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GOVERNMENT OF ASSAM

**SPEECH
OF
SHRI DEVANAND KONWAR
FINANCE MINISTER, ASSAM**

**PRESENTING BUDGET OF
GOVERNMENT OF ASSAM FOR
2002-2003**

11th March, 2002



Mr. Speaker Sir,

I rise to present the statement of the estimated receipts and expenditures of the Government of Assam for the financial year 2002-2003.

1. As the Hon'ble Members are undoubtedly aware, this is the first budget that this Government, which assumed office on May 18, 2001, is presenting. I take this opportunity to extend my greetings and best wishes to all of you and hope that the Government will get the benefit of your valuable advice, guidance and cooperation through these difficult times.

2. The fiscal scenario was extremely grim when this Government assumed charge, with the State Government in a quagmire of debts, deficits and over drafts. We are making a Herculean effort to pull ourselves out of this fiscal abyss, and have accordingly activated measures to restore fiscal balance and stabilisation. In fact, during our short tenure in office, we have been able to, against all odds, channelize substantially enhanced flow of funds to developmental programmes and projects. This has been achieved without compromising on our obligation to meet committed expenditures like salaries, pensions and debt servicing. Indeed, our single minded focus on boosting income and employment growth and on realising the developmental potential of the State, alongwith the evolving reforms in all spheres of governance, including fiscal reforms, kindles the

hope that our State will finally succeed in turning round and take the high road to peace, prosperity, growth and development.

3. Before I turn to the budget proposals, I take this opportunity to briefly apprise the Hon'ble Members about the state of the economy and the performance of some selected sectors.

State Economy :

4. The growth of economy of the State during the last few years has not been encouraging and has lagged behind the national economy. The Net State Domestic Product (NSDP) at current prices for the year 2000-2001 has been estimated at Rs.26,891.41 crores (quick estimate) as against Rs.25,332.92 crores in 1999-2000, thereby registering a growth of 6.15 per cent which is considerably lower than the growth rate of 11.55 per cent in 1999-2000. At constant (1993-94) prices, NSDP increased from Rs.15,580.37 crores in 1999-2000 to Rs.16,236.18 crores in 2000-2001 (quick estimate) registering a growth rate of 4.21 per cent as against the growth rate of 6.9 per cent in the previous year. Correspondingly, the quick estimates for the year 2000-2001 shows that the per capita NSDP was Rs.10,198.00 at current prices and Rs.6,157.00 at constant (1993-94) prices as against the provisional estimates of Rs.9,720.00 and Rs.5,978.00 respectively in 1999-2000. Thus, the per capita NSDP has increased marginally by 4.92 per cent at current prices and 2.99 per cent at constant (1993-94) prices during 2000-2001 in comparison to the increases of 10.13 per cent and 5.54 per cent respectively

during the previous year. The gap between Assam and the all India average in respect of per capita income at both current and constant prices has been rapidly widening, with the per capita income of India in terms of NNP estimated at Rs.17,530.00 at current prices and at Rs.10,561.00 at constant (1993-94) prices during 2000-01.

5. The primary sector continues to dominate the State's economy accounting for as much as 44.60 per cent of total NSDP at constant prices during 2000-2001. The corresponding share of secondary and tertiary sector were 15.2 per cent and 40.2 per cent respectively.

Prices :

6. The movement of prices can be observed from the behaviour of Consumer Price Index Number for Working Class Population (base 1982=100) and also from Wholesale Price Index for Agricultural Commodities (base 1993-94=100).

7. During the year 2001, there was a fall in the inflation rate as evident from the average Consumer Price Index (CPI) for Working Class Population (base 1982=100), which shows a nominal rise of only 0.49 per cent during the first nine months of the year 2001, i.e. between January and September 2001, over the corresponding period of the year 2000. The annual average of CPI for Working Class Population (Base 1982=100) displayed a rise of just 2.2 per cent during the year 2000 over previous year as against 7.8 per cent increase during the year 1999. Further on a point-to-point basis, the CPI for Working Class Population recorded

a marginal increase of only 0.48 per cent in September, 2001 over the corresponding months of the previous year.

8. It would be worth noting that the average Wholesale Price Index (WPI) for Agricultural Commodities (base 1993-94=100) for the first nine months of the year 2001 reflects a decline in the prices of agricultural commodities by 3.0 per cent over the same period of the previous year. In fact, the annual average of WPI for Agricultural Commodities (base 1993-94=100) declined by 5.8 per cent during the year 2000 over the previous year.

9. So far as the behavior of the retail prices of some essential commodities is concerned, it is observed that during the year 2001 the increase in prices is more pronounced in respect of commodities like potatoes, onions, salt etc. while the prices of some other commodities like rice, egg, milk, sugar etc. have recorded various degrees of decline during the year.

Demography :

10. As per the Census, the population of Assam rose to 26.6 million in 2001 from 22.4 million in 1991, constituting 2.59 per cent of the total population of India. The decadal growth of population in the State over the period of 1991-2001 is estimated at 18.85 per cent as against 21.34 per cent for the country as a whole. However, with 340 persons per square kilometre, the density of population in the State is higher than the all India average of 324. The literacy rate of Assam as per 2001 Census stood at 64.28 per

cent as against the literacy rate of 65.38 per cent for the country as a whole.

11. Data available from the Sample Registration Bulletin published by the Registrar General of India disclose that during 1999, the birth and death rates in Assam were of the order of 27.0 and 9.7 per thousand respectively as against 26.1 and 8.7 per thousand respectively at the all India level, while the infant mortality rate in Assam stood at 76 as against 70 per thousand for the country as a whole.

Employment :

12. The foremost concern of the State Government is the continuing problem of unemployment. The State Government is according the highest priority to the creation of employment opportunities by adopting policies designed to promote economic development and encourage private investment, by restoring peace and normalcy in the State, and through the implementation of employment generation schemes. As on December 2001, the total number of job seekers in the Live Register of the Employment Exchanges of the State were 15,24,616.

13. The Government proposes to continue to provide training and impart skills to the unemployed youths of the State through the 24 Industrial Training Institutes (ITIs). The Government also proposes to set up 4 new ITIs and upgrade 17 existing ITIs with assistance from the 'Prime Minister's N.E.S. package'.

14. During 2001-02, an amount of Rs.20.00 crores was received by the State Government as additional central assistance under State Plan for the implementation of the Chief Minister's Swa-Niyojan Yojana. It is expected that this scheme will generate self -employment, direct as well as indirect, for about 20,000 youths in sectors like fisheries, dairy, animal husbandry and veterinary, industries and handloom and textiles.

State Plan :

15. Hon'ble Members are aware that the Tenth Five Year Plan (2002-07) is scheduled to be launched nationwide on 1.4.2002. The draft Tenth Five Year Plan of Assam has been formulated as per the guidelines issued by the Planning Commission against the backdrop of the experiences of earlier five year plans coupled with the needs and requirements of the State. The Government is deeply concerned about, inter alia, the low rate of capital formation in the State over the last two decades and alarming increase in unemployment, and has accordingly identified the following thrust areas to address these problems and to give a boost to the development of the State :

- (i) Infrastructure (roads, power, and communications)
- (ii) Agriculture and allied sectors (including dairy, pisciculture and irrigation)
- (iii) Services (IT, tourism, health care)
- (iv) Human resource development (education, skill development and management)

- (v) Industrial development (emphasis on trade and commerce, handloom and handicrafts, agro-industries and forest based industry).

20. The State's Annual Plan for the year 2001-02 was approved by the Planning Commission at Rs.1710.00 crores. Out of this Rs.1710.00 crores, Rs.166.37 crores was for Hill Areas, leaving the balance amount of Rs.1543.63 crores for general areas, including the allocation of Rs.172.31 crores for externally aided projects, additional central assistance of Rs.186.51 crores for Pradhan Mantri Gramodaya Yojana (PMGY), Rs.69.55 crores for Pradhan Mantri Gramoday Sadak Yojana (PMGSY), and Rs.25.00 crores for voluntary retirement scheme (VRS) of the Assam State Transport Corporation. Out of the general areas plan allocation, amounts earmarked for Tribal Sub-Plan (TSP) and Scheduled Caste Component Plan (SCCP) were Rs.108.98 crores and Rs.72.82 crores respectively.

21. The size of the Annual Plan 2002-03 has been fixed recently by the Planning Commission at Rs.1750.00 crores during the meeting between the Chief Minister and the Deputy Chairman, Planning Commission held on 25.02.2002 in New Delhi. This approved plan size, however, excludes provision under PMGSY of Rs.75.00 crores which will be provided as an additionality over and above the State Plan. The provision for Plan outlay in the budget estimates for the year 2002-03 has been made by retaining the sectoral outlay for 2002-03 at the current year's level because even till the final stage of budget preparation, the meeting between the Chief Minister and Deputy Chairman, Planning Commission, for finalization of the Annual Plan was not held.

22. An amount of Rs.131.32 crores has been received from the Government of India over the period 1998-2001 out of the Non Lapsable Central Pool of Resources. During the year 2001-02, a sum of Rs.32.99 crores has so far been received from the Government of India from the Non Lapsable Central Pool. The State Government has received an amount of Rs.18.44 crores under the Prime Minister's Package over the period 1999-2001 for the implementation of schemes for the development of the BAC areas such as increasing the capacities of industrial training institutes, transmission systems, and electrification of tribal villages. During the current year, an amount of Rs.3.25 crores have been received from this source. The State also receives funds from the North Eastern Council, (NEC) particularly for schemes of regional nature. During 2001-02, the NEC allocated a sum of Rs.43.40 crores for the implementation of schemes under different sectors to the State, out of which a sum of Rs.23.31 crores has so far been received.

Education and Culture :

23. The State Government accords the highest priority to the provision of quality education and to the strengthening , consolidation and streamlining of the education system. The Managing Committees of schools at the primary, elementary and secondary levels have been reconstituted with enhanced administrative and financial powers. Steps have also been taken to rationalise the deployment of teachers in schools with a view to correcting imbalances in the student- teacher ratios.

24. The District Primary Education Programme (DPEP), which was started in 1994 in 4 districts and subsequently expanded to 5 more districts in the year 1997 is presently under implementation. Under this programme, 1003 cluster level and 56 block level resource institutions have been operationalised for school support. More than 30,000 teachers of primary schools have been provided in-service training, while members of 9,000 Village Education Committees (VECs) have been given training on school development issues. More than 2,000 Early Childhood Education (ECE) centres and alternative schooling centres are being successfully run and managed by the VECs. Till date, the Government of India has released Rs.202.08 crores as Central share while the Government of Assam has released Rs.32.54 crores as State share to DPEP.

25. The Government of Assam has recently launched the Sarva Siksha Abhiyan (SSA), an ambitious programme for the universalisation of elementary education, with 75 per cent funding from Government of India. The SSA aims at enrolling all children of school going age in primary schools or alternative schools by 2003. Special emphasis would be given to the provision of schooling to disadvantaged groups, tea-garden areas, interior forest areas, char areas and inter-state and international border areas. Notably, the SSA provides 33 per cent of its allocation for the construction of school buildings, provision of additional class rooms, and repairing of school buildings. Further, the programme calls for community ownership of schools and places a major part of the responsibility of UEE on the panchayats. During the

current financial year, the State Government has released Rs.7.54 crores to the SSA as State share.

26. Under the PMGY, a sum of Rs.32.11 crores has been disbursed during the current year for the development of infrastructure like class rooms, toilets and drinking water facilities. These programmes are being implemented in a decentralised manner involving the local school committees. Further, with a view to improving the training facilities for teachers, the existing Basic Training Centres are being upgraded into District Institution of Education and Training (DIET) with central assistance.

27. In the secondary education sector, priority has been given to computer education through the NEC and CLASS schemes. The Government proposes to introduce vocational education in additional schools and to improve science education in secondary and higher secondary schools. Further, grants in aid have been provided to literary bodies like the Assam Sahitya Sabha, Bodo Sahitya Sabha, Manipuri Sahitya Sabha, and Mising Agom Kebang.

28. The State Government is committed to the protection, preservation and promotion of the rich cultural heritage of the State. The Government of India has approved Rs.20.00 crores for the construction of a 1250 capacity auditorium at the Srimanta Sankardeva Kalakshetra premises and has released Rs.5.00 crores during the current year from the Non Lapsable Central Pool of Resources. under the Assam Accord, the State Government has submitted a project report to the Government of India for the completion and modernisation of the Jyoti Chitraban Film Studio.

During 2001-02, the Government sanctioned artist pension to 16 eminent artists @ Rs.1,500.00 per month, special pension to the families of 9 deceased artists @ Rs.750.00 per month and ex-gratia grant of Rs.10,000.00 each to 9 artists.

Health and Family Welfare :

29. The improvement of infrastructural facilities and expansion of basic minimum health care facilities is one of the priorities of the State Government. In this connection, the State Government proposes to complete partially constructed health care facilities, and repair and renovate existing facilities. During 2002-03, as many as 82 Community Health Centres (CHCs) and 172 Primary Health Centres (PHCs)/ State Dispensaries (SDs) are proposed to be strengthened through repair and renovation and supply of diagnostic equipments. At the district and sub-division levels, the construction of 200 bedded hospitals at Goalpara, Mangaldoi, Tezpur, North Lakhimpur, Nagaon, Nalbari, Karimganj, Barpeta and Haflong and 100 bedded hospitals at Sadiya, Nazira, Charaideu, Majuli, Udalguri, Rangia, Hatsingimari and Hojai are in progress.

30. It would be worth mentioning that the State Government has effected significant changes in the drug purchasing policy so as to ensure the availability of quality essential drugs. Also, with a view to ushering in participatory management to improve the management of hospitals, the Government is seriously considering the creation of autonomous hospital societies with requisite delegation of financial powers. The Government proposes to allow these societies to utilise the user fee collections in the maintenance

of medical equipments and other facilities to enable them to improve their services without involving any additional allocation of resources from the State exchequer.

31. In the area of family welfare, the State Government has made significant strides in immunization, neonatal care and health care of women. Infant and maternal mortality is being sought to be reduced through the Reproductive and Child Health (RCH) programme, a centrally sponsored scheme .

32. It may be noted that the North Eastern Council (NEC) has proposed an outlay of Rs.117.02 crores in the Tenth Five Year Plan, out of which Rs.55.03 crores has been earmarked for the development of additional facilities and super specialisation in the three medical colleges. It is heartening to note that the Regional Institute of Communicable Diseases and the Regional Institute of TB and Respiratory Diseases which are being established at Assam Medical College, Dibrugarh with NEC funds during the Ninth Five Year Plan will start functioning in the next financial year.

33. An emergency ward has been created in Guwahati Medical College with an intensive care unit, with funds from the Non Lapsable Central Pool of Resources. Other projects of Guwahati Medical College funded by the Government of India from the Non Lapsable Pool include the construction of hostel buildings, a water supply scheme and a sewage treatment plant.

34. Under PMGY, a sum of Rs.40.11 crores has been allocated during the current year for the construction of hospital buildings including PHCs, CHCs and sub-centres, and for the purchase of drugs and medical equipment.

Drinking Water and Sanitation :

35. The State Government is committed to the provision of safe drinking water supply facilities to the 'not covered' (NC) habitations followed by 'partially covered' (PC) habitations. During the current year, 623 NC habitations and 6100 PC habitations will be covered through funding under Accelerated Rural Water Supply Programme, PMGY, and the Eleventh Finance Commission award. Under PMGY, Rs.30.51 crores has been allocated in the current year for rural water supply schemes. In the next financial year, the Government proposes to cover all the remaining NC habitations, estimated at 178 habitations, and 6000 PC habitations. In the rural sanitation sector, emphasis will continue to be accorded to the construction of low cost sanitary latrines at households and schools.

36. The State Government intends to involve the local communities in the implementation, operation and maintenance of community water supply and sanitation schemes. Three districts, namely, Kamrup, Jorhat and Sontipur have been selected on a pilot basis under Sectoral Reforms Pilot Project with central assistance. As a matter of fact, it is envisaged that the Government of India will provide 90 per cent and the beneficiaries 10 per cent of the project capital costs in the case of water supply schemes. In sanitation schemes, 60 per cent will be funded by

Government of India, 20 per cent by the State Government and the balance 20 per cent by the beneficiaries. O & M costs will be borne by the local beneficiaries with the revenue generated by the schemes.

37. Hon'ble Members will be happy to note that the Government has already transferred 172 water supply schemes in rural areas to local committies, who are managing these schemes with the revenue collected from water supply charges. As this initiative has been a resounding success, it shall be the endeavour of the State Government to transfer additional water supply schemes in rural areas to beneficiary committees over the Tenth Plan period. Moreover, new water supply schemes will be taken up only at those locations where the local beneficiaries agree to take over the responsibility of operation and maintenance of the schemes.

Housing and Urban Development :

38. The State Government has taken up several schemes for the development of infrastructure in Guwahati. The construction of a four lane flyover at Ganeshguri Chariali at an estimated cost of Rs.21.48 crores was recently completed with loan assistance from HUDCO. Work on another flyover at Ulubari is also underway and one part of the flyover is expected to be opened to traffic shortly. The Rs.95.80 crores Guwahati Metropolitan Area Storm Drainage Improvement Programme is currently under implementation, while the extension of Kamakhya Water Supply Scheme is in progress. A number of infrastructural development schemes such as construction of roads, markets, drains, bridges, mini

stadia, crematorium etc. have been identified and are proposed to be taken up for implementation in a phased manner. The issue of revision of rates of property taxes, trade licences and fees on loading and unloading of trucks is under consideration in order to strengthen the resource base of Guwahati Municipal Corporation.

39. The Municipal Administration Department proposes to take up a number of schemes for urban local bodies in 2002-03, including the implementation of the Swarna Jayanti Shahari Rozgar Yojana, construction of markets and other urban infrastructure with funds awarded by Eleventh Finance Commission, as also the implementation of Low Cost Sanitation Programme in selected urban local bodies.

40. During 2001-02, the draft master plans for Dhubri and Kokrajhar towns were prepared, while the final master plans for Sonari and Karimganj towns were completed. The draft master plans for eight towns are presently under preparation. During the current financial year, Dibrugarh, Bokakhat, Digboi, Biswanath Chariali and Hojai towns were covered under Integrated Development of Small and Medium Towns (IDSMT). In the next financial year, the Government proposes to prepare master plans for six new towns and to cover Sonari, Bijni, Udalguri, Bilasipara, North Guwahati and Gohpur under IDSMT.

41. The Assam Urban Water Supply and Sewerage Board is executing twenty schemes under State plan and twelve under the centrally sponsored Accelerated Urban Water Supply Programme. During 2002-03, the Board

proposes to complete three ongoing schemes and to commission seven new schemes.

Hill Areas :

42. In pursuance of the Memorandum of Understanding between the Autonomous Councils of the Hill Districts and the State Government, the budget of the Hill Councils are incorporated in the State Budgets after they have been passed by the respective Councils. Due to its severe resource constraints, the State Government has not been in a position to meet in full the demands of the Councils in the State Budget. However, the requirements for salary under non Plan has been fully provided for. During 2001-02, an allocation of Rs.166.37 crores was made for the Hill Plan, out of which Rs.51.11 crores was provided through additional central assistance. An amount of Rs.20.06 crores was earmarked within the Hill Plan under PMGY for key sectors like rural roads, rural electrification, primary education, rural water supply, rural shelter and nutrition. Funds were released by the State Government for the Council elections which were held successfully in both Hill Districts in December, 2001. The Government will accord the highest priority to the Hill areas while determining the allocation of Plan funds.

Welfare of Scheduled Castes, Scheduled Tribes, and Other Backward Classes :

43. Schemes for the welfare and upliftment of the SC. ST and OBCs including tea and ex-tea garden tribes are administered by WPT & BC Department. In 2002-03, the

Government proposes to continue its programmes and schemes in different areas of activities including the award of scholarships, construction of boys and girls hostels, and vocational training. Special emphasis is being given to the welfare of these communities in the matters of health, education, specially education of women, drinking water facilities and village link roads. In the budget estimate for 2002-03, funds have been earmarked under Plan for the implementation of development schemes by Autonomous Councils, namely Bodoland Autonomous Council, Mising Autonomous Council, Rabha-Hasong Autonomous Council, Lalung-Tiwa Autonomous Council.

Welfare of Minorities :

44. Schemes for the Welfare of Minorities are executed through several agencies under the administrative control of Minorities Welfare and Development Department.. The Assam Minorities Development Board is executing several developmental schemes, including training programmes, for the generation of employment. The Assam Minorities Development and Finance Corporation, on the other hand, extends loans to persons of notified minorities. The State Government has for the first time conducted elections to the Assam Board of Wakf, which will enable the Board to discharge its responsibilities more efficiently. In 2002-03, the Government proposes to provide for a variety of welfare and self-employment schemes, including vocational training and the provision of basic services like health care, drinking water supply, and primary education.

Revenue, Relief and Rehabilitation :

45. Effective measures are being adopted by Revenue Department for the judicious and rational management of land, the State's primary and most valuable natural resource. Settlement operations in Karimganj district and survey and settlement operations in Jonai, Dhemaji and Sadiya have been successfully completed. With a view to raising land revenue collections, the State Government has initiated steps for the fresh reassessment of land in both rural and urban areas all over Assam. The Government also proposes to take appropriate steps for the declaration of new towns and to undertake a special drive for the recovery of arrear land revenue. Fresh guidelines for the proper valuation of town land to enable realisation of premium at appropriate rates have been issued. Guidelines have also been issued for the collection of premium from brick kilns at appropriate rates. The Government is taking steps to computerize land records which will make the system of record keeping more organised, efficient and transparent.

46. All possible steps have been taken to provide relief and rehabilitation to the flood affected people. During the current financial year, a sum of Rs.17.00 crores has been released from the Calamity Relief Fund. Relief measures are also being extended to victims of ethnic violence at Kokrajhar, Bongaigaon and Dhubri districts, while ex-gratia grants are being sanctioned to the victims of extremist violence, group clashes etc. During the current financial year Rs.10.24 crores has been released so far on for gratuitous relief and rehabilitation grants to victims of ethnic violence.

Agriculture :

47. The State being a predominantly agrarian economy, the predominant role of agriculture in the State's economy and its vast potential to act as an engine of growth through income and employment generation is well known. The State Government will accordingly continue to accord a special emphasis to the development of agricultural sector. The State Agricultural Policy encompassing areas such as multiple cropping, crop diversification, mechanisation, infrastructural development, horticulture and capacity building of Farm Management Committees is presently under preparation.

48. Increased production of rice, largely on account of the successful installation of STWs, has rendered it possible for the State Government to encourage the diversification of agricultural production, with an emphasis on wheat, pulses, maize and oilseeds. The Department of Agriculture in collaboration with the Assam Agricultural University, is also seeking to give a thrust to the development of integrated farming which will entail the implementation of improved agri-horticultural practices including poultry, dairy and fisheries.

49. The constitution of the Technical Mission for the North East has given a fillip to the State Government's efforts to develop horticulture. The development programmes in this sector include area expansion in respect of various fruits, vegetables, and spices, development of marketing support, and creation of other essential infrastructure. The Government has decided to observe the year 2002 as 'Spices

Year'. During this year, thrust will be given to the expansion of black pepper cultivation, as well as other major spices, such as ginger and turmeric. The State has also constituted a Small Farmers Agri-Business Consortium to provide venture capital, primarily for horticultural development.

50. During the Tenth Five Year Plan (2002-07), a number of schemes and programmes will be taken up to improve infrastructure in the area of minor irrigation, storage facilities including cold storage, marketing facilities and agro-processing facilities to ensure income and employment generation in the farm sector. The State Government has submitted a proposal to the Government of India seeking World Bank assistance for the second phase of the ARIASP Project, covering different areas of activities in the agriculture and rural sectors.

Fisheries :

51. The Department of Fisheries is implementing a number of schemes to augment fish production in the State. These schemes are also aimed at the upliftment of socio-economic condition of SC/ ST people, primarily by providing opportunities for self employment.

52. Keeping in view the immense potential of this sector to increase production and to generate revenues for the State exchequer, the Government is considering the streamlining of the existing fishery settlement rules. It has already taken steps to rationalise 'minimum acceptable lease bid' for Government fisheries based on their production potential. The Government has also announced a Fish Seed

Policy to promote the production, supply and distribution of fish seed.

Animal Husbandry and Veterinary :

53 Priority has continued to be given to the augmentation of production of milk, meat and eggs, improvement in the quality of livestock, and provision of health care facilities for livestock. During the current financial year, under the World Bank assisted ARIAS Programme, among other things, frozen semen production centres at Khanapara and Kaliapani were commissioned, a disease diagnostic laboratory at Sibsagar started functioning, 415 Artificial Insemination Centres have become functional, and duck farms at Sipajhar, Hajo and Joysagar have been revitalised. The Central Chick Rearing Farm at Khanapara has been renovated and commissioned at a cost of Rs.45.00 lakhs with assistance from Government of India, while the Kaliabor Duck Farm has been identified as a nodal farm in duck industry at a project cost of Rs.110.00 lakhs with NEC funding. The Swarnadhenu scheme has been launched in the State with the objective of developing higher yielding cattle.

Proverty Alleviation :

54. It is my proud privilege to state before this august House that this Government has fulfilled its pledge of holding Panchayat Elections. As Hon'ble Members are all aware, Panchayat elections were successfully held in December 2001, after a long gap of six years. It shall be the endeavour of this Government to bring about change and

development in rural areas through these elected local bodies and to facilitate increased peoples' participation in the developmental processes.

55. The State Government has been according the highest priority to the eradication of rural poverty and upliftment of quality of life of the rural poor. Stress has been given on the creation of self-employment and wage employment opportunities through restructured programmes like Swarnajayanti Gram Swarojgar Yojana (SGSY), Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Schemes (EAS). The JGSY and EAS have now been merged to form a new wage employment programme, namely, Sampurna Gramin Rojgar Yojana (SGRY). Special attention is being given to rural housing and a new programme, the PMGY (Gramin Awas) has been launched in addition to the prevailing Indira Awas Yojana to provide housing to the homeless / shelterless people of rural areas. Under PMGY, the State secured an allocation of Rs.20.11 crores during the current year. Moreover, the Pradhan Mantri Gram Sadak Yojana (PMGSY) and Integrated Waste Land Development Project are being implemented in the State. The importance that this Government is attaching to rural development can be gauged from the fact that the State Government has so far released Rs.116.56 crores during the current year as State share to various rural development schemes, as against Rs.39.08 crores released in 2000-01. This has facilitated the sanction of fund by Government of India, which has, as on 25.02.2002, released a sum of Rs.428.80 crores as Central share.

56. In order to encourage rural youths to take advantage of growing opportunities for self-employment in rural areas, the State Government is placing stress on the capacity building of rural youths so as to equip them with the requisite skills, managerial expertise and technical knowledge. This exercise of capacity building is being undertaken through the State Institute of Rural Development (SIRD).

57. The State Government has also taken steps to revitalise the Mid Day Meal Scheme. At present 3 Kgs of rice a month are being provided to students in over 30,000 Government and Government assisted lower and lower primary schools in the State.

58. Considerable importance is also being given to the streamlining of the Public Distribution System(PDS) to ensure availability of essential commodities like rice, wheat, sugar, S.K.oil and salt. A new scheme, the Antyodaya Anna Yojana, under which families from the poorest amongst the 'below poverty line' families are being provided with 25 kgs of rice at the subsidised rate of Rs.3.00 per kg. each month, has been introduced during the current financial year. The Government has also started implementing another new scheme, the Annapurna Scheme, under which about 26,000 destitute and helpless persons are being given 10 kgs of rice free of cost every month.

Roads and Bridges :

59. The Government is aware that roads are critical for development, more so in the case of remote and backward

areas in the North East. Consequently despite severe resource constraints, the State Government is undertaking a number of schemes for road development, rehabilitation and maintenance. During 2001-02, the State Government has taken up the construction of 2 RCC bridges, 199 kms of road length for metalling and black-topping and 35 kms of roads for improvement. Metalling and black-topping of rural roads under PMGSY for 46 packages in different districts for a total road length of 165 kms. involving an amount of Rs.75.00 crores has been taken up.

60. The State Government has been availing loan assistance from NABARD under RIDF with the objective of improving road connectivity in the State, particularly in rural areas. So far, a total number of 142 RCC bridges have been taken up under RIDF and construction of 55 bridges have been completed. The construction of the remaining 87 bridges is expected to be completed soon.

61. Under ARIASP, the State Government has taken up the rehabilitation of 738 km of roads and 209 bridges against the total allocation of Rs.273.50 crores for rural roads. So far 194 bridges and 385 kms of roads have been completed and the remaining are likely to be completed by June, 2002.

62. The development of national highways has drawn special attention, with projects for construction of bridges, widening, raising, and improvement of riding quality being taken up. There has also been substantial progress in the work relating to the construction of Indo-Bangladesh border roads and fencing.

Flood Control :

63. Hon'ble Members are aware that the scale and the frequency of floods in Assam are probably more acute in Assam than in most parts of the country. Considering the magnitude of the problem, the huge investment required, and the inter-state and international nature of the problem, the State Government has been pressing the Government of India to recognise it as a national problem and to extend Central assistance for flood control measures in the form of grants, besides waiving the outstanding debt on this account.

64. The Brahmaputra Board is undertaking pre-construction work and land acquisition for the Pagladia Dam Project in Nalbari district. The Subansiri Dam, a multipurpose project for generation of power and flood moderation, has since been handed over to National Hydroelectric Power Corporation (NHPC). Schemes like the construction of embankments, anti-erosion measures and drainage channels, have been taken up by the Flood Control Department under the State Plan and with funding from NEC and Non Lapsable Central Pool of Resources. During the current year, the department has constructed about 3 kms of embankment and 15 anti-erosion works.

Irrigation :

65. Irrigation Department is presently executing 10 ongoing major/ medium irrigation projects and 1241 ongoing minor irrigation schemes. Under ARIASP, 222 schemes have been taken up for completion at an cost of Rs.11.76 crores,

out of which 188 have been completed creating additional potential of 5,649 hectares. Similarly under the Non Lapsable Central Pool of Resources, 86 ongoing minor irrigation schemes have been completed at an estimated cost of Rs.11.21 crores resulting in the creation of an additional potential of 12,745 hectares.

66. The Government of Assam is committed to increased community participation in the management of its irrigation schemes and will encourage the transfer of these schemes to Water Users Associations (WUAs). These Associations will be entrusted with the responsibility of operation and maintenance of the schemes with revenue collections from irrigation charges, thereby relieving the Government of meeting recurring expenditures. As of now, 286 irrigation schemes are being managed by WUAs, and considering the success of this initiative, the State Government proposes to transfer such schemes to the WUAs over the Tenth Plan period.

Power :

67. The power sector not only holds the key to the development of the State's economy, but is also vital for the restoration of the State's fiscal health. This Government is accordingly taking appropriate measures to improving the capacity as well as viability of this critical sector. Amongst the measures to enhance generation are the renovation and modernisation of the Lakwa and Namrup thermal power stations, and a proposed project for the utilisation of the waste heat of Lakwa thermal power station.

68. The strengthening of transmission and distribution system, the Achilles' heel of ASEB, is under progress. With a view to minimising losses, action is being taken to ensure energy accounting/ audit through 100 per cent metering at all 11 KV sub-stations/ transformers and also at the level of consumers with funds from the Accelerated Power Development Programme (APDP). Three circles, namely, Dibrugarh, Jorhat and Guwahati-II, have been taken up for total system improvement and energy audit under APDP. In this connection, it would be worth noting that the revenue from the sale of power during 2001-02 rose by about 20% over the previous year. Under the PMGY (Rural Electrification), electrification of 439 villages and intensification of the 189 villages at a cost of Rs.60.11 crores has been taken up. Another scheme for intensification of electricity supply to 541 villages at a cost of Rs.26.52 crores has been approved by Government of India under Rural Electrification (MNP). As a part of its measures to reform and restructure the power sector, Government of Assam has set up a single member Assam Electricity Regulatory Commission with the primary function of tariff fixation. The Government is also considering the idea of outsourcing the job of billing and collection in some rural areas by way of entrusting the same to private parties.

Industries and Commerce :

69. The Government has taken a series of initiatives to promote the development of industries in the State and to create employment and income generating opportunities for the youth of the State. A new innovative entrepreneurship

development programme, the Chief Minister's Swa-Niyojan Yojana, has been taken up during the current financial year to promote entrepreneuship skills for self-employment. Till date, 150 educated unemployed youths have been sent for training and attachment with industrial establishments in Punjab, Andhra Pradesh, Gujrat, Uttar Pradesh etc.

70. The North East policy announced by the Government of India supplemented by the State Industrial Policy, 1997 has evoked a good response from private investors, particularly in industries burdened with high incidence of Central Excise Duty like paints, cosmetics and detergents. The Export Promotion Industrial Park (EPIP) has been set up at Amingaon and 20 units have started operations. In order to facilitate trade with Bangladesh, two border trade centres at Sutarkandi in Karimganj District and at Mankachar in Dhubri district are being established. Work on the two industrial growth centres at Matia and Chariduar, the two Industrial Infrastructure Development Centres at Dalgaon and Bhomoraguri, and the Food Processing Industrial Park at Sonapur is under execution.

71. In the IT sector, web sites have been launched for all districts. The Community Information Centres (CICs) are being established with central assistance in all developmental blocks of the State. CICs in 15 blocks in Nagaon district have already been completed, while those in another 50 blocks are in an advanced stage of implementation. It is expected that CICs in all the blocks will be established by August 15, 2002. A local area network is being set up in the State Secretariat with the assistance of

Ministry of Information Technology, Government of India, in order to increase the efficiency and transparency of governance.

Handloom, Textiles and Sericulture :

72. In the Handlooms sector, different schemes under the State Plan and the Central sector have been undertaken to uplift the economic condition of the rural weavers and societies. Project package schemes for 360 societies sanctioned by Government of India are in different stages of implementation. An estimated 58,000 weavers have benefited from centrally sponsored schemes like Project Package Schemes, Integrated Handloom Village Development Programme and Handloom Development Centre Scheme. A new scheme, the Deen Dayal Hathkargha Protsahan Yojana has been launched by the Government of India during the current year targeting 4,400 weavers. This is a comprehensive scheme for the handloom sector covering a wide gamut of activities such as product development, infrastructure support, institutional support, training of weavers, supply of equipments and marketing support. Emphasis has been placed on providing improved marketing infrastructure to the weavers through Artfed, AGMC, district cooperative societies and some primary societies.

73. Assam has a unique distinction of producing all the four varieties of silk i.e. eri, muga, mulberry and tassar. Apart from its efforts to provide self-employment in this sector under State Plan schemes and a special SGSY project being implemented in partnership with the Central Silk Board, the Government plans to increase productivity in this

sector through dissemination of new technologies. New markets will also be developed through product development and diversification.

Transport and Tourism :

74. The Government of Assam has taken up a scheme for restructuring of ASTC. In order to downsize ASTC and improve its viability, the Government has sanctioned Rs.25.00 crores under State Plan during the current financial year for the implementation of Voluntary Retirement Scheme (VRS). ASTC has also started a scheme of operating private buses under its banner on a fare-share basis. Moreover, it has been decided that ASTC services will operate from every district head quarter.

75. The Inland Water Transport is operating 49 ferry services in the Brahmaputra Valley and 24 in the Barak Valley. With the implementation of the Protocol on Inland Water Transit and Trade between India and Bangladesh, the commercial cargo services to Bangladesh as well as other States of India via Kolkata is in operation.

76. A thrust has been given to the generation of increased revenue from the transport sector. A new check-gate has been set up at Digarkhal, Cachar for better enforcement of the M.V. Tax Act. The tax levied under the Assam Passenger and Goods Taxes Act and licence fees of agents have already been enhanced significantly, and a bill is being placed before the House during the current budget session for revision of M.V. Taxes. Further, the Government is also considering introduction of the Motor Vehicles Rules,

2002, which would allow the Government to levy permit fees on passenger vehicles and trade licence fees etc.

77. Tourism has been identified as a major thrust area for economic development and employment generation. Emphasis is being laid on the provision of modern tourist amenities by upgradation of tourist lodges and way side facilities. The Government has decided in principle to encourage private sector investment in tourism infrastructure and services. A series of major events like the Tea Tourism festival, the Guwahati Beach festival, and the Dehing-Patkai festival were organised during the current financial year, setting in motion an annual cycle of tourism promotion events. The response to these efforts have been encouraging as can be seen from the marked increase in the inflow of tourists into the State.

Excise :

78. State Excise is a major source of tax revenue for the State Government, with excise duty collection reaching Rs.138.00 crores in 2000-01. After the establishment of bottling plants in the State, the revenue earning potential of this tax has increased substantially in recent years. A serious effort is being made to tap this source of revenue, and the State Government has introduced a pass fee on the exports of locally produced IMFL during the current financial year. Also, the licence fees for IMFL shops and bars, bonded warehouses and wholesale trade, compounding and blending, bottling plants, distilleries and breweries have been increased considerably during the year. Further, excise duty on strong beer has been revised upwards.

Police :

79. I am happy to inform you that the overall law and order situation in the State has improved considerably after the present Government assumed office in May, 2001. In fact the activities of militant and insurgent organisations have been contained to a great extent. To increase the efficiency of the police force, a comprehensive scheme for modernisation of the State Police is under execution with Central funding. Funds allocated by Government of India for this scheme amounted to Rs.36.67 crores in 2000-01 and Rs.38.00 crores in 2001-02. This outlay on modernisation will be crucial for the development of the existing infrastructure of police stations, housing, training and induction of state of art security related equipments, weaponry and vehicles, besides developing capabilities in the spheres of preventive security, police communication, traffic control, computerization, criminal investigation and intelligence generation. During 2001-02, an amount of Rs.61.34 crores has been released till date by the Government of India as reimbursement of security related expenditures.

Institutional Finance :

80. Hon'ble Members are aware that the smooth flow of credit is vital for the economic development of the State. However, it is a matter of serious concern that the flow of ground level credit in the State from the banks and other financial institutions are far from adequate. Even though the State is served by a huge network of 1297 bank branches, the credit - deposit ratio for scheduled commercial banks

and regional rural banks together was 33 per cent as against the all India average of 56 per cent as on 30.09.2001.

81. However, the banks operating in Assam have been directed by Union Finance Minister to step up their credit disbursements so as to raise the CD ratio to the all India level within three years. Accordingly, the target of Rs.928.00 crores has been allocated to different scheduled commercial banks operating in the State as additional credit to be disbursed over the existing level within 31.03.2002.

State Finance :

82. The State has been in the throes of a financial crisis since over a decade. At the root of this financial stringency lies the inability of the State Government to generate resources to meet its expenditures. Virtually every year, revenue expenditures have not only exceeded revenue receipts, but have also grown by leaps and bounds, more or less consistently out pacing the growth in revenue receipts. Consequently, deficits in both the revenue and cash accounts have become a regular feature of the State's finances. As a matter of fact, in 2000-01, the revenue and fiscal deficits were of the order of Rs.(-)779.48 crores and Rs.(-) 1539.96 crores respectively. These crippling deficits have occurred despite a significant improvement in the State's own tax revenue, which rose by 25 per cent in 1999-2000 and 16 per cent in 2000-01. In comparison growth in non tax revenues which are overwhelming dependent on oil royalty have been somewhat tardy, experiencing negative growth in 1999-2000 before making a recovery in 2000-01. While the lack of buoyancy in non tax revenues has

considerably emasculated the State Government's capacity to cope with its fiscal tribulations, the present crisis is a direct outcome of the rampant growth in revenue expenditure. In fact, revenue expenditure jumped by 32 per cent in 1999-2000 and 10 per cent in 2000-01, which in terms of magnitude far exceeded the increase in revenue receipts.

83. The principal factors responsible for burgeoning revenue expenditure are :

- (i) Relentless increase in expenditure on salaries, wages and pensions, mainly on account of pay revision and increase in Dearness Allowance/ Dearness Relief.
- (ii) Growing debt servicing burden on account of significant increase in borrowing, mostly to meet revenue expenditure requirements. The total disbursement on account of debt servicing in 2000-01 was Rs.1413.58 crores as compared to Rs.1964.89 crores secured as fresh borrowings. Thus debt servicing accounted for about 72 per cent of the fresh debt contracted.
- (iii) Higher level of financial support to loss making public sector undertaking necessitated by their continuing default on Government guaranteed loans and bonds and on account of their overdues to central public sector undertakings. Since ASEB could not generate resources to service its liabilities, the State Government was constrained to release about Rs.104.00 crores in 2000-01 and about Rs.64.00 crores in 2001-02 to ASEB to enable it to clear some of its over dues to NEEPCO.

84 On the other hand, the primary reasons for the shortfall in the revenue receipts are :

- (i) Failure of the State's own revenue, particularly non tax revenue, to achieve accelerated growth rates,
- (ii) Sluggish growth in central transfers in recent years on account of the following:
 - (a) significant shortfall in central tax devolutions. During the period 1995-2000 central transfers by way of share of central taxes were only Rs.6362.41 crores against Rs.7038.14 crores projected by the Tenth Finance Commission, resulting in an unanticipated loss of Rs.675.73 crores in central transfers. During 2000-01, the State Government received only Rs.1671.94 crores, whereas the Eleventh Finance Commission had projected the transfer of Rs.1775.87 crores.
 - (b) Sharp decline in the deficit grant awarded by the Eleventh Finance Commission. During the Tenth Finance Commission award period, the State Government was awarded Rs.712.03 crores as deficit grant. However, the Eleventh Finance Commission drastically curtailed this grant to just Rs.110.68 crores over the five year period 2000-05 with an entire grant coming to the State in 2000-2001.
 - (c) Lack of buoyancy in central plan assistance to the State Government. Although, additional central assistance has seen limited growth, normal central assistance which constitutes the bulk of central assistance, has remained more or less static during the Ninth Five Year Plan period.

85. Notwithstanding the magnitude and complexities of the fiscal situation confronting the Government, we have,

through prudent financial management and enforcement of fiscal discipline been able to meet committed expenditures like salaries, wages, pensions and debt servicing while effecting significantly higher funds flow to various developmental programmes and initiatives. In order to secure expert advice on the measures to be taken by the State Government to achieve fiscal balance and stabilisation, the Government constituted a Committee on Fiscal Reforms (COFR) headed by Shri H.N. Das, former Chief Secretary, Assam, which has since submitted its report. The Government has also engaged the National Institute of Public Finance and Policy (NIPFP), New Delhi to undertake a study of the prevailing fiscal scenario of the State and to recommend a time bound programme to restore fiscal health. The State Government proposes to make use of the reports of the COFR and NIPFP while finalizing its blue-print for fiscal reforms.

Debts and contingent liabilities :

86. The burgeoning debt stock of the State Government is a cause of grave concern, more so because the State Government has had to increasingly resort to debt financing to fund its revenues expenditures. Incremental borrowings to fund revenue expenditures are primarily responsible for the State Government's heavy debt servicing obligations and have directly contributed to the increase in the already sizeable revenue deficits. The outstanding debt of the Government of Assam which stood at Rs.8441.33 crores as on 1.4.2000 rose to Rs.10013.13 crores as on 1.4.2001. The loans outstanding to the Central Government was

Rs.5284.48 crores as on 1.4.2001 which constituted 53 per cent of the total loans outstanding. On the other hand, market borrowings were of the order of Rs.2282.01 crores which amounted to 23 per cent of the total outstanding debt. As per information available, the estimated outstanding debt as on 1.4.2002 is projected to increase to Rs.11351.39 crores. During the current year, the total debt servicing liabilities as per the budget estimates is Rs.1856.22 crores, out of which Rs.1288.15 crores is on account of interest payments.

87. The unsustainability of the present high level of, and rate of growth in, the State's outstanding debt is brought out by the fact that in 2000-01, debt - GSDP ratio had climbed to 33.43 per cent and the fact that debt servicing accounted for as much as 77 per cent of the fresh borrowings. In fact, in the case of central loans, the repayment of principal and interest (Rs.859.51 crores) constituted 93 per cent of the loans receipts from the Government of India (Rs.921.81 crores) during the same year.

88. Considering the gravity of the situation, reining the growth of debt through judicious financial management and reduction in revenue and fiscal deficits has become a priority for the State Government. In order to be able to manage debt servicing more effectively in the future, the State Government proposes to raise the provision for the Consolidated Sinking Fund to Rs.70.00 crores in the budget for 2002-03 from Rs.60.00 crores in 2001-02.

89. Much of the contingent liabilities of the State Government, comprising of Government guaranteed loans/ bonds availed by State public sector undertakings, local bodies and cooperative institutions have devolved on the State Government because of continuous defaults by the loanees. In order to put a brake on the unbridled increase in contingent liabilities and to contain the risk that the current high level of contingent liabilities pose to the State's finances, the Government of Assam has fixed a ceiling on guarantees at Rs.1500.00 crores in respect of loans principals. The State Government has also decided to adopt stringent norms for the scrutiny of fresh proposals for guarantee. No guarantee shall be sanctioned in favour of undertakings or agencies with a record of past defaults, or in favour of projects that are commercially/ economically unviable.

Revenue Collection :

90. During 2000-01 the total revenue collections of the State Government from its own sources amounted to Rs.1947.45 crores, out of which tax revenues accounted for Rs.1420.68 crores and non tax revenue Rs.526.77 crores. The total devolution of funds from the Centre during 2000-01 was of the order of Rs.3690.19 crores, with Rs.1671.94 crores being provided as share of Central Taxes and Rs.2018.25 crores as Grants-in-Aid under Non-Plan, Plan and Centrally Sponsored Schemes. The revised estimates indicate that the revenue receipts of the State Government from its own sources during 2001-02 is expected to be Rs.2127.65 crores, with tax revenue estimated at Rs.1574.82 crores and non tax revenues at Rs.552.83 crores. The total

devolution of funds from the Centre during 2001-02 is expected to be Rs.4501.46 crores, with share of Central Taxes being estimated at Rs.1760.00 crores and Grants-in-Aid under Non-Plan, Plan and Centrally Sponsored Schemes at Rs.2741.46 crores.

Tax Revenue :

91. The Finance (Taxation) Department collected Rs.1138.24 crores against the target of Rs.1119.85 crores during the year 2000-2001. The collection of Rs.1138.24 crores in 2000-2001 represents an increase of 19.85 per cent over the collection of 1999-2000, which was Rs.949.70 crores. For the current financial year 2001-2002, the Government have fixed the target at Rs.1280.89 crores and the provisional collection upto February, 2002 has reached Rs.1024.95 crores against the collection of Rs.907.67 crores for the corresponding period of 2000-2001, the growth rate being about 13 per cent. On the basis of the present trend of collection, it is expected that the target fixed for the current financial year will be achieved. Besides, during the current financial year an additional target of Rs.320.00 crores has been given to the Finance (Taxation) Department by the Hon'ble Chief Minister in a meeting with the officers of this Department held on 3.11.2001. The total target of revenue collection during 2001-2002 including the additional target comes to Rs.1600.89 crores. The Finance (Taxation) Department has been making special efforts and has chalked out several measures for prevention of leakages in collection of revenue so as to achieve this enhanced target fixed for the year.

92. During the financial year 2001-2002, the Department experienced a drastic fall in collection of revenue under the Assam Agricultural Income Tax Act, 1939, due to several factors such as fall in price of Indian tea in the international market, stiff competition from Kenyan and Sri Lankan tea, increase in cost of production and also fall in production of some of the gardens in the State due to drought etc. The fall in revenue under the Act was about 64 per cent upto February, 2002 as compared to the same period of the preceding year. The collection upto February, 2002 under this Act is Rs.11.93 crores against Rs.33.55 crores upto the same month of last financial year. In fact, this declining trend has been continuing since 1999-2000.

93. The existing rates of tax on different commodities under the Assam General Sales Tax Act, 1993 were effected as per the Uniform Floor Rates of tax with effect from 1.1.2000 except in case of potable liquor. As per the Uniform Floor Rates of tax, potable liquor is to be taxed @ 20 per cent. Accordingly, sales tax @ 20 per cent has been levied on potable liquor by a Government notification with effect from 19.02.2002. This is likely to fetch an additional revenue of Rs.30.00 crores per year. The Government have also by another notification segregated 'coconut oil' from 'edible oils', made 'groundnut seed' taxable at first point of sale in place of last purchase within the State and brought 'rice bran oil' to first point of sale from last point of sale within the State. These amendments were effective from 19.02.2002. These measures are likely to generate an additional annual revenue of Rs.4.00 crores.

94. Hon'ble Members are aware that the system of Uniform Floor Rates (UFR) of sales tax was introduced a few years ago by a common decision of all the State and the Union Territories. After introduction of the UFR, there is hardly any scope to reduce the rate of sales tax on commodities. However, taking advantage of whatever scope is available in this regard, I propose to bring the items like 'betel leaves', 'audio cassettes in regional languages of Assam', 'sago' and 'barley' to the exempted category. The existing rate of tax on these items is 8 per cent. In order to mobilise additional revenue, I propose to increase the rate of tax on 'component parts and accessories of motor vehicles, motor cycles, scooters, three wheelers, tractors, power tillers, bulldozers and trailers' and on 'chemicals' from 8 per cent to 12 per cent. This measure is expected to generate an additional annual revenue of Rs.5.00 crores.

95. The Assam Entry Tax Act, 2001 has been made effective from 01.10.2001 and the said Act has further been amended with effect from 8.1.2002 by incorporating some more high value goods in the Schedule to the Act. The purpose of introduction of this Act is to prevent trade diversion on the specified goods and consequent loss of revenue. At the initial year of introduction of the Act, some revenue is expected to be generated under this Act itself. But eventually, as the entry tax will help in checking trade diversion, the State Government will get the benefit of this Act through higher sales tax collections. During the current financial year, an amount of Rs.13.00 crores is expected from this measure. A Bill for further amendment of the Act for inclusion of a few more items like 'cranes, dumpers, three-

wheelers, road rollers' is going to be introduced in the current session of the Assembly. I also propose to withdraw sales tax on 'eggs' and impose entry tax on the item at the same rate of 8 per cent. This will facilitate proper collection of revenue on the item. Further, I propose to impose entry tax at the rate of 8 per cent on a few items like, 'fish', 'natural flowers' and 'UHT' milk'. I would like to keep the Hon'ble Members informed here that the entry tax will not place any additional burden on goods which are taxable under the Assam General Sales Tax Act, 1993, as there is a provision of set off in such cases.

96. The ceiling under the Assam Professions, Trades, Callings and Employments Taxation Act, 1947 was raised from Rs.2250.00 per annum by an amendment of the Act in the last budget session of the Assembly and accordingly rates of tax under different categories and slabs were also revised upwards. These enhanced rates will come into force with effect from 01.04.2002. From this measure an additional amount of Rs.5.00 crores is expected to be collected annually.

97. Levy of Luxury tax on certain additional items viz 'all types of tobacco, gutka, other tobacco mixed pan masala, handmade and mill made silk fabrics including silk saris, woolen and terry-wool suitings' has been made effective by amendment to the Schedule to the Assam Taxation (On Luxuries) Act, 1997. The rates of tax on these items have been notified with effect from 19.02.2002. This is likely to fetch an additional revenue of Rs.1.50 crores annually. I would like to inform the Hon'ble Members that a Bill is going

to be introduced in this session of the Assembly for amendment of the Act to exclude 'hand made eri, muga and pat silk fabrics including saris and mekhala chadars made thereof from the purview of luxury tax and also for inclusion of 'bidi' and 'edible oils including vegetable ghee manufactured outside the country' in the Schedule to the Act.

98. I am confident that with the introduction of the Assam Entry Tax Act, 2001 the problem of trade diversion will be checked to a great extent. The Government have also taken measures, by reorientation of the tax collecting machinery, to prevent leakages in collection of tax revenue. Further, the Government proposes to remove certain lacunae in the provisions of a few Acts, like the Assam General Sales Tax Act, 1993 and the Assam Taxation (On Luxuries) Act, 1997, by introducing Bills in the current session of the Assembly for amendment of these Acts. It is expected that the proposed amendments will effectively plug the loopholes in the collection of tax revenue under these Acts. I would also like to announce that the State Government proposes to introduce the Value Added Tax with effect from 1.4.2003 in pursuance of the decision taken by the Empowered Committee of State Finance Ministers.

99. With all these measures, the Government expects to mobilise an additional tax revenue of Rs.196.00 crores during the year 2002-2003.

Impact of Union Budget, 2002-2003

100. Mr. Speaker Sir, now I shall mention briefly the probable impact of the Union Budget, 2002-2003 on the economy of the State in general and on tax revenue of the State in particular.

- (a) Union excise duty on cosmetics and toilet goods has been reduced by 16 per cent as per Union Budget 2002-2003. As these goods will now be available at cheaper prices, the sales tax collection from these items can be expected to decline proportionately. However, the impact on overall tax collection will be marginal.
- (b) Owing to the reduction in excise duty on motor sprit (petrol) from 90 per cent to 32 per cent and imposition of additional duty @ Rs.6.00 per litre, there has been a fall in price of this commodity by about 4 per cent. This is likely to lead to a fall in sales tax revenue to the tune of Rs.2.68 crores annually. Similarly, excise duty per litre of diesel has been reduced by Rs.0.50 and, as such the price of diesel will go down by about 3 per cent. This may result in the fall of sales tax revenue by Rs.3.38 crores annually. Cess on crude oil per metric ton has been increased from Rs.900.00 to Rs.1800.00 and this will lead to an increase in price of crude oil by about 16.15 per cent. This should fetch an additional sales tax revenue to the State to the tune of Rs.16.69 crores annually. Similarly, the increase in excise duty on LPG by Rs.40.00 per cylinder will result in higher prices of LPG by about 16 per cent which should produce additional tax revenue of about Rs.1.74 crores annually. The increase of Rs.1.50 per litre of kerosene oil will also result in price rise of this commodity and should yield additional revenue to the extent of about Rs.3.13 crores annually. Thus, the impact of the Union Budget, 2002-2003 on the sales tax revenue of the State is likely to be an overall increase by about Rs.15.50 crores annually.

- (c) The cut in excise duty on tea by Rs.1.00 per kg. and simultaneous increase of customs duty on the import of tea to 100 per cent is likely to improve the bottom line of the tea industry in Assam, which could lead to collection of additional revenue in the form of agricultural income tax. But, it will be difficult to forecast any amount of additional revenue on this count at this stage.
- (d) I find it somewhat premature to forecast the impact of the proposed dismantling of the administered price mechanism (APM) of petroleum and petroleum products. But the reduction of excise duty on the refineries of the State by 50 per cent will no doubt be a relief to the refineries, against any adverse impact of withdrawal of APM.
- (e) Exemption from levy of Inland Air Travel Tax (IATT) for passengers of North Eastern Region has been extended to tourism also and this is likely to enhance tourist inflows to Assam. The Union Budget has also provided for extension of deduction under section 80 HHC of the Indian Income Tax Act, 1961 to the tourism industry in the line of benefits available to manufacturing industries, which should give a fillip to the tourism industry in the State.
- (f) Further, with the widening of the base of service tax by inclusion of as many as ten new services within the purview of service tax, Assam is expected to get a higher share by way of devolution of Central revenue.
- (g) In case of small savings, states were getting 80 per cent of the net deposits as long term loan. This has now been increased to 100 per cent. Therefore, more fund will be available to the States as loan from this source, for development.

Accounts 2000-2001 :

101. As per accounts furnished by the Accountant General, Assam, the financial year 2000-2001 closed with a net deficit of Rs.140.92 crores. The actual receipts during the year under the Consolidated Fund, Contingency Fund and Public Accounts were Rs.14886.61 crores, whereas the total actual expenditure during the year was Rs.14885.52 crores, thereby leaving a net surplus of Rs.1.09 crores on account of current transactions during the year. Taking into account the opening deficit of Rs.142.01 crores, the State Government closed the year with a negative balance of Rs.140.92 crores as on 31.03.2001.

Revised Estimates 2001-2002 :

102. The budget estimates of 2001-2002 showed an estimated overall deficit of Rs.1316.62 crores taking into account the opening deficit of Rs.424.07 crores. However, as per revised estimates, the transactions during the year shown a deficit of Rs.1453.11 crores. But taking into account the opening the deficit of Rs.140.92 crores, the year is anticipated to close with an overall deficit of Rs.1594.03 crores.

Budget Estimate 2002-2003 :

103. The budget estimates of 2002-2003 show receipt of Rs.12183.93 crores under the Consolidated Fund of the State consisting of Rs.7662.65 crores under Revenue Account and Rs.4521.28 crores under Capital Account. Estimated receipts into the Consolidated Fund from different

sources are shown at **Figure-3**. However, the total receipts aggregated to Rs.14582.52 crores, taking into account the receipts of Rs.2398.59 crores under Public Account. In the Budget estimates of 2002-2003 the expenditure from the Consolidated Fund of the State is estimated at Rs.13494.06 crores of which Rs.8636.03 crores is under Revenue Account and Rs.4858.03 crores under Capital Account. A graphic representation of the estimates of major items of expenditure is at **Figure-4**. Taking into account the expenditure of Rs.2094.49 crores under Public Account, the total expenditure for the year is estimated at Rs.15588.55 crores. Thus a deficit of Rs.1006.03 crores is estimated on account of current transactions during the year. Taking into account the opening deficit of Rs.1594.03 crores, the year 2002-2003 is anticipated to close with an overall deficit of Rs.2600.06 crores. An abstract of transactions is shown at the Annexure.

104.

The increase in overall deficit is primarily on account of the large opening deficit for the year 2002-03. This opening deficit is largely on account of the carry over of the deficits of the previous years as well as due to provision of funds through supplementary appropriation during the current financial year for several new schemes under Plan, Centrally Sponsored Schemes, schemes under Non Lapsable Central Pool of Resources, etc. Keeping in view the disappointing award of the Eleventh Finance Commission, the State Government has been pressing the Government of India to provide relief to the State Government by agreeing to

a moratorium on the repayment of Central loans for 10 years and by providing a one time special grant of Rs.1,000 crores.

105. The State Government has also taken up measures for broadening the existing tax base, better tax compliance, prevention of leakages and reorientation of administration for augmentation of tax revenue collections. The specific measures for resource mobilisation proposed to be taken up by the State Government have already been mentioned earlier in this speech. The State Government also expects to garner additional revenue by securing higher oil royalty rates from Government of India. Further, a Medium Term Fiscal Reforms Programme is expected to be finalised soon in consultation with the Government of India. In addition to the above, the State Government expects that the increased funds flow to developmental activities will boost economic growth which will generate greater buoyancy in tax revenue.

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

EXPENDITURE ON SALARIES, WAGES AND PENSION

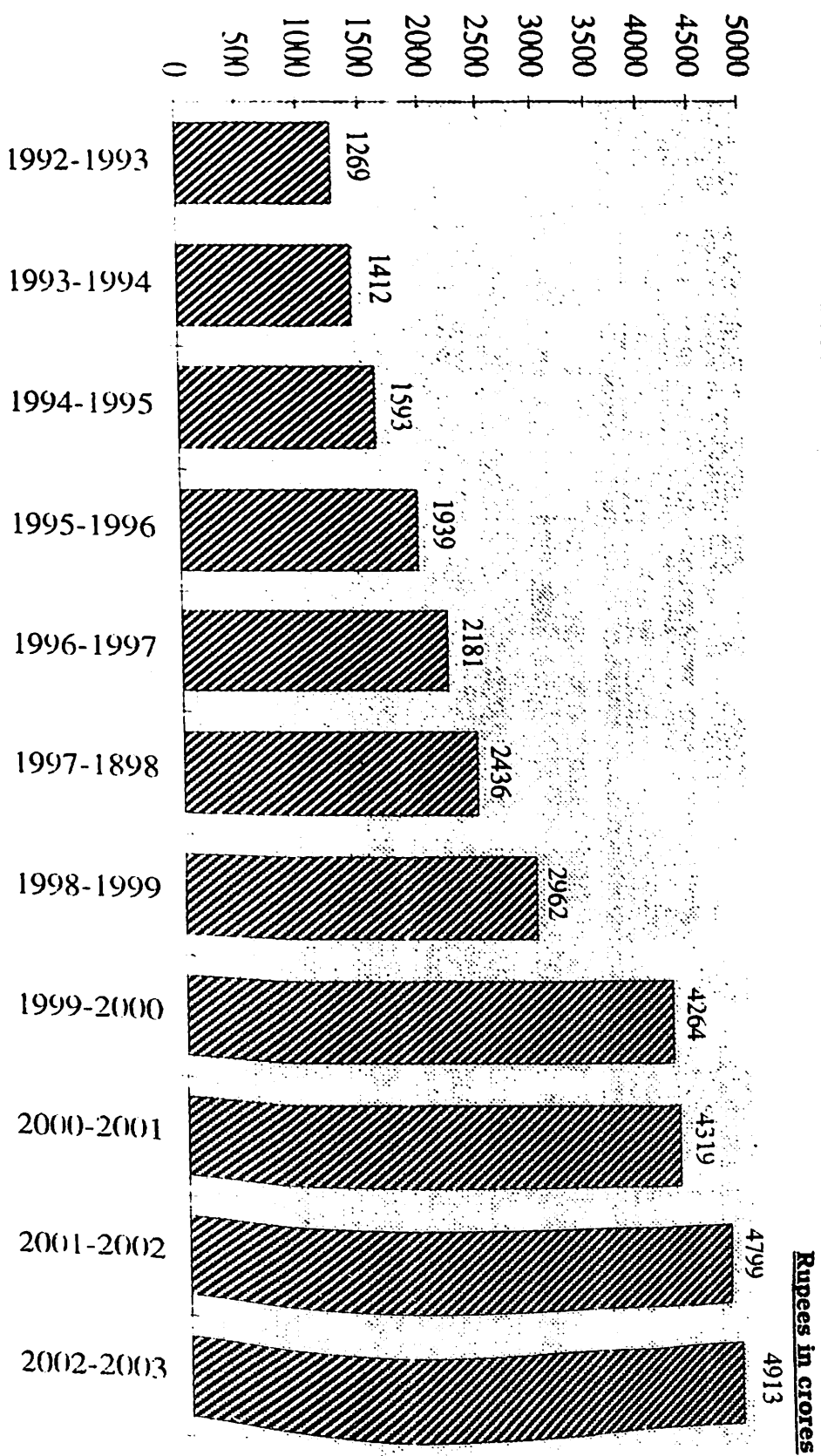


Figure No. 1

INDICATIVE PERCENTAGE SHARES OF MAJOR ITEMS OF EXPENDITURE FROM THE CONSOLIDATED FUND

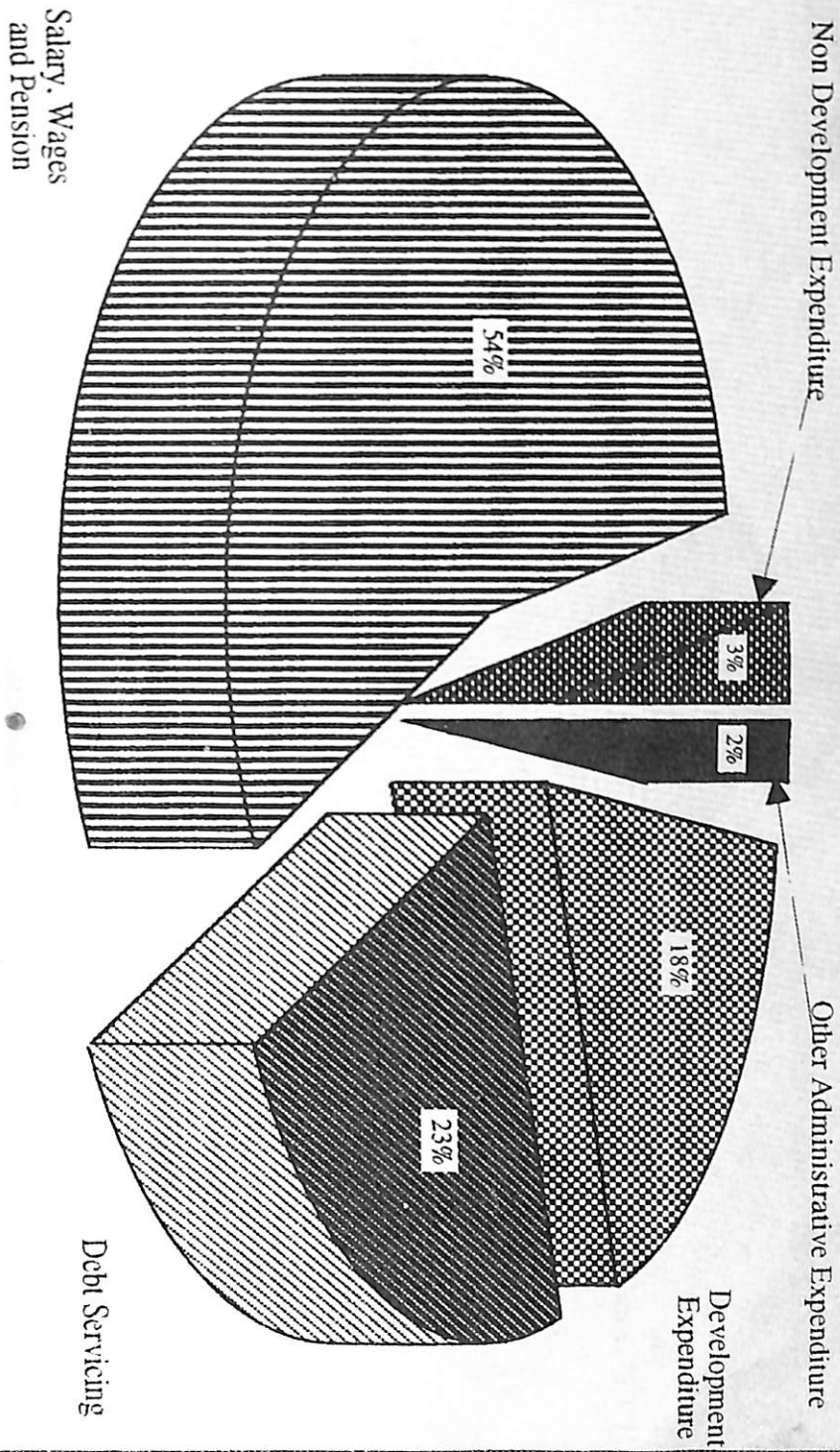


Figure-2

ESTIMATES OF INFLOWS INTO THE CONSOLIDATED FUND OF THE STATE IN 2002-2003

Rupees in crores

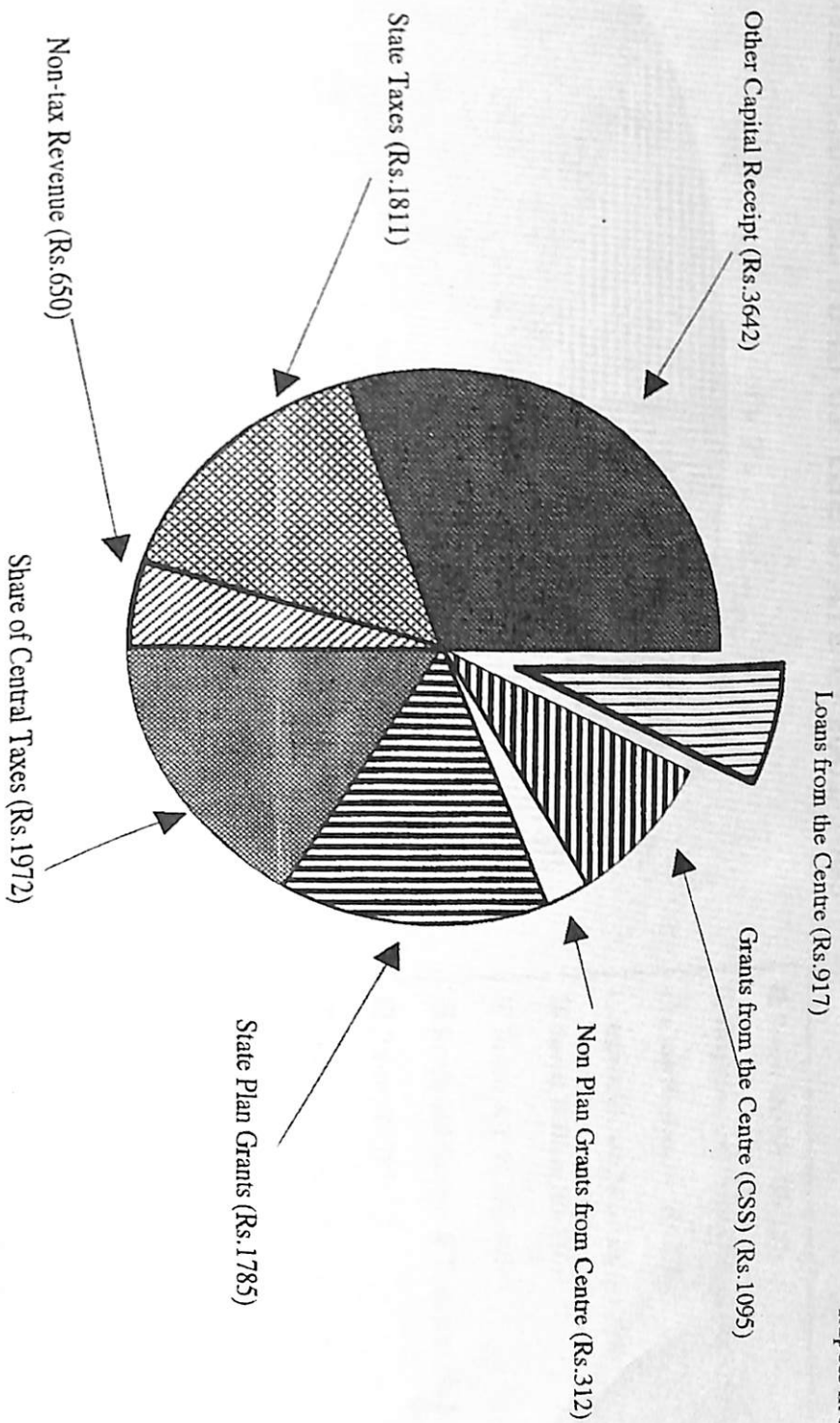


Figure No. 3

ESTIMATES OF OUTFLOWS FROM THE CONSOLIDATED FUND OF THE STATE IN 2002-2003

Rupees in crores

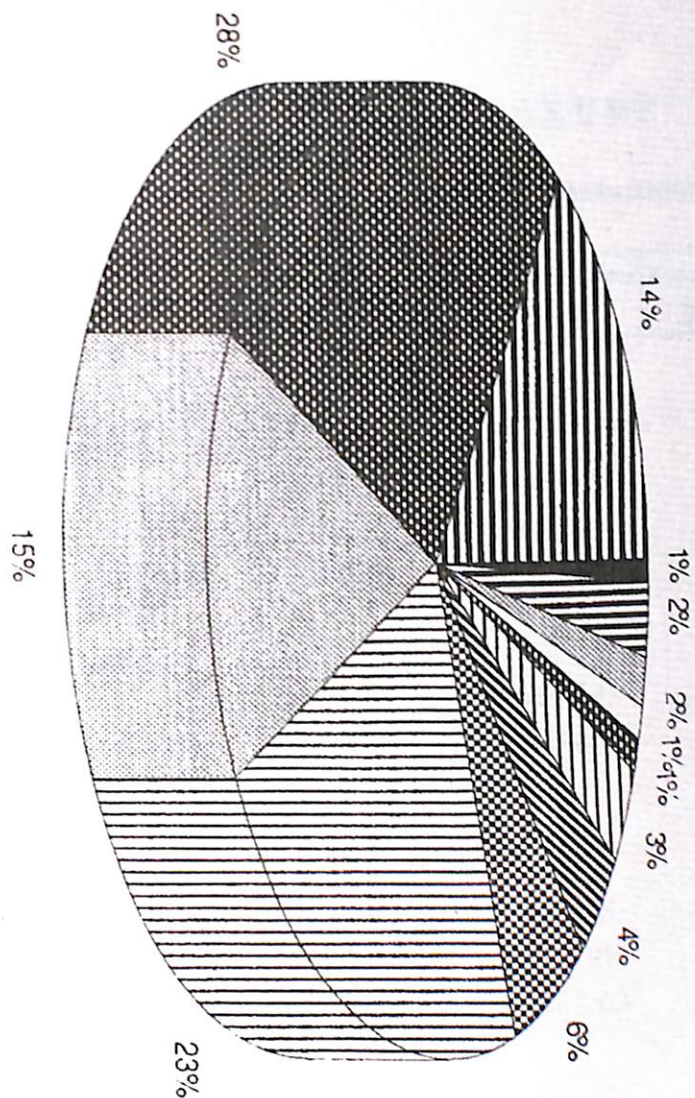


Figure No- 4

ANNEXURE

Abstract of Transactions

(Rupees in crores) •

Actuals 2000-2001	Budget Estimates 2001-2002	Revised Estimates 2001-2002	Budget Estimates 2002-2003
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A. RECEIPTS :

I. Consolidated Fund

Revenue Account	5637.64	6648.75	6629.11	7662.65
Capital Account	6742.76	2066.33	2237.35	4521.28
Total	12380.40	8715.08	8866.46	12183.93

II. Contingency Fund Account

...

...

...

...

III. Public Account

2506.21

2614.27

2614.27

2398.59

Total (I+II+III)

14886.61

11329.35

11480.73

14582.52

B. EXPENDITURE :

I. Consolidated Fund

Revenue Account	6417.12	8331.65	8835.89	8636.03
Capital Account	6332.97	1935.98	2143.68	4858.03
Total	12750.09	10267.63	10979.57	13494.06

II. Contingency Fund Account

...

...

...

...

III. Public Account

2135.43

1954.27

1954.27

2094.49

Total (I+II+III)

14885.52

12221.90

12933.84

15588.55

C. TRANSACTIONS DURING THE YEAR :

Surplus (+)	1.09
Deficit (-)		892.55	1453.11	1006.03

D. OPENING BALANCE

Surplus (+)	
Deficit (-)	142.01	424.07	140.92	1594.03

E. CLOSING BALANCE

Surplus (+)	
Deficit (-)	140.92	1316.62	1594.03	2600.06