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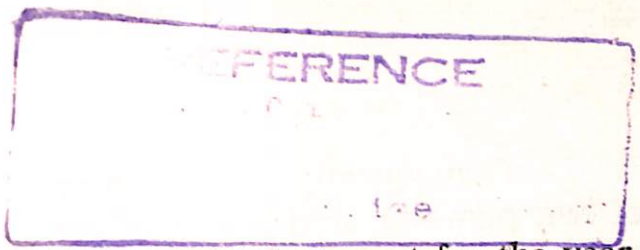
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Shri. KESHAB CH. GOGOI
FINANCE MINISTER, ASSAM

BUDGET SESSION,
Assam Legislative Assembly,
March 23, 1981.



MR. SPEAKER, SIR,



1. I rise to present the Annual Financial Statement for the year 1981-82.

2. The present Government has just completed 100 days in office in Assam. As soon as the new Government took over on 6th December, 1980 our immediate task was to bring back normal conditions to the State which had been experiencing agitation for more than a year. Maintenance of law and order, improvement in the supply of essential commodities, reviving the economy of the State, speedy implementation of the plan programmes within the short time available during the current year and above all restoring the confidence of the people in the administration were our immediate tasks.

3. Although I have presented the budget for the entire financial year 1981-82, I shall be seeking a Vote-on-Account for four months for the period April to July, 1981. During this period, the present Government would have an opportunity to examine the economy of the State in detail and would be in a position to consider proposals for revival of the economy

4. Hon'ble Members are fully aware of the effects of the agitation on the foreign nationals issue on the economy of the State. During the second half of the financial year 1979-80 and during the major portion of the current financial year 1980-81, developmental activities had slowed down considerably. Owing to frequent, bandhs, picketing, satyagraha and other agitational activities, functioning of Government offices, educational institutions and banks and even private establishments were frequently disrupted. Petroleum crude had stopped flowing from the oil fields to the refineries since December, 1979. Production of plywood and their transportation had come to a stop since April, 1980. Movement of jute and various other produce outside the State had come to a standstill. Movement of goods from outside Assam into Assam had declined considerably since the beginning of the agitation.

5. Consequently production on all fronts suffered. Production of tea, plywood, fertilisers and petroleum products declined. The Namrup Thermal Power Station was also affected owing to non-supply of natural gas. On the whole industrial production in the State has recorded a downward trend during this period.

6. While students in educational institutions lost a valuable year, those seeking employment had to wait till the Government offices would function normally. Consequently unemployment worsened. At the same time owing to the delay in turning out engineers, doctors and other technical personnel, shortages of technical personnel in the State has further aggravated.

7. Owing to the combined action of the disruption of goods and transport services on the one hand and decline in overall production in the State during this period, the State experienced inflation at probably a higher rate than the rest of the country during the same period. Scarcity of essential commodities now and then caused considerable hardship to the poorer sections of the people.

8. As soon as the new Government took over, it had to take corrective steps to remedy the situation. Government took effective steps to maintain law and order to enable the common man to lead his normal life. Government offices started functioning regularly after frequent disruptions in the past. Transport services started functioning without interruption. Essential commodities started flowing into the State once again, and their equitable distribution became possible. The tempo of developmental activities in the State which had slowed down considerably during the agitation, picked up once again. Roads and other public works which could not be maintained properly during the agitation, received adequate attention. The steep upward trend in prices was arrested to some extent. Production of petroleum products, crude, fertilisers, ply-wood, etc., have started picking up. The economy has started showing signs of revival. The confidence of the common man in the administration of the State has once again been restored.

9. Immediately after assumption of office the State Government had also to look after the interests of the State Government employees. The Government had to assure its employees that it is alive to their grievances and sympathetic to their demands. Despite the difficult financial position of the State Government, the additional dearness allowance which the employees would have normally received in April, 1981 was immediately sanctioned to relieve the hardship caused by rise in prices. The State Government also increased the medical allowance admissible to them. Simultaneously adequate relief was provided to Government pensioners.

10. The Mahakuma Parishads and Panchayat had also lost their revenues due to the disturbed conditions in the State and faced difficulties in paying salaries to their employees. To mitigate the hardship of the employees of the Panchayats and Mahakuma Parishads, the State Government has sanctioned an ad hoc grant-in-aid to enable them to pay their employees.

11. As already mentioned, the State Government has also started implementing the plan programmes expeditiously. The Hon'ble Members would be happy to know that the State Plan for 1980-81 which had been fixed at Rs.160 crores in the beginning of the year had been raised to Rs.198 crores in October, 1980 and within the short time available the State Government would be fully utilising the entire plan provision and implementing all the plan programmes.

12. Hon'ble Members are perhaps aware that with the installation of a popular Ministry at the Centre in January, 1980 the concept of plan holiday was given up. A new Sixth Five-Year Plan covering the period 1980-85 was prepared and finalised in 1980. On the basis of the frame-work prepared by the Planning Commission, the State Government had prepared a Five-Year Plan and submitted to the Planning Commission in October, 1980. The Plan size was finalised in December, 1980 after the new Government took office.

An outlay of Rs.1,115 crores has been tentatively envisaged for the Sixth Five-Year Plan. The main objectives of the Plan are:—

- (a) develop infrastructure by providing physical facilities, social and community services, institutions and organisations,
- (b) develop sectors which provide income, employment, goods and services, giving highest priority to agriculture and allied sectors in particular and rural development in general,
- (c) undertake programmes which promote distributive justice and welfare of the weaker sections of the society,
- (d) encourage programmes and schemes which make ^{optimum} use of State's resources,
- (e) full utilisation of the potentials already created by removing bottlenecks|imbalances.

13. Out of this outlay, agricultural production has been given a major share with Rs.283.90 crores (25.46 per cent of the total outlay); irrigation, flood control and power sector's share will be Rs.455.20 crores (40.83 per cent); industry and minerals Rs.54.75 crores (4.91 per cent); transport and communications Rs.104.50 (9.37 per cent); and social services like education, health, etc. Rs.216.65 crores (19.43 per cent).

14. Hon'ble Members might be glad to know that Assam continues to enjoy the status of a special category State in allocation of Central assistance for the State Plan. For the Five-Year Plan 1980-85, the Planning Commission has earmarked central assistance of Rs.827 crores which is roughly 74 per cent of the total State Plan outlay. The State is expected to contribute Rs.288 crores which includes market borrowings and contribution from the Assam State Electricity Board, the Assam State Transport Corporation and other Public Sector Undertakings. The State will have to make stupendous efforts to raise the resources required for the Five-Year Plan.

15. In addition to the State Plan, additional programmes for the development of the Hill Areas and other Backward Regions have been

taken up. Additional Central assistance during 1980-85 for the Hill Areas will be Rs.71.28 crores, for the Plain Tribals Rs.19.57 crores and for the Scheduled Castes Rs.5 crores. Apart from this, there several Centrally Sponsored Schemes for which matching Central contribution has been ear-marked.

16. Let me now turn to the Annual Plan for 1981-82. The Annual Plan for 1981-82 envisages a financial outlay of Rs.210 crores; of which Central assistance would be Rs.159.10 crores and State's contribution Rs.50.90 crores. The State's contribution includes additional resource mobilisation efforts of Rs.38 crores by the State Government and about Rs.11 crores by the State Electricity Board.

17. The Annual Plan provides an outlay of Rs.50.82 crores (24.20 per cent) on agriculture production, 92.27 crores (43.95 per cent) on irrigation, flood control and power Rs.7.80 crores (3.71 per cent) on industry and minerals, Rs.19.20 crores (9.14 per cent) on transport and communications and Rs.39.91 crores (19.00 per cent) on social services (the figures in the brackets indicate percentage of total outlay). Additional central assistance would be forthcoming for Hill Areas (Rs.12 crores), for the Tribal sub-plan (Rs.3.40 crores) and for special component plan for Scheduled Castes (Rs.1 crores). Additional funds would also be available for Centrally Sponsored Schemes.

18. I would now briefly mention some of the salient features of the next year's Annual Plan. The main objective of the agricultural plan is to increase food production for the State from a level of 26.37 lakh tonnes in 1980-81 to the level of 28.48 lakh tonnes in 1981-82 envisaging a growth of about 8 per cent. Substantial increases in the production of sugarcane and jute have also been planned. The main strategy for increasing production would be to modify the cropping pattern wherever possible so that after harvest of *kharij* crops in July to November, the land may be fully utilised for *rabi* crops from mid November to March. Re-organisation of the extension service under the World Bank Project will continue during the current year also and several more field trial stations are proposed

to be established. An outlay of Rs.160 lakhs has been provided for the benefit of the tribal farmers with the main thrust on the supply of seeds, fertilisers, pesticides and implements to tribal farmers at subsidised rates. Incentives would be given to registered growers for production of certified seeds.

19. The Rural Development Programme will receive further impetus during the year with the decision to convert all blocks in the State to Integrated Rural Development Blocks. Priority will be given under this programme for assisting rural families below the poverty line.

20. A Minor Irrigation Corporation has been set up recently to accelerate the lending programme to farmers for installation of tubewells. With the completion of the Koliabor and Dekadom Irrigation Projects, an additional area of about 24,000 hectares will get irrigation facilities. In the Hill Areas another 1,000 hectares will be brought under irrigation.

21. In the Power Sector, several new projects have been taken up in the Plan in order to raise the installed capacity to about 600 MW by the end of 1984-85. The Bongaigaon Thermal Project has already been commissioned and the Lakuwa Thermal Project is likely to be commissioned soon. Installation of seven Mobile Gas Turbine to utilise the natural gas in the O.N.G.C. and Oil India oil-fields will also be completed during the next year. About 1,600 villages are proposed to be electrified in 1981-82 bringing the total number of villages under the programme to 7,200.

22. The flood control measures in the Brahmaputra Valley have been taken up under the Central Sector. Hon'ble Members may be aware that Parliament has recently passed a bill for setting up the Brahmaputra River Board. The work of this Board is likely to be more comprehensive. It will take over survey and construction of all the major flood control work in the Brahmaputra Valley.

23. The broad strategy for development of industries in the State is to encourage establishment of industries based on locally available resources, potential and demand. It is also proposed to train up local people in sufficient numbers to meet the requirements of major projects likely to come up in the near future like the Paper Mills, Fertilisers and Petro-chemicals.

24. At the instance of the State Government, the Reserve Bank of India have selected 197 centres for expansion of bank facilities in Assam. Two Regional Rural Banks have already been set up and the Reserve Bank of India has approved the establishment of two more Regional Rural Banks. They are likely to be set up during the next year. The Government of India have agreed to set up a separate recruitment Board of Nationalised Banks for the North Eastern Region and this is likely to immensely benefit the local people. The Government of India have also agreed to establish a local head office of the State Bank of India at Gauhati. Apart from providing credit facilities in the rural areas these institutions will open up greater avenues of employment to the educated unemployed youth of this Region.

25. Another major infrastructure which needs rapid development in the State is road communication. Roads also play a very vital role in a border State like Assam in guarding the frontiers. During 1981-82 over 900 km of new roads would be constructed including 150 km in tribal areas. 157 km of road will also be surfaced. Construction of approach roads to the Koliabhomora bridge across the river Brahmaputra has been entrusted to the State Public Works Department, but this project received a set back last year. During the coming year, the backlog would be made up and the anticipated target will be achieved. Despite scarcity of materials and transport bottlenecks, satisfactory progress has been made in the sphere of construction of buildings. In the Capital Complex, the three-storied M.L.A.'s Hostel and the Records Building have made good progress and would be completed shortly.

26. Eradication of illiteracy and ignorance will not be completed without universal elementary education. Despite great efforts in the past universal elementary education is still an unfulfilled ambition. However, the Sixth Five-Year Plan contemplates achieving 100 per cent coverage of children in this age-group. In 1981-82 about 1.13 lakh additional children will be enrolled in primary schools. At the secondary level, about 90,000 more boys and girls are proposed to be enrolled during the year. Incentives like supply of free textbooks, award of scholarships, mid-day meals and provision of drinking water, sanitary facilities and furniture, etc., in the schools will be given to attract the children of poor families to join the schools. Qualitative improvement will be attempted by the introduction of science courses in schools and expansion of teacher's training facilities. Provincialisation of the elementary and secondary school teachers working in aided schools will be continued. Incentive for sports and games and cultural activities will also be continued.

27. The Sixth Plan places emphasis on consolidation of the infrastructure already created for imparting technical education. New Diploma Courses in Fishery Technology, Timber Technology, Electronics and Telecommunication have been planned. During 1981-82 a new Polytechnic is likely to be established at ~~Bongaigaon~~.

28. The Health Plan for 1981-82 contemplates establishment of three primary health centres, 160 sub-centres and 18 subsidiary health centres besides clearing the backlog in construction of primary health centres and sub-centre buildings. Two new Rural Hospitals are also proposed to be established during the year. Three additional school health service units in Goalpara, Darrang and Lakhimpur districts are likely to be set up. The malaria eradication programme will be implemented according to the modified plan of operations adopted by the Government of India. A combined drugs and food testing laboratory will be started in Gauhati.

Construction of the 200 bedded civil hospital at Dhubri is expected to be completed soon. Construction of Morigaon, Dhemaji and

Hamren subdivisional hospitals is also in progress. The Haflong civil hospital has started functioning from 2nd October, 1980.

29. In 1981-82 it is planned to provide drinking water supply to about 700 villages of which over 200 will be in tribal areas. Water supply schemes in 18 towns which are in different stages of execution will achieve further progress and four will be completed during the year. In addition, 100 villages in plain areas and 48 villages in Hill Areas will be covered by the Centrally Sponsored Accelerated Rural Water Supply Programme.

30. The year 1981 is being observed as International Year of the Disabled Persons. In addition to continuing scheme, like scholarships to physically handicapped students, prosthetic aid to deserving persons, rehabilitation measures and financial assistance to voluntary organisations doing welfare work among the handicapped, which will be enlarged, certain new schemes to focus attention on the disabled persons will be taken during the year. Development of the artificial limb and audiototherapy centre and establishment of a school for mentally retarded children are also included in the programmes for the year.

31. The unemployment problem in the State continues to be a matter of concern. In April, 1980, the Live Register of the Employment Exchanges showed that 3.29 lakh persons were seeking employment, of which the number of educated unemployed was 1.39 lakhs. The National Rural Employment Programme envisages providing employment to about 1,000 persons in every Community Development Block in the State for about 100 days in a year. In order to mitigate the increasing unemployment among educated unemployed, the special programmes initiated during the current year will be stepped up during the coming year. This will provide training for young men to get self-employment as PWD contractors, farm managers, telephone operators, stenographers, etc. In addition, modernisation of machineries for training in ITIs and diversification of the courses in the ITIs have been planned.

32. To deal effectively with the socio-economic problems of the hill areas in Assam, an integrated development approach had been adopted in the State since 1967-68. The District Councils in the two autonomous districts have been entrusted with the implementation of the plans. A separate Planning Board for Hill Areas makes the policy frame and reviews the plan activities. Emphasis has been placed in the next year's plan on soil conservation, jhum control and development of plantation crops like coffee, rubber, etc. In addition, substantial provisions have been made for development of transport and communications. Adequate funds have been provided for social service facilities like education, health and water supply.

33. The Government of India have recently stepped up significantly investments in the region. The construction of the broad-gauge railway line from New Bongaigaon to Gauhati has been speeded up. The refinery-cum-petro-chemical complex at Bongaigaon is making steady progress despite frequent stoppage of work on account of the agitation. The Rs.300 crores complex, one of the largest in the country, will produce 30,000 tonnes of ployester fibre annually. Recently, Government of India have appointed a High Powered Committee to examine the possibility of setting up further down-stream industries in this complex. Work on the second Brahmaputra bridge to cost Rs.65 crores is progressing on schedule and is expected to be completed by 1985. A comprehensive programme for improvement of tele-communication facilities in Assam has been planned. This includes additional telephone lines for Gauhati, improvement of STD facilities, large scale expansion of the microwave system and additional ultra high frequency radio links.

34. Assam is largely dependent on outside supply for its requirement of wheat, pulses, salt, sugar, edible oils and other essential consumer goods. Supplies were disrupted during the agitation but recently the State Government could step up supplies of these essential commodities through the public distribution system. Owing to the special efforts made by the Government, there was marked improvement in the availability of key construction materials like steel, cement, etc., during the current year in comparison with

the past few years. There has been no abnormal increase in the market prices of food grains particularly rice and wheat during the lean months of the year when prices have a tendency to rise high.

35. Assam is visited by a flood almost every year. In 1980 there were two waves of floods the first in July and the second in August causing wide-spread damage to life and property. Besides, wide-spread damage was also caused to roads, buildings and bridges. Relief and rehabilitation measures costing Rs.12.72 crores were taken up during the year.

36. The State Government has all along been pleading with the Central Government for increasing the rate of royalty on petroleum crude. In May, 1980 the State Government submitted a detailed Memorandum to the Government of India requesting fixation of oil royalty at the rate of Rs.315 per tonne of petroleum crude in place of the present rate of Rs.42 per tonne. The Government of India have announced that the rate of royalty has been revised to Rs.61 per tonne *only*

37. I now wish to apprise the Hon'ble Members about the salient features of Budget.

38. The revenue receipt for 1981-82 are estimated at Rs.350.85 crores as against Rs.302.27 crores in 1980-81. The estimates now presented would show an improvement of Rs.48.58 crores over the last year's revised estimates. The improvement is mainly due to increase in State tax revenues (Rs.20.62 crores), non-tax revenues (Rs.15.27 crores), share of central taxes and duties (Rs.11.47 crores) and increased plan assistance from Centre (Rs.9.21 crores). The capital receipts show a fall from Rs.271.06 crores in 1980-81 to Rs.220.79 crores in 1981-82. The receipts include ways and means advances taken from the Reserve Bank of India from time to time and excluding these advances, the capital receipts for the current year would be Rs.168.79 crores as against Rs.186.06 crores last year. The

State Government obtained a special loan of Rs.40 crores during 1980-81 from the Government of India ~~while~~ due to the difficult position of the State Government in the context of the agitation on the foreigners' issue. During the current year the plan assistance would be Rs.14.17 crores more compared to last year. Taking these factors into consideration, there will be no significant variation from the last year's estimates in the capital receipts.

39. The revenue expenditure for 1981-82 is estimated at Rs.385.67 crores as against Rs.369.09 crores in the revised estimates for 1980-81. The increase of Rs.16.58 crores is nominal and is required for the usual increase in pay and allowances of the staff. The capital expenditure is estimated at Rs.228.76 crores as against Rs.255.66 crores in the revised estimates of 1980-81. This variation is mainly due to the provision made for repayment of ways and means advances, which would amount to Rs.55 crores during the next year compared to Rs.86 crores in 1980-81.

40. The accounts for 1979-80 closed with a minus balance of Rs.10.15 crores as against the opening minus balance of Rs.8.05 crores. The position deteriorated considerably during 1980-81 with the closing balance for the year standing at minus 42.85 crores. This large deficit was mainly because of the agitation in the State. The closing balance would have been worse if the Government of India had not provided a special loan of Rs.40 crores during 1980-81. The estimates for 1981-82 would show that the year will close with the minus balance of Rs.79.26 crores.

41. The agitation on the foreign national issue had a profound impact on the resources of the State. On the one hand there was huge loss of revenues to the State Exchequer and on the other hand there was increase in expenditure on maintenance of law and order and on relief to the families affected by riots. The budget of both the financial years 1979-80 and 1980-81 reflect this impact. In 1979-80 the expected collection of State taxes was about Rs.94 crores but the actual collection were only Rs.72 crores. The shortfall was also partly due to drought which affected the tea economy considerably.

The shortfall in non-tax revenues particularly oil royalty and forest royalty was more than Rs.6 crores. Additional expenditure was incurred for rehabilitation of the riot affected families and for maintenance of law and order.

42. In 1980-81 the anticipated shortfall in revenue is about Rs45 crores mainly on account of shortfall in oil royalty, sale tax on crude and petroleum products, forest revenues, general sale tax and agricultural income tax. The additional expenditure on maintenance of law and order is estimated to be Rs.8.7 crores during 1980-81.

43. The Hon'ble Members will appreciate that for a small State like Assam with limited resources it will not be possible to cover a deficit of this order. The State Government have requested the Government of India to grant Rs.35 crores to meet the budget deficit of 1980-81 and expect that the deficit would be met.

44. Despite substantial increase in revenues and minimum non-plan expenditure, the over-all deficit in 1981-82 will be Rs.36.41 crores. This is mainly due to the bigger plan outlay for 1981-82. ~~The State Government expects a substantial increase in the rate of oil royalty which should cover a major part of this deficit.~~

45. The Hon'ble Members might also be aware that the State Government have constituted a Pay Commission to examine the emoluments of State Government employees and other related matters. The Commission is now working in full swing. It is likely that the Commission may submit its recommendation to the Government in the financial year 1981-82. The estimates for 1981-82 do not include the impact of the Pay Commission's recommendations.

46. I also wish to apprise the Hon'ble Members of this House about some recent development on sales tax. A Conference of Chief Ministers was convened by the Union Finance Minister in September, 1980 to consider tax reforms. The Conference recommended that sales tax on life saving drugs and vanaspati should be replaced by additional excise duty with suitable safeguards for the present and future revenues of the States. The Conference also

recommended introduction of a Constitution (Amendment) Bill to amend definition of 'tax' in order to include the following types of taxes :

- (i) a tax on the transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payments or other valuable consideration;
- (ii) a tax on the transfer of property in goods (whether as goods or in some other form) involved in the execution of a work's contract;
- (iii) a tax on the transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
- (iv) a tax on the supply of goods by an unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration; and
- (v) a tax on the supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service is for cash, deferred payment or other valuable consideration.

The Chief Ministers met again in February, 1981 and decided that sales tax on some more commodities, viz., petroleum crude and cement should also be substituted by additional excise duties. A Commission with the status of Finance Commission will examine this matter in detail so that the legitimate revenue interests, present and future of the State, are fully safeguarded.

47. Since the re-organisation of Assam in 1972 the State Government have exempted inter-State sales to Meghalaya and Mizoram and Arunachal Pradesh from central sales tax. In April, 1979 the exemption granted to Meghalaya was withdrawn. In January, 1981, exemption granted to Mizoram and Arunachal Pradesh was

withdrawn. Apart from bringing some additional revenues to the State Government, this measure is expected to prevent evasion of tax.

48. With the restoration of normal life in the State, the State Government are confident that the economy of the State will be quickly revived and the plan programmes for the next year will be speedily implemented. Despite our political differences, I invite every Member of this august House to join our endeavours in accelerating the development process in the State.

With these words, Sir, I submit the Budget for 1981-82 to the Hon'ble House for consideration.

—JAI HIND