

১৯৯২  
অসম চৰকাৰী ছপাশালত মুদ্ৰিত  
গুৱাহাটী-৭৮১০২১ ।

REFERENCE,  
( NOT FOR ISSU )

READING ONLY INSIDE LIBRARY.



# BUDGET SPEECH

1993-94

MARCH 22, 1993

**Shri JIBA KANTA GOGOI**

FINANCE MINISTER, ASSAM

1000

1000

REFERENCE,  
(NOT FOR ISSUE)

READING ONLY INSIDE LIBRARY.

Mr. Speaker, Sir,

I have great pleasure in presenting before this august House the Budget estimates for 1993-94.

This Government which assumed office some 20 months ago inherited an economy set in deep crisis. The major tasks before the Government were to restore order, instil confidence in the minds of the public and revive the health of the economy. Through determined and sustained efforts, the Government have been successful in restoring normalcy and peace and in establishing confidence in administration. Many of the vexed problems that faced the State for the last several years have either been solved or a solution is close at hand.

The problem of law and order has retarded the pace of economic development in the State. Apart from imposing massive additional burden of expenditure for security arrangements and providing relief to the victims of violence and disturbed conditions, it has adversely affected the prospect of flow of private investment in the State. In line with the liberalised economic policies, the role of the government may undergo changes, but in the context of a State like Assam, the

government would continue to be the major investor as any reduction in public investment is unlikely to be compensated by corresponding private investment. Judged by any index of development, Assam continues to lag behind most of the States in the country, and therefore, major development initiatives are called for in all sectors of the economy.

### *State Income*

As per quick estimates the Net State Domestic Product (NSDP) in 1991-92 has been worked out at Rs. 9562 crore at current prices and Rs. 4328 crore at constant (1980-81) prices, compared to the provisional estimates of Rs. 8680 crore and Rs. 3971 crore respectively for the previous year. During 1991-92 the NSDP has registered an increase of 10.2% at current prices and 9% at constant prices over 1990-91. The corresponding percentage changes in 1990-91 were 12.1% and 4% respectively over 1989-90. The per capita income in 1991-92 has been estimated at Rs. 4230 at current prices and Rs. 1915 at constant prices as against Rs. 3932 and Rs. 1799 respectively in the preceding year. This represents an increase of 7.6% at current prices and 6.4% at constant prices in 1991-92 over 1990-91. The corresponding rates of growth in per capita income in 1990-91 over 1989-90 were 9.6% at current prices and 1.6% at constant prices.

### *Prices*

The rising trend of prices continued till the early part of 1992 but growth decelerated towards later part of the year. The average wholesale price index from January to November, 1992 increased by 11% as against 14% increase in the same period of the previous year. Similarly, the consumer price

index for working class (base 1949) also displayed a rise of 7.7% in November, 1992 over the previous year. However, the average consumer price index number during January-November, 1992 registered an increase of 11.6% over the average of 1991.

### *Employment*

As per data available from the Employment Market Information Programme, the number of employees in the organised sectors in the State, both public and private, increased from 10.51 lakhs in March 1991 to 10.82 lakhs in March 1992, an increase of 2.9%. Out of the total employment upto March, 1992, women employees constituted about 3.31 lakhs representing 30.6% of the total. According to the live register of Employment Exchanges, the number of job-seekers in the State had increased from 13.15 lakhs at the end of September, 1991 to 13.63 lakhs at the end of June, 1992, recording an increase of 3.7% over this period. Of the total job-seekers upto June, 1991, educated job-seekers numbered 8.17 lakhs and accounted for 59.9% of the total. As on that date, women job-seekers numbered 2.83 lakhs and that of SC and ST 0.78 lakhs and 1.41 lakhs respectively.

### *Annual Plan 1993-94*

The Annual Plan outlay for 1993-94 has been fixed at Rs. 1027 crore compared to the outlay of Rs. 960 crore in the current year. This comprises of an outlay of Rs. 956.16 crore for the General Areas and Rs. 70.84 crore for the Hill Areas. Within the Plan outlay, the amount quantified for Tribal Sub-Plan has been increased from Rs. 95.71 crore in the current year to Rs. 102.50 crore and that for

Scheduled Castes Component Plan from Rs. 57.85 crore to Rs. 63.84 crore. Besides, the Hill Plan, Tribal Sub-Plan and Scheduled Castes Component Plan will be further supplemented by additive Special Central Assistance. Pending finalisation such outlays have been tentatively kept at Rs. 38.87 crore, Rs. 11.28 crore and Rs. 2.76 crore respectively.

The Plan outlay of Rs. 1027 crore is proposed to be financed through normal Central Assistance of Rs. 844.36 crore, assistance for externally aided projects of Rs. 86.80 crore and Plan revenue grant of Rs. 72.20 crore as awarded by the Ninth Finance Commission. Thus the total assistance from the Centre aggregates to Rs. 1003.36 crore and the balance amount of Rs. 23.64 crore represents the State's contribution. The State's contribution is expected to be met out of market borrowing, institutional borrowings and loans against Small Savings collection.

In the Annual Plan 1993-94, the Social Services Sector has been accorded highest priority with an allocation of Rs. 344.47 crore representing 33.54% of the total outlay. The Energy Sector also receives high priority with an allocation of Rs. 226 crore representing 22% of the outlay. Agriculture and allied services, with an outlay of Rs. 135.31 crore, represent 13.1% of the Annual Plan outlay.

### *Agriculture*

The State's dependence on agriculture continues to be overwhelming and a preponderant share of labour force i.e. around 65% is employed in this sector. Cultivation of paddy continues to be the major activity. One

redeeming feature of the agricultural scenario is that the production of food grains particularly paddy, wheat, maize, pulses and oil seeds have been steadily growing over the years. If the present trend continues it would be possible to maintain the production profile in the coming year also and it is expected that the target of producing 36.36 lakh tonnes of food grains will be attained in the next year. The major thrust of our policy would be extension of area under crops including horticulture and vegetables, development of minor irrigation facilities, buffer stocking of fertilizer and seeds, effective input delivery system, increase of cropping intensity through double and multiple cropping, marketing support and adoption of improved agricultural practices. An outlay of Rs. 69.40 crore is proposed for Agriculture in 1993-94 Annual plan.

*Panchayat & Rural Development*

The newly elected 3 tier Panchayat Raj bodies have been entrusted with the task of implementing various development works in the rural areas with a view to foster involvement of the people.

Two major poverty alleviation programmes intended to bring about a fast change in the living conditions of the rural poor that receive high priority of the Government are the Integrated Rural Development Programme (IRDP) and the Jawahar Rozgar Yojana (JRY). To supplement these programmes, training and self-employment facilities are also imparted through the twin programmes of TRYSEM and DWCRA (Development of Women and



Children in Rural Areas). Other rural development programmes include distribution of improved chullahs, provision of street lights, installation of biogas plants and provision of low cost houses to Scheduled Caste and Scheduled Tribe people.

### **Health**

The programmes under health sector have been designed with the objective of achieving the goal of "health for all by 2000 AD". The major programmes under the sector include control and eradication of communicable diseases, development and expansion of treatment facilities in indigenous system of medicines, grant of financial assistance to voluntary organisations engaged in rendering medical relief and supporting programmes like prevention of food adulteration, drug control etc. A special cell has been created under the Directorate of Health Services for control of AIDS under the National AIDS Control Programme.

Under the Minimum Needs Programme, 42 buildings for Community Health Centres, and Primary Health Centres are nearing completion. Besides, construction of Civil Hospital buildings at Barpeta, Mangaldoi, Lakhimpur, Haflong, Diphu, Rangia, Udalguri and Garmur are under progress. For the year 1993-94 a Plan outlay of Rs. 39.20 crore has been proposed for Health which includes Rs. 3.24 crore for Hill Areas.

The Family Welfare Programme is a Centrally Sponsored Scheme with cent percent assistance from the Government of India.

*Industries*

In consonance with the Industrial Policy of 1991, our emphasis continues to be on the growth and promotion of industries suited to local conditions and environment and based on local natural resources. The major projects at various stages of implementation are the Gas Cracker Project, Prag Bosimi Synthetic Ltd., the Cement Project of AIDC with one million tonne capacity, Textile Process House, Sack Craft Project etc. I am happy to inform the House that works in connection with the new 3 million tonnes Refinery at Numaligarh are also progressing. The proposed outlay for Industries and Minerals in Annual Plan 1993-94 is Rs. 66.50 crore of which Rs. 27 crore is for village and small scale industries, Rs. 36.50 crore for other industries and Rs. 3.00 crore for mining.

*Power*

The power situation in the State is marked by a severe under utilisation of existing installed capacity due to a variety of reasons, both technical and organisational. To combat the situation, renovation and modernisation of some of the existing units are under way. Moreover, new initiatives calculated to bring about substantial improvement in utilisation of existing capacity, as well as to add to the installed capacity are being taken through private participation as well as involvement of the ADB( Asian Development Bank).

Under rural electrification programme, the number of villages covered till the end of 1991-92 stood at 21,464. The number of pump sets energised during the year was 161.

The approved Plan outlay for power in 1993-94 is Rs. 225.50 crore consisting of Rs. 218.40 crore for general Areas and Rs. 7.10 crore for Hill Areas.

#### **Education**

During the year 1993-94 steps would be taken for consolidation and maximisation of the output from the existing educational institutions in the State. More emphasis would be laid on training and improvement of quality, so that there is tangible improvement in the quality of education in the State.

Necessary efforts have already been made for improvement of academic atmosphere in the State after the present Government has assumed office. These efforts will be further intensified during the year 1993-94. Inspections and close monitoring will be done of all the educational institutions. Steps would be taken for holding of regular classes in schools, colleges and other institutions by optimum utilisation of the available resources. The Plan outlay for general education for 1993-94 is Rs. 191.50 crore.

#### **Hills Area Development**

For integrated development of the Hill Areas greater emphasis will be placed on agro-based activities, development of plantation crops, forestry programmes and expansion of sericulture and weaving. With a view to rendering more autonomy in the administration of Hill Areas, recently 30 additional subjects have been transferred to the District Councils.

*Welfare of  
SC & ST*

The Government have been paying very special attention to socio-economic uplift of the people belonging to SC/ ST/OBC including Tea and Ex-Tea Garden Tribes in the State. In the next financial year an amount of Rs. 102.50 crore from the State Plan supplemented by Rs. 11.28 crore of special Central assistance totalling to Rs. 113.78 crore have been earmarked under Tribal Sub-Plan. Similarly, an amount of Rs.63.84 crore from the State Plan and a further amount of Rs. 2.76 crore of special Central assistance totalling to Rs. 66.60 crore have been earmarked under Special Component Plan for Scheduled Castes. Within these outlays, priorities have been accorded to primary health care, drinking water facilities, education and roads and communication. In the field of education, Pre-Matric and Post-Matric scholarship will continue to be awarded to the poor students belonging to these communities. Besides, provision of self-employment opportunities for the people of these categories will be accorded high priority.

*Banking  
services*

Banks play a very important role in the development of the State. I am glad to note that more banks are opening their branches in the State. Despite this, Assam continues to be relatively under-banked, compared to the rest of the country. The total number of Scheduled Commercial Bank branches in the State at the end of June, 1992 was 1221. In terms of population coverage, this represents one bank for every 18,000 population as against the national average of 14,000. The volume of bank deposits has aggregated to Rs. 2,472 crore and deployment of credit to Rs. 1210 crore in

June, 1992. Based on these figures, the credit-deposit ratio works out to 48.9% in June, 1992 compared to the all-India average of 61.7% over the same period.

**Tenth Finance  
Commission**

I would like to take this opportunity to inform the House about the constitution of the Tenth Finance Commission. The Commission is expected to make its report by the 30th of November, 1993 and their recommendations would cover a period of 5 years commencing from 1st of April, 1995 to 31st March 2000. The State Government's Memorandum to the Tenth Finance Commission has been finalised and submitted to the Commission. The Commission is likely to visit the State and hold detailed discussions with the Government shortly.

**State Finances**

The State finances were under great strain since the beginning of the current year due to a variety of factors. The unabated growth of revenue expenditure due to burgeoning wage bill, large debt burden and disproportionate growth in expenditure on maintenance of law and order were not matched by equivalent growth of receipts leading to severe distortion of budgetary equilibrium. The increasing levels of non-Plan expenditure, financed out of borrowings, have resulted in an exponential growth in debt servicing liability making it obligatory to take recourse to further borrowing. The gravity of the situation points to the imperative need of addressing ourselves to the task of reducing fiscal deficit through mobilisation of additional resources, judicious application of the scarce resources and avoiding wasteful expenditure.

Any attempt to reduce the fiscal deficit calls for curtailment of expenditure but without hampering the process of development. As I have mentioned earlier, the single major component of non-Plan expenditure is salary and wages. As per recommendation of last Pay Commission, additional Dearness Allowance had to be paid to employees twice a year in January and July. In the current year two instalments of Dearness Allowance became due with effect from 1st. January, 1992 and 1st. July, 1992 involving additional financial implication of about Rs. 130 crore. Current dues in respect of these instalments had been disbursed with effect from September, 1992. Due to resource constraints the arrears till August, 1992 could not however be released and this would be deferred to the coming financial year.

Another major component of the non-Plan expenditure is repayment of loans and payment of interest. The liability on account of debt servicing has started snowballing as the public debt grows. At the end of 1989-90 the outstanding public debt of Assam amounted to Rs. 3705 crore which went upto Rs. 4309 crore in 1990-91 and further to Rs. 4564 crore in 1991-92. Of the outstanding public debt, loan from Government of India alone accounted for Rs. 3096 crore in 1989-90, Rs. 3635 crore in 1990-91 and Rs. 3789 crore in 1991-92. Thus loans from Government of India constitute more than 80% of the total debt burden of the State in each year. Since the benefit of the changed pattern of Central assistance became effective

from 1-4-90, the outstanding Central loan for period prior to that date remains outside the purview of the changed pattern. The liability on account of payment of interest and repayment of principal for 1993-94 is estimated at Rs. 567.63 crore and Rs. 351.63 crore respectively. This huge repayment liability poses a serious difficulty and in 1991-92 the state was left with no option but to default in repayment of about Rs. 424 crore. State Government had taken up the matter of rescheduling the Central loans and moratorium on loan repayment with the Government of India on a number of occasions, but there has been no favourable response so far. During the financial year 1992-93, Ministry of Finance resorted to adjustment of Central dues on account of loan repayment, dues of Assam State Electricity Board to Central Government Undertakings, and miscellaneous dues of Government of Assam on account of ways and means loans, Central police deployment etc. against the State's share of Central assistance. During the period from July, 1992 till date, the entire Central assistance due to the State was fully adjusted against our dues. In addition to this, Ministry of Finance had also adjusted Rs.26.20 crore due to the State on account of share of Small Savings and Rs.51.76 crore on account of share in taxes. Thus the total amount adjusted from July 1992 is Rs.592.96 crore. This has landed the State in an unprecedented ways and means crisis, and the State was left with no option but to drastically cut expenditure at all levels.

On the non-Plan side, this government

had inherited huge past liabilities to the extent of nearly Rs.600 crore which included arrear pay of government employees, medical allowance arrears, unpaid liabilities in various departments and the dues of Assam State Cooperative marketing and Consumers Federation (STATFED). Of this, we have cleared almost Rs.290 crore, but still heavy dues remain.

Yet another factor which contributed to growth in non-Plan expenditure is the sharp escalation of expenditure on maintenance of law and order in the wake of widespread terrorism and insurgency. Given the security scenario, the State has to continue for some more time with the deployment of Central forces and the Army which places additional strain on the State exchequer.

*Resource mobilisation*

In the sphere of resource mobilisation, sales tax constitutes the largest single source of revenue for the State Government. As per the revised estimates of 1992-93, sales tax constituted Rs. 318.01 crore out of the total tax revenue of Rs.505.62 crore, i.e. nearly 63% of the total revenue of the State. The target of sales tax in 1993-94 is Rs.345.96 crore out of the total tax revenue of Rs.520.70 crore accounting for about 66% of the total. This represents a growth of 8.8% in 1993-94 over the collections of the previous year. While there has been a sustained growth in sales tax collection over the years, nonetheless its potential is severely limited because the principal products of the State viz, petroleum products, tea and plywood, are mainly subject to inter-State stock transfer and hence are not subject to



sales tax. Again not only do the rates of sales tax but also the taxation system varies from State to State, encouraging a virtual "rate war" among the States through adopting lower tax rates with a view to promote trade and industry. The prevailing tax differentials among the States as also the existence of tax havens in some of the surrounding States has led to an erosion of tax base, evasion of tax and eventual loss of revenue. However, the issue of a uniform tax policy throughout the country is under active consideration of both the Union and the State Government.

As a first step in this direction the Union Government had drafted a model Sales Tax bill with the help of National Institute of Public Finance and Policy. New Delhi for consideration and adoption by different States.

In Assam we have four sales tax laws namely-

- (1) The Assam Sales Tax Act. 1947;
- (2) The Assam Finance (Sales Tax) Act. 1986;
- (3) The Assam ( Sales of Petroleum and Petroleum Products, including Motor Spirit and Lubricants) Taxation Act, 1955;
- (4) The Assam Purchase Tax Act, 1967; to levy tax on commodities at different stages of sales and purchases. Provisions of these four Acts are almost identical and the process of assessment and collection of taxes

Under these four Acts involves duplication of work both at the level of the Government as well as the assesseses. As there is good scope for integration of the aforesaid Acts and to simplify the procedure, I am introducing a bill for consideration of the House in the current session to bring out a unified act modelled after the draft prepared by the National Institute of Public Finance and Policy with necessary amendments to suit to our needs. Besides simplification, steps for rationalisation of rates of taxes are also incorporated in the bill to prevent diversion of trade and erosion of revenue. The integrated act would also offer relief to small traders who are at the moment liable to pay tax on last stage of sales of different items.

In proposing rates of sales tax on different commodities some changes have been made as compared to the earlier rates of sales tax for the purpose of yielding additional revenue, rationalisation of rates as well as giving relief to the poorer and under privileged sections of the society. I would have preferred to introduce a totally tax free budget, but for the serious resource constraints experienced by the State for the last one year or so. In cases where marginal increases over existing rates or new taxes are proposed, I have taken special care to ensure that incidence of such taxation does not fall on the poor people. I had also held numerous formal and informal consultations with the Chamber of Commerce, representatives of various trade and industry, entrepreneurs and intellectuals in making the new proposals. As Hon'ble members are aware, the State Government

have already constituted a Committee to advise the government on resource mobilisation and the views of this committee were also obtained in making proposals for new taxes or for granting tax relief.

### *Tax proposals*

I shall now mention the salient taxation proposals in the proposed new Act. Annexure-II to the text of the Budget Speech gives details of all proposed changes in the tax rates.

1. Hardware goods are at present taxable in Assam at 7% at the last point of sale. Therefore the chances of evasion of taxes is very high. It is therefore proposed to make this item taxable at the first point of sale at 8%.

2. Pan masala is used by rich categories of people, and is not used by the common man in Assam. A tax of 8% is proposed to be levied on all varieties of pan masala in any form.

3. The items "granite tiles, granite slabs, marble chips, marble slab and marble tiles" are considered as luxury items. These are used only by the higher income groups of society. These items are now taxable @ 12% under the Assam Finance (Sales Tax) Act, 1956. An increase of 2% is made on these items in the proposed new Act.

4. At present video cassettes, record players and accessories thereof are taxable @ 12%. An increase of 2% on these items is proposed.

5. The tax on black and white and colour televisions is now equal. While no increase is proposed in the tax on black and white TV, an increase of 2% will be made on colour TVs of all kinds and makes.

6. Consumer goods like, washing machines, cooking ranges, electrical Ovens, geysers etc. are costly items and are mainly used by the affluent sections of the society. There will be an increase of 2% of Sales Tax upon these items.

7. Water pump run by electrical motor is an electrical item and will attract sales tax at the rate of 12%.

8. At present paints, colours, thinners, varnishes including glaze polish are taxed at the rate of 8%. An increase of 2% is proposed on all kinds of paints in whatever form.

9. Sales Tax on refrigerators, air conditioners air-coolers and parts thereof is proposed to be raised from 13% to 14%. Similarly, sales tax on cinematographic equipments including cameras and accessories, photographic equipments, lenses, films and plates, all types of fire arms and ammunitions, electroplated nickel, chromium or silver goods and stainless steel sheets and stainless steel products is proposed to be raised from 12% to 14%.

10. Lottery tickets of Assam as well as of other States are sold in large numbers, and several States have charged sales tax on sale of

lottery tickets. I am, therefore, proposing a tax on sale of lottery tickets @ 10%.

11. Coir products are now taxed @ 7% and I am proposing to raise it to 8%. Similarly, collapsible gates, rolling shutters and parts thereof now taxed at 7% are proposed to be taxed henceforth @ 8%.

12. Precious stones like diamonds, emeralds, rubies, pearls, sapphires, as well as synthetic or artificial pearls etc are now taxed at 8%. I am proposing to raise this to 12%.

*Tax reliefs*

13. I have also proposed reductions in the tax levels taking into account the likely benefit that it would confer on the poorer sections of the people as well as with the objective of checking trade diversion, and for rationalisation of tax rates.

2/3 wheelers are generally used by lower and middle income groups as well as third and fourth grade Government employees. Besides, 3 wheelers are the source of employment and income to many unemployed youths in the State. While the rate of Sales tax on 4 wheelers is 4%, the tax on 2/3 wheelers is as high as 12%. In the neighbouring States; the tax on these is lower than in Assam, and therefore, many people from the State find it cheaper to buy them from these States. As a result, we are losing huge amounts. Hence, I am proposing to reduce the sales tax on 2/3 wheelers from 12% to 7%. Increased sale of 2/3 wheelers would not only make up the likely loss consequent to lowering of tax rates but also will bring quite a

substantial additional revenue.

14. Bi-cycles are used by poorer sections of the society and also by students. Now Bi-cycles are taxable at the rate of 4% under the Assam Finance (Sales Tax) Act, 1956, but the cycle tyres and tubes are taxed at the rate of 8%. To give relief to the poorer sections and students, the tax rate on tyres and tubes for bi-cycles is proposed to be reduced to 4%.

15. Aluminium plain/corrugated sheets and galvanised iron sheets are used for roofing. Whereas corrugated galvanised iron sheets attract only 4% sales Tax, the aluminium corrugated sheets attract 8% AFT, though both the items are used for the same purpose and by same categories of people.

Hence, the rate of sales tax on both these items is proposed to be made uniform at 4%.

16. 2% of sales tax is levied on aluminium sheets on actual users such as tea estates, cable and conductor manufacturers, aluminium utensil manufacturers, bus and truck body builders, offset plate makers etc. in some neighbouring states. As the sales tax on aluminium ~~sheet~~ <sup>State</sup> in Assam at present is 8%, people generally prefer to buy the aluminium sheets from other States thus causing trade diversion. To prevent this I propose to levy tax at 2% on aluminium sheets only for actual users in Assam.

17. Considering the importance of the literacy programmes tax on sale of school

uniform would be totally exempted on production of a certificate from the Head of the Institution. Besides, the items needed in the Blind Schools and Orphanages and other institutions intended for the use of such students will be exempted from the sales tax on production of a certificate issued by the Head of the Institution.

18. Wheel chairs used by the handicapped and sick people will also be exempted from the sales tax. Similarly, shoes supplied to the physically handicapped persons will also be entitled to exemption from sales tax.

19. The rate of tax on furniture supplied to educational institutions is proposed to be reduced from 12% to 8%.

20. At present, laminated jute bags used from packing of fertilizers are exempted from payment of taxes. This exemption will now be extended to bags used for packing of compost manure, dry cow dung, cattle feed calcined coke etc.

21. Baby food is now taxed at the rate of 8%. In view of the health, growth and nutrition of our infants and children, tax on baby food is proposed to be reduced by 50%.

22. Sales tax on tyres and tubes used on motor vehicles, trailers and batteries in some of the neighbouring States being lower than in Assam, considerable trade diversion is reported with consequent loss in tax revenue. Therefore, tax on these items is proposed to be

reduced from 12% to 8%. For similar reasons, sales tax on plain white sheets and corrugated sheets is also proposed for reduction from 8% to 4%.

23. I am proposing sales tax exemptions to new Industrial Units as provided for in the package of incentives under the Industrial Policy of 1991. These exemptions would also cover the existing Units going for expansion/ modernisation and diversification.

24. It has been our experience that lots of sales tax is evaded when the tax is leviable on commodities sold in the unorganised market. To plug this loophole, it is proposed to levy sales tax on such items at the point of first sale as well as last sale. In so doing, the net impact on the consumer would be marginally higher in some items while in case of certain commodities of every day use there would be no net additional impact. For instance, the motor vehicle spare parts, watches and clocks earlier taxed at 12% in the last point of sale would now be taxed at 8% at the point of first sale, and 6% at the point of last sale. Switch boards, batons, clips and other electrical fittings of the same nature earlier taxed at 8% would now be taxed at 6% in the first point and 4% at the last point.

25. As the practice of leasing of equipments, vehicles etc. have gained considerable popularity in recent times, I have proposed to levy a tax on such lease arrangements. The rates of taxation on lease of equipments is kept at a uniform rate of five



percent. The 14 categories of items on which the sales tax for lease will be applicable are listed in Scheduled-VII of the proposed bill. Such items include, among others, motor vehicles, plant and machinery, cranes, TV sets, VCR/VCP, computers, roneo-machines, telephones, air conditioners, water coolers and refrigerators, projectors and cinematographic equipments.

26. I have also proposed to expand the coverage of tax on work contracts. The rate of taxation has been deliberately kept low at 2% of the contract amount, after providing for exemption to the cost of labour on the contract amount. The maximum deduction permissible on this account would, however, vary from 10% to 30%. The items of works contract which would attract 2% sales tax are listed in Schedule -VI of the bill. This tax would net considerable revenues to the State exchequer from the major contracts which are being executed in the State.

**Motor Vehicle  
Tax**

Hon'ble Members may recall that motor vehicle taxes were restructured during the last Budget session. For improving the efficiency of collection as well as eliminating harrasment to private vehicle owners, who are now required to pay taxes periodically, it is proposed to bring about suitable amendment to Assam Motor Vehicles Taxation Act. The amendment would provide for payment of motor vehicle tax in a single instalment in the form of a one time tax. Once this has been paid, the vehicle owners would not be required to pay any further tax on the

particular vehicle during the remaining period of the vehicle's life.

*Professional  
Tax*

The State Government have received representations from Service Associations to grant relief to the grade-IV employees from payment of Professional tax. Despite the difficult resource position of the government, I am agreeing to this demand and propose that employees drawing monthly salary less than Rs. 2083/- would be totally exempted from payment of the Professional tax, and those who draw salary/ wages in the range of Rs. 2083/- to Rs. 2500/- would pay professional tax at the rate of Rs. 15 per month against Rs. 20 per month as of now. On account of this exemption, Government is likely to lose about Rs. 10 crore per year.

*Accounts  
1991-92*

While presenting the original Budget Estimate of 1992-93, it was anticipated that the year 1991-92 would close with a negative balance of Rs. 59 crore. The year, however, actually closed with a surplus of Rs. 81 crore as per accounts furnished by Accountant General, Assam.

*Revised  
Estimates  
1992-93*

The budget Estimates for the year 1992-93 showed an estimated surplus of Rs. 36.26 crore inclusive of the opening balance of (-) Rs. 59.31 crore. The revised estimates for the year 1992-93 now show a closing balance of Rs. 120.38 crore. This is mainly due to an improvement in opening balance from Rs.(-) 59.31 crore to Rs. (+) 81 crore and reduction in plan expenditure due to adjustment of plan assistance at source by the Government of

India.

The Budget for 1993-94 envisages improvement in receipts to the extent of Rs. 327.92 crore over the revised estimates for 1992-93. On the expenditure side, however, there is an increase of Rs. 649.93 crore over the revised estimates of 1992-93. The increased expenditure is on account of carry over of the State's unpaid liabilities of 1992-93 to 1993-94 apart from the normal increases.

The anticipated transactions during 1993-94 would lead to a deficit of Rs. 282.98 crore. With an anticipated opening balance of Rs. 120.38 crore, the year 1993-94 is anticipated to close with a deficit of Rs. 162.60 crore. An abstract of the transactions is enclosed at Annexure -I.

The budgetary deficit of Rs. 162.60 crore is proposed to be covered through fresh taxation measures envisaged in the new Sales Tax Bill, additional receipts accruing from enhanced oil royalty which falls due on 1st April 1993, improvement in collection of revenue and reduction in expenditure. Government is also hopeful of obtaining favourable response from Government of India in the matter of debt repayment.

With these words, Sir, I now commend the budget for 1993-94 to the august House for consideration.

**ANNEXURE-I**  
**Abstract of Transactions**

*(Rupees in lakhs)*

|  | Actuals<br>1991-92 | Budget<br>Estimates<br>1992-93 | Revised<br>Estimates<br>1992-93 | Budget<br>Estimates<br>1993-94 |
|--|--------------------|--------------------------------|---------------------------------|--------------------------------|
| <b>A. RECEIPTS :</b>                         |                    |                                |                                 |                                |
| <b>1. Consolidated Fund</b>                  |                    |                                |                                 |                                |
| <i>Revenue Account</i>                       | 24,17,66           | 32,33,93                       | 28,42,29                        | 29,56,32                       |
| <i>Capital Account</i>                       | 10,23,42           | 9,59,03                        | 10,29,56                        | 10,48,17                       |
| <b>Total</b>                                 | 34,41,08           | 41,92,96                       | 38,71,85                        | 40,04,49                       |
| <b>II. Contingency Fund<br/>Account</b>      | 16,06              | 2,95                           | 2,95                            | -                              |
| <b>III. Public Account</b>                   | 17,47,50           | 14,08,82                       | 13,98,82                        | 15,97,05                       |
| <b>Total ( I+II+III)</b>                     | 52,04,64           | 56,04,73                       | 52,73,62                        | 56,01,54                       |
| <b>B. EXPENDITURE :</b>                      |                    |                                |                                 |                                |
| <b>1. Consolidated Fund</b>                  |                    |                                |                                 |                                |
| <i>Revenue Account</i>                       | 21,48,10           | 26,15,28                       | 25,38,87                        | 27,74,50                       |
| <i>Capital Account</i>                       | 13,27,96           | 15,28,13                       | 13,29,97                        | 15,47,69                       |
| <b>Total</b>                                 | 34,76,08           | 41,43,41                       | 38,68,84                        | 43,22,19                       |
| <b>II. Contingency Fund<br/>Account</b>      | 16,08              | -                              | -                               | -                              |
| <b>III. Public Account</b>                   | 16,89,04           | 13,65,75                       | 13,65,75                        | 15,62,33                       |
| <b>Total (I+II+III)</b>                      | 51,81,20           | 55,09,16                       | 52,34,59                        | 58,84,52                       |
| <b>C. TRANSACTIONS<br/>DURING THE YEAR :</b> |                    |                                |                                 |                                |
| <i>Surplus (+)</i>                           | 23,44              | 95,57                          | 39,03                           | -                              |
| <i>Deficit (-)</i>                           | -                  | -                              | -                               | 2,82,98                        |
| <b>D. OPENING<br/>BALANCE</b>                |                    |                                |                                 |                                |
| <i>Surplus (+)</i>                           | 57,91              | -                              | 81,35                           | -                              |
| <i>Deficit (-)</i>                           | -                  | 59,31                          | -                               | 1,20,38                        |
| <b>E. CLOSING BALANCE</b>                    |                    |                                |                                 |                                |
| <i>Surplus (+)</i>                           | 81,35              | 36,26                          | 1,20,38                         | -                              |
| <i>Deficit (-)</i>                           | -                  | -                              | -                               | 1,62,60                        |

## ANNEXURE - II

### PART-I

#### PROPOSED CHANGES IN THE RATES OF TAXES

| Sl. No. | Name of Commodity   | Existing rate         | Proposed rate         |
|---------|---|-----------------------|-----------------------|
| 1       | 2   | 3                     | 4                     |
| 1.      | Ayurvedic, Homeopathic and Unani medicines which are sold in patent and in brand name   | Nil                   | 4 paise in the rupee  |
| 2.      | X-ray, Ultra-sound and Scanning machines, other medical equipments, parts and accessories   | 8 paise in the rupee  | 12 paise in the rupee |
| 3.      | All varieties of tractors, bulldozers, excavators, earthmovers, power tillers and parts and accessories thereof   | 8 paise in the rupee  | 12 paise in the rupee |
| 4.      | Perambulators   | 12 paise in the rupee | 14 paise in the rupee |
| 5.      | Tyres (including pneumatic tyres) flaps and tubes ordinarily used for motor vehicles and trailers (whether or not such tyres, flaps and tubes are also used for other vehicles) and batteries | 12 paise in the rupee | 8 paise in the rupee  |
| 6.      | Cosmetics and toilet requisites including scent, perfumes, snows and creams, powder, lipstick and eye-lashes  | 13 paise in the rupee | 14 paise in the rupee |
| 7.      | Sanitary towels, sanitary napkins and the like  | 7 paise in the rupee  | 8 paise in the rupee  |
| 8.      | Carpets including durries   | 13 paise in the rupee | 14 paise in the rupee |
| 9.      | Kitchenwares and utensils coated with heat resistant and stick resistant used for cooking as well as serving  | 8 paise in the rupee  | 12 paise in the rupee |

| Sl. No. | Name of Commodity   | Existing rate         | Proposed rate         |
|---------|---|-----------------------|-----------------------|
| 1       | 2   | 3                     | 4                     |
| 10      | Motor cycle and motor cycle combinations, motor scooter, three wheeler motor vehicles and spare parts and accessories thereof   | 12 paise in the rupee | 7 paise in the rupee  |
| 11      | Refrigerators and airconditioning plants and components parts thereof   | 13 paise in the rupee | 14 paise in the rupee |
| 12      | Vacuum flasks of all kinds including thermoware   | 12 paise in the rupee | 14 paise in the rupee |
| 13      | Collapsible gates, rolling shutters whether operated manually, mechanically or electrically and their parts and grills made of iron or steel                                | 7 paise in the rupee  | 8 paise in the rupee  |
| 14      | White sheets plain and corrugated, including asbestos sheets.   | 8 paise in the rupee  | 4 paise in the rupee  |
| 15      | Cinematographic equipments including cameras, projection and sound recording and reproducing equipment, lenses, films and parts and accessories required for use therewith. | 12 paise in the rupee | 14 paise in the rupee |
| 16      | Photographic and other cameras and enlargers, lenses, films and plates, paper, cloth and other parts and accessories required for use therewith                             | 12 paise in the rupee | 14 paise in the rupee |
| 17      | Electronic systems, instruments, apparatus and appliances including computers of all varieties and other electronic items and parts and accessories of all such goods.      | 12 paise in the rupee | 14 paise in the rupee |

| Sl. No. | Name of Commodity | Existing rate | Proposed rate |
|---------|-------------------|---------------|---------------|
| 1       | 2                 | 3             | 4             |

|     |   |                       |                       |
|-----|---|-----------------------|-----------------------|
| 18. | Colour Television sets, video cassette recorders, video cassette players, other wireless reception instruments and apparatus, radios, radio gramophone, electrical valves, accumulators, amplifiers and loud speakers and parts and accessories thereof | 12 paise in the rupee | 14 paise in the rupee |
| 19. | Diamonds, emeralds, rubies, real pearls and sapphires, synthetic or artificial precious stones, pearls, artificial or cultured  | 8 paise in the rupee  | 12 paise in the rupee |
| 20. | Lubricants  | 10 paise in the rupee | 12 paise in the rupee |
| 21. | Polyester Staple Fibre (PSF) Dimethyl -terephthalate (DMT)  | Nil                   | 2 paise in the rupee  |
| 22. | All arms including rifles, revolver, pistols and ammunition for the same  | 12 paise in the rupee | 14 paise in the rupee |
| 23. | Agarbati  | 7 paise in the rupee  | 8 paise in the rupee  |
| 24. | Articles made of fur and skin   | 7 paise in the rupee  | 12 paise in the rupee |
| 25. | Acrylic yarn, acrylic blended yarn, and polyester yarn, viscose yarn, polyester viscose blended yarn  | 7 paise in the rupee  | 2 paise in the rupee  |
| 26. | Coir products   | 7 paise in the rupee  | 8 paise in the rupee  |
| 27. | Electroplated nickel, chromium or silver or german silver goods   | 12 paise in the rupee | 14 paise in the rupee |
| 28. | Fire works including coloured matches   | 8 paise in the rupee  | 12 paise in the rupee |

| Sl. No. | Name of Commodity  | Existing rate         | Proposed rate         |
|---------|--|-----------------------|-----------------------|
| 1       | 2  | 3                     | 4                     |
| 29.     | Ice slabs  | 7 paise in the rupee  | 8 paise in the rupee  |
| 30.     | Lottery tickets  | Nil                   | 10 paise in the rupee |
| 31.     | Polythene granules and polythene sheets, wrappers and bags   | 7 paise in the rupee  | 8 paise in the rupee  |
| 32.     | Plastic and other rubber foam products and similar other articles made wholly or partly of artificial or synthetic resin | 12 paise in the rupee | 14 paise in the rupee |
| 33.     | Stainless steel sheets and stainless steel products  | 12 paise in the rupee | 14 paise in the rupee |
| 34.     | Weights and measures   | 7 paise in the rupee  | 8 paise in the rupee  |
| 35.     | Paints, colours, lacquers, varnishes, including glaze, polish, turpentine, thinners, putty, enamels and indigo           | 8 paise in the rupee  | 10 paise in the rupee |



**Part-II**  
**Proposed changes in tax-rates with the introduction of TWO POINT**  
**TAXATION- point of first sale and point of last sale**

| Sl. No | Name of Commodity  | Existing rate         | At the point of first sale in the State to persons other than registered dealers | At the point of first sale in the State to a registered dealer | At the point of last sale in the State |
|--------|--|-----------------------|--|--|--|
| 1      | 2  | 3                     | 4  | 5  | 6                                      |
| 1.     | Component parts of motor vehicles and other articles adopted for use generally as parts or accessories of motor vehicles and trailers. | 12 paise in the rupee | 14 paise in the rupee  | 8 paise in the rupee   | 6 paise in the rupee                   |
| 2.     | Iron and steel safes, almirahs.  | 13 paise in the rupee | 14 paise in the rupee  | 8 paise in the rupee   | 6 paise in the rupee                   |
| 3.     | All types of aluminium, iron and steel furniture including slotted angles, racks and parts thereof.                                    | 8 paise in the rupee  | 12 paise in the rupee  | 6 paise in the rupee   | 6 paise in the rupee                   |
| 4.     | Onion and garlic<br>(No change in the tax-rate)  | 8 paise in the rupee  | 8 paise in the rupee   | 4 paise in the rupee   | 4 paise in the rupee                   |
| 5.     | Switch boards, ceiling roses, battons link clips and other electrical fitting of similar nature.                                       | 8 paise in the rupee  | 10 paise in the rupee  | 6 paise in the rupee   | 4 paise in the rupee                   |
| 6.     | Vegetable oils, both edible and non-edible including vanaspati or vegetable ghee but excluding mustard oil.<br>(No change in tax rate) | 8 paise in the rupee  | 8 paise in the rupee   | 4 paise in the rupee   | 4 paise in the rupee                   |
| 7.     | Watches clocks and parts thereof.  | 12 paise in the rupee | 14 paise in the rupee  | 8 paise in the rupee   | 6 paise in the rupee                   |
| 8.     | All kinds of footwears including chappals made of leather, plastic, synthetic or moulded materials.                                    | 8 paise in the rupee  | 8 paise in the rupee   | 4 paise in the rupee   | 4 paise in the rupee                   |

| Sl. No. | Name of Commodity | Existing rate | At the point of first sale in the State to persons other than registered dealers | At the point of first sale in the State to a registered dealer | At the point of last sale in the state |
|---------|-------------------|---------------|--|--|--|
| 1       | 2                 | 3             | 4  | 5  | 6                                      |

- |  |                      |                       |                      |                      |
|--|----------------------|-----------------------|----------------------|----------------------|
| 9. All kinds of suit cases and brief cases made of plastic, nylon, leather or moulded materials, excluding steel trucks. | 8 paise in the rupee | 10 paise in the rupee | 6 paise in the rupee | 4 paise in the rupee |
| 10. All kinds of plastic, celluloid bakelite or moulded articles.  | 8 paise in the rupee | 10 paise in the rupee | 6 paise in the rupee | 4 paise in the rupee |

**Part-III**  
**Rates of tax on Works Contact.**

| Sl. No. | Description of works contract  | Maximum Percentage of deduction in computing tax. | Rate of Tax (Percent) |
|---------|--|---|-----------------------|
| 1       | 2  | 3   | 4                     |
| 1.      | Fabrication and installation of plant and machinery  | 15%   | 2%                    |
| 2       | Fabrication and erection of structural works, including fabrication, supply and erection of iron trusses, purlines, etc                        | 20%   | 2%                    |
| 3       | Fabrication and installation of cranes and hoists.   | 15%   | 2%                    |
| 4       | Fabrication and installation of elevators (lifts) and escalators.  | 15%   | 2%                    |
| 5       | Fabrication and installation of rolling shutters and collapsible gates.  | 15%   | 2%                    |
| 6       | Civil works like construction of buildings, bridges, roads etc.  | 25%   | 2%                    |
| 7       | Installation of doors, door frames, windows, window frames and grills.   | 25%   | 2%                    |
| 8       | (i) Supplying and fixing of mosaic tiles   | 20%   | 2%                    |
|         | (ii) Supplying and fixing of marble slabs polished granite stones and tiles (other than mosaic tiles)  | 20%   | 2%                    |
|         | (iii) Supplying and fixing of slabs stones and sheets [other than those specified at items (i) and (ii) above]                                 | 20%   | 2%                    |
| 9       | Supplying and installation of airconditioning equipments including deepfreezers, cold storage plants, humidification plants and dehumidifiers. | 20%   | 2%                    |
| 10      | Supplying and installation of air-conditioners and air-coolers.  | 20%   | 2%                    |

| Sl. No | Description of works contract | Maximum Percentage of deduction in computing tax. | Rate of Tax (Percent) |
|--------|-------------------------------|---|-----------------------|
| 1      | 2                             | 3   | 4                     |

|    |  |     |    |
|----|--|-----|----|
| 11 | Supplying and fitting of electrical goods, supply and installation of electrical equipments including transformers.                      | 10% | 2% |
| 12 | Supplying and fixing of furniture and fixtures, partitions including contracts for interior decorations.                                 | 15% | 2% |
| 13 | Construction of railway coaches on under carriages supplied by Railway.  | 20% | 2% |
| 14 | Ship and boat building including construction of barges, ferries, tugs trawlers and dredgers.  | 20% | 2% |
| 15 | Sanitary fitting for pumping, drainage etc.  | 15% | 2% |
| 16 | Painting and polishing.  | 15% | 2% |
| 17 | Construction of bodies of motorvehicles and construction of trailers.  | 25% | 2% |
| 18 | Insulation and lining of equipments, plant and machinery, instruments, Appliances of buildings.  | 15% | 2% |
| 19 | Providing and laying of pipes for purposes other than those specified in serial number 15 of this schedule.                              | 15% | 2% |
| 20 | (i) Providing and laying of pipes (other than steel pipes) for purposes other than those specified in serial number 15 of this schedule. | 15% | 2% |
|    | (ii) Providing and laying of steel pipes for purposes other than those specified in serial number 15 of this schedule.                   | 15% | 2% |

| Sl. No | Description of works contract | Maximum Percentage of deduction in computing tax. | Rate of Tax (Percent) |
|--------|-------------------------------|---|-----------------------|
| 1      | 2                             | 3   | 4                     |

|     |   |     |    |
|-----|---|-----|----|
| 21  | Programming and providing of computers, software  | 15% | 2% |
| 22  | Fabrication, testing and reconditioning of metallic gas cylinders.                                  | 20% | 2% |
| 23  | Tyre retreading   | 15% | 2% |
| 24  | Processing and supplying of photograph, photoprints, photonegatives.                                | 15% | 2% |
| 25. | Supplying and installation of electronic instruments equipments, apparatus, appliances and devices. | 10% | 2% |
| 26. | Supplying and installation of fire fighting equipments and devices.                                 | 10% | 2% |
| 27. | Electroplating and anodising.   | 25% | 2% |
| 28. | Bottling, canning and packing of goods.   | 25% | 2% |
| 29. | Lamination, rubberisation, coating and similar processes.   | 25% | 2% |
| 30. | Pringing and block making.  | 20% | 2% |
| 31. | Supply and erection of weighing machines and weigh bridges.   | 15% | 2% |
| 32. | Supply and installation of submersible and centrifugal pump sets.                                   | 20% | 2% |
| 33. | Dyeing and printing of textiles.  | 20% | 2% |
| 34. | Construction of tankers on motor vehicles   | 20% | 2% |
| 35. | Supply and fixing of door and window curtains including venetian blinds and nets                    | 15% | 2% |

**Part-IV**

**GOODS TAXABLE ON LEASE ARRANGEMENTS**

| SL. NO. | DESCRIPTION OF GOODS   | RATES OF TAX |
|---------|--|--------------|
| 1       | 2  | 3            |
| 1.      | Motor vehicles including motor cars motor cabs, motor cycles, motor scooters, motorettes motor omni buses, vans and motor lorries. | 5%           |
| 2.      | Chassis of motor vehicles.   | 5%           |
| 3.      | Plants and machinery including cranes.   | 5%           |
| 4.      | Television sets, video cassetts recorders and players, pre-recorded video cassettes, and video game equipments.                    | 5%           |
| 5.      | Tabulating machine, calculating machines, duplicating machines, weighing machine, roneo machines and computers.                    | 5%           |
| 6.      | Telephones.  | 5%           |
| 7.      | Feature films .  | 5%           |
| 8.      | Furniture of all kinds.  | 5%           |
| 9.      | Electronic goods electrical goods, including instruments, apparatus and appliances thereof.  | 5%           |
| 10.     | Air conditioners and air coolers.  | 5%           |
| 11.     | Water coolers, refrigerators, deep freezers, bottle coolers and coldstorage.   | 5%           |
| 12.     | Cinematographic cameras, projectors and lighting equipments.   | 5%           |
| 13.     | Gas Cylinders.   | 5%           |
| 14.     | Crates and Bottles.  | 5%           |