

Nature of Receipts of the Consolidated Fund of the Government of Assam

Dr. Prashanta Sharma, Mr. Nripaendra Nath Medhi

Associate Professor, Department of Commerce
Gauhati University, Guwahati-781014 (Assam), INDIA
Assistant Professor, Pachim Guwahati Mahavidyalaya Dharapur
Guwahati-781017 (Assam), INDIA

Abstract: The Government maintains three funds viz. Consolidated Fund, Public Debt and Contingency Fund. Consolidated Fund is the Main source of finance for the government activities. The various policies and programmes of the government are continued with the expenditure incurred from the Consolidated Fund. The consolidated funds are raised by the government through Income tax, corporation tax, Central Excise and custom duty and the government also collects non-tax revenues like Railway transport, posts & telecommunication under the consolidated funds. These funds are classified in to revenue and capital heads of accounts and disbursement through the same. In this paper an attempt is made to examine revenue collection and disbursement under consolidated funds Government of Assam. Moreover, it also endeavours to study the Trend of total Revenue, tax revenue and non tax revenue of the government of Assam.

Keywords: Consolidated Fund; Public Debt; Contingency Fund and revenue

1. Introduction

The Government maintains three funds viz. (a) Consolidated Fund, (b) Public Debt and (c) Contingency Fund. The Consolidated Fund comprises of all the revenue receipts and capital receipts. The various policies and programmes of the government are continued with the expenditure incurred from the Consolidated Fund. "As per article 266(1) and (3) the government received revenue through Income tax, corporation tax Central Excise and custom etc. The government also collects non-tax revenues like Railway transport, posts & telecommunication. These are also included in Consolidated Fund. The Government increases this fund through issue of Treasury bill, Government bill, Loan from foreign government and International Monetary institution.

The Revenue receipts of the government are categorized as Tax revenue and Non tax revenue. The tax revenues of the government are classified as direct tax and indirect tax. The non tax revenues include the grant in aid received from the Union Government, interest receipt, dividend, profit from enterprise, revenue from state lotteries etc.

The Capital receipts in case of the state government include the loan received from the union government, other financial institutions and recovery of the loan issued by the government. It also includes the amount received specially from interstate settlement.

In fact, the government finance is dominated by the consolidated fund; therefore the legislature keeps control on receipts and disbursement of Consolidated Fund. No single rupee can be spent from this fund without approval of the legislature except the charge expenditures. The government expenditures are divided as charge and voted expenditure. For the charge expenditure, the legislature approval is not needed. The legislature has right to discuss on charge expenditure, but, the legislature cannot make any curtail and alteration in charge expenditure. Any enhancement in charge expenditure is occurred as per the provision of the Indian Constitution. The expenditure from the Consolidated Fund may be further categorized as Plan and

Non-plan expenditure. The plan expenditures are related to the five years plan of the government and all expenditure other than five years plan is known as non plan expenditure.

2. Objective of the study

The objective of the study is to focus the trend of receipts of the consolidated fund of the Government of Assam and to examine the proportion of the different components in total receipts.

3. Sources of information

The study is based on secondary source of data. The data have been collected from the following documents

- (i) The Annual Financial Statement of the Government of Assam
- (ii) The Finance Accounts of the Government of Assam
- (iii) The Appropriation Accounts of the Government of Assam

4. Periodicity of the Study

The study is limited to the period from 1999-2000 to 2008-09

5. Total Receipts of the Consolidated Fund

As it was mentioned earlier that the consolidated fund is for execution of all the government policies and programmes therefore, the receipts of this fund need to be compared with other two funds (i.e. Public Accounts and Contingency Fund) of the government. The government role with the Public Fund is Just like Trustee. In fact, the government maintains deposit, provident fund and small saving of the public in Public Accounts. The government cannot spend money for the execution of the policies from the Public Accounts. The Contingency Fund of the government is to meet unforeseen requirement like earthquake, Flood and other Natural Calamities'. A fixed portion of amount is always transferred from the Consolidated Fund to the Contingency Fund.

The table-B.1 shows that 13% to 89% amount of the total receipts came from Public Account in the year 1999-2000 to 2008-09. Similarly, 11% to 87% amount of the total receipts came from the Consolidated Fund in the same period. But, the noticeable fact is that the receipt of the Consolidated Fund is more than the receipt of the Public Accounts in 1999-2000 to 2004-05. From the year 2005-06, the receipts of Public Accounts became more than the receipts of Consolidated Fund.

Table-1

Total Receipts of the Government of Assam (Rs. in crores)

particular	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
consolidated	10960 83%	12380 83%	14297 86%	15294 87%	16543 79%	20519 82%	15660 48%	14817 17%	16504 14%	20989 11%
Public A/C	2291 17%	2506 17%	2298 14%	2317 13%	4309 21%	4479 18%	17292 52%	73432 83%	99223 86%	162445 89%
Total receipts	13251 100%	14887 100%	16596 100%	17647 100%	20852 100%	24998 100%	32953	88249 A+c+d	115727	183434

Source: The Finance Accounts of the Government of Assam 1999-2000 to 2008-09

Though the Consolidated Fund is the source for financing government activities, the receipts of this fund is not always larger than the receipts of Public Accounts

6. Nature of Receipts of the Consolidated Fund

As, it was stated earlier that the government plan programmes are continued with the disbursement of the Consolidated Fund, therefore the trend of receipts and disbursement of the Consolidated Fund is very significant for managing of the fund for the government plan and programmes.

Table- 2

Trend of the total receipts and receipts of the Consolidated Fund

Particular	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Total Receipts of Consolidated	10960 (100%)	12380 (113%)	14297 (130%)	15294 (140%)	16543 (151%)	20519 (187%)	15660 (143%)	14817 (135%)	16504 (151%)	20989 (192%)
Total Receipts	13142 (100%)	14745 (112%)	16455 (125%)	17545 (134%)	20718 (158%)	25035 (190%)	32701 (249%)	87884 (669%)	115170 (876%)	182239 (1387%)

Source: The Finance Accounts of the Government of Assam 1999-2000 to 2008-09

The table-2 shows that the receipt of the Consolidated Fund was increased by 1.92 times, whereas total receipt was increased by 13.87 times. It was happened because of increasing trend of the receipts of the public Accounts.

Now it is to be observed that the total receipt of the consolidated fund is adequate or not to meet the disbursement. The tableB-4 given below shows that the total disbursement of the Consolidated Fund was increased by 1.35 times, whereas, total receipts of the Consolidated Fund was increased by 1.51 times. Though the increasing rate of receipts is more than the increasing rate of disbursement, the disbursement was more than receipt in 1999-2000,2000-01,2001-02,2003-04 and in 2004-05.It has been found that the out of the ten years of the study period, in five years disbursement of the Consolidated Fund was more than receipts. It indicates that the receipts of the Consolidated Fund was not sufficient enough to meet increasing demand of expenditure from the Consolidated Fund. The receipts of the Consolidated Fund can be classified as Capital Receipts and Revenue Receipts. The capital receipts of the state government comprises of the amount received from the loan granted by the Union Government or other financial institution and amount received from recovery of loan issued by the state government.

Table-3

Total Receipts and Disbursement of the Consolidated Fund (Rs. In crores)

Particular	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Total Receipts of Consolidated Fund	10960	12380	14297	15294	16543	20519	15660	14817	16504	20989
Rate of increasing of total Receipts of Consolidated Fund	(100%)	(113%)	(130%)	(140%)	(151%)	(187%)	(143%)	(135%)	(151%)	(151%)

Disbursement from Consolidated fund	11160.91	12750.08	14382.16	15228.38	17169.55	20796.26	14285.80	13484.86	15150.30	17485.88
Rate of increasing Disbursement from Consolidated fund	(100%)	114.24%	114.24%	136.44%	153.84%	186.33%	128%	120.82%	135.74%	135.74%
Differences	(200.91)	(370.08)	(85.16)	65.62	(626.55)	(277.26)	1374.2	1332.14	1353.7	3503.12

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

The revenue receipts are collected by the state government through tax revenue, non-tax revenue and Grant in Aid issued by the Central Government for maintaining existing services and facilities.

The table-3 shows that the capital receipts were 52% to 58% in 1999-2000 to 2004-05 and revenue receipts became 42% to 48% in the same years. Surprisingly, capital receipts were decreasing in 2005-06 to 2008-09. In this period the proportion of revenue receipts were 77% to 93%. The reason of decreasing capital receipts was decreasing amount of loan issued by the Central Government to the state in 2005-06 to 2008-09.

Table-4

Revenue Receipts and Capital Receipts of the Consolidated Fund

Particular	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Capital receipts	6119 (56%)	6743 (54%)	8332 (58%)	8501 (56%)	8778 (53%)	10582 (52%)	3615 (23%)	1150 (8%)	1179 (7%)	2912 (14%)
Revenue Receipts Percentage	4841 (44%)	5638 (46%)	5965 (42%)	6793 (44%)	7765 (47%)	9937 (48%)	12045 (77%)	13667 (92%)	15325 (93%)	18077 (86%)
Total receipts of Consolidated Fund	10960 (100%)	12380 (100%)	14297 (100%)	15294 (100%)	16543 (100%)	20519 (100%)	15660 (100%)	14817 (100%)	16504 (100%)	20989 (100%)

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

7. Nature of revenue receipts under consolidated fund

The revenue receipts of the government can be categorized as tax revenue, non-tax revenue and Grant in Aid received from the central government. The contributions of the different sources of revenues are as follow. The amount received from tax revenue is 35% of the total revenue receipts in 1999-2000. In 2000-01 to 2008-09, the range of the amount received from the tax revenue was 52% to 55%. In case of non tax revenue, the range of the revenue receipts was 9% to 10%.

Table-5

Amount received from different sources of revenue receipts

Years	Tax	Non-Tax	Grand in Aid	Total
1999-2000	1686 35%	445 9%	2710 56%	4841 100%
2000-01	3093 55%	527 9%	2018 36%	5638 100%
2001-02	3263 55%	533 9%	2169 36%	5965 100%
2002-03	3749 55%	693 10%	2351 35%	6793 100%
2003-04	5232 55%	946 127%	2587 33%	7765 100%
2004-05	5298 53%	1070 11%	3570 36%	9937 100%
2005-06	6289 52%	1459 12%	4297 36%	12045 100%
2006-07	7382 54%	1859 14%	4425 32%	13667 100%
2007-08	8278 54%	2135 14%	4913 32%	15325 100%
2008-09	9340 52%	2272 12%	6465 36%	18077 100%

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

In 1999-2000, the amount received from the Grant in aid was Rs.2710 crores i.e. 56% of the total revenue receipts. In 2000-01 to 2008-09, the range of the amount received from the Grant in aid was 32% to 36%. It signifies that, the tax revenue is the largest source of the revenue receipts. The Grant in aid is the second largest source of the revenue receipts. The amount received from non tax revenues is lesser than the amount received from other two sources.

The amount of revenue receipts from tax was increased by 5.54 times in the period of 1999-2000 to 2008-09 as shown in the table-5

Table-6
Trend of Tax Revenue

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Trend of tax revenue	1686	3093	3263	3749	4232	5298	6289	7382	8278	9340
percentage	100%	183%	194%	222%	251%	314%	373%	438%	491%	554%

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

Similarly, the amount received from non tax revenue was increased by 5.11 times in 1999-2000 to 2008-09. The table-7 exhibits that the non tax revenue was increased from Rs.445 crores to Rs.2272 crores in the years 1999-2000 to 2008-09. But, the amount received from Grant in aid as shown in table-8 was not increasing sufficiently.

Table-7

Trend of Non-Tax revenue

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Trend of non-tax	445	527	533	693	946	1070	1459	1859	2135	2272
Percentage	100%	118%	120%	156%	213%	241%	328%	418%	480%	511%

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

The Grant in aid was increased by only 2.39 times in the period 1999-2000 to 2008-09. The increasing rate of the Grant in aid is lesser than the increasing rate of tax revenues and non tax revenues. Moreover, the funds received from the Grant in aid in 2000-01, 2001-02, 2002-03 and 2003-04 were lesser the fund received in the base year i.e. 1999-2000.

It shows that though the Government of Assam is receiving significant amount from the Grant in aid, the state government should not consider the Grant in aid as most dependable source of the revenue earning. The amount of non tax revenue is very negligible in comparison to the amount received from the Grant in aid but, the increasing trend of Non Tax revenue is promising as source of revenue earning. The aforesaid observation indicates that the tax revenue is major and most dependable source of revenue earning.

Table-8

Amount Received as Grant in Aid.

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Amount of the Grant in Aid received from the Union Government	2710.47	2018.25	2168.8	2351.5	2586.91	3569.6	4297.12	4425.37	4912.63	6465.03
Percentage of increasing	100%	74%	80%	87%	95%	132%	159%	163%	181%	239%

Source: Annual Financial Statement of the Government of Assam from 1999-2000 to 2008-09.

8. Nature of Capital Receipts

The capital receipts of the government as stated earlier, comprises of the loan received from central government and other financial institutions. In the period 1999-2000 to 2004-05, the capital receipt of the Government of Assam was increased from Rs.6119 crores to Rs.10582 crores.

Table-9

Trend of Capital Receipts

Particular	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Capital receipts	6119	6743	8332	8501	8778	10582	3615	1150	1179	2912
Percentage	100%	110%	136%	139%	143%	173%	59%	19%	19%	48%

Source: Finance Accounts, Government of Assam,1999-2000 to 2008-09

After that it was reduced to Rs.1150 crores in 2006-07 and in 2008-09,it was again increased to Rs.2912 crores in 2008-09.It shows the fluctuation in capital receipt. In fact, the loan from the central government and other financial institutions cannot be expected at a steady rate. Another noticeable fact is that the revenue receipt of the government was increased by 5.54 times in 1999-2000 to 2008-09, whereas the capital receipt was reduced to 48% in 2008-09 from the year1999-2000.The reason for reducing capital receipts has been interpreted with the table -10.

Table-10

The Capital Receipts of the Government of Assam (Rs.in crores)

Items	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Internal debt of state Govt.	5014.54 81.95%	5803.03 86.06%	7045.16 84.55%	6414.93 75%	7285.78 83%	7895.40 74.61%	7495.07 (207%)	1102.84 95.88%	1199.08 (102%)	2832.51 97.25%
Loan & Advance from Central Govt.	1090.35 17.82%	921.81 13.67%	1258.69 15,11%	2058.16 24%	1452.02 16.54%	1297.00 12.26%	3917.63 (-108%)	12.87 1.12%	-60.78 (-5%)	45.00 1.55%
Recovery of Loan & advance issued by the Govt. of Assam	14.44 0.23%	17.92 0.27%	28.59 0.34%	27.99 0.33%	40.29 0.46%	1389.14 13.13%	37.57 (1%)	34.57 3%	40.33 (3%)	34.83 1.20%
Total Amount of Capital Receipts	6119.33 100%	6742.76 100%	8332.44 100%	8501.08 100%	8778.09 100%	10581.54 100%	3615.02 100%	1150.28 100%	1178.63 100%	2912.34 100%

Source: Finance Accounts, Government of Assam, 1999-2000 to 2008-09

The table-10 shows the (-) indication in 2005-06 and in 2007-08 against the loan received from the Central Government. In these two years the stated loan amount was recouped by the central government. Other than the years 2005-06 and 2007-08, the range of loan received from central government was 1.55% to 17.82% of total capital receipts in the period 1999-2000 to 2008-09.In case of the amount received by the state government from internal debt; the range was 74.61% to 97.25% of the total capital receipts. It shows that the internal debt is the largest source of the capital receipt. On the other hand, the amount received from the recovery of loan issued by the state government was very negligible, i.e 0.23% to 1.20% of the total capital receipts. But the amount received from the recovery of loan issued by the state government was increased from Rs.14.44 crores to Rs.34.83crores in 1999-2000 to 2008-09.On the other hand, the amount received from the internal debt of the state government was reduced from Rs.5014.54 crores to Rs.2832.51crores in the same period. Similarly, the fund received from the loan of the central government was also reduced from Rs. 1090.35crores to Rs.45 crores in 1999-2000 to 2008-09. Due to the decreasing trend of the amount received from the internal debt of the state government and the loan received from the central government; the capital receipt of the Government of Assam was also reducing in 1999-2000 to 2008-09.

The aforesaid interpretation shows that capital receipt was decreasing in 1999-2000 to 2008-09, mainly due to decreasing trend of public debt; but outstanding public debt was not reducing. It was because; the trend of repayment of public debt was lesser than the trend of receiving of public debt.

Table-11

The trend of receiving and repayment of Public Debt

Items	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Amount Received from Public Debt	6104.89 (100%)	6724.84 (110%)	8303.85 (136%)	8473.09 (139%)	8739.80 (143%)	9192.40 (151%)	3577.44 (59%)	1115.71 (18%)	1138.30 (19%)	2877.51 (47%)
Repayment of public debt	4699.73 (100%)	5554.57 (118%)	6940.56 (148%)	7444.34 (158%)	7970.17 (170%)	7412.39 (158%)	2558.55 (54%)	494.72 (11%)	575.14 (12%)	780.80 (17%)

The table-11 shows that the amount of public debt received was decreased to 47% whereas; the repayment of public debt was decreased to 17% in 2008-09 from the year 1999-2000. As the repayment of the public debt decreased more than the receiving of the public debt, the outstanding debt of the state government has been enhanced every year.

Table 12

Trend of Outstanding Public Debt (Rs. in crores)

Items	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Outstanding Public Debt	7428.03	8598.29	9961.58	10990.3	11757.95	13537.96	14556.86	15177.85	15740.99	17837.7

Source: Finance Accounts, Government of Assam, 1999-2000 to 2008-09

The table-12 exhibits that the outstanding public debt was increased every year in 1999-2000 to 2008-09. In this period it was increased by 2.4 times. The increased outstanding debts create more interest burden for the government.

Table-13

Trend of Interest Payment and Servicing of Debt

Items	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Interest and debt services	970.88	885.11	1121.99	1316.74	1542.10	1447.53	1654.12	1691.67	1716.24	1701.33

Source: Finance Accounts, Government of Assam, 1999-2000 to 2008-09

The Government of Assam spent Rs.970.88 crores for interest payment and servicing of debts in 1999-2000 as shown in table-13. In 2008-09, it increased to Rs 1701.33 crores. In this period, the expenditure for interest payment and servicing debt was increased by 1.75 times. The government requires making adequate repayment of Public Debt for reducing the burden of interest and servicing of debt. In fact, the state government should have more resource in the form capital receipt for asset creation in priority areas and infrastructural development along with the practice of prompt repayment of loan for managing the burden of debt.

9. Conclusion

Though the Consolidated Fund is the source of finance for the government activities, the receipt of this fund was lesser than the receipt of the Public Accounts in few years. Another noticeable fact is that the inflow of the fund is not always adequate to meet the increasing demand of disbursement. The sources of the fund mainly based on Tax revenue and Grant in aid received from union government. Though the grant in aid contributes significantly to the state government coffers, but, the Grant in aid is not fully dependable. The amount of the Grant in aid decreased gradually. On the other hand the non tax revenue contributes lesser than amount received from tax revenues and Grant in aid, but revenue collected by the Government of Assam from nontax revenue increased significantly. Therefore, the state government pays more effort for enhancing the earnings from nontax revenues.

Capital receipts has vital role for asset creation and infrastructural development in the state. The state government had capital receipts in 1999-2000 to 2008-09 in decreasing trend due to reducing in the amount of public debt. But, the outstanding balance of debt was increasing every year in the period of the study. It indicates the necessity of prudent budgetary policy and financial management on the part of the state government.

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