

অসম চৰকাৰী ১৯৮৫
ছপাশালত মৰ্দিত্ত।



BUDGET SPEECH

1986-87

MARCH 12, 1986

Shri PRAFULLA KUMAR MAHANTA
CHIEF MINISTER, ASSAM



Mr. Speaker Sir,

I rise to present the Budget of the Government of Assam for the year, 1986-87.

2. The present Government which took charge of the affairs of the State on December 24, 1985 have just completed two months in Office. I offer my congratulation to the people of Assam for extending a massive support to us. The people of Assam have put a great responsibility on us and we shall try to live up to the trust and confidence reposed on us. Our first effort will be to provide a clean, strong, stable and efficient Government. This Government is the Government of the people and it will work for the people irrespective of caste, creed, language and religion. The implementation of the Assam Accord will receive top priority of the Government. We shall strive hard for the all round development of Assam and for promotion of peace and unity among all sections of the people. It will be the Government's endeavour to bring about an atmosphere in which every ethnic, cultural, linguistic or religious groups will enjoy the unique experience of jointly participating in the common task of building this State economically, socially and culturally in a spirit of harmony and mutual respect. We shall also make every attempt to translate into a continuing reality our commitment to the process of protecting, preserving and promoting our glorious cultural heritage.

3. Before I turn to the Budget proposals, I would like to briefly touch upon the general economic climate prevailing in the State.

State Income

4. The net State Domestic Product at constant (1970-71) prices which achieved an annual growth rate of about 4.8 percent in the Sixth Plan period is expected to maintain that trend. As per quick estimates the State Domestic Product at current prices in 1984-85 has registered an increase of 6.7 percent from Rs. 3813.8 crores (Quick estimates) in 1983-84 to Rs.4070.6 crores (Quick estimates) in 1984-85. At constant (1970-71) prices the increase in S.D.P. was 4.3 percent in 1984-85 over that in 1983-84. Over the same period the per capita S.D.P. at current prices went up by 3.3 percent from Rs.1762 (Quick estimates) in 1983-84 to Rs.1820.6 (Quick estimates) in 1984-85 while at constant prices the rise in per capita S.D.P. was 1 percent from Rs.579 (Quick estimates) in 1983-84 to Rs.584.4 (Quick estimates) in 1984-85.

Agriculture

5. The overall achievement in Kharif and Rabi crop production is expected to be better than the previous year. Production of rice during the year is expected to exceed the production figure of last year. Similarly, production of maize, other cereals, pulses, oil seeds, sugarcane and jute and mesta are likely to register some increase over the previous year. Production of wheat is likely to go down slightly during the year compared to the previous year. With a view to improving production of rice emphasis is being laid on a Rice Production Programme through Special Rice Production Blocks. In order to remove the deficiency in availability of certified seed a seed certification programme is also launched during the current year. A second Agricultural College at Biswanath Charali is also going to be constructed soon.

Industry

6. The overall performance in industrial sector shows that the output of tea and plywood registered satisfactory improvement during the first ten months of 1985 compared to the corresponding period of the previous year. In contrast the output of other industrial and mineral items

such as cement, fertilizer, match, petroleum products, lime stone, coal and natural gas recorded marginal decline during the first few months of 1985 compared to the level achieved in the previous year. An encouraging feature in the industrial sphere during the year was the reopening of the Silghat Jute Mill with effect from 1st January, 1986. State Government have moved the Government of India for taking over M/s. Ashok Paper Mills under the Industries Development & Regulations Act, 1951 and to hand over the management of the said Unit to the State Government. Steps are being taken to build up an integrated Tea Township Complex at Amingaon which will encourage the Tea Companies to shift their Registered Offices as well as to increase their commercial operations within Assam. In order to utilise the downstream products of B.R.P.L., 3 Spinning Mills in the Public Sector are expected to go into production soon and other connected industries like Polyester Film Project, Polyester Filament Yarn Project, a Weaving Complex are also being established. Under 20-Point Programme a target of establishing 1100 Small Scale Units in 1985-86 has been fixed. This target is likely to be exceeded. A target of establishing 1200 Small Scale Units with additional employment avenues for 7500 persons has been fixed for the year 1986-87.

Power

7. The overall power supply position in the State during the year 1985-86 has not been comfortable as availability of power from our own generation as well as import from neighbouring systems were not adequate to meet the requirement of the State thereby forcing the ASEB to resort to some amount of load shedding during the later part of the year. The installed capacity which was only 141.5 MW at the end of 1979-80 is expected to be 469.4 MW at the end of current financial year. Despite this the per capita consumption of electricity in the State is only 45 kwh. which is low compared to the national average of

145 kwh. Our main endeavour would be to accord top priority for timely execution of all on-going projects and renovation and modernisation of the older projects. Proper vigilance would be exercised to improve the operational efficiency of the power projects to ensure capacity utilisation. In the sphere of rural electrification out of 21,995 villages in the State 12,547 villages have been electrified till the end of December, 1985 thereby covering about 57 percent of the total inhabited villages of the State.

Education

8. Government propose to provide free text book and school uniforms to the pupils of the age group 6 to 13 in the Primary and Elementary Schools. The total financial implication for this purpose in 1986-87 will be Rs.19.42 crores which will be met out of the plan allocation for 1986-87. Government are also keen to promote sports and develop excellence in music, dance, drama and fine arts. It is proposed to provide facilities for playing table tennis in 100 High Schools of the State, a good number of which will be Girls' Schools. Particular attention will be given to promote sports activities in rural areas. We are keen to preserve our ancient monuments and archaeological sites and are considering establishment of archaeological parks and site museums.

Forest

9. Large scale illegal felling of trees have not only denuded our forest of its wealth but also its beauty. It is our firm resolve to take corrective steps in this regard. Indiscriminate habit at destruction and dwindling wildlife have become a major concern throughout the world. We are also greatly concerned about the urgent need for protection of our wildlife and its habitat. Assam which can boast of a large variety of animals and birds is also the habitat of some of the unique endangered species like the one horned Rhinoceros, Pigmy hog, Hispid, Hare, Golden Langur, White Winged wood duck etc. Steps are being considered for their protection and propagation.

A proposal for creation of a sanctuary in Upper Assam for protection of white winged wood duck is under consideration. Government are also considering to create a sanctuary in Borail region in North Cachar Hills.

Institutional Finance

10. The number of commercial bank branches in the State which was 723 in June, 1984 has increased to 964 at the end of December, 1985. Despite this expansion of bank branches the State continues to remain relatively underbanked compared to the country as a whole. For instance, in December, 1985 while there was one bank office for every 21000 population in Assam, there was one bank office for every 14000 population in the country as a whole on December, 1984. Along with the expansion of bank branches the volume of deposits also recorded significant rise from Rs. 350.3 crores in December, 1980 to Rs. 817.1 crores in December, 1984. The credit deployment over the same period increased from Rs. 186.7 crores to Rs.411.9 crores. Thus the credit deposit ratio of commercial banks stood at 50.4 percent in December, 1984 against 68.7 percent for the country as a whole. The State is also being served by an increasing net work of regional rural banks. Upto September, 1985 the regional rural banks had a total of 311 branches located mostly in the rural areas of the State as against 215 branches in December, 1984 and 69 branches in June, 1981. The volume of deposits and advances of the regional rural banks also registered significant increase. The volume of deposit which was Rs. 17.2 crores in December, 1983 increased to Rs. 23.4 crores in December, 1984. Over the same period the volume of advances increased from Rs. 8.7 crores to Rs. 14.1 crores.

Price Situation

11. The rising trend of prices is an all India phenomenon and Assam is also no exception to it. The price spurt that is generated in the national economy gets itself reflected in the behaviour of

prices prevailing in the State. The average wholesale price index for the first nine months of 1985 registered a rise of 14.9 per cent over the corresponding period of 1984. The increase in wholesale price index during 1985 was more pronounced in case of non-food group and non-agricultural items. Alongwith the rise in wholesale prices consumer retail prices also showed a similar trend. The consumer price index for working class in Assam (base 1949=100) increased to 717 in September, 1985 (average of first nine months) from 668 in the corresponding period of the previous year displaying a rise of 7.3 per cent.

Employment

12. The employment situation in the State appears to be alarming. Total employment generation in the organised sectors of the State recorded a decrease of 7.2 per cent from 10.43 lakhs in June, 1984 to 9.68 lakhs in June, 1985. On the other hand the number of job seekers registered an increase of 10.5 per cent over the same period from 4.84 lakhs to 5.35 lakhs. The number of educated job seekers was about 2.73 lakhs, women job seekers was about 73,000 and that of Scheduled Caste and Scheduled Tribe about 29,000 and 38,000 respectively. The total number of vacancies notified during the period through Employment Exchanges was 6,411 against which 46,077 applicants were sponsored. The Assam Unemployment Assistance Scheme, 1983 which provides assistance to un-employed graduates registered at the Employment Exchanges with an allowance of Rs. 50 p.m. shall continue in the next year also. With a view to removing the menace of unemployment greater emphasis will be laid on promotion of self employment, creation of a healthy industrial climate to attract major and medium industries which will also open avenues for employment to local youth, and promotion of Small Scale Industries which also have potential for generating employment.

Poverty Alleviation Programme

13. The all India programmes for alleviation of rural poverty viz, Integrated Rural Development Programme (IRDP), National Rural Employment Programme (N.R.E.P.), Rural Landless Employment Guarantee Programme (RLEGP), National Project for Biogas Development (NPBD) and Project for Assisting Small and Marginal Farmers for increasing Agricultural Production (PASMA-FIAP) will be implemented vigorously to ameliorate the condition of rural poor.

Plan Outlay

14. While presenting last year's budget the House had been informed that our Annual Plan 1985-86 was not finalised till then and pending such finalisation the outlay for 1984-85 was repeated in 1985-86 also. Subsequently, our Seventh Plan (1985-90) and Annual Plan 1985-86 were finalised by the Planning Commission on 23rd April, 1985 and accordingly, additional provision wherever necessary was made through advance from Contingency Fund, Supplementary Demand and Re-appropriation.

The Seventh Plan outlay for Assam as approved by the Planning Commission is Rs.2100 crores consisting of Central assistance amounting to Rs.2065.08 crores and State's contribution of Rs.34.92 crores. The outlay approved for Annual Plan 1985-86 is Rs. 410 crores which represents 381.30 crores for General areas and Rs. 28.70 crores for Hill areas. Originally, Central assistance allocated for financing the outlay of Rs. 410 crores was Rs. 402.62 crores which has been subsequently stepped up to Rs.406.29 crores. Again, the Hill Plan outlay for current year is supplemented by additive central assistance of Rs.22.08 crores for accelerated development of Hill areas. In addition, further Central assistance of Rs.6.25 crores is earmarked for Tribal Sub-Plan and Rs.1.97 crores for Scheduled Caste Component Plan. Our Annual Plan 1986-87 has been finalised by the Planning Commission on 5th February, 1986. The outlay

approved by the Planning Commission for 1986-87 is Rs. 500 crores which represents Rs. 465 crores for General areas and Rs. 35 crores for Hill areas. This represents a step up of 22 per cent over the current year's outlay of Rs. 410 crores. The Hill Plan outlay is supplemented by additive Central assistance of Rs. 23.64 crores for accelerated development of Hill areas. Additive Central assistance for Tribal Sub-Plan and Scheduled Caste Component Plan for next year has not yet been finalised and pending such finalisation current year's level has been retained for the next year also. Central assistance allocated for financing the approved outlay of Rs. 500 crores is Rs. 469 crores. The approved plan outlay for the current year include Rs. 17.74 crores for upgradation of standard of administration of some selected sectors recommended by the Eighth Finance Commission for which non-plan grants from the Centre amounting to Rs. 13.35 crores will be received in addition to Central assistance of Rs.469 crores.

Decentralisation of Planning

15. With a view to removing socio-economic disparities and for involving the people actively in the planning, implementation and monitoring of development programmes it has been decided by the State Government to introduce Decentralised Planning in Assam with effect from 1st April, 1986. Decentralised Planning will take into account the needs, potentials and levels of development of different sub-divisions. Although the unit of De-centralised Planning will be the sub-division some programmes and schemes will be planned at the State level. Accordingly, all schemes will be categorised either as State level schemes or as Sub-divisional level schemes. Normally, schemes which benefit the State as a whole or which are highly technical in nature and require constant supervision and guidance from the State headquarter will be treated as State level schemes. Besides, projects

and programmes relating to generation of power, major and medium irrigation, major and medium industries, University education, professional and technical institutions, research and training programmes, State highways, inland water transport etc. will also be treated as State level schemes. The Sub-divisional schemes will include programmes like agricultural production, minor irrigation, fisheries, community development, I.R.D.P., NREP, RLEGP, elementary education etc. The responsibility for preparation of the Sub-divisional plans will be vested in the Sub-divisional Planning & Development Councils to be constituted for each of the Sub--divisions of the plain Districts. The Sub-divisional plans will then be integrated with the State Level Schemes and together form the Draft Annual Plan of the State as a whole.

**Relief Against
Natural Calami-
ties**

16. During the year two waves of flood hit the State both in Barak Valley and Brahmaputra Valley districts causing widespread damage to entire ahlu paddy and part of sali paddy seedling. With a view to providing adequate relief to the affected people and to restore damages caused to properties, Government of India have approved a total expenditure of Rs. 2215.80 lakhs. In addition to this an amount of Rs. 143.06 lakhs for relief of earthquake damages caused in Silchar Sub-Division and Rs. 26.08 lakhs for fire relief in Silchar town have also been approved. The total ceiling of expenditure approved by Government of India against natural calamities thus aggregated to Rs.2384.94 lakhs. Out of the approved ceiling an amount of Rs.725.00 lakhs will be initially adjusted being the margin money allowed by the Eighth Finance Commission and provided in the State Budget. The Central Government will bear 75 percent of the additional expenditure in excess of the margin money and the balance of 25 per cent will be borne by the State Government. The Central allocation of

Rs. 2215.80 lakhs for flood relief was found to be inadequate for providing relief and restoration of damages and as such a sum of Rs. 322.68 lakhs has been provided by the State Government in excess of the approved ceiling.

Public Debt.

17. At the end of March, 1985 public debt amounted to Rs. 1741.46 crores against the estimates of Rs. 1750.27 crores. The overall debt burden is likely to reach the mark of Rs. 2211.87 crores at the end of March, 1986. The sharp increase in debt burden is primarily due to larger loan assistance from the Centre for financing the plan. The composition of Central assistance for the State's General Areas plan at present is marked by a predominance of loan over grant the ratio being 70:30. This has increased the debt burden of the State enormously. Consequently a substantial amount has to be earmarked every year for payment of loan and interest accrued thereon. With a view to correcting this unhappy situation the State Government had moved the Government of India seeking a change in the existing pattern of Central assistance for the General Areas plan from 70 per cent loan and 30 per cent grant to 10 per cent loan and 90 per cent grant in conformity with the pattern prevalent in the other North Eastern States. Our proposal for a change in the pattern of Central assistance has not been agreed to by Government of India so far.

Accounts 1984-85

18. I now turn to the Accounts and Budget. The Revised Estimates of closing balance of 1984-85 was placed at (-) Rs. 140.25 crores. The year actually closed in accounts with a deficit of Rs. 124.47 crores which shows a slight improvement of Rs. 15.78 crores. The revenue receipts under Revised Estimates, 1984-85 was estimated at Rs. 700.06 crores and the actual revenue receipts turned out to be Rs. 699.04 crores. The Capital receipts in Consolidated Fund was estimated at

Rs.965.70 crores under the Revised Estimates, 1984-85 against which actual capital receipts totalled up to Rs. 998.52 crores. In the expenditure side the Revised Estimates was Rs. 836.59 crores on Revenue Account and Rs. 947.45 crores on Capital Account. The actual expenditure in 1984-85 was Rs. 834.85 crores on Revenue Account and Rs. 941.99 crores on Capital Account. As a result of these variations the deficit of Rs. 118.29 crores in the Consolidated Fund under Revised Estimate actually came to (-) Rs. 79.28 crores. The net actual surplus from transactions outside the Consolidated Fund is (+) Rs.9.01 crores. The overall transactions within the year therefore actually showed a net deficit of (-) Rs. 70.27 crores as against deficit of (-) Rs.85.84 crores under Revised Estimates. After taking into account the opening balance of (-) Rs. 54.20 crores the financial year 1984-85 actually closed with a balance of (-) Rs. 124.47 crores as against (-) Rs. 140.25 crores anticipated in the Revised Estimates of the year. The improvement in closing balance is thus only nominal and the year 1984-85 ended with a large deficit.

Revised
Estimates
1985-86

19. As per Revised Estimates the financial year 1985-86 is expected to close at (-) Rs. 20.99 crores against the original Budget Estimates of (-) Rs.202.65 crores. This shows an overall improvement of Rs. 181.66 crores of which Rs. 15.78 crores relates to improvement in opening balance of the year from (-) Rs. 140.25 crores to (-) Rs. 124.47 Crores. The improvement of the balance amount of Rs. 165.88 crores is expected to take place within the budgetary transactions of the year. The revenue receipts show an increase of Rs. 129.48 crores while revenue expenditure is likely to go up by Rs. 78.61 crores thereby restricting the improvement in revenue account to Rs. 50.87 crores. The increase in revenue receipts is mainly due to larger amount of share of Central taxes and duties likely to be transferred to the State,

higher allocation of Central assistance for plan as well as expected improvement in collection of State taxes. The rise in expenditure is mainly for increased provision under plan consequent upon finalisation of Annual Plan, 1985-86 and also for meeting additional requirement of fund particularly for relief against natural calamities, education and police. The Capital receipts show an increase of Rs. 157.19 crores over the Budget Estimates while Capital expenditure is expected to go up by Rs.35.98 crores thereby net improvement is limited to Rs. 121.21 crores. The increase in capital receipts is mainly due to grant of a non-plan loan of Rs. 118.21 crores by the Government of India to cover the gap in resources. There is likely to be a shortfall of Rs. 6.20 crores in the Revised Estimates over the Budget estimates on account of transactions outside the Consolidated Fund. Thus the estimated overall improvement is Rs.181.66 crores and the year is expected to close at (—) Rs.20.99 crores.

**Budget
Estimates
1986-87**

20. The Budget Estimates for 1986-87 now presented assume a total receipt of Rs. 2069.76 crores and total expenditure of Rs. 2140.24 crores within the Consolidated Fund of the State leaving a gap of (—) Rs.70.48 crores. An overall surplus of Rs. 32.23 crores is estimated during the year from transactions outside the Consolidated Fund. Thus the overall deficit within the year is likely to be (-) Rs. 38.25 crores. Taking the estimated opening balance of the year at (-) Rs. 20.99 crores the year 1986-87 is expected to close at (—) Rs.59.24 crores.

The revenue receipts in 1986-87 is estimated at Rs. 1039.88 crores as against Rs. 938.84 crores under Revised Estimates of 1985-86. Revenue expenditure in 1986-87 is estimated at Rs.1101.08 crores against Rs. 992.12 crores under Revised Estimates of 1985-86. This leaves a deficit of (-) Rs. 61.20 crores on revenue account in 1986-87 as against a deficit of (-) Rs. 53.28 crores in the

Revised Estimates of the previous year. In the Capital account, receipts estimated for 1986-87 is Rs.1029.88 crores while expenditure is estimated at Rs.1039.16 crores leaving a gap of (—) Rs.9.28 crores. Thus the overall gap in the Consolidated Fund is estimated to be (-) Rs. 70.48 crores. Taking into account the estimated net surplus of Rs. 32.23 crores from transactions outside the Consolidated Fund the overall deficit in 1986-87 is estimated at (-) Rs.38.25 crores. After taking into account the estimated opening balance of (—) Rs.20.99 crores the year 1986-87 is expected to close at (-) Rs. 59.24 crores.

21. Mounting demands of debt servicing and inescapable commitments on account of maintenance of existing assets and services take away a very large chunk of our limited resources. Nevertheless because of our obligation to promote rapid economic development of the State in order to catch up with the national level and to fulfil the aspirations of the people of the State, ever increasing levels of investments through successive plans with their heavy debt burden have become inevitable. It is therefore imperative that we conserve our scarce resources, avoid wasteful expenditure and ensure efficient and effective utilisation of public fund.

Though no major additional taxation measure has been resorted to in the State for the purpose of resource mobilisation in the course of last few years it has however been possible to sustain the State's plan size largely because of improved revenues from a number of taxes, notably, commercial taxes and agricultural income tax. For instance, in 1983-84 and 1984-85 the resources from these two sources aggregated to Rs. 115 crores and Rs. 167 crores respectively as against the original estimates of Rs. 100 crores and Rs.115 crores respectively. In the current year also the revenue from these two sources is

expected to exceed Rs.172 crores as against the budget estimates of Rs. 128 crores. It may be observed that there has been a long standing grievance that the device of inter-State stock transfer of three principal products of the State, namely, forest produce, tea and petroleum products has been having the effect of denying the State its legitimate share of taxes in respect of these commodities. By virtue of the provisions of the Constitution of India the States can not levy sales tax in respect of inter-State stock transfers. The 46th Amendment of the Constitution has enabled the Centre, among other things, to make Law for the purpose of levy of tax on inter-State stock transfers. Once such legislation is made by the Union Government it would be possible to levy tax on inter-State stock transfers from Assam on the strength of such Central legislation. It is estimated that the annual revenue from the proposed tax on inter-State stock transfers of the aforesaid and other products of the State would be of the order of Rs. 34 crores. We are actively pursuing the matter with the Union Government in order to ensure that our legitimate interests in the matter are fully protected. We are also pursuing with the Government of India for upward revision of rate of royalty on crude oil from the existing rate of Rs. 61 per MT to Rs. 336 per MT.

The co-operation so far gratefully received by the Government from one and all emboldens me to appeal to every inhabitant of this great land of ours to lend a helping hand in making a success of the noble task ahead of us. With these words, Sir, I commend the Budget for 1986-87 to this August House for approval.

ANNEXURE

(In thousands of rupees)

Actuals 1984-85	Budget Estimates 1985-86	Revised Estimates 1985-86	Heads	Budget Estimates 1986-87
(1)	(2)	(3)	(4)	(5)
(-)54,19,81	(-)140,24,63	(-)124,46,87	Opening Balance.	(-)20,98,74
A-RECEIPTS				
699,04,38	809,35,81	938,83,68	Revenue Receipts.	1039,88,16
998,51,59	939,99,08	1097,18,17	Capital Receipts	1029,88,36
...	1,65,00	10,45,54	Receipts under Contingency Fund	8,50,00
589,81,93	452,52,00	621,85,63	Receipts under Public Account	634,20,00
2287,37,90	2203,51,89	2668,33,02	Total Receipts	2712,46,52
2233,18,09	2063,27,26	2543,86,15	Grand Total	2691,47,78
B-EXPENDITURE				
834,84,79	913,51,43	992,12,08	Expenditure on Revenue Account.	1101,08,26
941,98,91	922,11,30	958,08,81	Capital Expenditure	1039,16,12
45,54	..	8,50,00	Expenditure under Contingency Fund	..
580,35,72	430,29,00	606 14,00	Outgoings from Public Account.	610,47,00
2357,64,96	2265,91,73	2564,84,89	Total Expenditure.	2750,71,38
(-)124,46,87	(-)202,64,47	(-)20,98,74	Closing Balance.	(-)59,23,60
2233,18,09	2063,27,26	2543,86,15	Grand Total	2691,47,78
NET RESULT				
(-)135,80,41	(-)104,15,62	(-)53,28,40	Revenue Account	(-)61,20,10
(+)65,53,35	(+)41,75,78	(+)156,76,53	Outside the Revenue Account	(+)22,95,24
(-)70,27,05	(-)62,39,84	(+)103,48,13	Net Surplus (+)/ Deficit (-)	(-)38,24,86