

GOVERNMENT OF ASSAM



REFERENCE

Budget Speech
1965-66

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FINANCE MINISTER, ASSAM

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GOVERNMENT OF AMERICA

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MR. SPEAKER, SIR,

I rise to present the statement of estimated receipts and expenditures of the Assam Government for the financial year 1965-66.

2. As this financial year draws to a close, it will be pertinent to have a look back at our national losses and gains during the year. Since we attained Independence, this is the first occasion when Budgets throughout the country would be presented without our revered Leader, Pandit Jawaharlal Nehru. His departure from the Indian scene is evidently the most crucial and tragic national event of the year. Ours is a nation still in the making and, because of his vital contributions in formulating the nation's basic values, policies and programmes, his absence is bound to be felt whenever we are confronted with any big matter or problem. Notwithstanding the cleverly manipulated withdrawal from this side of the MacMohan Line, Communist China has given no indication, much less proof, of its desire to be friends with us. On the other hand, not only its military build-up on our northern border, which continues unabated, but also the recent explosion of the bomb are matters which cannot be ignored. Nor has Pakistan, despite our attempt to find out a way for friendship, desisted from perpetuating the political division into a basic human division. The hate-India Campaign, indulged in by some of her leading spokesmen, indicates that not only friendship with us is not in their calculation but also their chief objective, like that of Communist China, is to isolate our country in Asia and Africa, if not in the rest of the world. Apart from a few raids on the Nagaland border of our State, with which perhaps Naga hostiles had little or nothing to do, there has been no serious incident since cease-fire was effected on 6th September, 1964, through the efforts of the Nagaland Peace Mission. In this regard I cannot help referring to our deep appreciation of the courage, patience, perseverance and wisdom shown by our Chief Minister, Shri B. P. Chaliha, in his efforts, even at the cost of his health, to find ways and means to end the decade-old hostilities so essential for the

progress and development of the country as a whole and of Assam and Nagaland in particular. Distressing are the protest-suicides and angry demonstrations which have taken place in Tamilnad and also spread in some other parts of the country since the declaration of formal introduction of Hindi as National Language on January 26. It would be wrong to blame anyone for all that has happened but the recent out-breaks, in which the danger to national disruption can be seen, call for effective steps to prevent the law and order situation from deteriorating to an extent as will help the unsocial elements to exploit the religious, language and parochial susceptibility of the people to their full advantage. It is in the context of these events, namely, the absence of revered Pandit Jawaharlal Nehru, in whose life-time even the worst failures and weaknesses could be lightly brushed aside, the unfriendly activities of our neighbours, Communist China and Pakistan, and the repeated attempts of the reactionary and unsocial elements to bring about national disruption by exploiting the weaknesses of our people, that we have to fashion our ideas, behaviour, attitude, policies and practices, with such seriousness and devotion as will make democratic socialism, justice, equality and secularism, secure, and instrumental in meeting any challenge which comes in the way of our proceeding towards peace, progress and development.

Review of
economic
conditions:
All-India.

3. As usual, I would like first, to touch on certain broad trends and features in the nation's economy. Though the stresses and strains, exerted by the National Emergency, during the last two years, have begun to ease, yet some disquieting features have dominated the national economic scene during 1964. The developments on the price front constitute the most important of these features. The upward trend of commodity prices continued unabated and the pressure on prices was exerted mainly by 'food articles' where the increase was all pervasive covering all cereals, pulses, edible oils and other supplementary foods, followed closely by industrial raw materials (raw jute, oil seeds, etc.). The general index of whole-sale prices rose continually from 136.3 in October 1963 to reach the peak level of 158.6 in September 1964, thereafter showing an insignificant decrease to 157.6 in October. This

price spiral is basically due to the shortfall in food production, the increasing demand for food-grains arising from the growth of population and income, the inequitable distribution resulting from the malpractices of the trader-producer axis and existence of a lot of unaccounted money. Various measures both monetary and non-monetary have been adopted by the Government to check the rising spiral of prices. On the non-monetary front, the emphasis is on securing greater control over prices of essential articles as also the distribution of food-grains through fair-price shops, particularly in deficit areas. Whole-sale and retail prices of food-grains have been fixed in several States and procurement of food-grains by the Government has been intensified. Imports of food-grains and issues from Government stock have also been stepped up. A Food Corporation of India has already been set up to look after, among other things, imports, procurement and smooth distribution of food-grains. In the field of production, the rate of industrial growth, which showed an improvement last year, is maintaining the same tempo with the improvement effected in the fields of power, fuel and transport. The average Index of industrial production for the first seven months of 1964 worked out to 171.1 and was higher by 6.7 per cent as compared to the average Index (160.4) for the corresponding period of the previous year. But, in the agricultural sector, there has not been any appreciable increase in the production particularly of food-grains. It is estimated that production of food-grains would be around 79.4 million tonnes in 1963-64 showing thereby a small increase over the production level of 78.4 million tonnes in the previous year and as against the production target of 100 to 105 million tonnes aimed at by 1965-66. Acute shortage of rice was faced in some of the States and an emergency supply of considerable amounts of rice had to be made from the neighbouring surplus States. The crop prospect for the year 1964-65 is, however, brighter. In 1963-64, the production of oil-seeds and sugarcane (gur) is estimated to be of the order of 7.1 million tonnes and 10.3 million tonnes respectively. Production of raw cotton and jute has gone up to 54.26 lakh bales and 59.10 lakh bales

respectively as against 53·09 and 54·06 lakh bales in 1962-63. The production of coal and tea is estimated to be of the order of 66·9 million tonnes and 343·2 million kilograms respectively. As a result of these trends, the national income at constant (1948-49) prices rose by 4·26 per cent from Rs. 13,370 crores in 1962-63 to Rs. 13,940 crores in 1963-64. This compares favourably with the growth rate of 2·37 per cent in the previous year. I, however, should draw your attention to the fact that there is nothing to make us complacent in this regard since the rate of 4·26 per cent is much below the stipulated rate of growth of 5 to 6 per cent per annum during the Third Plan period. As you will notice, this slow rate of growth is mainly due to shortfall in agricultural production. The balance of payments position has considerably deteriorated though exports have reflected a substantial increase during this period.

Assam State.

4. So far as this State is concerned, the State National Income at current prices rose by 11·9 per cent to Rs. 450·2 crores in 1963-64 from Rs. 402·5 crores in 1962-63. But in terms of 1948-49 prices, the State National Income rose by 7·3 per cent to Rs. 339·2 crores in 1963-64 from Rs. 316·0 crores in 1962-63. The percentage increase of the State National Income in 1963-64 seems to be high, as the level of the State National Income during the previous year was very low. At current prices the *per capita* income increased by Rs.28·7 to Rs.354·7 from Rs.326·0, but at constant (1948-49) prices it increased by only Rs. 11·3 from Rs.255·9 to Rs.267·2. In agricultural production, the year 1963-64 for Assam was the year of recovery from the setback suffered during the previous year. The production of all major crops increased substantially during 1963-64. The production of rice increased by nearly 2·75 lakh tonnes from 15·74 lakh tonnes to 18·49 lakh tonnes; production of jute by as much as 324 thousand bales from 696 thousand bales to 1,020 thousand bales; production of pulses by 6,000 tonnes and of oil-seeds by seven thousand tonnes. The production of sugarcane (gur), however, remained stagnant at 105 thousand tonnes.

5. In the field of industrial production, 1964-65 cannot be considered as an eventful year, though the tempo of production in the industrial units already in existence was maintained. A few of the small and medium industrial units, such as, the Bicycle Factory, a Spun Silk Mill, two Cotton Spinning Mills, a Household Meter Factory, some Re-rolling and Fabrication Units, a Calcined Petroleum Coke Factory, a Mixed Fertiliser Plant, a Match Splint and Veneer Factory, a Hard Board Factory, a Jax Board Factory, a Sugar Mill, Fruits Processing Plant, Oil Refinery, etc., which were completed towards the latter part of the Second Plan and in the first few years of the Third Plan have been producing regularly and works on several others, such as, the Cement Factory at Cherrapunji, Fertiliser Factory at Namrup, etc., are in progress. Over the past few years, the capacities of some of the industrial units like the Oil Refinery, Saw Milling, Plywood, Electricity and general engineering industries have been expanded. The tempo in respect of extraction of minerals appeared to have been maintained. Extensive investigations for new mineral deposits in Assam have been carried out and more such investigations are being undertaken. Recently the Oil and Natural Gas Commission has struck Oil at Lakwa which may prove to have vast reserves of petroleum. Power generation increased from 40.7 million Kwt. in 1962-63 to 57.0 million Kwt. in 1963-64. The extraction of crude oil from the Assam oil fields has also increased from 189.3 million gallons in 1962 to 253.4 million gallons in 1963. Coal production has increased during 1963 to 7.63 lakh tonnes. Sillimanite production has also increased to 10.3 thousand tonnes in 1963. In respect of limestone, the extraction during 1963 was 84 thousand tonnes. The production of tea, which amounted to 174 million kilograms in 1962, decreased to 170 million kilograms in 1963 but is expected to rise to 194 million kilograms in 1964.

6. Assam, as in other States, has also experienced, during the last few years, pressure of increasing prices of both food and non-food articles. The Index Numbers rose from 131.2 in 1960 to 135.4 in 1961, to 135.9 in 1962 to 148.1 in 1963 and reached a level as high as 162.3 in 1964 (average of the first 10 months). The causes of the price rise in the State are, apart

from what have been enumerated before in the case of increase in price in the rest of India, transport difficulties, which bring about supply bottlenecks and provide further scope for anti-social trade practices and increased purchases for defence personnel in the State. The same trend is observed in the Consumer Price Index of the general working class of Assam. The Index has been continually rising during the last few years. It rose from 113 in 1961 (Base 1949=100) to 116 in 1962, to 119 in 1963 and reached a high level of 134.9 in 1964 (average of the first 10 months). The number of persons seeking employment through the Employment Exchanges has maintained an upward trend. It increased from 51,346 at the end of 1963 to 52,044 in October 1964. As regards educated unemployment, it is becoming more complex day by day with the expansion of educational facilities. A typical feature of the situation that has currently developed is that while there is chronic shortage of skilled categories of persons and of persons with technical qualifications, there is a large rush for clerical, unskilled and similar type of jobs. As regards employment potentiality in the tea gardens, the situation has been deteriorating over the last few years and there has been steady decline in the number of directly-paid employees in the Tea Industry.

Accounts of
1963-64.

7. I should now briefly like to deal with the actuals of 1963-64 and the revised estimate for 1964-65. The year 1963-64 opened with a deficit balance of Rs. (—) 146 lakhs against the revised estimate of the same figure. On the revenue side, receipts were Rs. 422 lakhs less than in the revised estimates largely because of shortfalls of Rs. 362 lakhs in grant-in-aid from Government of India expected against the expenditure incurred by the State on Border Roads, Civil Defence, Border Police Forces, etc., during the year ; of Rs. 51 lakhs under Other Taxes and Duties including Taxes on goods carried by Roads and Inland Water ways ; of Rs. 15 lakhs from Royalty on crude oil ; and of Rs. 16 lakhs from stamps and some other counterbalancing variations explained in detail in the budget Memorandum. The actual revenue expenditure was Rs. 5,435 lakhs against the revised estimate of Rs. 5,557 lakhs showing a shortfall of Rs. 122 lakhs. The shortfalls occurred mainly

under Police (Rs. 152 lakhs) owing mainly to non-adjustment in full, of expenditure on borrowed forces ; under Medical (Rs. 28 lakhs) ; under Agriculture (Rs. 31 lakhs) ; Ccmmunity Development (Rs. 15 lakhs) ; Civil Defence (Rs. 29 lakhs) ; Forests (Rs. 6 lakhs) ; Flood Control (Rs. 6 lakhs) ; Education Technical (Rs. 23 lakhs) ; Sericulture and Weaving (Rs. 8 lakhs) ; Cottage Industries (Rs. 11 lakhs) ; Pension (Rs.6 lakhs) ; and Miscellaneous items (Rs. 15 lakhs). These short-falls were counterbalanced by higher expenditure under P. W. D. (R. & B.) Rs. 92 lakhs ; Education (Rs. 25 lakhs) ; State Transport (Rs. 48 lakhs) and some variations under other heads. On the capital side, the actual receipt and expenditure figures have been somewhat inflated because of a new accounting procedure which requires that the temporary overdrawals with the Reserve Bank of India and repayment thereof in the course of the year should be reflected on the receipt and expenditure sides which was not the procedure followed by us in previous years. The actual Capital Receipts were higher by Rs. 1,589 lakhs mainly due to higher actuals against overdraft with the Reseve Bank of India (Rs. 689 lakhs) ; Ways and Means advance from the Reserve Bank of India (Rs. 794 lakhs), Loan from the Government of India (Rs. 199 lakhs) set off partly against some counter-balancing variations, to the extent of about Rs. 93 lakhs. On the Capital expenditure side the actuals were higher by Rs. 1,189 lakhs mainly owing to the repayment of the overdraft (Rs. 689 lakhs) ; and the repayment of Ways and Means advances (Rs. 594 lakhs) mentioned above, counter-balanced to the extent of about Rs. 94 lakhs by less expenditure under loans and advances by the State Government (Rs. 74 lakhs) and other minor variations. In the Public Account (net) against the anticipated surplus of Rs. 160 lakhs, the actual surplus came up to Rs. 266 lakhs the increase being mainly owing to less outgoing under the suspense heads (Rs. 60 lakhs) ; under Remittances (Rs. 60 lakhs) ; under Civil Deposits (Rs. 76 lakhs) counterbalanced by higher outgoing under other deposits, etc., heads amounting in all to about Rs. 90 lakhs. In the Contingency Fund also, against the anticipated saving of Rs. 73 lakhs the actuals came only up to Rs. 27 lakhs, owing to non-adjustment of all the advances in the course of the year. In the revised estimates, it was expected that the year would

close with a Ways and Means deficit of Rs. (—) 253 lakhs. In actual fact, however, owing to the various shortfalls and excesses counterbalancing each other to the extent indicated in detail above, the deficit was ultimately Rs. (—) 92 lakhs only but this was due to non-repayment on our part, of the ways and means advances from the Reserve Bank of India to the extent of Rs. 220 lakhs. Had repayment of this sum been effected, the closing balance would have shown a deficit of Rs. (—) 312 lakhs.

ACCOUNTS, 1963-64

		(Rupees in lakhs)		
		Revised, 1963-64	Actuals, 1963-64	Difference
(a) Opening balance	...	(—) 145.85	(—) 145.85	..
(b) Revenue receipt	..	5,377.52	4,955.56	(—) 421.96
Revenue expenditure	..	5,556.89	5,434.76	(+) 122.13
Difference	..	(—) 179.37	(—) 479.20	(—) 299.83
(c) Capital receipt	...	3,550.68	5,139.77	(+) 1589.09
Capital expenditure	..	3,711.67	4,900.29	(—) 1188.62
Difference	..	(—) 160.99	(+) 239.48	(+) 400.47
(d) Public Account (receipt)		15,838.43	7,080.58	(—) 8,757.85
Public Account (expenditure)		15,678.09	6,813.99	(+) 9864.10
Difference	..	(+) 160.34	(+) 266.59	(+) 106.25
(e) Net receipt Contingency Fund		(+) 73.10	(+) 27.09	(—) 46.01
(f) Closing balance	..	(—) 252.77	(—) 91.89	(+) 160.88

Revised estimates for 1964-65.

8. As indicated in the previous paragraph, the year 1963-64 actually closed with an overall deficit closing balance of (—) Rs. 92 lakhs as against the expected deficit closing balance of (—) Rs. 253 lakhs indicated in the current year's Budget Speech. This, however,

did not include the amount of Rs. 20 lakhs, the normal Ways and Means Advance from the Reserve Bank of India, which remained unpaid at the close of the year. Thus the revised deficit closing balance was really (—) Rs. 273 lakhs. Though the deficit closing balance of last year, as shown in the actuals was only (—) Rs. 92 lakhs (Annexure 'A'), yet the real deficit closing balance was (—) Rs. 312 lakhs taking into account the special Ways and Means Advance of Rs. 200 lakhs and the normal Ways and Means Advance of Rs. 20 lakhs obtained from Reserve Bank of India which remained unpaid at the close of the year as explained in detail earlier. In the current year's Budget Speech in the column, at Annexure 'A', indicating the revised estimates for 1963-64 the amount of special Way and Means Advance of Rs. 200 lakhs has not been shown as receipt (though, as per existing procedure, the normal Ways and Means Advance of Rs. 20 lakhs has been shown as such receipt). Under the changed accounting procedure, which it is necessary to follow, the proper direction is laid down in the relevant rules. Thus the 'real' deficit closing balance actuals was (—) Rs. 312 lakhs, *i. e.* (—) Rs. 39 lakhs more than the 'real' estimated closing balance of (—) Rs. 273 lakhs indicated above, though in the table the deficit closing balance is shown as only (—) Rs. 92 lakhs.

9. So far as the budget for 1964-65 is concerned, the revenue receipts for the year were placed at Rs. 6,178 lakhs and expenditure from revenue at Rs. 5,907 lakhs, thus showing a revenue surplus of Rs. 272 lakhs. It will appear from the table below that the revised figures for 1964.65, indicate the revenue receipts to be Rs. 6,411 lakhs and the revenue expenditure to be Rs. 6,267 lakhs, thus indicating in the revised estimate a revenue surplus of only Rs. 144 lakhs instead of Rs. 272 lakhs, as indicated in the original budget and in the table below. On the capital side, the revised receipt is Rs. 6,727 lakhs against the original estimate of Rs. 2,884 lakhs showing an increase of Rs. 3,843 lakhs. The revised expenditure, on the capital side is Rs. 7,236 lakhs against the original estimate of Rs. 3,472 lakhs, showing an increased outlay of Rs. 3,764 lakhs. Thus as against the original estimate of a deficit of

(—)Rs. 588 lakhs in capital account, the revised estimate shows a capital deficit of (—) Rs. 509 lakhs. Similarly, there are variations in the Public Account and in the Contingency Fund between the Budget and Revised for the year 1964-65. The anticipated deficit in the revised figures of all receipts and expenditure, for the year 1964-65 is (—) Rs. 310 lakhs as indicated in the table below as against the deficit of (—) Rs. 317 lakhs anticipated in the original estimate for the year placed before the House and indicated in the table below. However, taking into consideration the opening balance deficit at the beginning of 1964-65, the deficit closing balance on 31st March 1965, which also takes into account the deficit arising during the current year as indicated above, is estimated at the revised figure of (—) Rs. 402 lakhs *i.e.*, (—) Rs. 310 lakhs *plus* (—) Rs. 92 lakhs as against the closing deficit balance of (—) Rs. 570 lakhs *i.e.*, (—) Rs. 317 lakhs *plus* (—) Rs. 253 lakhs anticipated in the original budget estimate for the year. Though the deficit closing balance for 1964-65 as per our revised estimate is thus shown to be (—) Rs. 402 lakhs, yet the real deficit closing balance is (—) Rs. 692 lakhs. The reduced deficit closing balance is thus shown because of the revised accounting procedure, as an amount of Rs. 290 lakhs received from the Reserve Bank of India as normal as well as special Ways and Means accommodation is likely to remain unpaid at the close of the year and this is treated as a receipt from the Reserve Bank of India and is not shown on the expenditure side as it is likely to remain unpaid. It is thus seen that the 'real' revised estimates for the current year anticipates a deterioration of the estimated deficit closing balance from (—) Rs. 570 lakhs to (—) Rs. 692 lakhs, *i.e.*, by Rs. 122 lakhs.

10. The variation of revenue receipts in the Revised as compared with the Budget for the current year of (+) Rs. 233 lakhs is due to higher revenue anticipated mainly under grant-in-aid from Government of India (Rs. 253 lakhs) owing to the commitment by the Government of India to reimburse the expenditure on Police deployed on the Indo-Pak border with effect from 1962-63 and reimbursement of the cost of Police deployed on the Nagaland

border to the extent of excess expenditure over the 1961-62 level with effect from the year 1962-63, and grant-in-aid from Government of India on account of expenditure on displaced persons, set off to some extent by counter-balancing variations explained in detail in the Budget Memorandum. The Revenue expenditure shows an increase of Rs. 361 lakhs. The current year's Budget Estimates contain a Plan provision of Rs. 1,376 lakhs in the Revenue account whereas in the Revised the corresponding provision is only Rs. 1,303 lakhs. This saving of Rs. 73 lakhs is due to the reduction of the size of the Plan from Rs. 34.2 crores to Rs. 30.9 crores. Thus the actual increase in the revised revenue expenditure is Rs. 434 lakhs, *i.e.*, Rs. 361 lakhs *plus* Rs. 73 lakhs (savings from Plan provision on revenue account arising because of reduction in the Plan size as indicated above). The main reasons because of which this increase has occurred are payment of interest on Government of India Loans and overdraft with Reserve Bank of India (Rs. 126 lakhs), expenditure on relief and rehabilitation of displaced persons (Rs. 307 lakhs), and P. W. D. (R. & B.) Rs. 104 lakhs counter-balanced to the extent of Rs. 103 lakhs by variations under other heads which have been explained in the Budget Memorandum in detail. On the capital side, the revised receipts show an increase of Rs. 3,843 lakhs mainly owing to the changed accounting procedure in respect of transactions under Ways and Means Advances and overdraft with the Reserve Bank of India (Rs. 3,429 lakhs), loans and advances from the Government of India (Rs. 233 lakhs) and higher cash credit accommodation from the State Bank of India (Rs. 160 lakhs), and under other minor improvements (Rs. 21 lakhs). The variation in the capital expenditure is Rs. 3,764 lakhs which is mainly due to higher payment for overdrafts and Ways and

Means Advances from the Reserve Bank of India (Rs. 3,368 lakhs), Ways and Means advance from the Government of India (Rs. 150 lakhs) and Supply (Rs. 412 lakhs) counter-balanced by reduction of expenditure under the Plan (Rs. 251, lakhs) owing to reasons explained above and other counterbalancing variations.

REVISED, 1964-65

(Rupees in lakhs)

	Budget, 1964-65	Revised, 1964-65	Difference
(a) Opening bala	(—)252·77	(—)91·89	(+)160·88
(b) Revenue receipt	6,178·35	6,411·56	(+)233·21
Revenue expenditure	5,906·66	6,267·31	(+)360·65
Difference	(+)271·69	(+)144·25	(—)127·44
(c) Capital receipt	2,883·80	6,726·86	(+)3,843·06
Capital expenditure	3,472·19	7,236·16	(+)3,763·97
Difference	(—)588·39	(—)509·30	(+)79·09
(d) Public Account/Receipt ..	15,882·10	17,111·90	(+)1,229·80
Public Account/Expenditure	15,882·77	17,102·58	(+)1,219·81
Difference ...	(—)0·67	(+)9·32	(+)9·99
(e) Difference in Contingency Fund.	(+)46·01	(+)46·01
(f) Closing balance	(—)570·14	(—)401·61	(+)168·53

11. It is a matter of gratification that out of the total allocation of Rs. 120 crores for the State Plan of Assam, Rs. 71·50 crores representing 59·6 per cent of the total allocation has already been spent within the first three years of the Plan. With an anticipated

expenditure of Rs. 30.90 crores in the current year, 85.3 per cent of the Plan allocations will be spent in the first four years. This is a significant improvement over our performance during the First and Second Five-Year Plans. Out of the total allocation of Rs. 20.8 crores for the First Plan, almost the whole amount was spent during that Plan period but the size of the Plan itself was very small. Though the Second State Plan was about half the size of the State Third Plan, yet only 94 per cent of the total Second Five-Year State Plan could be spent by the State Government in five years. Since the allocation for the next Annual Plan is Rs. 30.9 crores, and as this amount is likely to be fully spent next year, Assam will spend 127.7 per cent of original Plan allocations at the end of the Third Plan. In other words, expansion of the size of the State Plan to Rs. 133.30 crores (including the Mizo Hills Programme) has become inevitable because of rising tempo of implementation of the Plan. It should also be noted that the next year's allocation of Rs. 30.9 crores does not include the schemes for taking advance action for the Fourth Plan. If this amount, the total of which has not yet been finally decided, is taken into account, Assam's expenditure on planned development during the Third Plan will exceed even 127.7 per cent of the original Plan allocations mentioned above.

12. Recognising the special needs of Assam, the Planning Commission initially agreed to a State Annual Plan of Rs.34.2 crores (inclusive of Rs.50 lakhs for the Mizo Hills developmental programme) for the current year and this amount had been shown in the budget for the current year. Subsequently, the Planning Commission wanted to reduce the size of the State Plan to Rs.27.7 crores with Central assistance of Rs.22.1 crores mainly due to the strained financial position of the Union Government. The State Government expressed their inability to accept these revisions and, after prolonged discussions, it was agreed that the State Plan for 1964-65 would be of the order of Rs.30.9 crores of which the State will contribute Rs.5.5 crores. But later, we were informed that it was proposed to reduce the Central assistance by Rs.1.6 crores. The State Government has taken the stand that this proposed reduction in Central assistance

is arbitrary, unwarranted and too late and that if implemented, this will further worsen the strained financial position of this State. I have verbally been assured that the proposed cut will be restored particularly in view of the fact that the State Government has to contribute its share of Rs. 5.5 crores originally fixed as Assam's share in financing the current Annual Plan.

Annual Plan
for 1965-66.

13. I feel the way the size of the State Plan is sought to be linked with the ability of this State to contribute towards financing the State Plan is somewhat arbitrary. I have repeatedly informed the Planning Commission and the Central Government that the special needs and responsibilities of Assam are not commensurate with her potentiality for raising resources, mainly due to the relatively more backward structure of her economy, and that it is in this perspective that the problem confronting the State Government regarding the size of the next Annual Plan should be viewed. The State Government in its memorandum to the Planning Commission argued for a State Plan of Rs. 44.62 crores but the Planning Commission agreed to a Plan ceiling of Rs. 30.9 crores only with the proviso that the Centre will contribute Rs. 23.90 crores while Assam will have to raise Rs. 7.0 crores. The State Government, while agreeing to contribute Rs. 3 crores only towards financing the next annual State Plan, have stated that they would be able to contribute the balance of Rs. 3.9 crores provided:—(i) either President's assents is given immediately to the Bill re-imposing Carriage Tax on tea and jute or the Central Government would impose an additional excise duty on tea at the rate of 7P per pound in lieu of the Carriage Tax and distribute the same to the Governments of Assam and West Bengal on the basis of collection, and have the Entry Tax of West Bengal abolished; (ii) the Planning Commission would release the balance of Rs. 1.6 crores as agreed by them in July, 1964, for Assam Annual Plan, 1964-65 and (iii) the State Government would be allowed to raise a public loan of another Rs. 2 crores in addition to that of Rs. 3 crores already allowed. The matters regarding this are still under discussion between the State Government and the Planning Commission.

14. The details of the sectoral allocations for the Annual Plan for 1965-66 and progress of Plan implementation in the first four years are given in the table at Annexure 'A' to the supplementary volume entitled "Study of Third Plan Achievements and Programme for 1965-66". It will be seen that there have been some adjustments in the inter-sectoral allocations since the original allocations were made in the beginning of the Third Plan period. These adjustments have been made because of change in sectoral needs, capacity for implementation of different sectors and change in priorities resulting from the Emergency and other circumstances. The Table at Annexure B to the same volume gives the allocations for Mizo Hills in the Annual Plan for 1965-66. In view of the increasing tempo of expenditure, though the allocation for the next year should have been higher, we have been forced to make marginal revisions in the inter-sectoral allocation because I found it difficult to raise more resources from within the State than what have been committed and stated in paragraph 13 above and because the Planning Commission, notwithstanding our pressure for better consideration on account of our special needs and responsibilities, refused to allocate more than Rs. 23.90 crores as the Centre's contribution towards Assam's annual Plan for the next year. The broad comparisons are given below—

Broad Groups	(Rupees in lakhs)	
	Revised allocation for 1964-65	Allocation for 1965-66 Plan
1. Agricultural programme	353.52	344.00
2. Co-operation and community Development	238.00	233.00
3. Irrigation and Power	1,170.00	1,147.00
4. Industry and mining	214.48	215.00
5. Transport and Communications	195.00	211.00
6. Social Services	894.00	914.30
7. Miscellaneous	25.00	26.20
Total ..	3,090.00	3,090.50

15. It is evident from the Table that not much alteration is envisaged in the next Annual Plan compared to the pattern of priorities in the current Annual Plan and as such the character and scope of the next Annual Plan remains essentially the same as I indicated in respect of the current Plan in my speech last year. Yet, within this limited framework, all attempts have been made to make the best use of our limited funds. For example, within the broad group of agricultural programmes, the sector agricultural production has been allotted larger funds (Rs. 150 lakhs next year compared to Rs. 135 lakhs in the current year) while allotments for minor irrigation have been slightly reduced. On the other hand, the allocation under medium and major irrigation has been increased by about 66.6 per cent. It is rather unfortunate that allocation under Power has had to be reduced simply because of paucity of funds. This will hinder us in laying the network of the distribution system but the Government is contemplating ways and means of solving this problem. Among the Social Services, slightly increased allocation has been made under general education and craftsman training schemes. Under the Transport and Communication group, slightly increased allocation has been made for construction of roads and bridges in view of their great importance in Assam.

16. When it is remembered that, compared to the current year, materials will have to be bought at higher prices next year and that technical and other personnel will have to be paid higher salaries and wages, the physical targets of the next Annual Plan as a whole will perhaps be somewhat smaller than in the current year. But this unfavourable trend can be checked by becoming more vigilant and by resolving to observe utmost economy in expenditure, to be more efficient in conducting our duties and to organise our system of administration in such a way that each rupee can go a longer way next year than in the current year. Only thus shall we be able to keep up the tempo of development in Assam and create a wholesome atmosphere for launching the Fourth State Plan in a buoyant and vigorous way.

Fourth Plan.

17. After long deliberation, the State Government has recently finalised the Draft Fourth State Plan for Assam and have forwarded the same to Planning Commission, "The Preliminary Memorandum on the Fourth Five-Year Plan of Assam" describes various aspects of the proposed Fourth State Plan of Rs. 375 crores. I hope copies of this document have already been received by the Hon'ble Members and they will have opportunity to express their views on the draft plan during the session of the Assembly. Therefore, I need not elaborate at this stage on various aspects of the Plan. I would only like to stress the fact that the proposed Plan to lift Assam from the condition in which she finds herself now will demand from all of us the best we can offer in the service of our country and this can become possible only if we close our ranks, forget petty cares and squabbles and rise as one man to meet this great challenge. I would also like to add that we have already decided in consultation with the Planning Commission, to take "advance action" on some important schemes. Details of expenditure under the "advance action" proposed to be taken, which will be in addition to amounts proposed to be spent during the next year, cannot however be given now as these have yet to be finalised with the Planning Commission.

Finance Commission.

18. Hon'ble Members are aware that, under the provisions of Article 280 of the Constitution, the Central Government have constituted the Fourth Finance Commission last year with Justice Rajmanna as its Chairman. The Commission is likely to submit its report to the Government in the middle of this year. The main function of the Commission is to recommend to the Central Government the principles for distribution of share of taxes and duties and for the grants-in-aid out of Central revenues to be given to the States in accordance with their respective fiscal needs. We were glad to meet Dr. B. Datta, a member of the Commission who visited the State last September, and thereafter a team of officials from the Commission who came to Shillong and had consultations with State Government officials in December, 1964. The final discussions between the Commission and the State Government will be held in Calcutta in the first week of April next. The State Government as usual, have

submitted a memorandum to the Commission. The estimates of revenue receipts and expenditure for the Fourth Plan period show that, in spite of observing utmost economy in expenditure, Assam will have a revenue gap of Rs. 200 crores and expects the Commission to frame its recommendations in such a way that the gap is covered through devolution of resources from the Centre to Assam. The State Government has further pointed out that the corresponding gap in the capital account of the State Government is estimated to be Rs. 51 crores during the Fourth Plan period and that, since Assam has no visible resources to cover this gap, the Finance Commission should take this amount into account in assessing the fiscal needs of the State. Besides, the State Government believe and have pointed out that the formula for deciding the size of the divisible pool of shared taxes and the principles for distribution of these taxes among the States as suggested by Assam are scientific and will do justice to all the States. The State Government hopes that the Finance Commission will consider the basic weaknesses of our State's economy and the special needs and responsibilities of this border State and generously recommend such devolution as will be appropriate to enable Assam to achieve the required rate of growth in the context of the planned national economic development programme.

19. It is not necessary for me to go into the details of the development programme and their implementation together with the programmes for the next year. A separate brochure called the "Study of Plan Achievements from 1961-62 to 1964-65 and Programme for 1965-66" will be distributed to the Hon'ble Members with my speech. This contains a detailed analysis of Plan expenditure, physical targets and implementation of various programmes during the first 4 years of the Third Plan period and the financial provision and physical targets for the next financial year. I shall, however, give a brief survey of the various activities undertaken and proposed to be undertaken by the various departments.

Agriculture. 20. There has been good response from the cultivators, generally to the Agriculture Department's programme

for popularising improved techniques of agricultural production. The interest shown in applying improved methods of cultivation by using chemical fertilisers, improved seeds, better implements, etc., has been particularly marked in the district of Cachar where the Package Programme is under implementation in some blocks and is proposed to be extended in 4 more blocks during 1965-66 and in the district of Nowgong where modified Package programme relating to rice is under implementation. While the consumption of fertilisers in the State has shown an upward trend and the total consumption by the end of 1965-66 is expected to increase to 10,000 tons as against 5,000 tons approximately during 1964-65, the target for chemical fertilisers fixed for Cachar and Nowgong Districts for 1964-65 has already been exceeded and high consumption of fertilisers is expected in these areas. The measures undertaken for popularising the use of fertilisers include the starting of the proposed Soil-Testing Laboratory, conducting well-organised demonstrations in the cultivators' fields and prescription of suitable doses in respect of application of fertilisers for various crops in consultation with the team of experts from the Government of India. It is also proposed to construct godowns at regional, district and block levels with a view to creating sufficient space for storage of fertilisers so as to facilitate timely distribution of the same. For providing improved seeds to the cultivators, measures have been taken to improve the working of the Government Seed Farms and Nurseries in addition to the proposal to set up a Seed-Testing Laboratory during 1965-66. Under a Centrally sponsored scheme, a Cash Programme for production of disease-free potato seeds in Upper Shillong has been undertaken. Under the said programme, a scheme for intensive vegetable cultivation in selected areas around Shillong and Gauhati has also been undertaken. A Research Board has been set up under the chairmanship of the Agriculture Minister which will periodically review the working of various schemes and will decide regarding the measures to be taken for improving their function as well as extension of the results of research to the cultivators. Necessary steps for imparting in-service training to the existing staff have also been taken. The Plan for the next year aims

at measures for development of jute, expansion of cultivation of pulses, oil seeds, mustard, etc., and also the necessity of undertaking minor irrigation schemes and power-pump irrigation.

21. The Agriculture Department's demonstrations have, by and large, produced encouraging results. We should induce cultivators to adopt with confidence these practices. In the Cachar District, the average increase in Sali Paddy production in demonstration plots has been 46 per cent in respect of the last Sali crop recently harvested. The highest result is reported to have been achieved in the field of Shri Sikander Ali at Niargram Village of Lakhimpur Anchalik Panchayat in Cachar and in the field of Shri Golap Gohain in the Rangagarah Village of the Rangagarah Gaon Panchayat in Tengakhath Anchalik Panchayat of Dibrugarh Subdivision. In the former case, the demonstration was organised by the local Gram Sevaks under the supervision of higher officers of the Department and the Collector of the district made an assessment of the yield at a ceremonial harvest in the presence of the people of the locality which showed a yield of 90 mds. per acre after allowing for dryage and refraction. This was in deep contrast to the yield of 34 mds. per acre in the adjoining plot where cultivation was done by the traditional method. The increase in the demonstration plot thus was as high as 160 per cent. In the second case, of Dibrugarh Subdivision the cultivators organised a Field Management Committee through which cultivation of about 75 acres was taken up jointly under the supervision and assistance of the local Block and Agriculture Department's extension staff. The yield from Shri Golap Gohain's field which was assessed in the presence of the Block Staff, the Panchayat authorities and the people of the entire village, was 104 mds. per acre. Another cultivator of the same village Shri Mukheswar Rajkhowa by applying improved agricultural methods and using improved seeds of Laodoma paddy obtained 88 mds. per acre. Shri Golap Gohain's yield has been found to be the highest and he has recently been awarded a prize at an Agricultural Exhibition organised under the auspices of the Dibrugarh Rotary Club. The progress of this Field Management Committee has been constantly assisted and

guided by the Gaon Panchayat and specific production plans have also been formulated under the supervision of the local extension staff. There are 3- other Field Management Committees within the same Gaon Panchayat whose programme for increased agricultural production by using improved techniques have been duly assisted and guided by the Gaon Panchayat concerned. The experiment made in agricultural operation through these Field Management Committees under the guidance of the Gaon Panchayat are commendable and deserving of support and extension in other areas to capture the imagination of the cultivators in the State which if applied and implemented in other areas in the near future will contribute to the development of the proposed climate for improved agricultural production in the State. In pursuance of the recommendation of the State Study Team, some of these schemes of agricultural development have been transferred to the Panchayat and the expenditure to be incurred in connection with those schemes is also being made available to the Panchayat as Grant-in-aid with a view to ensure participation by actual cultivators in the agricultural programme. This scheme thus transferred includes Minor Irrigation Programmes, purchase and distribution of improved agricultural implements, green manuring, crop competition, plant protection and improved seeds distribution, etc.

22. The Assam Agricultural College has now an Extension Wing since 1963-64. A part of its programme contains a proposal to start a regular short-course training for farmers. For this purpose, a hostel and ancillary constructions would be taken up. The idea is to bring the farmers to camp in the college for courses of short duration and give them training based on their problems thereby also allowing the teaching staff to become acquainted with the problems faced by the farmers.

23. The implementation of schemes under Animal Husbandry and Dairying has already gained momentum and to maintain the tempo already reached, it is likely that the Third Plan allocation may be allowed to be exceeded by the end of the

Third Plan. Up to the end of 1964-65, the Assam Veterinary College turned out 116 Veterinary Graduates and for 1965-66 it is expected to turn out another 50 Veterinary Graduates.

For development of Fisheries, it is proposed to take advance action for the formation of a Fishery Development Corporation.

Irrigation
and Flood
Control.

24. The Medium Irrigation Programme could not be taken up during the first three years of the Third Plan for paucity of funds. The Jamuna Irrigation Scheme will be continued next year besides other medium irrigation schemes like Sukla, Patradisha, Longa and Mora Dhansiri. So far as Flood Control is concerned, the programme has assumed special importance for the State owing to recurrence of floods and huge damage to crops, etc., every year. As a result, the Third Plan allocation of Rs. 500.00 lakhs has already been exhausted during the first three years of the Third Plan. The High Level State Flood Control Board, constituted by the State Government in which experts from the Government of India have also been included, is now examining all aspects of the problems with the help of a Technical Committee.

Panchayat
& C. D.
Blocks.

25. One of the major events which has taken place during the period under review is the smooth completion of Panchayat elections. In the democratic society visualised by the nation, the Panchayats represent the roots and, therefore, the holding of elections is a significant event for the development of democratic ideals and organisations in this country. There are 2,581 Gaon Panchayats, 120 Anchalik Panchayats and 16 Mohkuma Parishads in the 7 Plains Districts of the State. The task of electing nearly 25,000 members to different Gaon Panchayats in single-member constituencies on the basis of adult franchise by secret ballot was a gigantic one. Over and above this, number of members had to be elected to each Anchalik Panchayat by secret ballot. In Mohkuma Parishads, there was no scope for direct election. The elections evoked a lot of popular enthusiasm and thanks to the popular support, the elections thus far could be conducted smoothly. The newly

constituted Panchayati Raj bodies at all the three tiers have already started functioning in some districts and very soon all the Plains districts will have new Panchayati Raj bodies at all the three levels.

Another feature in the Constitution of the Panchayats is the provision made for the representation of un-represented areas in Anchalik Panchayats. As no Gaon Sabha has been formed in Tea Garden areas and only two Gaon Sabhas have been formed in Forest Villages, members were nominated by the Government to represent such un-represented areas in Anchalik Panchayats.

A study of the results of the elections reveals that about 69 per cent of the total seats of the Gaon Panchayats were filled up without any contest. This may be considered as an outstanding achievement indicative of the preparedness of the people to undertake responsibilities in an agreed way. The total expenditure incurred in these elections amount to Rs.5·87 lakhs which is being borne by the Government.

26. In pursuance of the policy outlined by me in my last Budget speech, steps were taken to strengthen the Panchayats financially. The powers and scope for the functioning of these institutions were broadened with a view to make their role more effective in the formulation and execution of development schemes particularly in the agricultural sector. A number of block level schemes with funds which were hitherto sanctioned departmentally have been transferred to Anchalik Panchayats. An amount of Rs. 12·11 lakhs for minor irrigation schemes and Rs.50,000 for crop competition have so far been transferred as grants by the Agriculture Department. The Veterinary Department similarly transferred Rs.57,000 for Fodder Development and Family Poultry Units. The Community Development schematic funds amounting to Rs. 80·41 lakhs have also been transferred, so far, as grants. It is proposed to transfer Rs. 67·03 lakhs to Anchalik Panchayats from the Community Development Department during 1965-66. Land Revenue grants have been made available to the Panchayats at the rate of 33P. *per capita* of Gaon Panchayat population and

17P. *per capita* of Anchalik Ponchayat population. Accordingly, during 1964-65, the Panchayats received Rs.43,04,358.45 land revenue grant in addition to an amount of Rs.23,51,106 received by the Gaon Panchayats at the rate of 25P. *per capita* in lieu of local rate. The Panchayat have been asked to draw up a scheme for creation of remunerative assets and those which were able to forward their scheme have been given assistance in the form of loans and grants. A Commissioner for Agricultural Production and Rural Development has been appointed in over-all charge of Agriculture, Co-operation, Development (P & C. D.) Veterinary and Fishery Departments. He has formulated the details in the spheres of agricultural production and Rural Development and has maintained better co-ordination between these departments with a view to obtaining increased outturn and greater benefits. The Panchayat Department has also undertaken the task of formulating schemes for final assistance to Gram Sabhas in the Gramdan Villages. The training programme of the functionaries of the Panchayati Raj bodies has made fair progress in the two institutes for training of Panchayat Secretaries and two other Institutes for training of Presidents, Vice-Presidents and members of Anchalik and Gaon Panchayats. Steps have been taken to co-ordinate the activities of the Gaon Panchayats and co-operative societies by not only associating the Gaon Panchayats with the working of the Co-operative Societies in their respective areas but also by urging on Gaon Panchayats the necessity of their going all out for making at least a member in each family a participant in the shares of Service Co-operatives.

27. The entire rural area of the State is now covered by the Community Development Blocks. During the first 3 years of the Third Plan, an amount of Rs. 423.46 lakhs has been utilised and from the trend of expenditure it is expected that the current year's allocation of Rs. 178 lakhs will also be fully utilised. In addition to the next year's allocation of Rs. 180 lakhs for implementation of the Community Development schemes, a further provision of Rs. 20 lakhs has been made in the Budget as grant from the Home Ministry for Tribal Development Blocks.

There are at present 4 Tribal Development Blocks in the Plains areas and 29 in the Hill districts. Fourteen more blocks are proposed for conversion into Tribal Development Blocks next year. The Community Development programme has been re-oriented to play a greater role in the field of increased food production. A provision of Rs. 61.12 lakhs has been made in the next year's Budget out of the Community Development funds for Agriculture and Animal Husbandry and a further provision of Rs. 6 lakhs has been made out of Home Ministry's fund for this purpose. The Gram Sevaks have been assigned one set of tasks for augmenting agricultural production. An intensive programme for fishery development has already been undertaken in 50 Community Development Blocks which is proposed to be extended in future. Seven Blocks have been selected for intensive poultry development work and the scheme is proposed to be extended to some more blocks in the next financial year. Considering the large deficiency in the country in respect of food containing the protective elements of proteins minerals and vitamins, a scheme of applied nutrition jointly sponsored by W.H.O., U.N.I.C.E.F., F.A.O. and Government of India will be taken up in 3 blocks, namely, Bhoi, Ruposi and Jorhat Central during the next financial year for implementing the scheme which aims at providing school-going children, and expectant and nursing mothers with a balanced diet. The department is also implementing an integrated Child Welfare Scheme in the Hajo Development Block at an estimated cost of Rs. 1 lakh per year. During the current year, an amount of Rs. 13,16,950.00 was sanctioned to the districts for taking up the scheme for provision of drinking water in rural areas. A provision has been made in the next year's Budget to continue the scheme. A scheme is also under operation for utilisation of rural man-power. An amount of Rs. 30 lakhs has already been spent up to 30th September '64 in 43 blocks with a view to provide for labour incentive work to build up productive assets and to create additional employment during the slack agricultural season. Fifteen more blocks are proposed to be brought under this programme during the next year.

Power.

28. Highest priority has been accorded to the Power Programme which is essential for the industrialisation and proper utilisation of the natural resources of the State. The approved allocation for the Third Plan period has been utilised in full by the end of 1963-64. As the power programme is to be carried out on a priority basis, the Planning Commission has made available additional Central assistance to the State for 1964-65 and 1965-66.

Industry
and Mining.

29. Under this sector, more provisions have been made in the coming financial year for a Cement Factory, Natural Gas Distribution Project and for State participation in private sector projects. The Cement Factory is scheduled to go into production during 1965-66. Machinery has already arrived from Czechoslovakia. The second phase of the Natural Gas Distribution Project is proposed to be taken up during 1965-66 besides completing the first phase of the project. In respect of Mineral Development, a State Mining Corporation has been set up.

Transport
and Com-
munication.

30. Works have been started on the projects included in the Third Plan and all the projects are in an advanced stage of construction. The shortage of funds has, however, stood in the way of accelerating the road development programme. The main physical targets, achieved during the first three years 1961-62 to 1963-64, included metalling and black-topping of 116.40 miles of roads; earth work and formation of 594.81 miles of roads; gravelling of 242.83 miles of roads; and 8,254 r.ft. construction and re-addition of small bridges and culverts. In addition, the construction of major bridges over the Kopili on Makhola Bhakatgaon Road, over Dhansiri at Barpathar, Adabari bridge on Hajo Mukalmua Daulasal Road, Baruabari bridge on Hajo Nalbari road, Sonai Bridge on Sonai Hatnagar Dadarkhat Road and Bhogdoi bridge have been completed. The current year's programme visualises collection of metals and soling stones on 99 miles; consolidation 78 miles; formation 300 miles; gravelling 150 miles; construction of small bridges and culverts; construction of timber bridges, etc., and also works on five other major bridges. Under Inland Water Transport, Phase I of the Pandu Port Construction has almost

been completed and the remaining work is likely to be completed during the current financial year. For the operation and maintenance of the said port, some sort of administrative set up is proposed in the next year.

Social Ser-
vices.

31. Programmes under Social Services cannot go without having a direct bearing on productivity and economic development. In keeping with this objective and without disturbing the planned targets, some shifts in the inter-sectoral priorities have become essential. In the field of general education, qualitative programmes will get more emphasis than the quantitative programmes where we are not behind all India targets. Consequently, teachers' training schemes under Elementary and Secondary Education will get substantial allocation for expansion of number of seats in the training centres. For bringing about an improvement and to fall in line with the majority of the States in the country, a proposal is under consideration for changing the existing one-year training course for Elementary School teachers to a two-year training course. Training schemes will also be benefited under the "Cash Programme" initiated by the Central Government. The tempo of expansion, both under Elementary and Secondary Education, will be maintained to achieve the planned target to the most feasible degree. Girls' education will be accelerated to the extent possible. In the Secondary and Collegiate stages, expansion and extension of facilities in respect of general science is envisaged. Greater emphasis will continue to be given to the merit-*cum*-means test for award of scholarships. The Sainik School at Mornoi near Goalpara, which will be given a start early this year, is making satisfactory progress and will be given adequate financial help to become soon a first class training institute for our boys. Adequate provisions are proposed for accommodating N.C.C. Units' offices and stores. Besides, some advance action schemes in the field of training, library services, adult literary, etc. will be taken up if adequate funds are made available by the Centre. Sufficient provision also is proposed for improving the pay scales of teachers following the recommendations of the Pay Committee,

32. In regard to Technical Education, greater emphasis is proposed for training and recruitment of qualified teachers in collaboration with the Government of India. Consolidation of programmes already implemented will receive greater attention than venturing upon new institutions at all levels wherever the actual situation so demands.

33. Under Health, substantial provisions are proposed for schemes of national importance. Adequate provisions are proposed for hospitals and dispensaries, Primary Health Units, Medical Colleges, National Disease-Control programmes, Water Supply Schemes, etc. Due emphasis will be given to the training of Nurses, Midwives, etc., and Family Planning programmes.

34. Provisions for Social Welfare, Housing and Town Planning have also been made to a degree as would enable these programmes to be taken up to the desired extent during the coming year. Slightly bigger allocations are given to the labour-groups of programme to achieve the planned target to the extent possible. As the Craftsmen-training schemes are designed to increase the outturn of the skilled hands where Assam is lagging behind the other industrially advanced States in the country, and as the demands of such personnel will increase gradually with coming up of new industries in the State, a substantial provision is proposed under the Craftsmen-training programme to cope with the growing needs.

35. It is an accepted policy of the Government to bring about balanced development by removing regional disparities. Hill areas and backward pockets in the Plains districts thus deserve special consideration in the matter of development. Apart from the projects and scheme included in the general Plan of other sectors designed to benefit the people of the backward areas, a comprehensive programme is being and will continue to be implemented in these areas as part of the programme for Welfare of Backward Classes. Adequate provision for economic upliftment, betterment of border roads and internal communications, expansion of educational facilities for

the students of backward areas have been proposed under different schemes under this sector to supplement the provisions made therefor under the general plan. Greater emphasis is proposed for rural water supply schemes in the Hill areas. In the Mizo District, for the implementation of the special development programme for this district, a supplementary programme entailing a provision of Rs. 50 lakhs has been proposed.

Essential
Supplies.

36. Notwithstanding the fact that the supply of essential goods took a serious turn in the country during the current year, Assam's position has not been as bad as in some other regions of the country. During the kharif year 1963-64, it was possible to procure 2,56,973 tonnes of paddy in Assam. The Apex Co-operative Marketing Society was given the sole agency for procurement but later, as the situation deteriorated, the millers were granted licences for a short period to procure paddy. It is heartening to note that during the kharif year 1963-64, the Government could meet the requirements of the State without asking for Central assistance except for obtaining a special allotment of only 8,000 tonnes of rice to meet the additional rice requirement of refugees from East Pakistan. The Government also ensured supply to deficit areas through a network of Fair Price Shops and Cheap Grain Shops and continued to subsidise the transport cost of rice in the border areas of the Hill districts. During the kharif year 1964-65, paddy has been solely procured by the Apex Co-operative Marketing Society and a target of 3,73,242 tonnes of paddy has been fixed. It has been decided to keep half of this quantity in the Government buffer-stock and the resultant rice obtained from the other half will be sold in the open market. The society will also function as the wholesaler of rice in the 7 important cities and towns of the State thus expanding the activities of the Co-operative Societies in the field of trade in paddy and rice. With effect from 1st November 1964, a uniform price of paddy has been fixed throughout the State in place of different zonal rates that prevailed in the State till then. Along with this, the recovery rate of rice per maund of paddy was raised but the millers raised a

controversy about this issue and a committee specially set up for this purpose is presently studying the problem. It is a matter of gratification that Assam has been in a position to spare 20,000 tonnes of rice for the neighbouring States and the Defence Department. Thus Assam has already approached the problem of the food crisis from a national viewpoint. I may also add that this step has been taken in conformity with the resolution recently adopted in the meeting of the Eastern Zonal Council about effecting free movement of essential commodities among the States.

37. During the period under review, the sugar situation by and large remained satisfactory. Under the control system of distribution, Assam's monthly quota was fixed at 6,000 tonnes of sugar. Owing to shortfall in production this was reduced by 5 per cent in April, 1964, but this cut has been subsequently restored. During 1964, Assam has not experienced scarcity of sugar though in some places there was temporary short supply due to transport difficulties. To overcome this difficulty it has been decided to build up a buffer-stock representing one month's requirement in the important centres of consumption. It is unfortunate that iron and steel materials, specially G. C. I. sheets, continued to be in short supply in the State owing to limited production of these commodities in the country. In fact, all current supplies of G. C. I. sheets received from the Government of India have been made against our outstanding orders and no fresh allotments have been made. The supply position in respect of decontrolled categories of iron and steel products is, however, satisfactory. During 1964, 1,34,400 metric tonnes of cement were allotted to Assam but only 60,000 metric tonnes could be moved into the State owing to transport difficulties and short supply from factories. Out of the quantity received, about half has been allotted to the development departments. The Government, however, is taking necessary measures to get the full quota of cement to Assam. The supply position of essential commodities such as salt, pulses, mustard oil, gram, dal, etc., including other consumer goods in the State was not so unsatisfactory, during the year 1964, as in other parts of the country. These were

occasionally available at a higher price. All these commodities are decontrolled and as such generally move through normal trade channels. The annual production of pulses and mustard oil in Assam was of the order of 30,000 tonnes and 50,000 tonnes respectively. The State has to import about 35 thousand tonnes of pulses and 20,000 tonnes of mustard oil annually, mostly from U. P. and Bihar. But during the later part of 1964, supplies of these commodities became extremely difficult owing to high prices in the producing States and the restrictions imposed by them on export of these articles. Nevertheless, the availability of these commodities in the State could be maintained, though at a high price. There seems to be no prospect of any fall in the price till the next crop is harvested. The upward trend of price in the exporting markets outside the State, appears to continue. The supply position in respect of salt however, was quite satisfactory throughout the years. In view of the considerable dissatisfaction in the country over the rising prices of cotton textiles and in order to ensure adequate supply of popular varieties of cloth at reasonable prices, the Government of India have introduced price and production controls over the manufacture and sale of mill-made dhoties, saris, long cloth and shirting covering about 45 per cent of the total annual mill production excluding sales for export and defence requirements. This new scheme of statutory control has come into effect from 20th October, 1964, from which date the voluntary price regulation scheme introduced in 1960 has come to an end. This new scheme has also covered "Drill" with effect from 1st December, 1964. At present there is no control over distribution.

38. With a view to ensuring availability of these commodities at reasonable prices, the following measures have been taken by the Government.—

- (1) The Voluntary Price Regulation Scheme introduced in 1962, the object of which is to maintain a reasonable price level on the basis of voluntary co-operation by all concerned, is still being continued.

- (2) Simultaneously, the district and subdivisional authorities have been empowered to fix wholesale and retail prices whenever required.
- (3) To avoid occasional scarcity of mustard oil and pulses, the Government has decided to build up buffer stocks of one month's requirements.
- (4) The Government of India has been moved to take up with exporting States the question of lifting restrictions on free movement of commodities so that the normal trade channels may function smoothly.
- (5) To stop hoarding, dealers in mustard oil and seeds and pulses are required to declare their stocks every fortnight.
- (6) Price of kerosene is statutorily fixed at a pool rate all over the State. The kerosene agents are required to sell at fixed prices and retailers are allowed a reasonable margin. If occasion arises, the district and subdivisional authorities have been empowered to take necessary steps.
- (7) Following the promulgation of the Ordinance providing summary trial for food offences, special magistrates have been appointed in districts and subdivisions and local supply staff have been alerted to detect food offences and render all assistance to the magistrates.
- (8) In collaboration with the Central Warehousing Corporation, steps have been taken to construct warehouses in different places of the State in a phased programme.

Land
Reforms
measures.

39. In the Annual Plan for 1964-65, four schemes were undertaken namely consolidation of Holdings, Preparation of Records-of-rights, strengthening of Primary and Supervisory Land Record Agencies for collection of agricultural statistics and Survey and

categorisation of Waste Lands. The total allocation under these schemes was Rs. 9.43 lakhs. Steps have been taken for training of staff in the States of U. P. and Punjab in respect of consolidation work. Since the existing Assam Consolidation of Land Holdings Act, 1961, is found inadequate, an amendment to the Act will be taken up in this session of the Assembly. Action regarding preparation of Records-of-rights of tenants and *adhiars* have been taken up in Lakhimpur and Nowgong Districts and Silchar and Hailakandi Subdivisions. The scheme for strengthening of primary and supervisory land records staff is being implemented. A Technical Committee has been constituted for survey and to indicate availability of waste lands for settlement with landless agricultural workers. The survey is in progress. Work under these four schemes will be continued during the next year and total allocation for this purpose has been fixed at Rs. 13.60 lakhs. In the field of land reforms, the abolition of intermediaries has been completed in respect of Goalpara district and Karimganj subdivision of the Cachar district under the Assam State Acquisition of Zamindaris Act, 1951 except for a few tenures in the Karimganj Subdivision which are expected to be acquired with effect from the next agricultural year. Abolition of intermediaries is also in progress under the Assam Fixation of Ceiling on Land Holdings Act, 1936. The Land Reforms Board constituted under the above Act has continued to advise Government on various matters relating to land reforms. So far 126 villages have been declared as Gramdan Villages under the Assam Gramdan Act, 1961. Of these, 73 Gram Sabhas have been notified. Steps to constitute Gram Sabha Adalats as provided in the Assam Gramdan Act have also been taken. In the Current Budget Session of the Assembly, it is proposed to introduce a bill on Bhoodan in order to facilitate donation of lands by way of Bhoodan which fall outside the purview of the Assam Gramdan Act, 1961 and to simplify the legal formalities necessary for regularisation and distribution of such lands. The Government has accepted the principle of reorganising the Revenue Circles and Mandal's Lots to make their boundaries co-terminus with those of Anchalik Panchayats and Gaon Sabhas. Presently, Mandal's lots are being reorganised on these lines in

Kamrup and Cachar districts. The scheme is expected to be completed by 1968-69, covering all the Plains districts of Assam.

Land settle-
ment and
resettlement.

40. As I mentioned last year, the Government attaches great importance to conversion of annual patta land into periodic, settlement of land with landless persons and prompt eviction of encroachers from V. G. Rs. and P. G. Rs. Accordingly, during the period under review a considerable area of annual patta land has been converted into periodic. In 1963-64, 3,959 bighas of V. G. R., P. G. R. and Sarkari waste land have been opened for settlement with landless people and 1,248 bighas of V. G. R., P. G. R. and Sarkari land have been cleared of encroachers. Another 3,750 bighas in Naojan-Bokajan area have been opened for settlement with flood-victims and families of *ex-servicemen*. The re-settlement operations in Kamrup and Sibsagar districts have reached the final stage and are scheduled to be completed by the end of the current year. While Lakhimpur district has recently been brought under resettlement operations, work in this regard is in progress in Dhubri town, Karimganj Subdivision and Nowgong district.

Relief mea-
sures.

41. On 4th April 1964 a cyclone swept over Gauhati, Tezpur, Dibrugarh, Jorhat and Sibsagar Subdivisions and Nowgong district causing extensive damage to houses and properties of the people and to different crops. In Sibsagar Subdivision, the labour quarters in Thowra, Moran, Sepon and Khumtai areas were affected and extensive damage to tea crops worth Rs. 2 lakhs was caused. In all, 8 persons were killed and 26 injured owing to the cyclone. Government sanctioned an amount of Rs.10,000 each as gratuitous relief for Gauhati and Sibsagar Subdivisions. The State was also visited by three successive floods in the months of April, June, July and August in 1964. An unusual flood occurred in April in Cachar district. As a result of these floods, an area of 2,849.00 square miles, comprising 2,979 villages with a population of 10,13,897 was affected throughout the State. Altogether, 8 human lives and 1,160 heads of cattle were lost. 6,150 numbers of houses valued at Rs.5,99,294 were damaged or destroyed by the flood water. About 1,54,991 acres of crop areas were

partly or wholly damaged and the extent of such damage was estimated at Rs.1,88,30,437. Besides these floods, erosion was also reported from some subdivisions which caused extensive damage to the houses and properties of some people. In this connection, mention may be made about the erosion of Alirpam village in Barpeta Subdivision, Majuli in Jorhat Subdivision and Khowang and Nagakhelia areas in Dibrugarh Subdivision. During the course of the year, there was acute food scarcity in some of the Subdivisions, viz., North Lakhimpur, Dibrugarh, Sibsagar, Jorhat, Golaghat, Tezpur and in areas of Karimganj, Silchar and Hailakandi inhabited by tribals, owing to failure of crops last year. In order to alleviate the distress of the affected people, an amount of Rs.4,01,471 was sanctioned as Government subsidy for issuing paddy and rice to the people through cheap grain shops and also an amount of Rs.12,902 was sanctioned as gratuitous relief for giving cash relief to the actually needy people. Besides a Test Relief Grant of Rs.1,92,500 was also sanctioned for the affected areas to offer sources of income to the people for utilising the benefit of the cheap grain shops. Another sum of Rs.1,44,750 was sanctioned for Tezpur Subdivision for issuing paddy on loan to the affected people. Some fire incidents were also reported from Dibrugarh and Dhubri Subdivisions although not on a large scale. A sum of Rs.11,400 as gratuitous relief was sanctioned for this purpose. Another sum of Rs.10,000 was sanctioned as Agricultural Cattle Loan to the hailstorm affected people of Nowgong district. During the year, the total amount sanctioned to relieve the distress of the people affected by natural calamities like flood, erosion, cyclone, fire and food scarcity reached the figures (up to 22nd December 1964) as follows—

	Rs.
1. Gratuitous Relief	8,79,447
2. Test Relief	2,61,324
3. Rehabilitation Loan	4,16,380
4. Seed Loan	3,98,025
5. Agricultural Cattle Loan	1,50,000
	21,05,176

Relief measures for displaced persons.

42. As a result of atrocities in East Pakistan, refugees in large numbers began to pour into Assam from January, 1964 onwards. The first influx took place across the Indo-Pak border in the Garo Hills district and by about the end of January, 1964, the figure was about 20,000. The number of refugees who have entered the State upto 29th December 1964 is 1,73,710. Out of this number about 1,20,000 have been accommodated in 30 camps set up in the districts of Garo Hills, Goalpara, Kamrup, Nowgong, Darrang, Lakhimpur and Cachar and the rest are living with friends or relatives outside camps or have made their own arrangements. Cash doles are being given to the camp inmates in all the districts except Garo Hills and in the Matia Group of camps in the Goalpara District. In the latter, free ration is being supplied. It is proposed however, soon to switch over to the cash dole system in the camps in Garo Hills and Matia also. Medical Units or dispensaries have been attached to all the camps. Schools have also been set up in most of the camps for providing education to the children of refugees up to the primary standard. Schemes have also been submitted to Government of India for providing stipends to those reading in schools and colleges away from Camps. Clothing has been provided for the camp inmates subject to a ceiling of Rs.16 per head in respect of persons aged 8 years and above and Rs.8 per head in respect of those below 8 years. Woolen blankets have also been provided subject to a maximum of three per family. Everything possible is being done to make the life of the unfortunate uprooted people in the camps as easy as possible. As regards refugees outside camps, 7,350 families were given cash doles for three months as sanctioned by the Government of India. The total expenditure incurred in providing relief in 1964-65 upto the end of December, 1964 is Rs.1,61,000 and a provision of Rs.2,74,50,000 has been made in the Budget for 1965-66 for relief to refugees in camps and outside.

Rehabilitation of displaced persons.

43. We have agreed to rehabilitate about 75,000 refugees or 15,000 families, including 15,000 refugees to be rehabilitated in the North East Frontier Agency. Attempts are being made to rehabilitate the remaining

60,000 on agricultural land and in various industries in Assam. Sanction has been obtained from the Government of India for rehabilitating a total of 3,150 families in the Garo Hills under the Khas land and Soil Conservation Schemes. The Garo Hills District Council has been very generous and co-operative in assisting us in the rehabilitation schemes. In the Plains districts the Government of India has decided not to allot individual plots of land to refugees. Rehabilitation on land in plains will have to be in State Farms. Such State Farms will require compact blocks of land. One State Farm has been started at Damar in Goalpara Subdivision and about 400 families will be rehabilitated there. Attempts are being made to start State Farms wherever suitable blocks of land are available. In the industrial sector 50 refugee families have been rehabilitated in the Jax Board Factory in Tinsukia. We have submitted to the Government of India schemes for setting up of Jute, Paper Pulp, Cement and Sugar factories. Attempts are also being made to rehabilitate refugees in small industries like weaving and sericulture. The total expenditure incurred on rehabilitation of new migrants up to the end of November 1964 was Rs.3,50,000 only. Provision made in the Budget for 1965-66 for this purpose is Rs.52,09,000 under Grants and Rs.1,21,05,000 under Loans. The entire expenditure on relief and rehabilitation of refugees from East Pakistan will I hope, be re-imbursed by the Government of India. So far as expenditure on staff at State and District headquarters is concerned, Government of India wants that only 75 per cent of the expenditure should be borne by them and the remaining 25 per cent by the State Government. They also want the amounts advanced as loans to refugees to be treated as loan to the State Government from Government of India. We have not accepted this position and there is no justification why the entire expenditure should not be reimbursed by the Government of India. As it is now initially to be met from the State's Budget, it has been causing considerable strain to our resources. Thus whatever is possible for us to do is being done only to look after the refugees and to rehabilitate them to the extent we have committed to do but I have with regret to point out that precious little has been done by Government of India to take over any one beyond what has been accepted by us for rehabilitation outside

the State. Such delay and leisurely attitude not only means drain on public funds but has created for us all kinds of problems including discontent in the area where the refugees are temporarily kept because the burden to provide for the necessities of these unfortunate persons is more than the area can bear.

Economy
Committee.

44. The Economy Committee has been doing commendable work since its inception. Till now, it has submitted 12 reports out of which 7 were submitted during the current year. The Government has taken a decision on the General Report and the estimated savings on the accepted recommendations is estimated to be Rs.62 lakhs per year. The other accepted recommendations of the Economy Committee deal with modification of office procedures, etc., which are expected to streamline the administration. I may emphasize at this point that, while the need for observing economy in expenditure has been a matter of great importance for Assam at all times, the ambitious targets for the State 4th Plan accentuate the need for curtailment of all avoidable expenditure so that resources may be generated for financing the Plan without adding to the inflationary pressure that is prevailing in the economy. The Government is fully aware about this problem and with the approval of the Hon'ble Members of the House will have to take necessary measures in this regard.

Administra-
tive Reforms
Committee.

45. The Administrative Reforms Committee, announced last year, has been constituted with the Chief Minister as Chairman, and four non-official and four official members for suggesting measures for improving administrative standards and efficiency. The Committee has prepared a detailed questionnaire covering almost all aspects of the administration which have been sent to all concerned and replies to the same are now being processed. The Study Teams of the Committee are examining various aspects of administration. The Committee is likely to submit its report by the end of the next financial year.

Pay revision.

46. The Pay Committee submitted its final Report on 29th February, 1964. The Government have carefully considered its recommendations and also had the privilege of obtaining suggestions and advice

from the Hon'ble Members of the House when the matter was discussed in the last November session of the Assembly. Since this is a matter agitating the minds of the people of this State, I may take this opportunity of mentioning some of the salient points of the recommendations of the Committee as finally accepted by the Government. The Pay Committee's recommendations that the minimum emoluments of the State Government employees in the various Departments and other Governmental organisations should be Rs.80, while the maximum emoluments should be Rs.1,800, have been accepted by the Government. The ratio of the minimum to the maximum salary in the revised pay structure, after tax deduction I will stand at 1:18.4 as against 1:23 suggested by the Pay Committee in 1956. The most outstanding feature of the present pay revision is that the allowance of the category of dearness allowance, which have continued as compensatory allowances for a long time past admitting no pensionary benefit on the same, have since been merged in the revised scales. In the present pay revision the number of pay scales have been reduced to 33 as against 82 existing formerly. In the case of certain services and categories of Government employees where there is a pronounced block in respect of chances for promotion, selection grades have been prescribed. The Government have increased the number of selection grades and have extended this benefit to certain ministerial and other grades. The principles for fixation of pay in the revised scales have been so laid down that all the State Government employees in receipt of a pay of Rs.750 per month and below are assured of a minimum financial benefit ranging from 5 per cent to 10 per cent. Also, all the teachers both under the Elementary Education Board and in the schools receiving grants-in-aid under the deficit system will be benefited by this pay revision. In addition to the revised scales, the Government employees whose pay does not exceed Rs.250 per mensem shall get an *ad-hoc* dearness allowance of Rs. 10 per mensem with effect from the 1st December, 1964. The rates of daily and travelling allowances have also been modified. The minimum and maximum daily allowance have been raised to Rs.2.50 and Rs.12.50 per day as against Re.1 and Rs.10.50 respectively, before. The important

decision in respect of pension and gratuity has been that the existing disparity between Class IV and other Government employees in the principles regulating the same would be done away with. It has also been decided to extend family pension to widows and minor children of pensioners of Government servants who die after rendering a minimum of one year's service in a pensionable post. In respect of leave, it is proposed to extend leave terms at present admissible, to Government employees suffering from T. B., to those suffering from cancer and leprosy also. It is also intended that travel concession benefits would be extended to State Government employees by way of reimbursement of 75 per cent of the fare beyond the first 200 kilometres once in two years from the place of posting, to the Government employees' home when they proceed on regular leave in respect of Government employees and each entitled member of his family. The Committee's recommendation that medical benefit to Government servants should be increased by extension of the Contributory Health Service Scheme to other areas has been accepted by Government, subject to availability of doctors and other practical considerations. The Government have also accepted the Committee's recommendations that an extensive housing programme should be taken up for providing residential accommodation for Government employees. It has been estimated that the immediate financial implications of the pay-revision will be of the order of about 3 crores of rupees per annum. The additional expenditure on account of ad-hoc dearness allowance with effect from 1st December, 1964, has been estimated to be 1.5 crores of rupees per annum.

Assam Govt.
Construction
Corporation
Ltd.

47. As the Hon'ble Member are aware, one characteristic of the underdeveloped economy of the State is the absence of big local engineering firms that may take up large-scale construction works. The Government has, therefore, to invite big firms from outside the State to undertake such works which results in considerable delay in implementation and enormous inflation of construction costs. For remedying this situation, the Government has set up the Assam Government Construction Corporation in 1964 under the Chairmanship of the Chief Minister with a share capital of

Rs. 2 crores to take up all major construction works in the State. The Corporation has so far been allotted three major bridges on the national highway and a big building costing more than Rs.2 lakhs. Thus the Corporation is expected to remove a long-felt need of the State.

48. The Assam State Mineral Development Corporation, which has been set up, will start mining limestone of the Khasi and Jainta Hills for export and will take up mining of Kaolin and Glass sands and also Garo Hills Coal for a thermal project there. The two major Power Projects, the Umiam Hydel Project (capacity 36,000Kw) and the Namrup Thermal Plan (capacity 69,004 Kw biggest in Asia) which are likely to be ready and commissioned in 1965, will meet the major portion of Power required for industrial consumption. The last phase of the Gas Distribution Project, *viz.*, laying of the pipe-lines from Naharkatiya to Namrup will be completed during 1965-66.

During the year, implementation of schemes for transport development both by rail and road were carried out at an accelerated rate. Extension work of the Assam Rail link is going on and the construction work of the Broad Gauge Railway line between Siliguri and Jogighopa is being hastened and the same is likely to be commissioned during the year 1965. The 260 mile pipeline linking Gauhati Oil Refinery with Siliguri with a capacity to carry about 4.8 lakhs tons of oil products annually was commissioned on the 20th December, 1964, and this will largely to relieve the burden of the railways and help the Indian Oil Corporation to reduce the transportation cost.

Law and
order.

49. The law and order situation in the State during the year under review has been, by and large, satisfactory. There have been four cases of large-scale lawlessness and rioting during the course of the year. The first one took place in Shillong in the early part of 1964, the second one in the Mikir Hills in June and the remaining two are cases of labour trouble in Baladhan T. E. in Cachar in August and in Naharani T. E., in Darrang in

September. In all the cases, the Police had to open fire in self-defence resulting in death and injuries to some of the rioters. On the other hand, I am glad to report that owing to the efforts of the Peace Mission, of which our Chief Minister is an important member, disturbances in the Nagaland border during the second half of the year have been few and far between. But the lawless activities of some of Rani Guidalu's followers in North Cachar Hills are causing concern and the Government is taking steps to check further worsening of the situation. The situation on the Indo-Pak border continued to be tense in the year under review. In December, 1964, the unprovoked firing by the Pakistani forces in Latitilla area caused widespread panic and many villagers left their hearths and homes for safer zones. Infiltration by Pakistani Nationals continued in 1964 and 72,543 infiltrants were detected. Of these, 1,658 were prosecuted, and 1,289 out of them were convicted, a few were acquitted and 1,236 were sent back to Pakistan. To prevent any misgivings about determination of nationality of the infiltrants solely by Police, four Tribunals have been constituted with four retired judges to scrutinise such cases and necessary statutory orders have been promulgated in this regard. These four Tribunals are functioning from October, 1964. Another major step taken in the last part of 1964 is the taking into custody of 31 prominent members of the left faction of the C. P. I. under the Defence of India Rules to prevent them from indulging in anti-State activities. Compared to 1963, the crime position in the State improved considerably in respect of crimes against property but a slight deterioration took place in respect of crimes under the heads of murder and rioting. Cases under the Motor Vehicles Act decreased in number during 1964 as compared to 1963 and this is due to strict vigilance and frequent checking by the Traffic Police. The Anti-Corruption Branch of the Police Organisation continued to improve its working in the year under review. During the year, its organisational set up was further improved. The Branch registered 202 enquiries as against 173 in the previous year and of these, 163 enquiries were disposed of. Though the majority of the cases were found to be baseless, departmental action was recommended in 59 cases and 5 criminal

cases were registered. On the basis of the report of this branch, one head of a Department was dismissed and 15 other officers were punished. The Village Defence Organisation continue to render invaluable service to the Police Organisation in maintaining law and order in rural areas of the State and its members have been responsible for apprehension of a noticeable number of criminals. Similarly, this organisation has been of great assistance in maintaining peace on the Nagaland, and Pakistan borders. Efforts have been made therefore to strengthen this organisation further.

The shortage of experienced staff, inadequacy of the organisational set-up in several directions and lack of suitable transport facilities in the Police organisation as a whole are well known. Several steps have been taken in 1964 to remedy some of these deficiencies.

A State Vigilance Commission has been constituted and a retired Judge of the Allahabad High Court has been appointed as the Vigilance Commissioner.

Civil Defence and Home Guards.

50. The Civil Defence and Home Guards organisation continued to be under the direct supervision of a whole time Director assisted by a Deputy Director. The total number of Home Guards so far recruited is 18,591 of whom 13,006 have so far been trained. For the training of rural Home Guards eight regional centres have been sanctioned and each centre is to serve for a region covering 20 developmental Blocks. The Home Guards in the urban areas are trained by small mobile teams of instructors. The training so imparted has been tried out in some districts by deploying the Home Guards for static police duties and as auxiliary to the regular police personnel and in these experiments the Home Guards have proved their worth. It has, however, been decided recently that North Bank areas and the Dibrugarh subdivision because of their inclusion in the Central scheme will be excluded from the purview of the State scheme and as a consequence, the strength of the Home Guards may be considerably reduced. It has also been decided that the Home Guards organisation should be treated as an all-time stand by disciplined force to come to the help of the community in any kind of emergency, and that throughout the country the organisation should follow a uniform pattern.

Jails.

51. The Jails Department pursued its activities regarding bringing reforms in prison administration. The work on the scheme for an Open-air Agricultural-cum-Industrial Colony is progressing in the Jorhat Jail. To accelerate this aspect of administration of prisons, the Government has accepted the principle of separating the Jails Department from the Health Department and amalgamating it with the Social Welfare Department whose activities are akin to the activities of the Jails Department.

Budget
Estimates
for 1965-
66.

52. I would now place before the house the estimated receipts and expenditure for the year 1965-66. The year is expected to open with a deficit balance of Rs. (—)402 lakhs as explained earlier in great detail. The Hon'ble Members will appreciate that the "Revised" estimates of receipts and expenditure for the current year constitute an essential basis for the estimates of the receipts and the expenditure for the year 1965-66. On revenue account the receipts have been placed at Rs. 7,078 lakhs against the revised estimate of Rs. 6,412 lakhs. This increase is due to higher estimated receipt of Rs. 7 lakhs under Agricultural Income-Tax, Rs. 51 lakhs under various items of Land Revenue, Rs. 2 lakhs under Excise, Rs. 24 lakhs under Taxes on vehicles, Rs. 103 lakhs on Sales-Tax, Rs. 11 lakhs on Interest, Rs. 13 lakhs from Road Transport, Rs. 12 lakhs from Forest Revenue, Rs. 47 lakhs from Union Excise duties, Rs. 212 lakhs as grants-in-aid from Government of India on various accounts including Police and reimbursement of expenditure on displaced persons, and estimated receipt of Rs. 150 lakhs included as arrear collection of carriage Tax on Tea and Jute which could not be collected in the current year owing to the case still being pending with the Hon'ble Supreme Court, plus some other minor variations amounting to about Rs. 34 lakhs. The expenditure on the revenue side is estimated at Rs. 7,040 lakhs against the current year's revised estimate of Rs. 6,267 lakhs. The increase of Rs. 773 lakhs is due to higher provision of Rs. 4 lakhs under payment of interest, Rs. 30 lakhs for contribution to the various sinking funds for amortisation of loans, Rs. 73 lakhs under Police mainly due to raising of an additional

Police Battalion for replacement of a borrowed Battalion and another Assam Police Battalion for deployment on the Naga Hills border, Rs.66 lakhs under Education, Rs.4 lakhs under Medical, Rs.30 lakhs under Public Health, Rs.38 lakhs under Agriculture, Rs.20 lakhs under Co-operation, Rs.28 lakhs under Labour, Rs.13 lakhs under Social Welfare, Rs.39 lakhs under Public Works Department (F. C.), Rs.440 lakhs under Public Works Department (R.&B.), Rs.22 lakhs under Road Transport and Rs.15 lakhs under Relief and Rehabilitation which are partly set off to the extent of about Rs.49 lakhs by smaller provision under various other departments. Thus the higher estimated receipts over expenditure on the revenue side for the year 1965-66 are expected to be of the order of Rs.38 lakhs.

53. The Capital receipts for the year 1965-66 are expected to be of the order of Rs.4,747 lakhs as against the current year's revised estimate of Rs.6,727 lakhs. This is due to lesser provision by Rs.1,500 lakhs as receipt of overdrafts from Reserve Bank of India for covering shortfalls of cash balance likely to arise during the course of the year. Similarly lesser provision by Rs.379 lakhs and Rs.185 lakhs are being made for receipt of Ways and Means advance from Reserve Bank of India and cash credit accommodation from the State Bank of India respectively and Rs.150 lakhs ways and means accommodation from the Government of India during the year. This decrease has however been counterbalanced by higher estimate of loan from the Government of India (Rs.208 lakhs) and higher estimate of Rs.25 lakhs on some items indicated in detail in the budget memorandum. The capital expenditure on the other hand, is expected to be of the order of Rs.4,724 lakhs for the next year as against the revised estimate of Rs.7,236 lakhs for the current year, recording a shortfall of Rs.2,512 lakhs. This is due to lesser provision of Rs.43 lakhs under investment in commercial concerns, Rs.47 lakhs under Public Works Department (R. & B.), Rs.599 lakhs under Supply Department due to lesser target for procurement of rice and paddy, Rs.1,500 lakhs for clearance of overdrafts with Reserve Bank of India, Rs.318 lakhs for clearance of Ways and Means advance and a lesser provision of Rs.18 lakhs under loans and advances by the State Government. This is partly

counterbalanced by higher provision under various other heads. All the variations have been explained in detail in the Budget Memorandum under each head of account. There is thus higher estimated receipts over expenditure on the capital side of the order of Rs.23 lakhs for the year 1965-66. In our public account it is expected however that there will be a surplus of Rs.16 lakhs. Surplus for the year 1965-66 will therefore be of the order of (+) Rs.77 lakhs without taking into account the deficit of (-)Rs.500 lakhs likely to arise, because of implementation of the Pay Committee's recommendations alone during the course of the year. In considering this figure of (+) Rs.77 lakhs we have to take into account the deficit of (-)Rs.402 lakhs at the close of the current financial year. We, therefore, expect to close the year 1965-66 with a deficit of (-)Rs.325 lakhs.

54. I may also add for the information of the Hon'ble members that as a measure of extreme urgency to tighten up financial control and also to recover from our chronic resource difficulties Government have decided not to take up any new scheme under "Normal" during the next year except one scheme namely provincialisation of Aijal College (costing Rs.1,18,500, immediate) which was specially considered and accepted owing to backwardness of the locality.

55. It may, however, be noted that the budget as now presented to the Legislature has not made any extra provision that may be necessary to meet the impact of the recommendations of the Pay Committee since the Controlling Officers have submitted their budget proposals at the old rates of pay and allowances admissible to the Government servants under their control. No realistic estimate of additional requirement separately for each Department for budget purposes is feasible till now. Moreover, the Government servants were given 60 days' time to exercise their option which expired only on 28th February last. Therefore, after all details are worked out, extra requirement of fund on this account which may go up to Rs.5 crores together for both arrears

pertaining to the current year and for the amounts to be disbursed in the next year, will have to be provided by Supplementary Demand during the next session. The closing balance of (—) Rs. 325 lakhs at the end of 1965-66 as indicated in the Budget may therefore go up to (—) Rs. 8 crores or so as a result of the full impact of the revision of pay scales being felt in the next year. This closing deficit balance will of course not include, in view of the revised accounting procedure, the sum of Rs. 290 lakhs which we expect to have as normal and special Ways and Means advance from the Reserve Bank of India at the close of the next year remaining unpaid at that time. If this amount is taken into consideration then our 'real' closing balance for the year 1965-66 will be about (—) Rs. 11 crores.

ys and.
Means

56. The year 1963-64 closed with a deficit balance of (—) Rs. 92 lakhs. During the current year there is an anticipated surplus, on revenue account of (+) Rs. 144 lakhs. Outside the revenue account, a deficit of (—) Rs. 454 lakhs is expected. The year is therefore likely to close with an overall deficit of (—) Rs. 310 lakhs not taking into consideration the deficit opening balance of (—) Rs. 92 lakhs. This will mean that the closing balance at the end of the current year will be (—) Rs. 402 lakhs, *i.e.* (—) Rs. 310 lakhs plus (—) Rs. 92 lakhs which is the anticipated opening balance of the year 1965-66. The budget estimate for 1965-66 reveals an overall surplus as shown in Appendix A of (+) Rs. 77 lakhs which consists of surplus outside revenue account also and which takes into account the small surplus of (+) Rs. 38 lakhs under revenue account, but which does not take into account the deficit of (—) Rs. 500 lakhs likely to arise as a result of implementation of the Pay Committee's recommendation.

The budget for 1965-66 has to contribute Rs. 699 lakhs (included in the budget figures for 1965-66 explained above) the State's contribution for the last year of the Third Five Year in addition to meeting the normal expenditure

of the administration. Over and above this, additional liabilities have been thrown on the State's finances on account of taking up the Police Reorganisation Scheme, bearing a substantial portion of expenditure on Border Security Forces employed of Nagaland Border, contributing a share of expenditure on State and District establishments for the rehabilitation of refugees (included in the budget figures for 1965-66) and on account of having to pay more salaries and allowances to Government employees consequent to the acceptance by Government of the recommendations made by the last Pay Committee (not included in the budget figures for 1965-66). In addition to this the refusal of the Government of India to secure President's assent to enable us to introduce legislation for re-imposing Road Carriage Tax, particularly after Supreme Court's judgment holding our previous legislation *intra-vires*, has deprived us of an average receipt of Rs. 2½ crores for the past few years. All these facts have created a condition on account of which it has not been possible for me to put a final stop to the trend of overall deficits during the past few years. This is not at all a happy sign and no Finance Minister would perhaps look at this position with equanimity. Deficit is unavoidable to a certain extent in a developing economy which can be met to a certain extent by borrowing and also by increasing resources by either imposing fresh taxes or creating income-yielding assets. There is, however, a limit to resorting to borrowed funds and to the capacity of the people to bear the burden of taxation. At the same time we cannot escape from the fact that we are now on the threshold of the Fourth Five-Year Plan for which I submit greater efforts and sacrifices are called for if we have to march ahead with other sister States in the planned development of the country. No Plan will succeed without augmenting the present financial resources of the State in which direction, as I have said, we shall have to make an endeavour without putting too much burden on the common man. Having considered the matter from all aspects I do not feel that the present circumstances would warrant resorting to fresh taxation to bridge the deficit gap without proper enquiry and examination. Therefore, I have not, for the present year, suggested any proposal for fresh taxation

but I would like to take the House into confidence that I propose to set up a small Committee of eminent economist, administrator and non-official representatives to review the present structure and level of taxation of State and Local Bodies, to assess and advise on the incidence of the structure and level of taxation on the people of different classes with particular reference to conditions in other States and to suggest improvements in the present level and system of taxation and new no-tax resources. I would like the proposed Committee to go into the question of additional taxation very carefully and after making a proper survey of the tax incidence in the State, to make recommendations to guide us in respect of future action to be taken in this behalf. While this is the approach, I would like to submit, in our endeavour to augment the financial resources for the future, I feel, that it would be possible for us to tide over our present difficulty and meet the existing gap by whole-heartedly and seriously confining our attention to the question of putting a stop to waste in administration, by going all out for effecting economy in all spheres and removing inefficiency in administration and by putting pressure on Government of India either to secure for us the President's assent to enable us to re-impose Road Carriage Tax or to substitute Road Carriage Tax and the West Bengal Entry Tax by additional Excise duty the proceeds from which should be distributed to Assam and West Bengal on the basis of collection from the respective areas.

From the brief review which I have placed before the Hon'ble members it is apparent that we are far from being out of the woods. Hon'ble members are aware more than I can tell them of the external threat, the internal atmosphere and the vast difficulties and problems, financial and otherwise, which confronts us in maintaining our freedom and proceeding on the path of progress and development. We are not in too happy a position not to require more awareness, vigilance, devotion, sincerity and hard work to ward off the danger from outside to our hard-won freedom and internally to check the activities of reactionaries, disruptionists and unsocial elements designed to prevent us from pursuing the path of democratic socialism to

provide happiness and economic prosperity to our people. I have no doubt that with determination, unity and sincerity we shall meet all the challenges and work for building up a strong and healthy India which can be the only guarantee against foreign aggression.

JAI HIND

ANNEXURE A

(In thousands of Rupees)

	Actuals, 1963-64	Budget, 1964-65	Revised, 1964-65	Budget, 1965-66
	(1)	(2)	(3)	(4)
	Trs.	Trs.	Trs.	Trs.
RECEIPTS				
Opening Balance	(—) 1,45,85	(—) 2,52,77	(—) 91,89	(—) 4,01,61
Revenue Receipt	49,55,56	61,78,35	64,11,56	70,78,28
Receipt from debt raised in India.	50,36,92	28,04,14	66,28,64	45,26,31
Recoveries of Loans and Advances by the State Government.	1,02,85	79,66	98,22	1,20,78
Receipts from the Contingency Fund.	2,57,50	..	4,46,01	..
Public Account	70,80,58	1,58,82,10	1,71,11,90	1,71,74,89
TOTAL ..	1,72,87,56	2,46,91,48	3,06,04,44	2,85,98,65
EXPENDITURE				
Revenue Expenditure ..	54,34,76	59,06,66	62,67,31	70,39,99
Capital Expenditure ..	9,14,28	13,46,17	15,75,93	8,82,39
Expenditure on repayment of debt raised in India.	25,61,14	10,02,90	45,79,01	27,78,20
Loans and Advances by the State Government.	14,24,87	11,23,12	10,81,22	10,63,38
Expenditure on Contingency Fund.	2,30,41	..	4,00,00	..
Public Account	68,13,99	1,58,82,77	1,71,02,58	1,71,59,39
Closing Balance	(—) 91,89	(—) 5,70,14	(—) 4,01,61	(—) 3,24,70
TOTAL ..	1,72,87,56	2,46,91,48	3,06,04,44	2,85,98,65
Net Results—				
Surplus (+)				
Deficit (—)				
(a) On Revenue Account	(—) 4,79,20	(+) 2,71,69	(+) 1,44,25	(+) 38,29
(b) Outside the Revenue Account.	(+) 5,33,16	(+) 5,89,06	(—) 4,53,97	(+) 38,62
(c) Net excluding opening balance.	(+) 53,96	(+) 3,17,37	(—) 3,09,72	(+) 76,91

ANNEXURE B

Statement showing the Development Head-wise Allocation in State Plan out of approved Expenditure of Rs. 30,90.00 lakhs for the financial year, 1965-66

The provision of Rs. 30,90.00 lakhs under Revenue and Capital Heads for next year's State Plan includes the following provisions for various development sectors :—

	(Lakhs of Rupees)
Agricultural Production	150.00
Minor Irrigation	100.00
Animal Husbandry including Dairying and Milk Supply	44.00
Forest including Soil Conservation	33.00
Fisheries	12.00
Ware-housing and Marketing	5.00
Co-operation	40.00
Community Development	180.00
Panchayats	13.00
Irrigation	50.00
Flood Control	280.00
Power	817.00
Industries and Minerals	215.00
Transport, Communications and Tourism	211.00
Education including Technical Education	405.00
Health	230.00
Housing	35.00
Welfare of Backward Classes	225.00
Social Welfare including Public Co-operation	5.50
Labour and Labour Welfare	13.80
Miscellaneous	25.70
Total	30,90.00*

*Rupees 30,90.00 lakhs includes Rs.50 lakhs for Mizo Hills Special Development Programme.

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