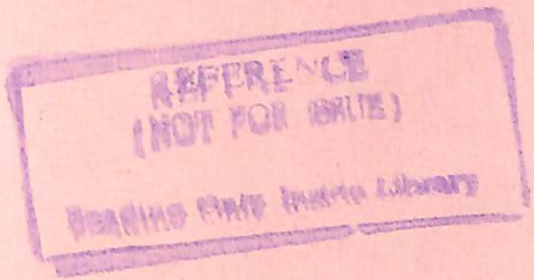


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GOVERNMENT OF ASSAM

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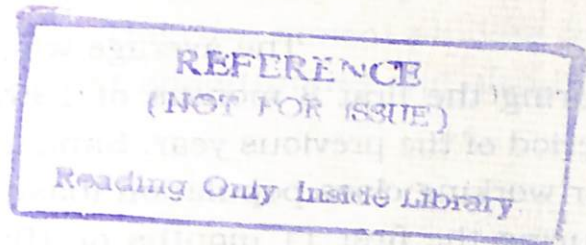
OF

SHRI PRAFULA KUMAR MAHANTA

CHIEF MINISTER, ASSAM

**PRESENTING BUDGET OF
GOVERNMENT OF ASSAM FOR
1998-99**

23rd March, 1998



Mr. Speaker Sir,

With your permission, I rise to present the budget estimates of the Government of Assam for the financial year 1998-99.

2. Honourable Members are aware that the prevailing situation of militancy, terrorism and insurgency had its adverse effect on the economy of the State having deleterious impact on the finances of the State Government. Due to sustained effort of the Government, normalcy has been restored to a large extent and the economy has been somewhat salvaged which is now showing encouraging signs of growth. This has enabled the Government to give due emphasis on the welfare and developmental activities in the State.

3. Before I turn to the Budget proposals, I may be permitted Sir, to briefly mention about the state of the economy and performance profile of some selected sectors.

State Income.

4. As per quick estimates, the Net State Domestic Product (NSDP) of the State of Assam for 1996-97 has been worked out at Rs.16,811 crores at current prices and Rs.4107 crores at constant (1980-81) prices. The corresponding provisional estimates for the year 1995-96 were Rs.15,553 crores and Rs.3972 crores respectively. Thus the NSDP displays a growth of 8.1% at current prices and 3.4% at constant (1980-81) prices over that of 1995-96. As per quick estimates, the per capita income of Assam for 1996-97 is estimated at Rs.6663/- at current prices and Rs.1628/- at constant (1980-81) prices as against the corresponding provisional estimate of Rs.6288/- and Rs.1606 for the year 1995-96. In percentage terms, during 1996-97, the per capita income showed a growth of 6% at current prices and 1.4% at constant (1980-81) prices over that of 1995-96.

Prices

5. The average wholesale price index (base 1953 = 100) during the first 8 months of 1997 increased by 6.6% over the same period of the previous year. Similarly, the average consumer price index for working class population (base 1949 = 100) recorded a rise of 4.1% during the first 11 months of 1997 over the corresponding period of 1996.

6. However, it is observed that the prices of most of the essential commodities continued to record varying degrees of increases ranging from 10% to 23% during the year 1997. In order to protect the common people against the ravages of inflation, the State Government has continued its efforts in strengthening the Public Distribution System for supply of essential commodities of mass consumption. From the current year, the State Government has introduced the Targeted Public Distribution System (TPDS) and so far 18 lacs families below the poverty line are getting benefit under the scheme. This will not only provide relief to the common people but will also help in containing price rise. Constant liaison are also being maintained with Chambers of Commerce to ensure regular supply of essential commodities in the State.

Employment.

7. As per available data on the live register of the employment exchanges, the number of job seekers at the end of January, 1998 is 15.06 lakhs compared to 12.89 lakhs at the end of January, 1997 showing an increase of about 16.8%. Out of the total job seekers at the end of January, 1998, the number of educated job seekers is 9.85 lakhs constituting about 65% of the total job seekers. The number of women job seekers is 1.89 lakhs and that of SC, ST and OBC are 0.80 lakhs, 1.40 lakhs and 3.22 lakhs respectively.

8. The Government is concerned about the growing problem of unemployment in the State. In the absence of any substantial employment oriented investment in private and public sectors, the State Government has been the main employer in the State. Given the present manpower strength of the Government and

position of the Government finances, there is hardly any scope to generate salaried jobs in the Government. The Government propose to tackle the problem through self-employment opportunities and also by attracting investments in the private sector.

Ninth Five Year Plan

9. The Ninth Five Year Plan (1997-2002) outlay for Assam has been tentatively finalised at Rs.8984 crores at 1996-97 prices.. The Central Assistance allocated by the Planning Commission for financing the Ninth Plan is Rs.7497 crores. This includes Rs.328 crores for implementation of Externally Aided projects (EAP) and Rs.411 crores for Tenth Finance Commission award (TFC). The Ninth Plan allocation includes Rs.599 crores for Hill Areas Plan, Rs.861 crores for Tribal Sub Plan (TSP) and Rs.576 crores for Scheduled Caste Component Plan (SCCP)

10. The High Level Commission (Shukla Commission) assessed the requirement for the Basic Minimum Services for the Ninth Plan at Rs.3952 crores. The service wise requirements as assessed by the Commission is Rs.628 crores for Rural Water Supply, Rs.116 crores for Urban Water Supply, Rs.475 crores for Primary Health Care, Rs.842 crores for Primary Education, Rs.1617 crores for Public Housing Assistance to all shelterless poor, Rs.269 crores for connecting villages with link roads and Rs.5 crores for streamlining Public Distribution System.

11. The Shukla Commission also made various recommendations for minimising the infrastructural gaps in some important sectors namely Irrigation, Flood Control, Power, High Ways and Inland Water Transport in the State. The indicative requirement of fund for various infrastructural development programmes as recorded in the report is Rs.18,807 crores, out of which fund required during Ninth Plan period is Rs.4492 crores. The sector wise requirement of fund for this purpose for the Ninth Plan is Rs.1085 crores for Irrigation, Rs.500 crores for Flood Control, Rs.1626 crores for Power, Rs.1107 crores for Highway and Rs.174 crores for Inland Water Transport.

12. For operationalisation of the recommendations of the Shukla Commission, the Planning Commission assessed the requirement of additional fund for both Basic Minimum Services (BMS) and infrastructural development for the year 1997-98 at Rs.205.73 crores. The Union Cabinet has approved in principle the proposal for creation of the Central Pool for this purpose. But due to dissolution of the 11th Lok Sabha, the approval of the Parliament could not be obtained. Therefore, no additional fund on this account was available during this financial year but it is expected that funds for operationalisation of Shukla Commission recommendations would be available from the next financial year.

Annual Plan 1998-99

13. The Annual Plan Outlay for 1998-99 will be finalised during the ensuing financial year, by the new Government. Therefore, the plan budget estimates for the Annual Plan 1998-99 has been proposed based on the Central Assistance of Rs.1326 crores including Rs.97 crores for EAP. The budget estimates provide for a total plan allocation of Rs.1552 crores consisting of Rs.1203 crores for General Areas, Rs.138.67 crores for Hill Areas, Rs.97 crores for Externally Aided project and Rs.113.54 crores for upgradation schemes under Tenth Finance Commission award. The General Areas allocation quantifies an amount Rs.148.10 crores for TSP and Rs.88.63 crores for SCCP. The increase of Rs.42 crores over the current years level have been estimated because of increase in outlays under EAP and TFC award. The allocation to both General and Hill Areas is likely to increase after finalisation of plan outlay. Additional allocation as may be provided to different sectors will be made available through supplementary demands in the due course.

14. The expenditure under Annual Plan 1996-97 is Rs.1102 crores against revised outlay of Rs.1216 crores. Owing to resource crunch, the Annual Plan Outlay for 1997-98 has been revised to Rs.1314 crores.

Agriculture and Allied Sectors

15. The contribution of Agriculture sector to the State domestic product is about 39%. About 63% of the work force of the State is engaged in Agriculture and Allied activities. Therefore, development of these sectors are vital to overall economic development of the State. In order to give a boost to the development of Agriculture in the State, the Assam Rural Infrastructure and Agricultural Services Project (ARIASP) with assistance from World Bank has been taken up since September, 1995 for a period of eight years. An amount of Rs.126.6 crores have been earmarked for Agriculture, out of the total allocation of Rs.567.65 crores for the ARIASP project. Apart from strengthening of Agriculture infrastructure including training facilities, research component in Assam Agriculture University, the project has a provision of sinking 15000 Shallow Tube Wells (STW). A total number of 5750 STW shall be installed by the end of 1997-98. This will help in bringing more area under Rabi Rice namely Boro, Early Ahu etc. to partially cover the present deficit in rice production in the State. An amount of Rs.29.21 crores has been made available for Agriculture under the project since 1995-96 to 1997-98.

16. The Government has taken up conservation of agricultural land through various soil conservation schemes. During current year, a sum of Rs.135 lakhs was expended for the purpose.

17. Provision of Irrigation facilities is crucial for Agriculture. The Government, therefore, has taken up renovation and rehabilitation of existing irrigation facilities under the Accelerated Irrigation Benefit Programme (AIBP) and ARIASP. During the current year, an amount of Rs.7.80 crores has been released for AIBP. An amount of Rs.14 crores has been provided in the budget for this purpose in 1998-99. Under the ARIASP, during the current year rehabilitation of 74 numbers of Deep Tube Wells (DTWs) and 54 numbers of river pumping stations (RPS) were taken up and Rs.5 crores were made available for the purpose. For the coming year, an amount of Rs.7.27 crores have been provided in the plan for this purpose.

18. During the current year, an amount of Rs.5.44 crores has been provided to Fisheries sector under the ARIASP for development

of 222 Farmers ponds, 50 nos of community tanks, 14 nos of Beehives, fisheries and 117 nos of Demonstration Projects including training of 200 fish farmers. For 1998-99 a provision of Rs.6 crores has been made for these programmes.

19. In the Veterinary sector, the Government is according highest priority to strengthening of Artificial insemination and fodder seed production programmes for improving the quality of livestock and thereby increasing production of milk, meat, eggs and milk products.

Poverty Alleviation Programmes

20. The Government is implementing the Centrally Sponsored Poverty Alleviation Programmes like Integrated Rural Development Programme (IRDP), Development of Women & Children in Rural areas (DWCRA), Training of Rural Youths for self Employment (TRYSEM), Ganga Kalyan Yojan(GKY), Jawahar Rozgar Yojana (JRY), Indira Awas Yojana (IAY), Million Well Scheme (MWS), Employment Assurance Schemes (EAS), Integrated Rural Energy Programme(IREP) etc. for asset creation, employment generation and upgrading technical skills of rural people below poverty line. During 1997-98, so far the Central Government have released about Rs.180.00 crores for these schemes and the State Government have released about Rs.30.00 crores as matching share. It is expected that about 58,000 persons will be benefited under the self employment programmes and about 256 lakh mandays would be generated. Construction of about 18,455 nos of houses for rural poor has been taken up, of which 9743 numbers have been completed till December, 1997.

21. In the coming year, the Government is planning to start thrust programmes on citrus food, banana, onion, sugar cane etc. to enhance productivity and yield in agriculture sector along with provision of infrastructural inputs like pump sets, power tillers etc. to boost mechanisation and irrigation facilities. Cold Storage will be constructed to prevent distress sale and early decay of crops. To ensure speedy implementation of the schemes, the reorganisation of block administration by creating two blocks in each Legislative Assembly constituency will be completed.

Education

22. Hon'ble Members are aware that this Government has been criticised in various quarters for non receipt of regular salary by certain sections of teachers. Mr. Speaker Sir, I may be permitted to inform this august house that this situation has arisen due to creation of large numbers of teachers' post under plan by our predecessor Government without ascertaining the funds available for the purpose. I am glad to inform the Hon'ble members, that the Government after detailed consideration of the problem has decided to bring 9279 posts of teachers of L.P. Schools, 10330 posts of teachers of M.E. Schools, 10105 posts of teachers of Secondary Schools and 926 posts of office staff for L.P. School and Middle schools, from Plan to Non-Plan with effect from 1998-99. The additional annual financial burden on the state exchequer, for the conversion from Plan to Non plan would be around Rs.170 crores. The Government have further, decided to permanently retain all posts under plan in all departments created till 31st March, 1990. I hope these two steps will ensure regular payment of salary to the teachers of the schools. During the current year, the Government have provincialised 14 nos of Junior Title Madrassa and Arabic Colleges, benefiting 1445 employees of these educational institutions. Additional fund of about Rs.1 crores have been provided in the budget estimates 1998-99 for Gauhati and Dibrugarh Universities. An amount of Rs.15 crores have been provided for in the budget for the World Bank Assisted Technical Education Project in 1998-99.

Sports & Youth Welfare

23. During the current year, the Sports and Youth Welfare activities under the Government like organisation of school Games, participation in National Games, holding of rural Games, imparting coaching, NCC training, adventure sports etc. have been revived. The Government have also taken up construction of five rural stadiums at a cost of Rs.10 lakhs each. Funds have been sanctioned for construction of indoor stadium at Sibsagar and Nagaon and swimming pool at Nalbari. An amount of Rs.14.89 crores have been provided for Sports and Youth Welfare activities in the budget estimates.

Health & Family Welfare

24. Government is making all out efforts to provide better facilities for treatment in the hospitals of the State. The Primary Health Centres and the Community Health Centres of the State have been provided equipments, machineries and ambulances through the World Bank Assisted project (IPP IX). For development of Civil Hospitals of the State, a project is under preparation and the same is likely to be launched during 1998-99. Another Externally Aided Project namely "Reproductive and Child Health Programme" (RCH) will be launched during 1998-99 with a view to control growth of population by ensuring survival of children and improving reproductive health of both male and female population. To implement the programme, the donor agencies will provide a total of Rs.116 crores to the State and the fund will be expended through "State Health & Family Welfare Society for voluntary Sector", a registered society created for the purpose.

25. The Government have also been implementing the Pulse Polio Immunization, Leprosy Eradication Programme and National Programme for Control of Blindness. The total expenditure under the IPP IX project so far has been Rs.34.46 crores and an amount of Rs.33.26 crores would be available under the project in 1998-99.

Drinking Water and Sanitation

26. In line with National Policy, the State Government have been making continuous effort to provide safe drinking Water facilities to the habitations which have no organised safe sources of drinking water as yet. As on 1.4.97, there were 10,115 habitations in the State without safe sources of drinking water. During 1997-98, a total of 1675 such habitations are being provided with safe drinking water.

27. In Rural Sanitation Sector, the policy of the Government is to promote sanitation practices besides installation of sanitary latrines. During 1996-97, a total of 3811 such latrines were installed in rural areas and another 4500 sanitary latrines are targetted to be installed during the current year. During the current year an amount of Rs.64.95 crores have been provided in the Annual Plan under

the Rural Water Supply and rural sanitation sector. The same amount of fund has been provided for in the budget for 1998-99 also.

Social Welfare

28. The Government have taken up various welfare schemes for welfare of vulnerable sections in our society which include physically and mentally disabled, women, children, aged persons, destitutes. Shelter is provided to orphans and destitute women and children in State Homes. A sum of Rs.47.73 crores have been provided in the budget estimates to maintain the aforesaid programmes in 1998-99.

Flood Control

29. The ravages of the flood has been having a devastating effect on the economy of the State. We have not been successful so far to harness the water resources potential to our advantage. Nevertheless, the Government have been pursuing with the Government of India for adequate flood control measures and projects for utilisation of water resources. We are awaiting the investment clearance from Planning Commission for the Rs.479 crores. Pagladia Dam Project and Environment clearance for the Rs.2899 crore Tipaimukh Dam Project, which would generate 1500 MW of Power, once completed.

Roads and Bridges

30. Mr. Speaker Sir, keeping in view the poor condition of the roads and especially the bridges, the Government have taken a loan of Rs.63.29 crores from National Bank for Agriculture and Rural Development (NABARD) under RIDF II for construction of 43 RCC bridges on the North Guwahati-Hajo-Daulasal-Barpeta and Chandrapur- Kaliabor road. The loan amount is proposed to be repaid partially out of Toll collection on these bridges, once they are completed. The NABARD has approved another proposal of loan for Rs.16.07 crores under RIDF III for completion of two ongoing bridges on Dhodar Ali and ten other ongoing bridges on North Guwahati Barpeta road and Chandrapur -Kaliabor road.

31. Under the World Bank Assisted Programme, ARIASP, Rs.187.52 crores have been earmarked for improvement of Rural roads. This includes rehabilitation of 1400 kms. of rural roads and conversion of 282 semi-permanent timber bridges to RCC bridges in six-Districts of the State. The work on the improvement of rural roads have already been started and 23 bridges are expected to be completed within May'98. The programme is expected to be completed in 2003. The expenditure under the programme for 1997-98 would be Rs.7.78 crores.

32. Under the National Highway works, the total funds released during 1997-98 is Rs.32 crores against Rs.23 crores in 1996-97 and Rs.14 crores in 1995-96. During the current year, the rehabilitation of the Barak Bridge at Badarpur ghat, restoring of incomplete works of bridge over Barak at Rani Ferry in Cachar district and bridge over river Kaloo in Mankachar have also been taken up. Rs.92.29 crores was provided in the Annual Plan 1997-98 and completion of 910 km. of rural roads to connect villages hitherto unconnected by any road, has also been taken up.

Industry

33. In addition to the incentives under State Industrial Policy effective from 1.4.97, the New Industrial Policy announced by Government of India will no doubt encourage in a big way investment in the State. The State Government will therefore, accord topmost priority to creation of Industrial Infrastructure. The construction of growth centres at Balipara in Sonitpur District, Matia in Goalpara district, Export Promotion Industrial Park (EPIP) at North Guwahati and Industrial Infrastructure Development (IID) centre at Dalgaoon in Darrang District will be taken up in full swing in 1998-99. It is proposed to partially commission the growth centre at Balipara and EPIP at North Guwahati during 1998-99. Adequate funds will be made available for this purpose. In the Annual plan 1998-99, the allocation for SSI has been increased to Rs.17.16 crores from Rs.10.16 crores in 1997-98 to encourage the small sector industries, which have higher potential for employment opportunities. During the current year, the Government released a sum of Rs.28.6 crores for equity participation in Numaligarh Refinery set up under the Assam Accord. So far, the State Government

has released Rs.68.6 crores to Numaligarh Refinery Ltd against the total contribution of around Rs.90 crores fixed for Government of Assam being the 10% of equity. The balance amount will be provided in 1998-99 as the Refinery is expected to be commissioned by 31st March, 1999. The State Government is committed to implementation of the Assam Gas Cracker Project and is maintaining constant liaison with Reliance Industries Ltd, the promoter of the Project.

34. The Tea Industry had a very favourable International market during the current year. About 29 million Kgs of tea were exported from Inland Container Depot (ICD), Amingaon, Guwahati during 1997. The expected Industrial activity and generation of employment due to export of tea from ICD, Amingaon has not materialised. I would like the tea industry to give attention to this aspect and also make more use of the ICD facilities at Amingaon. To boost the volume of export of tea from ICD, Amingaon, the Government proposes to introduce from the coming year, an incentive on experimental basis for two years, by way of deduction of 50 paise per Kg of tea exported from ICD, Amingaon, from Agricultural income from tea. The incentive would be extended if this results in increased volume of export of tea from ICD, Amingaon alongwith increase in related industrial activity and generation of employment opportunities.

Transport & Tourism

35. The Hon'ble Members will be happy to know that the "Nara Narayan Setu", the third bridge over river Brahmaputra, constructed by Railway authorities, is likely to be opened to traffic in April, 1998. The Government also proposes to construct an inter-state bus terminus at Guwahati with financial assistance from North Eastern Council. For development of Tourism Industry, the Government will lay more emphasis on creation of Tourism Infrastructure in the form of Water Sports facilities, Ecotourism resorts, Tourist lodges, tea garden resorts, parks etc. To promote tourism, the State Government also participated in the Surajkund crafts Mela organised in January 1998 with "North East" as the theme.

Handloom & Textiles

36. In the Handloom & Textile sectors our thrust would be improving the productivity through modernisation of looms and provision of other facilities like credit, marketing etc. Endeavour will be made to motivate more numbers of weavers to take weaving as a commercial activity as out of about 17 lakhs weavers only around 2 lakhs weavers are commercial weavers. An amount of Rs.38.25 crores have been provided in the budget estimates 1998-99 for this purpose.

Sericulture

37. Keeping in view the importance of Sericulture Industry in employment generation, the State Government in collaboration with Central Silk Board has formulated an integrated Muga and Eri Development project at an estimated cost of Rs.64.47 crores and submitted the same to the Government of India for sanction of fund. To ensure availability of technically qualified people, the State government proposes to start a Sericulture College at Titabor during the Ninth Plan. For the year 1998-99, an amount of Rs. 5 crores have been proposed for the sericulture sector.

Power

38. At present the total install capacity of the Power Stations under ASEB is 552 MW, whereas the average generation is 200 MW. The total demand during peak hours is around 480 MW. ASEB on the average imports around 200 MW, leaving a uncovered demand of around 80 MW. The Hon'ble members can therefore, appreciate that ASEB is compelled to resort to load shedding in some areas of the State during the peak hours. To improve the financial health of the Assam State Electricity Board (ASEB), the Government have recently decided to convert the outstanding Government loan amount of Rs.550 crores till 1992-93 of ASEB into equity of the State Government. This would apart from reducing interest burden of ASEB to the tune of Rs.74 crores per year, would also enable ASEB to go to market for raising funds. To cope with increased demand of power, the Government will give priority to renovation, modernisation, revitalisation and rehabilitation of existing power stations under ASEB, if necessary by private sector participation.

During the current year, no progress could be achieved towards completion of Karbi Langpi Hydel Project due to litigation with M/s Bharat Hydro Electric Power Corporation, from whom the project was taken over by Government. The plan outlay for ASEB in 1998-99 is Rs.162 crores.

Urban Development

39. The Water Supply project for Guwahati City formulated by Guwahati Municipal Corporation is in advanced stage of approval for External Aid from Japan and provision of Rs.2 crores have been kept in the Annual Plan 1998-99 for the purpose. The government have also accorded priority in completion of ongoing water supply schemes in different urban areas, taken up by the Urban Water Supply and Sewerage Board. During 1998-99, five schemes in five urban areas at an estimated cost of Rs.41.30 crores will be undertaken alongwith commissioning of four ongoing schemes. The State Government is also implementing the slum development scheme in Urban Areas and during the current year an amount of Rs.2.22 crores was expended for the scheme. For the year 1998-99, an amount of Rs.2.84 crores have been provided in the budget for the scheme. The Assam State Housing Board proposes construction of 1168 nos. of low cost houses in 1998-99 for shelter for people belonging to economically weaker section, by utilising Rs.280 lakhs proposed in the budget for 1998-99.

Hill Areas

40. While presenting the Budget estimates for 1997-98, I had assured this August House that the priorities fixed in the Council budgets as prepared by the Karbi Anglong and N.C. Hills Autonomous councils, will be kept in mind in formulating future budgets. Accordingly, the allocations to different sectors as proposed by the Councils in the budgets approved by the Councils have been fully accommodated in the State budget. As regards non-plan, the provision of salary as passed by the Councils have been fully provided. However, the enhanced provision for wages could not be accommodated as there is a ban on engagement of Casual/ Muster roll/ Work charged workers since 1.4.93. Similarly, provision for non plan non salary component had to be reduced to some extent due to resource crunch. Of course, I

have proposed around 25% increase over the current year provision for non-salary component, although no increase has been proposed for General Areas.

41. The total Budget Estimate for Annual Plan 1998-99 for Hill Areas is Rs.138.66 crores out of which Rs.97.19 crores is provided for Karbi Anglong Autonomous Council and Rs.41.47 crores for N.C. Hills Autonomous Council. Apart from this, the amount provided for implementation of Centrally Sponsored and Central Sector schemes is Rs..9.07 crores for Karbi Anglong and Rs.4.23 crores for N.C. Hills. The amount provided under non plan for 1998-99 is Rs.65.34 crores for Karbi Anglong against Rs.50.28 crores for 1997-98 and Rs. 47.24 crores for N.C. Hills against Rs.37.73 crores in 1997-98. I am happy to inform this August House that despite 20% reduction in plan outlay for General Areas for 1997-98 due to resource constraints, the Hill plan remains unaffected. Further, an additional Central Assistance of Rs.10 crores has been released to N.C. Hills council during current year to clear committed liabilities under PWD, Irrigation, Public Health Engineering and Education. This shows the priority we are giving for development of Hill Areas.

Autonomous Councils

42. Funds have been earmarked in the Annual Plan 1998-99 for implementation of development schemes by the four Autonomous Councils namely Bodoland Autonomous Council (BAC), Mising Autonomous Council (MAC), Rabha Hasong Autonomous Council (RHAC) and Lalung (Tiwa) Autonomous Council (LTAC). Altogether Rs.57.81 crores has been allotted for the four Councils, of which Rs.38.38 crores for BAC, Rs.10.81 crores for MAC, Rs.5.84 crores for RHAC and Rs.2.78 crores for LTAC. A total amount of Rs.6.00 crores have also been provided under non-plan to meet the expenditure of secretariat establishment of the councils, of which Rs.3 crores for BAC, Rs.1 crores each for RHAC, MAC and LTAC. The allocations are likely to increase after finalisation of the Annual Plan, 1998-99.

Welfare of SC, ST and Other Backward Classes

43. The implementation of various socio-economic development schemes and programmes for the people belonging to Scheduled Caste, Scheduled Tribe and Other Backward Classes including Tea and Ex-Tea communities will continue to receive high priority of the Government. For welfare of ST and SC, the Annual Plan allocation for 1998-99 quantifies an amount of Rs.148.10 crores for Tribal Sub-Plan and Rs.88.63 crores for Scheduled Caste Component Plan. Apart from this special attention is given for welfare of OBC, MOBC, various Tea and Ex-Tea communities and people living in Char Areas.

Welfare of Minorities

44. The Government have decided to create a department of welfare of minorities at the Secretariat level to look after the interest of Minorities in the State. Further, it has been decided for giving necessary Government guarantee to enable the Assam Minorities Development and Finance Corporation Ltd. to obtain loan from National Minorities Development and Finance Corporation and other sources. The Budget allocation for the Assam Minorities board has also been enhanced in 1998-99 budget.

Welfare of Women

45. The State Women Commission and State Social Welfare Advisory Board are functioning in the State to look after the interest of the women. The State Government proposes to give a legal status to the State Social Welfare Advisory Board to make it more effective. The law enforcing authorities have also been activated to prevent crime against women. Priority is being given to women in all the development and welfare schemes of the Government. Pregnant women and lactating mothers are also being benefited through the services offered in 8655 Anganwadi Centres under the 83 Integrated Child Development Schemes Projects.

Judiciary

46. For ensuring justice to all sections of the people and quick disposal of cases, the State Government have taken steps to improve the conditions of service of the judicial officers of the State and also to improve infrastructural facilities for the judiciary. Funds have been provided in Annual Plan for construction of court buildings and residential quarters for judicial officers. A sum of Rs.200 lakhs has been earmarked for this purpose in the budget estimates for 1998-99. The rates of professional fees to the Government advocates have been enhanced. The matter of enhancement of fees of the public prosecutors are also under consideration of the Government.

Police

47. Steps have been taken to modernise and improve the functioning of the Police forces by upgrading weaponry, communication, technical capability and mobility. During the current year, the Central Government reimbursed an amount of Rs.131 crores, out of our claim of Rs.540 crores for the period 1.4.90 to 31.3.97 against security related expenditure. We are pursuing with the Central Government for release of the balance amount. An amount of Rs.22 crores have been provided in the budget estimates 1998-99, for the modernisation of the police forces. During the current year, construction of a total number of 851 numbers of residential quarters will be completed under the TFC award as a part of welfare of police personnel.

Institutional Finance

48. The mobilisation of resources from financial Institutions and Banks is the only alternative available to supplement the meagre resources of the State Government for accelerating the developmental activities in the State. Even though as on 30th September, 1997, as many as 1308 banks branches are functioning in Assam, the Credit Deposit ratio is 35.75% as against all India average of 53.7% as on quarter ending 30.9.97. The State Government is concerned at the low level of Credit Deposit ratio and have been urging upon the bank authorities to improve the same. The Government have

also activated the bakijai machinery and have been organising joint drives for recovery of bank loan overdues.

State Finances

49. Hon'ble Members may recall that I dwelt at length about the precarious financial condition of the State Government in my budget speeches, while presenting budget estimates for the 1996-97 and 1997-98. The State Government continues to be under severe financial stress. The State Government have been running into huge over draft of above Rs.200 crores every month during the current year leading to frequent suspension of all Governmental payments by Reserve Bank of India. I had analysed in detail the causes leading to present fiscal malady in my last two budget speeches..

50. The outstanding debt burden of the State as on 1.4.97 was Rs.5712 crores, out of which loan from the Central Government is Rs.3998 crores, constituting 70% of the total. The per capita debt burden works to Rs.2223. As per data available, the outstanding debt burden as on 1.4.98 is estimated at Rs.6131 crores and per capita debt burden works out to Rs.2340. During the current year, the State Government would be discharging debt servicing liability of Rs.885 crores, out of which Rs.632 crores is towards payment of interest. The total repayment of principal and interest to the Central Government during the current year is Rs.610 crores.

51. The total Guarantee given by the State Government for loan taken by its Public Sector Undertakings (PSUs) as on 1.4.97 stood at Rs.2042 crores. The Financial Institutions (FIs) and Banks have so far invoked Guarantee in case of Assam State Minor Irrigation Development Corporation (ASMIDC) and Assam Polytext Ltd. The Government have paid so far Rs.43 crores to the FIs and Banks on account of these two PSUs against total settlement claim of around Rs.47 crores. Negotiations are under way in respect of many other PSUs. Further, during the current year, the Central Government deducted at sources from the revenue receipts of the State Government, an amount of Rs.147 crores on account of overdues of ASEB to Central Public Sectors Undertakings (CPSUs). In addition to above, the State Government have so far paid Rs.559 crores, of which Rs.126 crores

were paid during the year 1997-98, to Peerless Limited as repayment of principal and interest against the total loan of Rs.485 crores taken from Peerless Limited in 1994-95 and 1995-96.

52. The liabilities for payment of salary, wages and Dearness Allowance to the employees and Pension & Dearness relief to the State Government pensioners have been increasing in wake of revision of Dearness Allowance due to price escalation. The total expenditure on account of salary & Pension during 1997-98 would be Rs.2698 crores constituting 83% of the total non-plan revenue expenditure and 71% of total revenue expenditure of the Government during 1997-98.

Revision of Pay

53. The Assam Pay Commission constituted by the State Government in 1994, submitted its report in June 1997. Before the State Government could implement its recommendations, the Government of India accepted the recommendations of the Fifth Central Pay Commission, thus raising the expectations of the State Government employees. The State Government appointed an Empowered Committee under chairmanship of Shri P.K. Bora, Additional Chief Secretary, P & D and the Committee submitted its recommendations on 15.11.97.

54. The Assam Pay Commission, 1994 in its report estimated the additional financial burden for implementation of its recommendations at Rs.350 crores per year. ~~The Fifth Central Pay Commission has recommended an increase of 10% in the pay of employees of the State Government. This will result in an additional financial burden of Rs.350 crores per year. The Government of India has accepted the recommendations of the Fifth Central Pay Commission. This will result in an additional financial burden of Rs.350 crores per year. The Government of India has accepted the recommendations of the Fifth Central Pay Commission. This will result in an additional financial burden of Rs.350 crores per year.~~ It is roughly estimated that if recommendations of 5th Central Pay Commission is implemented the annual financial burden would be more than Rs.1000 crores. In view of the huge financial implications and since there was a demand from the employees for parity with the Central Pay Scales, a Cabinet Sub-Committee under the chairmanship of Shri Atul Bora, Minister, PWD was constituted by the Government on 15.12.97, to examine the reports of the Empowered Committee and the Fifth Central Pay Commission vis-a-vis the resource position of the State Government. The Cabinet Sub-Committee has submitted its report on 15.3.98 and the Government would shortly take a final decision on the matter. A provision of Rs.700

crores has however, been made in the budget estimates on account of pay revision.

Revenue Collection

55. During 1996-97, the total amount, collected as revenue of the State government from its own sources was Rs.1089 crores, out of which Rs.767 crores is Tax Revenue and Rs.322 crores is Non Tax Revenue. The total devolution from the centre during 1996-97 was Rs.2767 crores, out of which Rs.1176 crores is as share of Central Taxes and Rs.1591 crores as grants-in-aid under non-plan, plan and Centrally Sponsored Schemes (CSS). Hon'ble Members may kindly note that only around 28% of the total revenue receipts of the Government is collected from its own sources. The revised estimates of revenue receipts of the State during 1997-98 is Rs.1330 crores, out of which Tax Revenue is Rs.965 crores and Non Tax Revenue is Rs.365 crores. The total devolution from Centre during 1997-98 is estimated at Rs.3392 crores, out of which Rs.1415 crores as share of Central taxes and Rs.1977 crores as Grants-in-Aid under non-plan, plan and Centrally Sponsored Schemes(CSS). It is evident that resource base of the State is small.

56. Hon'ble Members may recall that while introducing the Assam Taxation (on Luxuries) Act, 1997, I had mentioned in this house that we would collect Rs14 crores per year from this tax. Hon'ble Members would be glad to know that the Act came into force with effect from 1.8.97 only and still we are expecting to collect Rs.9 crores in the 8 months of 1997-98. Similarly, due to revision of the rates of Assam Tax on specified land from 18 paise to 30 paise per kg of green leaf we expect to collect an additional amount of Rs.30 crores. The rates of Agricultural Income Tax were reduced from 60% to 45% but in view of rise in prices of tea during 1997, we expect to collect around Rs.41 crores on account of Agricultural Income Tax in 1997-98 as against Rs.35 crores of the previous year. The Tea Industry on the average contributes around Rs.110 crores per year to the State Exchequer but I personally feel that there is scope for it to contribute much more. Of course, I would not like this to happen at the cost of development of tea industry and welfare of the tea workers.

57. Consequent upon the decision of the Government on merger of sales tax on Foreign liquor and country spirit with Excise duty on these items and revision of other rates with effect from 1.4.97, the State Government expects to collect around Rs.75 crores by end of 1997-98 as Excise revenue. No increase in revenue, however, is expected from M.V. Tax since receipt as penalties from overloading has come down substantially due to strict enforcement. The receipts from land revenue during 1997-98 is expected to be Rs.16 crores due to revision of rates of Land Revenue as per amendment of provisions relating to revision of rates, approved by the house during the last budget session.

58. The receipts on account of Oil Royalty is expected to be Rs.289 crores during 1997-98 based on rate of Rs.578 per M.T. The Government is, however, pursuing with the Government of India for revision of rate to Rs.1204 per M.T. based on import parity price of crude oil.

59. Hon'ble members are aware that the 75% of the net Small Saving Collections in the State is received by State Government as loan from Government of India. During 1997-98, till January 1998, an amount of Rs.194 crores have been received as loan against Small Savings Collection against a target of Rs.300 crores fixed as per estimates of resources for Annual Plan 1997-98.

Tax Proposals

60. Mr. Speaker Sir, I now turn to the tax proposals. In view of the resource constraints presently faced by the Government, there is no alternative but to go for additional resource mobilisation.

Assam General Sales Tax Act, 1993.

61. Sales Tax constitutes the largest single source of tax revenue for the State. It contributes about 65% of the total collection from the State taxes. But the Hon'ble Members would appreciate that there is hardly any scope to bring any more commodities into the Sales Tax net excepting the food items of mass consumption. The Government however, have no intention to impose any additional burden on the common people, who are already hard hit by inflation.

62. In order to increase the tax revenue of the State without affecting the common people, I propose to impose an additional tax on the tax payable or paid by the big dealers whose taxable turnover in a year exceeds rupees three lakhs. The rate of this additional tax would be 10% on the amount of tax payable or paid by such dealers, with the condition that this tax shall not be recovered from the purchasers. Such a levy is expected to generate an additional revenue of around rupees 20 crores.

63. It is observed that a manufacturing oil company has been selling its petroleum products to its marketing oil company at a price much lower than the prevailing market price. Sales of Petroleum products being liable to be taxed at the first point, the Government is getting tax on significantly low ex-refinery price, the rate at which the manufacturing company sells its products to its marketing oil company. As such it is proposed to amend the relevant provision of AGST Act.1993 in such a way as to make the marketing oil company liable to tax on the sales of Petroleum products purchased by it from oil company within the State and sold to persons other than oil company within the State. This provision is likely to enrich the state exchequer with an additional revenue of Rs.15 crores. A bill for giving effect to the aforesaid measures is being introduced during this session of the Assembly.

64. Hon'ble Members may be aware that the local entrepreneurs and dealers are not in a position to compete with the dealers from outside Assam in selling or supplying their commodities to the various authorities under the State Government and the Central Government including public sector undertakings located in the State. In the process, the State Government is also losing tax revenue. This is because of the fact that the suppliers from outside Assam charge Central Sales Tax at the rate of 4% only while a traders or supplier from Assam has to charge the local sales tax ranging from 8% to 14%, thus increasing the sales price. I, therefore, propose to reduce local sales tax to 4% in respect of commodities like medical equipments, furniture of all types, Refrigerators & Air Conditioners, Water Supply and sanitary fittings, computers, Fax Machines, Fire fighting equipments, All types of Electrical goods, Cement, Water Filters, Wax emulsions, Carbon

brushes, fabricated steel and Iron items, corrugated paper sheets and boxes, Ferrous and Non -Ferrous castings, Steel, Wooden and Aluminium doors and frames etc. when they are sold or supplied to Government departments and Public Sector Undertakings. Copy of the notification giving effect to the aforesaid benefit to the local traders/ entrepreneurs which will indirectly enhance the tax receipts, will be issued shortly and laid on the table of the House in due course.

Tax on professions, Trades

65. Mr. Speaker Sir, Professional tax is charged at fixed amounts at different levels of income from professions, trades etc. Over the years due to erosion in money value, it has become necessary to revise the rates of professional tax. I propose to raise the highest rate of tax under Assam professions, Trades, Callings and Employments Taxation Act, 1947 from Rs.1536/- to Rs.2250/- per annum. The lower rates would also be revised proportionately. However, the exemption limit of annual gross income is raised to Rs.42,000/- per annum in case of salary and wage earners and to Rs.40,000/- per annum in the case of other persons excepting the traders who would continue to be taxed on the basis of gross turnover. This is likely to fetch an additional amount of Rs.10 crores per year.

Tax on Specified Land

66. I had no intention of introducing any tax proposal bringing additional burden on the tea industry. But the Hon'ble members will agree that no resource mobilisation proposal can be complete without the tea industry. In view of improved productivity of tea land and good market price of tea, I propose to enhance the existing rate of tax under the Assam Taxation (on specified lands) Act, 1990 by 2 (two) paise for every kilogram of green tea leaf produced annually. However, the tax rate will remain unchanged @ 20 paise, where the aggregate area of specified land held by a person does not exceed forty hectares. The resources mobilised out of this enhancement will be utilised for development of the three Universities and the three Medical Colleges in the State.

Entry Tax

67. Hon'ble Members are aware about the trade diversion from our State due to absence of sales tax or very low rates of tax in some of the neighbouring states. Most of goods like Cement, Motor vehicles, Textiles, Electronic goods, Computers etc. are being brought into the State for consumption or use in the State by purchases outside the State. As a result, the State is deprived of the tax revenues, since no sales or purchases take place in respect aforesaid goods within the State. I, therefore, propose to levy Entry tax on such selected items and the Assam Entry tax bill will be introduced in this house in due course. I find that levy of such Entry tax is prevalent in the States of Karnataka, Maharastra, Kerala. This tax once introduced, is likely to contribute around Rs.15 crores to the State exchequer.

68. Efforts are also being made by the Government for resource mobilisation through following measures.

- (i) Enlarging the tax base by roping in dealers liable to pay tax by conducting intensive survey.
- (ii) Vigilance against tax evasion by regular checking at delivery points as well as by streamlining and activising the operation of checkgates.
- (iii) Stringent action including prosecution against defaulters.

69. I am glad to inform the Hon'ble Members that with a view to save the time and energy of the tax payers and to reduce the harassment caused to them, the Government have decided to simplify the procedure of deposit of taxes under four acts namely Assam General Sales Tax Act, Central Sales Tax Act, Agricultural Income Tax Act and Assam Tax (on specified land) Act. From 1998-99, the tax payers would be able to deposit the taxes directly in the Bank without routing the challans through departmental offices and treasury.

Accounts 1996-97

70. As per accounts furnished by the Accountant General, Assam, the financial year 1996-97 closed with a net surplus of Rs.19.02 crores. The actual receipts during the year under Consolidated

Fund, Contingency Fund and Public Account were Rs.8473.89 crores. Whereas the total actual expenditure during the year was Rs.8473.94 crores, thereby leaving a net deficit of Rs.0.05 crores on account of current transactions during the year. Taking into account the opening surplus of Rs.19.07 crores, the year 1996-97 closed with an overall net surplus of Rs.19.02 crores. Of course, the State Government closed the year with RBI with a negative balance of Rs.297 crores as on 31.3.97. The discrepancy with accounts of Accountant General, Assam is due to time lag in transmission of accounts from RBI to Accountant General, Assam.

Revised Estimates 1997-98

71. The budget estimates of 1997-98 showed an estimated overall deficit of Rs.636.58 crores taking into account the opening deficit of Rs.354.43 crores. However, as per revised estimates, the transactions during the year show a deficit of Rs.154.17 crores but taking into account the opening surplus of Rs.19.02 crores, the year is anticipated to close with an overall deficit of Rs.135.15 crores.

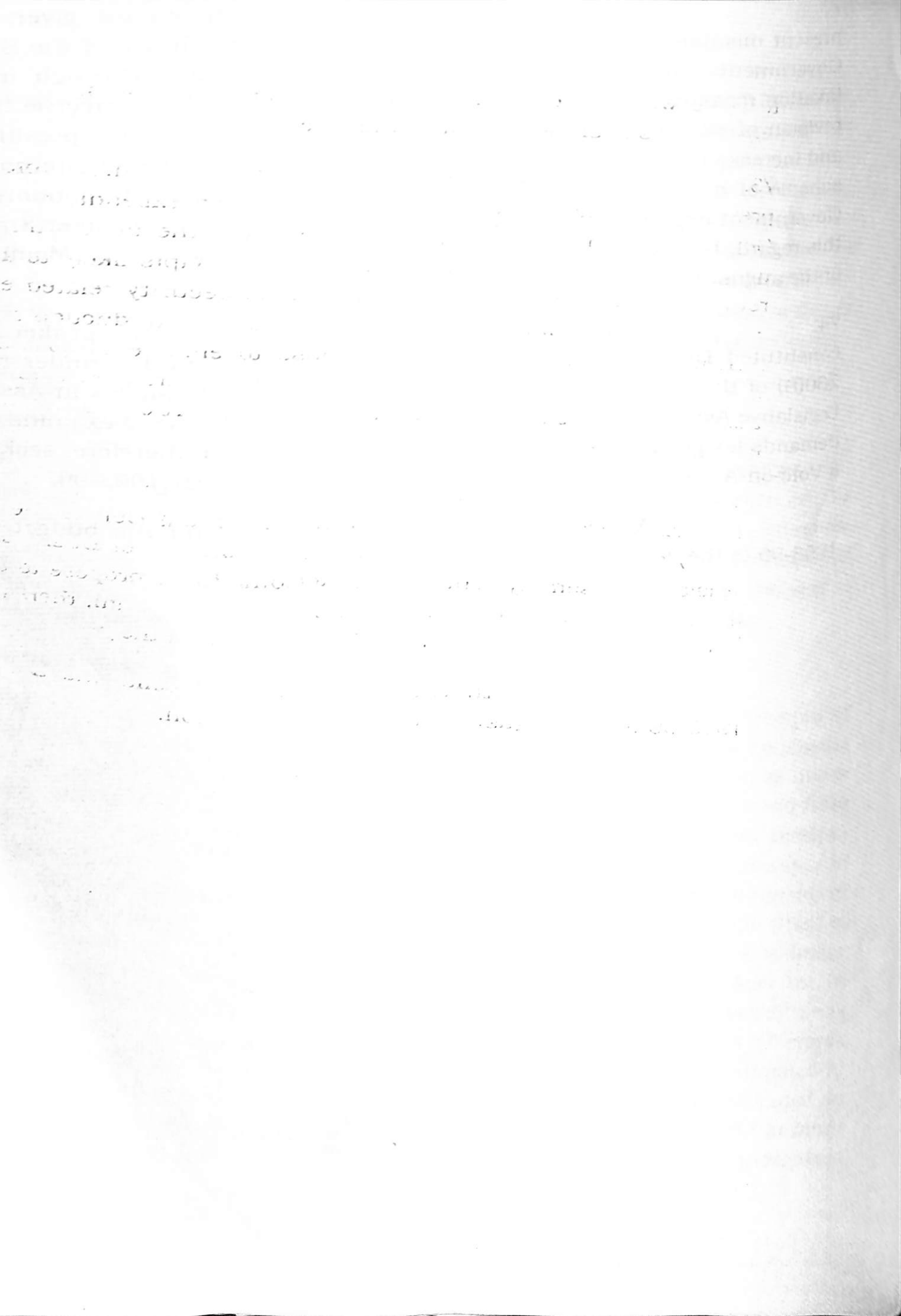
Budget Estimates 1998-99

72. The budget estimates of 1998-99 show receipts of Rs.6470.94 crores under the Consolidated Fund of the State consisting of Rs.5120.91 crores under Revenue Account, Rs.1350.03 crores under Capital Account. Estimated Receipts into the Consolidated Fund from different sources are shown at **Figure-1**. However, the total receipts aggregated to Rs.8003.81 crores taking into account the Receipts of Rs.1532.87 crores under the Public Account. In the budget estimates of 1998-99, the expenditure from the Consolidated Fund of the State is estimated at Rs.7084.81 crores, of which Rs.5481.92 crores is under Revenue Account and Rs.1602.89 crores under Capital Account. A graphic representation of the estimates of major items of expenditure is at **Figure-2**. Taking into account the expenditure of Rs.1545.87 crores under Public Account, the total expenditure for the year is estimated at Rs..8630.68 crores. Thus, a deficit of Rs..626.87 crores is estimated on account of current transactions during the year. Taking into account the opening deficit of Rs.135.15 crores, the year 1998-99 is anticipated

73. The large budgetary deficit is inevitable given the present mismatch between the revenues and expenditure of the State Government. However, I propose to cover the deficit through fresh taxation measures announced, additional receipts likely to accrue from revision of oil royalty, reimbursement of security related expenditure and increase in share of Central taxes due to introduction of alternative scheme of devolution, I also propose to enforce utmost economy in Government expenditure through a austerity drive. Mr. Speaker Sir, In this regard, I seek the cooperation and support of the Hon'ble Members of the august House.

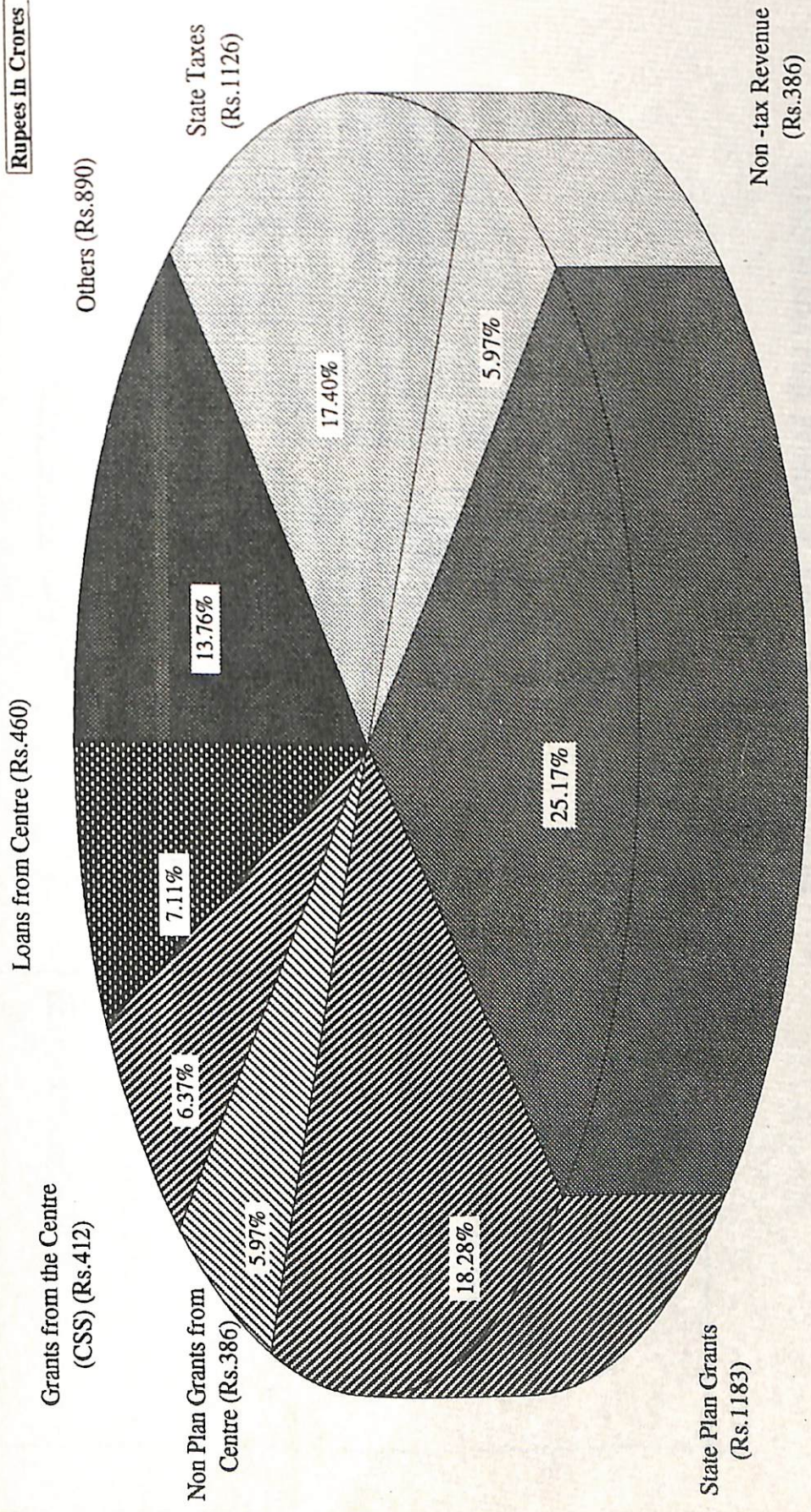
74. Hon'ble Members are aware that Hon'ble speaker has constituted Departmentally Related Standing Committee under rule 260(H) of the Rules of Procedure and Conduct of Business in Assam Legislative Assembly. The Standing Committees propose to examine the demands for grants of concerned departments. I am, therefore, seeking a Vote-on-Account for the first three months of the year 1998-99.

With these words, Sir, I commend the budget for 1998-99 to the august House for consideration.



**ESTIMATES OF INFLOWS INTO THE CONSOLIDATED FUND
OF THE STATE IN 1998-99**

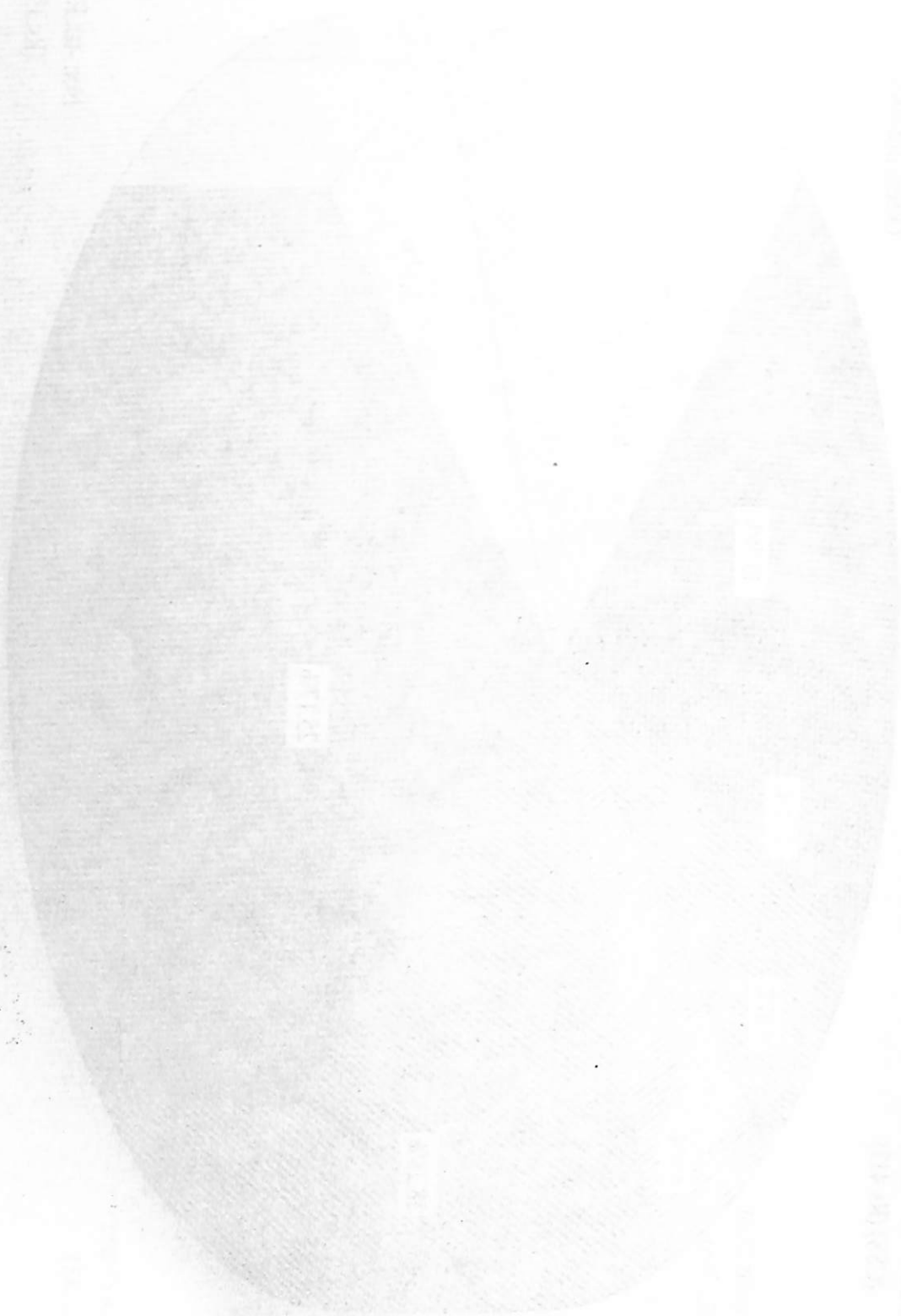
Rupees in Crores



Share of Central Taxes (Rs.1627)

1911

1911



THE UNIVERSITY OF CHICAGO

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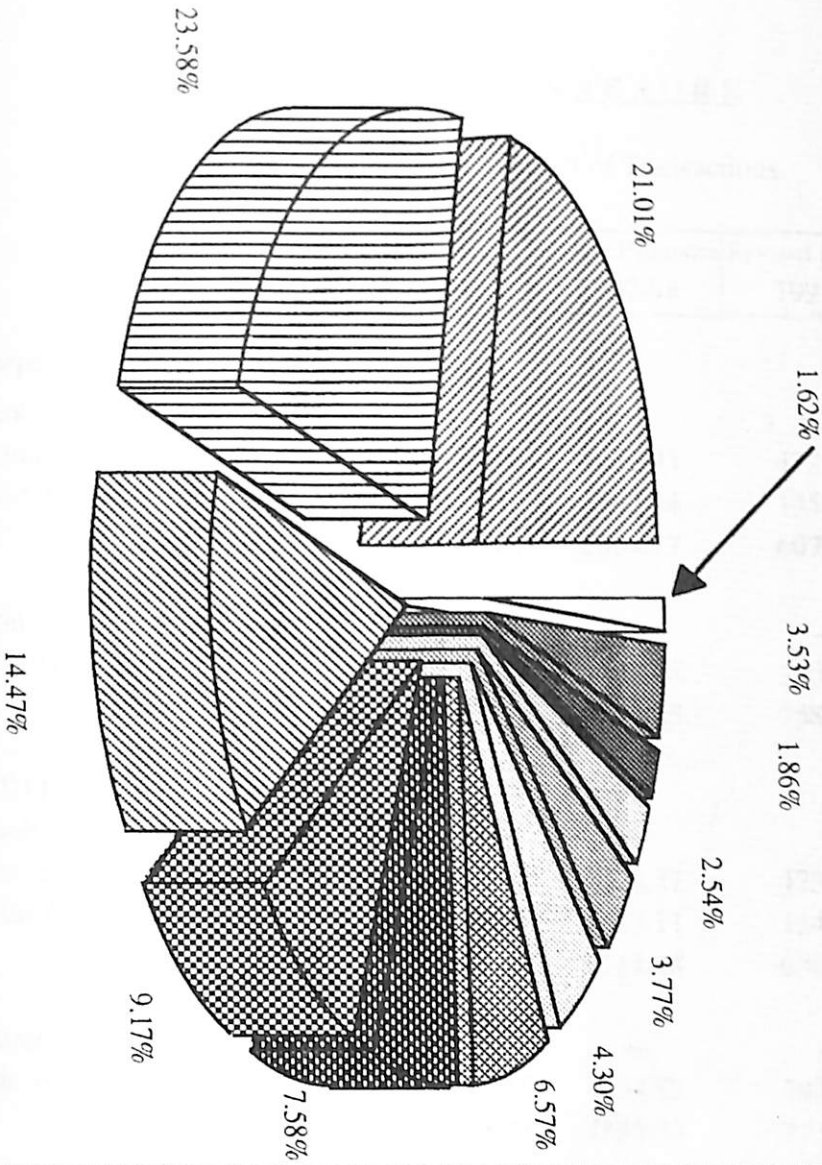
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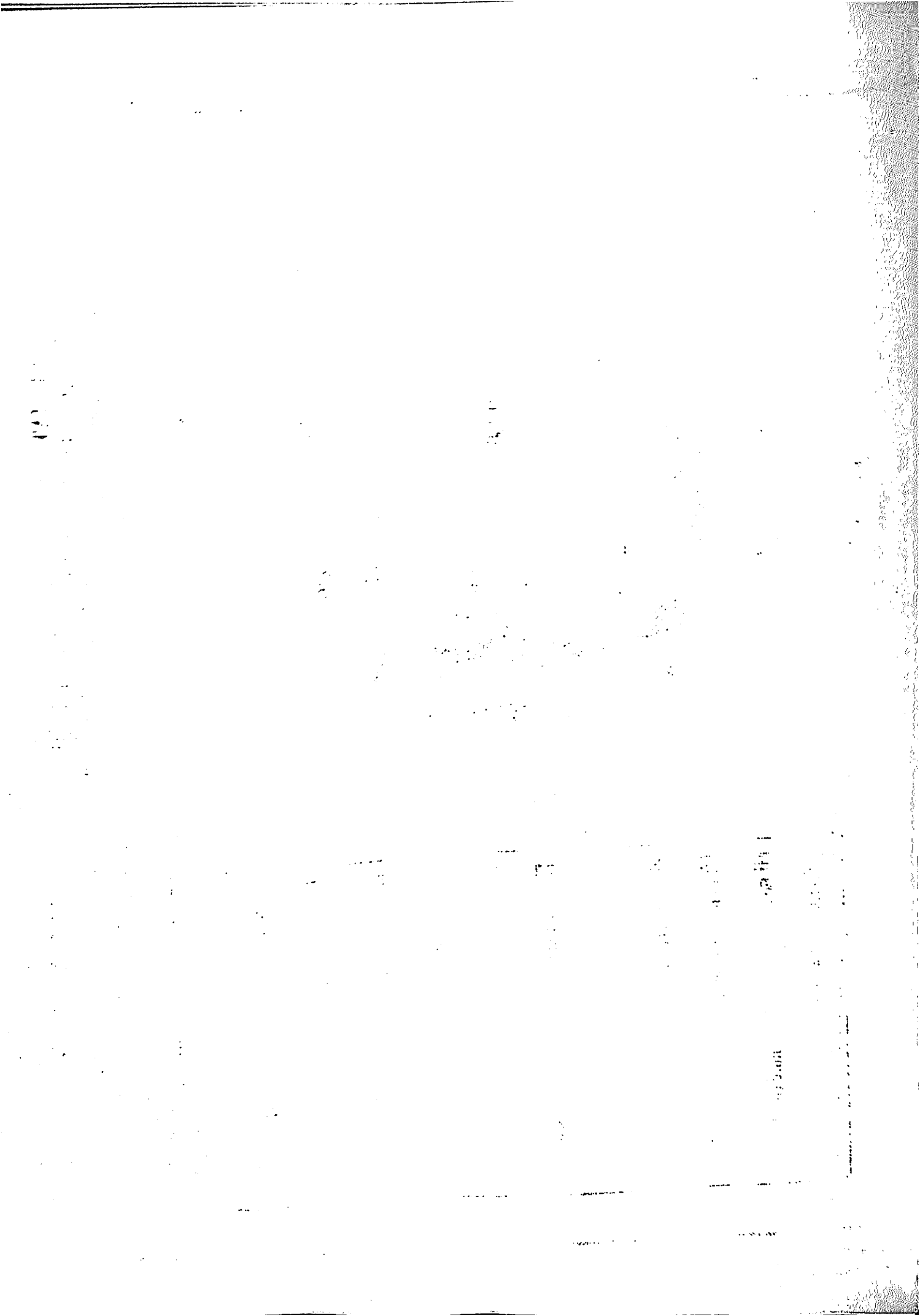
ESTIMATES OF OUTFLOWS FROM THE CONSOLIDATED FUND OF THE STATE IN 1998-99

Rupees in Crores



| | |
|---|---|
| □ | Power (ASEB) (Rs.115) |
| ▨ | Irrigation and Flood Control (Rs.250) |
| ▩ | Crop Husbandry (Rs.132) |
| ▧ | Industries and Minerals (Rs.180) |
| ▦ | Social Welfare (Rs.267) |
| ▥ | Health & F.W. (Rs.305) |
| ▤ | Roads and Bridges & Transport(Rs.466) |
| ▣ | Police (Rs.537) |
| ▢ | Ways and Means Adv. Repayment (Rs.650) |
| □ | Debt Servicing (Rs.1025) |
| ■ | Education, Sports and Culture (Rs.1670) |
| ▤ | Others (Rs.1488) |

Figure No. 2



ANNEXURE

Abstract of Transactions

(Rupees in crores)

| Actuals 1996-97 | Budget Estimates 1997-98 | Revised Estimates 1997-98 | Budget Estimates 1998-99 |
|--------------------|-----------------------------|------------------------------|-----------------------------|
|--------------------|-----------------------------|------------------------------|-----------------------------|

A. RECEIPTS :

I. Consolidated Fund

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| Revenue Account | 3855.82 | 4442.93 | 4721.43 | 5120.91 |
| Capital Account | 3137.19 | 1362.04 | 1354.75 | 1350.03 |
| Total | 6993.01 | 5804.97 | 6076.18 | 6470.94 |

II. Contingency Fund Account

| | | | | |
|-------------------------|----------------|----------------|----------------|----------------|
| III. Public Account | 1480.88 | 1509.28 | 1509.28 | 1532.87 |
| Total (I+II+III) | 8473.89 | 7314.25 | 7585.46 | 8003.81 |

B. EXPENDITURE :

I. Consolidated Fund

| | | | | |
|-----------------|----------------|----------------|----------------|----------------|
| Revenue Account | 3571.31 | 4628.37 | 4759.40 | 5481.92 |
| Capital Account | 3169.38 | 1533.11 | 1545.31 | 1602.89 |
| Total | 6740.69 | 6161.48 | 6304.71 | 7084.81 |

II. Contingency Fund Account

| | | | | |
|-------------------------|----------------|----------------|----------------|----------------|
| III. Public Account | 1733.25 | 1434.92 | 1434.92 | 1545.87 |
| Total (I+II+III) | 8473.94 | 7596.40 | 7739.63 | 8630.68 |

C. TRANSACTIONS DURING THE YEAR :

| | | | | |
|-------------|----------|------------|------------|------------|
| Surplus (+) | | — | — | |
| Deficit (-) | (-) 0.05 | (-) 282.15 | (-) 154.17 | (-) 626.87 |

D. OPENING BALANCE

| | | | | |
|-------------|------------|------------|------------|------------|
| Surplus (+) | (+) 19.07 | — | (+) 19.02 | |
| Deficit (-) | | (-) 354.43 | | (-) 135.15 |

E. CLOSING BALANCE

| | | | | |
|-------------|------------|------------|------------|------------|
| Surplus (+) | (+) 19.02 | — | — | |
| Deficit (-) | | (-) 636.58 | (-) 135.15 | (-) 762.02 |