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অসম চৰকাৰী ছপাশালত মুদ্ৰিত,  
গুৱাহাটী-২১



**GOVERNMENT OF ASSAM**

**SPEECH OF FINANCE MINISTER  
SEEKING VOTE ON ACCOUNT ON  
2006-07 BUDGET**

**BY  
SHRI TARUN GOGOI,  
CHIEF MINISTER OF ASSAM**

**6<sup>TH</sup> FEBRUARY, 2006**



Mr. Speaker Sir,

I rise to present the Statement of the Estimated Receipt and Expenditure of the Government of Assam for the financial year 2006-07.

2. As the Hon'ble Members are aware, the five-year term of the present Legislative Assembly of Assam will expire soon and election to the State Legislative Assembly is expected shortly. I, therefore, propose to seek Vote on Account on the Demand for Grants for a period of four months only from 1<sup>st</sup> April to 31<sup>st</sup> July, 2006. Although it is not mandatory under the Constitution, I think this will be in keeping with the rich democratic tradition of our Country.

3. Before I lay the Annual Financial Statement for the year 2006-07 in this august House, I would like to apprise the Hon'ble Members of some important developments that have changed the entire shape of the State finances during the last five years of my Government.

4. Five years back when I took over as the Chief Minister of Assam on 17<sup>th</sup> May 2001, State finances were on the brink of collapse. The State Government was perennially dependent on Ways & Means advances and

overdraft from the Reserve Bank of India. The year-ending overdraft on 31<sup>st</sup> March 2001 was Rs.500.87 crore. During 2000-01, the State Government remained on overdraft for 294 days out of 365 days. For overshooting the overdraft limits, the State Government payments were suspended by the Reserve Bank of India for 175 working days during that year. There was a serious mismatch between receipts and expenditure during the decade of 1990s. While Non-Plan Revenue Receipts grew at an average annual rate of 9.86%, Non-Plan Revenue Expenditure grew at an average rate of 11.67%. The growth rate of State's own Tax Revenue was stagnant at around 12% per annum. On the other hand, major items of Non-Plan Revenue Expenditure, namely, salary and wages, pension and interest payment were rising alarmingly. Pension payments were growing almost 25% per annum and interest payments were growing at an average rate of 17% per annum. The State Annual Plan ceased to be an instrument of development. In 2000-01, the Plan Outlay was only Rs.1520 crore. There was diversion of 20% of the normal Central Assistance for the Annual Plan to meet Non-Plan deficit. Almost 52% of the aggregate Plan Outlay went for

payment of salary and wages. Thus, precious little was actually left for undertaking developmental activities.

5. Because of the unprecedented financial crisis, the State Government was almost paralyzed. Normal government functioning was regularly disrupted by frequent agitational programmes by the State Government employees. Their salaries were not being paid regularly. Several public sector undertakings, whose employees had to survive without salary for months and years together, were virtually closed. They defaulted in making timely payments of their outstanding loan liabilities to the financial institutions. The State Government itself defaulted in honouring its sovereign guarantees against many such loans.

6. Government buildings, roads, embankments and other infrastructure were crying for normal maintenance and repair. The quality of service rendered by the State Government, particularly in Health, Education, Social Welfare and maintenance of physical infrastructure, deteriorated to abysmally low level. The financial crisis prevailing at that time affected even public security because the State Police force could not be adequately equipped and funded. There was a sense of despair and hopelessness all around. The civil society

was traumatized by the secret killings. Assam was looking more and more like, what some economists may call, a collapsing State.

7. Mr. Speaker Sir, today on the verge of completing my five-year term, I am happy to share with you and the Hon'ble Members my great happiness and satisfaction for being able to rescue Assam from the brink of disaster. Whether in State finances, economic development, social security or maintenance of public peace, law & order, normalcy has been restored on all fronts. The State economy is now poised for a takeoff as never before.

8. The growth rate of Net State Domestic Product (NSDP) at 1993-94 constant prices reached 5.8% in 2004-05 and is expected to reach 6.2% in 2005-06 as against 3.93% in 2000-01 and 2.8 % and 2.1% during the entire Eighth and Ninth Five-Year Plan periods respectively. Similarly the per capita income at constant (1993-94) prices, which was only Rs.5943 in 2000-01, reached Rs.6721 in 2004-05 and is likely to reach Rs.7020 in 2005-06. At current prices the per capita income, which was Rs.10,718/- in 2000-01 became Rs.13,633/- in 2004-05 and it is expected to reach Rs.14,523/- in 2005-06 as per advance estimate.

9. The salary component in the Annual Plan of the State has almost been removed by transferring the plan posts to non-plan. This process of normalization of plan posts is expected to be completed by 31<sup>st</sup> March, 2006. Diversion of plan fund for non-plan purposes, which was a regular practice earlier, has been stopped. After many years the State Government made a positive contribution of Rs.90.77 crore from its own resources to the current year's Annual Plan. State's own contribution to plan resources has been further increased to Rs.498.98 crore for 2006-07 Annual Plan which was finalized by Planning Commission recently. The Outlay for next year's Annual Plan has been fixed at Rs.3507 crore by the Planning Commission. This is an increase of more than 130% over the Annual Outlay of Rs.1520 crore in 2000-01. Freed from the salary component, the Annual Plan of the State has once again truly become an instrument of meaningful all round development of the State.

10. This has been possible because of the remarkable turnaround in the financial position of the State Government during my tenure. Exponential increase in State's own tax and non-tax revenue collection, blocking the leakages in revenue collection,



compression of non-essential expenditure, close monitoring of implementation of various developmental schemes and programmes so as to avoid wasteful expenditure, prioritization of public expenditure to yield greatest good for the greatest number and strict enforcement of financial discipline in all spheres of public finance have turned Assam into a paragon of fiscal prudence and discipline.

11. There have been no RBI ban on State Government payments even for a single day during the current financial year. Since, April 2005 the State Government has not resorted to any RBI overdraft. When I took over the reins of the State finances the treasury remained open only for three to four days in a month. Salaries of the employees were not being paid regularly and huge unpaid arrears accumulated. Today, we have reached a stage where treasuries are open throughout the month. Salaries of the employees are being paid on time. The entire arrear salary liability of the employees which were accumulating since 1995-96 amounting to Rs.630 crore have been cleared during my tenure. Till June 2003, the rate of Dearness Allowance given to State Government employees was 12% below the Central Government rate. We brought them on par with

effect from 1.1.2005. I am thinking of releasing one more dose of Dearness Allowances soon.

12. Some other highlights of the achievements of my Government in the financial front are :-

- i) Conversion of 50% of the Dearness Allowance of the employees into Dearness Pay for the purpose of payment of future D.A. with effect from 1<sup>st</sup> November, 2005. Similarly, 50% of the Dearness Relief of the pensioners has also been converted to Dearness Pension. As a result of this the immediate benefit to the employees and pensioners will be 8.5% of their basic pay / basic pension or 5.1% of their existing pay / pension packet.
- ii) Retirement age of the State Government employees has been raised from 58 years to 59 years w.e.f. 1.1.2005.
- iii) The services of more than 10,000 teaching and non-teaching employees of all deficit Colleges in the State have been provincialized.
- iv) The services of the Gaon Panchayat Secretaries have been provincialized.

- v) 63000 plan posts involving a salary burden of Rs.700 crore have been transferred to non-plan during the last three years. The State Government have decided to normalize all the remaining plan posts in 2005-06. Necessary steps have been initiated by the State Government.
- vi) Government have regularized the services of more than 30,000 Muster Roll and Work Charged personnel who were engaged prior to 01-04-93 and have been working continuously since then. This will mean additional financial outlay of Rs.72 crore per year.
- vii) Government have decided to extend pensionary benefit to the retired/ expired provincialized Panchayat employees of the State Government.
- viii) Monthly remuneration to Gaon Burhas has been raised from Rs.600/- per month to Rs.1350/- p.m.
- ix) I raised the remuneration of the casual employees to Rs.2100/- from Rs.1800/- p.m.

Now, I have raised it further to Rs.2,500/- per month.

- x) Monthly Medical Allowance to the State Government Employees has been enhanced to Rs.350/- from Rs.250/- per month with effect from 1.2.2004.
- xi) Compensatory allowance for employees working in Majuli, Dhemaji, Jonai, Dhakuakhana and Sadiya which was discontinued in 2001, was reintroduced with effect from February, 2004.
- xii) It has also been decided to increase the monthly remuneration of 11061 Village Defense Parties from Rs.50/- at present to Rs.500/- with effect from 1<sup>st</sup> April 2005. In addition to this the monthly remuneration of 237 number of Village Defence Parties engaged in guarding the railways tracks against subversive activities by the militants have been increased from Rs.50/- at present to Rs.1500/-. This will mean an additional financial implication of Rs.6.40 crore per annum. Necessary provisions have been made.

xiii) Teachers of Bishnu Ram Medhi Government Law College, Guwahati have been granted revised UGC pay scale notionally with effect from 1<sup>st</sup> January 1996 with cash benefits from 1<sup>st</sup> October 2005.

xiv) During my tenure the teachers of the Ayurvedic College, Regional Nursing College and the Pharmacy Institute have also been given the benefits of UGC and AICTE pay scales.

13. The State Government has undertaken a comprehensive process of Public Sector Restructuring. Steps have been taken to revitalize potentially viable State level PSUs like Assam Financial Corporation, Assam Electronic Development Corporation and Assam State Transport Corporation. In case of PSUs like Cachar Sugar Mill, Assam State Textile Corporation, STATFED, Fertichem Limited, Assam State Minor Irrigation Development Corporation, Assam Spun Silk Mill, Jagiroad and Assam Agro-Industries Development Corporation Ltd which have been identified as non-viable, the State Government have decided to takeover and discharge their existing liabilities, including those to their employees and the financial institutions. A uniform

VRS policy package applicable to all State level Public Sector Enterprises has been adopted. Beginning with STATFED employees, it has been decided to offer the uniform VRS package to all willing employees of the sick State level PSUs on a case-to-case basis. Necessary financial provision has been made for the purpose. A uniform policy has also been adopted for productive alternative use or disposal in a transparent manner, of the assets of the PSUs proposed to be closed.

During my tenure the State Government has already cleared outstanding liabilities amounting to Rs.675 crore to different financial institutions on behalf of the sick Public Sector Enterprises through Onetime Settlement (OTS). Negotiations are going on with different financial institutions for one time settlement of the remaining outstanding liabilities of the sick PSUs.

The Assam Tea Corporation Limited was languishing for many years. I have cleared the outstanding dues of ATCL to United Bank of India and the Assam Cooperative Apex Bank Ltd amounting to Rs.144 crore. Moreover, an amount of Rs.6 crore was released to ATCL during 2005 for resumption of its normal plantation and commercial activities. Thus,

ATCL which was on the verge of closure is now back into business.

14. As the Hon'ble Members are aware, Assam State Electricity Board is undergoing a comprehensive Reform and Restructuring Program since 2003. As a part of this program the State Government has taken over all the outstanding liabilities of the ASEB so as to give it a clean slate and help it to make a new beginning. The liabilities of ASEB so taken over by the State Government amount to Rs.3745 crore. Out of this, we have already discharged Rs.1223 crore during the last two and a half years.

15. My Government has given great importance to decentralization of political and economic power to the Panchayat Raj Institutions and the Urban Local Bodies. During my tenure elections have been held to all the Panchayati Raj Institutions, the Guwahati Municipal Corporation, Municipal Boards and the Town Committees of the State. To strengthen them financially, Third State Finance Commission has been constituted with Shri H.N. Das, retired Chief Secretary of Assam as the Chairman. Meanwhile, most of the recommendations of the Second State Finance Commission have been accepted.

16. In my last Budget Speech I mentioned about the award of the Twelfth Finance Commission. Compared to the Eleventh Finance Commission Award, the Twelfth Finance Commission has given a substantially higher Award to Assam. It is 88.24% more than the Award of the Eleventh Finance Commission. The corresponding increase in the Eleventh Finance Commission Award over the Tenth Finance Commission Award was only 59.47%. The Twelfth Finance Commission has given Assam grants-in-aid amounting to Rs.4478.71 crore as against only Rs.243.22 crore by the Eleventh Finance Commission. The Twelfth Finance Commission grants include Rs.966.02 crore and Rs.1107.37 crore respectively for improvement of Health and Educational service delivery in the State. Rs.330.12 crore have been given as grant-in-aid for maintenance of roads & bridges and Rs.230.64 crore have been given for maintenance of Government buildings. Grants amounting to Rs.40 crore and Rs.20 crore have also been given for maintenance of forests and heritage conservation respectively. A special grant of Rs.121 crore has been given for mitigating the drainage problem in Guwahati city. Another special grant of Rs.9 crore has been given for improvement of medical facilities in



Shankardev Nethralaya at Guwahati. No such grants were given by the previous Finance Commission. I would like to mention that the Twelfth Finance Commission grants for Education and Health are in the nature of Equalization Grant. In our Memorandum before the Twelfth Finance Commission we made a strong plea for such Equalization Grant.

17. The Twelfth Finance Commission has made some important recommendations aimed at ensuring fiscal discipline in the States. The debt relief package of the Twelfth Finance Commission has been linked to adoption of fiscal prudence and discipline by the State Governments. Government of India has accepted these recommendations of the Twelfth Finance Commission. Under this new dispensation each State should enact a fiscal responsibility legislation, which should, at a minimum, provide for—

- (a) eliminating revenue deficit by 2008-09,
- (b) reducing, by 2008-09, fiscal deficit to 3 per cent of GSDP or its equivalent, defined as the ratio of interest payment to revenue receipts,
- (c) bringing out annual reduction targets of revenue and fiscal deficits,

- (d) bringing out annual statement giving prospects for the State economy and related fiscal strategy, and –
- (e) bringing out special statements along with the budget giving in detail the number of employees in government, public sector, and aided institutions and related salaries.

The Twelfth Finance Commission has provided for two types of debt relief – (i) a general debt relief, and (ii) a debt write off scheme linked to fiscal performance based on the above mentioned parameters of the State Fiscal Responsibility and Budget Management Act. The general debt relief comprises consolidation of Central loans provided up to 31.03.2004 and outstanding as on 31.03.2005 into a single loan with repayment period of 20 years at an interest rate of 7.5% per year. The general debt relief shall be available to the States with effect from the year they enact the fiscal responsibility legislation. Under the debt write off scheme, repayment due from 2005-06 to 2009-10 on Central loans given up to 31.03.2004 after consolidation will be eligible for write off subject to achievements of the targets laid down in the fiscal correction path under the State FRBM Act.

18. On 8<sup>th</sup> April 2005, this august House passed The Assam Fiscal Responsibility and Budget Management Bill, 2005. The Act has come into force with effect from 1<sup>st</sup> September 2005. As a result of our timely action Assam has become eligible for the benefit under the general debt relief scheme for the entire 12<sup>th</sup> Finance Commission Award period of 2005 to 2010. In a review meeting held on 26<sup>th</sup> December 2005 the Central Monitoring Committee constituted by Government of India has recommended general debt relief to Assam. The general debt relief for Assam amounts to Rs.661.49 crore during the Twelfth Finance Commission Award period of 2005 to 2010.

19. If we maintain the current trend of fiscal reforms in the State, I am sure Assam will also be able to avail full benefit of the debt write off scheme as well. Hon'ble Members will be happy to know that Assam is one of the few States which has have fully achieved the fiscal targets laid down in the Medium Term Fiscal Reform Program (MTFRP) that was formulated jointly with Government of India on the basis of recommendations of the Eleventh Finance Commission. Under the MTFRP, which was executed in March 2003, Assam was required to reduce its ratio of revenue deficit

as a percentage of revenue receipt by 16% during the Five Year period – 1<sup>st</sup> April 2000 to 31<sup>st</sup> March 2005. We have achieved a reduction of 18% - 2% more than the stipulated target. This has entitled the State to a grant-in-aid of Rs.159.45 crore from Government of India's Incentive Fund. We have already received Rs.91.11 crore. The balance Rs.68.34 crore is expected during the current financial year.

20. Even the Asian Development Bank has recognized the improved fiscal management of Government of Assam. It has rewarded the State Government by releasing, as part of its Incentive Tranche, an amount of US Dollars 20 million, which is equivalent to approximately Rs.90 crore, as support for improved cash management by the State Government.

21. I would like to convey my sincere thanks to the Hon'ble Members for the support and cooperation which you have given me ungrudgingly in accomplishing the extremely difficult task of restoring financial health of the State. Perhaps never before was so much accomplished against so many odds in such a short time. One historic achievement of my Government is enactment of The Assam Fiscal Responsibility And Budget Management Act, 2005. This Act is designed to

put an end to fiscal profligacy and ensure fiscal security and responsibility for the benefit of the future generations. This Act has not only laid down a number of important provisions for fiscal prudence and discipline that will have to be adhered to by the State Government, it also contains a number of penal provisions. Government of India and thirteen other States have also enacted their fiscal responsibility legislations. But none of them have the kind of penal provisions that we have brought in our Assam FRBM Act. Giving appointment without a sanctioned vacant post or without complying with the laid down procedures and orders, giving work orders or supply orders without valid administrative approval or financial sanction, causing financial loss to the State Government, willfully and with malafide intention, by under assessment and/ or under realization of revenue due to the State Government and / or by incurring unauthorized expenditure, have been defined as cognizable offences punishable with rigorous imprisonment for a period which may extend up to three years under the Assam FRBM Act 2005. Abetment of any of the above offences has also been made liable for the same punishment as provided for the commission of the offence.

22. Till now, cases of Financial irregularities and corruption were dealt with under the Prevention of Corruption Act and by drawal of Departmental Proceeding against the delinquent Officials. In both cases the procedures are lengthy and the rate of conviction is very low. I am sure the Hon'ble Members will agree with me that inclusion of penal provisions in Assam Fiscal Responsibility and Budget Management Act, 2005 is a significant development in vigilance administration in the State and in our fight against the evils of corruption. No other government in the Country and no previous government in Assam have taken such a bold step to fight corruption. I appeal to the people of Assam to extend their full cooperation to make implementation of the revolutionary provisions of this Act a grand success.

With a view to enforcing discipline in financial matters, I have also decided to create a Directorate of Enforcement under the Assam FRBM Act.

23. Hon'ble Members are aware that compared to some other States like Tamil Nadu, Maharastra, Gujarat and Uttar Pradesh, till recently the flow of fund to Assam under externally aided projects was very

meager. During my tenure I brought three major externally aided projects to Assam. They are –

- (a) US Dollar 250 million (equivalent to approximately Rs.1125 crore) Assam Power Sector Reform Program and Project funded by ADB,
- (b) Rs.1025 crore World Bank funded Assam Agriculture Competitiveness Project and –
- (c) US Dollar 225 million (equivalent to approximately Rs.1035 crore) Assam Governance and Public Sector Management Program funded by Asian Development Bank, and US Dollar 38 million (equivalent to approximately Rs.171 crore) Integrated Government Financial Management Information System (IGFMIS). Out of this Rs.112.50 crore will be provided by the Asian Development Bank and the remaining Rs.58.50 crore will be counterpart funding by the State Government.

24. Twelfth Finance Commission recommendations, which have been accepted by the Government of India, have, however, radically changed the scenario in respect of transfer of funds by

Government of India to the States against externally aided projects. The Twelfth Finance Commission recommended that External Assistance should be transferred to the States on the same terms and conditions as attached to such assistance by external funding agencies on a back-to-back basis. Accordingly, Government of India has decided that while funds against ongoing externally aided projects and programs will continue to be transferred to the Special category States as 90% grant and 10% loan, all new externally aided programs and projects will be on the basis of 100% loan, including absorbing the risk of foreign exchange rate fluctuation, even for the special category States. As a result of this we shall have to take a fresh look at a few new major externally aided programs and projects which are in the pipeline and at fairly advanced stages of negotiations.

Some of these projects are -

- (a) Up-gradation of State Highways and major district roads – Rs.1000 crore to be funded by World Bank.
- (b) Conversion of SPT bridges on State Highways and major district roads – to RCC



bridges — Rs.1091 crore to be funded by World Bank.

(c) Assam Integrated Flood Control and Erosion Mitigation Project — Rs.1500 crore to be funded by Asian Development Bank.

(d) Assam Governance and Public Resource Management Program — Sub-Program II — Rs.600 crore to be funded by ADB.

I have requested the Hon'ble Prime Minister and the Union Finance Minister for continuing the existing arrangement of passing on external assistance to the special category States as 90% grant and 10% loan for the future projects and programs also. I hope Government of India will make some special dispensation for the special category States, or at least for the North Eastern States so that we can go ahead with the above mentioned projects and programs which are in the pipeline.

25. I have often been accused that by bringing these externally aided projects I have put a heavy debt burden on the State. The popular misconception is that the State Government is borrowing heavily from the World Bank and the Asian Development Bank. The truth is that it is Government of India who borrows the money

from the World Bank and the Asian Development Bank against externally aided projects and programs to be implemented in the State. After taking the foreign currency loan, the Government of India transfers the rupee equivalent amount to the State Government as Central Plan Assistance under successive Annual Plans of the State. As Hon'ble Members are aware the loan burden on the State Government arising out of Central Plan Assistance is only 10 per cent to be repaid to the Government of India in rupee denomination under normal terms. The remaining 90 per cent are outright grants. The entire repayment liability, including the risk of fluctuation in foreign exchange rate, to World Bank and the Asian Development Bank lies with the Government of India. This being the position, I am proud that I could bring such major externally aided projects to the State in vital areas like Power Sector Reform, Fiscal Reform and creation of rural infrastructure and agricultural development

26. Even if we compare the overall debt stock as well as the per capita debt burden of Assam with those of other States, Assam is much better off. As on 31<sup>st</sup> March, 2005, the debt stocks of some of the major States of the Country were: -

(Rs. In crore)

1	Andhra Pradesh	66,392
2	Bihar	55,654
3	Gujarat	60,408
4	Karnataka	41,649
5	Kerala	40,420
6	Madhya Pradesh	53,376
7	Maharashtra	84,114
8	Punjab	46,196
9	Rajasthan	56,580
10	Tamil Nadu	53,887
11	Uttar Pradesh	114,737
12	West Bengal	95,246
13	Haryana	21,907
14	Assam	16,418

Among all the States I have mentioned, Assam's outstanding debt liability as on 31<sup>st</sup> March 2005 was the lowest.

Similarly, excluding Sikkim, the per capita debt burden of Assam at Rs.6,149/- as on 31<sup>st</sup> March 2005 was also the lowest among all the states in the country. I shall read out the figures -

1	Andhra Pradesh	Rs.8713
2	Bihar	Rs.6705
3	Gujarat	Rs.11,915
4	Karnataka	Rs.7873
5	Kerala	Rs.12,711
6	Madhya Pradesh	Rs.8,852
7	Maharashtra	Rs.8,680
8	Punjab	Rs.18,933
9	Rajasthan	Rs.10,014

10	Tamil Nadu	Rs.8,636
11	Uttar Pradesh	Rs.6,904
12	West Bengal	Rs.11,876
13	Haryana	Rs.10,382
14	Jammu & Kashmir	Rs.12,855
15	Arunachal Pradesh	Rs.14,872
16	Goa	Rs.29,315
17	Himachal Pradesh	Rs.14,781
18	Manipur	Rs.11,783
19	Meghalaya	Rs.8,122
20	Mizoram	Rs.23,855
21	Nagaland	Rs.18,045
22	Orissa	Rs.10,349
23	Tripura	Rs.13,300

27. I would also like to apprise the Hon'ble Members that although Assam is a special category State, 10% loan component is built into the Central Assistance that we receive against State Plan, NEC fund, Externally Aided Projects, Non-lapsable Pool as well as under various Centrally Sponsored Schemes. Since I have been able bring in more such developmental funds to the State as compared to all previous Governments, it is only natural that the built in loan component also correspondingly increases. But the most important point with regard to borrowing is – for what purpose do we borrow? Unlike in the case of the previous governments, I have not borrowed to bridge the gap of revenue deficit and to pay salary. My borrowings have been utilized fully

for investment in infrastructure, human resource development and for other developmental purposes.

28. I would also like to mention that simultaneously with fresh borrowings for developmental activities, my government is also clearing the outstanding debt burden that I inherited. During the last five years I have repaid Rs.6,180.79 crore of past debt till 31<sup>st</sup> January 2006. In the previous five years from 1996-97 to 2000-01 total amount of repayment made by the State Government was only Rs.2,580.90 crore.

29. I have also taken innovative measures to reduce the debt serving burden. The earlier loans taken by the State Government from the Government of India carried a very high rate of interest – ranging from 13% to 15% per annum. This put an unsustainable debt servicing burden on the State Government. I entered into a debt swapping arrangement with Government of India to take advantage of the present low interest regime. Under this arrangement fresh loans were taken at an average rate of interest of 7% to 8% per annum and the entire proceeds of the new low interest bearing loans were utilized to prematurely repay high interest bearing loans taken earlier from the Ministry of Finance, Government of India. Following this process loans amounting to

Rs.1691.67 crore were swapped during the last three years. This innovative arrangement has given an interest payment relief of Rs.442 crore to the State Government.

30. Hon'ble Members will be happy to know that Assam is one the few progressive States which have created a sinking fund for redemption of the market borrowing loans in future. I have been making regular monthly contribution to the sinking fund, which is interest bearing and is maintained outside the consolidated fund and is maintained by the Reserve Bank of India. This fund is dedicated exclusively for discharging open market loan repayment liabilities that will arise in future. The Assam Government Sinking Fund has already grown into a sizable amount of Rs427crore. The State Government has already earned an interest of Rs.75 crore on the Sinking Fund so far. Moreover, reasonable ceiling have been prescribed under the Assam Fiscal Responsibility And Budget Management Act, 2005 on overall Debt Stock including Government guarantees at any given time. Under the Assam FRBM Act 2005 it has been stipulated that the Fiscal deficit of the State will progressively be brought down to 3% of the GSDP by 31<sup>st</sup> March 2009. Further, as per 12<sup>th</sup> Finance Commission recommendation the

borrowing to GSDP ratio of a State in any year cannot exceed the ratio of 2004-05.

Having said this about the State's debt position, I hope I have removed all doubts, misgivings and apprehension that have been expressed by some quarters from time to time.

31. I have already mentioned that after many years of stagnation, commercial tax collection has become buoyant once again. In 2000-01, total commercial tax collection in the State was only Rs.1138 crore. In 2004-05, we have been able to achieve a collection of Rs.2333 crore. This is an increase of more than 100% within a short span of four years. For the current financial year the target for commercial tax collection is Rs.2900 crore. Meanwhile, VAT has been introduced in the State with effect from 1<sup>st</sup> May 2005. VAT is considered the most modern, simple, scientific, efficient and taxpayer-friendly system of taxation. Introduction of VAT has not only ensured a steady growth of revenue collection but also kept the price level, particularly with regard to essential commodities, under control. Introduction of a new system was preceded by extensive interaction with the representatives of the Trade & Commerce bodies and tax professionals. Such

interaction on a regular basis has now been institutionalized. After introduction of VAT the realization of commercial tax has become even more buoyant. Till December 2005, the growth rate in realization of commercial tax is 32% over the corresponding period in the previous year. Going by the present trend there is every likelihood that we shall be able to surpass the target of Rs.2900 crore set for the current year. After introduction of VAT the number of registered dealers has increased by almost 30% - from 43515 under the AGST Act to 55992 under the VAT regime till 31<sup>st</sup> December 2005. During the tenure of my Government, intensive and extensive surveys were conducted so as to rope in all potential dealers/assesses under various Taxation Acts. As a result the total number of dealers/assesses has increased from 94,252 during 2000-01 to 1,16,199 during 2004-05 under various Taxation Acts administered by the Commissioner of Taxes.

32. Hon'ble Members would be glad to know that Assam has taken the leadership among the North Eastern States in implementation of VAT and the FRBM Act. We have shared with them our Acts and Rules under VAT and FRBM. We have volunteered to impart



necessary training in implementation of VAT to the tax officials of the neighbouring States. Because of low rates of taxation in some of our neighbouring States, Assam suffered loss of revenue through diversion of trade. It is, therefore, to our interest that we help our neighbouring States to put an effective VAT regime with uniform floor rates in place.

33. The unprecedented buoyancy and growth in collection of commercial taxes would not have been possible but for the adoption of a number of pragmatic measures and their effective implementation. Some of them are –

- (i) Composite Inter-State Check Gates at Srirampur and Baxirhat have already been notified. State of the art modern infrastructure, communication system and equipments are also being installed in these composite check gates. With these measures, the transparency, efficiency and productivity of the Check gates will increase manifold.
- (ii) Introduction of a simplified composition scheme for works contracts requiring the contractor to pay 4% tax on gross amount without any hassle is perceived as a major tax

innovation in the field of tax on works contract. Many other composition schemes have also been introduced which are business friendly.

- (iii) To meet the twin objectives of protecting the interest of local traders/manufacturers and to mop up additional revenue, the entry tax net has been broadened by bringing items like bamboo, mekhela chadar, crude oil, coal and ADE items like tobacco, textiles, sugar etc.
- (iv) An innovative measure having a significant impact on the future revenue generation of the State is the introduction of "Cess" on specified land yielding important minerals, like crude oil, coal, natural gas and limestone.
- (v) A Scheme was introduced for settlement of disputes and this led not only to realization of a substantial amount blocked in litigation amounting to approximately Rs.30 crore but also helped in reduction in the number of pending litigations.



necessary training in implementation of VAT.

to boost the morale of the tax officials, the best performing officers were sent on foreign trips for the first time. Further Chief Ministers running trophy for best performing unit has been instituted and this has resulted in healthy competition among the tax units.

(vii) My government's sharp focus on detection of tax evasion cases resulting in additional generation of revenue had a significant bearing on revenue generation because of deterrent effect it created. The improvement in tax collection is also due to better tax compliance.

(viii) All the tax units of Guwahati and the Finance Department Directorates which were earlier in rented apartments are today housed in a single spacious building in Kar Bhawan Complex with better amenities and working environment. This modern infrastructure, besides reducing government expenditure, is also dealer friendly.

(ix) The Finance (Taxation) Department has been computerized with V-SAT links connected to the Head Office covering 77 offices under the



Commissionerate of Taxes. This unique computerization project is one of the foremost-e-Governance projects of the State and happens to be fore-runner in this matter in the entire Country. After successful completion of the computerization project, Assam's Tax Information Management System has been recognized as one of the best computerization projects in the country in Government sector.

34. A few other important developments regarding taxation are: -

- a. To help revival of sick tea gardens under Assam Tea Corporation Limited, the State Government has given exemption to them from payment of Tax both under the Assam Agricultural Income Tax Act, 1939 and under the Assam Taxation (On Specified Lands) Act, 1990 for five years from 2005.
- b. To attract more industrial investment to the State, a new tax remission scheme has been launched and has been heralded by the Trade & Industry as one of the best tax concession schemes in the country.

- (vi) To boost the morale of the tax officials, the best performing officers were sent on foreign trips for the first time. Further Chief Ministers running trophy for best performing unit has been instituted and this has resulted in healthy competition among the tax units.
- (vii) My government's sharp focus on detection of tax evasion cases resulting in additional generation of revenue had a significant bearing on revenue generation because of deterrent effect it created. The improvement in tax collection is also due to better tax compliance.
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c. To encourage promotion of tourism, the tax rates on the room rents of the hotels was rationalized.

d. To further restructure the tax system with a view to rationalizing it a Tax Reform Commission headed by a retired Chief Justice of a High Court has been constituted.

35. Today I am not proposing any new taxation measures for the next financial year for obvious reasons. This will be taken up at the time of presentation of the regular Budget. However, if any minor taxation measures become necessary in course of the current financial year itself, they will be considered with due regard to our financial position and in accordance with laid down statutory provisions.

36. Hon'ble Speaker Sir, on 14th March, 2005, I presented the Budget for 2005-06. In my Budget Speech, I set the agenda of my Government for the current year. Hon'ble Members will be happy to know that although two months of the current financial year still remain, I have accomplished most of the action points mentioned in my 2005-06 Budget Speech. Meanwhile, the Annual Plan of Assam for 2006-07 was finalized in a meeting I had with the Deputy Chairman of the Planning

Commission on 21<sup>st</sup> December, 2005. As I have already mentioned the aggregate outlay for Annual Plan 2006-07 is Rs.3507 crore as against Rs.3000 crore in the current year. This is an increase of almost 17%. The Sectoral allocations under the Annual Plan for 2006-07 have already been made and incorporated in the Annual Financial Statement as well as the Demand for Grants, which I am presenting today. I am sure the Hon'ble Members will agree with me that the normal process of development in the State should not be kept under suspension under any circumstances. In his address to this House on 1<sup>st</sup> February, 2006, Hon'ble Governor had already given a detailed account of the achievements made in different sectors by my government during the current financial year. He had also indicated some important plan allocations for the next financial year. Therefore, I would not like to go into the details once again, although I have many achievements to narrate. Hon'ble Speaker Sir, I would only make brief mention of some of the important achievements: -

- (1) In my last Budget Speech, I proposed an amount of Rs.70 crore as State share for Sarba Siksha Abhijan Mission for the current year. I have already released Rs.70 crore and



an additional amount of Rs.46 crore is going to be released during the current financial year, thereby raising the total release of State share to Rs.116 crore. In 2000-01, before I took over, not a single rupee was released as State share for the Sarba Siksha Abhijan.

- (2) The State share for various Rural Development Programs was only Rs.20.89 crore in 2000-01. During the current financial year we have already released Rs.175 crore as State share for Rural Development out of an allocation of Rs.180 crore. For 2006-07 an amount of Rs.330 crore have been allocated.
- (3) Earlier, because of the State Government's inability to provide the required State share against various Centrally Sponsored Schemes, the State had to forgo substantial amount of Central allocations against various Centrally Sponsored Schemes. To avoid such surrender of Central allocations, I have provided Rs.642.32 crore under State Plan 2006-07 as State share for various Centrally Sponsored Schemes.

- (4) All round development of the two hill districts of Assam has been given the highest priority. Apart from flow of fund from the NLCPR and under Article 275 (I), an amount of Rs.183.89 crore has also been provided for the two hill districts under Annual Plan 2006-07.
- (5) Elections to the Bodoland Territorial Council (BTC) was successfully held. The BTC is now fully functional. Apart from Central fund under NLCPR and Article 275(1), an amount of Rs.164.89 crore has been provided for the BTC under the Annual Plan 2006-07.
- (6) My Government has been giving high priority to the welfare of the Plains Tribes and the Backward Classes. An amount of Rs.53.59 crore for the TSP and another amount of Rs.48.39 crore for the SCCP have been provided for under Annual Plan 2006-07. Rs.5 crore has also been earmarked for the welfare of the OBCs. For the Mishing, Rabha Hasong and Tiwa Autonomous Councils, Rs.23.35 crore, Rs.11.79 crore and

Rs.5.83 crore respectively have been earmarked under the Annual Plan 2006-07.

(7) Welfare of the Minorities occupies a high position in my list of priorities. Out of 47,841 pattas issued all over the State recently, 19,762 were issued in the Char areas alone. A separate Directorate for Madrassa Education has also been created during this year. An amount of Rs.7 crore has been specially earmarked for welfare of the minorities under Annual Plan 2006-07.

(8) Necessary actions have already been taken to materialize my commitment to establish three new Medical Colleges at Jorhat, Tezpur and Barpeta. Three independent societies have been established which have already started functioning. Entire assets of the Civil Hospitals in these three districts have been transferred to the societies. Foundation stones of the three new medical colleges are going to be laid during the this month. Necessary funds for commencement of work on these three new medical colleges have already been released. It is after a gap of

almost 40 years that new medical colleges are being set up in Assam. This will go a long way in mitigating a long felt need of the people of Assam as well as the student community.

- (9) I realized that there is a huge gap so far as availability of professional nurses and paramedical staff is concerned. Nursing and paramedical support is essential for delivery of efficient medical service. It also has great potential for employment generation. I have, therefore, decided to set up a State level Nursing and Paramedical Institute at Nagaon. I have earmarked an amount of Rs.3 crore for this purpose in 2006-07 Annual Plan.
- (10) A Three Year Diploma Course in Medical Science has already been started at Jorhat.
- (11) For various difficulties doctors are reluctant to serve in the rural and remote areas. I have asked the Health & Family Welfare Department to specifically identify such remote and difficult places of posting so that doctors posted to those places can be given a

Special Allowance of Rs.3,000 per month for the duration of their service in those places.

- (12) In my last Budget Speech I announced an innovative scheme to provide health and accident insurance coverage to the entire population of the State. Accordingly, Mukhyamantrir Jiban Jyoti Bima Achan has been launched and 1295 claims have already been paid. It has been decided to continue this scheme and an amount of Rs.20 crore has been earmarked under Annual Plan 2006-07.
- (13) The Planning process in our State has so long remained centralized in the State Headquarter. Decentralization of political and economic power to the Panchayati Raj Institutions and the Urban Local Bodies through timely conduct of elections and devolution of sizable amount of funds to the elected bodies have definitely helped and encouraged planning and implementation of developmental activities at the grass-root level. There is, however, a need to involve the District Administration also in Planning and

implementation of various developmental activities with focus on specific problems of the districts. I have, therefore, decided to introduce a new concept of District Planning in Assam, in addition to the existing arrangement. Under the new program, a District Planning and Monitoring Committee (DPMC) will prepare a district level plan, which will be approved by the State Government in the beginning of every financial year. Once the District plan is approved, the same will be implemented by the Deputy Commissioners through the line Departments at the District level. I have earmarked an amount of Rs.200 crore under the State Annual Plan 2006-07 against the new initiative. We have selected 17 Districts, namely Dhubri, Darrang, Barpeta, Tinsukia, Dibrugarh, Marigaon, Golaghat, Nagaon, Cachar, Hailakandi, Sonitpur, Nalbari, Karimganj, Kamrup (Metro), Kamrup, Jorhat and Sivasagar. The remaining districts, namely Lakhimpur, Dhemaji, Goalpara, Bongaigaon and the 6<sup>th</sup> Schedule

districts have been excluded from this programme as RSVY and National Food Work Programme are being implemented in these districts.

- (14) In the beginning of my speech have already stated that from an average GSDP growth rate of 2.1% during the 9<sup>th</sup> Plan period, we have already achieved a growth rate of 5.8% in 2004-05 and is poised to reach 6.2% growth rate in 2005-06. We want to achieve a GSDP growth rate of 8% in the near future – at par with the current national GDP growth rate. If we maintain the current trend, there is no reason why we should not be able to achieve the target. However, agriculture being the mainstay of Assam's economy, we must pay special focus on the Agriculture sector so as to achieve 8% growth rate. We have already launched the second World Bank project, namely, Assam Agriculture Competitiveness Project (AACP) for allround agricultural development in the State. This project, with a total investment of RS.1024.53 crore, has become effective from

24<sup>th</sup> February 2005 and is scheduled to conclude on 31<sup>st</sup> December 2009.

- (15) Alongwith the AACP adequate fund is also been earmarked for the agriculture sector under the State Plan so as to realize complete self-sufficiency in agricultural production. Utilization of an amount of Rs.8 crore earmarked under 2005-06 Annual Plan for mechanization of agriculture through distribution of tractors to Farmers' Self-help Groups with 50% subsidy is in progress. I have again earmarked Rs.8 crore under Annual Plan 2006-07 for distribution of 800 more tractors to the Farmers' Self-help Groups and KCC holders on 50% cost sharing basis.
- (16) Priority and thrust has been given to adoption of multiple cropping pattern in place of single cropping pattern. When I came to power only 1200 Kishan Credit Cards (KCC) were distributed in the State. The number of KCCs has now gone up to over 2 lakh cards. These 2 lakh plus KCC holders need to be promoted as model



agriculturists. I proposed to give at least Rs.4,000 to each KCC holders for the purpose of providing input support. For this purpose I have earmarked an amount of Rs.50 crore under 2006-07 State Plan. With the increase in the number of KCC holders, our allocation for them will also be increased proportionately. It is expected that this move on the part of the State Government will lead to corresponding increase in the flow of credit to the farm sector by the banks.

- (17) Hon'ble Members are aware that the Assam Agriculture University (AAU) has been passing through a serious financial crisis for some time past. To streamline the financial management of AAU I have approved signing of an MOU with the university. Under the MOU the AAU will follow prudent financial discipline. On the State Government part, full financial support will be given to the Agriculture University so that it can regain its past glory and pride of place as a premier Agriculture University in the country. Current year's budget provision has

accordingly been augmented through Supplementary grant.

- (18) In addition to the above, I have decided to develop Assam Agriculture University as a Bio-technology University. Bio-technology is emerging as a new frontier having large scale employment potential. An amount of Rs.3 crore has been earmarked under the Annual Plan 2006-07 for setting up an Institute of Bio-technology under the Assam Agriculture University.
- (19) The State Government has also decided to encourage Agriculture, Veterinary and Fishery graduates to take up self-employment ventures with 50% State subsidy. An amount of Rs.4 crore has been earmarked under the Annual Plan 2006-07 for this purpose.
- (20) Unemployment problem has remained an area of concern for all of us. After due consideration the State Government has decided to fill up the existing vacant posts under different Departments on a case-to-case basis. The MoU signed with the

Government of India has been allowed to lapse from 31<sup>st</sup> March 2005. Except for some posts which have become redundant over the years, the process of filling up the existing vacant posts as per procedure is going on. Two new India Reserve Battalions have been created and the recruitment process for more than 2000 newly created posts has been completed.

However, the unemployment problem of the State cannot possibly be solved entirely through creation and filling up of posts in the Government. Bigger thrust is necessary for generation of self-employment opportunities. My initiative in forming self-help groups has borne fruits. The promotion of SHG has emerged as very successful and result oriented approach in tackling the unemployment problem. I want to continue this experiment. The current rate of interest on loans given to the SHGs at 9% to 12% is rather high. I am considering to announce soon a scheme to give interest subsidy to the extent of 5% to the SHGs. This move is

expected to enlarge the financial base of the SHGs. As a result of this move, support from the financial institutions to the SHGs is also expected to take a quantum jump. To simplify the documentation procedure in sanction of bank loans to the SHGs, I am taking steps to exempt the SHGs from the requirement of executing loan agreement on Stamp paper.

- (21) The performance of the Regional Rural Banks in Assam has been very satisfactory. The RRBs have been quite active in micro-financing. Their credit – deposit ratio and the recovery rate have been higher than those of the other banks. The State Government has given its consent for merger of the four UBI sponsored RRBs, namely Subansiri, Pragjyotish, Lakhimi and Cachar Gaonlia / Gramin Banks. With this, a new Regional Rural Bank named Assam Gramin Vikash Bank with a business of Rs.2500 crore has been launched on 16<sup>th</sup> January 2006 with Headquarter at Guwahati. With 354 branches, this will be the largest Bank-

branch network in Assam. Meanwhile, the State Government has released Rs.6.16 crore of State share towards the equity of the RRBs. The remaining State equity share of Rs.8.50 crore has been earmarked under Annual Plan 2006-07. The State Government is committed to give all necessary support to strengthen the RRBs.

- (22) In the next fiscal year also we will continue the Kalpataru Programme. In the year 2005-06 we have implemented the Kalpataru Programme which have helped more than 1,00,000 unemployed youths. During the next financial year also we have earmarked Rs.75 crore for the Kalpataru Programme. However, considering the demand of the unemployed youths I have decided to raise the minimum level of Kalpataru loan amount upto Rs.25,000/- instead of present amount of Rs.7000/-. We will also try to see that the financial institutions also help the Kalpataru beneficiaries with equal amount so that the beneficiaries can take up sizable self-

employment schemes which may be sustained in the long run.

- (23) Dr Jayanta Madhab Committee submitted a Blue Print for employment generation in Assam to Planning Commission. The Planning Commission has accepted the Blue Print in principle. To operationalize this action plan an amount of Rs.10 crore, with breakup as recommended by Dr. Jayanta Madhab in his Blue Print has been earmarked under Annual Plan 2006-07.
- (24) The State Government has decided to set up a Directorate especially for Welfare of the Tea Tribes Community. An amount of Rs.10 crore has been earmarked under Annual Plan 2006-07 for taking up welfare activities among the tea tribes.
- (25) The State Government has also constituted a new Board for the welfare of the linguistic minority in our State. Adequate fund has been earmarked for this purpose under Annual Plan 2006-07.
- (26) The Grade-III and Grade-IV employees play an important role in the State

Administration. However, their housing needs have not been addressed adequately. On 1<sup>st</sup> January 2006 I announced an ambitious project for construction of residential flats for Grade-III and Grade-IV employees of the State Government in the State Capital and District Headquarters. An initial amount of Rs.20 crore has been earmarked under Annual Plan 2006-07.

- (27) The Rajiv Gandhi Computer Literacy Programme, introduced in our State in the year 2003-04, has met with tremendous success. I am happy to announce that all the 600 Higher Secondary Schools have been covered under this programme during the current year. I have decided to extend this programme to 300 High Schools of the State. An amount of Rs.25 crore has been earmarked for this programme under Annual Plan 2006-07.

- (28) Under the Gyan Jyoti programme educational excursion and cultural exchanges are organized for school students from Class-VI to Class-XII, particularly for students

from the rural areas. So far this year 9200 students have participated in Gyanjyoti programmes in Guwahati and Tinsukia. In the 2006-07 I propose to cover 20,000 students. For this purpose an amount of Rs.1 crore has been earmarked under Annual Plan 2006-07.

(29) The Dharmajyoti programme will also be continued in the next year.

(30) In my last Budget Speech I proposed to introduce a new scheme named Anandaram Barooah Award. The scheme has been successfully implemented during the current year. Under this scheme all the students who passed HSLC Examination in the First Division have been awarded a Personal Computer as an incentive so that they attain even higher academic excellence in the future and become role models for the future generations. I have personally attended the Anandaram Barooah Award giving ceremonies in several districts. Having met the Award winning students, I have no doubt that this is one of the most farsighted and



successful scheme launched by my Government. I was touched by the hard work, sincerity and brilliance of the young students. They have attained academic excellence ignoring the frequent bandhs, dharnas, picketing etc. I could see a change in their mindset and their hunger for more achievements. I will do anything for them. They are our future. I have decided to continue the scheme for 2006-07 also. An amount of Rs.25 crore has been earmarked under Annual Plan 2006-07 for this purpose. This is Rs.5 crore more than the allocation for the current year because I expect that number of students securing First Division in the HSLC Examination will go up next year as a result of this incentive.

- (31) Schemes for up-gradation and modernization of the Brass and Bell Metal Industries of Hajo and Sarthebari and Silk and Handloom Industries of Sualkuchi, which was announced in my last Budget Speech are being implemented. An amount of Rs.3 crore has been earmarked under

Annual Plan 2006-07 for continuation of these schemes next year also.

(32) Since antiquity Kamakhya Temple at Guwahati and Panchatirtha at Hajo have been regarded as holy places by people from all over the Country. They have a special historical significance and attract large number of tourists. For development of these two places I have earmarked an amount of Rs.5 crore under the Annual Plan 2006-07.

(33) As announced in my last Budget Speech Rs.25 lakh each has been released as grant-in-aid to Madhupur, Batadrava and Barpeta Satras during the current year. A Committee headed by an Additional Chief Secretary with representative from Satras as Members is preparing an Action Plan for protection, preservation and promotion of the Satras. With due regard to the fact that the Satras form an integral and important part of our composite cultural heritage, I have earmarked an amount of Rs.10 crore for the Satras of Assam under Annual Plan 2006-07.

- (34) In my last Budget Speech I announced that we were going to establish six Jyoti Kala Kendras. State Government has already taken up initiative in setting up of the said Kala Kendras. We have decided to construct 100 Jyoti-Bishnu Sanskritik Kala Kendras in selected important locations throughout the State. Under this scheme modern auditoria will be set up in 100 different places of Assam to fulfill the cultural aspirations of the people. An amount of Rs.30 crore has been earmarked under the Annual Plan 2006-07.
- (35) Foundation stone of Siu-Ka-Fa Sanaskritik Prakalpa, Jorhat, which I announced in my last Budget Speech, has already been laid. An additional amount of Rs.5 crore has been earmarked for this project under Annual Plan 2006-07.
- (36) Renovation work of the Rabindra Bhawan has been completed. 300 capacity Auditorium of International Convention Centre at Sri Sankardev Kala Khetra has been completed. The 1250 capacity

International Convention Centre in the same Complex is also nearing completion.

- (37) A Cultural Policy for the State has been announced on 2nd January 2006.
- (38) The contributions of Aniruddhadev, Sati Sadhini and Sati Radhika to the composite culture of Assam are immense. Sati Joimoti is an embodiment of the indomitable spirit of Assam womanhood. As a mark of reverence of the present generation to the noble contributions of these legendary personalities, it has been decided to establish cultural complexes at Tinsukia to be named after Aniruddhadev, at Golaghat to be named after Sati Sadhini, at Batadrava (Nagaon) to be named after Sati Radhika and at Sivasagar to be named after Sati Joimoti. An amount of Rs.10 crore has been earmarked for this purpose under Annual Plan 2006-07.
- (39) Srimanta Sankaradeva and Ajan Fakir personify the religious tolerance and harmony in Assam. Srimanta Sankaradeva Kala Kshetra at Guwahati has already been established. I propose to develop the Ajan

Fakir Dargah at Sivasagar. An amount of Rs.2 crore has been earmarked under Annual Plan 2006-07.

- (40) The legendary figures like Late Bhimbar Deuri, Late Rupnath Brahma, Late Jogen Hazarika, Late Sarat Chandra Sinha and Late Hiteswar Saikia left indelible marks in the public life of Assam. It has been decided to construct one Cultural Complex-cum-Exhibition Centre in the memory of Late Sarat Chandra Sinha at Chapar, a Sports Complex in the memory of Late Hiteswar Saikia at Sivasagar, a Sports Complex in the memory of Late Jogen Hazarika at Dibrugarh and another Sports Complex at Kokrajhar will be constructed in the memory of Late Rupnath Brahma.

- (41) Bir Chilarai was one of the most outstanding Generals ever produced by Assam. Because of his military genius and conquests he is known as the Napoleon of Assam. His support and contribution to the Bhakti movement in Assam and to the contemporary Assamese literature are also

noteworthy. It has been decided to establish a befitting Sports Complex at an appropriate place in Dhubri District in his honour.

Necessary funds have been earmarked for the above mentioned Sports & Cultural Complexes under Annual Plan 2006-07.

- (42) It has also been decided to take up appropriate measures for conservation of the historical and cultural heritage sites of various indigenous ethnic groups of Assam.
- (43) Charaideo occupies a special place in Assam history. It has been decided to up-grade the existing preservation measures and put Charaideo on the map of National Heritage Sites.
- (44) It has also been decided to up-grade the Assam State Museum at Guwahati to a national level museum.
- (45) I have also decided to establish a state of the art national level Library at Guwahati.
- (46) The infrastructure for holding the 33rd National Games is going to be completed during this month. The state of the art infrastructure that has been created has

already been acclaimed as the best in the Country. It is now ready for holding the National Games which is scheduled for October 2006. An amount of Rs.38.34 crore has been earmarked under Annual Plan 2006-07 for conduct of the National Games.

- (47) In my last Budget Speech I announced setting up of Rajiv Gandhi Sports Complex at Amingaon. Construction of this project has been completed at a cost of Rs.31.85 crore. It has been decided to take up construction of 100 more Sport Complexes in 100 other locations, particularly in Municipal Towns and other important locations throughout the State in the next financial year. These 100 new Sport Complexes will be named after Rajiv Gandhi. An amount of Rs.10 crore has been earmarked for this purpose under the Annual Plan 2006-07.

- (48) Under the Randhan Jyoti Programme, free gas connection has already been provided to 1 lakh households below the poverty line. This has not only benefited the housewives, but has also helped in reduction of air

pollution and restoration of environmental balance due to the switchover from use of firewood to petroleum gas. This scheme will be continued in 2006-07 also.

- (49) The Krishna Kanta Handique State Open University Act, 2005 has been passed. Work of establishing the Open University is now in progress.
- (50) I have decided to up-grade the status of Cotton College to that of a Deemed University.
- (51) Preparatory work of introduction of Five-Year LLB Course in Government Law College, Guwahati is nearing completion.
- (52) A corpus has already been created for giving interest free loans to meritorious students for pursuing higher studies in prestigious national institutions like AIIMS, IIT and IIM etc.
- (53) The 100 MW Karbi-Langpi Hydro-electric Project is nearing completion and the first unit will be ready for commissioning in April, 2006. Initially the State Government thought of taking financial assistance from the NEC



to complete the project. But taking NEC assistance would have meant sharing of power generated by Karbi Langpi Project with the other States of the N.E region. It has, therefore, been decided not to take any financial assistance from NEC so that 100% of the Power to be generated by the project is available exclusively to meet our own power shortage. In tune with this policy decision, an amount of Rs.30 crore has been provided for the project under the Annual Plan 2006-07.

- (54) The work of installation of 2898 distribution transformers throughout the State is nearing completion.
- (55) Construction of 38 MW Lakwa West Heat Recovery Project at Lakwa Thermal Power Station has also been initiated. An amount of Rs.45 crore was provided under current year's Annual Plan. Another sum of Rs.45 crore has been earmarked for this project under the Annual Plan 2006-07. This project will be completed within 20 months entirely with State's own resources.

- (56) System Improvement Work under the Accelerated Power Development and Reform Program (APDRP) is going in full swing.
- (57) Foundation stone of 6 Megawatt capacity Lungit Micro Hydel Project in Karbi Anglong District has been laid.
- (58) 240 MW Bongaigaon Thermal Power Station (BTPS) is being revived as a new 500 MW plant under National Thermal Power Corporation (NTPC). The new plant will be based on Flue Gas Desulfurisation technology so as to use Assam Coal. Apart from providing adequate quality power at reasonable price, this new plant will also restore the thermal-hydel balance in the power supply of Assam. Moreover, the State Government will earn additional royalty on Coal to the tune of approximately Rs.50 crore per annum.
- (59) For many years no new power generation capacity has been created in the State. Without adequate power supply modern economic development is not possible. Therefore, I have given highest priority to

investment in power generation. Never before was so many projects taken up simultaneously by any previous Government to augment the power generation capacity of the State.

- (60) Works on the two new Flyovers at Bhangagarh and 6th Mile point at Guwahati have already commenced. An amount of Rs.30 crore has been earmarked for these two flyovers under the Annual Plan 2006-07.
- (61) Implementation of Mukhya Mantrir Path Nirman Achoni is going on in full swing. 246 KM roads have already been completed. Work of another 359 KM of roads is progressing.
- (62) Road construction, repair and maintenance works have been taken up all over the State in an unprecedented scale. In 2005-06 alone my Government could bring Rs.900 crore under PMGSY for road construction.
- (63) Emboldened by our success in completing major projects like Karbi-Langpi Power Project and the National Games infrastructure with our own resources, I have

decided to take up a few other major projects. To mitigate the age-old communication problem of Sadiya subdivision, the State Government is contemplating to construct a road bridge over the Brahmaputra at Dhola-Sadiya point. In addition to the proposed rope-way, another road-bridge over the Brahmaputra is connecting Guwahati city with North-Guwahati is also under consideration. Another bridge over the Bhrahmaputra connecting Majuli with Jorhat is also under our active consideration.

- (64) No previous Government could establish a new Secretariat Complex in Guwahati after shifting of the Capital from Shillong in 1973. I have accomplished this long pending task.
- (65) A few major and medium irrigation projects including the flood damaged Bordikorai project are nearing completion. Rs.30 crore have been provided under the Annual Plan 2006-07 for this purpose.
- (66) 354 major breaches caused by the severe floods in 2004 have been closed at a cost of

Rs.170 crore. An amount of Rs.59.63 crore have been earmarked for flood control measures under Annual Plan 2006-07. Special emphasis will be given for protection of Majuli. A concrete bridge over the Doria channel at Majuli has been sanctioned. After the big flood of 2004, Government of India constituted a Task Force to recommend flood and erosion protection measures in Assam. Based on a Task Force recommendation project proposal for Rs.832 crore have been submitted by the State Government to the Central Government. Central funds against those proposals are expected soon.

(67) Assam Gas Company Limited, a Public Sector Enterprise of the State Government, has taken up work of laying a gas pipeline from Duliajan to Numaligarh at an estimated cost of Rs.400 crore. This pipeline will be extended up to Guwahati for gas supply to domestic households.

(68) The much-delayed Assam Gas Cracker Project is now almost ready for implementation. The Central Public

Investment Board has cleared the project. Now it is awaiting clearance from the Union Cabinet. For the purpose of acquisition of land, which is the responsibility of the State Government, for the Gas Cracker Project, an amount of Rs.30 crore has been provided for under Annual Plan 2006-07.

(69) Implementation work of 1.4 Million MT capacity Calcom Cement Plant near Lanka has started. The cement plant involves 10% Equity participation by the State Government. The total project cost is Rs.410 crore.

(70) All necessary steps have been taken to implement the Right to Information Act, 2005 in the State.

(71) The benefit of family pension has been extended to the families of deceased pro rata pensioners with effect from 29.11.2005.

(72) The present scale of remuneration to the Home Guards is not commensurate to the services rendered by them. I have decided to enhance their remuneration to Rs.60 per day.

- (73) I have also decided to increase the charge allowance of the Primary School Head Masters from Rs.50 per month to Rs.75 per month.
- (74) I have decided to increase the monthly literary and artists pension by Rs.500.
- (75) It has been decided to upgrade the Assam Institute of Management to a national level management institution. An amount of Rs.5 crore have provided for this purpose under Annual Plan 2006-07. I welcome private investment in establishing management, engineering, architecture, medical and such other educational institutions in the state. I have already announced in my last Budget Speech that necessary incentives will be given to facilitate to such investment.
- (76) A decision has also been taken to establish a modal district office complex for Kamrup district. The proposed office complex will include all the district offices under various departments, including the Office of the Deputy Commissioner, in one campus. An

amount of Rs.5 crore has been earmarked for this purpose under Annual Plan 2006-07.

- (77) It has also been decided to establish a modern Children's Park including a Hall of Fame in the surplus land of the Directorate of Soil Conservation at R.G. Baruah Road, Guwahati. An amount of Rs.2 crore has been earmarked for this purpose under Annual Plan 2006-07.

37. I have already mentioned that when I took over as Chief Minister of Assam in 2001, I found the State finances in a pitiable State. The year ending overdraft on 31<sup>st</sup> March 2001 was Rs.500.87 crore. Because of the pressure of the accumulated liabilities of the past, the year ending overdraft on 31<sup>st</sup> March 2002 rose even higher to Rs.1026.62 crore. I am glad to inform this august House that I have been able to improve the financial situation beyond anybody's expectation. Against the year ending overdraft of Rs.500 crore in 2001, I am confident that I shall be able to leave a positive cash balance of at least Rs.500 crore on 31<sup>st</sup> March 2006.



38. Hon'ble Speaker Sir, during my present term as Chief Minister of Assam, I have been able to stabilize the State finances and speed up the pace of development in the State. With these positive developments normal peace and prosperity have also returned to the State. I take this opportunity to thank all the Hon'ble Members of this august House, officers and other employees of the State Government as well as all the people of Assam for their support and cooperation to me and my Government in realizing our common dream of bringing all round development, peace and prosperity to our beloved State.

39. Before I present the estimates of expenditure for part of the year 2006-07 and seek a Vote on Account by the House to enable Government to discharge its responsibilities and to meet all essential and obligatory expenditure during the four months from April 2006 to July 2006, I would like to mention that the various statements required to be submitted along with the budget as laid down in The Assam Fiscal Responsibility And Budget Management Act 2005 will be submitted along with the regular and detailed Budget to be placed before expiry of the four months, that is, July 2006 as

the interim Budget show expenditure upto the minor head level.

With these words, Sir, I place the interim Annual Financial Statements and the Demand for Grants for the year 2006-07 and seek Vote on Account on the demand for grants for an aggregate amount of Rs.6,844.40 crore for the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> July 2006 from this august House.

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