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BUDGET SPEECH

1991-94

1991-92

SEPTEMBER 9, 1991

Shri HITESWAR SAIKIA
CHIEF MINISTER, ASSAM.



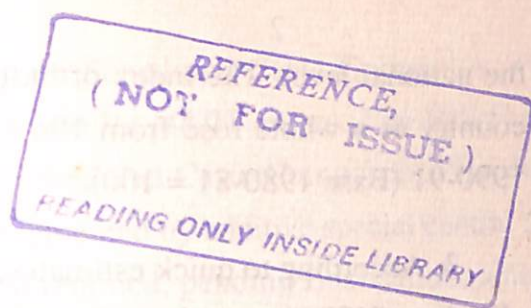
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ИЗДАНИЕ ПЕРВОЕ
ЛЕНИНГРАД



Mr. Speaker, Sir,

It is my privilege to present before this august House the Budget estimates of 1991-92.

**State
economy**

2. Overall performance of the State economy during 1990-91 was marginally better than in the previous years. Aided by a reasonably favourable monsoon and the absence of severe floods the estimated production of winter, summer and autumn paddy during the year amounted to 32.75 lakhs tonnes (rice) as against 27.96 lakhs tonnes in the previous year. Volume of production of jute, mustard and potato also registered satisfactory increase during the year. But the growth of the agriculture sector in the State as compared to performance of the country as a whole does not arouse satisfaction. The Index of agricultural production in the State in 1987-88 and 1989-90 were 154.44 and 156 (Base 1969-70 = 100) as against 151.3 and 186 for the country as a whole. On the industrial and mineral front there was significant decline during 1990 in production of crucial items like crude oil, petroleum products, coal and natural gas. However, the Index of industrial production during the year rose marginally from 184 in 1989 to 189 in 1990 (Base 1970 = 100) thanks to gains in some minor sectors like sugar, mustard oil, jute textiles and paper. This, however, fell far short of growth at

the national level. The Index of industrial production of the country as a whole rose from 196.4 in 1989-90 to 212.9 in 1990-91 (Base 1980-81 = 100).

**State
domestic
product**

3. According to quick estimates, the Net State Domestic Product (NSDP) rose from Rs. 6563.23 crores in 1988-89 to Rs. 7698.74 crores in 1989-90 at current prices recording a rise of 17.3%. At constant (1980-81) prices, it rose from Rs. 3590.25 crores in 1988-89 to Rs. 3996.45 crores in 1989-90 recording a rise of 11.3%. During the period the per capita NSDP at current prices registered an increase of 14.6% from Rs. 2772 in 1988-89 to Rs. 3178 in 1989-90. At constant (1980-81) prices it rose by 8.8% from Rs. 1516 in 1988-89 to Rs. 1650 in 1989-90. Per Capita Income for the country as a whole moved from Rs. 3875 in 1988-89 to Rs. 4252 in 1989-90 at current prices.

**Price
situation**

4. The general price level in the State continued to be under pressure. The Wholesale Price index rose by a huge 10.9% in 1990 over that of 1989. Similarly, the Consumer Price Index increased in 1990 by 6.8% over that of 1989.

**Annual
Plan
1991-92**

5. I am happy to inform the august House that the annual plan 1991-92 for the State has been fixed at Rs. 805 crores which signifies a substantial stepup of 19.25% over the State Plan of Rs. 675 crores for 1990-91. The outlay for the Hill Plan, Tribal Sub-Plan and Scheduled Caste Component Plan has also been increased significantly. the Hill plan outlay has been raised from Rs. 47.90 crores in 1990-91 to Rs. 56.48 crores in 1991-92. Similarly, the Tribal Sub-Plan outlay has been increased from Rs. 68.50 crores to Rs. 79.79 crores

and the outlay on Scheduled Caste Component Plan from Rs. 42.12 crores to Rs. 48.21 crores. The Hill Plan, Tribal Sub-Plan and Scheduled Caste Component Plan outlay will be further supplemented by additive special central assistance which has been retained, pending finalisation, tentatively at Rs. 40.66 crores, Rs. 10.26 crores and Rs. 2.41 crores respectively. The entire plan outlay will be fully funded by the Centre. Out of Rs. 805 crores of Central assistance for the State Plan, Rs. 50.23 crores represents Revenue Plan Grant recommended by the Ninth Finance Commission and the balance will be financed by the Centre in the ratio of 90% grant and 10% loan as recommended by the National Development Council.

Plan strategy 6. Within the State Plan, the Energy sector has been accorded the highest priority with an allocation of Rs. 190.80 crores which is 24.70% of the total outlay. Social services have received the next priority with an allocation of Rs. 184.48 crores constituting 22.96% of the total outlay. Agriculture and allied sector has been allocated Rs. 120 crores (14.9%) and Irrigation and Flood control Rs. 105.25 crores (13.07%).

Rural development 7. The main thrust of rural development programmes is the upliftment of the condition of rural poor living below the poverty line. Our end would be to improve the life and living condition of the rural population through overall development of agriculture, small scale industries, transport and communication and health services. This will put an effective curb on mass exodus of rural population to urban areas and encourage a reverse flow thereby reducing the

pressure on cities. Currently, two major anti-poverty programmes viz, the Integrated Rural Development Programme (IRDP) and the Jawahar Rozgar Yojana form the core of rural development programmes.

8. The IRDP is intended to assist identified target group of families by providing self employment through viable scheme supported by subsidised institutional credit. In the preceding year 50,345 families have been assisted and subsidy amounting to Rs. 11.71 crores has been disbursed.

9. The erstwhile twin programmes of NREP and RIIEGP have been combined to constitute the Jawahar Rozgar Yojana. The main objective of this programme is to generate wage employment accompanied by creation of durable community assets. In the last year 126 lakh mandays of employment was generated at a cost of about Rs. 56 crores. Community assets created included 935 school buildings, 2208 K.M. of rural link road, 575 rural sanitary latrine and 2299 Indira Awas Yojana group houses.

10. That apart, self-employment opportunities are being provided to the rural unemployed youth under TRYSEM ; and the development of women and children in rural areas receive special stress under the programme DWCRA. One redeeming feature of rural development is the inclusion of a scheme in the current year's plan for ideal villages one in each District/District Council at the rate of Rs. 10 lakhs per village.

Co-
operation 11. It will be a major concern of the Government to expand and strengthen the co-operative movement in the

State. The approved outlay in the State Plan for the co-operative sector in 1991-92 is Rs. 11.03 crores. Besides, Special Central Assistance to the extent of Rs. 40 lakhs for Tribal Sub-Plan, an additional allocation of Rs. 2.90 crores has been made in the Plan under Co-operation for employment generation programmes. Funds to the extent of Rs. .62 lakhs have also been separately allocated for storage and warehousing and investment in agricultural financing institutions in pursuance of emphasis on agriculture oriented schemes and schemes for improving the health of the co-operative credit structure. The Statfed is expected to complete during the current year the expansion of the capacity of its Vanaspati Plant from 62.5 TPT to 125 TPT at a cost of Rs. 13.24 crores.

Forests

12. In pursuance of the global concept of conservation of forests and maintenance of ecological balance which has been adopted as national Policy, forests have ceased to be looked upon, at least for the time being, as a major source of revenue. Guided by this general perception the emphasis in this area during the current year will be on expansion of forests both intensively and extensively. Greening of barren lands, bringing in more community areas and Govt. wasteland under planting, incentives for private planting and measures for welfare of Scheduled Caste and Scheduled Tribes will be some of the components of the strategy in this regard. In the sphere of wildlife conservation, the emphasis will be on protection of the unique and endangered species as a part of a policy of around development of wildlife and its management. The plan outlay in the current year for this sector is Rs. 22.33 crores. Schemes for the current year

include plantation of 5.15 crore hectares of land, creation of a Forest Protection Force, development of infrastructure and amenities in forest villages and establishment of a telecommunication net work.

**Land
revenue
and land
policy**

13. The land revenue collections have been more less stagnant and are far short of total demand. Shortfall in collection is attributed to difficulties created by successive and severe floods. On the other hand, pressure on available land is rapidly mounting owing to population expansion, industrialisation, effects of natural calamities etc. It will be the endeavour of the Govt. to ensure equitable distribution and effective use of all lands in the interest of accelerated development of the State and protection of the interests of the weaker sections of society. With these ends in view an allocation of Rs. 2.98 crores has been made in the Annual Plan for 1991-92 for providing financial assistance to 11920 families under MNP in order to provide them with house sites. A new scheme for cadastral survey of Char areas has also been included in the Annual Plan. In order to modernise land revenue records and streamline revenue collection, computerisation has been introduced in Sonitpur District and existing pattas will be replaced by pattas in Pass Book form in a phased manner.

**Flood
Control**

14. The toll of property and life taken by floods and the need for comprehensive flood control measures has been highlighted in this august House innumerable times. During the current year also, in the course of floods in the Barak Valley in May and in the rest of Assam in July, over 4 million people were affected, 80 human lives were lost.

thousands of houses, vast stretches of crop land and public property were destroyed. The economy of Assam cannot afford regular destruction on this scale. While relief is provided to the affected people within the limitations imposed by the State's finances, the measures necessary for effectively preventing floods are beyond the means and powers of the State Government. Topmost priority will, therefore, be given by the State Government, to prevailing upon the Central Government to provide funds for quickly implementing the Master Plan prepared and submitted by the Brahmaputra Board for the Brahmaputra and Barak Basins. During the current year total amount of Rs. 15.85 crores has been spent on flood relief out of the Calamity Relief Fund. The Plan outlay for 1991-92 for flood control is Rs. 13.92 crores in General Areas and Rs. 75 lakhs in Hill Areas proposed to be utilised in construction of some new embankments, anti-erosion works and drainage channels and strengthening of some existing embankments which will benefit an area of 0.04 lakhs hectares. Besides, Central Loan Assistance to the extent of Rs. 25 crores is expected for some new embankments, new protection works and sluices which will benefit an area of 0.09 lakh hectares.

Education

15. In the sphere of education our endeavour would be to provide educational facilities to the children and other sections of population of different age groups under both formal and non-formal educational programmes with a view to removing illiteracy. In keeping with the National Educational Policy, modernisation and improvement in overall standard of education will receive priority. Provision of incentives like supply of free text books, stationeries to all

elementary schools, scholarship and special scholarship to SC and ST students as well as award to meritorious elementary school teachers will continue to receive priority. Implementation of vocational and science education at the secondary stage will be intensified by raising plan outlay from Rs. 72.95 crores in 1990-91 to Rs. 88.27 crores in 1991-92.

Art & Culture

16. Various schemes pertaining to the development of art and culture of the State with due emphasis on preservation and propogation of tribal culture, folk and traditional dances and music of Assam will be implemented. This will include publication of books, recording of songs and production of documentary films to protect and preserve our rich cultural heritage. Exchange of cultural troupes more frequently both within the State and outside will be encouraged to acquaint people more closely with the culture of one another.

Health

17. In conformity with the need to establish one 200 bedded and one 100 bedded hospital in each district and subdivisional headquarters respectively, it is proposed to open during the current year one 100 bedded hospital at Biswanath Chariali. Further, construction of buildings for establishment of four 100 bedded and seven 200 bedded hospitals will be taken up during the year. In addition, the existing 100 bedded hospitals at Diphu and Halflong will be converted into 200 bedded hospitals. Emphasis shall continue to be laid on rural health service; and it is proposed to establish 50 Primary Health Centres including 10 in Hill districts and 10 Community Health Centres including 1 in Hill district in the rural areas. Greater emphasis shall be

placed on implementation of National programmes for control and eradication of communicable diseases like Malaria, TB, leprosy and prevention of blindness. The Plan outlay is proposed to be raised from Rs. 27.90 crores in 1990-91 to Rs. 30.10 crores in 1991-92.

Industry 18. The new Industrial Policy 1991 has been formulated by Government keeping in view the need for rapid industrialisation as well as generation of adequate employment opportunities through self-employment in the industrial sector. The new policy aims at encouraging growth and promotion of industries based on local scarcity condition, environment and locally available raw material. In the preceding year, 2,746 SSI units were established which generated employment to 11,315 persons. As against this the target set for the current year is 2800 units with employment potential for 16,800. In the handicraft sector, 2201 artisan based units were set up in 1990-91 generating employment opportunities for 6158 artisans. The target for 1991-92 is 2400 units with employment opportunity for 23,700. The main thrust of industrialisation lies in creation of basic infrastructural facilities; and to accomplish this task, the setting up of the Infrastructure Development Corporation is under way.

19. A new Industrial Estate at Digboi is being considered. Conversion of Everest Cycle Ltd. into a full fledged Plastic Industrial Estate is also under consideration. Establishment of two Growth Centres at an estimated cost of Rs. 30 crores each has received the approval of the Central Government. To accomplish the growing tasks of

industrialization, Plan outlay is being raised from Rs. 56.32 crores in 1990-91 to Rs. 63.35 crores in 1991-92.

**Welfare of
Backward
Classes**

20. The Government have been paying special attention for achieving speedy socio-economic upliftment of the people belonging to the Scheduled Castes, Scheduled Tribes (Plains) and other Backward Classes including Tea Garden and Ex-Tea Garden Tribes of Assam. An amount of Rs. 79.79 crores from out of the State Plan and another amount of Rs. 10.26 crores of Special Central Assistance have been proposed under the Tribal Sub-Plan in the current financial year's budget. Proposed budget provisions under the Special Component Plan for the Scheduled Castes during the current financial year are Rs. 48.21 crores from out of the State Plan outlay and Rs. 2.41 crores from out of the Special Central Assistance. In the sphere of social services, priority has been given to primary health care, drinking water supply and education, particularly primary education concerning the Scheduled Castes and Scheduled Tribes. Higher thrust will be given in the field of self-employment of the Scheduled Castes, Scheduled Tribes and other Backward Classes including Tea Garden and Ex-Tea Garden Tribes families, particularly those who are below the poverty line.

Employment

21. The problem of growing unemployment in the State continues to be a source of grave concern and has, therefore, been engaging the attention of the Government since its installation in office. Employment generation is not keeping pace with rise in population and expansion of education. In fact, while the number of job-seekers has been increasing, the total number employed in the organised sector registered

a fall during 1989-90 the latest year for which information is available. The number of job seekers on the Live Register of the Employment Exchange of the State increased from 9.77 lakhs in 1989 to 10.21 lakhs in July, 1990. On the other hand, total employment in the State in the organised sector, both private and public, was 9.88 lakhs in March, 1990 as against 9.95 lakhs in March, 1989. A very disturbing factor is that 57% of the job-seekers were educated unemployed. The Government is determined to ensure employment of all unemployed persons over a period of time.

**Accord
Implemen-
tation**

22. The implementation of the Assam Accord of 1985 will continue to receive priority. While steps for detection and deportation of foreign nationals are being vigorously pursued, special efforts are being made to complete the withdrawal of the remaining cases related to the Assam Agitation and to provide relief to its victims and their kin without discrimination. Some of the measures taken for protecting, preserving and promoting the cultural, social and linguistic identity and heritage of the State are the establishment of a Srimanta Sankardev Kalakhetra and the expansion of Jyoti Chitraban, financial assistance for which has been promised by the Government of India. The State Government is hopeful that, with the aid provided and promised by the Government of India, the establishment of the fourth Oil Refinery at Numaligarh and a branch of the Indian Institute of Technology will not remain distant dreams. The State Government has also taken steps for the revival of Ashok Paper Mill at Jogighopa and effective rehabilitation of the Silghat Jute Mills with financial assistance from Government of India.

Public En-
terprises

23. The indifferent performance of the public enterprises of the State Government has been a matter of deep concern. The State Government have made large investments in these enterprises without adequate return.

Assam
State
Electricity
Board

24. The State Electricity Board is no exception. The unsatisfactory financial performance of the ASEB arises mainly from poor operating efficiency, uneconomic tariff structure, high transmission and distribution losses, cost escalation due to delay in construction and Commissioning of the power projects and the like. This process needs to be immediately halted and reversed. Even in the current year, the working plan of the ASEB shows a net gap of Rs. 125.40 crores, excluding interest liability of Rs. 162 crores to the State Government and depreciation of Rs. 32 crores. The high operating costs of the Board need an indepth examination. The revision of tariff structure of the Board is under consideration of Government. The Plan outlay of the Board for 1991-92 has been fixed at Rs. 198.17 crores as against Rs. 155.73 crores for 1990-91.

Assam
State
Transport
Corpora-
tion

25. The performance of the Road Transport Corporation has also been far from satisfactory. The State Government have invested Rs. 82 crores as capital contribution up to 1990-91. The working plan of the Corporation for 1991-92 shows a net gap of Rs. 8.59 crores excluding interest payment of Rs. 4.06 crores, repayment of principal to institutional creditor Rs. 30 lakhs and depreciation Rs. 3.10 crores. The non-plan gap of Rs. 8.59 crores is proposed to be met out of the State budget. While the estimated operating revenue of the Corporation is about Rs. 21 crores, the

operating expenses is around Rs. 28 crores resulting in operating loss of Rs. 7 crores. With a view to improving this dismal picture, fare revision is under contemplation of Government.

26. The Plan outlay of the Corporation for 1991-92 has been fixed at Rs.5.85 crores as against Rs. 5.50 crores in 1990-91. In addition the special Hill Plan allocation has been retained at Rs. 24 lakhs.

**Finance
Commis-
sion**

27. Honourable members may recall that while presenting last year's budget mention was made about the report of the Ninth Finance Commission which was accepted by the Government of India in March, 1990. The report, by and large, cannot be said to be generous from the view point of Assam. Our receipts have been over estimated by the Commission and expenditure under-estimated. Though the special category States including Assam have been exempted from the normative assessment of receipts and expenditure, the net result has not been very different. In the matter of growth of revenues and expenditure, the special category States have been treated at par with the advanced States. The revenues have been projected to increase at 11.5 percent per annum and expenditure at 7 percent during the period 1990-95.

**Share of
Central
taxes**

28. The share of Assam in the income tax revenue dropped from 2.789 percent of Eighth Finance Commission to 2.631 percent. Similarly, the percentage share of Assam in excise revenue has declined from 4.058 percent of Eighth Finance Commission to 3.810 percent. This decline is

significant because bulk of the Central transfer is effected through the share in excise duty. The share of Assam in additional excise duties in lieu of sales tax has, however, improved from 2.566 percent to 2.743 percent. This marginal improvement could not alter the overall position much to our advantage and as a result the share of Assam in Central taxes taken together got depleted from 3.508 percent of Eighth Finance Commission to 3.379 percent. Our share in Central taxes and duties will be Rs. 2970 crores for the period 1990-95, compared to Rs. 1252 crores during the 1984-89 under Eighth Finance commission.

Total transfer

29. The total transfer to the State from the Centre through the award of the Ninth Finance Commission on account of share of Central taxes, non-plan grant, Plan deficit grant and grant for relief expenditure adds up to Rs. 3956.30 crores. This works out to 3.73 percent of the divisible pool. The corresponding share in the national cake received through the award of the Eighth Finance Commission was 4.07 percent amounting to Rs. 1607.48 crores.

Significant departure

30. At variance with the recommendations of the several previous Finance commissions, the scheme of upgradation of standards of administration has been discontinued by the Ninth Finance Commission. Similarly, the special problem grant for the two District Councils of Assam has also been discontinued. This will, no doubt, help to enlarge the existing inter-State and inter-regional disparities. Another disquieting feature is the departure from the past practice of providing committed expenditure in respect of completed

Plan Schemes. The previous Finance Commission had provided 30 percent of the total Plan outlay on revenue account to cover the maintenance expenditure of completed plan Schemes. The Ninth Finance Commission have not provided separately for committed liability. Instead they have preferred its continuance under the Plan itself. But the growth in Plan expenditure allowed thereafter is inadequate to absorb this liability. The Commission was also highly critical about the fast growth of employment in the Government sector, particularly at the State level and advised that there should not be any increase in employment in the Government sector during the Eighth Plan period. This is bound to have far reaching consequence particularly in the context of widespread unemployment and under-employment prevalent in the State.

**Non-plan
Revenue
Expendi-
ture**

31. The non-plan revenue expenditure for 1990-95 has been assessed by the Commission at Rs. 7294 crores. This falls far below our requirement arising from unavoidably mounting expenditure on Police, maintenance, salaries etc.

**Debt re-
lief and
natural
calami-
ties**

32. Considering the magnitude of our public debt and our resources position the debt relief of Rs. 49.69 crores in five years provided by the Commission is insignificant. Similarly, relief expenditure of Rs. 150 crores provided by the Commission for the five-year period falls for short of our actual expenditure of Rs. 250 crores during the preceding five years.

**Public
debt**

33. The problem of indebtedness of the State has assumed enormous proportion over the years. At the end of

March, 1990 the outstanding public debt of Assam amounted to Rs. 3837 crores. The overall debt burden is estimated to increase to Rs. 4505 crores at the end of March, 1991 and further to Rs. 4600 crores at the end of March, 1992. Out of the debt liability of Rs. 3837 crores at the end of 1989-90, the loans from the Government of India amounted to Rs. 3096 crores constituting nearly 81 percent. Again, block loan for financing the Plan amounted to Rs. 1494 crores representing about 48 percent of the loan liability to the Centre. The per-capita indebtedness of the State works out to Rs. 1918 in 1989-90. This is estimated to rise to Rs. 2252 in 1990-91 and further to Rs. 2300 in 1991-92.

Debt servicing

34. The actual expenditure incurred for debt servicing during 1989-90 was Rs. 479 crores of which Rs. 214 crores was for repayment of principal and Rs. 265 crores for interest payment. The servicing of debt to Government of India alone accounted for Rs. 399 crores of which Rs. 188 crores was by way of repayment of principal and Rs. 211 crores as interest charges. The total debt servicing is estimated to go up to Rs. 544 crores in 1990-91 and further to Rs. 654 crores in 1991-92. I take this opportunity to thank Government of India for the good gesture shown to us by altering the pattern of Central assistance to 90 percent grant and 10 percent loan effective from 1991-92. The favourable impact of the changed pattern will, however, be felt over the coming years gradually.

Pay Commission

35. The Assam Pay Commission, 1988 had submitted its report to the Government on May 8, 1990. The Government have accepted the recommendations of the Pay Commission

with slight modification wherever deemed necessary. The revised pay scales, dearness allowance, city compensatory allowance and pensionary benefits including medical allowance to pensioners were given effect from 1st January, 1989 and all other benefits were extended from 1st April, 1990. The minimum monthly basic pay accepted by the Government is Rs. 900 while the maximum is Rs. 6300 imparting a ratio of 1 : 7. Fixation benefit has been allowed at 20 per cent of basic pay in the pre-revised scale. Dearness allowance to compensate percentage increase in the 12 monthly average price index has been allowed in a graduated scale to be paid twice a year on 1st January and 1st July every year. City Compensatory allowance at a flat rate of Rs. 20 per month has been allowed. House rent allowance varying from 7.5% (subject to a maximum of Rs. 300) to 12% (subject to a maximum of Rs.600) has been allowed. The rate of pension has been accepted at '50% of the basic pay of last 10 months' average subject to a minimum of Rs. 450 p.m. and maximum of Rs. 3150 p.m. Benefit to existing pensioners has been extended at rates varying from 15% to 20% of pension. Dearness relief to pensioners including family pension holders has been provided on the same principle as applicable to the serving Government employees. Minimum and maximum rate of family pension has been fixed at Rs. 450 and Rs. 900 respectively. The existing maximum rate of death-cum-retirement gratuity has been enhanced from Rs. 36,000 to Rs. 72,000.

36. The arrear pay and allowances arising out of the revision effective from 1.1.89 has been released in a phased manner. 50% of the arrear due from 1.1.89 to 31.7.90 and

the entire amount of arrear from 1.8.90 onwards have been paid in cash. Government have constituted a One-Man Anomaly Committee headed by Shri S.D.Phene to look into the alleged anomalies arising out of the recommendations of the Pay Commission. The Committee has since started functioning.

**Financial
scenario**

37. The State is currently engulfed in a serious financial crisis which is the cumulative effect of an unprecedented hike in debt servicing flowing from steady increase in plan outlay from year to year coupled with adverse pattern of financing (70 percent loan), financing of flood control schemes entirely by Central loan assistance, rapid growth in expenditure on law and order, education, health and other social services compounded by burgeoning wage bill chasing an ever rising price spiral. The situation calls for not only earnest endeavour to raise resources but also efficient deployment of the resources so raised. One major source of revenue for the State is sales tax. But there is no scope of raising additional resources from the three principal products of the State viz, petroleum products, tea and plywood. Bulk of these products are disposed of by way of inter-State stock transfer and as such are not subject to sales tax. Moreover, the existence of tax free and low tax zones in the neighbourhood prevents us from enhancing rates of sales tax for fear of trade diversion. Similar is the case with excise duties. Oil royalty is yet another major item of non-tax revenue of the State. But this source has become more or less inelastic by virtue of the constraints imposed on the State by the Oilfields (Regulation and Development) Act, 1948 and the Central Sales Tax Act, 1956.

38. In spite of these handicaps, the State Government is determined to make utmost endeavour to mop up resources by plugging leakages and recovering arrear taxes and revenues. The collection from sales tax which stood roughly at Rs. 31 crores in 1980-81 rose to Rs. 253 crores in 1990-91. The target for 1991-92 is Rs. 290 crores representing a growth of 14 per cent over the previous year. Similarly, total collection from State taxes increased from about Rs. 66 crores in 1980-81 to Rs. 417 crores in 1990-91. The target set for 1991-92 is Rs. 504 crores indicating an overall growth of 21 per cent over the last year.

39. The rate of royalty on crude oil was enhanced from Rs. 192 to Rs. 314 per tonne effective from April 1, 1987. The annual production of Assam crude is around 5 MT. Thus, the additional accural per annum is about Rs. 60 crores due to rate revision. Meanwhile, another revision became due with effect from April 1, 1990. For this purpose, Government of India have constituted a Committee to recommend specific principles for periodic revision in the rate of royalty so as to do away with the revision on ad-hoc basis and also to suggest the periodicity of such revision. The Committee is due to submit its report by 30th September, 1991. The State Government, in turn, have constituted a high-level Committee headed by the Chief Secretary to finalise the views and memorandum of the State Government in this regard. Forest revenue stood at Rs. 12 crores in 1980-81, then picked up gradually and touched the peak at Rs. 25 crores in 1984-85. Thereafter, it started declining and went down to Rs. 12 crores in 1990-91. Such a steep fall in revenue cannot be accepted even allowing for

ecological considerations. We feel that there is immense possibility to augment forest revenue through upward revision of royalty on timber, sand and stone. Fuller exploitation of the potentialities may raise Forest revenue to Rs. 18 crores in 1991-92.

Containment of expenditure

40. Notwithstanding the need to enforce fiscal discipline at all costs and also to contain non-Plan expenditure to the barest minimum the stagflationary situation persisting in the economy has compelled the State government to spend disproportionately on salary and wages, maintenance of capital assets, debt servicing and on extending budgetary support to public enterprises. Expenditure on maintenance of law and order has also been steadily growing for reasons beyond the control of the State Government.

Salaries

41. Inflationary pressure generated in the economy induces the State Government employees to raise demand for higher emoluments. Support is lent to their demand by the decision of the Central Government to raise the emoluments of its own employees. Eventually, the State Government cannot but follow suit and concede the demands of the State employees for raising their emoluments.

Maintenance

42. Capital assets have been created over a long period at a great cost and their maintenance cannot be allowed to be neglected as it would be difficult to find resources for their replacement. But the fund provided by the Finance Commission for their upkeep falls short of requirement particularly in view of the colossal damages caused to them by floods almost every year. In order to ensure proper maintenance of assets the State Government is compelled to

make provision in excess of the amount recommended by the Finance Commission thereby eroding the slender resource base.

43. The State Government have invested large sums in public enterprises, most of which have failed to generate the expected return. These enterprises cannot be put back to health overnight nor can their existence be wished away without adverse social consequences. However, the State Government is deeply concerned about this deplorable state of affairs, and feels that a comprehensive programme will have to be evolved for restructuring the enterprises with a view to reducing their growing dependence on budgetary support.

44. Growing expenditure liabilities and developmental commitments devolving on the State made it incumbent upon the State Government to take resort to public borrowings for financing obligatory expenditure and development activities that cannot be postponed. Consequently, the State has been groaning under heavy debt burden and is virtually entrenched in a veritable 'debt trap' arising mainly out of the adverse pattern of plan financing followed so long. The recent decision of the Central Government to change the ratio of grant and loan for plan financing to 90 : 10 in case of Assam from 1991-92 is a most welcome step. But this will fail to provide necessary succour to the State Exchequer immediately unless similar benefit is extended to all outstanding loans from the Centre relating to earlier Plan periods also.

45. The financial scenario painted above is, no doubt grim but not out of control. I can assure the Hon'ble Members that it will be our constant endeavour to pursue the matter with the

Central Government for thrashing out a solution. Needless to emphasis, mere reliance on the Central Government will not see us through. We shall have to exercise utmost caution in Government spending and avoid wasteful expenditure and at the same time make an all out effort to maximise revenue. I seek the co-operation of Hon'ble Members, cutting across party line, in our tasks ahead and I am confident we shall be able to meet the challenge working in tandem.

Over-
draft

46. The problem of unauthorised overdraft has been a major cause of concern for the State Government over the years. The failure of State revenues to keep pace with the growing budgetary obligations has been the real cause of the malady. The budgetary deficit (as per RBI figures) which stood at Rs. 11 crores on March 31, 1986, increased to Rs.197 crores on March 31, 1990 and stood at Rs.136 crores at the end of March, 1991. Thus, the current year opened with a heavy deficit which exerted unbearable strain on State finances.

47. In the past, Government of India had provided medium term loan for clearance of overdraft but this practice has been discontinued since 1986. In 1990-91, however, the State Government received a medium-term loan of Rs.148 crores for meeting the gap in resources. In spite of that, last year closed with a heavy deficit. In the current year the crisis erupted right from the start of the year mainly due to huge carried over deficit of the previous year. The overdraft persisted intermittently from April to July which was overcome through occasional advance release of our dues from the Centre, deferment of an instalment of debt servicing to Centre totalling Rs.101 crores due in July to September and a

ways and means advance from the Ministry of Finance. I am grateful to the Ministry of Finance for the consideration shown to us. At the same time I should like to add that the problem is not really solved but merely shelved and extreme caution is needed in the coming months to avoid profligacy.

Additional resource mobilisation

48. Additional resource mobilisation is a necessary part of economic growth. Given the grave financial difficulties through which the State is passing, steps for mobilisation of additional resources are inescapable inspite of the constraints mentioned by me earlier. It may be recalled that last year a measure entitled the Assam Taxation (On specified Lands) Act, 1990 was enacted by the august House with the object of levying an annual tax on lands used for cultivation of tea and extraction of coal. The measure was expected to yield an additional annual revenue of Rs. 68 crores which, however, did not materialise as its validity was challenged in the Supreme Court. I am happy to inform the House that the Court has since modified its earlier injunction. Consequently, it is expected that in the current year we may receive an aggregate amount of Rs.30 crores, this being only a part of the revenue actually due. We have in the meantime taken steps for facilitating early disposal of the matter by the Court so as to ensure that the revenue does not remain blocked in litigation.

Tax on specified lands

Rural development cess

49. Hon'ble Members may also recall that this August House had enacted in 1988 a measure entitled the Assam Rural Development Cess Act, 1988 with the object of levying an annual cess on lands bearing mineral oils. The measure which came into force on 1st January, 1989 was expected to yield an extra annual revenue of Rs.196 crores which also did not

measures for implementing the changes have been since taken in hand and are expected to be finalised soon. Additional revenue yield would be of the order of rupees one crore a year.

Small savings

55. Small savings scheme has become immensely popular in the recent past and it has reached the people in the remotest villages. Net collection from small savings has displayed a significant growth over the years. In the preceding year net collection of small savings amounted to Rs.162 crores and the target fixed for the current year is Rs.170 crores. It is expected from the trend of collection that the target will be exceeded. Collection from April to July, 1991 is Rs. 64 crores as against Rs.37 crores for the same period in the previous year.

Institutional finance

56. Though financial institutions including the banking sector have a vital role in the mobilisation of resources for accelerated economic development the State continues to be relatively underbanked. The number of scheduled bank branches in Assam as on 31.12.90 was 1279. The average per bank population in the State on that date was 17,431, the corresponding figure for the country being 12,000. About 59 licences for opening new branches in the State were pending as on that date with different banks. Efforts are on for ensuring prompt utilisation of all the licences in hand. In the matter of growth of credit deployment, the position continues to be unsatisfactory. The credit deposit ratio was 53.66% in December 1990 as against the national level of 60%. A close rapport with the financial institutions is being maintained in order to enhance the flow of credit for economic development at the grass root.

Actuals
1989-90

57. SIR, I now turn to Accounts and Budget. The abstract of transaction is displayed in Annexure. The opening balance under revised estimates of 1989-90 was shown at (+) Rs.49 crores while placing the budget for 1990-91 in this House in March, 1990. The actual opening balance for 1989-90 stood at (-) Rs.82.41 crores after some belated adjustment by the Accountant General, Assam.

58. The revised estimates of 1989-90 on Revenue Account was (-) Rs.132.00 crores. The actual on Revenue Account now stands at (-) Rs.136.70 crores which indicates an increase in deficit during 1989-90. The transaction under the Capital Account however shows a surplus of (+) Rs. 218.22 crores over the anticipated amount Rs.152.00 crores under the revised estimates of that year. This improvement in anticipated surplus was mainly due to the restrictions imposed by the Government for incurring expenditure in view of stringent financial position of the State.

59. Actual results of overall transactions of the year 1989-90 was a net surplus of Rs.104.82 crores. However, after adjustment of opening balance of (-) Rs. 82.41 crores, the actual closing balance of the year stood at (+) Rs. 22.41 crores.

Revised
1990-91

60. The original Budget Estimates of 1990-91 anticipated an overall deficit of (-) Rs.288.87 crores within the year and with an anticipated opening surplus of (+) Rs.93.64 crores, the year was originally expected to close with a negative balance of (-) Rs.195.23 crores. According to revised estimates the overall deficit was (-) Rs.94.09 crores during

that year and after taking into account the opening surplus of Rs.22.41 crores, the year was closed with a negative balance of (-) Rs.71.67 crores.

61. The revised estimates of Revenue receipt of 1990-91 show an increase of more than Rs.253 crores over the original budget estimates of the year mainly due to arrear receipt of Oil Royalty and better collection of State Taxes. The expenditure on Revenue Account in 1990-91 also shows a rise of Rs.179.24 crores mainly due to additional liabilities on account of revision of pay scales, implementation of U.G.C. scales etc. Therefore result in Revenue Account show a deficit of (-) Rs.188 crores under the Revised Estimates.

62. Both the Receipts and Expenditure on Capital Account within the Consolidated Fund also show a rise of Rs.269.64 and Rs.172.21 crores respectively under Revised Estimate of the last year (1990-91). The total transactions in the Capital Account show a surplus of Rs.41.81 crores as against the deficit of Rs.56.00 crores in the Budget Estimates. The overall net result of the transaction within the year show a deficit of (-) Rs.94.09 crores under Revised Estimates as against (-) Rs. 288.87 crores in Budget Estimates of 1990-91. Thus the year 1990-91 showed an actual improvement of Rs.194.78 crores over the Budget Estimates of 1990-91. Taking into account the opening balance of (+) Rs.22.41 crores, the Revised Estimates of 1990-91 showed a closing balance of (-) Rs.71.67 crores.

**Budget
1991-92**

63. The Budget for the year 1991-92 shows an anticipated revenue receipt of Rs.2499.06 crores as against the revised

estimate of Rs.1823.71 crores of the year 1990-91 which shows an improvement of Rs.675.35 crores over the last year's revised estimates (1990-91) which is mainly accountable to increase in Grants-in-aid from the Central Government, State Taxes and Share of Central Taxes.

64. The expenditure on the Revenue Account in the Budget Estimates of 1991-92 has been placed at Rs.2265.65 crores which shows an increase of Rs.253.22 crores over the last year's revised estimates (1990-91). Thus the Revenue Account shows an anticipated surplus of Rs.233.41 crores. In the Capital Account, receipts are estimated at Rs.964.53 crores. The figure shows a decline over last year's Revised Estimates of Rs.1443.75 crores. This is due to changed pattern of plan financing from 30:70 to 90:10 as grants and loan. The expenditure on Capital Account is estimated at Rs.1475.30 crores. There is thus a deficit in Capital Account to the tune of (-) Rs.510.77 crores. The net result of the transactions within the year is estimated at (-) Rs.241.45 crores. Taking the opening balance of (-)Rs.71.67 crores, the year 1991-92 estimated to close at (-) Rs.313.12 crores.

65. It may be recalled that while presenting the vote on account Budget in Parliament for six month for the State for the year 1991-92, it was estimated that the overall deficit will be to the tune of Rs.353.79 crores. This forecast has changed for the better slightly to overall deficit of Rs.313.12 crores in the full year's Budget now presented in this august House.

With these words, Sir, I commend the Budget for 1991-92 to this august House for consideration.

ANNEXURE

Abstract of transactions

(Rupees in Thousands)

	Actuals 1989-90	Budget Estimates 1990-91	Revised Estimates 1990-91	Budget Estimates 1991-92
<u>A. RECEIPTS</u>				
I. Consolidated Fund				
Revenue Account.	1532,07,47	1569,94,01	1823,71,44	2499,06,30
Capital Account.	1102,90,40	1174,11,13	1443,75,30	964,52,61
Total :	2634,97,87	2744,05,14	3267,46,74	3463,58,91
II. Contingency Fund Account:	55,81,00	4,41,00
III. Public Account.	1576,53,95	1367,43,00	1397,43,00	1376,56,00
Total (I+II+III) :	4211,51,82	4111,48,14	4720,70,74	4844,55,91
<u>B. EXPENDITURE.</u>				
I. Consolidated Fund				
Revenue Account.	1668,77,83	1833,18,79	2012,42,76	2265,64,92
Capital Account	884,68,00	1229,73,46	1401,93,74	1475,29,55
Total :	2553,45,83	3062,92,25	3414,36,50	3740,94,47
II. Contingency Fund Account.	5,81,00	...	50,00,00	...
III. Public Account.	1547,43,02	1337,43,00	1350,43,00	1345,06,00
Total : (I+II+III) :	4106,69,85	4400,35,25	4814,79,50	5086,00,47
<u>C. TRANSACTIONS DURING THE YEAR.</u>				
Surplus (+)/Deficit (-)	(+) 104,81,97	(-)288,87,11	(-)94,08,76	(-)241,44,56
<u>D. OPENING BALANCE.</u>				
Surplus (+)/Deficit(-)	(-)82,40,66	(+)93,64,47	(+)22,41,31	(-)71,67,45
<u>E. CLOSING BALANCE.</u>				
Surplus (+)/Deficit (-)	(+)22,41,31	(-)195,22,64	(-)71,67,45	(-)313,12,01

