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Government of Assam

A WHITE PAPER
ON
ASSAM STATE FINANCES
(As on 24th May 2016)

Placed on the Table of The House on 3rd June 2016

GOVERNMENT OF ASSAM

WHITE PAPER ON ASSAM STATE FINANCES **(As on 24th May 2016)**

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WHITE PAPER ON ASSAM STATE FINANCES

1. BACKGROUND

1.1 After an unprecedented and a massive mandate given by the people of Assam, the new Government in the State took over the office under the dynamic leadership of Sri Sarbananda Sonowal on 24th May 2016 in presence of energetic and spirited Shri Narendra Modi-, Hon'ble Prime Minister of India. It is worth mentioning that all important members of Union Cabinet and hon'ble Chief Ministers of various states were also present during the Oath taking ceremony.

1.2 The aspirations, expectations and hopes of the general public were not only reflected during the elections but also echoed through the surging crowds gathered spontaneously as if the venue of the swearing-in-ceremony was bursting at seams.

1.3 This indomitable spirit and staunch support of people of Assam has naturally instilled and invigorated the new council of Ministers with the highest sense of purpose and resolute devotedness to public duty filled with humble gratitude to every citizen of the State. Truly reflecting this, Sri Sarabanda Sonowal, Hon'ble Chief Minister of Assam and his council of Minsters did hit the ground running in pursuit of good governance.

1.4 In this pursuit, the new Government has realised that the very fulcrum of governance and means for development, namely the state finances, is in gloom, despair and doldrums. The State Cabinet also felt that its primary duty is to inform each and every citizen of the State about the actual reality of the public finances as the new Government assumed the office. Such attempt would also be in accordance with the highest ideals and great standards that the new Government would like to set for itself to maintain transparency, accountability and "citizen-first" approach.

1.5 The young generation in the State may perhaps find them in disbelief if they study **what were we** and **where are we**? Assam was one of the highest revenue paying states across British India and it was the fifth most prosperous state at the time of independence. Even in 1950-51, per capita income in Assam was 4 per cent above national average (*Planning Commission, 2002*). Now, after about 68 years of Independence, we are the fourth poorest state of India. All social and economic indicators are failing the State and pushing down its position to lower levels. Unemployment, poverty, malnutrition, deprivation of basic amenities for health, drinking water, sanitation and others are pronounced in the State more than any time in the past.

1.6 In the above background, this white paper on state finances (as on 24th May 2016) is being published to put the facts in right perspective so that the new Government can draw the strength of advise, sustained support and able guidance from each and every one in the society to take the State into a new dawn of development and to regain its last glory in true spirit of "*Sabka Saath Sabka Vikas*".

1.7. It is also an honest attempt to find out the reality of the State finances and accept the same in order to devise an innovative and prudent strategy to strengthen the institutional mechanism to yield positive results in sustained manner over a period of time. It is therefore believed that real and hard soul-searching by everyone involved in this challenging journey is the need of the hour.

1.8. Thus, the new Government is fully conscious that this white paper shall reflect simple facts on state finances with easily understandable figures of practical relevance to the governance and citizens rather than doing an academic exercise filled with non-comprehensible jargons of public finance. Accordingly, this paper takes a hard look at the way budgets prepared, monies spent, nature of expenditure, resource generation including internal revenue and the current status from where the journey of the new Government begins.

2. STATE FINANCES: 'A MATTER OF FACTS'

2.1. Budgets Ballooned; But it's Financing Forgotten

2.1.1 The State has witnessed increased budget size in successive years. The figures of the last five years show that the budget size almost doubled from Rs 38562 crores in 2011-12 to Rs 72572 crore in 2015-16 (refer Table.1) and this amounts to an increase of 88 per cent. But, the questions in this regard are straight and direct. First question is that whether monies were released as promised in the budget? Second question is what kind of expenditure made from whatever monies were released?

Table.1. Total Budget Size of Assam Government (Rs in Crore) from 2011-12 to 2015-16

Year	Plan	Non Plan	Total	% increase
2011-12	14821.59	23741.29	38562.88	2.23
2012-13	17084.15	27565.01	44649.00	15.78
2013-14	21000.81	32160.98	53161.79	19.06
2014-15	29527.28	35502.67	65029.95	22.32
2015-16	30887.31	41685.57	72572.88	11.60

(Source: Approved Budget document)

2.1.2. For these questions, answers are plain and simple. One can immediately realise that this increase in budget size was notional as the expenditure was very low. Even it was plummeted to less than 50% in 2015-16 as evident from the Table 2. Thus it appears the whole budget making process was reduced to non-serious exercise and just to show that the budget size is very huge.

Table. 2. Actual Expenditure of Budgeted Amount from 2011-12 to 2015-16 (Rs in crore)

Year	Plan budget	Plan expenditure	% spent	Non Plan Budget	Non Plan expenditure	% spent	Total Budget	Total expenditure	% spent
2011-12	14821.59	8997.50	60.70	23741.29	21271.41	89.60	38562.88	30268.92	78.49
2012-13	17084.15	9104.11	53.29	27565.01	24643.51	89.40	44649.16	33747.63	69.93
2013-14	21000.8	10432.24	49.68	32160.98	26746.15	83.16	53161.8	37178.39	69.93
2014-15	29527.3	13449.81	45.55	35502.67	33361.56	93.97	65030.0	46811.37	71.98
2015-16	30887.3	11163.25	36.14	41685.57	24979.71	59.92	72572.9	36142.96	49.80

(Source: Finance Accounts of AG and CTMIS)

2.1.3 Financing of Budget was forgotten: The main reason for the above state of utterly low expenditure has been lack of proper financing of the budget. It appears that the previous Government for a very long period has completely forgotten the necessity to finance the budget. It is obvious that a budget devoid of financing is a hollow exercise.

2.1.4 Internal resources generation was not given enough stress and the State did not have enough funds to meet the budgetary provisions. Even the records show that periodic and frequent reviews were also not held on regular basis at the highest level with the revenue earning departments. Secondly whatever funds spent were not rational and bulk of expenditure went to non-plan and populist schemes.

2.1.5 It is also seen that the Central government started releasing funds of some flagships programmes through state exchequer since 2013-14 while prior to that, the funds were directly released to State Missions. Still the fact of the matter is that ideally such massive increase in budget size should have resulted in unprecedented development of the State given its size, population, rich culture, high literacy levels, relatively peaceful society and brimming energetic youth. But it did not happen so.

2.1.6 The growth of per capita income of Assam during the corresponding period has not increased in commensuration of the announced budget sizes. It continues to be lagging far behind the national figures. The figures of per capita income of the State are at Table.3:

Table.3. Per Capita Income of Assam (Rs) from 2011-12 to 2015-16

Year	Per Capita Income at current prices (Rs)	
	Assam	India
2011-12	36320	61855
2012-13	38945	67839
2013-14	44263	74380
2014-15	49480	88533*
2015-16	Yet to be published	

*(Source: Economic Survey of Assam 2014-15; and *Economic survey of India 2014-15)*

2.1.7 Further, the critical areas for capital expenditure were ignored and crucial infrastructure like roads, power, irrigation, etc were given least priority. No added new capacity for power generation except Karbi Longpi was

conspicuous during the past fifteen years. As regards irrigation, no serious exercise was undertaken to provide water to the farmers on a large scale in comprehensive manner though major or medium irrigation projects and innovative modern systems like water-grid etc. Further, the Government was unable to contain wasteful expenditure and wasted precious public money in unproductive non-plan expenditure. Most of the expenditure was on salary and pension (Table 4) and the balance amount was mostly spent on unproductive and wasteful expenditure with an eye to derive political mileage.

*Table. 4. Actual Expenditure of Salary and Pension from 2011-12 to 2015-16
(Rs in Crore)*

Year	Salary*	Pension	Total	Remarks
2011-12	10210.00	3136.00	13346.00	*Salary includes non-plan, plan, centrally sponsored schemes
2012-13	11636.00	3779.00	15415.00	
2013-14	15618.81	4264.13	19882.94	
2014-15	17582.18	5237.02	22819.20	
2015-16	19802.62	6407.17	26209.79	

(Source: Finance Accounts of A.G and CTMIS)

2.1.8. Prudent public financial principles demand judicious allocation of scarce resources to the sectors imperative to the growth and development. But it has been noticed that the priorities of the incumbent Government during that period had been more on non-critical areas. This has therefore not given enough impetus to the growth inducing sectors.

2.2. Dependency Syndrome spell-doom the Functional State

2.2.1 Assam is a resource poor state. It has not attracted much private investment. Service sector growth is at the lowest. In other progressive states, reverse is true. While the rich resources of the State such as Oil, Coal, Forest and Tea are the subjects of the Union Government, the state is subjected to annual floods and occasional law and order problems. Thus, it makes a case for a special care to be extended by the Central Government. But, it does not mean that the inner strengths of the State within the limited capacity and resources should be nullified by not making serious efforts to generate internal resources, attract investment and building on the core strengths. Indeed the previous Government, during its last 15 years, has consistently ignored the need to develop and sustain inner strengths also. It reminds the idiom that 'charity destroys dignity'.

2.2.2. The basic characters of a Functional State have been greatly eroded by a long period of fifteen years of imprudent and extravagant public financial management systems in the State. While substantial sums of funds received from the Centre, the State Government should have developed a vital and stable base for internal revenue generation by making systemic improvements such as administrative reforms on the principles of transparency, accountability and responsiveness. This should have been adequately supported by modern IT-enabled systems.

2.3. Stagnated State Own Resources

2.3.1 The notable components of State Own Resources are VAT and other taxes administered by Taxation Department, Excise, Motor Vehicle Tax, Forest and Minor minerals apart from Oil Royalty.

2.3.2 In the past, there have been instances of even more than 20% increase in revenue generation. But, during the last five years, the growth in internal revenue flow into the state exchequer has virtually stagnated.

2.3.3. More disturbing fact to be noted is that during last four years from 2012-13 onwards, the revenue growth was abysmal. Even before this period, there were occasions of single digit growth in 2007-08 and 2010-11 and that was the time the Government should have made serious attempts to make systemic corrections. It appears that due to this reason, general slackness seeped into the administration of the revenue earning departments leading to lacklustre performance during the last four years.

2.3.4. The figures of State revenue collection (in the table 5) speak volume of poor governance of revenue administering departments and resultant leakages.

2.3.5. Further, it is interesting to see that the transfers of the Centre have steadily increased and thus the state budget was heavily depended on these grants while the proportion of State's Own Resources have gone down as seen from the Table 6.

Table.5. Growth Trend of State's Own Resources (Rs in Crore)

Year	State's Own Revenues			% increase over previous year
	Tax Revenue	Non-Tax Revenue	Total	
1996-97	766.9	322.13	1089.03	
1997-98	881.94	381.21	1263.15	15.99
1998-99	982.56	451.98	1434.54	13.57
1999-00	1224.76	444.92	1669.68	16.39
2000-01	1409.69	526.77	1936.46	15.98
2001-02	1556.98	533.2	2090.18	7.94
2002-03	1934.52	692.97	2627.49	25.71
2003-04	2070.32	945.8	3016.12	14.79
2004-05	2713.32	1070.03	3783.35	25.44
2005-06	3232.21	1459.28	4691.49	24.00
2006-07	3483.32	1859.27	5342.59	13.88
2007-08	3359.5	2134.59	5494.09	2.84
2008-09	4150.21	2271.9	6422.11	16.89
2009-10	4986.72	2752.94	7739.66	20.52
2010-11	5929.85	2373.33	8303.18	7.28
2011-12	7638.24	2866.76	10505.00	26.52
2012-13	8250.21	2473.59	10723.80	2.08
2013-14	8994.92	2705.03	11699.95	9.10
2014-15	9449.81	2412.89	11862.70	1.39
2015-16	10077.26	2188.09	12265.35	3.39

(Source: Finance Accounts of AG and CTMIS)

2.3.6. If we look into the details of important revenue stream, some source like State Excise, M V Tax, Forest, etc have miserably failed to show the required growth during the past few years (Table.7).

of this fact, the State Government did not initiate any serious action. It is worth mentioning that VAT is the major source of revenue for the state exchequer.

2.3.9. The growth trend of revenue from MV Tax, Forest minerals, etc clearly indicates that no serious steps were taken during the last fifteen years to shore up the revenues.

Table 7. Almost stagnated trend of actual receipt of State's Own Revenue (Rs in Crore)

Item	2013-14*		2014-15*		2015-16**	
	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt(LE)
State's Own Tax Revenue of which	8983.77	8994.92	11345.43	9449.81	12892.39	10077.26
Land Revenue	140.34	155.65	201.64	142.32	224.14	229.47
State Excise Duties	609.05	610.26	763.72	664.99	878.77	807.87
Sales Tax	6835.05	6848.01	8367.50	7351.25	9810.55	7524.19
Taxes on Motor Vehicles	365.38	351.11	441.31	364.53	505.59	420.95
Taxes on Goods & Passengers	482.11	413.89	504.27	396.94	595.99	583.74
State's Own Non-Tax Revenue of which	3400.33	2705.03	4298.25	2412.89	4325.84	2188.09
Interest Receipt	544.90	418.61	628.63	313.99	515.76	8.86
Dividends and profits	15.62	12.05	14.39	16.23	14.84	70.06
Petroleum	2285.09	1791.31	3200.02	1421.15	3200.06	1672.03
Forestry & Wildlife	195.17	100.92	136.22	115.99	124.34	61.20
State's Own Revenue	12384.10	11699.95	12643.68	11862.70	17218.23	12265.35

*(Source: * Finance Accounts of AG and ** as per CTMIS)*

2.3.10. The annual exercise of revenue targets reflected in the budget document remained on paper as the State Government did not bother to ensure the revenue generated as per the targets. A detailed statement given below at Table 8 clearly indicates this fact.

2.3.11. From this, it can be understood that the State Government, while standing every time at the doorsteps of the Centre and submitting series of memoranda, failed to see its role how to strengthen the internal resource generation. It is admitted that State Resources would not be so great that all the commitments of the Government could have been taken care of. But a constant growth rate of 20-25% in internal revenue generation would have given a relief to an extent of Rs 3000 to Rs 4000 crore each year and that could have been spent in capital expenditure critical to growth and employment of the State. At this juncture, it is useful to compare Assam's position with similar size of states in this regard.

Table 8: A comparison of estimated resources and actual receipt during the last five years
(Rs in crore)

Item	2011-12*		2012-13*		2013-14*		2014-15*		2015-16	
	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt	Budget Estimate	Actual Receipt (LE)
Share in Central Taxes	9572.77	9283.53	11008.69	10601.26	12621	11575	14105	12284	16667	16785 @
State's Own Tax Revenue	6565.93	7638.24	8009.23	8250.21	8984	8995	11345	9450	12892	10077 \$
State's Own Non-Tax Revenue	3325.96	2863.23	3487.47	2473.59	3400	2705	4298	2413	4326	2188 \$

(Source: * As per Finance Accounts of AG; @ as per MoF website and \$ as per CTMIS)

2.3.12. States akin to Assam in size have shown marked volume of revenues compared to Assam. While Chhattisgarh, Kerala and Orissa generated state excise revenue of Rs 2549 crore, Rs 1941 crore and Rs 1780 crore respectively during the year 2013-14, Assam realised about 25% to 35% of these amounts. Even Himachal Pradesh, a smaller state than Assam, realised Rs 952 crore as state excise revenue in that year which was 30% more than what Assam realised. In other areas of revenue collection also, the State's performance has been unusually low. This buttresses the fact that the State Government during the last 15 years has not taken enough steps to strengthen the revenue generation systems in the State and failed to contain the leakages.

*Table 9: A comparison of revenue collected by Assam vis-a-vis States of similar size
(During 2013-14 and Rs in Crore)*

Type	Assam	Chhattisgarh	Uttarakhand	Kerala	Orissa	Jharkhand	HP
MV Tax	351	651	369	2161	860	495	208
Taxes on goods and passengers	414	946	nil	nil	1614	108	105
State Excise	610	2549	1270	1941	1780	627	952

(Source: NIPFP, Ministry of Finance, New Delhi)

2.3.13. It is also seen that no major policy initiative, reform (except that was driven by the Centre for VAT) or overhauling of the legislative, administrative or regulatory mechanism for increased revenue was taken by the State Government. There have been reports of leakages and loopholes through tax evasion and possible unholy nexus between unscrupulous elements within the Government and outside.

3. Revenue loss due to ineffective representation before the 14th Finance Commission (FFC):

3.1. It appears that in order to attract incentive grant of mere Rs 300 crore from 13th FC during 2010-2015, the State Government tried to achieve Revenue Surplus in the past. This was taken on record by the subsequent Commission, FFC, which led to its recommendation of a very low amount of Revenue Deficit Grant of only Rs. 3379 crore during 2015-20.

3.2. But, other states in NER and hilly states were rewarded handsomely by the FFC. Nagaland, Mizoram, Manipur, Himachal Pradesh and J&K have got a Grant of Rs 18475 crore, 12183 crore, 10227 crore, 40625 crore and Rs 59666 crore respectively for the period from 2015-2020.

3.3. Thus, the above strategy to attract an incentive grant of Rs 300 crore, the state has been deprived of substantial grants during the current five year period of FFC.

4. Current Status of State Finance- Bare and Empty

4.1. Vote on Account Budget 2016-17: Since this Government has just taken over after the Vote on Account Budget for the year 2016-17 introduced by the previous government and passed by the Assam Legislative Assembly in February 2016, we need to prepare a regular budget 2016-17. Accordingly, the position of State Finances at the end of the financial year 2015-16 has been ascertained so as to prepare ourselves to prepare a budget for 2016-17.

4.2. Pendency of Utilization Certificates (UCs):

4.2.1 Assam has peculiar situation of pending of UCs for long periods reflecting intrinsic challenges in the system. This is also a clear symptom of serious problems in complying with usual accounting and auditing procedures. This is indeed a routine exercise for any functioning government system. But, the previous Government was unable to rectify the problem and improve the institutional mechanism is a matter of concern.

4.2.2 As per the Accountant General's Report, for the accounting period up to 31st March 2014, utilization certificates are pending for an amount of about Rs 11834.24 crore. Now, the new Government is determined to resolve the matter in a time bound manner.

4.2.3 As regards the fund position, the actual audited figures of 2015-16 will be available from Accountant General only after September 2016. However, the figures received from various sources, viz., PFMS website of Ministry of Finance, Vote on Account Budget document, CTMIS, etc, the financial position of the State was in the negative.

4.3. Committed Liabilities

4.3.1 The financial position at the end of the financial year 2015-16 has been reviewed. Whatever funds received from Government of India as Centrally Sponsored Schemes, the same was released to the departments. Further, if

some amount is available in the state exchequer also as pipeline amount, same are committed for the designated schemes of the departments. So are the funds received for the schemes of NEC, NLCPR, EAPs, RIDF, etc. Therefore, the grants received from Centre on account of Central Share of Taxes and Revenue Deficit Grants (Non-plan grants) are taken into account, apart from State's Own Resources to see the fund available for taking up various developmental programmes by the State after meeting the committed liabilities like Salary, pension, annual debt servicing charges, etc.

4.3.2 A summary of the receipts and expenditure placed below at the Table.10 brings out a picture that there is a negative balance of funds of about Rs 3000 crore at the end of the financial year 2015-16

Table. 10: Summary of Receipts and Expenditure (non-plan) for the year ending 2015-16
(Rs in crore)

Revenue Receipts and expenditure	
Item	2015-16 (Lakhs)
Own tax and non-tax Revenue	12265
Share of Central taxes	16785
Non-plan Grants from Centre	2191
Net Borrowings	4541
Total	35782
Salary and Pension	23337.86
Vith Schedule area /SFC grants etc	3461.20
Incentives to Power sector (subsidy) and other subsidies	480.00
Pension to ASEB	600.00
Principal and Interest repayment	5646.96
Misc (MLALAD, court cases, etc)	200.00
Total	33726.02

Balance: Rs 35782 Cr minus Rs 33726.02 cr
= Rs 2056 Cr
This just meets the total state share of
Rs. 2000 crore for CSS

With Rs 2900 crores of other liabilities; thus the fund position is in the negative side to this extent of Rs 2900 crore as on 31.03.2016

4.4 The previous State Government, in the run up to elections, spent the public money on populist schemes and resorted to substantial committed liabilities.

4.5. Implementing specially targeted projects to develop the remote areas in places like Dhemaji, Dhakuakhana and Barak Valley is a serious matter. The new Government is determined to improve the infrastructure of such under-developed areas and will continue the development works. But it is difficult to comprehend that without any resources at hand, how the previous Government announced Chief Minister's Special packages. Now we end up with committed liabilities to the tune of about Rs 1358 crore as shown in the Table.11. Such non-serious attitude of the Government has resulted in a situation that firstly, expectation of the public was raised by announcing special packages and then failing to keep the commitment in absence of resources, faith of the public in the government institution is eroded.

Table 11: Committed liabilities of Chief Minister's Special Packages

Chief Minister's Special Package		Committed liability (Rs in Crore)
i	Dhakuakhana of Rs 100 crore	100.00
ii	Dhemaji of Rs 100 crore	38.29
iii	Barak Valley of Rs 1000 crore	790.00
iv	Announcements of Chief Minister on 1 st Jan 2016 and 15 th August etc	180.00
V	Other liabilities against distribution of yarn, blankets, and other individual beneficiary schemes	250.00 (Approx)
	Total	1358.29

(Source: Planning and Development Department, government of Assam)

4.6 In addition, the State Government has committed liabilities of Rs 1469.34 to complete the schemes initiated under discontinued schemes of the Central Government as shown at Table. 12.

Table.12: Committed Liabilities of incomplete works of discontinued grants from Gol
(Rs in Crore)

Type of Grant from the GOI	Liability (Approx)
Special Plan Assistance (SPA)	581.00
Special Central Assistance (SCA)	825.45
UNTIED SCA	44.76
DELINKED CSS	90.13
TOTAL	1541.34

(Source: Planning and Development Department, Government of Assam)

4.7 With the above position, this Government inherited the committed liability of Rs 2900 crore.

4.8. In addition, during the current year, Government needed Rs 900 crore to meet the enhancement of regular DA of the serving and retired employees of the State Government from 119% to 125% w.e.f. 01.01.2016.

4.9 Furthermore, the 7th Pay Commission of Assam is currently working on its recommendations. Once the report of the Commission is submitted, it is estimated that approximately Rs 4800 crore would be required to meet the cost of pay revision during the current year alone. Thus, the new Government will effectively have a negative balance of committed liabilities, along with regular DA to employees and new pay revision to the tune of about Rs. 8600 crore.

4.10. After that there is a need to release the state share of central schemes for the year to the tune of about Rs 2000 crore including the arrears of state share for SSA, NHM, and other Missions to the tune of approximately Rs 380 crore.

4.11. Further, without looking at the resource position of the State and not making any serious efforts to increase the revenues, Public Works Department (Roads) resorted to a large number of works during the past few years. As on 31st May 2016, it was reported by the PWD that there are outstanding

liabilities of Rs 1039.30 crore (Rs 823.85 crore under Plan and Rs 215.45 crore under Non-plan).

4.12. In the above background, after a serious stock-taking exercise, the new Government realised that its first of year in office has to attend the following committed liabilities of more than Rs 10000 crore before it can think of any developmental programmes for the State to implement a series of measures envisaged in the Vision Document 2016-2025.

4.13. To sum up, the committed liabilities of the State Government are as follows:

a) Chief Minister Special packages/announcement:	Rs.1358.29 crore
b) Schemes initiated from SPA, etc:	Rs 1541.34 crore
c) Regular DA for employees w.e.f. 01.01.2016:	Rs 900.00 crore
d) Implication of Pay Revision in 2016-17:	Rs. 4800.00 crore
e) Past dues of State Share of CSS to be released:	Rs. 380.00 crore
f) Outstanding Liabilities of PWD till 31.05.2016:	Rs. 1039.30 crore
TOTAL LIABILITIES :	Rs. 10, 018.93 crore

5. Forging Ahead Against All Odds

5.1. Despite of the uphill task as narrated in the preceding paragraphs, the new Government under the energetic leadership of Shri Sarabananda Sonowal, Hon'ble Chief Minister believes in *"Things Do Not Happen; Things are made to Happen"*. The BJP's Vision Assam Document 2016-2025 clearly spelt that it sees the state as full of potential and promised to sincerely work to transform this tremendous potential into reality.

5.2. It was assessed in the Vision Document of Bhartiya Janata Party, well in advance, that the State needs to develop its own source of revenue apart from the grants received from the Centre and dedicated a page with nine points on "Sources of Finance" as extracted:

SOURCES OF FINANCE

- The internal revenue mechanism will be strengthened and all loopholes in the revenue collection will be plugged
- The GST mechanism in tune with the central government will be introduced in Assam
- A corruption free political and administrative system will usher great amount of revenue which could be utilized for welfare measures
- Special status category State would also enable us to finance the projects we have visualized
- GOI would be approached for project wise finance by incorporating them in the budgetary provision
- BJP government in the centre would be of great help. Narendra Modi's blessings for liberal finance would facilitate us in realizing our objectives
- In addition global financial institutions and countries like ADB, WB, Japan etc would be approached for specific projects without compromising Nation's interest. Reasonable market borrowings would help us in financing the schemes
- Excise revenue has been very low in Assam because of corruption and defective mechanism of allotment. Excise policy in Assam would be revamped in order to maximize excise revenue generation
- Assam government imposed cess on land bearing petrol and other resources, but the act is now under challenge in High Court. Had this act been implemented, it would have been a great help to the revenue generation. BJP will see that this act is passed.

5.3. The new Government's vision is to develop Assam with an approach towards safeguarding the culture and identity of Assam, envisioning it as one of the most developed states in the country visualising it as '*Xarvasreshtha Axom*'. In this direction, the Government is determined to focus on internal resource generation to at least meet the salary and pension requirements of the State so that other transfers received from the Centre would be fully spared for development.

5.4. We will also strive to get all possible assistance to the State, as Special Status State, from the Centre in order to mobilise the resources in such challenging times.

5.5. In order to restore the glory of the State as one of the most prosperous states of pre-independence era, this Government would like to surge ahead with a focussed motto and programme of **ReSTART Assam** in order to mop up maximum possible State's Own Resources through a coordinated and concerted mission mode programme, **Restructuring Systems and Technology for Augmentation of Resources for Transformed Assam**, in short, **ReSTART Assam**.

6. ReSTART Assam (Restructuring Systems and Technology for Augmentation of Resources for Transformed Assam)

6.1. ReSTART Assam will have four-pronged action plan as describe below:

- i) Rationalise the revenue collection from VAT, State Excise, MV Tax, Forest and Oil Royalty through reforms and restructuring of policy, legislations, and administration. This includes measures to increase efficiency in tax collection and rationalise the tax structure based on the best models of other progressive states.
- ii) Mobilising additional resources, in a big away, through Externally Aided Projects (EAP). This will be driven in a concerted and coordinated manner by the Finance Department itself through a dedicated cell created by name **LEAPs** (Lead EAPs).
- iii) **ASPIRe- Assam State Public finance Institutional Reforms Project**, funded by World Bank, as an Externally Aided Project for improving the systems in public finance management and focussing investments in critical sectors inducing growth, development and employment in a post-Planning Commission scenario.
- iv) A large scale IT-enabled systems with “near-zero human interface” and real time monitoring of revenue collection.

7. LEAPs (Lead EAPs)

7.1. The new Government has made it abundantly clear that additional resource mobilisation of resources through Externally Aided Projects is the main focus.

7.2. It is proposed that this will be driven in a concerted and coordinated manner by the Finance Department itself through a dedicated cell created by name **LEAPs** (Lead EAPs).

7.3. LEAP would handhold the departments in developing the projects, facilitate interaction with external aid agencies including new sources such as BRICS Bank, Asian Infrastructure Investment Bank (AIIB) in addition to the existing ones like World Bank, ADB, JICA, etc.

7.4. This cell would also ensure smooth flow of funds and monitoring of progress of the EAPs through structures such as committees headed by the higher levels of the Department and Government.

7.5. There are 18 ongoing Externally Aided Projects in the State and are at various stages of implementation. The new Government lays special emphasis in mobilising additional resources from fund agencies to take up many more projects during next few years. New agencies such as BRICS Bank, AIIB, etc will also be approached.

8. Tapping Oil Royalty and Specified Land Tax

8.1. While increasing the internal revenue collection, the State Government would effectively take up with the Centre for payment of royalty dues at pre-discounted rates and if required by taking due orders of the concerned jurisdictional court.

8.2. Secondly, State Government would also ensure the Assam Tax (On Specified Land) Act, 1990 as amended w.e.f. 1.1.2005 will be implemented to levy cess on oil and gas bearing lands by taking up with the Court and simultaneously with PSUs and the Court.

9. Conclusion

9.1. From the above, it is clear that the new Government has to begin the journey with *an extremely negative* financial position of about Rs 10000 crores.

But the strength of the Government is positive approach to such a negative situation. The current Government believes that *“Positive Attitude brings Positive Outcomes”* and especially when every citizen is with the Government and the new council of Ministers are brimming with enthusiasm to forge ahead fully involving all stakeholders in the process, be it employees of the state government, intellectuals, poor and oppressed, industrialists, media and civil society alike to reflect the true spirit of inclusiveness and partnership in governance for growth, development and employment.

9.2. In the above journey, the new Government seeks the support, guidance and blessings of all the citizens of the State for taking the State on a growth trajectory in a focussed manner as laid out in the Assam Vision 2016-2025 document. As promised while seeking the mandate of the people of the State, this Government recommits itself to recreating a ***Xuroxhito Axom, Vikoxito Axom*** and ***Xarbasreshtha Axom***.
