



GOVERNMENT OF ASSAM

**BUDGET SPEECH OF FINANCE MINISTER
2008-09**

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Mr. Speaker, Sir

I rise to present the Budget for 2008-09. Before I come to the details of my budget proposals, I would like to apprise the Hon'ble Members of the prevailing economic environment. The fear of recession in USA resulting from the sub-prime crisis has sent jitters across the world. Fortunately India has remained more or less immune to this and our GDP growth rate is projected to be an impressive 8.7% in the current financial year. No-doubt this indicates a bit of a slow-down from 9.6% GDP growth rate of the previous year. In Assam our GSDP growth rate has been increasing steadily in the past few years and we are narrowing the gap with the all India average.

2. The State Economy: An overview

2.1. I am happy to inform this August House that after years of stagnation our State economy has started looking up. During the Tenth Plan Period from 2002-2007 the annual average growth rate of Gross State Domestic Product (GSDP) at constant (1999-2000) prices has shown a growth of 5.75 percent. Hon'ble Members will surely agree with me that this is a significant improvement over the 2.8 percent and 2.1 percent GSDP Growth rate of Assam during the Eight and Ninth Plan periods respectively. As per advanced estimates, the growth rate of Assam's GSDP in real terms at constant prices is going to be 8.0 percent during the current year. This was 7.6 percent during 2006-07 and 6.0

percent in 2005-06. The GSDP of Assam during 2006-07 has been worked out at Rs.49850.30 crore at constant (1999-2000) prices and at Rs.65033.42 crore at current prices as against Rs.46341.49 crore and Rs.57542.88 crore respectively during 2005-06. The NSDP of Assam in 2006-07 was Rs.58272.65 crore at current prices and Rs.45143.31 crore at constant (1999-2000) prices. As per advance estimates, the NSDP growth rate in real terms is expected to be 7.8 percent during 2007-08. The per capita NSDP of Assam at constant prices and current prices stood at Rs.15,623 and Rs.20,166 respectively during the year 2006-07. As per advance estimates, for the year 2007-08 the same is expected to increase to Rs.16,624 and Rs.22,081 respectively.

2.2. On the price front, the overall inflation is projected to decline from 5.6 percent in 2006-07 to 4.1 percent in 2007-08 for the country as a whole. On the other hand, the all India consumer price index increased from 3 percent in 2005-06 to 5.1 percent in 2006-07 and is projected to be 5.5 percent in 2007-08. As for Assam, the consumer price index for working class population (base 1982=100) shows a rise of 6.06% in 2007 over 2006. However, there seems to be an upward pressure on the global prices of wheat and rice – which increased by 88% and 15% respectively during the period April, 2000 to January, 2008. These trends are no doubt inflationary and there is resultant pressure on the domestic prices of these food articles. One positive development is withdrawal of 6% railway freight surcharge for the North-East in the 2008-09 Railway Budget. To contain the prices of essential food items I also propose to take some measures which I shall discuss when I come to my taxation proposals.

2.3 Hon'ble Members will also be happy to know that as per the latest Economic Survey of the country, Assam has the lowest inequality as measured by Lorenz Ratio in rural areas. In urban areas Assam has the lowest inequality in the country after Gujarat. Seen against the backdrop of 8% growth rate this indicates our success in ensuring inclusive growth.

3. State Finance:

3.1 Despite some setbacks on the taxation front which I shall discuss later, we have been able to consolidate our financial position further during the current financial year. From a situation of chronic deficits we have now been able to report revenue as well as fiscal surplus consecutively during the last two financial years. In 2005-06 the revenue surplus of the State was Rs.1509 crore. This increased to Rs.2210 crore in 2006-07. The fiscal surplus in 2005-06 stood at Rs.356 crore, which increased to Rs.711 crore in 2006-07. Hon'ble Members are aware that after enactment of the Assam FRBM Act 2005 we got the benefit of re-scheduling of our outstanding debts to Government of India. **Now with our achievement of the FRBM targets of revenue deficit and fiscal deficit reductions for 2005-06 we have also become eligible for complete write-off of even the re-scheduled debt for that year. For this purpose, on February 15, 2008 Government of India has sanctioned Rs.105 crore as debt waiver in favour of Assam Government for the year 2005-06 in accordance with the recommendation of the 12th Finance Commission.** This is a remarkable achievement by any standard. **Assam is one of the few States to have**

achieved this feat. Hon'ble Members will be happy to know that in our plan meeting held in New Delhi on 4th February, 2008, Hon'ble Deputy Chairman and Members of the Planning Commission complimented Assam Government for its outstanding fiscal management. Hon'ble Speaker Sir and the Hon'ble Members, with your support and cooperation, I hope to maintain this trend of fiscal consolidation and improvement in the next financial year too.

3.2 Public Debt:

I am happy to inform the august House that Assam is the first State in the country to have introduced a fully computerised Debt Management and Recording system using software developed by the Commonwealth Secretariat. A fully computerised Debt Management Cell has also been set up in the Finance Department. A computerised inventory of all the outstanding debt instruments has been prepared and updated. Hon'ble Members will also be happy to know that during the last two years the State Government has restricted its borrowing from all sources to a level within the ceiling prescribed by the Ministry of Finance, Government of India and the borrowing limits laid down in our own FRBM Act. This has been possible because of improvement in our own resource position.

In this connection I would like to mention that I have already initiated futuristic measures for painless redemption of the existing debts when they mature. I am sure Hon'ble Members will agree with me that we should not leave the burden of servicing and repayment of the public debt availed by our generation to the future generation. We have no right to mortgage the

future of our next generations. I have already created a sinking fund for redemption of the State Government debts when they mature at some future dates. This sinking fund is being maintained with the Reserve Bank of India outside the consolidated fund of the State. **I now propose to establish a Guarantee Redemption Fund (GRF) from the next financial year. The GRF will be used for redemption of the contingent liabilities that may devolve on the State Government in the event of invocation of the Government guarantee by the lenders.**

3.3 Externally Aided Projects :

In 2008-09 plan budget an amount of Rs.827.20 crore has been earmarked for implementation of Externally Aided Projects in the State. These projects are –

- (a) Assam Power Sector Development Project (ADB),
- (b) Assam Agriculture Competitiveness Project (World Bank)
- (c) Assam Governance and Public Resource Management Programme (ADB)
- (d) Assam State Road Project (World Bank)
- (e) Assam Integrated Flood Control and Erosion Mitigation Project (ADB)

The process of clearing the outstanding dues including VRS amounts of the employees of closed PSUs under Assam Governance and Public Resource Management Programme will continue in 2008-09.

3.4 Infrastructure Financing

During the period of financial crisis which tormented the State for almost two decades the State Government could hardly take any major infrastructure development initiative with its own resources. We were dependent on the Central Government for any major infrastructure project. Today fortunately we have reached a position to think of big infrastructure projects with our own resources as well as through the public private partnership mode in addition to the centrally funded projects. The State Government has recently entered into an understanding with RITES for doing feasibility studies for a 6-lane road bridge connecting Guwahati with North Guwahati, another bridge over Brahmaputra connecting Majuli and an elevated road from Chandmari to Guwahati Club. RITES has also been entrusted with the task of formulation of a perspective plan for infrastructure development with a view to strengthening the support base for uninterrupted economic growth of the State. The perspective plan will include projects in the sectors of power, roads, irrigation, urban development, housing, tourism etc.

Hon'ble Members are aware that implementation of big infrastructure projects often get delayed due to uneven flow of fund arising from the budget to budget fluctuations. This leads to time overrun and cost escalation. **To obviate this situation, I propose to create a dedicated fund for creation of major infrastructure projects in the State. The corpus will be placed at the disposal of a society to be formed in the name and style of Assam Infrastructure Financing Authority.** The society will be headed by the Chief Minister of Assam. To begin with, the

amount of Rs.105 crore that we have recently received as debt waiver from the Government of India will be transferred to the society for creation of the corpus. I propose to raise this corpus to Rs.500 crore in course of the year. Only major infrastructure projects costing Rs.50 crore or more will be taken up for funding out of this corpus which will be operationalised during 2008-09.

3.5 Revival of Assam Financial Corporation

As Hon'ble Members are aware, the State Government has already released Rs.75 crore for revival of Assam Financial Corporation. The Corporation is now doing well. I propose to provide an additional amount of Rs.5 crore as equity to strengthen its capital base, so that the Assam Financial Corporation can resume its financial services in full swing.

3.6 Micro Financing for SHGs

Hon'ble Members are aware that the SHGs in the State need cheaper micro finance for improving their productivity. SHGs now require to pay high rates of interest for credit. **As a pilot scheme to give a thrust to SHGs, I have provided for Rs.10 Crore in the budget proposals for 2008-09 as an interest-free loan to the Assam Financial Corporation [AFC] for micro financing SHGs at a subsidised rate of interest.** More funds will be made available for this purpose during the year if required.

The AFC has been advised to prepare a comprehensive scheme in this regard in consultation with Finance Department.

3.7: Rural Credit and Credit Deposit Ratio:

Though the Credit Deposit [CD] ratio in the State is still below the national average of 72%, it is seen to be rising steadily. From **29.27%** in March, 2003, it rose to **52.36%** in September, 2007. The RBI is continuing its efforts for further improvement of the CD ratio with special emphasis on rural credit delivery to ensure full Financial Inclusion of the people of Assam.

Hon'ble Members will recall that last year I had provided Rs.20 crore to the Apex Bank for liquidating the principal debt of the Primary Credit Societies [GPSSs], so that they can resume agricultural lending in the State. This was done keeping in view the recommendation of the Vaidyanathan Committee. I have already approved the signing of a Memorandum of Understanding [MOU] with NABARD and the Union Government this year for the revival of the short term Cooperative Credit Structure by strengthening all the GPSSs operating at the grass root level in the State. **I have also kept a provision of Rs 1.64 crore in the budget proposal for 2008-09 for the recapitalisation of the Langpi Dehangi Rural bank to enable higher rural lending in the two Hill districts.**

3.8: Hon'ble Members are aware that I had provided interest relief against crop loans to farmers affected by the drought like situation last year. Severe floods caused extensive damage to kharif crop this year. **In view of the pressing credit needs of the affected farmers, I have continued the scheme of providing interest relief of 2% for all crop loans up to Rs.20, 000 sanctioned during the current**

financial year ending 31st March 2008. This will enable greater access to credit for our 2.7 million farmers for taking up intensive Rabi cultivation. NABARD is implementing the scheme.

3.8. Gender Budgeting:

I am happy to inform Hon'ble Members that I have decided to introduce Gender Budgeting from 2008-09. To begin with, 12 departments having schemes with 100% funds earmarked for the benefit of women will be taking up this exercise. A separate statement showing such earmarked funds highlighting gender budgeting has been placed in the House along with the Annual Financial Statement.

3.9 Outcome Budget :

As already mentioned our financial position has improved and the level of expenditure has gone up. I have decided to monitor the outcome of the increasing public expenditure in real terms. **A beginning has been made with in 2008-09 budget and a separate statement showing the real term outcomes against budgetary allocations has been submitted along with the Annual Financial Statement for 2008-09.**

3.10 New Pension Scheme:

I had already decided to introduce a new Pension Scheme based on defined contribution in place of the existing pension scheme based on defined benefit. The new pension scheme will be applicable to all State Government employees

who have joined or will be joining the services of the State Government on or after 1st February, 2005. Existing pensioners and employees who joined prior to 1st February, 2005 will, however, continue to be governed by the existing pension scheme. Government of India has meanwhile identified SBI, UTI and LIC as Pension Fund Managers. **I hope to operationalise the new pension scheme in the coming fiscal.**

3.11. Pay Commission :

In his budget speech for 2008-09, the Union Finance Minister announced that the 6th Central Pay Commission Report will be submitted by March 31, 2008. **I have decided to constitute the next State Pay Commission after seeing the report of the 6th Central Pay Commission and to give an interim relief of 10% of the basic pay and basic pension to all Government employees with effect from 1st April, 2008.** Necessary provision for this has been made in 2008-09 budget.

4. Eleventh Five Year Plan and Annual Plan 2008-09:

4.1 Hon'ble Members are aware that we successfully accomplished implementation of the Tenth Five Year Plan which ended on 31st March, 2007. Against the originally envisaged outlay of Rs.8315 crore, our actual expenditure was Rs.9690 crore. The Eleventh Five Year Plan has commenced from 1st April, 2007 with an approved outlay of Rs.23954 crore for Assam. **The approved plan outlay for the first year of the Eleventh Plan, i.e. 2007-08 is Rs.3800 crore. The plan outlay for 2008-09 has already been finalized at Rs.5011**

crore. This is an increase of 32% - an all time high. The plan resource of Rs.5011 crore includes and amount to Rs.1431 crore as State's own contribution from its resources. This is indeed an unprecedented achievement compared to the position till a few years back when the normal practice was to divert plan resources for non-plan purposes. Another significant feature is that the salary component in the plan has been reduced to 0.25 percent. The entire plan allocation of more than Rs.5000 crore is now available for developmental activities only. Hon'ble Members will be happy to know that in 2008-09 Plan budget, I have provided an amount of Rs. 974.44 crore as State share for various centrally Sponsored Schemes as against Rs. 600 crore provided in 2007-08.

5. Sixth Schedule Districts:

5.1 Hill Areas:

All round development of the two Autonomous Hill Districts will continue to receive the highest priority. **The plan allocation for Karbi Anglong Autonomous District has been raised from Rs.142.67 Crore in 2007-08 to Rs.173.43 crore in 2008-09. Similarly the plan allocation for N.C. Hills Dist. Council has been raised from Rs.68 crore in 2007-08 to Rs.75.47 crore in 2008-09. Hon'ble Members will also be happy to know that I have decided to set up a Nursing College in the Hill Areas.**

5.2 Bodoland Territorial Council (BTC) :

The developmental activities taken up by the BTC are progressing well. I propose to increase the plan allocation for BTC from Rs.125 crore in 2007-08 to Rs.150 crore in 2008-09. This will be further augmented by flow of funds from the State Government against specific developmental schemes and projects to be implemented in the BTC area. I have decided to set up an Engineering College in BTC area and upgrade the present Kokrajhar campus of the Gauhati University into a full-fledged separate University. I have also decided to set up a Planetarium at Kokrajhar.

6. Other Autonomous Councils:

6.1 For all round socio-economic development of different indigenous ethnic groups we have set up six other statutory Autonomous Councils. A total amount of Rs.59 crore was allocated for them in 2007-08 plan budget. I propose to increase it by 58% and provide Rs.93 crore in 2008-09 plan budget. The Council-wise break-up is –

Rabha Hasong Autonomous Council	Rs.17.60 crore
Mishing Autonomous Council	Rs.27.80 crore
Tiwa Autonomous Council	Rs.17.06 crore
Sonowal Kachari Autonomous Council	Rs. 9.95 crore
Thengal Kachari Autonomous Council	Rs. 8.90 crore
Deori Autonomous Council	Rs.11.70 crore

6.2 In addition to the above six Autonomous Councils, I propose to establish six new Development Councils for the Moran, Motok, Ahom, Chutia, Koch-Rajbongshhi and Tea Tribes ethnic groups. I also propose to set up a Gorkha Development Council. An amount of Rs.12 crore has been provided for this purpose in 2008-09 plan budget.

7. Tribal Sub-plan (TSP) and Scheduled Caste Sub-plan (SCSP):

I propose to increase the allocations for welfare of the scheduled tribe and the scheduled caste population. An amount of Rs.38.14 crore has been proposed for TSP in 2008-09 budget as against Rs.33.58 crore in 2007-08. Similarly, Rs.101 crore is proposed for SCSP in 2008-09 as against Rs.81.09 crore in 2007-08. An amount of Rs.5 crore has also been proposed for implementation of various developmental schemes for the Other Backward Classes for 2008-09 as against Rs.3 crore in 2007-08.

For the development of communication facilities in the interior and inaccessible areas inhabited by ST,SC, OBC and MOBC communities, an allocation of Rs.28.22 crore has been made during the year 2008-09. This special initiative was introduced by our Government during the year 2007-08 with an allocation of Rs.25 crore under which 200 KM of all - weather roads are being constructed.

Our Government is taking pro-active action for the implementation of the central sector

schemes namely – Self-Employment Scheme for Rehabilitation of Manual Scavengers to eradicate manual scavenging in the State.

8. Welfare of Tea Tribes:

The tea tribes occupy a very important position in the social, cultural and economic life of the State. The various schemes and programmes being implemented for welfare of the tea tribes will continue in 2008-09 also. The plan allocation for this purpose was Rs.10 crore in 2006-07. I raised it to Rs.23 crore in 2007-08. **For 2008-09, I propose to raise it to Rs.37 crore, which is an increase of more than 50% in a single year.** I hope the leaders of the tea tribe community will ensure optimisation of benefits for the entire community out of this allocation.

9. Welfare of Minorities:

In his budget speech for 2008-09, Union Finance Minister Sri P. Chidambaram has announced a number of schemes and measures for welfare and socio-economic development of the minorities. My Government is committed to implement the agenda formulated by the Government of India on the basis of Justice Sachar Committee recommendations as well as Prime Minister's New 15-Point Programme for welfare of minorities. Further all the schemes introduced by the Ministry of Minority Affairs, Government of India for the welfare of minorities will also be implemented in Assam with full vigour. **To supplement these measures of Government of India, I have provided an amount of Rs.7 crore for Minority Welfare Board in 2008-09 budget as against Rs.5**

crore in 2007-08. Further, I propose to launch a special programme for all round socio-economic development of the minorities after due consultation with the representatives of minority organisations. The programme will be launched in the next financial year for which an amount of Rs.25 crore has been set aside. In addition to this, an amount of Rs.1 crore is proposed for improvement of Madrassa Education in the State.

10. Development of Char areas:

The riverine char areas suffer from some special problems. We have been implementing a number of schemes for improving the difficult living conditions there. **I am proposing an amount of Rs.12.20 crore in 2008-09 for development of the char areas.**

11. Border Development:

Large swathes of the international and inter-state borders of Assam are inaccessible and difficult areas. Government of India has been implementing a programme for development of the blocks along international borders. In 2008-09 budget allocation for this purpose is Rs.13.52 crore. **For development of the inter-state border areas, I have proposed an amount of Rs.11 crore in 2008-09 budget as against Rs.2 crore in 2007-08.**

12. Internal Security and strengthening of State Police:

12.1 Mainly due to the counter insurgency measures taken by the State Government the overall internal security scenario of the State has

improved considerably. I have already taken a number of steps for strengthening and modernizing the State police force. 1292 new posts of different ranks have been created for Chirang, Baska and Udalguri districts under BTC. 327 more posts have been created for the new police district of Hamren in addition to 385 additional posts for opening of 10 new police stations and 12 new police outposts in Karbi Anglong and N.C.Hills districts.

12.2 For protection of oil pipelines and other oil installations as well as ONGC personnel a dedicated Assam Police Battalion has been created. Two new battalions of Assam Industrial Security Force with 2564 new posts have also been created for providing security cover to the tea estates and industrial undertakings. Sanction has also been given for raising an additional (23rd) Indian Reserve Battalion of Assam Police by creating 1007 new posts. I also propose to set up 12 special Police Stations to deal with offences under the Electricity Act, 2003. **In addition to the above, I propose to open 45 new Police Stations including 19 for the char areas during 2008-09. Setting up of a full-fledged Counter Insurgency Academy and a Special Task Force (STF) for counter insurgency operations are also under active consideration of the State Government. Raising of the 24th India Reserve Battalion of Assam Police will also be taken up for consideration in 2008-09. The process of filling up all the existing vacant posts in the State police is also going on. Provisions have also been made in 2008-09 budget for opening six new full-fledged fire stations besides regularizing 12 existing ad-hoc fire stations to full-fledged ones.**

12.3 In view of the financial irregularities that were detected in a few armed police battalions, I propose to create 32 posts of Finance & Accounts Officers during 2008-09 for the offices of the SPs and Battalion Commandants. Meanwhile, the Finance & Accounts Officers of the Deputy Commissioners' offices have been entrusted to look after the financial matters in SPs' office and Battalion Headquarters.

13. Unemployment:

13.1 Hon'ble Members are well aware of the massive unemployment problem of the State. As on November 2007, the number of persons seeking employment was 19,17,141 as per live registers. Out of them, 12,36,500, i.e. 60% were educated job seekers. I have given highest priority to mitigation of this human, social and economic problem. New avenues must be created to stop wastage of precious human resources at such a large scale. With improvement of our financial position we have resumed the process of filling up existing vacant posts and creation of new posts that are considered necessary in public interest. I have allowed filling up of 48,500 existing vacant posts during the period from 2001 till February 2008. In addition to this, 16,306 new posts have been created in the last two financial years alone. Thus regular employment avenues in the State Government have been created for 65000 job seekers. Besides, more than 42,000 unemployed women of the State have got means of livelihood through engagement as Anganwadi workers and Helpers and 26235 as ASHA under NRHM during this period. Another approximately 21,000 youth have got such support through engagement under different programmes of Sarba Shiksha Abhijan. This

process will be continued in the next financial year also.

13.2 Government sector alone cannot give jobs to all job seekers and solve the unemployment problem. Appropriate schemes and programmes to create self-employment opportunities hold the key to solution of this problem. In 2006-07, we launched the Employment Generation Mission and till date the Mission has been given an allocation of Rs.50 crore. In addition to this, I propose to provide Rs.58 crore for self-employment generation schemes in 2008-09 budget. Out of this, Rs.3 crore has been allocated for fishery sector, Rs.40 crore for rural development and Rs.15 crore for Chief Minister's Swa Niyojan Yojana to be implemented by SIRD. Similarly, large number of job oriented schemes in important sectors like agriculture, industry, commerce, handloom, textiles and sericulture will also open up employment opportunities for many. Over and above this, the emerging vibrancy and resurgence of the State economy has also created large number of jobs in the private sectors.

13.3 Besides, efforts are also being made to impart the skills to the youths of the State to make them employable. With this objective in mind, ITIs are being upgraded in public private partnership mode. New modular employable skills are also planned to be imparted to the job seekers. In this endeavour we will take full advantage of all central sector and centrally sponsored schemes including the skill development mission announced by Union Finance Minister in his budget speech 2008-09.

13.4 During 2008-09, I propose to introduce coaching facilities for the

educated youths of the State to compete at the national level to join the civil services, defence services, banking services and such other services for which selection is made through national competitive examinations. We have already entered into an understanding with the 4 Corps Headquarter Human Resource Development Centre, Tezpur. Similar collaboration will also be sought with IIBM and other institutions of national repute.

13.5: Training and development of our core Civil Services is critical for the improving efficiency in the delivery of essential Public Services. During 2007-08, I launched an intensive mandatory In-service training provision for ACS Officers. The Assam Administrative Staff College has already completed intensive training of 113 ACS officers this year. For 2008-09, I have provided Rs.25 lakh for mandatory training of all ACS officers. I also propose to provide Rs.16 lakh for intensive training of all officers of taxation department. I intend to extend this mandatory training to other Services too.

14. Education:

14.1 Higher education

In the field of Higher education my Government has taken various steps for creation of opportunities to all categories of people. I am happy to announce that admission to Five year Integrated Law course in the Government sector will start from this academic session in BRM Law College. The College being one of the oldest institutions has been given a permanent plot of land for construction of its own campus.

In order to make the students more employable and also to reduce outflow of students, my Government is taking steps to introduce vocational education in the degree colleges and polytechnics with assistance from the Central Government.

In order to reduce burden on the State Government in higher education and at the same time improve quality, my Government is taking steps to introduce public private partnership in education sector. **Since the Private University Act, 2007 has already been passed; my government have received proposals to set up universities in the State. It will be our effort to set up a few such universities in this financial year.**

Higher education to be accessible even for the dropouts and housewives, my government has already set up Krishna Kanta Handique State Open University. I am glad to inform you that the foundation course of six months duration will be started very soon in more than 80 centres throughout the State. On completion of the Foundation Course by the students, they will be eligible for pursuing higher education in different courses available in the University.

I am happy to inform that an important scheme NASSCOM-DONER Pilot project has already been started on priority basis in the State of Assam. The scheme is implemented by the joint effort of Department of Higher Education and Information Technology Department, Govt. of Assam. This scheme is open for the degree students who are in the final year have recently passed out. Out of the targeted 8,000 students, already more than 2000 students have appeared in the first on-line test. The first Job Fair will be

held on 15th and 16th of this month at Assam Engineering Institute Guwahati. The eligible students will have opportunity to interact with more than 20 companies and get employment in companies of their choice. My Government will take further steps in this direction.

I have already given sufficient fund i.e., Rs.29 crore to Gauhati University and Rs.19 crore to Dibrugarh University. Based on successful completion of the projects, I am open to consider further proposals from these two universities in consultation with the Ministry of Human Resources Development / UGC. A special fund for research and development on important State - specific issues will also be created to facilitate research through reputed organisations.

It gives me immense happiness to inform the august House that the Government has decided to set up one Agriculture College at Dhubri and one Engineering College in Barak Valley.

14.2: Elementary education

Sarba Siksha Abhijan (SSA) and Mid-day meal are the two flagship programmes under elementary education. To ensure proper implementation of Mid-day meal programme, kitchen sheds are under construction in almost all the LP schools. To ensure that cooked food is served to the students, all required steps have been taken. My Government will also ensure successful implementation of the decision of extending this programme to the students of Upper Middle Schools, as announced by the Union Finance Minister. Sarba Siksha Abhijan (SSA) will continue to be implemented with the

same vigour to achieve the goal of Universalisation of quality elementary education.

More stress has been given for spread of education in char and tea garden areas where the literacy rate is comparatively low. Till 2006-07 we have been able to construct 21,228 additional class rooms for the elementary schools of the State and construction of 8424 class rooms taken up this year is nearing completion. It is proposed to construct more than 10,000 class rooms during 2008-09. I am committed to provide the required State share for this programme to ensure greater flow of fund from Central Government.

Provision for Rs.24 crore has been made in this year's budget for providing bicycles to about 1 lakh girl students of BPL families of Class VIII and IX to encourage female literacy. Rs.1 crore has been provided for providing umbrella to small children of BPL families of LP schools. My Government will give maximum stress on training of the teachers particularly for teaching of Maths, Science and English.

14.3 Secondary Education:

My Government is giving equal importance to the secondary education. In addition to the Buniyad and Model School Programme implemented earlier, 429 provincialised high/higher secondary schools will be provided with Rs.5 lakh each for development of school infrastructure. All the 35 Govt. Higher Secondary Schools constructed long back and now under dilapidated condition will be provided with Rs.30 lakh each for repair/ renovation etc. of the buildings. In addition to this, all the Girls' schools that were established at least 75 years

back will be provided Rs.25 lakh each for repair/renovation works in 2008-09. Besides, in addition to 600 girls as well as co-educational institutes already covered, 200 High/Higher Secondary Schools/ Madrassas/ Junior Colleges will be provided with girls' common room involving Rs.1 lakh each. An ambitious programme with Rs.42 crore has been sanctioned for implementation of the Scheme of Information and Communication Technology which will cover 641 High/Higher Secondary Schools. This programme is expected to benefit the students as well as the teachers greatly as this will provide them access to internet facilities.

It is also proposed to provide drinking water and toilet facilities for all the uncovered girls High/Higher Secondary Schools during the year. **It has also been decided to extend the Anundoram Barooah Award to the students of the Madrassas too. In addition I have decided to include a total of 2150 fresh venture educational institutions from 2008-09 for providing financial assistance as a special intervention. This is in addition to 4451 venture educational institutions already covered under the scheme. The scheme will cover institutions in elementary, secondary and higher education sectors and involves an outflow of Rs.10.50 crore.**

I am extremely happy to inform Hon'ble Members that as a result of all the interventions taken so far, the percentage of "out of school" children has been reduced to 7.27 in 2007 from 24.39 in 2002. This is a major milestone in the direction of universalisation of elementary education.

15. Health & Family Welfare:

15.1 In my last year's budget speech I mentioned about making the health care services and delivery system most easily affordable and accessible to the poor and the needy. We are making significant progress in achieving this goal. In 2005-06, the number of institutional deliveries in Government hospitals stood at 1,49,003. This has shot up to 2,60,450 till January, 2008. The massive immunisation drive carried out by Health Department has resulted in improvement of the percentage of immunised children from 30 percent in 2005-06 to 65 per cent in 2007. These two achievements have brought down both IMR and MMR significantly. However the infant mortality rate (IMR) in Assam is still higher than the national average. Both short and long term measures and strategies have been adopted to reduce it further by 2010. I have advised the State Health Department and the NRHM to declare the year 2008-09 as the "Year for Reducing Infant Mortality".

We have achieved significant success in controlling and containing malaria in the State. The number of malaria victims has come down from 304 in 2006-07 to 147 in 2007-08. In detection and eradication of TB also we have been able to achieve the national targets under the Revised National Tuberculosis Control Programme (RNTCP).

15.2 With higher allocation for purchase and supply of medicines, launching of mobile medical units and recruitment of large number of medical and para-medical staff, the number of OPD patients visiting the State Government run hospitals, PHCs, CHCs and Sub-centres has shown an exponential increase. The 26,235

ASHA workers engaged by the State Government has become a vital link between the people and the public health care system. Last year we took several steps for consolidating the ASHA movement by broadcasting of weekly radio programmes, providing radio sets and through similar other actions. **I have now advised the NRHM, Assam to provide one bicycle each to all the 26,235 ASHAs in order to facilitate their free movement in the interior rural areas at any hour of the day. I also propose to launch a new health insurance scheme for the poor patients of the State in line with Arogya Scheme of Andhra Pradesh. The work of establishing five district hospitals at Kamrup, Chirang, Baska, Udalguri and Dhubri is progressing well and is expected to be completed during 2008-09.** 1000 new posts have also been sanctioned to operationalise a large number of hospitals, PHCs, CHCs etc. which remained dysfunctional for a long time for want of required medical staff.

15.3 In pursuance of my announcement in last budget speech to provide Rs.100 crore each to the three existing medical colleges, I am happy to inform this august House that their upgradation work is going on in full swing. **A super speciality unit in the Guwahati Medical College will be set up at a cost of Rs.120 crore.** Three new institutes of paramedics are also going to be set up in Guwahati, Dibrugarh and Silchar. This will not only increase the quality of paramedics in the State but will also open up employment opportunities for the youth boys and girls. As for the three medical colleges to be set up at Jorhat, Tezpur and Barpeta, administrative approval for Rs.160 crore each has already been accorded. I have invited Hon'ble

Prime Minister of India to lay their foundation stones. Construction work at site for all the three medical colleges will commence in April, 2008.

15.4 Infrastructure development and upgradation work of other health institutions are also progressing satisfactorily. **Works are also on to launch boat clinics in Barpeta, Dhemaji, Tinsukia, Dibrugarh, Morigaon and Dhubri Districts in the coming financial year.**

15.5 My effort to increase all-round efficiency of the public health care system will continue in 2008-09. **Mobile Medical Units will be introduced in all the 27 districts as against 8 districts at present. I have also decided to introduce an Evening OPD Scheme under which district hospitals and CHCs will also deliver OPD services from 5 P.M to 8 P.M. in addition to the normal duty hours. The medical and para-medical staff will be given appropriate incentives for this additional service that will be rendered by them. Free Chemotherapy to the cancer patients and free medicine to the kidney transplantation patients are also being made available.** We have been able to introduce to announce these innovations after seeing the success of the scheme of giving free pace makers to the needy patients.

16. Public Health – Drinking Water and Sanitation:

16.1 Non-availability of safe drinking water and proper sanitation facilities cause many preventable diseases. This not only causes suffering to the poorer sections of the society, but also adds to their health care expenses. I have,

therefore, given high priority to this sector in 2008-09 budget. Implementation of Rajiv Gandhi Drinking Water Mission under Bharat Nirman Programme which aims at supplying safe drinking water to uncovered and slipped back habitations and addressing water quality problems of arsenic, fluoride and iron affected habitations has gained sufficient momentum in the State. 1316 uncovered habitations, 116 slipped back habitations and 2478 schools could be provided with safe drinking water till December, 2008. The drinking water supply targets set for 2007-08 are expected to be fully achieved. Water quality problems of 75 arsenic, 28 fluoride and 454 iron affected habitations have been resolved during the same period. In addition to this, 7321 spot sources and 39 pipe water supply schemes are going to be completed by March, 2008. It is proposed to cover 5,318 slipped back habitations and 6000 water quality affected habitations during 2008-09.

16.2 Under Total Sanitation Campaign, 1,54,400 individual household latrines, 1982 school sanitation blocks and 77 toilets in Anganwadi centres have been completed up to December, 2007. **It is proposed to construct 4 lakh individual household latrines, 2000 school sanitation blocks and 12000 toilets in Anganwadi centres in the year 2008-09.** It is heartening to note that 21 of our Gaon Panchayats were awarded Nirmal Gram Puraskar this year. I am happy to inform the Hon'ble Members that the Government of India has approved implementation of total sanitation campaign in BTC area too.

16.3 I am providing an allocation of Rs.152.65 crore for water supply and sanitation programme for the general areas in 2008-09 budget. This

includes Rs.125 crore as State share against various centrally sponsored schemes under this sector. Allocations under the Hill Plan and BTC Plan will be over above this.

17. Agriculture:

Assam is primarily an agrarian economy and nearly 70% of the total population in the State is dependent on agriculture and allied sectors for their livelihood. The year 2007-08 faced unprecedented flood situation that impeded agriculture production in the State. The State Government took a number of initiatives like supply of seeds for pre-rabi, rabi and summer crops to the flood affected small and marginal farmers. A total of 1.20 lakh quintals of seeds were supplied to the farmers. Important programmes of installation of shallow tube-wells, low lift pumps, distribution of tractors and power tillers and promotion of micro irrigation will be continued under the Assam Agriculture Competitiveness Project as well as under State plan during 2008-09. Development of horticulture and floriculture has been accorded high priority by the Government. An amount of Rs.26.80 crore has been provided in the year 2007-08 for this sector against Rs.14 crore in the year 2006-07 under the Horticulture Technology Mission. Higher allocation is being sought from Central Government for horticulture and floriculture development in the State during 2008-09. **It needs special mention that the State Government has enhanced the allocation of agriculture and allied sectors to 9.65% of the total State plan for the next year against 8.42% in the year 2007-08.** The enhanced allocation enables the State Government to avail additional central assistance under Rastriya Krishi Vikas Yojana (RKVY)

recently launched by the Government of India with an objective to accelerate the growth in the agriculture and allied sectors. An amount of Rs.102.89 crore has been allocated under RKVY for 2008-09 for agriculture and allied sectors.

The special programme of National Food Security Mission has also been taken up in 13 districts of the State to enhance production of rice. Under the programme, assistance is being provided to the farmers for various inputs like seed, micronutrients, agricultural implements and machinery, apart from introduction of new agronomic practices and techniques.

I also propose an allocation of Rs.2 crore for the welfare of farmers to enhance their efficiency at their work place and Rs.2 crore for creation of recreation facilities for the farmers at Gaon Panchayat level.

Government is aware of the fluctuation in the prices of the agricultural produce particularly in the remote and backward areas with inadequate communication means. To protect the interest of the farmers in these areas, I propose to allocate Rs.1.5 crore to provide transport subsidy for agricultural produce in the remote and backward areas. The total budget allocation for agriculture is Rs.509 crore.

18. Irrigation:

Assured irrigation is an indispensable prerequisite for steady and sustainable agricultural development. Crop intensity in Assam is still well below the national average mainly due to inadequate irrigation facilities. Optimising the irrigation potential and its utilisation is the major

challenge faced by the State. Against the target of creating additional irrigation potential of 5,200 hectares through 7 ongoing major and medium projects and 9,100 hectares through 1180 ongoing minor projects, 4,885 hectares and 6,658 hectares of additional irrigation potential has been created during the current financial year under RIDF and AIBP. During the next financial year it is proposed to bring additional 114603 hectares for irrigation under Bharat Nirman Programme. Necessary provisions have been made in 2008-09 budget for expeditious completion of the ongoing irrigation projects. **An amount of Rs.124.07 crore has been provided for the irrigation sector in 2008-09 in general area plan budget. An amount of Rs.6.55 crore has also been provided for maintenance and repair of the existing irrigation facilities. Allocations under the Sixth Scheduled District Plans will be over and above these allocations.**

19: Animal Husbandry & Veterinary and Dairy:

The livestock sector occupies an important position in the State economy. It provides gainful employment to large number of people and supplementary income to the rural households. Hon'ble Members are aware that approximately 12,000 of our poultry farmers suffered in the wake of bird flu scare in the State. As a matter of abundant precaution we resorted to culling in Kokrajhar and Dhubri districts. The affected poultry farmers were provided compensation on the spot at the rate of Rs.40 per bird and Rs.10 for the chicks. For providing alternative livelihood to the affected farmers, State Government is taking up alternative schemes like

piggery and goatery at an estimated cost of Rs.2 crore during 2008-09.

Under the Rastriya Krishi Vikas Yojana the State Government has decided to undertake an ambitious programme for realising a quantum jump in production of milk and milk products. An allocation of Rs.30 crore has been made for this purpose in 2008-09 budget. The scheme includes distribution of cattle, fodder development, animal health, bio-security and improvement of veterinary infrastructure. **The overall plan budget of Animal Husbandry & Veterinary sector has been raised from Rs.16 crore in 2007-08 to Rs.26.59 crore in 2008-09. Similarly, the State plan budget for Dairy Development has been raised from Rs.11.90 crore to Rs.12.03 crore in 2008-09.**

20. Fisheries:

During the year 2007-08, schemes were taken up for developing 3200 hectares of water areas for scientific fish culture. The impact of the Externally Aided Assam Agricultural Competitiveness Project in respect of individual ponds, community ponds etc. have become quite visible. Under this programme many fish farmers in the State have recorded production of more than 5,000 Kg of fish per hectare. I provided an amount of Rs.3 crore out of our own resources in 2007-08 budget for creating self-employment opportunities in the fishery sector through Self-Help groups. Taking note of the success of this programme, I propose an equal amount in 2008-09 for this programme.

My Government is also giving priority to production of quality fish seeds in the State.

Among various indigenous ornamental fish species, more than 50 species have overseas market demand. In this regard schemes are proposed for popularizing backward breeding activities of ornamental fish. A new scheme of "Matsya Mitra" has been started this year in active collaboration with College of Fisheries, Raha. This scheme will provide the much needed extension services to the fish farmers. **An amount of Rs.30 crore has been proposed for this sector under annual plan 2008-09. Allocations for this sector under the Hill Plan, BTC, SCSP, TSP and under various centrally sponsored schemes will be over and above this.**

21. Panchayats:

Hon'ble Members are aware that the Panchayat elections have been conducted smoothly and successfully. The newly elected Panchayat bodies will take over shortly. The Third Assam State Finance Commission (TASFC) is also expected to give its final recommendations before 31st March 2008. Meanwhile, the State Government has already transferred 23 activities of 17 Departments to the appropriate levels of the Panchayats. An amount of Rs.96.89 crore has already been released to the Panchayats during the current financial year out of an allocation of Rs 100 crore earmarked for devolution. **Pending the final recommendations of the TASFC and Government decision thereon, I propose to devolve 10 percent of State's Non Loan Gross Own Tax Revenue amounting to Rs.348 crore to the Panchayat in 2008-09.** In addition to this, an amount of Rs.100 crore has also been provided for in 2008-09 plan budget which will be transferred to the Panchayats for implementation

of the district plans. Over and above these, the Panchayats will also get funds for implementation of various rural development programmes and other centrally sponsored schemes like BRGF and NREGA. **A separate statement is being submitted with the budget documents showing the flow of fund through different channels from the consolidated fund of the State to the Panchayats.** Capacity building and skill development in the PRIs will be necessary for proper utilization of the large amount of financial resources that are being placed at the disposal of the Panchayats. Adequate provisions have been made in 2008-09 budget for training, skill development and capacity building of the functionaries of Panchayats.

22. Rural Development:

The State Government has been implementing various centrally sponsored schemes for rural development. Indira Awas Yojana (IAY), SGSY, NREGA, IWDP/HARIYALI and National Social Assistance Programme including Indira Gandhi National Old Age Pension Schemes (IGNOAPS) are some of the major programmes under implementation. So far thirteen districts of the State were covered under NREGA. **I am happy to inform the August House that pursuant to the persistent demand of the State Government, Government of India has decided to extend this scheme to all the 27 districts of the State from 2008-09. I propose to increase the rate of daily wage under NREGA from Rs.77 at present to Rs.100.** Necessary budget provision has been made in 2008-09 budget for this purpose.

The coverage and success of the rural development programmes depend largely on the ability of the State Government to provide its State share against the Central allocation. I am proposing an amount of Rs.380 crore for this purpose in 2008-09 budget as against Rs.310 crore in 2007-08 budget.

23. Water Resources Department:

At present there are 54 ongoing flood protection and anti-erosion schemes in the Brahmaputra and Barak Valleys. Along with the continuing schemes, it is proposed to take up 83 new schemes during the next financial year. Necessary resources will be made available from State Plan, RIDF, North Eastern Council, NLCPR and also from ACA under State Sector Flood Management Programme. **An amount of Rs.151.51crore is proposed in the general area plan budget for 2008-09 as against Rs.69.00 crore in 2007-08.** Allocations under the sixth schedule district plans will in addition to this. An amount of Rs.21.51 crore is also provided for repairing and maintenance.

For providing technical assistance to the Assam Integrated Flood Management and Erosion Mitigation Project, the Asian Development Bank has sanctioned Rs.4 crore as Grant. Implementation of the main project which involves Rs.1600 crore approximately and is to be funded by ADB is likely to start during the next Financial Year.

24: Public Works Department:

Hon'ble Members are aware that my Government has been placing great priority on road network development. An efficient and comprehensive road network is the basis of all

efforts to remove poverty and encourage rural development. We have been able to construct 7,173 Kms of new roads and 740 RCC bridges in place of timber bridges during last seven years. The road and bridge construction schemes are being undertaken under various schemes and programmes. In addition to the State plan and non-plan allocations, funds are also being provided under the World Bank assisted Assam Agriculture Competitiveness Project (AACP), RIDF, North Eastern Council, NLCPR, Central Road Fund as well as the centrally funded PMGSY. Hon'ble Members will be happy to know that 421 Km. of road will be taken up during 2008-09 under the Mukhya Mantrir Pakipath Nirman Achan and an amount of Rs.100 crore has been provided for this purpose in the 2008-09 plan budget.

I propose to raise the total allocation for construction of roads and bridges from Rs.1,210.78 crore in 2007-08 to 1,380.12 crore in 2008-09. This is over and above Rs.1000 crore that will be available in Assam directly under PMGSY. **Thus the total fund available for road and bridge construction works in 2008-09 will be 2,380.12 crore. The quantum jump in this regard may be appreciated by Hon'ble Members by comparing it with Rs.100.40 in the year 2000-01.**

One of the impediments in timely utilization of the increased flow of funds for the construction of roads and bridges is the severe shortage of trained technical manpower faced by the Public Work Department. We are already utilizing services of retired technical personnel to address this problem. Besides, all the categories of officers have been empowered with additional

financial powers. Training is being imparted to the technical and accounts officers and E-tendering system has been introduced. Contractors as well as contractors' engineers have also been given training. The World Bank is also assisting us through the Assam State Road Project in our efforts to improve the functional efficiency of the department.

Repairing and maintenance of existing roads and bridges are equally important as construction of new roads and bridges. **An amount of Rs.236.70 crore is proposed in 2008-09 budget for this purpose. This is a step-up from the amount of Rs.167.53 crore which was kept in the 2007-08 budget and Hon'ble Members may compare this with the allocation in 2000-01, which was only Rs.24.50 crore.**

25. Power:

25.1. Electricity is the prime mover for accelerating economic development in the State. Hon'ble Members will be happy to know that we have generated 1612 million units during 2007-08 as compared to 953 million units generated during 2006-07 registering a growth of over 69%. A target of capacity addition of 78577 MW has been proposed for the 11th plan by the Government of India. APGCL will take up Lower Kopili Hydro Project and will complete it on priority. Project development activities for small hydro projects have already commenced. I am asking Power Department to identify new projects for investment. I am happy to announce that NTPC has already placed orders for Bongaigaon project and the works at the site will begin soon. I have advised Assam Power Generation Company Limited to revive

Chandrapur Thermal Power Station within a year and half from 1.4.08 to provide adequate power supply to Guwahati. All assistance for this project will be provided by the State Government – including any gap in funding.

Transmission and distribution system strengthening is important to supply reliable and quality power. With the completion of ADB project, transmission capacity of the State will go up to 1100 MW. Another dose of substantial investment will be needed in transmission and distribution segment in expanding HT and LT system to meet the growing demand. **My Government will arrange this investment from different sources including multilateral agencies. An amount of Rs. 12 crore has also been provided in the 2008-09 budget for supply of transformers under Chief Minister's Power Supply Scheme.**

For 2008-09 a provision of Rs.593.46 Crore has been made for power sector.

25.2. **Non-conventional and Renewable Energy:** In the wake of dangers of global warming arising out of increased use of fossil fuels, my Government is committed to power generation from renewable sources of energy. **To harness the identified potential of small Hydro Projects of approximately 150 MW, we have set up the Assam Power Project Development Company in joint venture. The Company has already started project development activities for inviting investments in these projects. We are also committed to promote the use of solar energy by electrifying all 2139 remote villages through solar lighting by 2009.**

26. Industries & Commerce:

26.1 With the improvement of the financial position of the Government, the power scenario and the overall investment climate in the State, trade, industry and commerce in the State has shown healthy growth. At the initiative of the State Government, the Central Government announced the new North East Industrial and Investment Promotion Policy (NEIIPP) in March, 2007. This policy contains a liberal and attractive package of incentives valid till 2017. Apart from manufacturing, this policy has also covered other related sectors like Tourism, Health Care, Biotechnology, etc. To supplement the central NEIIPP, the State Government is also formulating a New Industrial Policy. This is nearing finalization and will be implemented in the financial year 2008-09. Meanwhile, an amount of Rs.20 crore has been provided in 2008-09 budget to release the subsidies to eligible industrial units in a chronological order. **I also propose to introduce a special package for rehabilitation of viable industrial units under the micro, small and medium enterprises sector.**

26.2 The implementation of the Assam Gas Cracker Project is progressing as per schedule. The land acquisition process has been completed and land handed over to the newly formed company, Brahmaputra Crackers and Polymers Limited. Work at site has already started and the project is scheduled to be commissioned in 2012. Advance actions have already been taken to train up required manpower and skill development, so that the local youth can set up downstream and ancillary industries to take full advantage of the mother project. Budget provision has also been made for 2008-09 for setting up of a plastic park

at Tinsukia as part of promotion of downstream industries.

26.3 A common facility centre has been built at Hajo and raw material bank with credit facility at a minimal interest rate of 0.5% been arranged for the grass root level brass metal artisans. Similar promotional measures have also been taken for development of other activities like bell metal industries at Sarthebari and clusters related to terracotta, sitalpatti, bamboo etc.

26.4 The State Government has also taken a number of initiatives to attract domestic as well as foreign investment in the State. To facilitate this, three growth centres at Matia, Balipara and Chaygaon have been set up. These growth centres have attracted large number of investors with sizable investment in diverse production lines. Similarly, a number of Integrated Infrastructure Development Centres have been set up and been able to attract investors in the small and medium sectors. To promote state of the art Food Processing Units, a model food processing park has also been set at Chaygaon and necessary budget provision made to operationalise it during 2008-09. In addition to this, seven other smaller food parks are also being set up in different parts of the State.

26.5 As part of Government of India's Look East Policy, the State Government sent high level trade and business delegations to USA, UK and Thailand on reciprocal basis. This exercise has already started yielding positive results starting with Tourism Department. The State Government has also decided to take over the Maniram Dewan International Trade Centre at Guwahati. **Necessary fund for the purpose is being released during the current**

financial year itself so as to make the trade centre fully functional from the beginning of the next fiscal. To promote and position Assam Tea in the premium segment of the global tea market, the International Tea Convention was held in Guwahati in November 2007 for the first time. At the initiative of the State Government, the Central Government has already created a special purpose tea fund for rejuvenation of the tea industry.

27. Information Technology:

The Tata Consultancy Services, a renowned multinational company in the IT and ITES sectors, has come to Assam for starting its operations. They have signed an MOU on 1st March 2008 with the IIT Guwahati and also a lease agreement with Guwahati Development Department for setting up a Learning Centre. This will be followed by the establishment of a development centre which will give employment opportunities to the boys and girls of Assam. This is a landmark achievement in the Information and Technology sector.

The Department is establishing an IT Park in an area covering about 300 bighas very close to the Borjhar Airport. The land acquisition process is underway. The IT Park will facilitate coming of big players in IT sector to our State.

The Assam State Wide Area Network (ASWAN), Common Service Centres (CSCs) and a State Data Centre are going to be established under the National e- Governance Plan. I have given an allocation of Rs.23.25 crore for development of the IT sector in the general areas

which will be supplemented by allocations under BTC and Hill areas Plan.

28. Social Welfare:

28.1: The State Government has accorded very high priority to the improvement of the quality of life of socially handicapped persons such as malnourished children, women, elderly persons and physically challenged persons. Although Assam's human development index in key social sectors has been improving steadily, it is still below the national average. The main objective before my Government is to improve the HDI further so as to make them even with the national average. During the last year the nutrition programme under ICDS was decentralized and made more participatory by transferring the powers and responsibility for management of the scheme to the Anganwadi Centre Management Committee in every habitation. **The allocation in the budget for 2008-09 under the Nutrition sector has been doubled i.e. from Rs.70.00 crore to Rs.150 crore as State share.**

28.2: The Social Security Scheme, Mukhya Mantrir Jivan Jyoti Beema Achoni and the scheme for Health Care for the aged have evoked encouraging response during 2007-08. Both the schemes are expected to receive similar response from the needy citizens.

28.3: **In keeping with the State policy framework for the upliftment of women in difficult circumstances, a new scheme for empowerment of women namely Mukhya Mantrir Mahila Samridhi Achani is proposed to be launched in 2008-2009 and an amount of Rs.5.00 crore is**

proposed in the budget. To augment nutritional requirements of girls belonging to BPL families, a new scheme for nutritional support to them with allocation of Rs.1.00 crore is proposed.

28.4: The State Government was contemplating to increase the remuneration of Anganwadi workers and Helpers. However, in his budget speech for 2008-09, the Union Finance Minister has already increased their remuneration from Rs.1000 per month to Rs.1500 per month for the Anganwadi workers and from Rs.500 per month to Rs.750 per month for the Helpers. My Government is committed to implement this flagship programme of ICDS with full vigour in the State.

29. Urban Development:

29.1 Guwahati Development: The State Government has decided to construct a six-lane bridge over river Brahmaputra connecting Guwahati with North Guwahati and an elevated road over G.N.Bordoloi Road from Guwahati Club to Chandmari. RITES has been engaged to do the feasibility study for both the projects.

The Drinking Water Supply Scheme for Guwahati city at an estimated cost of Rs.1116 crore has been prepared and a part of it amounting to Rs.280 crore has already been sanctioned for implementation under JNNURM.

The Solid Waste Management Project for Guwahati city at an estimated grant of Rs.35 crore is presently under implementation by the Guwahati Municipal Corporation.

29.2 Development of other small and medium towns: State Government has initiated steps to strengthen the urban local bodies by providing adequate fund for development of infrastructure with enhanced focus on drinking water supply and drainage facilities. Under Centrally sponsored scheme of Urban Infrastructure Development Scheme for Small and Medium Towns Rs.29.33 crore have been sanctioned and four towns have been covered. Under Centrally sponsored Integrated Housing and Slum Development Project (IHSDP) for 12 towns Rs.38.31 crore has been sanctioned. For providing safe drinking water Rs.30.36 crore has been sanctioned and 40 towns have been covered. During 2007-08 the State Government earmarked Rs.30 crore for the small and medium towns. 25 per cent share amounting to Rs.7.5 crore as been released as Grants-in-aid to meet the regular expenditure of the Urban Local Bodies. The remaining 75 percent will be utilised for development of parks, cremation grounds etc.

During 2008-09, the State Government proposes to cover more towns under these programmes. Rs.10 crore has been proposed as State share for this centrally sponsored scheme. On proper utilisation of this fund I shall not hesitate to increase the State share to facilitate flow of more funds from the Centre.

30. Forest & Environment:

Global warming and climate change is no longer a distant threat. It has become an imminent reality. God has endowed Assam with a rich forest cover and enviable bio-diversity.

Assam forests are home to many rare and endangered wild life species including birds and reptiles. It is our solemn duty to protect our rich forests and wildlife for posterity. I propose to strengthen our forest and wildlife protection measures by raising a dedicated Forest Protection Force. An amount of Rs.2.50 crore has been provided for this purpose in 2008-09 budget. Steps have also been initiated to equip the forest field staff with modern arms and equipments. To deal with poachers and illegal timber operators a forest intelligence gathering network with adequate funding will be operationalized from 2008-09. Sanction has also been given for filling up of sanctioned field posts under the department. The forest field staff are often cut off from their families for months together and they live under difficult conditions without electricity and other amenities of modern life. **I propose to give them an allowance for subsidised ration at the rate of Rs.500 per month. An amount of Rs.2.00 crore has been provided in 2008-09 budget for this purpose as well as for other essential commodities like kerosene. A large number of forest staff are working as daily wage earners for fairly long time on continuous basis. Instead of minimum wage of Rs.66 per day being paid to them at present, I propose to pay them a fixed monthly remuneration of Rs.2,500 from next fiscal. Necessary budget provision has been made to meet the additional financial requirements.**

31. Science & Technology:

A number of innovative and pioneering schemes and projects are being implemented in the State through the agencies such as Assam

Science Technology and Environment Council, Assam Energy Development Agency, Institute of Advance Study in Science and Technology and the Centre of Plasma Physics. I have provided required fund for continuation of these activities in 2008-09. **I have also decided to establish a bio-technology park at North Guwahati. Necessary fund have already been released to start work. An amount of Rs.2 crore has been provided for in the 2008-09 state plan also for this project. An amount of Rs.5 crore has also been provided in next year's budget for establishment of two planetaria at Kokrajhar and Jorhat.**

32. Tourism:

32.1 Till now Assam did not have a formal Tourism Policy. A draft Tourism Policy of Assam has since been prepared and is expected to be finalised, notified and launched in the beginning of the next financial year. Eco, adventure and nature tourism has been given highest priority followed by cultural tourism and pilgrim tourism. The State Government has recently signed an agreement with Xola Consulting Inc, a US based eco-adventure tourism consultancy firm, for featuring the eco-adventure and nature tourism potential and products of Assam internationally. The Xola Consultancy team is already in Assam doing field work. Negotiations are also on with Mr. Richard Bangs, an internationally renowned film maker on nature and eco adventure, for making a film on Assam for international audience. State Tourism Department is also working on promoting Brahmaputra as an international destination for river cruise. A state of the art cruise liner to cater to upmarket global clients is under construction. Schemes are also

on for development and improvement of tourists facilities in Kamakhya, Kaziranga, Hajo etc. Steps have also been taken to develop four tourist circuits for West Assam, Southern Assam covering the Hills and Barak Valley, East Assam and North Assam as well as important tourist destinations like Majuli, Guwahati, Manas and Kaziranga. Tourism Department has also taken initiative to set up a 5-Star Hotel in collaboration with renowned private hotel chain of international repute. The process is at an advance stage.

32.2 I propose a plan budget of Rs.13.92 crore for development of tourism in 2008-09 budget as against Rs.12.23 crore in 2007-08 and Rs.4.25 crore in 2006-07. This will be supplemented by central funding against specific schemes and projects. Going by past trend, we expect to receive central funding to the tune of Rs.30 crore in 2008-09, which will be in addition to the State plan allocation.

33: Handloom and Sericulture:

Handloom and sericulture is an important sector in the economy of Assam. It not only provides direct employment to the full-time workers but also provides supplementary income to lakhs of rural households for whom sericulture and handloom is a family tradition. In his budget speech for 2008-09, Union Finance Minister has stated that Sivasagar in Assam will be taken up as a national level mega cluster for handlooms at an estimated cost of Rs.70 crore. During the Tenth Five Year Plan and in the first year of Eleventh Plan, handloom production has substantially increased. Proposals have been prepared for renovating the 102 training centres and 4

training institutes. After declaration of Sivasagar as mega-cluster handloom project district, Government of India has granted 9 other Handloom clusters for the State. **I propose to provide an amount of Rs.51 crore in 2008-09 to continue the on going schemes.**

34: Revenue and Registration:

With overall improvement of the State economy, demand for land and property has also started rising. This has resulted in significant rise in the number of land and property transactions and their prices. I am of the opinion that rationalisation of taxes, duties and fees lead to better compliance and rise in revenue realisation. **The present rate of stamp duty for registration of immovable property worth Rs.1 lakh or more is 12%. I have decided to reduce it to 6%. In case of women purchasers, I propose to make it even lower and fix the stamp duty at 5%. A Bill to give effect to this decision will be placed in the Assam Legislative Assembly shortly. In this connection, I would like to mention that as part of Assam Governance and Public Resource Management Programme we are poised to switch over from the traditional method to the objective valuation method of properties. The ongoing process of computerisation of land records and the offices of the Sub-Registrars will be continued throughout the State in the next financial year for which necessary fund has been budgeted.**

35. TAXATION:

With regard to tax matters, I wish to inform the House that in the last one year there have been a number of developments of far reaching consequences.

35.1. Goods and Services Tax:

The Empowered Committee of State Finance Ministers has been asked to work towards introduction of Goods and Services Tax (GST) in India with effect from April 1st 2010. The Empowered Committee has been holding meetings and discussions on working out a model of GST suitable for our country. Assam has been associated in the process. The Goods and Services Tax will be a single tax in place of many taxes being levied by both Central and State Governments at present. The major taxes that will be subsumed in GST will be the Excise Duty, CENVAT and Service Tax levied by Central Govt. and VAT levied by State Govt.

The purpose of introducing GST is to have uniformity in tax laws, procedures and rates throughout the country. Introduction of GST will enable State Governments to levy tax on services which is the fastest growing segment of our economy. Further, in the present day world there are a number of transactions taking place that are difficult to categorise as goods or services. Introduction of GST will clear the confusion in this regard. Introduction of GST will also enable businesses to claim input tax credit on taxes paid on both goods and services and will make them competitive. However, there are issues relating to autonomy of the States as mandated by the Constitution and growth of regional imbalances after introduction of GST which need to be addressed.

35.2. Central Sales Tax:

In order to pave the way for the GST and to promote inter-state trade, Govt. of India has started phasing out of Central Sales Tax (CST). The CST is levied by the Centre and tax is collected and appropriated by the States. The Govt. of India has reduced CST from 4% to 3% with effect from April 1st 2007 and it proposes to reduce it further from 3% to 2% from April 1st 2008. The Govt. of India has promised to compensate the loss incurred by the States on account of reduction of rate of CST. The Govt. of Assam collected Rs. 550.49 crore as CST in 2006-07. On account of the reduction of rate, there will be an estimated loss of Rs. 160 to 200 crore in 2007-08. The Central Govt. has already released Rs. 70.89 crore towards compensation in this regard. In the year 2008-09, there will be an estimated loss of Rs. 380-400 crore on account of reduction of rate of CST from 3% to 2%. However, this loss will also be compensated by the Central Government.

35.3. Entry Tax: As regards the Entry Tax, honourable members are aware that a number of parties had approached Honourable Gauhati High Court against the Entry Tax being levied in Assam. In its order dated 17 November 2006, the Hon'ble High Court struck down Entry Tax levied on items other than the seven items included in the Principal Act. The Hon'ble High Court also directed refund of Entry Tax already collected. The State Government went in Appeal before Division Bench in Gauhati High Court. However, the Division Bench in its order dated 30th August, 2007 struck down the Principal Act also and directed to refund Entry Tax collected as per established law in this regard. We have filed an SLP in the Supreme Court of India against the

order of the Division Bench that is under consideration of the Supreme Court. The collection by way of Entry Tax was Rs. 296.69 crore for the year 2005-06 and Rs. 216.43 crore in the year 2006-07. The decrease in collection was due to stoppage of collection after order of the Honourable High Court in November 2006. This year, 2007-08, there has been practically no collection of Entry Tax. Thus during the current financial year there is a loss of Rs.296 crore compared to 2005-06 and compared to 2006-07, there is a loss of more than Rs.200 crore on account of striking down of the Entry Tax. **Therefore, it is proposed to bring in a new legislation to facilitate collection of Entry Tax in compliance with the observations of the Honourable Court.**

35.4. The above developments, namely, the reduction of CST and the striking down of Entry Tax will reduce the tax collection by about Rs. 400 crores in 2007-08. Further, we have, in the current financial year, reduced tax on many items i.e. Petrol, Diesel, Kerosene, LPG, Rice, Medicines, Supari, Mosquito Nets, Tyre & Tubes of Bicycles, Rickshaws, Stationery Items, etc. In the current financial year we have reduced tax on Bitumen, Electricity Conductors, Dry fruits, Earth Moving Equipments and Precious Metals. In spite of reduction of rates of tax on items mentioned above, we have maintained a growth rate of 9% in the VAT collection. Therefore, the reduction in revenue collection will be in the order of Rs. 150-200 crore as a whole.

35.5. **Composite Checkgate System:** Goods coming from the rest of the country to Assam and other North Eastern States by vehicles enter Assam through Boxirhat and Srirampur Check gates. Goods going out of Assam also pass

through these Check gates. Police, Tax, transport, excise, forest, departments and Assam State Agricultural Marketing Board operate separate check gates at these places. There are attempts by unscrupulous persons to evade tax by under declaration of quantity and value and also misclassification of goods. Further, many trucks carry load beyond permissible limit. There are also reports of long delays and harassment of truck drivers etc. at the Check gates. In order to minimise tax evasion and harassment of truck drivers we have taken steps to modernize the infrastructure and procedures at the Check-gates. Already sanction for Rs.42.77 crore has been given for construction of a Composite Check-gate at Srirampur and more than 60% work has been completed. It is expected that the Composite Check-gate at Srirampur will be completed by December, 2008. Steps have also been initiated for construction of similar Composite Check-gate at Boxirhat. Already an amount of Rs.6.15 crore has been sanctioned for land acquisition. In order to check misclassification of goods and under declaration of quantity we propose to install cargo scanners at these Check-gates. Further, we propose to install computerised systems for doing official formalities and issue of transit passes of vehicles. The composite check-gates will also be equipped with built in cameras and weigh bridges. **In order to minimize time taken given clearance to the trucks and minimise harassment to the truck drivers we also propose to set up an Integrated Check-gate Authority (ICA) for management of these Check-gates.** Under the ICA, official formalities relating to all departments will be done through a single window. Sufficient Police force will be available at the disposal of ICA to control interference by undesirable elements. These steps will go a long

way in reducing tax evasion and harassment of truck drivers.

35.6. In the current financial year we have also introduced a revised composition schemes for small retail traders, sweet shops, restaurants and small medicine dealers. Dealers, with a turnover of less than Rs. 10 lakh per annum opting to come under this composition scheme, can pay a lump sum tax and file return only once in a year. For a turnover between Rs.10 lakh to Rs.40 lakh they will have to file returns and pay tax four times in a year. They need not maintain elaborate accounts. These schemes have been introduced to simplify procedures and widen the tax net.

35.7. Tax Proposals: I turn now to the tax proposals. **I propose the following concessions and tax proposals:**

- (a) I held a meeting on 26th February 2008 with a cross section of people as part of the pre-budget exercise. During the meeting, housewives and daily wage earners requested me to take steps to control the price rise of essential commodities. In order to mitigate their difficulties and also help the poor, **I propose to abolish VAT on rice, pulses, atta, maida, suji and besan. Further, I propose to remove VAT on onion and potato also.** At the same time, I expect traders to respond positively to this measure and pass on the benefit to the common people by reducing prices of these essential commodities. Further, the removal of tax on atta and maida will help also all local biscuit and bread manufactures and bakeries.

- (b) In the same pre-budget meeting, small traders complained of unfair competition from malls and supermarkets as they cannot compete with the trade discounts and economies of scale that are available to the malls and supermarkets. In order to help the small traders and shopkeepers **I propose to increase the exemption limit for traders under VAT from annual turnover of Rs.2 lakh to Rs.4 lakh and also exempt them from payment of professional tax up to annual turnover of Rs.4 lakh.** This is in line with the recommendations of the Tax Reforms Commission headed by Justice (retired) Dr. B. P. Saraf to reduce rate of professional tax for small traders. This will also exempt small traders and youth, who have come forward to set up small businesses as a part of our policy to promote self-employment, from getting registered, paying tax and submitting returns from time to time. This will enable these small traders to compete with malls and supermarkets being set up in our towns and cities.
- (c) Jute and many jute products like Sutli and Jute bags that are used as packing material are taxed at 4%. However, Jute Cloth and other jute products are taxed at 12.5%. **I propose to bring down the rate of VAT on Jute Cloth and other Jute products from 12.5% to 4%.** This will encourage production of value added jute products in the State

- and also encourage the jute growing farmers.
- (d) Soya nuggets are a good source of protein. **I propose to reduce the rate of VAT from 12.5% to 4% on unbranded soya nuggets consumed by large number of common people.**
- (e) There has been consistent demand from industry organizations to reduce tax on transformers. **I propose to reduce the rate of VAT on transformers from 12.5% to 4%.** This will make locally manufactured transformers more competitive as compared with those brought from outside Assam.
- (f) In order to encourage exports of tea from Assam, **I propose to increase the deduction from 50 paise per kilogram to Rs. 1 per kilogram of tea from the Agricultural Income for computation of Agricultural Income Tax for tea exported through TCD, Amingaon.** This will help to make Assam tea more competitive in the international market and is in line with my commitment made at the International Tea Convention held at Guwahati.
- (g) At present the rate of Central Sales Tax (CST) on tea sold through Guwahati Tea Auction Centre (GTAC) is 1% as compared to general rate of 3% in order to encourage sale of tea through GTAC. As honourable Members are aware, the rate of CST will be reduced from 3% to 2% from April 1st, 2008. In order to keep this

- incentive to encourage the sale of tea through GTAC, **I propose to reduce the rate of CST for tea sold through GTAC to 0.25%.** I hope that the tea buyers and sellers will respond to this step positively and continue to transact business through the transparent and efficient forum of GTAC.
- (h) All the above measures which are in the interest of different sections of society will obviously reduce my tax revenue collections. In order to partially compensate the loss in revenue, **I propose to increase tax on foreign liquor and country spirit from 24% to 27%.** I am sure that honourable members will support this measure as it is also in the interest of health and family harmony.
- (i) In the same line **I propose to introduce a cess at rate of 3% on sale of tobacco products in the state.** The amount collected will be used for development of health infrastructure and services through a specially created fund.
- (j) In conformity with guidelines of empowered committee, **it is proposed to impose 4% VAT on sports goods. This is a measure aimed mainly at those sports goods that are used more by the affluent sections of our society as I propose to keep footballs and volleyballs tax free.**
- (k) There is an increasing trend of installation of Direct to Home Service (DTH) connections. **It is proposed**

to charge Entertainment Tax on DTH connections at the rate of Rs.25 per connection per month.

- (1) A large number of bought-leaf factories have come up in Assam. These bought-leaf factories purchase green leaf and manufacture tea. However, unlike established tea companies, these bought-leaf factories do not contribute any revenue to the State exchequer. They are also unable to maintain quality of tea. At present, these bought-leaf factories and some established tea companies who manufacture tea from bought-leaf do not pay cess on green leaf purchased by them. **I propose to levy cess at the rate of 20 paise per kilogram of green leaf purchased by them.** This rate is much lower than the rate at which established tea companies pay cess. The established tea companies pay cess at the rate of 32 paise per kilogram of green tea in Brahmaputra valley and 29 paise per kilogram of green tea in Barak valley. **I propose to raise a Development Fund from the revenue collected for development of small and marginal tea growers, welfare of tea labourers in unorganized sector and improvement of quality of Assam tea.**

I hope that the tax proposal measures that I have proposed have the support of all sections of the House as they are aimed at helping the common man while at the same time maintaining fiscal prudence and reducing extravagant and

harmful consumption. I have tried to ensure that the overall impact of my proposals are revenue neutral as I am required to see that, while maintaining the forward tempo of development, all important financial parameters like the Fiscal Deficit and Revenue Deficit remain within the limits prescribed under the Assam FRBM Act, 2005. I request your support in this endeavour.

36. BUDGET ESTIMATES FOR 2008-09

Now Sir, I come to budget estimates for the financial year 2008-09. The budget has been prepared on consonance with the Medium Term Fiscal Plan of the State in accordance with the recommendation of the 12th Finance Commission and as stipulated under the Assam Fiscal Responsibility and Budget Management Act, 2005. The five year medium term fiscal plan and other statements required to be placed in terms of the relevant provisions of the Assam FRBM Act, 2005 have been placed in this August House in separate booklet.

Budget Estimates for 2008-09

The budget estimates of 2008-09 show a receipt of Rs. 23939.89 crore under the consolidated fund of the State. Out of this, Rs. 22192.99 crore is on Revenue Account and the remaining Rs.1746.90 crore is under Capital Account. I have shown the estimated receipt in the consolidated fund from different sources at Table-III. After adding the receipt of Rs.74923.53 crore under Public Account, the aggregate receipts amount to Rs.98863.42 crore. As against this, total expenditure from the consolidated fund of the State in 2008-09 is estimated at Rs.24821.18 crore of which Rs.20039.32 crore is on Revenue Account and Rs.4781.86 crore on

Capital Account. The estimates of major expenditure from the Consolidated Fund during 2008-09 have been shown in Table-IV. Taking into account the expenditure of Rs.74500.77 crore under Public Account, the aggregate expenditure for the year is estimated at Rs.99321.95 crore. Thus, estimated transactions during the year will result in an estimated deficit of Rs.458.53 crore. Taking into account opening deficit of Rs.2360.70 crore the year 2008-09 is anticipated to close with an overall deficit of Rs.2819.23 crore.

With these words, Mr. Speaker Sir, I comment this budget to the House.

JAI HIND

Table-1

Expenditure on Salaries, Wages and Pension

(Rupees in Crores)

1998-1999	2962
1999-2000	4264
2000-2001	4319
2001-2002	4799
2002-2003	4913
2003-2004	5903
2004-2005	6188
2005-2006	6144
2006-2007	7875
2007-2008	8256 (RE)
2008-2009	8912

Table-2**Indicative percentage shares of major items of expenditure from the Consolidated Fund in 2008-2009***(Rupees in Crores)*

	2007-08 (R.E.)	2008-09 (B.E.)	Difference	
Salary, Wages and Pension	38%	36%	(-)	2%
Debt Servicing	15%	12%	(-)	3%
Development Expenditure	40%	44%	(+)	4%
Non-Development Expenditure	6%	7%	(+)	1%
Other Administrative Expenditure	1%	1%		0%

Table-3**Estimates of Inflows into the Consolidated Fund of the State in 2008-2009***(Rupees in Crores)*

	2007-08 (R.E.)	2008-09 (B.E.)	Difference	
State Tax	3512	4505	(+)	993
Non Tax Revenue	1934	2249	(+)	315
Share of Central Taxes	4615	5307	(+)	692
State Plan Grants	4125	4466	(+)	341
Non Plan Grants from Centre	1222	3229	(+)	2007
Grants from the Centre (CSS)	2036	2437	(+)	401
Loans from the Centre	148	93	(-)	55
Other Capital Receipts	2148	1654	(-)	494

Abstract of Transactions

(Rupees in crores)

Actuals 2006-2007	Budget Estimates 2007-2008	Revised Estimates 2007-2008	Budget Estimates 2008-2009
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A. RECEIPTS :

I. Consolidated Fund				
Revenue Account	13666.95	16988.22	17443.27	22192.99
Capital Account	1150.27	2591.55	2296.95	1746.90
Total	14817.22	19579.77	19740.22	23939.89
II. Contingency Fund Account				
III. Public Account	73432.05	53154.81	72723.82	74923.53
Total (I+II+III)	88249.27	72734.58	92464.04	98863.42

B. EXPENDITURE :

I. Consolidated Fund				
Revenue Account	11456.53	16090.81	17352.81	20039.32
Capital Account	2028.33	4300.73	4575.79	4781.86
Total	13484.86	20391.54	21928.60	24821.18
II. Contingency Fund Account				
III. Public Account	74956.05	52709.41	72339.49	74500.77
Total (I+II+III)	88440.91	73100.95	94268.09	99321.95

C. TRANSACTIONS DURING THE YEAR :

Surplus (+)				
Deficit (-)	191.64	366.37	1804.05	458.53

D. OPENING BALANCE

Surplus (+)				
Deficit (-)	365.01	2469.87	556.65	2360.70

E. CLOSING BALANCE

Surplus (+)				
Deficit (-)	556.65	2836.24	2360.70	2819.23

Table-4

Estimates of Outflows from the Consolidated Fund of the State in 2008-2009

(Rupees in Crores)

	2007-08 (R.E.)	2008-09 (B.E.)	Difference	
Power (ASEB)	612	591	(-)	21
Irrigation & Flood Control	322	454	(+)	132
Crop Husbandry	302	431	(+)	129
Industries & Minerals	342	307	(-)	35
Social Welfare & Nutrition	1247	1275	(+)	28
Health & Family Welfare	1196	1398	(+)	202
Roads and Bridges & Transport	1280	1482	(+)	202
Police	972	1141	(+)	169
Repayment of Ways and Means Advance	550	60	(-)	490
Debt Servicing	2825	2870	(+)	45
Education, Sports & Culture	3795	3998	(+)	203
Others	8486	10814	(+)	2328

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