

## CHAPTER-IV

### STATE FINANCE

#### Present Status

The fiscal position of Assam State, since 2005-06, staged a remarkable recovery due to consistent and cohesive reformatory measures undertaken by the State Government. A turn around in fiscal scenario took place in 2005-06, in which year revenue; fiscal and primary deficits were not only wiped out but also became positive. This surplus persisted from 2005-06 to 2008-09. But during 2009-10, there was a sudden fall in the three major indicators viz., revenue, fiscal and primary mainly due to abnormal increase of salary expenditure on account of implementation of revised scale of pay and pension of State Government employees from 2009-10.

A study of the Assam Government Budget, 2010-11 reveals that the expected revenue receipts of the Government of Assam is estimated at ` 26408.93 crore as against the expenditure estimated at ` 32369.02 crore, thereby showing a deficit amounting to ` 5960.09 crore in the Revenue account. The Budget also reveals a deficit of ` 3460.47 crore at the beginning of the fiscal which is expected to increase to ` 3464.46 crore at the end of the year after taking the deposit of ` 6500.00 crore from the Reserve Bank of India.

In the Budget for 2010-11, the Capital Receipts along with Contingency Fund and Public Account have been estimated at ` 95626.19 crore as against ` 94828.98 crore in 2009-10 (R.E.). The total capital along with Contingency Fund and Public Account disbursement has been estimated at ` 96170.09 crore in the Budgetary Estimate for 2010-11 as against the amount of ` 96850.44 crore in the previous year thereby recording a decrease of capital expenditure by 0.70 percent in 2010-11(B.E.) over 2009-10(R.E.). As regards to allocation of funds under Capital Expenditure, the Budget for 2010-11 provides ` 4441.01 crore as against the anticipated receipt of ` 3424.93 crore.

**TABLE-4.1**  
**RECEIPT AND EXPENDITURE FROM THE CONSOLIDATED FUND OF**  
**ASSAM GOVERNMENT BUDGET, 2010-11**

*(Rupees in lakh)*

Year	Receipt			Expenditure			Surplus (+) Deficit (-)
	Revenue Account	Capital Account	Total	Revenue Account	Capital Account	Total	
1980-81	43616	34450	78066	34399	56070	90469	(-) 12403
1990-91	177394	220058	397452	192040	204384	396424	(+) 1028
2000-01	563764	674276	1238040	641711	633297	1275008	(-) 36968
2007-08	1532492	117863	1650355	1274416	240614	1515030	(+) 135325
2008-09	1807704	291234	2098938	1424333	324256	1748589	(+) 350349
2009-10(R.E)	2448516	338193	2786709	2981595	583265	3564860	(-) 778151
2010-11(B.E.)	2640893	342493	2983386	3236902	444101	3681003	(-) 697617

Note: R.E.-Revised Estimates B.E.- Budget Estimates

Source: Assam Budget in Brief, 2010-11.

## Position of Revenue, Fiscal and Primary Balances

The State's FRBM Act 2005 set the target that revenue deficit should be eliminated and the fiscal deficit should be brought down to 3.5 percent of GSDP by 2008-09. In the year 2009-10 the fiscal deficit was estimated at 4.59 percent of GSDP that crossed the limit set by the State's FRBM Act and also 4 percent of GSDP limit raised by the Government of India for 2009-10. The table below shows the position of revenue, fiscal and primary balances and also the fiscal deficit/surplus as percentage of GSDP over the last five year period from 2005-06 to 2009-10.

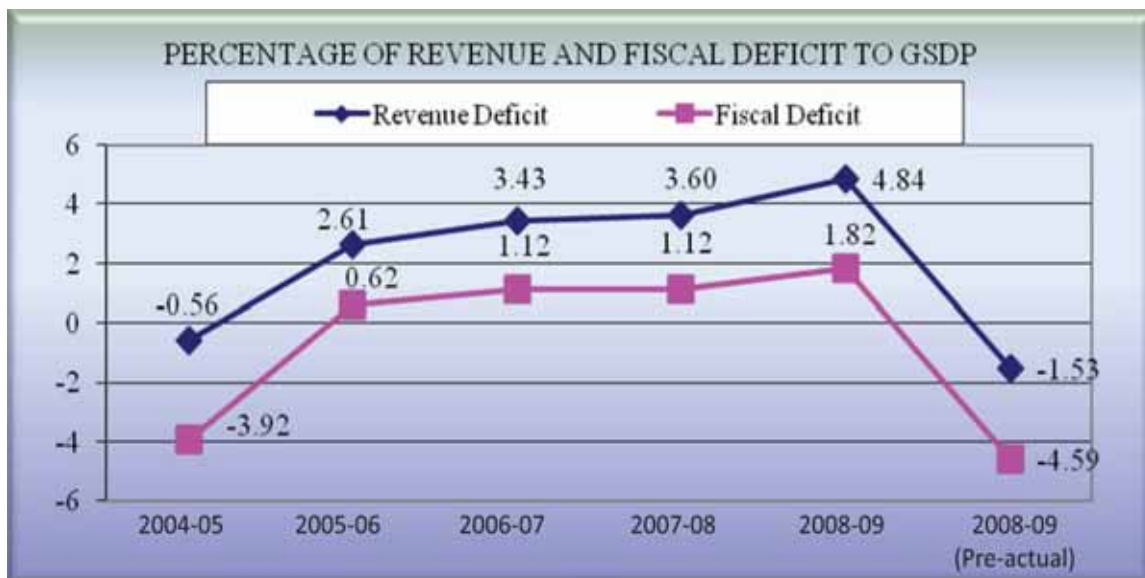
**TABLE-4.2**  
**POSITION OF REVENUE, FISCAL AND PRIMARY BALANCES**

Year	Revenue deficit(-) / surplus(+) (Rupees in crore)	Fiscal deficit(-) / surplus(+) (Rupees in crore)	Primary deficit(-)/ surplus(+) (Rupees in crore)	Fiscal deficit(-) /surplus(+) as percentage of GSDP
2005-06	(+) 1509	(+) 356	(+) 1866	(+) 0.62
2006-07	(+) 2211	(+) 712	(+) 2228	(+) 1.12
2007-08	(+) 2581	(+) 790	(+) 2302	(+) 1.12
2008-09	(+) 3834	(+) 1407	(+) 3000	(+) 1.82
2009-10 (Pre-Actual)	(-) 1348	(-) 4043	(-) 2210	(-) 4.59

Source: Department of Finance (Economic Affairs), Government of Assam.

In 2009-10, sudden deterioration of financial position of the State was mainly caused due to abnormal increase of salary expenditure on account implementation of revised scale of pay and pension of State Government employees from 2009-10.

The percentage of revenue deficit to GSDP was 0.56 percent in 2004-05 and thereafter, for four consecutive years the State enjoyed a revenue surplus. But due to enhancement of the State Govt. employees salary as per recommendation of fifth Pay Commission, revenue deficit was going high to 1.53 percent of GSDP during 2009-10 (Pre-actual). The graph below shows the trend of percentage of revenue and fiscal deficit to GSDP from the year 2004-05 to 2009-10 (Pre-actual).



## Revenue Receipts and Expenditure

Revenue Receipts comprises two major components of State's Own resources and Transfer from the Centre. Table-4.3 shows Revenue Receipts position during the period 2005-06 to 2009-10.

**TABLE-4.3**  
**REVENUE RECEIPTS**

(Rupees in crore)

Year	Tax Revenue [A]	Non-Tax Revenue [B]	State's Own Resources [A+B]	Transfer from the Centre [C]	Total Revenue Receipts [A+B+C]	Percentage Share of the State to total Revenue Receipts	Percentage Share of the Centre to total Revenue Receipts
2005-06	3232.21	1459.28	4691.49	7353.90	12045.39	38.95	61.05
2006-07	3483.32	1859.27	5342.59	8324.36	13666.95	39.09	60.91
2007-08	3359.50	2134.59	5494.09	9830.84	15324.93	35.85	64.15
2008-09	4150.21	2271.90	6422.11	11654.93	18077.04	35.53	64.47
2009-10 (Pre-actual)	4986.71	2752.94	7739.65	12144.84	19884.49	38.92	61.08
2010-11 (B.E.)	6850.90	2782.05	9632.95	16775.98	26408.93	36.48	63.52
Annual Average Growth Rate(%)	10.99	15.83	12.58	14.35	13.68		

Source: Department of Finance (Economic Affairs), Government of Assam.

It reveals from the Table that while the 'State's Own Resources' is expected to increase from ` 4691.49 crore in 2005-06 to ` 9632.95 crore in 2010-11 at an annual growth rate of around 15 percent, 'Transfer from the Centre' is expected to be ` 16775.98 crore in 2010-11 from ` 7353.90 crore in 2005-06 at an annual growth rate of nearly 18 percent. The annual growth rate of Revenue Receipts over the last six years is 17.00 percent. The relative share of State to total revenue receipts on the other hand, has declined from 39.09 percent in 2006-07 to 35.85 percent in 2007-08 and further to 35.53 percent in 2008-09 on account of fall of State's tax collection. Although the State's own resources and Total revenue receipt has recorded 20.5 percent and about 10.0 percent respectively increase in 2009-10(Pre-actual) over 2008-09, the relative share of the State to Total revenue receipt in 2009-10 has almost reached the level of 38.92 percent as it was in 2005-06(38.95 percent). But the Budget Estimates reveals that the expected share of State's own resources will reach the point to 36.48 percent in 2010-11. The trend of relative Central share to total revenue receipts has been expected to reach the level of 63.52 percent in 2010-11 as it was in 2005-06 (61.08 percent) after remaining high for two consecutive years 2007-08 (64.15 percent) and 2008-09 (64.47 percent). However, the relative Central Share to Total revenue receipt was low in 2006-07 (60.91 percent) over 2005-06.

### State's Own Resources

State's own resources consist of tax revenues and non-tax revenues. The following table presents the details of tax revenues raised over the last five years from 2005-06 to 2009-10.

**TABLE-4.4**  
**STATE TAXES**

(Rupees in crore)

	Items	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)	Growth Rate (%)
1.	Agriculture Income Tax	7.02	2.52	3.14	18.18	78.34	97.40
2.	Taxes on Professions etc.	99.80	108.36	124.68	137.73	150.15	11.15
3.	Land Revenue (Taxes on specified lands)	74.65 (52.18)	74.15 (63.92)	79.76 (68.55)	113.36 (80.00)	116.91 (85.00)	14.13
4.	Stamps and Registration	85.88	97.32	109.91	111.17	108.45	6.18
5.	Taxes on Immovable Property other than Agricultural Land	0.23	0.00	0.00	0.00	0.00	0.00
6.	State Excise	160.40	174.88	188.71	198.68	239.19	9.71
7	Sales Tax ( CST )	2568.41 (490.34)	2783.24 (550.49)	2691.43 (443.15)	3110.58 (415.81)	3535.26 (305.82)	7.79
8	Motor Vehicle Tax	155.91	151.15	138.62	145.21	177.26	2.19
9	Taxes on Goods & Passengers (Assam Entry Tax)	61.52 (0.00)	70.15 (0.00)	12.39 (1.51)	284.67 (268.84)	545.41 (526.26)	77.98
10	Taxes on Electricity Duty	13.29	15.89	4.62	22.36	27.07	19.30
11	Other Taxes & Duties on Commodities and Services.	5.10	5.66	6.24	8.27	8.67	15.18
<b>TOTAL TAX REVENUES</b>		<b>3232.21</b>	<b>3483.32</b>	<b>3359.50</b>	<b>4150.21</b>	<b>4986.71</b>	<b>10.99</b>
<b>Tax GSDP ratio</b>		<b>5.59</b>	<b>5.41</b>	<b>4.69</b>	<b>5.23</b>	<b>5.67</b>	
<b>GSDP at current price (Rupees in crore)</b>		<b>57816.87</b>	<b>64429.32</b>	<b>71625.40</b>	<b>79276.66</b>	<b>88020.87</b>	

Source: Department of Finance (Economic Affairs), Government of Assam.

It appears from the above table that the total tax collection declined to ` 3359.50 crore in 2007-08 from ` 3483.32 crore in 2006-07. This decline was due to non-realisation of Assam Entry Tax, as the Hon'ble Gauhati High Court scrapped the entry tax. Moreover, collection from Central Sale Tax was gradually declining from 2007-08, as there was a consensus arrived at between the Central and State Governments that Central Sale Tax would be reduced annually by 1 percentage point from 4 percent to nil by 2010-11 over three years period beginning from 01.04.2007. The revenue loss to the States as per the consensus would be compensated by non-plan grants in aid from GOI on the basis of audited figure. The Twelfth Finance Commission has fixed a target of Tax-GSDP ratio at 6.8 percent by 2009-10, the terminal year of its award period. Further, The Twelfth Finance Commission has assumed an annual growth rate of 13.20 percent in collection of State Taxes up to 2009-10. But the collection of State's Taxes has increased at an annual growth rate of 10.99 percent from 2005-06 to 2009-10, which is much below the growth rate assumed by the Twelfth Finance Commission.

## Non-Tax Revenues

Non-Tax Revenues of the State consists of interest receipt, royalty from crude oil & natural gas, royalty from coal & lignite and forest. Other receipts of non-tax revenues are in the nature of fees, fines, user charges and reimbursement from GOI. Table-4.5 presents details of non-tax revenues raised during the last five years from 2005-06 to 2009-10.

**TABLE-4.5**  
**NON-TAX REVENUES**

(Rupees in crore)

	Non-Tax revenues	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)	Growth Rate (%)
1	Interest	36.41	167.49	240.72	433.16	493.63	85.23%
2	Dividend	15.47	18.54	24.00	19.45	14.92	(-)24%
<b>(a) General Services</b>							
3	Election	0.00	4.27	7.76	5.66	77.27	
4	Grants under debt waiver scheme	0.00	0.00	105.42	105.41	210.85	
5	Other general services	34.74	28.47	27.11	28.70	63.38	12.87%
6	<b>(b) Social Services</b>	38.58	135.26	30.91	20.88	24.96	23.96%
<b>(c) Economic Services</b>							
7	Forestry & Wild Life	38.42	42.99	75.03	115.63	160.56	46.96%
8	Royalty from crude oil & natural gas	1216.16	1385.82	1547.88	1430.12	1574.18	5.63%
9	Royalty from coal & lignite	15.03	19.71	17.88	19.20	37.54	19.77%
10	Other Economic Services	64.47	56.72	57.88	93.69	95.65	13.78%
	<b>Total Non-Tax</b>	<b>1459.28</b>	<b>1859.27</b>	<b>2134.59</b>	<b>2271.90</b>	<b>2752.94</b>	<b>15.83%</b>

Source: Department of Finance (Economic Affairs), Government of Assam.

The contribution of Non-tax revenues increased from ` 1459.28 crore in 2005-06 to ` 2752.24 crore in 2009-10 at an annual growth rate of 15.83 percent. The increase in non-tax revenue was mainly due to increased realisation of interest on cash balance investment, increased receipts from forestry and wild life and non-plan grants from GOI on account of debt waiver scheme granted by Government of India on recommendations of the Twelfth Finance Commission. Debt waiver scheme of Government of India was co-terminus with the award period of the Twelfth Finance Commission. State Government will not get non-plan grant at the rate of ` 105 crore from 2010-11 on account of debt waiver scheme of GOI, since the award period of the Twelfth Finance Commission ended on 31.03.2010. Moreover, growth of royalty from crude oil and natural gas does not give much impact over the five years, due to high volatility of the crude oil prices in the international market and dollar-rupee value fluctuations. Royalty from crude oil dropped to ` 1430.12 crore in 2008-09 from ` 1547.88 crore in 2007-08 on account of severe global economic recession during 2008-09.

### Transfer from the Centre

Transfer from the centre mainly consists of State's share in Central Taxes, grants for plan schemes, grants under the award of Central Finance Commission and other non-plan grants. The table will present the position of transfer of funds from the Centre during the last five years:

**TABLE-4.6**  
**TRANSFER FROM THE CENTRE**

(Rupees in crore)

	Transfer from the Centre	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)	Growth Rate (%)
1	Share in Central Taxes	3056.78	3898.99	4918.21	5189.89	5339.53	15.04
2	Plan Grants	3417.25	3576.67	4026.97	5444.09	5211.58	13.48
3	Plan Grants under Finance Commission	8.00	16.76	66.69	8.00	74.36	45.05
4	Non-Plan Grants under Finance Commission	772.95	704.57	544.95	561.23	1036.15	3.65
5	Other Non-Plan Grants	98.92	127.37	274.02	451.72	483.22	55.87
	<b>Total Transfer</b>	<b>7353.90</b>	<b>8324.36</b>	<b>9830.84</b>	<b>11654.93</b>	<b>12144.84</b>	<b>14.35</b>

Source: Department of Finance (Economic Affairs), Government of Assam.

Transfer from the Centre has increased at an annual growth rate of 14.35 percent over the last five years. Plan grants consist of grants under annual state plan, central sector, NEC, special areas and centrally sponsored schemes. Share in Central Taxes comprises of Corporation Tax, Income Tax, Wealth Tax, Customs, Union Excise and Service Tax. The Share in Central Taxes have increased from ` 3056.78 crore in 2005-06 to ` 5339.54 crore in 2009-10 at an annual growth rate of 15.04 percent. The Twelfth Finance Commission recommended total amount of ` 19850.69 crore for the five-year period 2005-10. As against this, State Government received total amount of ` 22402.98 crore. Quantum of transfer of share in Central Taxes to the States depends upon the actual collection. In respect of non-plan grants substantial growth was noticed during 2007-08, 2008-09 and 2009-10, since the State Government received compensatory amount of ` 70.89 crore for revenue loss on account of phasing out of Central Sales Tax (CST), ` 300.00 crore from National Calamity Contingency Fund and ` 378.89 crore as compensation for revenue loss on account of phasing out of CST.

## Share in Central Taxes

Detailed break-up of share in Central Taxes has been shown in the following table-

**TABLE-4.7**  
**SHARE IN CENTRAL TAXES**

(Rupees in crore)

	Share in Central Taxes	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)
1	Corporation Tax	844.00	1216.91	1560.93	1702.01	2197.48
2	Income Tax	594.95	738.97	1047.67	1068.71	1224.08
3	Other Taxes on Income & Expenditure	(-) 0.18	(-) 0.20	(-) 0.08	(-) 0.11	0.00
4	Taxes on Wealth	1.66	1.53	1.73	1.61	4.97
5	Customs	595.95	760.49	929.65	992.08	747.32
6	Union Excise Duties	705.28	807.53	887.47	865.10	601.97
7	Service Tax	225.37	374.00	491.03	560.60	563.71
8	Other Taxes & Duties on Commodities & Services	(-)0.24	(-) 0.24	(-) 0.19	(-) 0.11	0.00
	<b>Total</b>	<b>3056.78</b>	<b>3898.99</b>	<b>4918.21</b>	<b>5189.89</b>	<b>5339.53</b>

Source: Department of Finance (Economic Affairs), Government of Assam.

The pace of growth of the Central tax transfer has been slow down during 2008-09 and 2009-10 due to global economic recession compared to increasing trend from 2006-07 to 2007-08. Central tax transfer grew by 27.55 percent during 2006-07 over 2005-06 and by 26.14 percent during 2007-08 over 2006-07. But it increased by 5.52 percent and 2.88 percent during 2008-09 and 2009-10 over the previous years 2006-07 and 2007-08 respectively.

## Revenue Expenditure

Revenue expenditure is segregated into plan and non-plan expenditure. The trend of expenditure of Government of Assam for the last five years is presented in the table below.

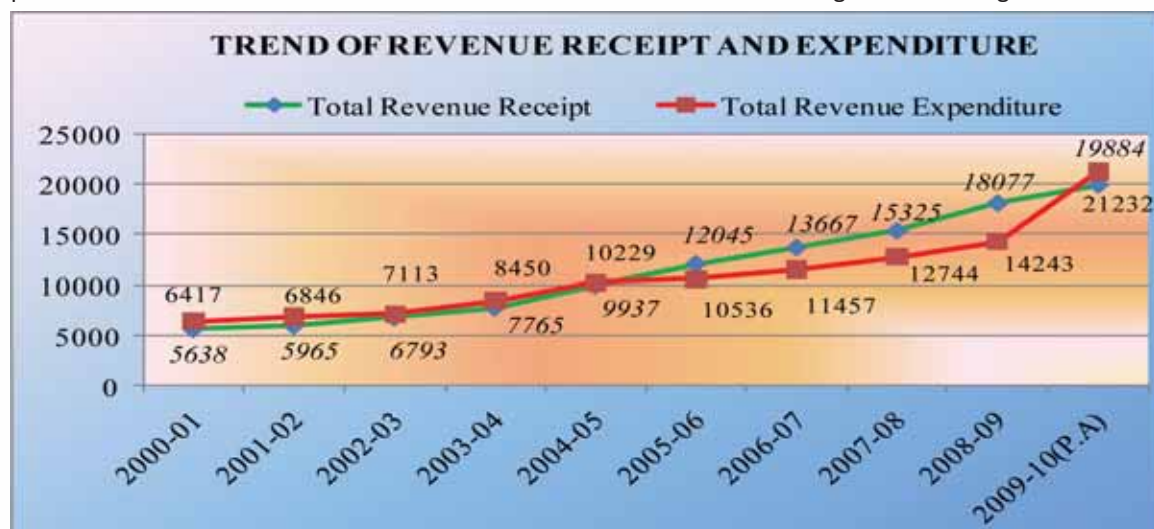
**TABLE-4.8**  
**REVENUE EXPENDITURE**

(Rupees in crore)

	Items of Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)	Growth Rate (%)
I	Plan expenditure	2129.01	1662.50	2067.38	3110.65	4168.91	21.78
(a)	Of which salary and wages	237.86	200.21	172.62	256.68	297.59	7.21
II	Non-Plan expenditure	8407.29	9794.03	10676.78	11132.68	17063.29	16.69
(a)	Of which- Election	43.48	48.66	13.32	79.21	44.91	5.67
(b)	Interest payment	1510.12	1515.67	1512.24	1593.33	1832.58	4.47
(c)	Salary and wages	3882.63	4484.19	5068.58	5583.70	7804.80	17.53
(d)	Pension	1011.48	1177.86	1340.68	1437.37	1769.28	14.08
(e)	Devolution to Local Bodies	10.89	7.80	8.94	147.51	549.89	193.98
	<b>Total Revenue Expenditure (I+II)</b>	<b>10536.30</b>	<b>11456.53</b>	<b>12744.16</b>	<b>14243.33</b>	<b>21232.20</b>	<b>17.57</b>

Source: Department of Finance (Economic Affairs), Government of Assam.

It reveals from the Table that the Interest payment has been increased at an annual growth rate of 4.47 percent, which is much lower than 7.5 percent, prescribed by the Twelfth Finance Commission for the period from 2005-06 to 2009-10. The Twelfth Finance Commission although assumed a growth rate of



10 percent for pension payment for the period 2005-10, the pension expenditure has grown at the rate of 14.08 percent annually during the last five years. Overall Salary expenditure under non-plan revenue account has increased at an annual growth rate of 17.53 percent, which is much higher than the Twelfth Finance Commission assumed for education sector (6 percent) and for other sectors (5 percent) for the period 2005-10. The increase of salary expenditure from ` 5583.70 crore in 2008-09 to ` 7804.80 crore in 2009-10 is due to implementation of 6<sup>th</sup> State Pay Commission recommendations for revised pay scale for the State Government employees as well as pensioners with effect from 2009-10. The graph below shows the trend of revenue receipt and revenue expenditure from 2000-01 to 2009-10 (Pre-actual).

## Capital Expenditure

Capital expenditure consists of capital outlay and lending (disbursement of loans and advances). Capital expenditure relates to creation of assets of the State Government. The Table given below shows the trend of capital expenditure from 2005-06 to 2009-10 (Pre-actual).

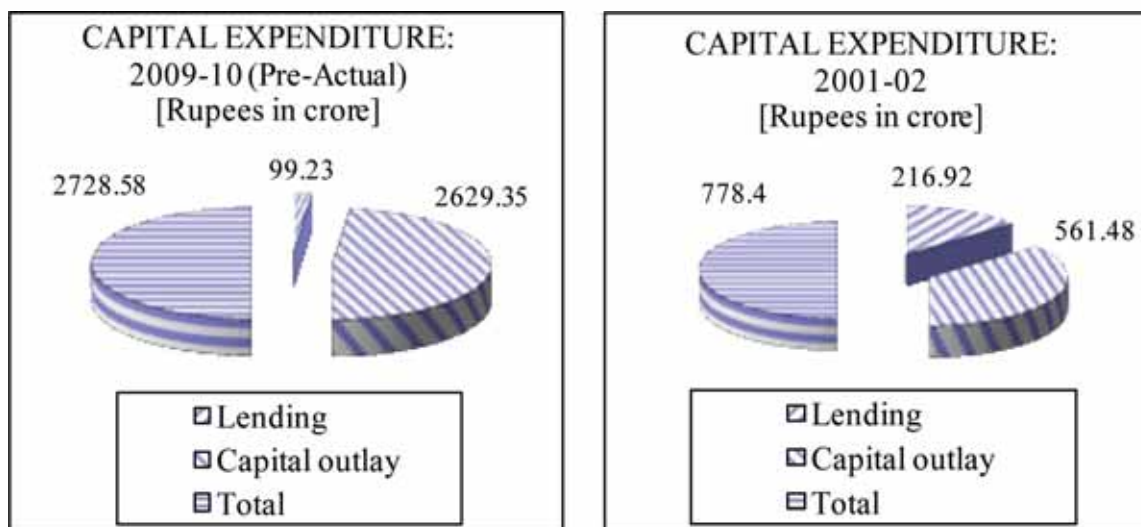
**TABLE-4.9**  
**CAPITAL EXPENDITURE**

(Rupees in crore)

Capital Expenditure	2005-06	2006-07	2007-08	2008-09	2009-10 (Pre-Actual)	Growth Rate (%)
Capital Outlay	1085.32	1452.97	1688.11	2373.01	2629.35	25.36
Lending	105.62	80.63	142.89	88.74	99.23	-0.29
<b>Total</b>	<b>1190.94</b>	<b>1533.60</b>	<b>1831.00</b>	<b>2461.75</b>	<b>2728.58</b>	<b>23.75</b>

It is inferred from the Table that the capital expenditure of the State has increased from ` 1190.94 crore in 2005-06 to ` 2728.58 crore in 2009-10 at an annual growth rate of 23.75 percent. Of the total capital expenditure, capital outlay increased at an annual growth rate of 25.36 percent, while lending showed a negative growth of 0.29 percent during the same period. This shows State Government is increasing its capital expenditure for creation of more assets, which will generate more resources for development of the State.

The pie-diagram below shows the composition of total capital expenditure during the year 2001-02 and 2009-10 (Pre-actual).





## Debt Position

The standard criteria for determining the debt sustainability of the States are acceptable level of the debt-GSDP ratio and the ratio of interest payment to total revenue receipts. Twelfth Finance Commission recommended 28 percent and 15 percent as the acceptable levels of debt-GSDP ratio and the ratio of interest payment to total revenue receipts respectively. The debt position of the State during the last five years is shown below-

**TABLE-4.10**  
**DEBT POSITION**

(Rupees in crore)

Year	Market Loan	Institutional loan	NSSF Loan	Central Loan	State Provident Fund	Year end total Outstanding Debt	Debt-GSDP Ratio
2005-06	6704.52	375.11	4602.21	2875.02	3265.39	17822.25	30.82
2006-07	7296.53	417.74	4688.26	2775.31	3614.78	18792.62	29.17
2007-08	7841.09	511.80	4679.66	2708.44	3932.74	19673.73	27.47
2008-09	9855.85	645.26	4697.03	2639.56	4322.97	22160.67	27.95
2009-10 (Pre-actual)	11261.30	690.92	4721.82	2346.38	4812.52	23832.94	27.08

Source: Department of Finance (Economic Affairs), Government of Assam.

The debt position of the State as revealed from the Table-4.10 that at the end of 2007-08, 2008-09 and 2009-10 (Pre-actual) has come within the manageable level of 28 percent of GSDP as prescribed by the Twelfth Finance Commission.

## Interest Payment to Revenue Receipts

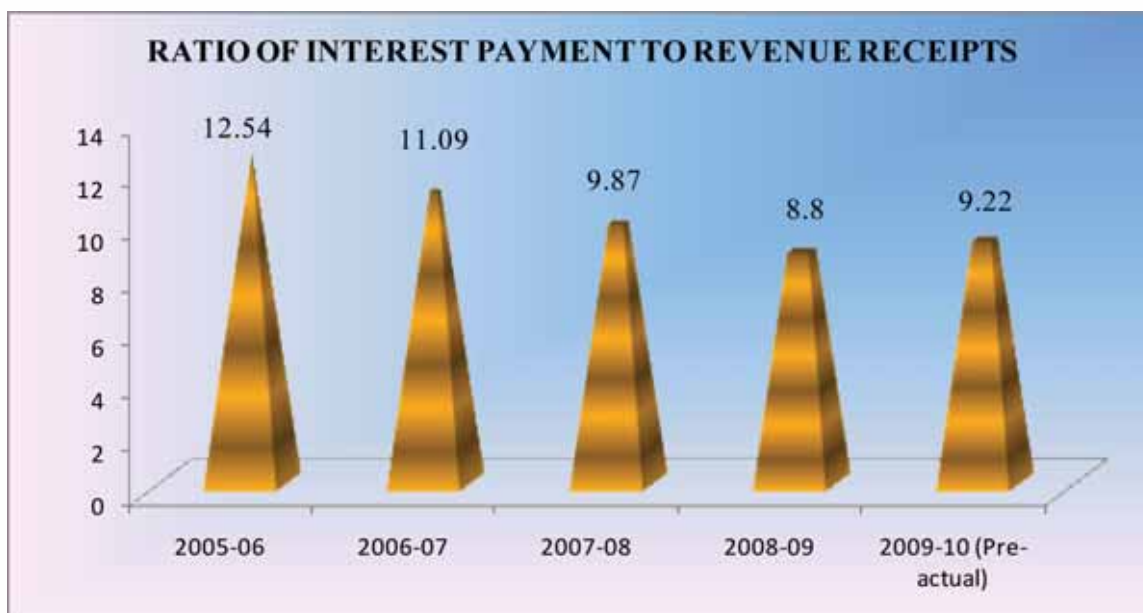
The position interest payment to total revenue receipts in terms of percentage is indicated in the Table 4.11.

**TABLE-4.11**  
**INTEREST PAYMENT TO REVENUE RECEIPTS**

(Rupees in crore)

Year	Total Revenue Receipts	Interest Payment	Ratio of Interest Payment to revenue Receipt (in %)
2005-06	12045.39	1510.12	12.54
2006-07	13666.95	1515.67	11.09
2007-08	15324.93	1512.24	9.87
2008-09	18077.04	1593.33	8.80
2009-10 (Pre-actual)	19884.49	1832.58	9.22

Source: Department of Finance (Economic Affairs), Government of Assam.



The ratio of interest payment to revenue receipts has been falling persistently and has come down to 8.80 percent in 2008-09 and increased to 9.22 percent in 2009-10. The graph clearly shows that the ratio of interest payment to revenue receipts remains well below the 15 percent benchmark (refer para 4.5.0) during last five-year period 2005-10.

## Borrowings and Repayment

State Government's borrowing and corresponding repayment components are Market loans, Institutional loans, ways and means advance from RBI, NSSF loans, Central loans and State Provident Fund. The prudent debt management is that revenue expenditure should be met from revenue receipts and capital expenditure should be funded by borrowings. Hence, revenue deficit is always required to be maintained at zero level so that borrowed funds may not be diverted to meet revenue expenditure. Net loans available for funding the expenditure of the State Government is shown in the table 4.12.

**TABLE-4.12**  
**BORROWINGS AND REPAYMENT**

(Rupees in crore)

Year	Borrowings	Repayment of Loans	Net Loans	Borrowing Ceiling fixed by GOI
2007-08	1852.00	970.89	881.11	2223.31
2008-09	3505.40	1018.46	2486.94	2540.00
2009-10 (Pre-Actual)	2945.08	1272.82	1672.26	3223.00
2010-11 (B.E.)	4145.80	1334.86	2810.94	2951.00

Source: Department of Finance (Economic Affairs), Government of Assam

Govt. of India every year fixes annual borrowing ceiling of all States in order to keep States debt to the sustainable level. The year-wise net annual borrowing ceiling fixed by the GOI for Assam is indicated in the above table. It appears that the State Government has kept its borrowings within the limit fixed by the GOI to keep its debt to the sustainable level.

The loan outstanding has been increasing from year to year. The total loan outstanding as on 31<sup>st</sup> March 2009 was ` 22076.85 crore increased to ` 24842.40 crore as on 31<sup>st</sup> March 2010 thereby showing an increase of 13 percent over the previous year. The trend of per capita loan outstanding as on 31<sup>st</sup> March of the years 2004, 2005, 2006, 2007, 2008, 2009 and 2010 is depicted in the graph given below.

