt as estimated has increased from Rs.3645 in 2003-04 to Rs.4690 in 2004-05 as against the per capita Revenue Expenditure of Rs.4242 and Rs.5395 respectively.

**LOANS OUTSTANDING AGAINST THE GOVERNMENT OF ASSAM:**

**19.5.0** The Loans outstanding against the Government of Assam has been increasing from year to year and this amount has reached to Rs.14336.34 crore in 2004 from Rs.11700.25 crore in 2002. The table 19.4 shows the amount of Loans outstanding against various types of debt during the year, 2004.

**TABLE- 19.4**

LOAN OUTSTANDING IN 2004

Particulars		(Rs. in crore)
1		2
1.	<b>Public Debt</b>	
	I. Permanent Debt	4497.14
	II. Floating Debt	435.31
	III. Loans from Central Government	6820.01
	IV. Internal Loans	355.99
2.	<b>Un-funded Debt</b>	2227.89
	<b>Grand Total</b>	<b>14336.34</b>

Source: Assam Budget in Brief, 2004-05.

**ACHIEVEMENT OF THE TAXATION DEPARTMENT, ASSAM, 2003-04:**

**19.6.0** The Taxation Department, Assam, is responsible for collection of major share of Tax Revenue of State. The Department is, presently administering as many as 10 (ten) different Taxation Acts. During the year 2003-2004, the Department collected taxes amounting to Rs.1740.74 crore against the target of Rs.1610.00 crore and the percentage of achievement over the target is 108.00. The Table-19.5 shows the collection of Tax under different Acts during the year 2002-03 and 2003-04.

TABLE-19.5

## THE COLLECTION OF TAX UNDER DIFFERENT TAXATION ACTS

Name of the Acts		Collection during 2003-04 (Rs. in Crore)	Collection during 2002-03 (Rs. in Crore)	Growth of the collection (In percentage)
1		2	3	4
1.	The Assam General Sales Tax Act, 1993	1185.71	*1156.40	(+) 16.77
2.	The Central Sales Tax Act, 1956	336.44	256.14	(+) 31.33
3.	The Assam Entry Tax Act, 2001	28.81	28.34	(+) 1.66
4.	The Assam Professions, Trades Callings & Employments Taxation Act, 1947	86.30	83.52	(+) 3.33
5.	The Assam Electricity Duty Act, 1964	2.72	**12.82	(-) 3.55
6.	The Assam Amusement and Betting Tax Act, 1939	7.13	9.92	(-) 28.13
7.	The Assam Tax on Luxuries (Hotels & Lodging) Act, 1989	2.52	2.44	(+) 3.28
8.	The Assam Taxation (On Luxuries) Act, 1997	30.84	29.78	(+) 3.55
9.	The Assam Taxation (on specified Lands) Act, 1990	56.18	52.93	(+) 6.14
10.	The Assam Agricultural Income Tax Act, 1939	4.09	4.35	(-) 5.98
Total		1740.74	1636.88	(+) 17.17

N.B. :- \*During the year 2002-03 an amount of Rs.141.18 crore was realized from outstanding arrear dues from Indian Oil Corporation (IOC) under the AGST Act, 1993 and this amount has not been considered for working out the normal growth under the said Act.

\*\*During the year 2002-03 an amount of Rs.10.00 crore was received as Grants-in-Aid to ASEB by the Government for payment of their arrear dues and this amount has not been considered for working out the normal growth under the Assam Electricity Duty Act, 1964. Besides, these arrear amounts under the AGST Act, 1993 and the AED Act, 1964 were not considered for fixation of target for the year 2002-03.

The fall of revenue under Amusement & Betting Tax Act during the year 2003-04 was due to fall in number of cinemagoers for various reasons – availability of alternative mode of entertainment like, T.V., Cable T.V., Video etc. Again the collection under the Assam Electricity Duty Act has decreased by (-)3.55 per cent over 2002-03. The amount received under this Act is mainly from the generation of power by the own generators used by the tea gardens, oil companies, Hindustan Paper Corporation (HPC) and other big business establishment etc. The major amount of tax under this Act is to be paid by ASEB. But the amount to be paid by ASEB remains outstanding as an arrear. Last year (2002-03) an amount of Rs.10.00 crores was sanctioned by the Government for payment of arrear dues by ASEB. During the year 2003-04 no such grants in aid was sanctioned to ASEB. The collection of revenue under Agricultural Income Tax Act has also decreased by (-) 5.98 per cent over the collection of revenue during 2002-03. The fall in collection of revenue under this Act is mainly due to bad market condition of Indian tea in the international market and increase in cost of production of tea etc.

However, the Department has been able to achieve the target of revenue collection fixed for the year 2003-04 despite the fall in collection under the Assam Amusement and Betting Tax Act, 1939, the Assam Electricity Duty Act, 1964 and the Assam Agricultural Income Tax Act, 1939.

For the current financial year i.e. 2004-05 the Government has fixed a target of revenue collection at Rs.2300.00 crore and against this target the Department has collected Rs.1018.17 crore (provisional) upto the month of October 2004 over the corresponding collection of last financial year amounting to Rs.854.93 crore and the growth of revenue collection has been 19 per cent. Considering the present trend of collection it is expected that the Department will be able to achieve the target fixed for the year 2004-2005.