सत्यमेव जयते

GOVERNMENT OF ASSAM

SPEECH

OF

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CHIEF MINISTER, ASSAM

PRESENTING BUDGET OF GOVERNMENT OF ASSAM FOR 1997-98

14th March, 1997

Mr. Speaker Sir,

I rise to present the budget estimates of the Government of Assam for the financial year 1997-98.

2. This is the second budget of this Government which assumed office barely ten months ago. The Hon'ble Members might recall that the last budget was presented before this august House after seeking Vote-on-Account twice covering a period of nine months. While presenting the full budget for the financial year 1996-97 on December 13, 1996, I dwelt at length about our priorities as also the basic thrust of our policy pertaining to different sectors of the economy. I would not like to waste the precious time of the Hon'ble Members repeating the same. Instead of traversing on the same course again I would confine myself to the state of economy and finances of the Government.

State Income.

3. As per quick estimates, the Net State Domestic Product (NSDP) of Assam for 1995-96 has been worked out at Rs.15,317 crores at current prices and Rs.3941 crores at constant (1980-81) prices. The corresponding provisional estimates for the previous year 1994-95 were Rs.14,489 crores at current prices and Rs.3883 crores at constant (1980-81) prices. Thus the NSDP displays a growth of 5.7% at current prices and 1.5% at constant (1980-81) prices in 1995-96 over that of the previous year 1994-95. As per quick estimates, the per capita income of Assam for 1995-96 is Rs.6192 at current prices and Rs.1593 at constant (1980-81) Prices. The corresponding provisional estimates of the preceding year was Rs.5979 and Rs.1602 respectively. In percentage terms the increase of per capita income in 1995-96 over the previous year is 3.6% at current prices. While at constant (1980-81) prices it registered a decline of 0.6% over that of the previous year.

4. However, the NSDP and per capita income of the State continuously lags behind the national average. While in case of Assam the growth of NSDP at current prices in 1995-96 is 5.7%, the growth of Net National Product of the country at current prices is 14.5%. Similarly, the per capita income of Assam at current prices rise by 3.6% against the national average of 12.6%. This disparity in the per capita income and consequential inter-regional imbalance needs to be removed at the earliest. In the absence of adequate flow of institutional finance and private investment, Government has to play the key role in development. The State Government is constantly inter acting with the Central Government to step up plan investment with full funding mechanism.

Price Situation

5. The rising trend of prices continues to be a major worry for the State Government. It is not an isolated phenomenon for Assam alone but encompasses the country as a whole. The pre-budget Economic Survey for 1996-97 presented by the Government of India indicates the rising trend of wholesale prices of essential commodities and expressed serious concern about the resurgence of inflationary pressure. The 12% hike in freight charges announced in the railway budget, presented thereafter is likely to have a further cascading effect on the prices of essential commodities. Assam is a net importer of food grains. A large part of its requirements of rice, wheat, pulses, edible oil, fish etc are met by import from outside. As an inevitable fall out of the price spurt outside the State, coupled with the freight hike, the prices in the State soar rapidly. The average wholesale price index in Assam during the first seven months of 1996 increased by 12.9% compared to the same period of previous year. Similarly, the average consumer price index for working class also displayed a rising trend in 1996. However, the Government is particularly worried about the uptrend in retail prices of essential commodities of mass consumption. In order to ensure steady flow of food stuff and other essential commodities within the State, the Government maintains regular contact with the concerned authorities like the Railways, the Food Corporation of India and the Chambers of Commerce. Further, the public distribution system will be

streamlined to ensure easy availability of essential commodities at fair rates to the poor people.

Development of Infrastructure

6. It is an admitted fact that the benefits of economic development have not accrued to Assam in the same manner as in the rest of the country. The State is endowed with abundant natural resources which could not be exploited properly to its advantage. Sustained growth of the economy depends on adequate availability of basic infrastructure facilities. Assam is sadly lacking in infrastructure facilities in terms of power generation, transport and communications, human resources of adequate quality and the like. Due to the dearth of infrastructural facilities, the natural resources of the State could not be harnessed profitably and as a consequence the State is starved of financial resources. The Hon'ble Prime Minister during his recent visit to the North Eastern Region announced a package of new initiatives for the development of this region. These include meeting the infrastructural gaps in important sectors like power, communication, railways, roads, education etc., formulation of specific measures to promote employment among the educated unemployed, activating the Brahmaputra Board to take up projects relevant for flood control, power generation and water management. We are grateful to the Hon'ble Prime Minister for the package offered and urge the Government of India to implement them in a time bound manner. This should be treated as an additionality to the Ninth Plan outlay and fully funded by Central grant assistance.

Ninth Five Year Plan

7. The Hon'ble Members are aware that the Ninth Plan will be launched with effect from the financial year 1997-98. In the mean time the National Development Council in its meeting held on 16th January,1997 has finalised the approach to the Ninth Five Year Plan (1997-2002). The Ninth Plan documents lay emphasis on participatory planning process and propounds the principle of "Cooperative Federalism" seeking to usher in a new era of people-oriented planning in which not only the Governments at the Centre and the States, but the people at large, can fully participate. The Ninth Plan accords priority to agriculture and rural development with a view to

generating adequate productive employment and eradication of poverty. Ensuring food and nutritional security for all, particularly the vulnerable sections of society and provision of basic minimum services in a time bound manner. The development process seek to integrate the weaker sections of the population specially SCs, STs, OBCs, minorities and women in the main stream. Above all, the Ninth Plan objectives seek to achieve growth with equity. One of the most outstanding features of the Ninth Plan is that it lays particular emphasis on the socio-economic development of the North Eastern Region. The Ninth Plan will focus attention on identifying the gaps in this region in terms of power, communications, railways, roads, education, agriculture etc. The development programmes of this region aim at creation of employment opportunities, provision of basic minimum services, promotion of efforts towards land and water management and flood control. Priority will be accorded to communications, credit availability, industrialisation, tourism, exports, transport infrastructure, power, border area development etc. Special efforts will be made to complete on going projects in this region. We welcome the approach, objectives and strategies, particularly for development of the North Eastern Region, sought to be adopted in the Ninth Plan.

Annual Plan 1997-98

8. The ensuing financial year 1997-98 marks the beginning of the Ninth Five Year Plan. Though the Ninth Plan for the country and the States are yet to be finalised by the Planning Commission, the size of Assam's Annual Plan for 1997-98 has been fixed at Rs.1500 crores. This represents a step up of 23.5% over the revised outlay of Rs.1214 crores for 1996-97. The outlay of Rs.1500 crores consists of Rs.1361.58 crores for the General Areas and Rs.138.42 crores for the Hill Areas. The outlay for General Areas includes Rs.80 crores for Externally Aided Projects and Rs.88.61 crores as upgradation grants provided by the Tenth Finance Commission. The General Areas allocation quantifies an amount of Rs.148.10 crores for Tribal Sub-Plan (TSP) and Rs.88.63 crores for Scheduled Caste Component Plan (SCCP).

9. In conformity with the national policy, highest priority has been accorded for implementation of the programmes under Basic

Minimum Services in the Annual Plan 1997-98. The programmes under Basic Minimum Services include provision of safe drinking water in rural and urban areas, rural roads, primary health services, primary education, mid-day meal in primary schools, housing assistance and house sites for the poor and landless and public distribution system. An amount of Rs.371 crores has been earmarked for Basic Minimum Services in the Annual Plan 1997-98 out of which Rs.326.85 crores is for General Areas and Rs.44.15 crores for Hill Areas.

10. Central assistance allocated by the Planning Commission for financing the Annual Plan 1997-98 is Rs.1283 crores. This includes Rs.80 crores for implementation of the Externally Aided Projects and Special Central Assistance of Rs.66 crores for development of Hill Areas, Tribal Sub-Plan and Border Areas. Apart from the Central assistance allocated above, another amount of Rs.89 crores approximately will be available as grant from the Centre as per award of the Tenth Finance Commission for upgradation of administration.

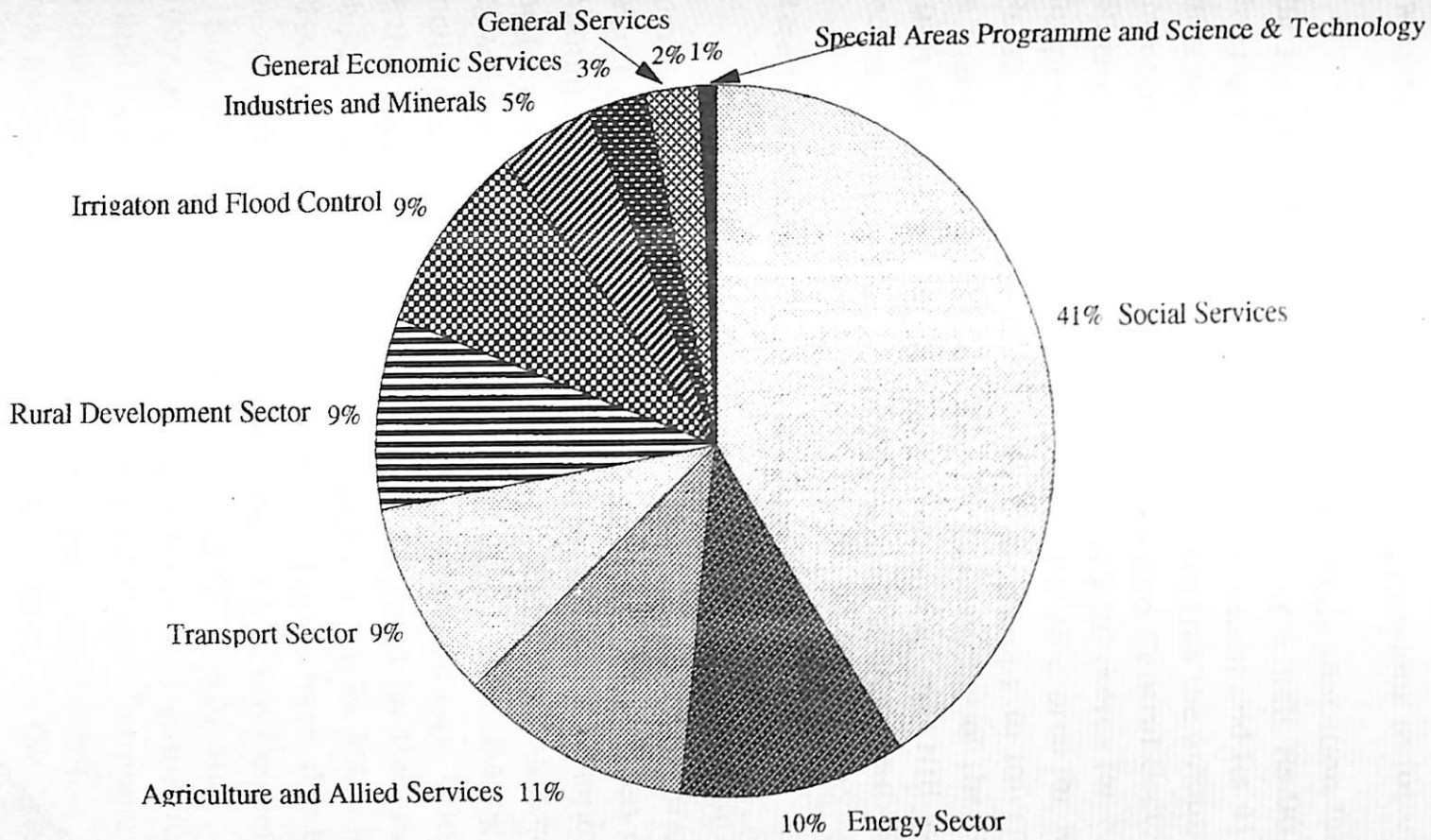
11. In the Annual Plan 1997-98, Social Services Sector has been accorded the highest priority with an allocation of Rs.623.39 crores constituting 41.56% of the total outlay. Agriculture and Allied Services has received the next priority with an allocation of Rs.162.88 crores which is 10.86% of the total outlay. This is followed in a descending order by Energy Sector Rs.162.49 crores (10.83%), Transport Sector Rs.134.59 crores (8.97%), Rural Development Sector Rs.131.28 crores (8.75%), Irrigation and Flood Control Rs.127.69 crores (8.51%), Industries and Minerals Rs.70.02 crores (4.67%), General Economic Services Rs.41.32 crores (2.75%), General Services Rs.34.28 crores (2.29%) Special Area Programme including Science, Technology Rs.12.06 crores (0.81%), The sectoral allocation are shown in ***Figure-I.***

Hill Areas

12. In pursuance of the Memorandum of understanding signed with ASDC and other organisations of the two Hill Districts, the preparation of District Budget for entrusted subjects was for the first time assigned to the Autonomous Councils of Karbi-Anglong and N.C. Hills. For constraint of time due to late finalisation of Plan outlay and

Figure No. 1

SECTORAL ALLOCATION OF ANNUAL PLAN



consequential delay in submission of Budget estimates by the Councils, the estimates of receipts and expenditure prepared by the Councils could not be fully reflected in the budget documents. However, Government accept, in principle, the priorities fixed by the Councils and these would be kept in mind in making provisions in future.

13. The approved Annual Plan allocation for 1997-98 for the Hill Areas is Rs.138.42 crores out of which Rs.96.89 crores is provided for Karbi Anglong Autonomous Council and Rs.41.53 crores for N.C. Hills Autonomous Council. Apart from this the amount provided for implementation of Centrally Sponsored and Central Sector Schemes is Rs.8.55 crores for Karbi Anglong and Rs.2.26 crores for N.C. Hills. The amount provided under non plan is Rs.50.28 crores for Karbi Anglong and Rs.37.73 crores for N.C. Hills. I am happy to inform the august House that despite 20% reduction in plan outlay of the General Areas for 1996-97 due to resource constraints, the Hill plan remains unaffected. This shows our concern for the development of Hill Areas.

Upliftment of Economically Vulnerable Sections.

14. A large section of the population in our State is economically deprived and their hopes, aspirations and welfare are important concern of the government. Funds have been earmarked in the Annual Plan 1997-98 for implementation of development schemes by the four Autonomous Councils viz. Bodoland Autonomous Council (BAC), Mising Autonomous Council (MAC), Rabha Hasong Autonomous Council(RHAC) and Lalung (Tiwa) Autonomous Council (LTAC). Altogether Rs.57.81 crores has been allocated for the four Councils of which Rs.38.38 crores for BAC, Rs.10.81 crores for MAC, Rs.5.84 crores for RHAC and Rs.2.78 crores for LTAC. Funds have also been provided for meeting the Secretariat establishement of the Councils under non plan. Similarly, for the welfare of ST and SC, the Annual plan allocation for 1997-98 quantifies an amount of Rs.148.10 crores for Tribal Sub-Plan and Rs.88.63 crores for Scheduled Caste Component Plan. Apart from this Special attention is given for development of OBC, MOBC, various Ex-Tea Garden Tribes and people living in the Char Areas of the State. In the Annual Plan 1997-98, Rs.1.10 crores has been allocated for the development of Char Areas. For the development and welfare of

minorities in the State, the Assam Minorities Development and Finance Corporation Ltd. has been setup recently with an authorised capital of Rs.5 crores.

Mid-Day Meal for students

15. From the next financial year i.e. 1997-98, the Government will extend the National Programme of Nutritional Support for Primary School Students (mid-day meal) in to all school children in government and provincialised lower primary school within the State. Each child regularly attending classes in lower primary school shall get three kg of food grains (rice) per month for 10 months in a year. A family will get this benefit for a maximum of two children, i.e. six kg per month. All 30,145 Lower Primary schools shall be covered in the programme. In terms of students, it will benefit about 22.5 lakhs of students who are regularly attending classes at lower primary stages in such schools.

State Finances

16. The chronic fiscal deficit inherited by us is a major cause of our concern. The unabated growth of non plan revenue expenditure due to burgeoning salary and pension bills, heavy debt burden with concomitant increase in debt servicing liability and rapid growth of expenditure on maintenance of internal security, not matched by proportionate growth of revenues have led to this budgetary imbalance. Due to extreme resource constraint, the Government is finding it increasingly difficult to discharge the debt servicing liability to the Centre and other creditors. In the event of default in debt servicing to the Centre, State's dues are adjusted by the Centre in settlement of their claim. The inevitable fall out is further financial crisis making it obligatory to take recourse to further borrowing. In the process a vicious circle has started perpetuating the compulsion of taking fresh loan only to liquidate past loan. It is in the top of our agenda to break this vicious circle and to restore fiscal discipline at all cost. This can only be achieved through better collection of revenues through revamping of tax administration and plugging all leakages coupled with drastic economy in expenditure.

Tax Revenue

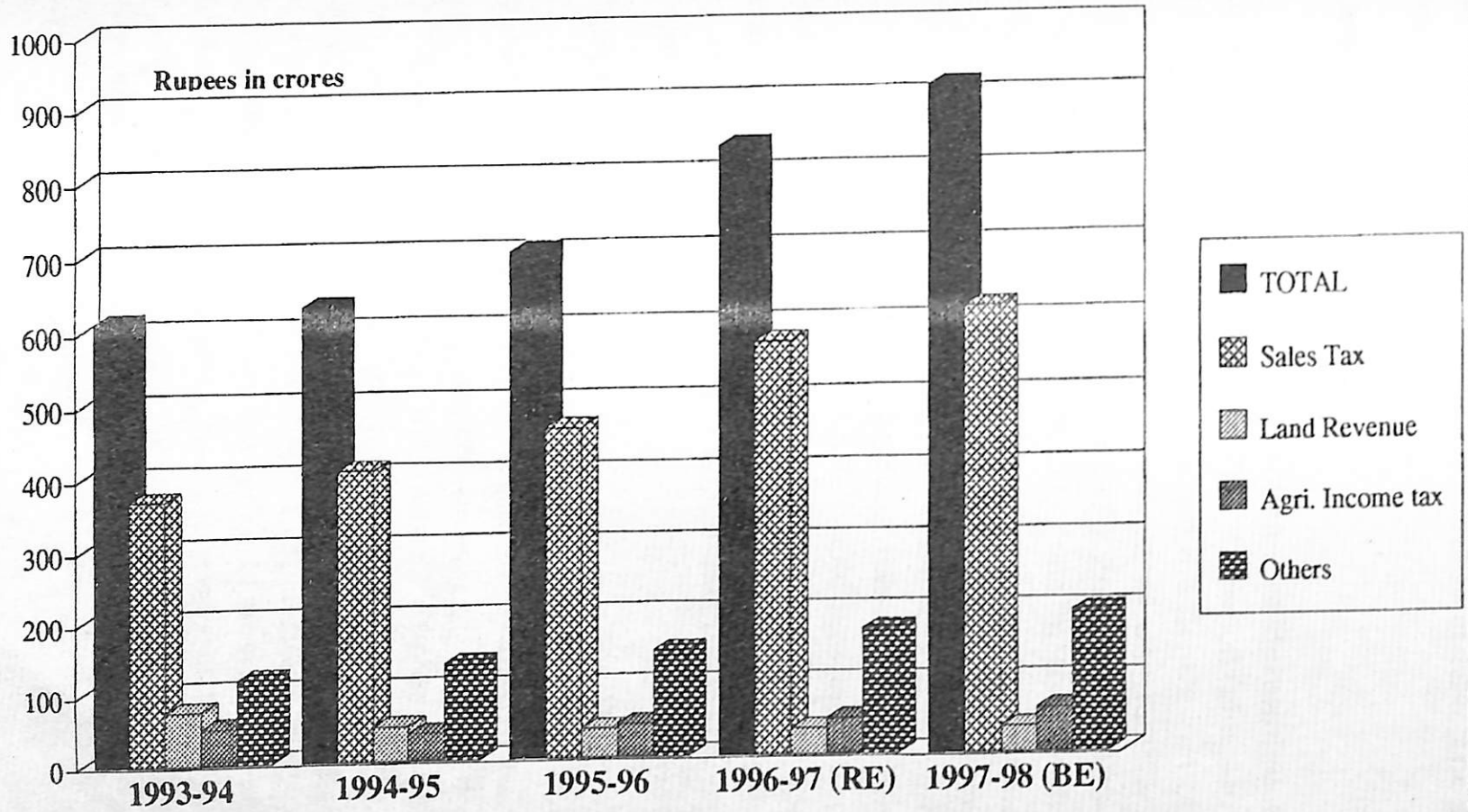
17. In fact, since assumption of office this Government has started a vigorous drive for collection of tax and non tax revenues at existing rates without imposing any additional burden on the common people. Due to our sustained efforts collection of revenues has shown remarkable resilience. Sales Tax constitutes the largest single source of tax revenue for the State. It contributes about 65% of the total collection from State Taxes. We expect to collect Rs.576 crores from Sales Tax in 1996-97 against Rs.464 crores of the previous year. This represents an increase of 24%. Other taxes and duties administered by the State Government are of limited significance as their bases are very small. Nevertheless, we are fully conscious of the need to exploit the limited resources through overall improvement of collection machinery ensuring better tax compliance. The total collection of State Taxes including that of Sales Tax is estimated at Rs.838 crores in 1996-97 against Rs.702 crores in 1995-96 which represents an increase of 19%. The growth of State Taxes are shown at ***Figure—2.***

Non-Tax Revenue

18. One important source of non tax revenue for the State is royalty on crude oil which contributes about 75% of the total non-tax revenue. The yield from this important source does not depend on the initiative of the State since the rate is fixed by the Ministry of Petroleum and Natural Gas at the expiry of every three years. Another revision of rate was due from 1.4.1996. We have submitted our Memorandum to Government of India demanding revision of rate to Rs.1204 per MT against the existing Rs.528 per MT. Besides, we have pleaded before the Inter-State Council for reducing the periodicity of revision from three to two years in accordance with the recommendation of the Sarkaria Commission. I take this opportunity to welcome the announcement made by the Union Finance Minister in his Budget Speech for 1997-98 that royalty payments will be fixed on an advalorem basis instead of present specific rates. Further, the indication given about the new exploration licensing policy in the Oil and Gas sector are also appreciated. Other items of non-tax revenue are of little significance from the point of view of resource potential. Forest is no longer treated

Figure No. 2

GROWTH OF TAX REVENUE



as a source of revenue rather conserved for ecological consideration. The total collection of non-tax revenue is estimated at Rs.381 crores against Rs.336 crore in 1995-96 representing an increase of 13%. The growth of Non-Tax Revenue are shown at ***Figure—3***.

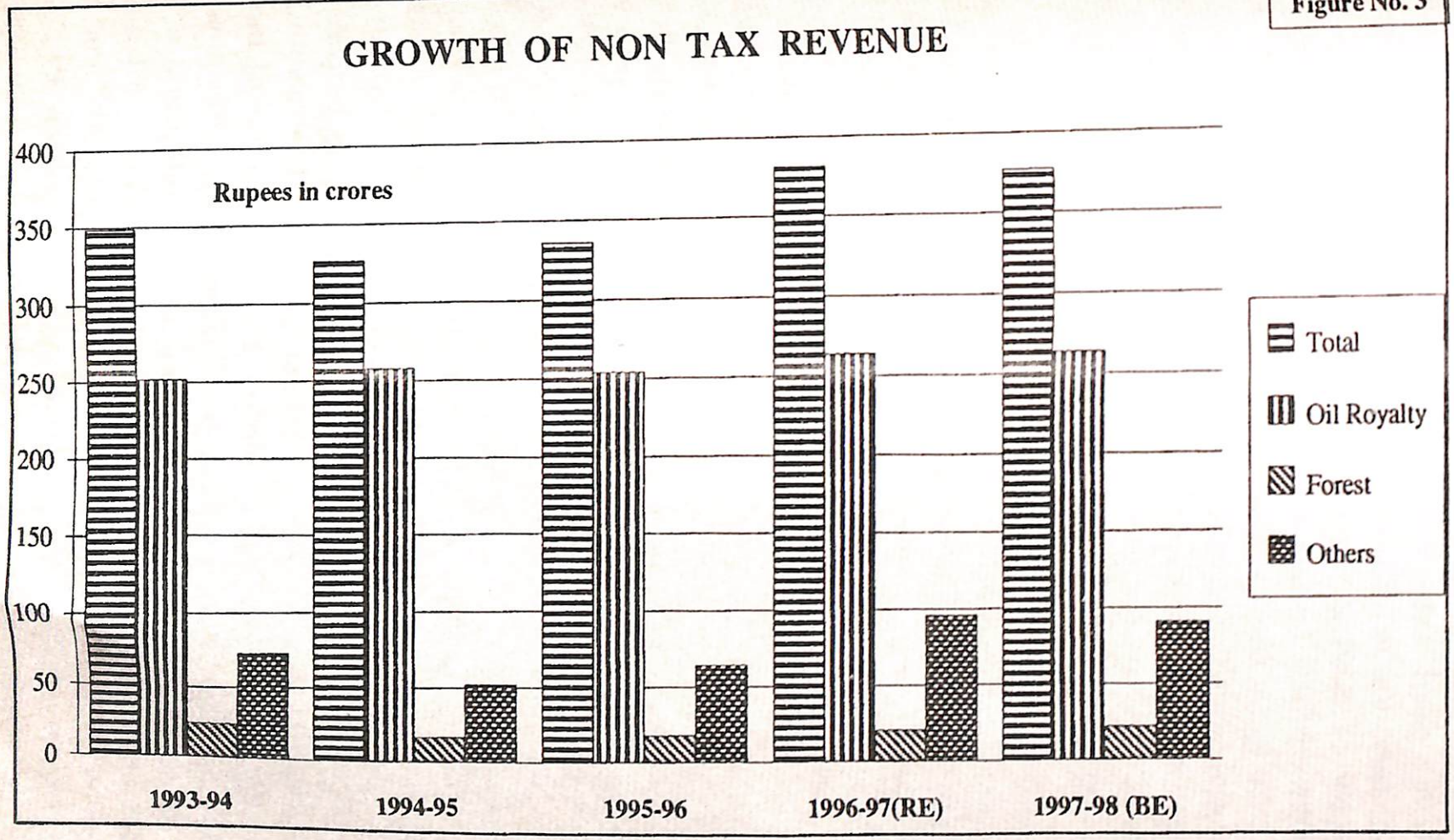
Share of Central Taxes

19. Under the existing scheme of devolution from the Centre the net proceeds of Income Tax, Union Excise Duties and Additional Excise Duties are shared between the Centre and the States. The share of Assam in the divisible Union Taxes was Rs.913 crores in 1995-96 and it is estimated at Rs.1176 crores in 1996-97. The alternative scheme of devolution recommended by the Tenth Finance Commission is that 29% of the gross collection of all Central taxes should be brought into the divisible pool and distributed among the States. We have been urging Central Government for immediate implementation of the alternative scheme. A consensus decision to this effect was arrived at the last meeting of Standing Committee of Inter State Council. The Union Finance Minister in his budget speech has already proposed for the constitutional amendment to give effect to the alternative scheme of devolution. It is hoped that the states will benefit from this scheme.

Non Plan Revenue Expenditure

20. In the matter of economy in non-plan expenditure the options available to the Government is extremely limited because the expenditure mostly relates to payment of salaries, pension and debt servicing which are obligatory in nature. Further, the task of expenditure management will become more difficult in the wake of implementing the recommendations of State Pay Commission, 1994. The second largest component of our non-plan expenditure is repayment of loans and payment of interest. In the wake of heavy debt burden the liability towards repayment of principal and payment interest has been mounting year to year. The Hon'ble Members may recall that in my last Budget Speech I mentioned that the outstanding debt burden as on 1. 4. 1996 was estimated at Rs. 5095 crores. The

Figure No. 3


GROWTH OF NON TAX REVENUE
Rupees in crores
400
350
300
250
200
150
100
50
0
1993-94
1994-95
1995-96
1996-97(RE)
1997-98 (BE)
Total
Oil Royalty
Forest
Others

actual position as now emerges from the Accounts submitted by the Accountant General, Assam, shows the outstanding debt burden as on 1.4.96 at Rs.5329 crores. Out of which loan from the Central Government is Rs.3864 crores, constituting 72% of the total. Thus the per capita debt burden as on 1.4.96 works out at Rs.2115. As per data available now, the outstanding debt burden as on 1.4.97 is estimated at Rs.5649 crores and the per capita debt burden estimated at Rs.2198. Besides, the above obligatory expenditure, there is hardly any scope to cut down security related expenditure. In respect of Social Services, the level of non-plan expenditure already obtained can not also be reduced. The growth of non-plan revenue expenditure are shown at **Figure—4.**

21. The Hon'ble Members would appreciate that in the matter of removing fiscal imbalance our own initiative alone will not suffice and we must enlist the support of the Centre. In this regard, the State Government is making ceaseless efforts to strike a sympathetic chord with all the available Central fora be it the National Development Council, the Inter-State Council, the Planning Commission or the concerned Central Ministries. With a view to securing relief from heavy debt burden, I have pleaded before the 47th Meeting of the National Development Council that the pattern of Central assistance for Ninth Plan should be converted to 100% grant in place of existing 90% grant and 10% loan. Besides, the outstanding Central loan should either be written off or repayment of principal including interest accrued thereon should be deferred for the present. In the last meeting of the Standing Committee of Inter-State Council, I have pleaded for enlargement of the divisible pool of shared Central Taxes and Duties so as to secure greater devolution of resources from the Centre. We are also regularly inter acting with the Central Government for reimbursement of internal security related expenditure incurred by the State Government from 1990-91 onwards. Due to our sustained efforts, Government of India has agreed to reimburse Rs.25 crores as ex-gratia assistance to the Government of Assam for rehabilitation of the victim families of ethnic violence in Kokrajhar and Bongaigaon Districts. Besides, an All Party Delegation from Assam met the Prime Minister, the Union Finance Minister and the Home Minister at New Delhi in the 2nd week of January, 1997 urging immediate action for reimbursement of security related expenditure and grant of moratorium on repayment of Central

loan etc. I assure the Hon'ble Members that we shall do our utmost to nurture the sagging economy and sick finances and to put it back on rail again so that it can propel the development process in the State.

Tax Proposals

22. Mr. Speaker Sir, I now turn to the tax proposals. Hon'ble Members may recall that during the discussion on the Budget for 96-97 presented in the house in the month of December last year, the members appreciated the financial position of the state Government. It was suggested that apart from cutting down government expenditure, the state government should explore possibilities to raise the resources of the government.

Tax on Specified Land

23. Tea Industry is one of the main industries in Assam and have been contributing to the state exchequer by payment of Agricultural Income tax, sales tax and Tax on specified land. The rate of tax on specified land where tea is grown is presently 18 paise per kilogramme of green tea leaf. Keeping in view the erosion of money value and rise in sale price of tea, I propose to increase the rate of tax on specified land where tea is grown to 30 paise per kilogramme of green leaf produced. The full exemption on four hectares of specified land growing tea will continue . I want to introduce a concessional rate of 20 paise per kilogramme to a person who holds an aggregate area of specified land not exceeding 40 hectares in view of higher cost of production of tea on smaller area of land. By the same logic, I also propose a concessional rate of 27 paise per kilogramme of green tea leaf to a person who holds specified land exceeding 40 hectares in Barak valley. It is expected that these proposed changes in the rates would bring an additional amount of Rs.20 crores to the state exchequer in a full year.

Agricultural Income Tax

24. Another major source of income for the state Government has been Agricultural Income tax. 60% of the income from

tea is treated as Agricultural income. Over the years, the contribution to the State coffer from Agricultural Income tax have decreased substantially. The tea Industry have represented before the government to make the rate of Agricultural Income tax at par with current rate of corporate tax. Before I could decide on the matter, the rates of tax payable by companies have been further reduced. I am afraid I cannot afford to oblige the tea Industrialists to their satisfaction but I propose to bring down the maximum rate of Agricultural Income tax payable by companies from 60% to 45%. The maximum rate of tax payable by persons other than companies would also be 45% but the exemption limit would be raised from Rs.12,000 to Rs.30,000. I hope better compliance, a responsive tea market and higher growth of production would lead to increased tax revenue in the long run. A bill giving effect to the aforesaid measures is being introduced during this session of the Assembly.

Sales Tax Rates

25. The authority of the state to impose tax is very limited. I have examined the existing sales tax structure. There is hardly any scope to bring more commodities under the sales tax net, unless I tax the food items of mass consumption. I donot want to impose tax on such items and shift the burden to the common man. Therefore, my efforts at augmenting the resources of the government are limited to mainly rationalising the existing tax structure.

26. In order to encourage the use of non conventional sources of energy, I propose to fully exempt the Gobar Gas and Bio-gas plants and plants and equipments used for harnessing solar energy. To support the village level artisans, the bell metal articles produced and sold by cooperative societies would be exempt from sales tax . To promote the Dairy farming, the cattle feed would also be exempted from sales tax.

27. In order to check trade diversion and promote growth of trade, I propose to rationalise sales tax rates.

(i)	On computers, Fax Machines, photocopiers	from	14% to 8%
(ii)	On Tractors, bulldozers and Power tillers	from	12% to 4%

(iii)	On motor cycles and scooters	from 7% to 4%
(iv)	On Tyres and tubes and batteries of all varieties of motor vehicles	from 11% to 8%
(v)	On pesticides and insecticides	from 8% to 4%
(vi)	On parts and accessories of motor vehicles, motor cycles, scooters, three wheelers, tractors, bulldozers and Power tillers	from. 14% to 12%

28. With a view to augmenting the resources of the state and making tax rate more progressive, I propose to increase the rates of sales tax.

(i)	On Tinned, packed or bottled food, confectioneries provisions and drinks.	from 8% to 12%
(ii)	On Hair dyeing materials and sampoo	from 8% to 14%
(iii)	On soaps of all varieties and detergents	from 8% to 12%
(iv)	On shaving sets, blades with components, shaving brush and depilators.	from 8% to 12%
(v)	On sanitary towels and Napkins	from 8% to 12%
(vi)	On pressure cookers	from 8% to 12%
(vii)	On music system, decks, tape recorders and Dictaphones .	from 12% to 14%
(viii)	On gold, silver and articles made of gold, silver and articles made of gold, silver, rolled gold, imitation gold.	from 7% to 8%
(ix)	On precious stones, gems, diamond pearls	from 12% to 16%
(x)	On marble, granite and other decorative stone slabs	from 14% to 16%
(xi)	On acrylic yarn, polyester yarns, acrylic and polyester blended yarn .	from 2% to 4%
(xii)	On dyes, colour, blue, drawing paints and abir	from 8% to 12%
(xiii)	On paints, varnish, ghee, adhesive, putty and polish	from 8% to 12%
(xiv)	On articles adopted for use as accessories of motor vehicles and trucks	from 14% to 16%
(xv)	On shoes costing more than Rs.800/- per pair	from 10% to 14%
(xvi)	On leather suitcases	from 10% to 14%
(xvii)	On Lampshades costing Rs.500 or above	from 12% to 14%
(xviii)	On spices other than Haldi and Dhania	from 8% to 10%
(xix)	Aerated water and mineral water	from 8% to 12%
(xx)	Water Supply and sanitary fittings including pipes of any type used for the purpose	from 8% to 12%

(xi) Vegetables sold in sealed containers including dry vegetables from 8% to 12%

29. Copies of the notifications giving effect to the above changes in the sales tax rates will be laid on the table of the House in due course.

30. A bill is also being introduced during this session to amend certain sections of the Assam General Sales Tax Act.1993 providing for clarity in meaning, removing certain lacunae in the provisions and to raise the tax rate on the goods involved in the works contracts from the existing rate of 2% to 8%. The above changes are likely to bring an additional amount of Rs.15 crores in a year on account of sales tax.

A new Tax on Luxuries

31. Keeping in mind the goal of resource mobilisation and at the same time ensuring that no additional tax burden has to be borne by the common man, I propose to introduce a new tax on luxuries which are enjoyed by the relatively affluent class, over and above the necessities of life. These are commodities like cigar, cigarettes, scented tobacco including Zarda on which I propose to impose luxury tax at the rate of 10% of the value as will be specified. The expensive mill made textiles costing Rs.600/- or more per metre will also be considered as a luxury item and be taxed at the rate of 5% of the value as will be specified. This new levy on luxuries is expected to bring an additional revenue of around Rupees 14 crores in a year. A bill for this purpose is being introduced in this house for this purpose.

32. Mr. Speaker Sir, I am sure the Hon'ble members of the house would agree with me that mere legislation cannot lead to resources mobilisation unless administrative measures are strengthened and the leakages in the tax collection system are plugged. Our full attention will be engaged in that direction.

Land Revenue

33. The rate of Land Revenue in our State continues to be abnormally low since as per existing provisions in the land revenue laws,the rate cannot be revised till resettlement operation is completed.

As a result, the rates fixed about four decades back still prevail. It is proposed to amend the existing provisions by introducing a bill in the House shortly. The Government proposes to revise the rate of Land Revenue with effect from 1-7-97 increasing the existing rates. However, the exemption on 3 bighas of Agricultural land would continue. As a result of proposed enhancement, total collection from land revenue is likely to be stepped up to Rs.25 crores annually.

Accounts 1995-96

34 As per accounts furnished by the Accountant General, Assam, the financial year 1995-96 closed with a net surplus of Rs.19.06 crores. The actual receipts during the year under Consolidated Fund, Contingency Fund and Public Account were Rs.8992.41 crores. Whereas the total actual expenditure during the year was Rs.8614.97 crores, thereby leaving a net surplus of Rs.377.44 crores on account of current transactions during the year. Taking into account the opening deficit of Rs.358.38 crores, the year 1995-96 closed with an overall net surplus of Rs.19.06 crores.This surplus was mainly due to credit of about Rs.325 crores in the Revenue Deposit without debiting the relevant expenditure heads. Had this amount not been credited to Revenue Deposit, the actual closing balance would have been deficit to the tune of Rs.306 crores.

Revised Estimates 1996-97

35. The budget extimates of 1996-97 showed an estimated overall deficit of Rs.766.29 crores taking into account the opening deficit of Rs.295.52 crores. However, as per revised estimates the transactions during the year show a deficit of Rs.373.49 crores but taking into account the opening surplus of Rs.19.06 crores, the year is anticipated to close with an overall deficit of Rs.354.43 crores.

Budget Estimates 1997-98

36. The budget estimates of 1997-98 show receipts of Rs.5804.97 crores under the Consolidated Fund of the State consisting of Rs.4442.93 crores under Revenue Account, Rs.1362.04 crores under Capital Account. Estimated Receipts into the Cosolidated Fund from

different sources are shown at ***Figure-5***. However, the total receipts aggregated to Rs.7314.25 crores taking into account the Receipts of Rs.1509.28 crores under the Public Account. In the budget estimates of 1997-98, the expenditure from the Consolidated Fund of the State is estimated at Rs.6161.48 crores of which Rs.4628.37 crores is under Revenue Account and Rs.1533.11 crores under Capital Account. A graphic representation of the estimates of major items of expenditure is at ***Figure- 6***. Taking into account the expenditure of Rs.1434.92 crores under Public Account, the total expenditure for the year is estimated at Rs.7596.40 crores. Thus, a deficit of Rs.282.15 crores is estimated on account of current transactions during the year. Taking into account the opening deficit of Rs.354.43 crores, the year 1997-98 is anticipated to close with an overall deficit of Rs.636.58 crores. An abstract of transactions is shown at the Annexure.

37. The large budgetary deficit presented now is, indeed, a cause of concern. It is inevitable given the present State of Finances. The present position is mainly the result of cumulative deficits of a number of years which we have inherited. However, we propose to cover the deficit through fresh taxation measures announced, additional receipts likely to accrue from enhanced oil royalty which fell due for revision effective from Ist April, 1996. We are also hopeful of obtaining favourable response from the Government of India in the matter of reimbursement of Security related expenditure, increase in the divisible pool of shared Central Taxes and Duties and relief in debt repayment. We are conscious of the tremendous responsibility that has devolved on us and pledge ourselves to justify the immense trust reposed on us by the people. Within a fortnight from now we shall be stepping into the new financial year with a firm resolve to consolidate the achievements of the current year and to carry it further for all round growth and development of the State. The Hon'ble Governor in his inaugural address to this session of the august House has given an outline of the approach of our Government in the coming year and I seek the cooperation of all in our task ahead.

With these words, Sir, I commend the budget for 1997-98 to the august House for consideration.

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ESTIMATES OF INFLOWS INTO THE CONSOLIDATED FUND OF THE STATE IN 1997-98

Rupees in crores

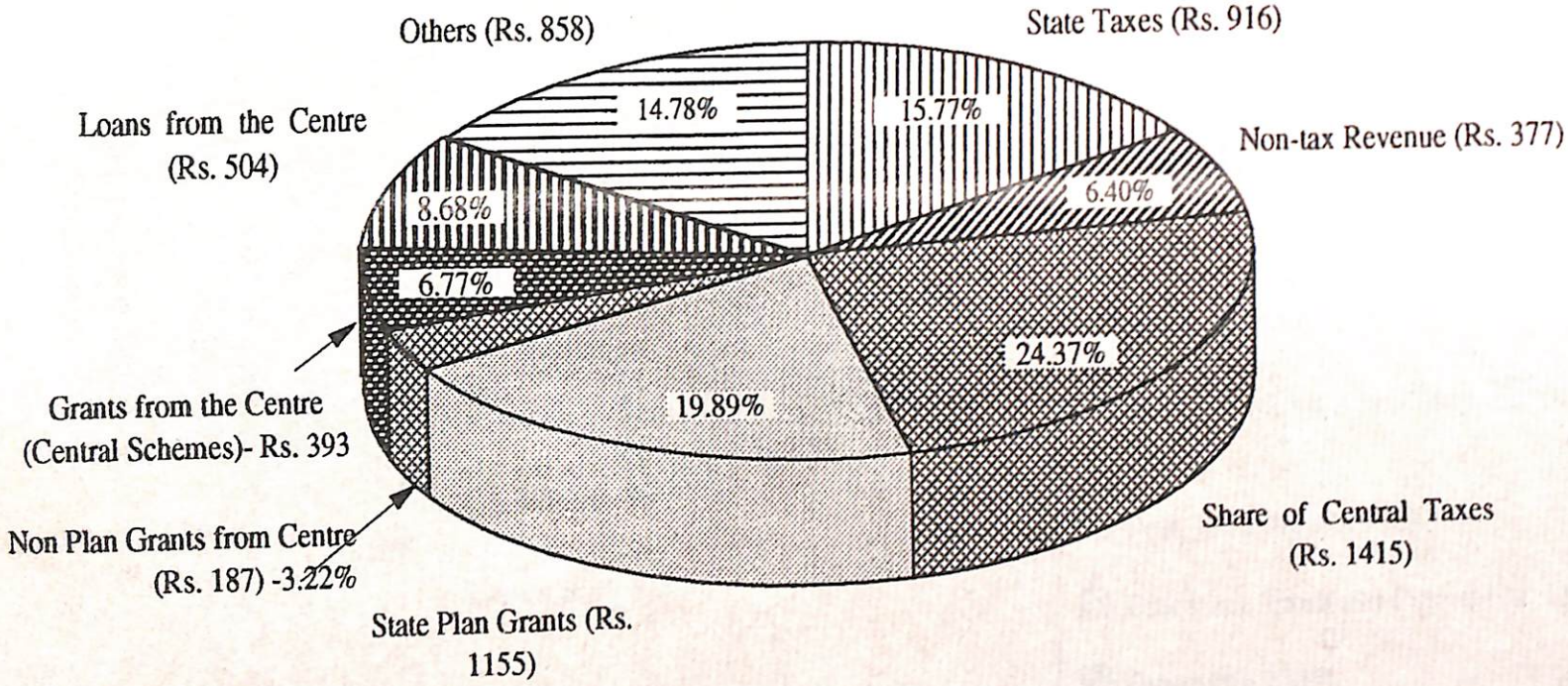
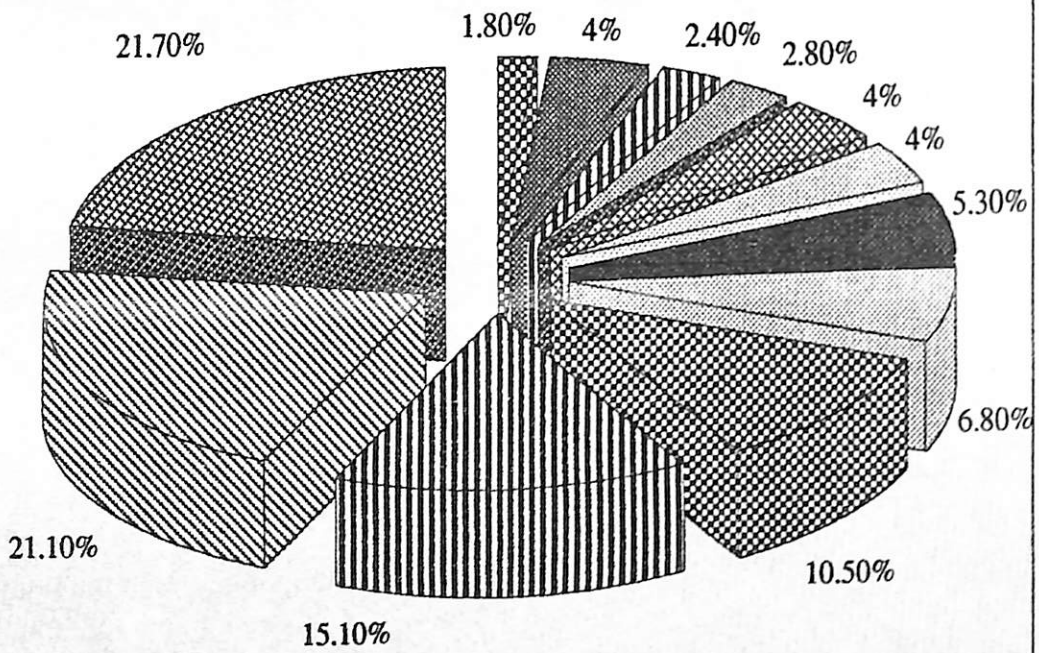


Figure No. 5.

ESTIMATES OF OUTFLOWS FROM THE CONSOLIDATED FUND OF THE STATE IN 1997-98



Rupees in crores

Power (ASEB)- Rs. 115
Irrigation and Flood Control (Rs. 252)
Crop Husbundry (Rs. 149)
Industries and Minerals (Rs. 176)
Social Welfare (Rs. 253)
Health & F.W (Rs. 252)
Roads and Bridges & Transport (Rs. 327)
Police (Rs. 419)
Ways and Means Adv. Repayment (Rs. 650)
Debt Servicing (Rs. 930)
Education, Sports and Culture (Rs. 1301)
Others (Rs. 1337)

Figure No. 6

ANNEXURE

Abstract of Transactions

(Rupees in crores)

	Actuals 1995-96	Budget Estimates 1996-97	Revised Estimates 1996-97	Budget Estimates 1997-98
A. RECEIPTS :				
I. Consolidated Fund				
Revenue Account	3375.74	4291.87	4273.50	4442.93
Capital Account	3316.67	1370.31	1344.20	1362.04
Total	6692.41	5662.18	5617.70	5804.97
II. Contingency Fund Account	0.91	—	—	—
III. Public Account	2299.09	1821.03	1821.03	1509.28
Total (I+II+III)	8992.41	7483.21	7438.73	7314.25
B. EXPENDITURE :				
I. Consolidated Fund				
Revenue Account	3575.76	4570.48	4325.84	4628.37
Capital Account	3100.49	1616.44	1569.42	1533.11
Total	6676.25	6186.92	5895.26	6161.48
II. Contingency Fund Account		—	—	—
III. Public Account	1938.72	1767.06	1916.96	1434.92
Total (I+II+III)	8614.97	7953.98	7812.22	7596.40
C. TRANSACTIONS DURING THE YEAR :				
Surplus (+)	(+) 377.44	—		—
Deficit (-)		(-) 470.77	(-) 373.49	(-) 282.15
D. OPENING BALANCE				
Surplus (+)		—	(+) 19.06	—
Deficit (-)	(-) 358.38	(-) 295.52		(-) 354.43
E. CLOSING BALANCE				
Surplus (+)	(+) 19.06	—	—	—
Deficit (-)		(-) 766.29	(-) 354.43	(-) 636.58