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অসম চৰকাৰী ছপাশালত মুদ্ৰিত
গুৱাহাটী-২১



GOVERNMENT OF ASSAM

BUDGET

1990-91

Presentation By
Shri Prafulla Kumar Mahanta
Chief Minister

March 6, 1990

Finance Department
Guwahati-781006.

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Mr. Speaker, Sir,

It is my privilege to present before this august House the budget estimates of 1990-91.

financial
scenario

2. There has been significant improvement in the financial situation of the State this year due to both better management of the finances and certain initiatives taken by the National Front Government at the Centre to help the State Government. The long overdue revision of oil royalty has been set in motion and an adhoc relief has been announced. Investment by the Unit Trust of India to the tune of Rs. 105 crores in small savings in the State has considerably augmented the State's finances. We hope that, with greater discipline in non-plan expenditure, better revenue realisation coupled with early revision of oil royalty, we will be able to tide over the financial stringency, which still persists. There is need for austerity in public expenditure all around.

oil royalty

3. The Hon'ble Members are aware that tea, coal and oil are the principal natural resources of the State. These resources would have, necessarily, to be tapped for additional revenue. Oil royalty constitutes about 25% of the State's internal resources. However, revenue of the State Government from oil is contingent on two Central legislations, *viz.*, Oilfields (Regulation and Development) Act, 1948 and the Central Sales Tax Act, 1956. It is a matter of regret that oil royalty has remained static since April, 1984, although cess realised by the Central Government on crude oil has been revised several times during this period. Revision of oil royalty was due in April, 1987, but no urgency was shown by the previous Government at the centre to revise it on time.

Considering the financial problem, the Prime Minister was good enough to announce an interim enhancement of Rs. 100 per tonne, which would fetch an additional revenue of Rs. 50 crores during 1989-90 and an arrear amount of Rs. 100 crores due since April, 1987. This pending matter was discussed in detail with the Government of India at the official level recently. The official level meeting was followed by a discussion with the Union petroleum Minister on the 25th February and I am happy to mention that a formula for statutorily determining oil royalty is now crystallising. Once the formula for determining royalty on crude oil mutually acceptable to the State and Central Governments, is finally agreed upon and statutorily provided in the Oilfields (Regulation and Development) Act, future revisions would be automatic and eliminate the scope for extraneous considerations. It would also enable the Government to make accurate forecast of what it would receive as royalty on crude oil.

4. We have also been pressing the Government of India for reducing the periodicity of revision of royalty from three years now to two years as recommended by the Sarkaria Commission. We are also insisting that royalty should be fixed at least at 20% of the price at which crude oil is delivered to the refineries or the price as declared by the oil companies for sales tax purpose. 'Price' should include the basic price, oil development cess and royalty. We have further insisted that the State should be paid interest on arrears for delayed payment of royalty. Mid-term revision of royalty even within two years, if increase in price is by more than 5%, has been demanded. The Assam Rural Development Cess Act, 1988, which sought to levy a cess on land producing mineral oil, continues to be subjudice in the Supreme Court.

5. I am happy to inform this House about the three Ordinances promulgated by the Government in December, 1989 *viz.*, the Assam Agricultural Income-Tax (Second Amendment) Ordinance, 1989, the Assam Taxation (on Specified Lands) Ordinance, 1989 and the Assam Land Revenue Reassessment (Amendment) Ordinance, 1989. These Ordinances are expected to generate an additional revenue of about Rs. 78 crores from the tea and coal sectors. Efforts are being made to introduce Bills in the current session of the Assembly to replace these Ordinances.

6. The Assam Agricultural Income-tax (Second Amendment), Ordinance, 1989 seeks to enhance agricultural income tax by 10% for a period of two years from April 1, 1989. This step is intended primarily to mop up the windfall profit of the tea industry. This legislation is anticipated to yield about Rs. 6 crores in a full year. The Assam Taxation (on specified lands) Ordinance, 1989 provides for the imposition of tax on land producing tea and coal. The levy is at the rate of 50 paise per k.g. of green tea leaves and Rs. 100 per tonne of coal. I am glad to inform the honourable Members that in deference to the representations made by small tea growers association, the Government have decided to exempt holdings upto thirty bighas from the tax on tea estates for a period of five years. This legislation is expected to fetch an additional revenue of Rs. 68 crores in a full year. It may be recalled that this august House passed the Assam Rural Employment and Plantation Labour Welfare Bill, 1986, with the object of raising additional resources from tea and coal by levying a cess on land producing tea and coal. The President has withheld assent to the Bill.

7. The Assam Land Revenue Reassessment (Amendment) Ordinance, 1989 seeks to enhance up

to five times the existing land revenue assessed for tea cultivation. This legislation is anticipated to fetch an additional revenue of Rs. 4 crores.

the State
economy

8. Performance of the State economy during the year has shown considerable improvement as compared to previous years. Fortunately, damage caused to crops by floods was less severe this year and as a result the crop situation showed tangible improvement. Production of autumn paddy during the year was 4.38 lakh tonnes as compared to 4.25 lakh tonnes during the previous year. The anticipated sali paddy production this year is 24 lakh tonnes, as against the production of 19.3 lakh tonnes of 1988-89.

9. According to quick estimates, the Net State Domestic Product (NSDP) base : (1980-81) rose from Rs. 5992.91 crores in 1987-88 (provisional) to Rs. 6524.82 crores in 1988-89 (quick estimates) recording a growth of 8.9% at current prices. At constant prices (1980-81), the NSDP rose from Rs. 3519.29 crores in 1987-88 (Provisional) to Rs. 3688.75 crores in 1988-89 (quick estimates), recording a growth of 4.8%. During the same period, the per capita NSDP at current prices registered an increase of 6.5% from Rs. 2589 in 1987-88 (provisional) to Rs. 2756 in 1988-89 (quick estimates). At constant prices (1980-81) the per capita NSDP rose to Rs. 1558 in 1988-89 (quick estimates) from Rs. 1521 in 1987-88 (provisional) displaying a growth of 2.4%.

floods

10. The State was once again ravaged by the floods of the Brahmaputra and the Barak this year. Standing crops suffered extensive damages and 51 valuable human lives were lost. The Government sought Rs. 357 crores from the Centre for relief, restoration and rehabilitation. A Central study team visited the State in September, 1989 to

assess the situation. The ceiling for expenditure was fixed at Rs. 27.42 crores. We have impressed upon the Government of India about the inadequacy of this limit and requested additional assistance of Rs. 32.18 crores through a supplementary memorandum. The matter was also discussed with the Deputy Prime Minister during his visit to the State in January.

Annual Plan
1990-91

11. It would be pertinent to mention that the AGP Government has been successful in stepping up the outlay of Annual Plans significantly since 1985-86. The outlay which stood at Rs. 410 crores in 1985-86 has gone upto Rs. 675 crores for 1990-91. The outlay for the Hill plan, Tribal Sub-Plan and Scheduled Caste Component plan, which are meant for the weaker sections of the society, have also been increased significantly. The Hill plan outlay rose from Rs. 28.70 crores in 1985-86 to Rs. 47.90 crores in 1990-91. The outlay for the Tribal Sub-Plan was stepped up from Rs. 46.11 crores in 1985-86 to Rs. 68.50 crores in 1990-91. The Scheduled Caste Component plan for 1985-86 was Rs. 10.51 crores and in 1990-91 it will be Rs. 42.12 crores. We have also been able to obtain larger Special Central Assistance for the Additive Hill Plan and Additive Tribal Sub-Plan. The additive Hill plan rose from Rs. 22.20 crores in 1985-86 to Rs. 36.48 crores in 1989-90. The Additive Tribal Sub-Plan was stepped up from Rs. 6.25 crores in 1985-86 to Rs. 8.49 crores in 1989-90. The Special Central Assistance for 1990-91 is yet to be finalised.

12. Within the State Plan, Social Services with an outlay of Rs. 162.21 crores, accounts for the highest allocation of 24.03%. The Energy Sector receives the next priority with an allocation of Rs. 156.14 crores constituting 23.13% of the whole outlay. The Agriculture

Sector has been allocated Rs. 112.82 crores, Irrigation and Flood Control Rs. 76.95 crores, Industries Rs. 58.57 crores, Transport and Communication Rs. 49.27 crores and Rural Development Rs. 33.65 crores.

13. The Annual Plan for 1990-91 is people-oriented with conscious emphasis on agriculture and rural development. The Plan outlay for the Agriculture and Rural sectors including rural development, irrigation, rural health, rural industries and education in rural areas add upto Rs. 367.5 crores, constituting 54.5% of the total Plan outlay.

agriculture

14. The Agriculture department has set up 23 agricultural growth centres this year at the rate of one in each district. Each of these centres will be provided with a tractor and a power tiller and other agricultural implements to be hired to farmers. The single window concept has been introduced in these centres for the sale of seeds, fertilizers, pesticides and other agro-custom services. Most of the centres have been set up at the Block headquarters. Rs. 39 lakhs has been earmarked in the coming year for the cash incentive scheme for the farmers.

15. Under the Scheme of Farmers' Agro Service Centre, it is now proposed to start tractorisation on a selective basis. Provision of this service at 50% subsidy is under consideration of the Government. At present, the Farmers' Agro-service centres are being managed through selected GPSS. Beginning from this year, it is proposed to introduce the Farmers' Agro-service centres scheme in the registered field Management Committees, which have been recently constituted.

16. Women and children form part of the weaker section of the society. The concern of the Government for women and children is reflected in the increasing outlay for schemes for the development of women and children particularly maternity and child health programmes and nutrition. The outlay in respect of this programme has been stepped up from 'Rs. 1.11 crores in 1985-86 to Rs.2.54 crores in 1990-91. Establishment of directorate for the welfare of women and children development is under consideration of the Government. Preliminary steps have been taken to include in the Eighth Plan a scheme for pre-primary education of children. This scheme will generate employment for the unemployed women.

17. The 14 point Artha Samajik Programme has been designed to take up development programmes, relevant to the needs of the State. Substantial progress has been made in rural health, rural education, construction of buildings for Elementary Schools, Adult Education, expansion of Public Distribution system, Village Industries and Rural Water Supply Schemes. There is no separate Plan outlay for this purpose but concerned departments are to identify appropriate targets utilising funds from the existing budget.

18. The central sector scheme of capital investment subsidy has been discontinued by the Government of India, which has severely retarded the industrial progress of the State. The State government have decided to introduce a special scheme for providing financial incentives in lieu of the central subsidy. The Government is also considering other incentives such as infrastructure subsidy, interest free loan, power subsidy for power-intensive units. The government have decided to revive the low income

group scholarship scheme from the next year. Special attention will be paid to the problems of char areas. Special schemes will be taken up for extension of educational and health care facilities, water supply and agricultural development in the char areas.

nine point
programme

19. The Government have announced a nine-point programme for the benefit of the vulnerable sections of the society. Waiver of agricultural loans, enhancement of minimum wages, exemption of tuition fees for girl students, exemption of application fees for unemployed youth, free travel in transport buses for aged persons and supply of subsidised yarn to weavers are some of these programmes. The Government have decided to assume the liability of outstanding loans, which have been disbursed by various Banks to small and marginal farmers through Cooperative Societies upto Rs.10,000 per person. This is intended to give relief to farmers, who have been badly affected by floods during the last three years and revive the flow of cooperative credit to small and marginal farmers. Waiver of the loans will make the farmers eligible for fresh loans. The total number of beneficiaries is estimated to be 2.5 lakhs and the total outstanding loan is estimated at Rs. 37 crores.

minimum
wages

20. The minimum wages for 21 scheduled employments were revised effective from August 1, 1989 fixing Rs.25/- for un-skilled workers, Rs.27/- for semi-skilled workers and Rs.30/- for skilled workers. Government have also revised the wages of daily rated workers engaged by it from 17/- per day to Rs.25/- per day or Rs.750/- per month. With regard to tea garden workers, the minimum wages have been fixed by the Government for the first time after a gap of nearly 30 years by setting up a tripartite committee consisting of representatives of the

management associations, employees, Unions and independent persons, including Government representatives. Increase of wages of tea workers in all zones would be Rs.2.20 for the first year and will go upto Rs.4.50 in the third year. The minimum wages, thus fixed, would be due for revision again after the end of three years. The wages of tea workers had been fixed through bilateral negotiations during the last three decades. But, since the wage increase did not appear adequate, the Government decided to intervene in the matter by fixing the minimum wages of this important segment of the -State population. While fixing the minimum wages, the difference in the wages between male and female workers has been done away with and both these categories of workers have been treated equally. While fixing the minimum wages, fringe benefits, including the concessional issue of foodgrains, have been protected.

21. The Ninth Finance Commission has submitted its report to the President. We expect that the report will be released shortly. We held fruitful discussions with the Finance Commission at both official and Ministerial levels in July, 1989. In addition, the Chief Ministers of Special Category States held separate discussions with the Finance Commission on their special problems and in particular, on the pattern of Central assistance for plan financing. The Commission has taken a sympathetic view of these special problems and it is expected that its award will adequately take care of these problems. The Special Category States also submitted a memorandum in July, 1989, to the Prime Minister. It is our earnest hope that the Ninth Finance Commission would break new ground in Centre-State financial relations.

Pay
Commission

22. The pay Commission has made substantial progress in their deliberations. The final report of the Commission is expected after two months. An estimated Rs. 300 crores will be required as a result of revision of pay scales. The Government will be faced with severe financial strain, unless the Finance Commission takes a helpful and positive attitude towards our resource gap. In the meantime, we have fully implemented the pay scales of the University Grants Commission for teachers with effect from January, 1986. The arrears were released in July, 1989.

tax laws

23. It has been our constant endeavour to rationalise and stream-line the tax structure. A one man Committee under the Chairmanship of Shri S. D. Phene, Chairman, Assam Administrative Tribunal was set up to examine the merger of motor vehicles tax and passenger and goods tax. This has been a long-standing demand of the vehicle owners in the State. The Committee has submitted its report. Very valuable recommendations have been made by the Committee on the merger and the quantum of the tax, which are under examination of the Government. As promised in the budget speech of last year, the administration of passengers and good tax has been transferred from the Finance to Transport Department with effect from August, 1989.

24. The leakage and evasion of sales tax, motor vehicle tax and excise on liquor has been a cause of serious concern to the Government for quite some time. One of the reasons for the leakage is the differential in the tax structure of the neighbouring States. With a view to evolving a common approach, the Finance Secretaries of all the North Eastern States met in Shillong in August, 1989. This was followed by a conference

of the Chief Ministers in October in Shillong. The process of consultation is continuing and we are hopeful of arriving at a consensus on vital matters. Co-ordination of efforts and cooperation among North Eastern States are pre-requisites for an effective tax administration. Machinery for detection of tax evasion has been strengthened.

tax revenues

25. The tax revenues, despite setbacks caused by frequent bundhs and agitations, have continued to show an impressive growth. The tax revenues grew from Rs.249 crores in 1987-88 to Rs 279 crores in 1988-89. The latest estimates for the current year are Rs. 323 crores. The tax revenues for 1990-91 are estimated at Rs.378 crores excluding the new tax measures. The sales tax collections have also displayed a significant growth. The collections rose from Rs. 169 crores in 1987-88 to Rs.193 crores in 1988-89. The latest estimates for the current year are Rs. 228 crores. The estimates for 1990-91 are Rs. 251 crores. The revenue from agricultural income tax, which has been stagnating for the last two years, has gained momentum. The revenues, which stood at Rs.25.88 crores in 1987-88, remained at Rs. 26.98 crores in 1988-89. The boom in tea prices is expected to boost our revenues next year, which are estimated at Rs. 60 crores. The growth in tax revenues is commendable considering the setback in economic activities caused by the disruption of movement of goods in Kokrajhar district.

small savings

26. The Small Savings collections have been an asset to the economy of the State in the recent years. The net collections rose from Rs.72 crores in 1987-88 to Rs. 112 crores in 1988-89. The net collections of current year upto January stand at Rs.196 crores, which includes Rs.105 crores contributed by the Unit Trust of India. I am confident that last year's collections will be exceeded this year.

debt burden

27. An area of grave concern for the Government is the mounting debt burden. The debt liability of the State at the end of the current financial year is estimated to be Rs.3713 crores. Of this, Rs.3190 crores, or around 86%, comprises loans from the Government of India. Block loan of Rs. 2353 crores for financing the Annual Plan represents 74% of the loan liability to the Centre. The debt liability is estimated to swell to Rs.4159 crores by the end of 1990-91. The per capita indebtedness of the State (1981 population) will rise from Rs.1866 in the current year to Rs.2090 next year.

28. During the current year we incurred an expenditure of Rs. 484 crores by way of debt servicing of which Rs.218 crores was towards repayment of principal and Rs.266 crores was for interest payment. The servicing of debt to the Government of India alone accounted for Rs.412 crores. The debt servicing will go up by Rs.64 crores during the next year taking the figure to Rs.548 crores of which Rs.329 crores is towards interest charges. The debt servicing towards Government of India is estimated to shoot up to a figure of Rs.473 crores. We have been pressing the Government of India to reschedule the repayment of loans and payment of interest liabilities keeping in view the capacity of the State to raise additional resources and to meet growing non-plan and Plan commitments. As an alternative, we have requested for a medium term loan to discharge the current liabilities. I hope that the new Government at the Centre will take a sympathetic and realistic view of our debt servicing problem.

Accounts

29. I now turn to the accounts. The abstract of transactions is displayed in the annexure. The transactions during 1990-91 reveal a deficit of

Rs. 289 crores. Taking the opening deficit of Rs. 57 crores (surplus of Rs.93 crores according to the Accountant General), the year will close with a deficit of Rs. 346 crores (Rs.196 crores according to the Accountant General). The budget provides for Rs.83.29 crores for meeting the non-plan gap of the Electricity Board and Rs.6.14 crores for meeting the non-plan gap of the Road Transport Corporation. The budgetary gap of Rs.346 crores has been necessitated by the increased developmental needs of the State. I earnestly hope that it will be possible to bridge this gap with the cooperation of the Government of India through medium term loan and the next revision of oil royalty due in April.

May I, now, Sir, commend the budget estimates for 1990-91 for the consideration of the House?

Thank you.

ANNEXURE

Abstract of transactions

(Rupees in crores)

	Actuals 1988-89	Budget Estimates 1989-90	Revised Estimates 1989-90	Budget Estimate 1990-91
A. RECEIPTS				
I. Consolidated Fund				
Revenue Account	1373	1501	1535	1570
Capital Account	1032	1166	1279	1174
Total	2405	2667	2814	2744
II. Contingency Fund				
Account	37	2	30	-
III. Public Account				
	1294	899	899	1367
Total (I + II + III)	3736	3568	3743	4111
B. EXPENDITURE				
I. Consolidated Fund				
Revenue Account	1435	1779	1667	1833
Capital Account	802	1119	1127	1230
Total	2237	2898	2794	3063
II. Contingency Fund				
Account	35	-	20	-
III. Public Account				
	1293	885	885	1337
Total (I + II + III)	3565	3783	3699	4400
C. TRANSACTIONS				
DURING THE YEAR				
Surplus (+)/ Deficit(-)		(-)215	(+)44	(-)289
Accountant General	(+)171			
Reserve Bank	(+) 27			
D. OPENING BALANCE				
Surplus (+)/Deficit(-)				
Accountant General	(-)122	(-)158	(+) 49	(+) 93
Reserve Bank	(-)128	(-) 172	(-)101	(-) 57
E. CLOSING BALANCE				
Surplus (+)/Deficit (-)				
Accountant General	(+) 49	(-) 373	(+) 93	(-)196
Reserve Bank	(-) 101	(-) 387	(-) 57	(-)346

