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অসম চৰকাৰী ছপাশালত মুদ্রিত  
গুৱাহাটী-২১



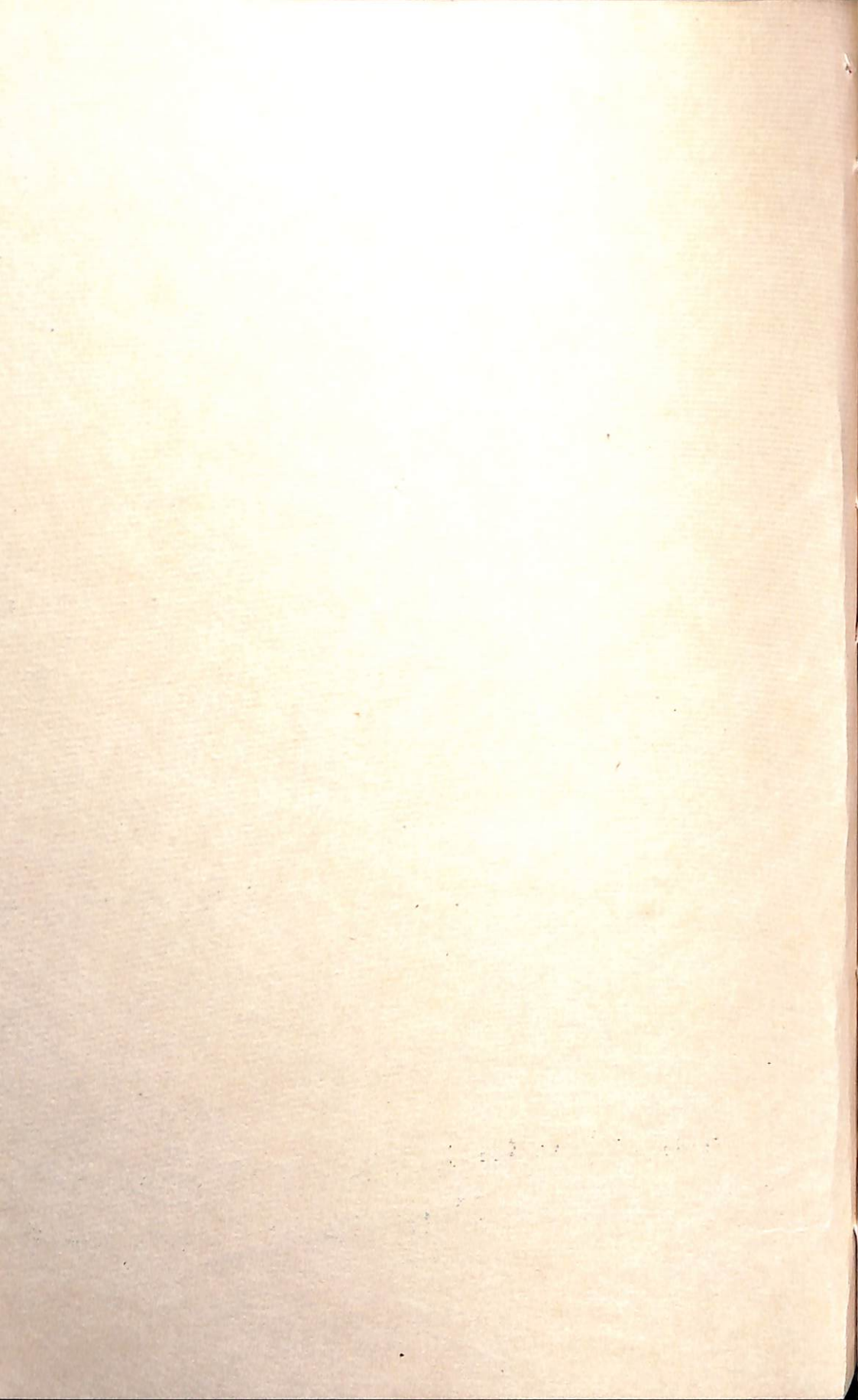
सत्यमेव जयते

# BUDGET SPEECH

1988-89

MARCH 25, 1988

**Shri PRAFULLA KUMAR MAHANTA**  
**CHIEF MINISTER, ASSAM.**



Mr. Speaker, Sir,

I rise to present the Budget of the Government of Assam for the year 1988-89.

2. The Assam Gana Parishad Government has completed two years in office. Two years ago when we took charge of the affairs of the State we dedicated ourselves to the sacred task of service to the people of Assam. It will continue to be our earnest endeavour to steadfastly pursue that course in order to fulfil the wishes and aspirations of our people. The full implementation of the Assam Accord will, of course, continue to be our topmost priority.

3. The current year like the previous year has been one of considerable economic strain for the State. We had to face successive waves of flood which caused great suffering to the people and enormous damage to the economy of the State. The loss in terms of crop area and productivity has indeed been staggering. Thanks to the unstinted efforts of the State Government and the determination of the people we managed to withstand the calamity with fortitude.

4. I am presenting the Budget for the entire year 1988-89. I am also seeking a Vote-on-Account for three months for the period April to June, 1988 pending consideration and approval of the full Budget for 1988-89. It may be stated that because of the late finalisation of the State Annual Plan for 1988-89 by the Planning Commission the Budget could not be presented earlier.

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

#### State Income

6. As per quick estimates the net State Domestic Product in the year 1986-87 at current prices has gone up by 10.1 per cent from Rs. 4777.3 crores (Provisional) in 1985-86 to Rs.5259.2 crores (Quick Estimates) in 1986-87. At constant (1970-71) prices the increase in net State Domestic Product is 3.6 per cent from Rs. 1393.9 crores in 1985-86 (Provisional) to Rs. 1443.4 crores in 1986-87 (Quick Estimates). The per capita net State Domestic Product at current prices rose from Rs. 2068.4 in 1985-86 (Provisional) to Rs. 2204.3 in 1986-87 (Quick Estimates) recording a rise of 6.6 per cent during the year. At constant prices the per capita net State Domestic Product increased from Rs. 603.5 in 1985-86 (Provisional) to Rs. 605.0 in 1986-87 (Quick Estimates).

#### Price Situation

7. The rising trend of prices being an all-India phenomenon Assam too was no exception to this trend during 1987-88. The average general Wholesale Price Index for the State increased by 1.5 per cent as per available statistics during the first 9 months of 1987 over the index of the corresponding period in 1986. Compared to this, increase in the annual average index in 1986 over 1985 was 5.9 per cent. The movement of consumer price index for working class (base 1949=100) recorded a much higher increase of 9.1 per cent during the first 8 months of 1987 over the corresponding period of 1986. As against this, the annual average of 1986 showed a slightly lower rate of increase (7.9 per cent) over 1985. In order to check price rise the Government took measures like the distribution of essential commodities through Public Distribution System during the year which brought some relief to the consumers.

**Agriculture**

8. There has been considerable set-back on the agricultural front because of successive waves of flood during the year. However, the massive efforts through rabi programme in the flood hit areas have shown some results. Yield rate of autumn paddy has shown some increase in the current year and the output of winter paddy is also expected to be better than in the previous year. It is estimated that the production of autumn paddy during 1987-88 would be about 4.14 lakh tonnes as against the production of 3.35 lakh tonnes in 1986-87. A better rabi crop is also expected during the year. The production of jute crop, however, is estimated to have gone down from 9.51 lakh bales in 1986-87 to 8.82 lakh bales in 1987-88. The production of mesta, on the other hand, has registered some rise to 44.08 thousand bales in 1987-88 from 43.66 thousand bales in 1986-87. Special emphasis has been given to make a breakthrough in pulses and oilseeds production. The year 1986-87 recorded a total production of 60 thousand tonnes of pulses and 165 thousand tonnes of oilseeds. To make significant progress in the level of production 13 Districts of Assam are covered under the National Oil Seed Development Programme.

**Industry Mines and Minerals**

9. The overall production performance of the State's Industrial and Mineral Sectors during 1987 was more or less satisfactory. Data available for the first nine months of 1987 show encouraging trend in the output of industrial and mineral items like tea, fertilizer, sugar, petroleum products, cement, jute, textiles, matches, coal and natural gas. However, some decline in output was observed in respect of items such as plywood and petroleum (crude) during the aforesaid period .

In pursuance of State Government's Industrial Policy of 1986, Government is giving higher priority to establishing village, small and medium scale industries through local entrepreneur. For the purpose of identification and motivation of prospective entrepreneurs Government have organised Industrial Campaign-cum-Workshop in all the District and

Sub-divisional headquarters of the State. Government also propose to organise these campaigns exclusively for scheduled caste and scheduled tribe entrepreneurs. Various schemes under Handicraft Sector, Small-scale Unit and SEEU are expected to provide employment to about 35 thousand persons in 1988-89. In addition, it is also expected to provide employment to about 10 thousand persons under schemes involving medium and large projects.

**Institutional  
Finance**

10. The total number of Scheduled Commercial Bank Branches in Assam is 981 in March, 1987. In terms of coverage of population per Bank Assam still continues to be a relatively under-Banked State. As in March, 1987 Assam had one Bank for every 20,000 population as against the all-India average of one Bank for every 13,000 population. The credit deposit ratio is 51.4 per cent only as against the national average of 63 per cent in December, 1986 as per the Report on Currency and Finance, 1986-87 published by Reserve Bank of India. On the basis of Quarterly Handout of Banking Statistics published by Reserve Bank of India pertaining to 980 Bank Branches volume of Bank deposits rose to Rs. 1135.47 crores while that of credit reached the figure of Rs. 628.06 crores in March, 1987 reflecting a credit deposit ratio of 55.3 per cent for Assam as against 64.7 per cent for the country as a whole.

**Power**

11. The State experienced some difficulties in the generation and availability of power initially in 1987-88 on account of shut-down of Bongaigaon TPS and one unit of Namrup TPS. However, with recommissioning of three of the four Units of Bongaigaon TPS the performance of Power Sector showed some improvement during the later part of the year. The total installed capacity of power during the year 1987-88 continues to be 484.4 MW as against 409.4 MW at the end of 1985-86. In order to reduce the gap between generation and installed capacity steps are being taken to increase the generating capacity of the existing projects.



In the sphere of rural electrification 15,729 villages have been electrified up to 31.3.87 thereby covering about 71.5% of the total number of villages in the State. Target for electrification of villages in the current year is 2,185.

The approved plan outlay on Power for 1988-89 is Rs. 142.13 crores against Rs. 129.87 crores in the current year. To finance an outlay of this order the internal resources of the ASEB have been assessed at (-) Rs. 39.42 crores. The Board will collect Rs. 81.47 crores through institutional sources and borrowings from the market. The State Government will contribute Rs. 100.08 crores as loan. The aggregate resources of the ASEB will thus stand at Rs.142.13 crores after wiping out the negative balance of Rs. 39.42 crores.

#### Forest

12. In the sphere of forestry the emphasis continues to be on conservation rather than exploitation of forest as a mere source of revenue. Urgent need now is for re-generating the depleted forest through plantation and maintaining a strict vigil against encroachment. Degradation of forest cover has far reaching consequences. Heavy erosion, the repeated and increasing fury of floods and consequential loss of agricultural productivity, silting up of extensive areas by coarse sand and the menacing rise of river and stream beds may be attributed to the decimation of forest cover to a large extent. A thin scattering of trees cannot pass for a real forest and cannot conserve ground cover for its multifarious functions one of which is the preservation of ground water. Taking stock of the situation Government have stopped commercial felling of trees and have taken up massive plantation programme. A lot of emphasis has also been given to the preservation of wild life and protection of the unique endangered species which are almost exclusively found within the geographical boundaries of the State. Steps are also taken to bring in an additional area of 1400 square kilo metres under Wild Life Wing for effective preservation of wild life.



13. In the sphere of education our emphasis will continue to be universalisation of elementary education and qualitative improvement in higher education. While incentive programmes like supply of free books, uniform, scholarships will continue, attention is also being given to the improvement of teachers' training. Vocational courses have been introduced in six Higher Secondary Schools at plus two stage this year and it is proposed to cover more schools in 1988-89. It is also proposed to establish an Adarsha Vidyalaya in each Sub-division for poor and meritorious students under the 14-Point Programme of Government of Assam. Special care is being taken to provide educational facilities to students belonging to Scheduled Castes and Scheduled Tribes.

Government have sanctioned establishment of some Cultural Centres in different parts of the State. Additional Centres are proposed to be set up in Tribal areas also. The film "The Land Where Wind Blows Free" produced by the Directorate of Cultural Affairs based on the traditional way of life of the people of North Cachar Hills won first prize at the national level. Video Cassettes on Rabha and Tiwa dance have been produced. Long playing record of Mishing songs and a Cassette of songs of Bishnu Rabha have also been produced. Publication of a book on folk art and culture of the people of North Cachar Hills is nearing completion. Government have decided to set up a Cultural Complex with the nomenclature Sankardev Kalakshetra at Guwahati. Government have also instituted the Sankardev award in the field of art, culture and journalism.

For the development of sports and games in the State more emphasis is being given to development of infra-structural facilities in rural areas by constructing mini-stadium in each of the Development Blocks in a phased manner. Construction of some swimming pools, youth hostels and indoor stadium has also been taken up. Coaching facilities are provided in the different parts of the State to encourage

budding talent in various games. The results are encouraging. Several young students have achieved distinction in athletics, badminton, table tennis, lawn tennis and swimming at the national level. A synthetic track is proposed to be laid out at New Field, Guwahati next year. A multi-purpose Indoor Stadium is also proposed to be constructed next year at Guwahati.

#### Health

14. There will be a continued emphasis on the implementation of various schemes and programmes for health coverage for attaining the goal of "Health for all by 2000 A.D.". Major effort will be concentrated on building up infrastructural facilities in the rural health sector by providing sub-Centres, Primary Health Centres and Community Health Centres. Steps are being taken for improvement of the facilities in the Medical Colleges in the State. To meet the growing need of the people as well as for smooth management of the Hospitals/PHCs number of doctors and trained nurses has been increased.

#### Hill Areas

15. In the basically agrarian economy of the Hill Districts jhum cultivation still continues to play a sizeable role. In a bid to wean the people away from jhum cultivation, efforts are continuing for successful implementation of the Jhumia Developmental Programme. More villages will be covered under the Scheme. Land reclamation measures will be taken up effectively along with provision of irrigation facilities in such reclaimed areas so that the land can be put to agricultural use quickly. Industries based on agricultural products such as pineapple, orange, sugarcane, oilseeds will continue to be promoted besides providing adequate extension services needed for effective implementation of agricultural schemes. Steps are being taken for timely distribution of agricultural inputs, particularly the critical inputs like seeds. In the sphere of social service priority will continue to be accorded to education, water supply and health. The strengthening of rural

health infra-structure and intensification of public health measures against malaria, leprosy, T.B., Goitre etc. will continue to be the major efforts in the sphere of health services. The development of road communication so vital for boosting the rural economy by way of opening marketing facilities and also for over-all development of the Hill Areas will continue to receive high priority.

The outlay approved by Planning Commission for the Annual Plan 1988-89 for Hill Areas is Rs. 43.50 crores under State Plan. In addition Rs. 27.69 crores has been provided under the Additive Plan.

16. For the socio-economic upliftment of the people belonging to SC/ST/OBC and ex-Tea Garden Tribes Government have taken up Backward Sector Plan Schemes. These schemes are supplemental to the general Plan schemes implemented by different development Departments. It will be a major concern of the Government to see that these schemes are properly implemented and the benefits reach those for whom they are intended. From the State Plan outlay for 1988-89 an amount of Rs. 63.14 crores has been quantified under Tribal Sub-Plan and Rs. 32.18 crores under Special Component Plan. The above allocations will be further augmented by additive Central assistance of Rs. 7.06 crores under Tribal Sub-Plan and Rs. 2.02 crores under Special Component Plan.

17. Notwithstanding efforts made for generating more employment opportunities the problem of growing unemployment in the State continues to be disturbing. The total employment at the end of June, 1987 in the organised sector in the State has recorded an increase of 2.03 per cent over the previous year. Out of 10.12 lakh employees at the end of June, 1987 women employees constitute 32.05 per cent. The live Registers of the Employment Exchanges show that the total number of job-seekers which was 6.03 lakhs at the end of June,

Welfare of  
Scheduled Castes  
and Scheduled  
Tribes (Plains)  
and other  
Backward  
Classes and Ex-  
Tea Garden  
Tribes

Employment

1985 increased to 8.15 lakhs at the end of 1986 and further to 8.48 lakhs at the end of August, 1987. Educated job-seekers numbering about 4.66 lakhs constituted about 55 per cent of the total job-seekers in August, 1987. Under the Assam Unemployment Assistance Scheme 8,695 graduates have been covered till the end of September, 1987. It is expected that 8600 fresh graduates will be covered under this Scheme during 1988-89. Steps are also being taken to create enough opportunities for self-employment in the Agricultural and Industrial Sectors.

18. The State Government have decided to constitute a Pay Commission for revision of pay scales etc. of the State Government employees. The pay scales were last revised with effect from 1st January, 1981, following the recommendations of the last Pay Commission set up in November, 1979.

19. Government pensioners at present draw their pension from the Bank for which the bills have to pass through Treasury. In order to remove the difficulties of the pensioners the State Government have formulated a scheme on the lines of Government of India for payment of pension directly through some Public Sector Banks. The formulation involved consultation with concerned Banks, A.G., Reserve Bank of India and Ministry of Finance, Government of India. The scheme so drawn up was sent to Reserve Bank of India earlier. In the light of observations/clarifications from RBI necessary changes have been made in the scheme and this has again been sent to R.B.I. for their approval.

20. Special attention has been given to the construction of border road on the Indo-Bangladesh Border. Survey for the purpose has already been conducted by State P.W.D. and road construction has also been started. Design and specification for the border fence have also been finalised.

Pay Commission

Pension Through  
Banks

Indo Bangladesh  
Border

**Plan Outlay**

21. The Annual Plan outlay for 1988-89 has been approved by the Planning Commission at Rs. 610 crores consisting of Rs. 566.50 crores for General Areas and Rs. 43.50 crores for Hill Areas. This represents an increase of 6.09 per cent over the current year's outlay of Rs. 575 crores. Out of the outlay of Rs. 610 crores an amount of Rs. 63.14 crores has been quantified for Tribal Sub-Plan and Rs. 32.18 crores for Scheduled Caste Component Plan. Besides, the Hill Plan outlay will be supplemented by additive Central assistance of Rs. 27.69 crores. In addition, the outlay for next year will be further augmented by additive Central assistance for Tribal Sub-Plan and Scheduled Caste Component Plan which has not yet been finalised and pending such finalisation current year's level of Rs. 7.06 crores for TSP and Rs. 2.02 crores for SCP has been retained for the next year also. Central assistance allocated for financing the approved outlay of Rs. 610 crores is Rs. 535.81 crores which is about 88 per cent of the total outlay.

**Financial Scenario**

22. In a federal democratic set up the resources of the country are to be shared by the Centre and the States equitably for the all-round development of the country as a whole. The sharing, however, in the Indian context is heavily tilted in favour of the Centre. The resource base of the Centre is much wider than that of the States. Even when we want to raise additional resources, we have to contend with severe odds.

As it is the level of industrialisation and urbanisation attained by the State is a limiting factor in the matter of resource mobilisation. One major source of revenue for the State is sales tax. But the existence of two sales tax free areas on our borders, namely Arunachal Pradesh and Mizoram, restrains us, for fear of diversion of trade, from enhancing rates of sales tax.

Members may recall that I had mentioned about Cess on Goods and Services Tax in my Budget Speech of the last two years. We lose a considerable amount of revenue on account of massive

stock transfers. The Constitution has been amended in order that stock transfers can be made taxable but necessary follow-up legislation which is to be enacted by Government of India has still not been finalised.

One important resource available to the State Government is royalty from crude oil which is an exhaustible resource. The current rate of royalty is Rs. 192 per metric tonne and the annual yield from royalty on crude oil now is about Rs. 96 crores. The revision of royalty is due with effect from 1st April 1987. The State Government have already submitted a Memorandum to the Central Government demanding enhancement of the rate of royalty to Rs. 340 per metric tonne. The matter is still pending with the Government of India. We are pursuing the matter but unless a proper enhancement is made by the Government of India we shall continue to be deprived of a substantial volume of legitimate income. On the other hand, the available resources of the State out of its own tax and non-tax revenue are not sufficient to cope with the increased expenditure. Quite apart from the non-Plan expenditure of the State, heavy investments are also required to be undertaken to accelerate the developmental activities in different spheres with a view to reducing, if not eliminating, regional imbalance. These expenditures usually form part of the State Plan outlay which is financed largely through Central assistance. It is necessary that the size of the State Plan is commensurate with minimum requirements for taking up developmental activities. There is, however, a big preponderance of loan over grant in the Central assistance. For general areas the Central assistance for plan is composed of 70 per cent loan and 30 per cent grant whereas for the Hill Areas the composition is 90 per cent grant and 10 per cent loan. Since we have only two Hill Districts most of the Central assistance for Plan is available to the State Government as loan only. This has put a big debt burden on the State Government. Our public debt has already increased to Rs. 2346.85 crores in 1986-87 as against Rs. 2078.78 crores in

1985-86. This is estimated to rise to Rs. 2701.40 crores in 1987-88. In the current year itself we have to transfer to the Government of India and other financial institutions an amount of Rs. 331 crores by way of repayment of principal and payment of interest. On the other hand, during the current year as against the Plan size of Rs. 575 crores Central assistance is of the order of Rs. 530 crores and our liability on account of repayment of loans and payment of interest is Rs. 331 crores. For larger investment for the development of the State we are required to borrow more money and when we borrow more our debt burden also goes up correspondingly. With the increase in the size of the Annual Plan the burden on the State Government in terms of debt liability also goes on increasing thus leading to a debt trap. It will also be pertinent to note that the entire cost-price structure is so badly distorted by inflation that the implementation of Plan targets in their original shape is virtually rendered impossible.

While on the subject of inflation it may be observed that whether we like it or not we have to bear the brunt of cost escalation resulting from galloping inflation over which the States do not have effective control. Price rise and inflation are all-India phenomena and are the outcome of policies pursued by the Union like unbridled expansion of credit, money supply, borrowing within the country and abroad, deficit financing, raising of administered prices etc. Inflation has a direct bearing on investment costs as well as expenditure on maintenance of assets. Price rise causes hardship to the people and necessitates, among other things, revision of pay and emoluments of the Government employees. Besides, when Government of India revises the pay scales of the Central Government employees there is a consequential demand of the employees of the State Government also for such revision which generally entails heavy burden on the State Exchequer.



In our present situation, therefore, there is no doubt that a larger volume of transfer of resources from the Centre to the States is an imperative necessity if the States are to be strong and healthy partners in the federal democratic set up of ours. The transfer of resources through the mechanism of successive Finance Commissions has not left us with any surplus for investment for development purposes. The Eighth Finance Commission awarded an amount of Rs. 22.69 crores over the assessed deficit of Rs. 1444.46 crores. This excess transfer in the shape of revenue deficit grant was recommended by the Eighth Finance Commission to confer on the deficit States the advantage of buoyancy in respect of the amounts of grants. Inflation and consequential rise in the cost on every front have more than neutralised the excess grant over the assessed deficit. There is thus an urgent need for a realistic assessment of the States' revenue deficit and after such assessment sufficient resources over and above the assessed gap will have to be transferred to the States if they are expected to make any meaningful effort for investment of fund for development purposes.

Instead, however, of making a realistic assessment of our needs the pattern followed by the Centre even in the matter of flood assistance is such that it does not really provide the required relief to our finances. It is well known that the devastation of floods impairs our economy every year and puts a heavy burden on the State's Exchequer. As per present procedure 75 per cent of the expenditure against natural calamities in excess of the margin money and up to the ceiling recommended by the Central Team is covered by Central assistance in the shape of non-Plan grant. The remaining 25 per cent is required to be borne by the State Government from their own resources. Ceiling of expenditure approved by Government of India for 1987-88 is Rs. 62.50 crores and after adjustment of the margin money of Rs. 7.25 crores the quantum of Central assistance admissible for the year is

Rs. 41.44 crores. Thus the contribution of the State Government from their own resources will come to Rs.13.81 crores. Because of chronic constraint of resources it is difficult for a State like Assam to contribute even 25 per cent of the expenditure in excess of the margin money. In our view the entire expenditure in excess of the margin money should be contributed by the Centre as non-Plan grant. It may not be out of place to mention that the floods in Assam are the result of heavy rains in the catchment areas of the Brahmaputra and its tributaries and heavy silting therein. The Brahmaputra and many of its tributaries originate outside the State. Consequently, it is not within the powers of the State Government to effectively tackle the problem of recurring floods. Besides, the State Government also do not have the resources to embark upon any scheme of the required magnitude to contain the fury of the Brahmaputra which is a national problem. The entire Brahmaputra Flood Control Project must, therefore, in all fairness, be financed by cent per cent grant assistance from the Centre by discontinuing the present practice of providing the assistance in the shape of cent per cent loan which adds to our already heavy debt burden.

I have mentioned earlier that sales tax is a major source of revenue. In this regard I have another observation to make. As Members may be aware, three principal items, viz, sugar, textiles and tobacco are not subject to sales tax. They are subject to additional excise duty in lieu of sales tax levied by the Union Government. This levy was the result of an agreement reached in the National Development Council in 1956, by virtue of which the States agreed to refrain from exercising their power to levy sales tax on sugar, textiles and tobacco in exchange for a share in the proceeds of additional duties of excise to be levied by the Centre on these commodities. Accordingly, additional duties of excise have since then been levied and collected by the Centre and the entire net proceeds, other than the proceeds attributable to Union Territories, are

distributed among the States. Theoretically, the States are even now free to reimpose sales tax on these commodities but the rates of such sales tax cannot exceed four per cent by virtue of the provisions of the Central Sales Tax Act, 1956 which have declared these commodities to be goods of special importance in inter-State trade or commerce. However, in the event of a State Government levying sales tax on any of these commodities, it forfeits its share of the additional excise duties.

Since the State Government have agreed to part with their most flexible and buoyant source of revenue, in turn they should be assured of an amount which they otherwise would have earned had the sales tax on these commodities not been replaced by additional excise. In any case, the State Government have reservations about the manner in which the Centre has so far implemented this scheme. The matter was also discussed in the National Development Council in 1970 and it was agreed, among other things, that the incidence of additional excise duty would be raised to 10.8 per cent of the value of clearance in a period of two or three years. But this assurance still remains to be fulfilled. Besides, the original target of 10.8 per cent was fixed in 1970 and needs a revision by now. Moreover, the definition of textiles has undergone changes over the years and many new items have come within the purview of textiles. But the States are barred from levying sales tax on such items leading to loss of revenue to the States.

23. Sir, I now turn to Accounts and Budget.

Accounts  
1986-87

While the revised estimates of 1986-87 showed a closing balance of ( - ) Rs.49.67 crores, the year actually closed at ( - ) Rs. 166.53 crores. The main reason for this wide variation between the revised estimates and actuals is change in the opening balance of 1986-87 from ( - ) Rs. 38.62 crores to ( - ) Rs. 103.97 crores. The opening balance of 1986-87 was taken as ( - ) Rs. 38.62 crores under the revised estimate of that year as

per actual closing balance of March 1986, as reported by the Accountant General, Assam. However, subsequently the Accountant General Assam has taken the opening balance of April 1986 as ( - ) Rs. 103.97 crores.

The actual revenue receipts in the Consolidated Fund showed an improvement of Rs. 57.15 crores in 1986-87 over the revised estimate of the year. The actual expenditure on Revenue Account was also less by Rs. 21.24 crores than the revised estimate. This resulted in a surplus of Rs. 60.59 crores in Revenue Account showing an improvement of Rs. 78.39 crores in actuals over the revised estimate.

The net transactions outside the Revenue Account, however, showed an overall deterioration of Rs. 129.90 crores over the revised estimates. Thus, the year showed an actual deterioration of Rs. 51.51 crores in current transactions over the revised estimate of 1986-87. The year 1986-87 thus closed at ( - ) Rs. 166.53 crores mainly due to deficit outside Revenue Account and opening balance.

24. In the revised estimate of the current year the Revenue Receipts and Capital Receipts within the Consolidated Fund are estimated to rise by Rs. 5.66 crores and Rs. 9.50 crores respectively over the budget estimates of the current year.

Revised  
1987-88

The expenditure on Revenue Account under Revised estimate is estimated to rise by Rs. 69.43 crores over the budget estimate of the current year, mainly for providing additional fund through Supplementary Demand and Supplementary Appropriation for Flood Relief expenditure and Interest payment and obligatory expenses on salary etc. Thus, the net deficit within the Revenue Account is estimated to rise by Rs. 63.77 crores.

The transactions outside the Revenue Account are

anticipated to show an improvement of Rs. 51.01 crores which will partly offset the last year's deficit outside the Revenue Account. However, taking into account the increase in deficit in Revenue Account there will be net increase of Rs. 12.76 crores in deficit in the overall transactions in current account of the year 1987-88. In view of the increase in deficit by Rs. 116.87 crores in the opening balance of the current year over the original budget estimate there will be total increase of (-) Rs. 129.63 crores in the year leading to an anticipated closing balance of (-) Rs. 199.21 crores.

25. For the coming year 1988-89, the estimate for Revenue Receipt has been placed at Rs. 1344.18 crores which shows an improvement of Rs. 82.10 crores over current year's revised estimate. The expenditure on Revenue Account in the budget estimate of 1988-89 has been placed at Rs. 1402.37 crores which shows an increase of Rs. 73.35 crores over current year's revised estimate. The net result of the transactions in 1988-89 in Revenue Account is estimated at (-) Rs. 58.19 crores, which shows an improvement of Rs. 8.74 crores on Revenue Account over current year's revised estimate. However, the overall transaction outside Revenue Account is estimated to result in a surplus of Rs. 14.40 crores. Thus, the net result of the transactions within the year is estimated at (-) Rs. 43.79 crores. Taking the opening balance of (-) Rs. 199.21 crores, the year 1988-89 is estimated to close at (-) Rs. 243.00 crores.

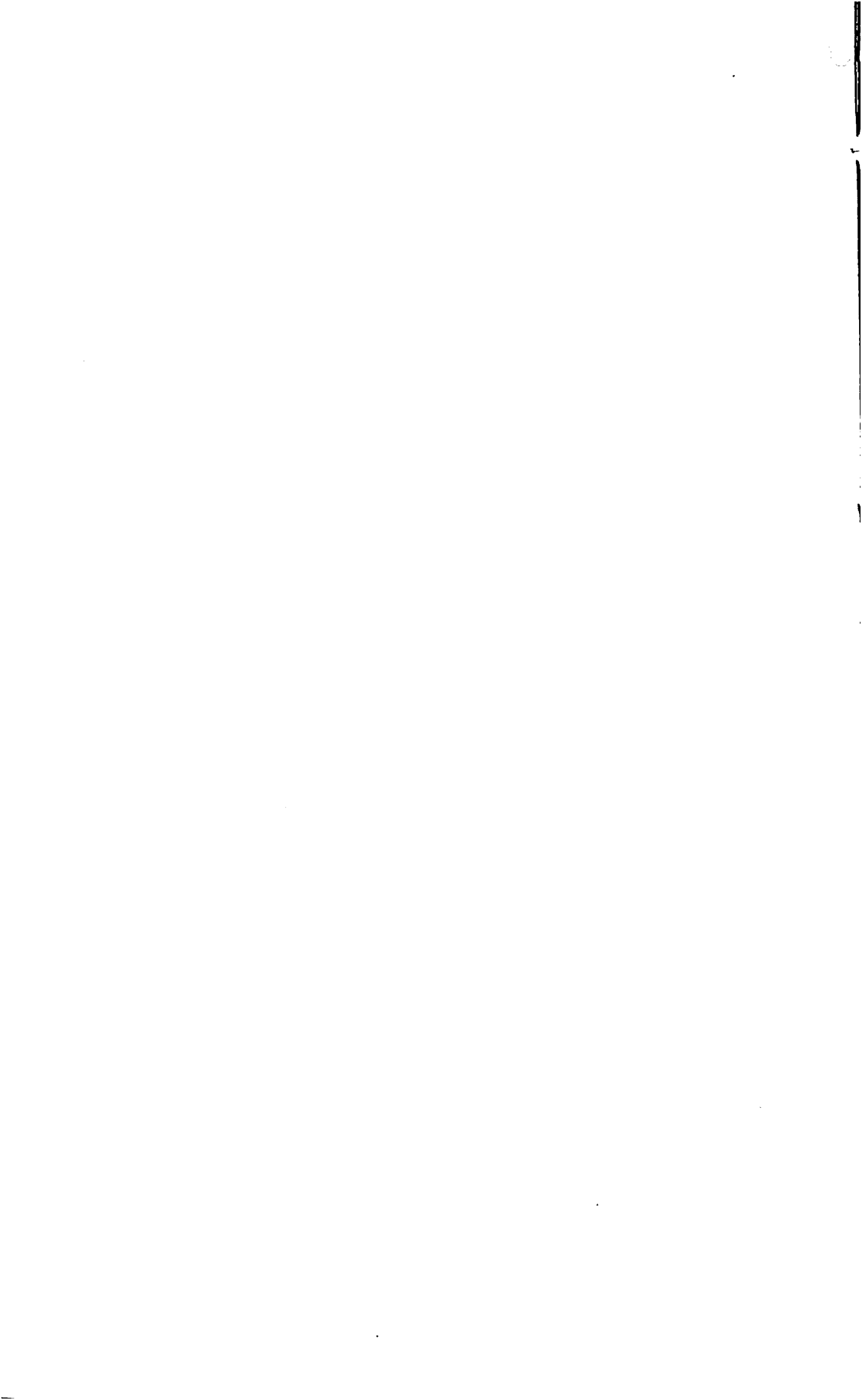
26. The large budgetary gap is indeed causing concern. The present position is mainly the result of cumulative deficits of a number of years. Inescapable commitments on account of maintenance of assets created at enormous cost, continuance of essential services and expansion of developmental activities are the basic causes of budgetary difficulties. It is needless to state that in order to ensure rapid economic growth with the object of clearing the backlog of development and for reaching the

national level large increase in expenditure is inevitable in spite of the limited nature of our resources. But the increase in the burden of debts which necessarily follows, in our situation, from increase in expenditure forces us to be extremely vigilant on the expenditure front on a continuing basis in the foreseeable future and make every effort to conserve our scarce resources for use in connection with growth oriented activities and protection of the Plan. True, from purely resource point of view no distinction need be made between Plan and non-Plan expenditure as the impact of both on the immediate budgetary situation is identical. Yet, for keeping up the tempo of economic development the State Government have inspite of financial constraints, decided to protect the Plan by restricting and curtailing non-Plan expenditure. But there is a limit beyond which non-Plan expenditure cannot be curtailed without serious detriment to existing services and assets. We shall, therefore, concentrate on elimination of possibilities of leakage of resources and of their inefficient use. It may also be noted that the imbalance between our resources and expenditure leads to overdrafts. The existing monetary limit of overdrafts as well as the time limit set for clearance of overdrafts is not based on a realistic assessment of the needs of the States and is insufficient considering the volume of transactions that a State has to undertake. After all, the States do not enjoy the advantage of deficit financing available to the Centre. We have, therefore, been demanding review and liberalisation of the monetary limit as well as time limit for settlement of overdrafts. We hope that the Government of India will appreciate the fairness of our demand and take action accordingly on the most urgent basis. We also hope that the Government of India will realise the enormity of the problems confronting our State and adopt liberal attitude in the matter of our demands for resources so as to prevent any slowing down of Assam's progress,

27. One more week and we shall step into the new financial year with renewed zeal to implement our existing and fresh programmes for all-round development of the State. I seek the co-operation of all in the task ahead. With these words, sir, I commend the Budget for 1988-89 and the Vote-on-Account for April-June, 1988 to this August House for approval.

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## ANNEXURE

(In thousands of rupees)

Actuals 1986-87	Budget Estimates 1987-88	Revised Estimates 1987-88	Heads	Budget Estimates 1988-89			
1	2	3	4	5			
(-) 103,96,83	(-) 49,66,92	(-) 166,53,49	<u>Opening Balance</u>	(-) 199,20,89			
<b><u>A-RECEIPTS</u></b>							
1209,95,48	1256,42,36	1262,08,68	Revenue Receipts	1344,18,28			
482,44,29	1021,99,28	1031,49,01	Capital Receipts	1105,91,19			
	2,00,00	4,30,70	Receipts under Contingency Fund	10,00			
567,94,42	690,20,00	811,20,00	Receipts under Public Account	817,22,00			
2260,34,19	2970,61,64	3109,08,39	<b><u>TOTAL RECEIPTS</u></b>	3267,41,47			
2156,37,36	2920,94,72	2942,54,90	<b><u>GRAND TOTAL</u></b>	<b><u>3068,20,58</u></b>			
<b><u>B-EXPENDITURE</u></b>							
1149,36,23	1259,59,08	1329,02,16	Expenditure on Revenue Account	1402,37,43			
518,06,14	1052,84,62	1057,23,63	Capital Expenditure	1122,92,66			
	42,71	10,00	Expenditure under Contingency Fund				
655,05,77	678,09,00	755,40,00	Outgoings from Public Account.	785,90,65			
2322,90,85	2990,52,70	3141,75,79	<b><u>TOTAL EXPENDITURE</u></b>	3311,20,74			
(-) 166,53,49	(-) 69,57,98	(-) 199,20,89	<b><u>CLOSING BALANCE</u></b>	(-) 243,00,16			
2156,37,36	2920,94,72	2942,54,90	<b><u>GRAND TOTAL</u></b>	<b><u>3068,20,58</u></b>			
<b><u>NET RESULT</u></b>							
(+)	60,59,25	(-) 3,16,72	(-) 66,93,48	Revenue Account	(-) 58,19,15		
(-)	123,15,91	(-) 16,74,34	(+)	34,26,08	Outside the Revenue Account.	(+)	14,39,88
(-)	62,56,66	(-) 19,91,06	(-)	32,67,40	<b><u>NET SURPLUS(+)/ DEFICIT (-)</u></b>	(-)	43,79,27