

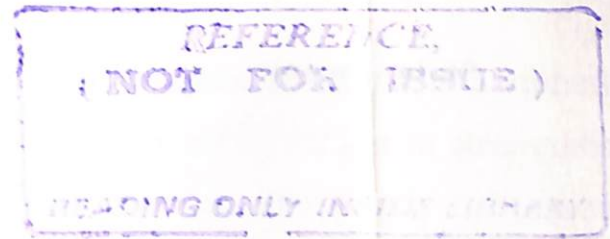
# **BUDGET SPEECH**

**1996-97**

**March 19, 1996**

**Shri JIBA KANTA GOGOI**  
**FINANCE MINISTER, ASSAM**





Mr. Speaker, Sir,

With your permission, I rise to present the budget estimates for the State of Assam for the financial year 1996-97.

2. Hon'ble Members are aware that the tenure of the present Assembly will expire on 28th July, 1996 and election to the State Assembly is expected to be held before that date. In this context, I am seeking a Vote-on Account for the first four months of the year 1996-97, although I have presented the budget estimates for the whole financial year.

3. Almost five years back, when the present Government assumed office, our State was passing through a grave crisis. Under the able leadership of our Chief Minister, Shri Hiteswar Saikia, the State has made a remarkable recovery. The situation of militancy, terrorism and insurgency, which was prevailing, has been contained to a large extent. The law and order situation has substantially improved. The welfare and developmental activities have been going on despite occasional odd situations. Various economic activities in the State, which had suffered in the wake of the prevailing turmoil have set in and there is a continuous growth of the same.

**State Income**

4. As per provisional estimates, the Net State Domestic Product (NSDP) of Assam in 1993-94 was Rs. 12,419 crores at Current Prices and Rs. 3963 crores at Constant (1980-81) Prices. As per the quick estimates, the NSDP for 1994-95 works out to Rs. 13,763 crores at current prices and Rs. 4167 crores at Constant (1980-81) Prices, registering an increase of 10.8% at Current Prices and 5.2% at Constant (1980-81) Prices over that of the previous year. As per the provisional estimates, the per capita income for the year 1993-94 was Rs. 5235 at Current Prices and Rs. 1671 at Constant (1980-81) Prices. According to the quick estimates, the per capita income in 1994-95 is Rs. 5680 at Current Prices and Rs. 1720 at Constant (1980-81) Prices and in percentage term, the increase is 8.5% at Current Prices and 2.9% at Constant (1980-81) Prices over the previous year.

**Prices**

5. The average whole-sale price index (base 1953=100) registered a rise of 9.5% in 1994 over 1993 and in the same period the Consumer Price Index for working class (base 1949=100) recorded a rise of 7.5%. However, the behaviour of retail price in the State remains a matter of concern for the Government in the wake of rise in the prices of many essential commodities. With a view to having a sobering effect on the prevailing price line, the State Government have been making efforts with the co-operation of the Chamber of Commerce, Food Corporation of India, Railway authorities, other concerned organisations, etc. for ensuring that the supply line with regard to the movement of essential commodities to this region remains uninterrupted.

With a view to providing relief, particularly to the vulnerable section, the Government continued its efforts in strengthening the Public Distribution System for supply of essential commodities of mass consumption to the common people. The Public Distribution System covers the length and breadth of the State through a network of about 30 thousand fair price shops/ retail outlets. During 1995-96 nearly 16 lakh families with a population of about 80 lakhs have been covered under the scheme of distribution of rice at subsidised price at Rs. 2 per Kg to the poor families living below the poverty line @ 4 kg per head and 16 kg per family per month. It has been giving a significant relief to these vast number of poor families, although the cost to the State exchequer is quite heavy.

### Employment

6.1 As per data available on the live register of Employment Exchanges, the number of job seekers at the end of June, 1995 was 12.11 lakhs compared to 13.12 lakhs at the end of June, 1994, showing a decline in the number of job seekers by about 8%. Out of the total job seekers at the end of June, 1995, the number of educated job seekers was 7.43 lakhs, constituting about 61% of the total job seekers. The number of women job seekers as in June, 1995 was about 2.45 lakhs and that of ST job seekers, about 1.06 lakhs and that of SC job seekers, about 0.68 lakhs.

6.2 Available data reveal that the number of persons employed in the organised sectors in the State, comprising both public and private sectors increased to 10.94 lakhs at the end of March, 1995, compared to 10.69 lakhs at the end of

March, 1994, thereby registering an increase of about 2.3%. The rate of increase in employment in public and private sectors is almost equal in the relevant period.

6.3 During the period from 1st April, 1991 to 30th April, 1995 the number of unemployed youths who were provided with earning opportunities was 11,63,085. Of them, 88,123 are salaried employees, 7,31,907 self-employed and 3,43,055 employed on mandays created in the implementation of various employment schemes under the Government. Promotion of employment opportunities, particularly on self-employment, has always been a major objective of this Government. It is needless to say that it has direct thrust in the poverty alleviation.

## Rural Development

7.1 There has been a continuous endeavour of the Government to change the face of the rural economy and bring about upliftment in the living condition of the rural masses through implementation of various poverty alleviation programmes, aiming at creating assets, while generating employment simultaneously. The programmes under implementation are Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self-Employment (TRYSEM), Development of Women and Children of Rural Areas (DWCRA), Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Integrated Rural Energy Programme (IREP), National Programme for Biogas Development (NPBD) and Indira Awas Yojana (IAY).

7.2 About 2.4 lakh families have been assisted during the period from 1991-92 till the end of November, 1995 under IRDP. Another 20 thousand families are expected to be assisted during the remaining period of the current financial year.

7.3 Under TRYSM 37,938 youths have been trained in various trades for self-employment during the period from 1991-92 till the end of November, 1995. Another 6259 are likely to receive this training in the remaining period of the current financial year.

7.4 Under DW CRA 2856 groups of women have been financially assisted for taking up economic activities, suitable to their skill, aptitude and local condition during the period 1991-92 till the end of November, 1995. Another 257 groups of women are likely to receive financial assistance in the remaining period of the current financial year.

7.5 Under JRY, about 806 lakh mandays were generated during the period from 1991-92 till the end of November, 1995. Another 89 lakh mandays are expected to be generated during the remaining period of the current financial year.

7.6 The Employment Assurance Scheme (EAS), started in 1993-94, had already generated 233 lakh mandays upto December, 1995 and it is expected to create another 77 lakh mandays in the remaining period of the current financial year.



7.7 Under Indira Awas Yojana (IAY) total number of houses already constructed for the people below the poverty line is 25,560 during the period from 1991-92 till the end of December, 1995 and a further 7 thousand houses are expected to be constructed in the remaining period of the current financial year.

7.8 Apart from the above mentioned schemes, other schemes pertaining to rural development, currently under implementation are Supply of Modern Tool Kits To Rural Artisans and Rural Group Life Insurance Scheme. Achievement made under the first programme during the period from 1992-93 to 1993-94 is 10,024 numbers. Under the second scheme, 40,101 persons have been insured for an amount of Rs. 5000/- each for one year.

## **Institutional Finance**

8. The bank and other insitutional finance has a vital role to play in the socio-economic development of the State. The overall operational and functional efficiency of the banks and financial institutions is an important component in making the financial sector more vibrant and efficient. The growth of deposit mobilisation and expansion of investment position within the State depends to a large extent on the response of the banks and other financial institutions to cater to the changing social and economic needs. In the matter of banking facilities, there are 1299 bank branches in Assam as on 30.6.95, which works out to an average population of 19 thousand per bank branch as against 14 thousand in the country as a whole. While there is a case for having more branches of the banks, it is more important to ensure the

quality and the depth of service of the existing bank branches within the State. There is a need to improve the credit deposit ratio with regard to the banking service within the State. The volume of deposit within the State has increased from Rs 3454 crores in June, 1994 to Rs. 4155 crores in June, 1995, registering a growth of 19%. But the deployment of credit, which was Rs. 1461 crores in June, 1994 increased to Rs. 1658 crores in June, 1995, showing a growth of 13% only. At the quarter ending on 30th June, 1995 the credit deposit ratio for Assam was 40% against 61% in the country as a whole. Some of the major factors, identified are lack of infrastructural facilities, absence of large-scale industrial units, poor recovery and want of complete normalcy to encourage large scale industrial investment. In its concern as to how to improve the credit deposit ratio, the State Government have taken necessary steps for encouraging the formulation of realistic and viable schemes for the purpose of institutional finance of the banks and other financial institutions and ensuring coordination between the banks, financial institutions and the beneficiaries, including the concerned departmental authorities of the State Government. The establishment of North Eastern Development Financial Corporation at Guwahati, whose functioning was recently inaugurated by the Hon'ble Prime Minister on 23.2.96 is expected to contribute some improvement in the situation.

### **Small Savings**

9.1 Hon'ble Members are aware that Small Savings loan to the State Government is an important resource for the State Government. It is to be mentioned that 75% of the net

collection of the Small Savings in a financial year within the State (i.e. gross investment minus withdrawal during the financial year within the State) is available to the State Government from the Centre as Loan Assistance. This important source of resource for the States has received a severe set back from 1st April, 1995 due to the unilateral decision taken by the Government of India, according to which investment by institutions in the Small Savings instruments has been disallowed with effect from 1st April, 1995. As a consequence of this, the amount of the Small Savings investment, which is now limited to the investment by private individuals stands substantially reduced, thereby resulting in the reduction of Small Savings loan available to the States. The impact of this decision is very severe on the State of Assam. During 1994-95, the State Government had received Rs. 388 crores as Small Savings loan from the Centre; but as against this, the actual receipt of Small Savings loan during 1995-96 upto December, 1995 is Rs. 150 crores and the total anticipated amount upto March, 1996 during the current financial year could be marginally higher. Since May, 1995, Government of Assam have been urging upon the Centre to consider the harsh implication of their decision to the States and the State Government have been requesting the Centre to allow compensatory market borrowing to the States to compensate to them the loss suffered by them due to the Institutions being disallowed to go for Small Savings investment. The State Government raised this matter in the memorandum dated 24.11.95 submitted to the Hon'ble Prime Minister during his visit to the State during November, 1995.

9.2 On its part the State Government has taken various steps to intensify Small Savings drive within the State. The DCs and SDOs have been closely involved in this Small Savings campaign and in each Sub-division, an EAC under the DC/ SDO has been entrusted to look after this work.

#### Power

10.1 Power is a basic infrastructural input for the development of an area. The Government have been paying their specific attention to improve the power services in the State. The installed capacity of the ASEB, which was 554 M.W. as on 1.4.95 stood increased to 574 M.W. as on 1.1.96. During the current financial year, the total net generation of electrical energy by the ASEB upto the end of December, 1995 was 977 million units, as compared to 816 million units during the corresponding period of the previous financial year. The anticipated net generation of electrical energy during the current financial year upto March, 1996 is 1373 million units. The plant load factor during the current financial year upto the end of December, 1995 has been 29.44% as compared to 24.60% during the corresponding period of the previous financial year. As regards tariff, it is to be mentioned that the revised tariff structure of the ASEB, which had been introduced in September, 1994 has now come into force fully after the disposal of the pending Court cases in October, 1995. Although it falls short of the cost of supply, the revised tariff has improved the revenue of the ASEB. The ASEB has taken steps for increased availability of power to meet the demand within the State. Suitable measures have been undertaken by the ASEB for facilitating better energy

audit and revenue management.

10.2 By March, 1995 in the State, 21,495 villages were electrified. During the current financial year, the ASEB has a programme to electrify 200 new villages, to intensify electrification in 348 already electrified villages and to complete electrification in the 400 villages, which had remained incomplete earlier. Under Kutir Jyoti Scheme, 18,051 holdings have been electrified upto March, 1995 and the implementation of this programme is continuing during the current financial year.

11.1 The State's economy is significantly dependent on agriculture; 36% of the Gross State Domestic Product is derived from agriculture and 80% of the population is dependent on this sector for their livelihood. As per 1991 Census, about 64% of the total work force is agricultural labourer. The State Government have been making concerted efforts for boosting up the production of foodgrains, oil seeds and horticultural produces with a view to attaining self-sufficiency in food. During 1991-92, the foodgrain production in the State was 33.68 lakhs tonnes. It increased to 39.71 lakh tonnes (17.9% increase) during 1994-95 and the anticipated achievement is 40.40 lakhs tonnes during 1995-96. The rice production during 1991-92 was 31.97 lakh tonnes and during 1994-95, it increased to 37.22 lakh tonnes (16.42% increase) and it is expected to increase to 37.82 lakh tonnes during 1995-96. The oil seed production in the State was 2.06 lakh tonnes during 1991-92 and it increased to 2.93 lakh tonnes in 1994-95 (42% increase). The anticipated

production of oil seeds during 1995-96 is expected to be of the same order.

11.2 In order to achieve agricultural development with employment generation in rural areas and to involve every farming family in the scientific method of cultivation, Pathar Parichalana Samities (PPSs) have been organised in the State. So far, 21,800 PPSs have been registered.

## Industries

12.1 The basic thrust of the State Government's policy in the sphere of industrial development in the State is to encourage industries, based on local natural resources with due emphasis on the revival of the economy and the creation of opportunities for gainful self-employment. In this context, a package of incentives continues to be available for encouraging industrial development in the State. The State Government have been encouraging the setting up of new industries in the State as well as in the ownership and management of the sick public industrial units with a view to reviving them. The revival of Ashok Paper Mills at Jogighopa, entrusted to a private management is a notable point. The revival effort in respect of Cachar Sugar Mills, which has since been entrusted to a private management is making progress. The foundation stone of Assam Gas-Cracker Project of Reliance Group of Industries viz. Reliance Assam Petrochemicals Ltd. was laid by the Hon'ble Prime Minister at Tengakhat in Dibrugarh district on 24.11.95. The State Government have been pursuing with the Reliance Group of Industries and the Government of India for speedy execution of the project. The execution of the Fourth

refinery project at Numaligarh is going on at a full swing. In this company 10% equity shares are for the Government of Assam. An Export Promotion Industrial Park (EPIP) at Amingaon in Guwahati is being set up at an estimated cost of Rs. 14.92 crores; the Central assistance to the State Government for this scheme is Rs. 10 crores.

12.2 Small and cottage industries have a very high employment potential and they continue to receive priority attention of the State Government. In the village and small industries sector, 13,703 SSI units, providing employment opportunities to 48594 persons have been set up during the period from 1991-92 upto November, 1995. Similarly, in the handicraft sector, 12,365 units with employment for 31,239 persons have been set up during the same period. Under Prime Minister's Rozgar Yojana (PMRY) 7,222 youths have been given bank loan of upto Rs. 1 lakh each for their self-employment during 1993-94 and 1994-95. The number of sanctioned cases under this scheme during the current financial year upto the end of February, 1996 is 7,200 and upto the end of the current financial year, the anticipated achievement is 9900 cases. Under the Rehabilitation of Misguided Youths Scheme, 5898 youths have been given training and 4308 loan proposals have been sanctioned and disbursement made in respect of both loans and grants in most of the cases. The sanction of loan in other cases is under process in the banks. The State Government have been pursuing with the banks for expediting the same.

**Education**

13.1 In the Elementary Education sector, 3000 primary schools have been provincialised during the period of the present Government. Initially, 7606 posts of primary school teachers were created for conversion of the single-teacher schools to the double-teacher schools. Subsequently, under Operation Blackboard Scheme, the Government of India have approved the creation of 1732 posts of third teacher for the primary schools with enrolment exceeding 100 students each. During the period from 1991-92 to 1994-95, altogether 300 posts of teachers for Bodo medium primary schools, 100 posts of teachers for Mising language and another 100 posts for Nepali language have been created. Under the Mid-Day Meal Scheme for the primary school children, which has been launched during 1995-96, free supply of rice is made to the family of every primary school going child. The World Bank assisted District Primary Education Programme (DPEP) is under implementation since 1994-95 in the Districts of Karbi Anglong, Dhubri, Morigaon and Darrang.

13.2 In the Secondary Education sector, 819 High Schools and High Madrassa have been provincialised during the period from 1991-92 till date. Out of them, 256 have been provincialised during the current financial year. Further, during the current financial year 254 High Schools and High Madrassa have been upgraded to Higher Secondary Schools.

13.3 The implementation of Non-Formal and Adult Education Scheme is continuing. Cotton College, Guwahati has been upgraded as a Centre of Excellence and as a Post-Graduate Institution. During the period from 1991-92 till



date, 190 colleges have been brought under deficit system of grant-in-aid and of them, 32 colleges have been brought under the deficit system during 1995-96.

13.4 In the education sector, altogether 39,937 posts of teachers have been created newly and appointment made during the period from 1991-92 to 1995-96. The break-up is - Elementary education sector 25,631 posts, Secondary education sector - 13,138 posts and Higher education sector - 1,168 posts = total - 39,937 posts.

13.5 The two Central Universities at Tezpur and Silchar and the IIT at Guwahati have started functioning in rented buildings. The preliminary works for construction of these University campuses and the IIT have started.

14.1 An area of critical importance for the socio - economic development is the provision of basic health care for the people. There is a gap between the requirement and availability of services in the health sector that needs to be made up early. In terms of the national goal, our concern is to ensure "Health For All" by the turn of the century. In order to provide primary Health care facilities to people, altogether 139 Primary health Centres (PHCs) and 90 Community Health Centres (CHCs) have been established during the period from 1991-92 to 1994-95. During the current financial year 1995-96, another 50 PHCs and 13 CHCs will be added to the list. During this period from 1991-92 till date, three 200-bedded hospitals and two 100-bedded hospitals have been established. Besides, works

are in progress for the establishment of four 200-bedded hospitals and eight 100-bedded hospitals. Apart from providing primary health care facilities to people, the Government stand committed to implement various public health programmes for the control and eradication of communicable as well as common diseases viz. malaria, filaria, leprosy, TB, AIDS, goiter and blindness. To control the spread of AIDS, one State Surveillance Centre and one State Referral and Counselling Centre have been set up at Guwahati. Besides, seven Sexually Transmitted Disease Centres and three Zonal Blood Testing Centres have been established in the State.

14.2 The implementation of the Family Welfare Programme which is a cent percent Centrally assisted Centrally Sponsored programme is continuing. In the implementation of this comprehensive programme, there is also the delivery of services for the mother and the child and immunisation of the children. At the instance of the Government of India, the Pulse Polio immunisation Programme was implemented during the current financial year in the State as elsewhere in the whole country. The implementation of the World Bank assisted project IPP -IX, intended for augmenting health care facilities in Assam, particularly for mother and child is continuing.

14.3 Besides Allopathy, the other systems of medicines viz. Ayurveda and Homoeopathy continue to be promoted in the State.

**Public Works**

15. Road communication is a basic infrastructure. High priority has been given to the maintenance and repairs of the existing roads and bridges. Under the Indo-Bangladesh Border Roads Scheme, 100 Kms of border roads and 49 bridges on them have been constructed till now. Under this scheme, 123 KMs of border fencing have been completed. During the current financial year, the construction of one RCC bridge on the N.H. 36 on the Nanoi river was completed. Under the World Bank assisted Assam Rural Infrastructure and Agricultural Services Project, preliminary work has been taken up by the PWD regarding the construction of rural roads.

**Urban Development**

16. Various development schemes, such as development of parks, markets, truck terminus, etc. are under implementation in Guwahati by Guwahati Metropolitan Development Authority. The preliminary work on the permanent capital complex of the State at Dispur has started. For construction of the State Capital, an amount of Rs. 12 crores has been proposed in the budget estimates of 1996-97 out of the total Rs. 60 crores awarded by the Tenth Finance Commission for the purpose. The implementation of the Centrally Sponsored Scheme of Nehru Rozgar Yojana and Integrated Development of Small and Medium towns continued during the current financial year.

**Drinking Water Supply**

17. During the period from 1991-92 till date, 83 problem villages and 2072 'no source' habitations in the rural areas have been provided with the facilities of safe drinking water supply by the P.H. Engineering Department. During

this period an additional 322 number of rural water supply and 8 number of urban pipe water supply schemes have been commissioned. The existing urban water supply schemes at Lanka and Lunding towns have been renovated during this period. In line with the national Policy, priority attention is given to provide drinking water supply facilities in the habitations, which have no safe drinking water source.

### **Social Welfare**

18. Various social welfare schemes including that for the Welfare of the Disabled, Old Age Pension, Widow Pension, Welfare of the Juveniles, Welfare of the Women and Children and Nutrition were under implementation during the financial year. The coverage under the ICDS has increased with the receipt of additional approvals from the Government of India, raising the coverage to 210 Development Blocks out of total 218 Development Blocks in the State. The approval for the remaining 8 Development Blocks is under process. In the implementation of Mahila Samridhhi Yojana, the performance of the State Government has been very commendable and the State has been adjudged the best in the whole country. The recently introduced Central Sector schemes under the National Social Assistance Programme viz. Old Age Pension Scheme, National Family Benefit Scheme and Maternity Benefit Scheme are under implementation.

### **Welfare of the Backward Classes**

19. The implementation of various socio-economic development schemes under the Tribal Sub-plan for the welfare of the Scheduled Tribes (Plains) and the Scheduled Caste Component Plan for the welfare of the Scheduled Castes continued. Emphasis is given on health, education,

drinking water supply, road communication, agriculture, fishery and other economic development schemes, particularly those promoting self-employment. Schemes for the welfare of Other Backward Classes, including the Tea Garden and Ex-Tea Garden Tribes are continuing. Priority attention has been given to education by way of grant of scholarships/stipends, etc. and implementation of schemes for promoting self-employment.

#### **Hill Areas**

20. The State Government continue to pay their special attention to the speedy development of the Hill areas of the State and the Welfare of the Scheduled Tribes (Hills) in these areas. Emphasis is on health care, provision of drinking water supply facilities, and education in the sphere of social services and priority is given to the development of road communication under the general services sector. Various schemes under agriculture, irrigation, sericulture, weaving, poultry, piggery, forestry and more importantly, Jhum control are under implementation. Schemes are under implementation to enable the tribal Jhumia families to have settled mode of living instead of depending on Jhum cultivation.

**Bodoland  
Autonomous Council**

**Rabha Hasong  
Autonomous Council**

**Mising Autonomous  
Council**

**Lalung (Tiwa)  
Autonomous  
Council**

20.1 Funds have been released under the State Plan under various development sectors by the concerned Development Departments to the Bodoland Autonomous Council for implementation of developmental schemes by the Council. Funds have also been released to the Council for its Secretariat establishment.

20.2 As regards the newly constituted Rabha Hasong

Autonomous Council, Mising Autonomous Council and Lalung (Tiwa) Autonomous Council, some funds have also been released by the State Government to enable the Councils to start their set up.

20.3 Provision has been made in the budget 1996-97 for all these four Autonomous Councils.

#### Annual Plan 1995-96

21.1 The Eighth Five Year Plan of Assam was formulated with an estimated outlay of Rs. 4672 crores, consisting of Central assistance of Rs. 3748 crores and Plan Revenue Deficit grant of Rs. 221 crores awarded by the Ninth Finance Commission. The balance of Rs. 703 crores was State's contribution out of its own resources plus loan from open market and financial institutions by the State Government. The basic objectives of the Eighth Five Year Plan is reduction of the gap between the per capita SDP of Assam and NDP of India, poverty alleviation through creation of employment opportunities, development of infrastructural facilities, attaining self-sufficiency in food production, etc. The Eighth Plan commenced from the financial year 1992-93 and will terminate at the end of next financial year 1996-97.

21.2 Against the approved Eighth Plan outlay of Rs. 4672 crores, the amount allocated by the Planning Commission for the first four years from 1992-93 to 1995-96 is Rs. 4456 crores, backed by Normal Central Assistance of Rs. 3404 crores and Plan Revenue Deficit Grant of Rs. 221 crores, totalling Rs. 3625 crores. Against the approved Eighth Plan outlay, the expenditure incurred by the State

Government during the first four years is Rs. 3749 crores. The available trend of four years indicates that the approved Eighth Plan outlay will not only be fully achieved by the end of 1996-97 but is most likely to be far exceeded.

21.3 The Annual Plan outlay for 1995-96 was originally fixed at Rs. 1418 crores. This has been subsequently enhanced to Rs. 1421.57 crores by the Planning Commission by allocating additional Central assistance of Rs. 3.57 crores. The flow of fund from the General Areas Plan to the Tribal Sub Plan is Rs. 147 crores and to that of Scheduled Caste Component Plan is Rs. 98.20 crores. The flow to the Hill Areas Sub Plan is Rs. 91.60 crores. The above State Plan outlay is supplemented by Special Central Assistance of Rs. 46.32 crores for Hill Areas Sub-Plan, Rs.14.88 crores for Tribal Sub-Plan and Rs. 3.65 crores for Scheduled Caste Component Plan.

21.4 The Annual Plan 1995-96 of Assam as originally approved by the Planning Commission is Rs. 1338 crores for usual State Plan component plus Rs. 80 crores for Externally Aided Project totalling Rs. 1418 crores. As per special dispensation allowed to the Government of Assam under the recommendation of the Rangarajan Committee, the usual State Plan outlay could be revised downward up to 20% of the normal Central assistance, admissible in that year without any reduction in the agreed level of Central assistance. In terms of this special dispensation, the usual State Plan outlay of Assam for 1995-96 could be revised from Rs. 1338 crores to Rs. 1149 crores without any loss of Central assistance.

However, after an overall assessment of the resource position of the State Government, it has been proposed to have the revised usual State Plan outlay of 1995-96 at Rs. 1173.06 crores; it has also been proposed to revise the total outlay for the Externally Aided Projects to Rs. 27.94 crores on the basis of the clearance, received by the State Government. Thus, the revised State Plan outlay for 1995-96 has been proposed by the State Government at Rs. 1201 crores for approval of the Planning Commission. The flow to the TSP and SCCP and to all Autonomous Councils in the General Areas also have been proposed to be revised proportionately in the context of the revised Annual Plan outlay.

**Assam Finance  
Commission, 1995**

22. Following the amendment of the Constitution, the State Finance Commission viz., the Assam Finance Commission, which was set up for the first time under a State Act enacted for the purpose, submitted its report to the State Government on 29.2.96. The Commission has made comprehensive recommendations all of which have been accepted by the State Government. The copies of the report of the Commission alongwith the Explanatory Memorandum, containing the action taken report on the recommendations have already been laid in the House. Excepting the recommendation relating to the devolution of a share of Motor Vehicles Taxes to the Gaon Panchayats, provision has been made in the budget estimates of 1996-97 in respect of all other recommendations in so far as the devolution of resources to the rural and urban bodies is concerned. During



the financial year 1996-97, budget provision will have to be made for implementing the recommendation of the Commission relating to the devolution of a share of Motor Vehicles taxes to the Gaon Panchayats.

**Assam Pay  
Commission, 1994**

23. The first part of the report of the Assam Pay Commission, 1994 has been considered and accepted by the State Government. In this part, the Commission has recommended inter alia the revised pay scales for the State Government employees with effect from 1.1.96. In course of the financial year 1996-97, additional budget provision will have to be made for meeting the additional expenditure involved in giving effect to the revised pay scales.

**State Lotteries**

24. There is a public outcry in general in Assam against the lotteries. In March, 1995 Session of the Assam Legislative Assembly, many Hon'ble Members of the House urged upon the State Government to take actions for the stoppage of Assam State Lotteries. They also urged upon the Government to take steps for prohibiting the sale of State Lotteries as well as authorised lotteries in Assam. The amount of net receipts by the State Government for the conduct of Assam State Lotteries is hardly of any consideration. General feeling of the House was that the Government should take necessary action on the matter. On an overall consideration of the matter, the Government have decided that, in the interest of public in the State, Assam State Lotteries should be discontinued and further necessary action need be taken urgently for prohibiting by law, the sale of other State Governments/ Union Territories administrations organised

lottery tickets in Assam by amending the provision of the Section-294 A of the Indian Penal Code in so far as the State of Assam is concerned by obtaining the prior approval of the Government of India to this proposed amendment. The Assam State Lotteries Rules have since been withdrawn and the conduct of Assam State Lotteries has been discontinued. The Government of India are being moved for their approval to the proposed amendment to the existing provision of the Section-294 A of the Indian Penal Code in so far as the State of Assam is concerned.

**Tenth Finance  
Commission**

25.1 Hon'ble Members may recall that, while presenting the State Government budget for 1995-96 mention was made about the recommendations of the Tenth Finance Commission and the necessary follow-up actions to be taken by the State Government. The recommendations of the Tenth Finance Commission are valid for a period of five years commencing from 1st April, 1995. The provisions recommended by the Commission have been incorporated in the Revised Estimates of 1995-96 and the Budget Estimates of 1996-97. The report of the Tenth Finance Commission, by and large, can not be said to be satisfactory from the view point of the State of Assam. The total transfer to the State of Assam from the Centre under the award of the Tenth Finance Commission for the five year period is Rs. 8328.05 crores. This works out to 3.67 per cent of the total transfer from the Centre to the State. The corresponding percentage share of Assam in the national cake, received through the award of the Ninth Finance Commission was 3.73. The total transfer

consists of the following :- Share of Central Taxes and Duties- Rs. 7064.14 crores, Non Plan Revenue Deficit Grant- Rs. 712.03 crores, Upgradation Grant- Rs. 146.86 crores, Special Problem Grant Rs. 60 crores, Grant to Local Bodies- Rs. 147.56 crores and Centre's Share in Calamity Relief Fund- Rs.197.46 crores, totalling Rs. 8328.05 crores.

25.2 One important recommendation of the Tenth Finance Commission is the revival of the Schemes of Upgradation of Standards of Administration and Special Problem grant, which had been discontinued by the Ninth Finance Commission. The sectors, selected for upgradation of standard of administration by the Tenth Finance Commission are Police, Fire Services, Jails, Record Rooms for District, Computerisation of Treasuries and Accounts and Education. The total amount recommended for upgradation of all these Sectors is Rs. 146.86 crores for four years from 1996-97. The amount recommended under Special Problem is Rs. 60 crores for four years from 1996-97 and the amount is earmarked for construction of the State Secretariat. In terms of the 73rd and 74th amendments of the Constitution, the Tenth Finance Commission has recommended grants-in aid of Rs. 147.56 crores for four years commencing from 1996-97, of which Rs. 133.36 crores are for the Panchayats and Rs. 14.20 crores for the Urban Local Bodies. The total amount recommended for the Schemes of Upgradation of Standards of Administration, Special Problem grants and grant for the Local bodies for 1996-97 is Rs. 78.26 crores

and this amount has been provided in the budget for 1996-97 under the State Plan.

25.3 Central Government contribution to the Calamity Relief Fund during the five year period 1995-96 to 1999-2000 as recommended by the Tenth Finance Commission is Rs. 197.46 crores, compared to Rs. 112.50 crores for the period 1990-95 under the award of the Ninth Finance Commission. In addition, the Tenth Finance Commission has recommended the setting up of a National Fund for Calamity Relief to tackle more effectively the calamities of rare severity. The corpus of the National Fund would be Rs. 700 crores, to be built up over the period 1995-2000 with 75% contribution from the Centre and 25% from the States. The contribution of the State of Assam to the National Fund during 1995-2000 is Rs. 3.56 crores. However, the initial corpus of the National Fund during 1995-96 is Rs. 300 crores, in which the contribution of Assam is Rs. 1.52 crores.

25.4 In the matter of debt relief to the State of Assam the recommendation of the Tenth Finance Commission is insignificant. It has recommended a total relief of Rs. 14.56 crores for the State of Assam for five years, compared to Rs. 46.49 crores by the Ninth Finance Commission and Rs. 205.50 crores by the Eighth Finance Commission.

26.1 In view of the impending General Election to the Lok Sabha and the State's Legislative Assembly, it has been intimated to the State Government by the Deputy Chairman, Planning Commission that the Annual Plan outlay 1996-97 of

the State will be finalised during the ensuring financial year 1996-97 after the new Government assume office after the General Election to the Lok Sabha and State Assembly. It has been suggested by him to the State Government that, for the present, for the purpose of budgeting of the Annual Plan of the State for 1996-97, the State Government could proceed provisionally on the basis of current financial year's level of Central support. Accordingly Plan budget estimates for the Annual Plan 1996-97 has been proposed at a total of Rs. 1421 crores which include Rs. 80 crores for the Externally Aided Projects in the budget estimates, 1996-97 presented to the Assembly.

26.2 The amount proposed in the State Plan for the Hill Areas are Rs.91.60 crores, that for the Tribal Sub-Plan is Rs. 138.60 crores and that for the Schedule Caste Component Plan is Rs. 91.95 crores. In the Annual Plan of 1996-97, the amount proposed for being given as non-salary grants under the Plan to the Bodoland Autonomous Council is Rs. 40.55 crores; that for the Rabha Hasong Autonomous Council, Mising Autonomous Council and Lalung (Tiwa) autonomous Council are Rs. 7 crores, Rs. 13 crores, and Rs. 3.40 crores respectively.

26.3 The amount of Special Central Assistance (SCA) proposed for the Hill Areas Sub-Plan, TSP and SCCP in the budget estimates of 1996-97 are at the current financial year's levels and are Rs. 46.32 crores, Rs. 14.88 crores and Rs. 3.65 crores respectively.

26.4 As stated earlier, the amount recommended by the Tenth Finance Commission for the Schemes of Upgradation of Standards of Administration, Special Problem grant and grant for the local bodies amounting in all to Rs. 78.26 crores for 1996-97 has been provided in the budget 1996-97 under the State Plan.

### Externally Aided Projects

27.1 The implementation of the World Bank assisted Assam Rural Infrastructure and Agricultural Services Project, which has a total financial outlay of Rs. 480 crores with the project implementation period of 8 years started during the current financial year 1995-96. An amount of Rs. 73 crores has been provided in the budget estimates of 1996-97 for this project. The sectoral allocations are :- Agriculture- Rs. 18 crores, Animal Husbandry- Rs. 11 crores, Fisheries- Rs. 6 crores, Revenue (Land Reforms)- Rs. 10 crores, Minor Irrigation- Rs. 6 crores and Rural Roads- Rs. 22 crores =total Rs. 73 crores. The implementation of the ongoing World Bank assisted Scheme on Technical Education continued during the current financial year and an amount of Rs. 7 crores has been proposed for this in the budget estimates of 1996-97.

27.2 The implementation of Assam Area Project IPP-IX, a World Bank aided project in the Health and Family Welfare sector continued during the current financial year. The project is implemented by an autonomous registered society under the control of the State Government, to which the assistance for the project from the Government of India flows directly. Only towards the State Government's share, an

amount of Rs. 1.50 crores has been proposed in the budget estimates of 1996-97 for this project.

27.3 The implementation of District Primary Education Project (DPEP), a World Bank aided project, continued during the current financial year. It is implemented by an autonomous registered society under the control of the State Government. The assistance for the project from the Government of India flows directly to this society. Only towards the State Government's share, an amount of Rs. 3 crores has been proposed in the budget estimates of 1996-97 for this project.

### State Finance

28.1 As on 1.4.91, the per capita public debt burden in Assam was Rs. 1898. The total debt servicing cleared by the State Government during the period from 1991-92 up to the end of 1994-95 is Rs. 2495 crores. As on 1.4.95, the per capita public debt burden in the State is Rs. 1865. During 1995-96 all debt servicing which had become due for repayment by the State Government to the Ministry of Finance, Government of India has been cleared.

28.2 The salary of the employees and the pension of the State Government pensioners have been paid regularly. Enhanced revised Dearness Allowance to the State Government employees, due on 1.7.95 has been sanctioned and paid excepting for the additionality for 3 months. Enhanced Dearness relief due on 1.7.95 has been sanctioned and paid to the State Government pensioners. The enhanced revised Dearness Allowance as due on 1.1.96 for the State

Government employees has been sanctioned and the sanction of the enhanced Dearness Relief as on 1.1.96 is being issued concerning the pensioners of the State Government.

28.3 During 1991-92, the total amount, collected as tax revenue of the State Government was Rs. 512 crores and the actual of tax revenues, collected during 1994-95 increased to Rs. 632 crores. The estimated receipt of tax revenues of the State during the current financial year 1995-96 is Rs. 826 crores.

28.4 The liabilities for payment of salary, wages and Dearness Allowance to the employees and pension & Dearness relief to the State Government pensioners have been increasing in the wake of continuous price escalation. The debt servicing liability to be cleared has also been substantial. The expenditure involved in the maintenance of law and order in the context of security scenario, prevailing in the region has been unavoidable.

28.5 The Hon'ble members are aware that resource base of the State is very limited. The devolution of resources to the State, following the recommendation of the Tenth Finance Commission has not met the actual requirement of the State. In the midst of this situation, the State Government have taken all possible measures to affect economy in the Government expenditure, bring down non-Plan expenditure to the minimum feasible level, eliminate wastefulness in expenditure and maximisations of tax revenue as well as non-tax revenues of the State. They have also taken all possible measures for streamlining the financial



administration.

28.6 The State Government have also made their utmost efforts for ensuring that the developmental activities are carried on in the State at full swing as far as possible, despite heavy odds. The actual expenditure under the Annual Plan during 1991-92 was Rs. 693 crores against revised outlay of Rs. 725 crores. During 1992-93, the actual expenditure was Rs. 649 crores against revised outlay of Rs. 700 crores. During 1993-94, the actual expenditure was Rs. 856 crores against revised outlay of Rs. 872 crores. During 1994-95, it was Rs. 1043 crores against revised outlay of Rs. 997 crores. For the current financial year 1995-96, the revised outlay has been proposed at Rs. 1201 crores as stated earlier.

28.7 In the context of the position with regard to the State's resources, I like to apprise the Hon'ble Members of some important matters which the State Government have taken up with the Government of India including that at the level of the Hon'ble Prime Minister.

#### **Internal Security Fund :**

28.8 For dealing with the problems of terrorism, militancy and insurgency in a State threatening the integrity of the country, it is necessary for the Centre to help the State substantially in terms of financial resources and other resources. The Tenth Finance Commission recognised this and it recommended financial relief in the form of waiving of debt repayment of Rs. 490.63 crores by the Government of

Punjab to the Centre, the amount being one-third of the principal of Rs. 1471.90 crores, due for repayment by the Government of Punjab during 1995-2000 to the Centre against the Special Term Loan sanctioned during 1990-95, which amounted to Rs. 5522 crores as on 31.3.94. Although the State of Assam had been facing similar problems of terrorism, militancy and insurgency during the period 1990-95 the report of the Tenth Finance Commission is totally silent on this point. During this period, the Government of Assam was compelled to incur huge expenditure of Rs. 1145 crores on internal security measures for terrorism in the State, although it was an expenditure far in excess of the amount of Rs. 819 crores available to the State of Assam during 1990-95 on the recommendation of the Ninth Finance Commission and thus, the excess expenditure was Rs. 326 crores. This unavoidable excess expenditure has caused continuing resource gap for the State of Assam. The Government of Assam have urged upon the Government of India to give a grant of Rs. 326 crores to the State Government towards this. During the last visit of the Hon'ble Prime Minister to Guwahati on 22nd and 23rd February, 1996, this matter was placed by our Chief Minister before him. He requested the Hon'ble Prime Minister to kindly consider to issue necessary instructions to the Ministry of Finance for granting an amount of Rs. 326 crores as grant or long term loan to the State of Assam as a special dispensation to the State within the current financial year 1995-96 to enable the State Government to meet the acute financial needs.

28.9 As a standing arrangement, the Government of Assam have suggested to the Government of India to consider to set up an "Internal Security Fund" in the analogy of Calamity Relief Fund, which could be funded by the Centre and the States concerned on 75:25 per cent basis for enabling the concerned States to deal effectively with the problems of terrorism, militancy and insurgency within those States.

**Compensatory Market Borrowing in Favour of the States :**

28.10 The Government of India have issued instructions with effect from 1.4.95 for the discontinuance of the investments by the Institutions in Small Savings instruments within the States. The Government of Assam have requested the Government of India to consider to allow compensatory market borrowing to the States for the discontinuance of investments by Institutions in Small Savings instruments within the States.

**Provisional enhancement of the rate of royalty of Petroleum crude :**

28.11 Royalty on Petroleum crude is an important source of non-tax revenue for the Government of Assam. The rate of royalty was last revised from 1st April, 1993 for the block period 1993-96. The rate of royalty for this block period was fixed at 20% of weighted average cost of production of petroleum crude plus a reasonable return and development cess. However, pending availability of the data on the actual cost of production of petroleum crude for the relevant three years, royalty was decided by the Government of India to be

paid provisionally on the basis of the data on the cost of production available for 1992-93. The State Government have been receiving royalty with effect from 1.4.93 at Rs. 528 per tonne which is based on the production cost of 1992-93. The cost data for the year 1993-94 and 1994-95 now being available, the Government of Assam have urged upon the Government of India that the payment of royalty at an enhanced provisional rate should be made on the basis of these data on the cost of production.

**Conversion of the present pattern of financing of the Brahmaputra Flood Control Schemes from Central Loan Assistance (CLA) to one of Special Central Assistance (SCA) with suitable re-scheduling of the outstanding Central Loan Assistance :**

28.12 One major factor contributing to the fiscal problem of the State of Assam is the damages caused every year to the economy of the State by floods and erosion. Assam is devastated by fury of the mighty Brahmaputra and its tributaries year after year. It is beyond the resources and the jurisdiction of the State to tame the international river, the Brahmaputra. The present pattern of financing the Brahmaputra flood control schemes by the Government of India is on a cent per cent loan basis under the Central Loan Assistance (CLA) arrangement. The national commitment to the State of Assam for the implementation of the Brahmaputra flood control schemes within the State has to be so operationalised that the Central financial support to the State Government in implementing the schemes meets the need and the urgency of the situation. The Government of India have

been providing Special Central Assistance to the concerned State Governments for dealing with the various problems of huge magnitude, warranting national involvement. Since the Brahmaputra flood problem is a national problem, it merits consideration for conversion of the present pattern of financing from hundred per cent Central Loan Assistance to one of Special Central Assistance, having its usual financing pattern i.e. 90% grant and 10% loan. Moreover, the recovery of the outstanding Central loan given to the Government of Assam in the form of Central Loan Assistance for the Brahmaputra flood control schemes may be allowed to be suitably rescheduled to soften the impact of this loan burden on the State Government.

28.13 In September, 1995, the Government of India, in recognition of the gravity of the matter have given some relief to the State; it is by way of grant of moratorium on the repayment by the Government of Assam towards this loan of the Government of India during 1995-96 and 1996-97 and there is also an indication of a grant of Rs. 25 crores being considered to be sanctioned by the Centre to the State during 1996-97 for the Brahmaputra flood control schemes in the State. While these measures are appreciated, this would not go in any way in tackling the State's fundamental financial problem, which is due to the accumulated loan burden on account of Central Loan Assistance upto the end of 1996-97 and again the recoverable loan burden due to the Central Loan Assistance from 1997-98 onwards for the Brahmaputra flood control schemes in the State. In consideration of the gravity of

the problem faced by the State, which has already been recognised by the Government of India, they are requested to kindly consider and agree to change the pattern of Central Assistance to the State from the existing Central Loan Assistance (CLA) to one of Special Central Assistance (SCA) as per its usual financing pattern i.e. 90% grant and 10% loan.

28.14 The State Government have been pursuing with the Centre on all these matters, which are of vital concern to the State.

#### Taxation

29. I propose no change in any of the existing State taxes. I do not propose to impose any new tax. Tax collection by the State Government is envisaged to be increased by more efficient enforcement of the existing tax laws and streamlining the tax administration system.

#### Accounts 1994-95

30. In the budget estimates of 1995-96, presented to the Assembly in March, 1995, the closing balance for 1994-95 (Revised Estimates) was estimated to be Rs. 163.06 crores. As per the accounts, furnished by the Accountant General, Assam, the financial year has closed with a deficit of Rs. 358.38 crores. The actual receipts during 1994-95 were Rs. 5071.57 crores against revised estimates of receipts of Rs. 4767.41 crores, showing an increase of Rs. 304.16 crores. During 1994-95, the actual revenue expenditure was Rs. 3270.70 crores against revised estimates of expenditure of Rs. 3241.88 crores, showing an increase in expenditure of Rs. 28.82 crores during the financial year. During 1994-95, actual capital expenditure was Rs. 2145.71

crores against revised estimates of capital expenditure of Rs. 1481.19 crores, showing an increase in expenditure of Rs. 664.52 crores. Thus, during 1994-95, total actual expenditure (under both revenue and capital) was Rs. 5416.41 crores against revised estimates of total expenditure of Rs. 4723.07 crores, showing a total increase in expenditure of Rs. 693.34 crores (Rs. 28.82 crores increase in expenditure under revenue account plus Rs. 664.52 crores of increase in expenditure under capital account, totalling Rs. 693.34 crores). By taking into account the increases in receipts and increases in expenditure in respect of both Consolidated Fund and Public Accounts, the financial year 1994-95 ended with a closing deficit of Rs. 358.38 crores.

**Revised Estimates  
1995-96**

31. The budget estimates of 1995-96 showed an estimated deficit of Rs. 285.52 crores by taking into account an opening balance of (-) Rs. 163.06 crores. The revised estimates for the year now show a deficit of Rs. 308.74 crores with an actual opening balance of (-) Rs. 358.38 crores. The revised estimates show a surplus of Rs. 49.64 crores in respect of the transactions during the financial year.

**Budget Estimates  
1996-97**

32.1 The budget estimates of 1996-97 show a receipt of Rs. 4486.98 crores under the revenue account, compared to revised estimates of receipt under revenue account of Rs. 4174.11 crores during 1995-96, showing an increase of Rs. 312.87 crores. The revenue deficit grant to the State as per the Tenth Finance Commission's award, which is on a tapering down scale is Rs. 249.94 crores during 1996-97, compared to Rs. 342 crores during

1995-96, the first financial year of the Tenth Finance Commission's award period. The State Government have been urging upon the Government of India for a Central assistance of Rs. 326 crores towards neutralising the excess expenditure, incurred by the State Government for internal security measures for dealing with militancy, terrorism and insurgency in the State during the period 1990-95 and this Central assistance has been envisaged in the budget estimates of 1996-97 as grant from the Centre to the State Government.. In the budget estimates of 1996-97, the Central support to the State Government for the Annual Plan has been kept at the level of Central support to the State Government during 1995-96 as per the communication from the Deputy Chairman, Planning Commission to the State Government, pending finalisation of the Annual Plan of 1996-97 during 1996-97 after the new Government assume office at the Centre and the State.

32.2 In the budget estimates of 1996-97, the revenue expenditures show an expenditure of Rs. 4226.71 crores as compared to the revised estimates of expenditure under the revenue account of Rs. 3981.56 crores during 1995-96 ( an increase of Rs. 245.15 crores). Additional provision will have to be made in course of 1996-97 for accommodating the additional expenditure that will be involved due to the revision of pay scales of the State Government employees with effect from 1.1.96.

32.3 The budget estimates of 1996-97, as budgeted, show that the financial year 1996-97, starting with an opening





## ANNEXURE

### Abstract of Transactions

*(In Lakhs of Rupees)*

Actuals 1994-95	Budget Estimates 1995-96	Revised Estimates 1995-96	Budget Estimates 1996-97
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#### A. RECEIPTS :

I. Consolidated Fund				
Revenue Account	29,61,41	37,44,14	41,74,11	44,86,98
Capital Account	21,10,16	12,81,92	12,93,53	12,31,90
<b>Total</b>	<b>50,71,57</b>	<b>50,26,06</b>	<b>54,67,64</b>	<b>57,18,88</b>
II. Contingency Fund Account				
—	—	—	—	—
III. Public Account				
18,67,16	19,36,00	19,36,00	19,36,00	18,21,03
<b>Total (I+II+III)</b>	<b>69,38,73</b>	<b>69,62,06</b>	<b>74,03,64</b>	<b>75,39,91</b>

#### B. EXPENDITURE :

I. Consolidated Fund				
Revenue Account	32,70,70	37,17,16	39,81,56	42,26,71
Capital Account	21,45,71	14,82,76	14,87,84	15,12,68
<b>Total</b>	<b>54,16,41</b>	<b>51,99,92</b>	<b>54,69,40</b>	<b>57,39,39</b>
II. Contingency Fund Account				
—	—	—	—	—
III. Public Account				
16,22,41	18,84,60	18,84,60	18,84,60	17,67,06
<b>Total (I+II+III)</b>	<b>70,38,82</b>	<b>70,84,52</b>	<b>73,54,00</b>	<b>75,06,45</b>

#### C. TRANSACTIONS DURING THE YEAR :

Surplus (+)	—	—	(+ 49,64	(+ 33,46
Deficit (-)	(-) 1,00,09	(-) 1,22,46	—	—

#### D. OPENING BALANCE

Surplus (+)	—	—	—	—
Deficit (-)	(-) 2,58,29	(-) 1,63,06	(-) 3,58,38	(-) 3,08,74

#### E. CLOSING BALANCE

Surplus (+)	—	—	—	—
Deficit (-)	(-) 3,58,38	(-) 2,85,52	(-) 3,08,74	(-) 2,75,28