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অসম চৰকাৰী ছপাশালত মৰ্মিত  
গদবাহাটী



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# **BUDGET SPEECH**

**1985-86**

**MOHAMMAD IDRIS**

**FINANCE MINISTER, ASSAM**

**MARCH 11, 1985**

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice G. D. C. O'Connell, Chief Justice of the Supreme Court of the State of New South Wales" and "The Hon. Mr. Justice G. D. C. O'Connell, Chief Justice of the Supreme Court of the State of New South Wales".

REFERENCE

Mr. Speaker, Sir,

I rise to present the Annual Financial Statement for the year 1985-86.

2. The present Government which took charge of the affairs of the State in a period of turmoil, have just completed two years in office. During this short period, the State Government have succeeded, through determined efforts, to restore normalcy and to bring the administration closer to the people. Pace of developmental activities has been quickened and measures for benefiting the poorer sections of the people have been taken up in right earnestness.

3. Before I turn to the Budget proposals, I would like to briefly touch upon certain important features of the State's economy.

**State Income**

4. As per quick estimates the State Domestic Product at current prices has registered an increase of 14 per cent from Rs. 3342.0 crores in 1982-83 (Provisional) to Rs. 3813.8 crores in 1983-84 (Quick estimates). At constant (1970-71) prices the increase in SDP was 5 per cent from Rs. 1192.2 crores in 1982-83 (Provisional) to Rs. 1252.9 crores in 1983-84 (Quick estimates). Over the same period the per capita SDP at current prices went up by 10 per cent from Rs. 1596.1 in 1982-83 (Provisional) to Rs. 1762.0 in 1983-84 (Quick estimates) while at constant (1970-71) prices the rise was 1.7 per cent from Rs. 569.4 in 1982-83 (Provisional) to Rs. 579.0 in 1983-84 (Quick estimates). In view of the widespread damage caused to standing crops by the successive waves of floods in 1984-85 the SDP in 1984-85 is likely to register only a marginal increase over the previous year. Nevertheless, the

State economy maintained an impressive growth rate of 4.8 per cent per annum at constant (1970-71) prices during the Sixth Plan period.

#### Agriculture

5. Agriculture which is the mainstay of the economy suffered serious set backs in current year afflicted by floods that visited the State five times in succession. Production of rice, the important cereal crop grown in the State, was badly affected and its production in 1984-85 is expected to be about 24.7 lakh tonnes against 25.5 lakh tonnes in the previous year. Production of jute is likely to go down to 827 thousand bales in 1984-85 from 854 thousand bales achieved in the previous year. As per present indication production of rabi crops may rise substantially in 1984-85 which is likely to compensate partially the loss in kharif crops. The strategies adopted for attaining self-sufficiency in food grains include extension of HYV paddy coverage to be followed by rabi crops, adoption of modern methods of cultivation with stress on multiple cropping, use of HYV seeds, fertilizers, intensification of plant protection measures and providing irrigation facilities. Besides, adequate emphasis has been laid on improving the production of horticultural crops like fruits and vegetables.

#### Animal Husbandry & Veterinary

6. Intensification of efforts to improve the economic condition of the rural poor through productive and beneficiary oriented schemes will continue to be the pre-occupation of the Government. Coverage of existing programmes will be extended and new schemes will be taken up within the Plan allocation. Establishment of Frozen Semen Bank, Community Hatching Centres, Pig Farm, setting up of Veterinary Dispensaries and First Aid Centres are some of the proposals in view. Intensive Cattle Development Programme and Fodder Development Programme will continue to receive due emphasis.

#### Industry

7. The overall performance in the industrial sector appears to be bright in 1984-85. Encouraging trend in output has been observed in res-

pect of plywood, tea-chest, cement, petroleum products, fertilizers, tea etc. In the mineral sector, output of coal and limestone is likely to exceed the level reached last year. The index of industrial production (base 1970=100) which was 149 in 1982 went up to 154 in 1983 and is likely to register further rise in 1984.

**Power**

8. The installed capacity at the beginning of Sixth Plan was 141.5 MW which has been increased to 351.77 MW at the end of 1983-84 and is expected to reach the mark of 486.5 MW in 1985-86 after commissioning of some of the ongoing projects. In conformity with the decision of the State Government to electrify all the villages by 1987-88, the pace of rural electrification has been intensified. Out of 21,995 villages in the State, 9,555 villages have already been electrified till 31st March 1984. The number of pump sets energised upto January, 1985 is 2663.

**Flood Relief**

9. Beginning from April, 1984 five successive waves of flood of great magnitude hit the State causing considerable damage to property. With a view to providing adequate relief to the affected people and to restore damages caused to properties, the State Government submitted a memorandum to the Government of India requesting financial aid. On the basis of the recommendation of the Central Team which visited the State in September, 1984 to make an on-the-spot study of damages caused by floods, the Central Government have approved a total expenditure of Rs. 3911.69 lakhs against specific items of relief and repairs. The above ceiling of expenditure will be augmented to the extent of actual expenditure incurred by the State Government on rescue works and air dropping of food stuff which has not been included in the ceiling. Out of the ceiling an amount of Rs. 346 lakhs will be initially adjusted being the margin money allowed by the Seventh Finance Commission and provided in the State Budget. The Central Government will bear 75% of the additional expenditure in excess of the margin money and

the balance 25 per cent will be borne by the State Government. In the meantime the Report of the Eighth Finance Commission has been accepted by the Government of India and will be implemented from the financial year 1985-86. As per award of that Commission the quantum of margin money has been raised to Rs. 725 lakhs and 50 per cent of the amount will be contributed by the Central Government. This has been provided in the Budget for 1985-86.

Meanwhile, an earthquake of severe intensity rocked Cachar District on 31st December, 1984 causing widespread damage to life and property covering approximately an area of 100 square KM. mainly in and around Sonai Circle. The State Government have provided relief to the people affected by the earthquake.

**Price Situation** 10. The State is no exception to the rising trend in prices which is an all India phenomenon. The average wholesale price index for the first nine months of 1984 registered a rise of 14.7 per cent over the annual average of previous year compared to 8.5 per cent rise in the corresponding period of 1983 over 1982. The increase in wholesale price index during 1984 was more pronounced in the case of food group and agricultural items. Along with the rise in wholesale prices consumer retail prices also registered substantial increase. The Government, however, was able to contain prices of some essential commodities of mass consumption through effective implementation of public distribution system. The consumer price index for working class in Assam (base 1949=100) increased to 673 in October, 1984 (average of first ten months) from the annual average of 616 in the previous year displaying a rise of 9.3 per cent.

**Employment** 11. Total employment generation in the organised sectors of the State recorded an increase of 12.2 per cent from 9.29 lakhs in June, 1983 to 10.43 lakhs in June, 1984. The employment ex-

change statistics reveal that the number of job seekers registered an increase of 16.4 per cent from 4.16 lakhs in June, 1983 to 4.84 lakhs in June, 1984. The number of educated job seekers was around 2.45 lakhs constituting about 50 per cent of the total. The number of women job seekers was around 59,000 and that of S.C. and S.T. about 25,000 and 34,000 respectively. The total number of vacancies notified during the period through Employment Exchanges was 11,788 against which 85,248 applicants were sponsored. The Assam unemployment assistance scheme was introduced in 1983-84 to provide assistance to unemployed graduates registered at the Employment Exchanges with an allowance of Rs. 50 P.M. At the end of 1983-84 number of unemployed graduates benefited under the scheme was 5,685 and it is expected to cover additional 3,400 in 1984-85. The target set for 1985-86 is also 3,400 thereby bringing the total number of beneficiaries at the end of 1985-86 to 12,485. The old age pension scheme introduced in 1983 so far provided pension to old men and women numbering 19,674.

**Poverty Alleviation Programme**

12. Poverty alleviation programmes such as IRDP, NREP, RLEGP have been accorded high priority with a view to reducing the percentage of people below the poverty line. It has been proposed to bring down the number of people living below the poverty line to 23 per cent by the end of Seventh Plan. I am happy to inform you that in the current year as against the target of 80,400 families to be assisted under IRDP it has been possible to assist 1,05,179 families till the end of January, 1985. I may add that our State occupied the first position amongst all the States and Union territories in respect of programme under IRDP in the month of December, 1984. Likewise our performance under NREP has been equally spectacular and it has been possible to generate 54.56 lakh mandays of employment till January, 1985 against the target of 58.40 lakh mandays. As per present trend it is expected that



the target for the year will be exceeded. The RLEGP which aims at providing job guarantee for the rural landless has been able to generate 16.33 lakh mandays of employment so far.

**20-Point Programme**

13. The 20-Point Programme with its particular emphasis on the poverty amelioration and productivity in certain key sectors is of great significance for the State. The State Government are committed to implement the programmes fully and effectively. About 72 per cent of the Sixth Plan outlays have been identified for implementation of the 20-Point Programme in Assam. The progress of the schemes are constantly being monitored and the achievements reviewed at various levels. The performance of the State in respect of implementation of many of the programmes during 1984-85 has been impressive. For instance, at the end of January, 1985 satisfactory progress has been recorded under the programme like IRDP (130.82 per cent), NREP (93.4 per cent), provision of drinking water facilities (75 per cent), House Site Allotment (69.3 per cent), Slum Population covered (104 per cent) and Plantation of Trees (96.3 per cent).

**Institutional Finance**

14. The number of scheduled bank branches in the State which was 562 in June, 1982 increased to 653 in June, 1983 and further to 750 at the end of December, 1984. Despite this expansion of bank branches the State continues to be relatively underbanked compared to the country as a whole. For instance, in June, 1983, while there was one bank office for every 30,000 population in Assam, there was one bank office for every 16,000 population in the country as a whole. Along with the expansion of bank branches the volume of deposits also registered significant rise from Rs. 350.3 crores in December, 1980 to Rs. 689.6 crores in December, 1983. But the growth of credit deployment was rather unsatisfactory as it increased from Rs. 186.7 crores to Rs. 291.8 crores over the same period. Thus the credit deposit ratio of scheduled commercial banks stood at 45.6 per cent in

June, 1983 for Assam against 68.1 per cent for the country as a whole.

Finance Commission

15. Honourable Members may recall that while presenting last year's budget, mention was made about the Interim report of the Eighth Finance Commission. Meanwhile, final report of the Commission for the period 1984-85 to 1988-89 have been accepted by the Government of India and will be implemented from 1985-86 leaving the first year to be covered by the Interim report. The Interim report provided to Assam grant-in-aid amounting to Rs. 38.17 crores and devolution of Central taxes and duties as per recommendations of the Seventh Finance Commission at Rs. 147.27 crores in 1984-85. The final report envisages a much larger transfer in 1984-85. The amount recommended under grant-in-aid is Rs. 92.70 crores and devolution of Central taxes and duties in 1984-85 as per final report would have come to about Rs. 211 crores. Besides, in Capital Account an amount of Rs. 41.10 crores is recommended for 1984-85 in the shape of debt relief and write-off of Central loans. While the final report envisages a total transfer of Rs. 344.80 crores in 1984-85 the Interim report provides only Rs. 185.44 crores. The State Government will, therefore, stand to lose Rs. 159.36 crores.

The Commission assessed our revenue gap for the period of 1984-85 to 1988-89 at Rs. 1444.46 crores and recommended devolution of Central taxes and duties to the extent of Rs. 1251.67 crores and grant-in-aid amounting to Rs. 215.48 crores under Article 275. The overall transfer recommended by the Commission was expected to place the State with a surplus of Rs. 22.69 crores over assessed deficit of Rs. 1444.46 crores. This excess transfer in the shape of revenue deficit grant was recommended to confer on the deficit States the advantage of buoyancy in respect of the amounts of grants. Apart from the grant to cover revenue deficit, the Commission also recommended specific purpose grant amounting to Rs. 140.33 crores,

crores which takes into account the opening balance of (-) Rs. 71.02 crores. In the Revised Estimates 1983-84, the closing balance was placed at (-) Rs. 43.73 crores. There was, therefore, a deterioration of Rs. 10.68 crores in the closing balance of the year 1983-84. In the Revenue Account there was a shortfall of Rs. 15.90 crores in receipts which was set off by Rs. 4.03 crores due to less expenditure thereby limiting the deterioration under Revenue Account to Rs. 11.87 crores. As a result the deficit in Revenue Account increased from (-) Rs. 125.34 crores as placed on Revised Estimate 1983-84 to (-) Rs. 137.21 crores in Actuals of 1983-84. The transactions outside the Revenue account, however, showed a marginal improvement of Rs. 1.19 crores. Thus the overall deterioration in Actual over Revised was Rs. 10.68 crores.

**Revised Estimates 1984-85**

19. The Budget Estimates, 1984-85 as approved by this august House showed a closing deficit of (-) Rs. 105.95 crores. The Revised Estimates 1984-85 now shows a deficit of (-) Rs. 140.25 crores, together with the opening deficit of (-) Rs. 54.41 crores. The revenue receipts show an increase of Rs. 43.54 crores under the Revised Estimates 1984-85, over the Budget Estimates. The expenditure on revenue account under Revised Estimates of the year shows an increase of Rs. 84.37 crores. The increase is mainly under non-plan account for meeting additional requirement of various Departments during the year including Rs. 36.07 crores for relief on account of natural calamities. Transactions outside Revenue account, however, show an improvement of Rs. 17.22 crores, in the Revised Estimates over the Budget Estimates.

**Budget 1985-86**

20. The Budget Estimates 1985-86 now presented show a total receipts of Rs. 1749.35 crores and total expenditure of Rs. 1835.63 crores within the Consolidated Fund of the State leaving a gap of Rs. 86.28 crores from current transactions within the Fund. A surplus of Rs. 23.88 crores

is estimated within the year outside the Consolidated Fund. This is estimated to reduce the gap in Consolidated Fund and overall deficit within the year is likely to be (-) Rs.62.40 crores. Taking the estimated opening balance of 1985-86 at (-) Rs.140.25 crores the year is estimated to close at (-) Rs. 202.65 crores.

The revenue receipt is estimated in 1985-86 at Rs.809.36 crores as against Rs.700.06 crores under Revised Estimates of 1984-85 registering an increase of Rs.109.30 crores. Revenue account expenditure in 1985-86 is estimated at Rs.913.52 crores as against Rs.836.59 crores under the Revised Estimates of 1984-85. This leaves a deficit of (-) Rs.104.16 crores on revenue account as against a deficit of (-) Rs.136.53 crores in Revised Estimate of revenue account of current financial year (1984-85). In the Capital account, receipts estimated for 1985-86 is Rs. 939.99 crores and estimates of capital expenditure is Rs.922.11 crores leaving a surplus of (+) Rs.17.88 crores. This will reduce the deficit on revenue account to that extent and overall deficit in Consolidated Fund from current transactions will come to (-) Rs.86.28 crores. Taking into account the estimated net surplus of Rs.23.88 crores outside the Consolidated Fund, the overall deficit in 1985-86 from current transactions is estimated at (-) Rs.62.40 crores as against the overall deficit of (-) Rs. 85.83 crores from current transaction of Revised Estimates of 1984-85. After taking into account the estimated opening balance of (-) Rs.140.25 crores, the year 1985-86 is estimated to close at (-) Rs.202.65 crores.

21. The widening budgetary gap is largely the result of inescapable commitments on maintenance of assets and services and expanding need for larger fund for the developmental activities. The limited resource at the disposal of the Government makes it obligatory to depend on borrowed capital for financing the Plan inspite

of mounting pressure on the State's exchequer for servicing of debt. The rapid rate of growth in expenditure has become inevitable for accelerating the pace of development to clear the backlog in many fields and reach national level. Keeping the imperative need for conserving resources, determined efforts have been made to improve collection of taxes and the results achieved have been encouraging. Small Savings collection is also picking up. Moreover the State Government is expecting a favourable decision from Government of India on the revision of rate of royalty on crude oil. However, it would also be necessary to keep constant vigil on our expenditure to ensure proper utilisation of fund and to effect maximum economy where possible.

With the setting in of the new financial year we will be embarking upon programmes for all round development of the State with renewed zeal. I seek the co-operation of all in the task ahead. With these words, Sir, I commend the Budget for 1985 86 to this august House for approval.

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## ANNEXURE

(In thousands of rupees)

Actuals 1983-84	Budget estimates 1984-85	Revised estimates 1984-85	Heads	Budget Estimates 1985-86
(1)	(2)	(3)	(4)	(5)
(—)71,02,21	(—)43,72,59	(—)54,41,43	Opening Balance.	(—)140,24,63
<b>A-RECEIPTS</b>				
550,72,27	656,51,83	700,05,91	Revenue Receipts.	809,35,81
439,49,44	636,06,81	965,69,50	Capital Receipts	939,99,08
1,59,84	6,89	17,38,56	Receipts under Contingency Fund	1,65,00
881,32,76	425,90,75	437,02,00	Receipts under Public Account	452,52,00
1873,14,31	1718,56,28	2120,15,97	Total Receipts	2203,51,89
1802,12,10	1674,83,69	2065,74,54	Grand Total	2063,27,26
<b>B-EXPENDITURE</b>				
687,92,75	752,21,73	836,58,80	Expenditure on Revenue Account.	913,51,43
367,11,62	633,36,21	947,44,62	Capital Expenditure	922,11,30
...	..	16,65,00	Expenditure under Contingency Fund	..
801,49,16	395,20,50	405 30,75	Outgoing from Public Account.	430,29,00
1856,53,53	1780,78,44	2205,99,17	Total Expenditure.	2265,91,73
(—)54,41,43	(—)105,94,75	(—)140.24,63	Closing Balance.	(—)202,64,47
1802,12,10	1674,83,69	2065,74,54	Grand Total	2063,27,26
<b>NET RESULT</b>				
(—)137,20,48	(—)95,69,90	(—)136,52,89	On Revenue Account	(—)104,15,62
(+ )153,81,26	(+ ) 33,47 74	(+ ) 50,69,69	Outside the Revenue Account	(+ )41,75,78
(+ )16,60,78	(—)62 22,16	(—)85,83,20	Net surplus (+)/ Deficit (—)	(—)62,39,84