

Assam Budget Analysis 2023-24

The Finance Minister of Assam, Ms. Ajanta Neog, presented the Budget for the state for the financial year 2023-24 on March 16, 2023.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Assam for 2023-24 (at current prices) is projected to be Rs 5.67 lakh crore, amounting to growth of 15% over 2022-23.
- **Expenditure (excluding debt repayment)** in 2023-24 is estimated to be Rs 1,35,348 crore, a decrease of 11% over the revised estimates of 2022-23. In addition, debt of Rs 4,407 crore will be repaid by the state.
- **Receipts (excluding borrowings)** for 2023-24 are estimated to be Rs 1,14,392 crore, an increase of 2.3% as compared to the revised estimate of 2022-23. In 2022-23, receipts (excluding borrowings) are estimated to be Rs 12,144 crore higher than the budget estimate (increase of 12.2%).
- **Revenue surplus** in 2023-24 is estimated to be 0.5% of GSDP (Rs 2,748 crore), whereas a revenue deficit of 3% of GSDP is estimated for 2022-23 (revised estimate). In 2022-23, the state had budgeted a revenue surplus of Rs 3,295 crore (0.7% of GSDP).
- **Fiscal deficit** for 2023-24 is targeted at 3.7% of GSDP (Rs 20,957 crore). In 2022-23, as per the revised estimates, fiscal deficit is expected to be 8.1% of GSDP, significantly higher than the budget estimate of 3.2% of GSDP.

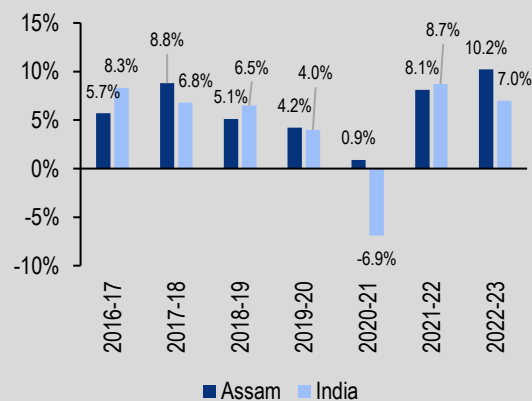
Policy Highlights

- **Support for MSMEs:** The Mukhya Mantri Sva-Niyojan Mission scheme proposes to promote micro-entrepreneurship among families below the poverty line and low income-households. Under the scheme, seed capital of two lakh rupees each will be given to one lakh beneficiaries. The sectors covered under the scheme will include manufacturing, food processing, and handicraft. A further one lakh youth entrepreneurs will be provided project-based subsidies.
- **Mukhya Mantri Awaas Yojana:** The government proposes to provide housing to one lakh beneficiaries in 2023-24.
- **Mukhya Mantri Ayushman Asom Yojana:** Health insurance coverage amounting to five lakh rupees would be extended to 27 lakh additional families, identified from the list of beneficiaries under the National Food Security Act, 2013.
- **Mission for Prevention of Child Marriage:** All Gram Panchayat Secretaries will be designated as Child Marriage Prevention Officers. These officers will ensure prohibition of child marriages, protection of victims, and prosecution of offenders. The scheme aims to make Assam free of child marriage by 2026.

Assam's Economy

- **GSDP:** In 2022-23, Assam's GSDP (at constant prices) is estimated to grow by 10.2% over the previous year. In comparison, India's GDP is estimated to grow 7% in 2022-23.
- **Per capita income:** In 2022-23, Assam's per capita income (at current prices) is estimated to be Rs 1,18,504, an increase of 15% over 2021-22. In 2022-23, India's per capita income is estimated to increase by 14% to Rs 1,70,620.
- **Unemployment:** According to the Periodic Labour Force Survey, in 2021-22, Assam's unemployment rate was 4.9% (as per current weekly status), lower than the national unemployment rate of 6.6%.

Figure 1: Growth in Assam's GSDP and India's GDP at constant prices (2011-12)



Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation. Sources: Assam Budget Documents 2023-24; PRS.

Budget Estimates for 2023-24

- **Total expenditure (excluding debt repayment)** in 2023-24 is targeted at Rs 1,35,348 crore. This is a decrease of 11% over the revised estimate of 2022-23. This expenditure is proposed to be met through **receipts (excluding borrowings)** of Rs 1,14,392 crore and net borrowings of Rs 20,645 crore. Total receipts for 2023-24 (other than borrowings) are expected to register an increase of 2.3% over the revised estimate of 2022-23.
- **Revenue surplus** in 2023-24 is estimated to be 0.5% of GSDP (Rs 2,748 crore), as compared to the revenue deficit of 3% of GSDP in 2022-23 (revised estimate).
- **Fiscal deficit** for 2023-24 is targeted at 3.7% of GSDP (Rs 20,957 crore), lower than the revised estimate for 2022-23 (8.1% of GSDP). This is marginally higher than the limit of 3.5% of GSDP set by the central government for 2023-24 (including 0.5% for undertaking power sectors reforms).

Table 1: Budget 2023-24 - Key figures (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Total Expenditure	1,06,305	1,17,751	1,54,726	31.4%	1,39,755	-9.7%
(-) Repayment of debt	3,527	2,723	2,723	0.0%	4,407	61.9%
Net Expenditure (E)	1,02,778	1,15,028	1,52,003	32.1%	1,35,348	-11.0%
Total Receipts	99,585	1,19,028	1,37,522	15.5%	1,39,444	1.4%
(-) Borrowings	14,896	19,354	25,703	32.8%	25,052	-2.5%
Net Receipts (R)	84,689	99,674	1,11,819	12.2%	1,14,392	2.3%
Fiscal Deficit (E-R)	18,089	15,354	40,184	161.7%	20,957	-47.8%
as % of GSDP	4.4%	3.2%	8.1%		3.7%	
Revenue Balance	-959	3,295	-14,829	-550.0%	2,748	-118.5%
as % of GSDP	-0.2%	0.7%	-3.0%		0.5%	
Primary Deficit	12,038	7,820	32,641	317.4%	12,141	-62.8%
as % of GSDP	2.9%	1.6%	6.6%		2.1%	

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Assam Budget 2023-24; PRS.

Expenditure in 2023-24

- **Revenue expenditure** for 2023-24 is proposed to be Rs 1,11,337 crore, a decrease of 12% over the revised estimate of 2022-23. This includes the expenditure on salaries, pensions, interest, grants, and subsidies.
- **Capital outlay** for 2023-24 is proposed to be Rs 23,822 crore, a decrease of 5% over the revised estimate of 2022-23. Capital outlay indicates the expenditure towards creation of assets.
- In 2023-24, loans and advances by the state are expected to be Rs 189 crore, lower than 2022-23 revised estimate by 53%.

Misclassification of Grants-in-Aid

Capital expenditure by Assam increased from 2.16% of GSDP in 2016-17 to 3.56% of GSDP in 2020-21. However, CAG noted that the state had persistently classified grants-in-aid for creation of capital assets as capital expenditure between 2016-17 and 2020-21. Grants-in-aid disbursed by the grantor should be classified as revenue expenditure irrespective of the purpose. Between 2017-18 and 2020-21, grants-in-aid accounted for over 45% of the state's total capital expenditure. As a result, this also led to overstatement of revenue surplus and understatement of revenue deficit, along with overstated capital expenditure. CAG recommended that the state should classify grants-in-aid as revenue expenditure in order to present accurate financial position.

Table 2: Expenditure budget 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Revenue Expenditure	82,548	96,367	1,26,636	31%	1,11,337	-12%
Capital Outlay	20,126	18,371	24,962	36%	23,822	-5%
Loans given by the state	104	290	405	40%	189	-53%
Net Expenditure	1,02,778	1,15,028	1,52,003	32%	1,35,348	-11%

Sources: Annual Financial Statement, Assam Budget 2023-24; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay. In 2023-24, Assam is estimated to spend Rs 66,064 crore on committed expenditure, which is 58% of its estimated revenue receipts. This comprises spending on salaries (36% of revenue receipts), pension (14%), and interest payments (8%). Expenditure on interest payments is expected to increase by 17% over the revised estimate of 2022-23, while expenditure on pension is estimated to decrease by 4%. In 2021-22, as per actuals, 64% of revenue receipts was spent towards committed expenditure by the state.

Table 3: Committed Expenditure in 2023-24 (in Rs crore)

Items	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
Salaries	28,559	38,163	-	-	41,040	-
Pensions	17,224	11,069	16,903	53%	16,209	-4%
Interest Payment	6,051	7,534	7,543	0%	8,815	17%
Total Committed Expenditure	51,835	56,766	-	-	66,064	-

Sources: Budget in Brief and Annual Financial Statement, Assam Budget 2023-24; PRS.

Sector-wise expenditure: The sectors listed below account for 63% of the total expenditure on sectors by the state in 2023-24. A comparison of Assam's expenditure on key sectors with that by other states is shown in Annexure 1.

Table 4: Sector-wise expenditure under Assam Budget 2023-24 (in Rs crore)

Sectors	2021-22 Actuals	2022-23 BE	2022-23 RE	2023-24 BE	% change from RE 22-23 to BE 23-24	Budget Provisions (2023-24)
Education, Sports, Arts, and Culture	18,557	23,095	25,345	22,766	-10%	<ul style="list-style-type: none"> Rs 6,933 crore has been allocated for government primary schools. Rs 6,424 crore has been allocated for assistance to non-government secondary schools.
Transport	10,569	9,644	13,474	13,261	-2%	<ul style="list-style-type: none"> Rs 10,784 crore has been allocated for capital outlay on roads and bridges.
Social Welfare and Nutrition	3,034	4,151	7,193	8,929	24%	<ul style="list-style-type: none"> Rs 3,420 crore has been allocated for Orunodoi scheme. Rs 1,678 crore has been allocated for child welfare.
Police	4,457	6,921	7,158	7,894	10%	<ul style="list-style-type: none"> Rs 3,935 crore has been allocated for district police.
Health and Family Welfare	7,476	7,516	8,263	7,506	-9%	<ul style="list-style-type: none"> Rs 3,916 crore has been allocated for Rural Health Services – Allopathy. Rs 1,722 crore has been allocated for medical education, training, and research.
Housing	2,125	4,048	15,523	6,914	-55%	<ul style="list-style-type: none"> Rs 6,800 crore has been allocated for rural housing.
Agriculture and Allied Activities	4,510	5,270	6,476	5,460	-16%	<ul style="list-style-type: none"> Rs 1,498 crore has been allocated for Crop Husbandry – Horticulture. Rs 951 crore has been allocated for forestry.
Rural Development	3,556	4,145	4,726	4,519	-4%	<ul style="list-style-type: none"> Rs 1,468 crore has been allocated for untied and tied grants to rural local bodies. Rs 678 crore has been allocated for Integrated Rural Development Programme.
Urban Development	2,120	3,731	5,106	4,083	-20%	<ul style="list-style-type: none"> Rs 2,119 crore has been allocated for assistance to municipalities/town committees.
Welfare of SC, ST, OBC, and Minorities	1,245	2,953	3,482	3,639	5%	<ul style="list-style-type: none"> Rs 2,686 crore has been allocated for welfare of scheduled tribes.
% of total expenditure on all sectors	56%	62%	64%	63%		

Sources: Annual Financial Statement, Assam Budget 2023-24; PRS.

Receipts in 2023-24

- **Total revenue receipts** for 2023-24 are estimated to be Rs 1,14,085 crore, an increase of 2% over the revised estimate of 2022-23. Of this, Rs 37,012 crore (32%) will be raised by the state through its **own resources**, and Rs 77,072 crore (68%) will come **from the centre**. Resources from the centre will be in the form of state's share in central taxes (28% of revenue receipts) and grants (40% of revenue receipts).
- **Devolution:** In 2023-24, state's share in central taxes is estimated at Rs 31,951 crore, an increase of 8% over the revised estimate of 2022-23.
- **Grants from the centre** in 2023-24 is estimated at Rs 45,121 crore, a decrease of 13% over the revised estimates for 2022-23.
- **State's own tax revenue:** Assam's own tax revenue is estimated to be Rs 30,002 crore in 2023-24, an increase of 20% over the revised estimate of 2022-23. Own tax revenue as a percentage of GSDP is estimated at 5.3% in 2023-24. For 2022-23, the state had estimated this ratio at 4.6% at the budget estimate stage as compared to 5.1% at the revised estimate stage.
- **Recovery of loans:** Assam's recovery of loans and advances is estimated to increase to Rs 307 crore in 2023-24 over the revised estimate of Rs 12 crore in 2022-23. In 2023-24, the state is estimated to recover Rs 178 crore through loans for power projects as compared to three crore rupees in 2022-23.

Table 5: Break-up of the state government's receipts (in Rs crore)

Sources	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State's Own Tax	19,533	22,385	24,909	11%	30,002	20%
State's Own Non-Tax	3,580	6,677	5,419	-19%	7,011	29%
Share in Central Taxes	28,151	25,545	29,694	16%	31,951	8%
Grants-in-aid from Centre	30,326	45,056	51,785	15%	45,121	-13%
Revenue Receipts	81,589	99,663	1,11,807	12%	1,14,085	2%
Non-debt Capital Receipts	3,099	12	12	0%	307	2492%
Net Receipts	84,689	99,674	1,11,819	12%	1,14,392	2%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Annual Financial Statement, Assam Budget 2023-24; PRS.

- In 2023-24, State GST is estimated to be the largest source of own tax revenue (52% share). State GST revenue is estimated to increase by 19% over the revised estimate of 2022-23. In 2022-23, the receipt on this account is expected to be 11% higher than budgeted.
- Sales tax/VAT constitutes 26% of Assam's own tax revenue. It is estimated to increase by 17% in 2023-24, as compared to the revised estimate for 2022-23.
- Revenue from state excise, taxes on vehicles, and stamps duty and registration fees is expected to increase by 29%, 16%, and 21% respectively in 2023-24 as compared to the revised estimate for 2022-23.

Table 6: Major sources of state's own-tax revenue (in Rs crore)

Taxes	2021-22 Actuals	2022-23 BE	2022-23 RE	% change from BE 22-23 to RE 22-23	2023-24 BE	% change from RE 22-23 to BE 23-24
State GST	10,580	11,884	13,220	11%	15,668	19%
Sales Tax/ VAT	4,867	5,553	6,594	19%	7,743	17%
State Excise	1,939	2,412	2,327	-4%	3,000	29%
Taxes on Vehicles	978	1,245	1,245	0%	1,445	16%
Stamps Duty and Registration Fees	439	524	678	29%	821	21%
Land Revenue	185	264	338	28%	682	101%
Taxes and Duties on Electricity	338	288	291	1%	399	37%
GST Compensation Grants	2,788	930	930	-	930	-

Sources: Annual Financial Statement and Revenue Budget, Assam Budget 2023-24; PRS.

Deficits, Debt, and FRBM Targets for 2023-24

The Assam Fiscal Responsibility and Budget Management Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit, and fiscal deficit of the state government.

Revenue balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance those expenses which do not increase its assets or reduces its liabilities. The budget estimates a revenue surplus of 0.48% of GSDP in 2023-24. In 2022-23, at the revised estimate stage, the state is expected to observe a revenue deficit of 3.01% as compared to a revenue surplus of 0.68% at the budget estimate stage.

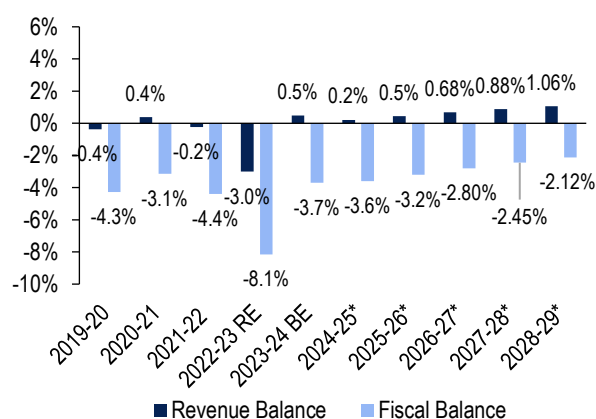
Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government and leads to an increase in total liabilities. In 2023-24, the fiscal deficit is estimated to be 3.7% of GSDP. For 2023-24, the central government has permitted fiscal deficit of up to 3.5% of GSDP to states, of which 0.5% of GSDP will be available only upon carrying out certain power sector reforms. As per the revised estimates, in 2022-23, the fiscal deficit of the state is expected to be 8.15% of GSDP, significantly higher than the budgeted level of 3.19% of GSDP. It is also much higher than the fiscal deficit limit of 4% of GSDP permitted by the Centre in 2022-23. This could be an overestimate. In 2021-22, at the revised estimate stage, Assam's fiscal deficit was expected to be 8.52% of GSDP. However, as per the actuals, its fiscal deficit in 2021-22 was much lower at 4.38% of GSDP.

Outstanding liabilities: Outstanding liabilities is the accumulation of total borrowings at the end of a financial year, it also includes any liabilities on public account. At the end of March 2024, the outstanding liabilities is estimated to be 24.4% of GSDP. Outstanding liabilities are estimated to decrease to 19.5% of GSDP by the end of 2028-29.

Assam's Debt Sustainability

According to the Reserve Bank of India (RBI), debt of a state can be considered to be sustainable when: (i) the growth rate of public debt is lower than nominal GSDP growth and (ii) growth rate of GSDP is higher than the effective interest rate. Between 2017-18 and 2020-21, the growth rate of Assam's debt was consistently higher than growth in nominal GSDP. In 2019-20, the state's debt increased at 22% while nominal GSDP increased at 12%. According to the state government, increase in debt was driven by increased capital expenditure. However, Assam's capital expenditure has been overstated in previous years (see Page 2). The state observed that the trend may reverse with the improvement in economic situation. In 2021-22, Assam's nominal GSDP is seen to grow at 17% while its debt grew at 14%. CAG recommended that the state should make efforts to augment its own revenues and reduce its revenue expenditure to manage repayment pressure of debt in the future.

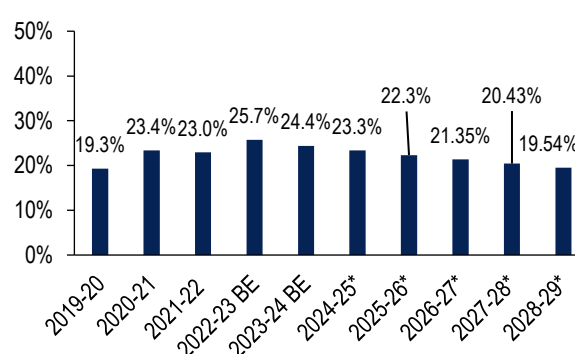
Figure 2: Revenue and Fiscal Balance (% of GSDP)



Note: *Figures from 2024-25 onwards are projections. RE is Revised Estimates; BE is budget estimates.

Sources: Medium Term Fiscal Policy, Assam Budget 2023-24; PRS.

Figure 3: Outstanding Liabilities (% of GSDP)



Note: *Figures for 2024-25 and 2025-26 are projections; Above figures do not include GST compensation loan as liabilities as it is to be serviced by the central government. RE: Revised Estimates; BE: Budget Estimates.

Sources: Medium Term Fiscal Policy, Assam Budget 2023-24; PRS.

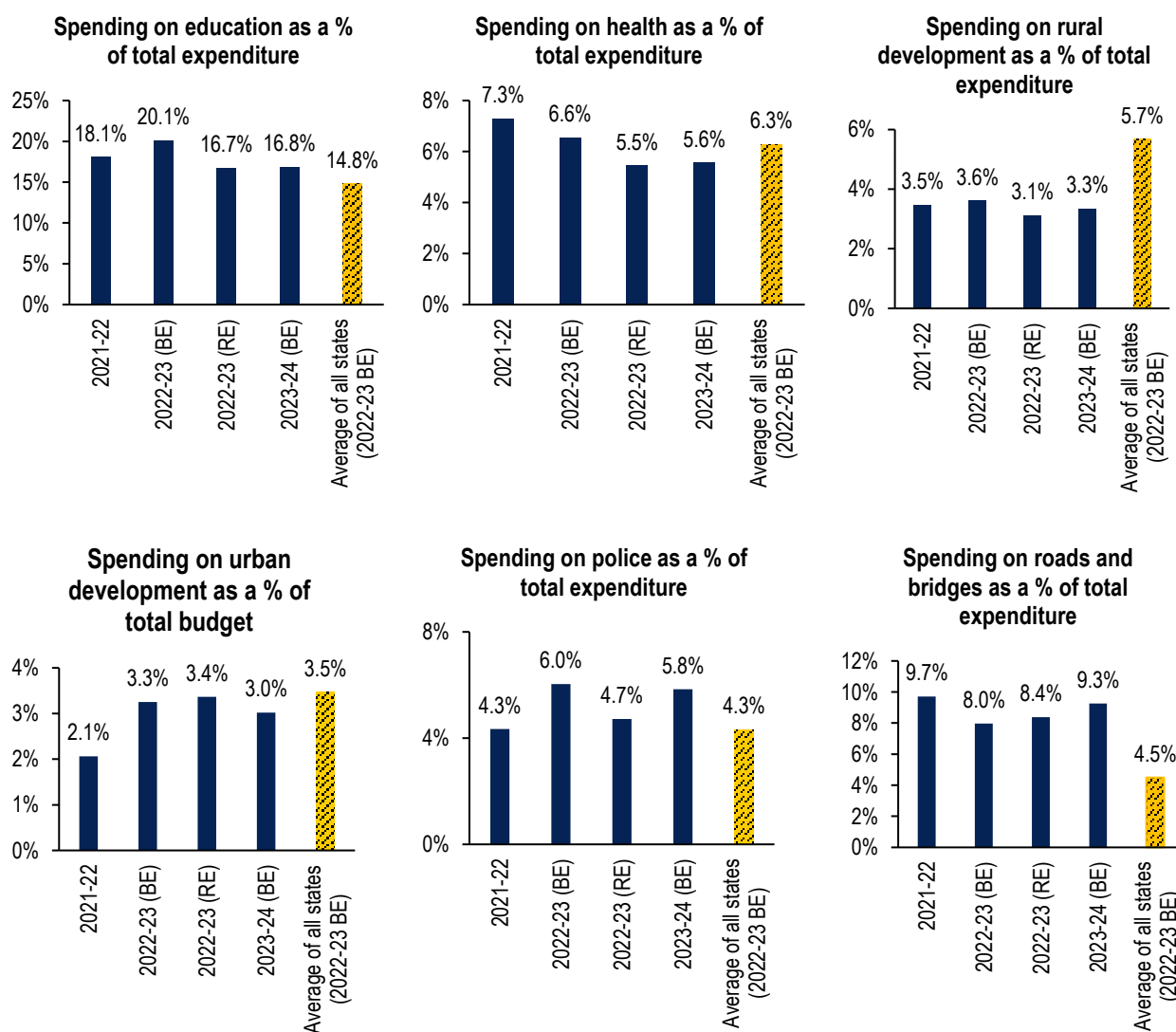
Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. At the end of 2021-22, outstanding guarantees given by the state was at Rs 312 crore (0.08% of GSDP) as compared to Rs 78 crore at the end of 2020-21. During 2021-22, Assam extended guarantees worth Rs 239 crore to the Assam Infrastructure Financing Authority.

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Annexure 1: Comparison of states' expenditure on key sectors

The graphs below compare Assam's expenditure in 2023-24 on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 31 states (including Assam) as per their budget estimates of 2022-23.¹

- **Education:** Assam has allocated 16.8% of its expenditure on education in 2023-24. This is higher than the average allocation for education by states in 2022-23 (14.8%).
- **Health:** Assam has allocated 5.6% of its total expenditure towards health, which is less than the average allocation for health by states (6.3%).
- **Rural development:** Assam has allocated 3.3% of its expenditure on rural development. This is lower than the average allocation for rural development by states (5.7%).
- **Urban development:** Assam has allocated 3.0% of its expenditure towards urban development. This is lower than the average allocation towards urban development by states (3.5%).
- **Police:** Assam has allocated 5.8% of its total expenditure towards police, which is higher than the average expenditure on police by states (4.3%).
- **Roads and bridges:** Assam has allocated 9.3% of its total expenditure towards roads and bridges, which is higher than the average allocation by states (4.5%).



Note: 2021-22, 2022-23 (BE), 2022-23 (RE), and 2023-24 (BE) figures are for Assam.

Sources: Annual Financial Statement, Assam Budget 2023-24; various state budgets; PRS.

¹ The 31 states include the Union Territories of Delhi, Jammu and Kashmir, and Puducherry.

Annexure 2: Comparison of 2021-22 Budget Estimates and Actuals

The following tables compare the actuals of 2021-22 with budget estimates for that year.

Table 7: Overview of Receipts and Expenditure (in Rs crore)

Particular	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Net Receipts (1+2)	88,992	84,689	-5%
1. Revenue Receipts (a+b+c+d)	88,979	81,589	-8%
a. Own Tax Revenue	21,178	19,533	-8%
b. Own Non-Tax Revenue	6,098	3,580	-41%
c. Share in central taxes	20,819	28,151	35%
d. Grants-in-aid from the Centre	40,885	30,326	-26%
Of which GST compensation grants	2,200	2,788	27%
2. Non-Debt Capital Receipts	13	3,099	24473%
3. Borrowings	18,326	14,896	-19%
Of which GST compensation loan	0	0	-
Net Expenditure (4+5+6)	1,04,020	1,02,778	-1%
4. Revenue Expenditure	84,405	82,548	-2%
5. Capital Outlay	19,491	20,126	3%
6. Loans and Advances	124	104	-16%
7. Debt Repayment	3,536	3,527	0%
Revenue Balance	4,574	-959	-121%
Revenue Balance (as % of GSDP)	1.2%	-0.2%	
Fiscal Deficit	15,028	18,089	20%
Fiscal Deficit (as % of GSDP)	4.0%	4.4%	

Note: BE: Budget Estimates. For calculating deficits, GST compensation loan not treated as grants.

Sources: Assam Budget Documents of various years; PRS.

Table 8: Key Components of State's Own Tax Revenue (in Rs crore)

Tax Head	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Sales Tax/ VAT	5,722	4,867	-15%
State Excise	2,107	1,939	-8%
Taxes on Vehicles	1,042	978	-6%
State GST	11,180	10,580	-5%
Taxes and Duties on Electricity	320	338	5%
Stamps Duty and Registration Fees	374	439	18%
Land Revenue	120	185	54%

Sources: Assam Budget Documents of various years; PRS.

Table 9: Allocation towards Key Sectors (in Rs crore)

Sector	2021-22 BE	2021-22 Actuals	% change from BE to Actuals
Urban Development	3,158	2,120	-33%
Rural Development	5,297	3,556	-33%
Social Welfare and Nutrition	4,508	3,034	-33%
Welfare of SC, ST, OBC, and Minorities	1,845	1,245	-33%
Housing	2,920	2,125	-27%
Agriculture and Allied Activities	5,647	4,510	-20%
Irrigation and Flood Control	2,452	2,039	-17%
Police	5,182	4,457	-14%
Education, Sports, Arts, and Culture	20,049	18,557	-7%
Water Supply and Sanitation	1,401	1,318	-6%
Health and Family Welfare	7,397	7,476	1%
Transport	9,755	10,569	8%
of which Roads and Bridges	9,305	9,976	7%
Energy	4,311	5,000	16%

Sources: Assam Budget Documents of various years; PRS.