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Budget Speech

1968-69

BY

Shri KAMAKHYA PRASAD TRIPATHI
FINANCE MINISTER, ASSAM

1st MARCH, 1968

MR. SPEAKER, SIR,

I rise to present the Financial Estimates of Receipts and Expenditure of the Government of Assam for the financial year 1968-69.

Before I proceed to other matters, I feel it my duty to pay our respect to eight notable departed souls of Assam who have left us since I presented the Budget last. They are late Nakul Chandra Bhuyan, President of the Assam Sahitya Sabha, a person highly respected and honoured for his great contribution to Assamese literature. Another of the departed souls is Dr. Mahendra Nath Saikia who was a member of the Assam Legislature several years back and a Minister of Assam. He will be remembered for his services for the welfare of the people. The other notable person, whose demise we mourn, was late Kamini Kumar Sen who also happened to be a Member of the Assam Legislative Assembly. Shri Sen's contribution to the freedom struggle will be remembered. Yet another great son of Assam, who left us is late Raghunath Chaudhury popularly known as 'Bihogi Kavi' and a former President of the Assam Sahitya Sabha. We also mourn the death of Shri P. L. Shome, *ex-M.L.C.* and *ex-Advocate-General* of the Government of Assam. I place on record with deep regret the sad demise of Mvi. Wazed Ali, *ex-M.P.* from Assam. We also mourn the death of late Daiba Chandra Talukdar, the eminent Assamese litterateur. And now, our Rupnath Brahma is no longer with us. As a Member of this august House and as a Minister for over two decades he has done immense work for the betterment of the country and for the advancement of the cause of the Plains Tribal people of Assam. As Minister, he set up a record as having had the longest span of tenure in the country. His loss is a great blow. I pray for the eternal peace of the departed souls.

Before I go to the Budget estimates I would like to touch briefly upon the state of the national

economy during the last financial year. As the Honourable Members are aware, the economy continued to pass through a difficult phase during the year 1967-68. Unprecedented drought over large areas of the country, consequent set-back in agricultural production, recession in several important segments of industry and commerce, uncertainties in external aid, impact of devaluation and various constraints in mobilization of domestic resources restricted severely the growth of the economy. Prospects of a bumper harvest and increased agricultural production of foodgrains, it is hoped, will improve and stabilise the economy of the country. In fact, the year 1967-68 presents a mixed picture. While there is reason for cautious optimism in the ability of the country to achieve economic growth, certain other developments tending to reverse these growth-trends have aroused deep concern, especially in the political field. The recrudescence of divisive forces causing conflicts and violence either in the name of religion or region or language cannot but be a matter for deep concern and serious thought, transcending party affiliations. I request Honourable Members to do their best to ensure that reasoned debate and thoughtful persuasion replace the politics of mass-violence which seeks to obtain decisions on the streets.

The national income which declined by 2.27 per cent in 1965-66 (at 1948-49 prices) from the year 1964-65 registered a slight increase of 1.97 per cent during 1966-67. But increased agricultural production has resulted in a substantial increase in the national income which is expected to be 10.8 per cent higher in the year 1967-68 than in 1966-67. Though the national income increased by 1.71 per cent against a decline of 4.8 per cent in 1965-66, the *per capita* income in 1966-67 declined by Rs.2.2 (at 1960-61 prices), due to increase in population.

Industrial growth was erratic during the year but agricultural production may show signs of sustained and rapid growth in 1968. Recession affected large sectors of Industry due to erosion of

purchasing power by two successive droughts, reduction in demand for certain types of capital goods due to tapering off of investment and lower demands for certain goods due to structural imbalances. Policy measures taken for stimulating exports and production by placement of orders is likely to increase the tempo of industrial production during the year 1968 and all signs point to growing confidence in the capacity of Indian Industry to face the challenge. India regained its premier position in tea exports in 1967, but the devaluation of the Pound has affected the tea industry. It is a good sign that exports have now started improving. Recent tax relief announced by Government of India may further the trend.

During the first ten months of 1967, the wholesale prices rose continuously from 1941 in January (at 1952-53=100) to reach 221.0 in October. The whole-sale price index however showed a declining trend since November when it was 214.9 and is likely to go down further as a result of the arrival of new crop in the markets.

These trends in the national economy were reflected in the general economic situation of our state. The state income at 1948-49 prices rose by only 2.27 per cent to Rs. 378.3 crores (provisional) in 1966-67 from Rs. 369.9 crores in 1965-66 as against a rise of 1.76 per cent in the previous year. The state income at current prices, registered a substantial rise of 24.56 per cent to Rs. 698.7 crores (provisional) from Rs. 560.9 crores in 1965-66 as against a rise of 9.16 per cent in the previous year.

The *per capita* income in terms of constant prices (at 1948-49 prices) declined to Rs.274.3 in 1966-67 from Rs.275.8 in the previous year. But at current prices, the *per capita* income increased to Rs.506.7 in 1966-67 from Rs.418.2 in 1965-66. Foodgrain production is expected to improve during the current year to 19.67 lakh tons from 18.11 lakh tons in 1966-67. The rate of growth in the industrial sector was however not encouraging. The production of tea is estimated to be of the same order as in the last year.

The wholesale price index in 1966 in Assam spiralled up by 20·1 per cent as against 13·5 per cent in India as a whole. During 1967, the wholesale price index for Assam (base 1953=100) rose from 221·9 in January to 250·7 in December, showing a rise of 12·9 per cent. But compared to 1966, the price index in 1967 has risen by 16·7 per cent in Assam as against 15·3 per cent rise in India during the same period.

The employment position has not made any marked improvement and unless there is rapid economic growth and industrialization, it is apprehended that the position would become very difficult. Unemployment amongst tea-garden labour is also on the increase.

From the above analysis, it is clear that increased agricultural production has helped the economy considerably but it will be some time more before we are out of the woods. The crying need is for proper and full mobilization of resources, increase in efficiency and productivity in all sectors, besides proper allocation of priorities. Full mobilization of our internal resources will entail considerable self-denial and restraint without which we cannot move forward. If our priorities are correctly fixed and production investment maximised, I am confident that we will be able to retrieve our economy, consolidate our gains and prepare for a meaningful Fourth Plan from 1969-70.

Fourth Five-Year Plan.

Outlay on Assam's Fourth Five-Year Plan was fixed at Rs. 190 crores made up of Rs. 140 crores for the General Plan and Rs. 50 crores for the Integrated Hill Areas Plan. But in view of the stresses and strains in the national economy, it was decided by the National Development Council in December, 1967 that the years 1966-67, 1967-68 and 1968-69 will not be included in the Fourth Plan but will be covered by *ad hoc* annual Plans. The Fourth Five-Year Plan will instead cover the period 1969-70 to 1973-74.

Annual Plan
for 1967-68.

The annual plan for 1967-68 was approved by the Planning Commission with a total outlay of Rs. 30 crores. The entire amount will be available from the Government of India as Central assistance. The State Electricity Board was allowed to utilise a loan of Rs. 3 crores from the Life Insurance Corporation of India in addition to the amount of Rs. 6.50 crores allotted within the approved plan. Thus the total outlay under the Annual Plan for 1967-68 will go up to Rs. 33 crores.

Annual Plan
for 1968-69.

For the current year, our Draft Annual Plan envisaged an outlay of Rs. 42.27 crores. After discussion, the Working Groups recommended an outlay of Rs. 38.92 crores, *i.e.*, Rs. 27.35 crores for the General Plan and Rs. 11.57 crores for the Hill Areas Plan. The Chief Minister and myself vigorously pressed our claims for larger Central assistance to cope with the compulsions of regional development and to complete the essential projects already taken up, besides providing the infra-structure of growth for the Hill Areas. The Planning Commission has however indicated only an outlay of Rs. 29.4 crores including Rs. 7 crores for the Hill Areas Plan due to the tight resource position of the Centre and uncertainty of foreign aid. In the coming year also, as in the current year, the entire plan of Rs. 29.4 crores will have to be contributed by Government of India due to heavy deficit in State finances. The sectoral allocations for 1968-69 is given in Annexure B.

Development
of Hill
Areas.

I would now like to touch briefly on the programme for the Hill Areas during the Annual Plan period. Detailed study will be available in the Supplement to the Budget Speech which has been circulated to the Honourable Members.

Following the recommendations of the Joint Centre-State Study Team for the Hill Areas of Assam for accelerated development of the hill districts, a Planning Board for the Hill Areas was constituted in November, 1966. During 1967-68, the Planning Board had four sittings and reviewed the progress of the annual plan besides indicating

guidelines for the formulation of the Annual Plan for 1968-69. The Advisory Council for the Autonomous Districts comprising of the elected members of Parliament and the Legislative Assembly from the Hill Areas and the Chief Executive Members of the District Councils, actively discussed the Annual Plan for 1968-69 and the departmental budgets were formulated by and large, on its recommendations and advice.

For 1968-69, the outlay on Hill Areas is Rs. 7 crores and is practically in the nature of a "maintenance" plan as the Fourth Five-Year Plan will commence only from 1969-70. The Fourth Five-Year Plan proposals for the Hill Areas will therefore be formulated afresh. In the meantime, the executive and administrative machinery for implementation of the Plan programme has now been geared up. District Councils have been closely associated with the implementation of Plan schemes and necessary sanctioning procedure streamlined. During 1967-68, the implementation will be considerably better than in the year 1966-67.

During 1967-68, a Co-operative Development Corporation and a Small Industries Development Corporation for the Hill Areas are being set up. A big state farm is being started in the Mikir Hills District. There is a proposal to set up two other such farms, one in Khasi Hills and the other in Garo Hills. A special programme for production of disease-free, quality potato seeds is being taken up in the Khasi Hills. Land reclamation and minor irrigation schemes have been taken up in suitable areas, besides a survey of land utilisation. Power schemes with sizeable outlays are also being executed. Following the visit of a team headed by Shri R. Bahl, Adviser to the Planning Commission, to the Mizo District in 1967, special schemes for development of Protected and Progressive Villages have been taken up.

Agriculture

Agricultural production is steadily improving in our State. Our strategy of laying emphasis on quick-maturing programmes and recourse to high yielding varieties of seeds is paying dividends. During the year 1967-68, floods did not cause extensive damage except

in some places like Barpeta, Nalbari, Nowgong, Hajo, Dhubri, etc. There was, however, unexpected hailstorm which ravaged crops in Goalpara district and some areas of Kamrup and Nowgong districts. The total production of rice as estimated provisionally during 1967-68 is 19.08 lakh tons as compared to 17.56 lakh tons in 1966-67. The production of jute increased to 10.4 lakh bales in 1967-68 from 9.9 lakh bales in 1966-67 and 8.4 lakh bales in 1965-66. The prospect of rabi crops like mustard, pulses, wheat, etc., is also bright.

The area under high-yielding varieties programme has increased substantially. During 1967-68, the total coverage under Taichung Native I and Manohar Sali is expected to be 54,000 acres. Another variety IR-8, stated to be better than Taichung Native I, has been tried out extensively in different parts of the State and the results are satisfactory. It is proposed to step up the area under IR-8 during 1968-69 and for this purpose adequate arrangements have been made for seed supply in time. During the year 1968-69, it is proposed to bring 100 thousand acres under the high-yielding varieties of paddy against an estimated area of 54 thousand acres in 1967-68 and 9 thousand acres in 1966-67. A new variety called Upper Shillong I has been released this year for elevations above 4,000 feet while plains varieties have been released for elevations below 3,000 feet.

Area under hybrid maize has gone up from 4,000 acres in 1966-67 to 9,500 acres in 1967-68. The progress in Mikir Hills was very encouraging. The area proposed to be covered during 1968-69 is 20,000 acres. The yield of Mexican wheat tried out during the year was satisfactory. About 6,000 acres are proposed to be covered during 1968-69.

Intensive Jute Development Programme was initiated in ten selected blocks. A special programme to cover 1,000 acres in Nowgong district for improvement in quality has been taken up. 415 quintals of improved seeds were distributed during 1967-68. Besides, 26,280 acres were sprayed with fertilizer.

Plant protection measures have also been taken up vigorously. The department has now 700 power sprayers and five mobile vans were provided to five districts to take effective and timely action. The other two plains districts will also be provided with mobile vans to facilitate the programme of high-yielding varieties.

Consumption of fertilisers which received a setback during 1966-67 due to floods has again gone up to 17 thousand tons in 1967-68 as against 14 thousand tons in 1966-67. The departmental fleet of tractors has risen from 96 in 1965-66 to 178 in 1967-68. To meet the demand for power-tillers, arrangements have been made with the Government of India for purchasing 300 Japanese power-tillers under Yen credit. A scheme to make available tractors and other machinery on hire-purchase terms has also been introduced.

Grants are made for flow-irrigation schemes to Panchayats while pumping sets are either given on hire or for hire-purchase for lift irrigation. In Mayang Block, about 5,000 acres are irrigated by 53 pumping sets supplied by the department. A scheme to identify areas for lift-irrigation by electricity has been taken up in collaboration with the State Electricity Board.

Assam Seed
Corporation
and Agro-
Industries
Corporation.

To improve arrangements for supplies of inputs to the farmers, the Assam Seed Corporation and Agro-Industries Corporation have been set up. The seed Corporation started functioning from April 1967 and has already arranged supply of various kinds of seeds including 8,000 quintals of seed potatoes and 800 quintals of Mexican wheat seeds. Measures to improve the functioning of seed farms and production of quality seeds have been taken up.

The Agro-Industries Corporation started functioning from November 1967. It will distribute fertilizers, pesticides and implements, besides making available tractors and pumps, etc., to the farmers on hire-purchase. During 1967-68, a sum of Rs.15 lakhs was placed with the Corporation for hire-purchase programme, while Rs.19 lakhs will be given as share capital contribution.

Co-operation. Agricultural credit is one of the main functions of the co-operative movement. Considerable improvement has been noticed in long term and seasonal agricultural credit besides marketing and processing of agricultural produce. The credit revitalisation programme has been extended to four more districts, *i.e.*, Kamrup, Goalpara, Sibsagar and Lakhimpur and its full impact will be felt from 1968-69.

The Co-operative Central Banks have been strengthened. Share capital of the Central banks amounted to Rs.54.44 lakhs as on 30th June 1967 against Rs.43.37 lakhs in the preceding year. Similarly, deposits increased from Rs.78.34 lakhs to Rs.92.04 lakhs during the same period.

Construction work of the Assam Jute Mills in the Co-operative Sector at Silghat has been taken up and orders placed for importing machinery.

The Centrally sponsored scheme of Consumers' Co-operatives made steady progress. There are now in all, 8 wholesale stores and 67 primary stores under the scheme. The aim of the scheme is to cover 20 per cent of the urban population and 100 per cent of the fixed income group. A Department store, "Sahayika", has been established at Gauhati with Government assistance of Rs.4.4 lakhs. A proposal for establishing a similar store at Shillong is under consideration.

The farming societies and handloom and powerloom societies continued to function satisfactorily. A large number of departmental officials, employees and office-bearers of societies have been trained both within and outside the State.

The Assam Hill Co-operative Development Corporation is being set up to co-ordinate, supervise and control the activities of the Co-operative Societies in the hill areas besides helping them with expert advice and technical assistance.

Animal Husbandry. The Animal Husbandry and Veterinary Department continued its efforts to improve the livestock and poultry resources of the State. By the end of the

year 1967-68, the department distributed 25 bulls, 50 cockerels and 1.5 lakh chicks to upgrade local stock. In addition, 25,000 cows were covered by the Artificial Insemination Scheme.

The Assam Veterinary College and Livestock Research Station have been strengthened and post-graduate courses leading to M. V. Sc. and Ph. D. have been started. Despite difficulties, the milk supply schemes at Gauhati, Shillong and Jorhat made steady progress.

Flood Control and Irrigation.

During the year 1967-68, the State was spared from the devastating visitation of severe floods, though some minor damages did take place. In order to prevent the havoc caused by floods, long-term flood control measures in the shape of construction of dams and storage reservoirs across the main rivers and tributaries are necessary. But paucity of funds have severely restricted the scope of our programme. The allocation for flood control schemes is Rs.3 crores for 1968-69.

Preliminary investigation of the Barak Dam Project has been completed and the report envisages reasonable protection from floods upto Silchar and limited protection beyond, with generation of 76 megawatts of power at an estimated cost of Rs.40 crores. Further studies are in progress.

Experimental selective dredging of the river Brahmaputra has been delayed as the specifications for the dredger have not been fully worked out by the Government of India.

The allocation for medium irrigation schemes is Rs.83 lakhs including Rs.10 lakhs for the Hill Areas in 1968-69. A sum of Rs.68 lakhs is however set apart for completion of the Jamuna Project. The allocation for the General and Hill Areas for 1968-69 for minor irrigation under Agricultural sector is Rs.45 lakhs and Rs.12 lakhs respectively which is a very meagre amount. Our schemes for flood control and irrigation cannot be carried out fully unless the Centre gives us greater assistance.

Land Re-
forms and
Revenue.

Honourable Members are aware of the acute pressure on land due to increase in population, large scale erosion of lands by the Brahmaputra and considerable requisition and acquisition of lands by the Defence, Railways, and other authorities for developmental work. Survey of available waste land reveals that 1.74 lakh bighas can be reclaimed by mechanised means while 1 lakh bighas of land can be reclaimed by manual labour. This area is very insufficient for allotment and at present only 94,000 bighas are readily available for settlement to the landless people. The Government of Assam have therefore laid down recently a new land settlement policy after taking all factors into account. In case of settlement of large blocks of land over 100 bighas in area, a Gram Sabha will be formed on the lines of the Gram Sabha under the Gramdan Act to manage the land to ensure that allottees do not transfer the land without the permission of the Gram Sabha. Cultivation on co-operative or collective basis will be encouraged. The Land Settlement Advisory Committees will decide as to which P. G. Rs. and V. G. Rs. should be kept intact. The other P. G. Rs. and V. G. Rs. will be settled with landless and erosion-affected persons. Encroachers in the reserves will however be dealt with firmly and evicted expeditiously. Land will be settled with actual tillers and no person will be settled more than 10 bighas of land.

During 1967-68, an area of 63,162 bighas of excess land have been acquired under the Ceiling Act in addition to 1,39,000 bighas already acquired. Government have decided that the ceiling on land holdings should be reduced to 100 bighas to make the reforms effective and after taking into account the present day land problems, agricultural conditions and other relevant factors. An area of 1,40,200 bighas belonging to 54 institutions was acquired during 1967-68 under the Acquisition of Land belonging to the Religious, Charitable Institutions of Public Nature Act. Bonds worth Rs.17 lakhs have been issued to *ex-Zamindars* under the Assam State Acquisition of Zamindari Act, 1951. To confer better rights on adhiars, Government propose to amend the Tenancy Act.

The severe hailstorm in November, 1967 caused considerable damage to sali paddy and Rabi crops

besides other properties. Flood damage was however very moderate. A sum of Rs.27,64,083 was spent on relief measures to help the people affected by natural calamities.

The Office of the Director of Land Records and Surveys, etc., was shifted to Gauhati in December, 1967 to help facilitate effective supervision of the land records staff. Resettlement operations are in progress in Lakhimpur and Nowgong districts.

Forests

Forest Department continued the schemes of afforestation and regeneration. Certain areas were covered by fast growing species. In all, 2,182 hectares of area has been taken up for regeneration. 105 kms. of roads are expected to be completed during 1967-68 as against 84 kms. during 1966-67. A Forest Resources Survey Division was set up to assess the raw material availability to start forest-based industries in the State. Training facilities at the Assam Forest School were expanded.

The Kaziranga Wild Life Sanctuary will be constituted into a National Park to facilitate proper conservation of wild life besides raising its status to national importance and to attract international attention. The District Councils will be given necessary technical assistance to improve the forests under their control.

Procurement

Government continued their policy of monopoly procurement. The Assam Co-operative Apex Marketing Society Limited, operates in the Nowgong and Darrang districts while the Food Corporation of India operates in the rest of the State. The trend of procurement is encouraging but the high price of rice and paddy in the open market is severely hampering the objectives. Paddy grown in the tea-garden areas will be procured for supply to the garden managements.

Movement of rice by road or river at night has been banned and several steps have been taken to prevent smuggling of paddy and rice. Checkgates have been erected, magistrates posted and Mobile Courts set

up for the Railway Section of Goalpara district. Procurement till 19-2-1968 is 10,47,000 quintals while the figure for the corresponding period last year was 6,42,832 quintals. Government of India are not likely to allot rice to the State and have also curtailed the wheat allotment to the State from 20,000 tons in November 1967 to 16,400 tons in December 1967 and 12,400 tons in January 1968. The actual despatches were considerably less. This has created acute shortage of wheat and wheaten products. The roller flour mills in the State have to remain idle for days every month, creating many problems. It is hoped that the Government of India will realise our difficulties and increase the allotment of wheat and ensure full despatch of allotted quantities.

Consumer goods.

The position of Cement supply has improved substantially and Assam Cements have also started supply of cement in the State. Black C.I. Sheets have been decontrolled since February 1967. Government of Assam have however been recently allotted 2,084 tons of G. C. I. Sheets which will be moved on Government account shortly.

Consequent to the policy of partial decontrol of sugar by the Government of India since August 1967, prices of sugar in the open market have gone up while the price of levy sugar continues to be the same. The sugar dealers in Assam have been encouraged to bring as much free sale sugar as possible into the State. Availability of sugar is likely to improve within a couple of months, though free sale sugar prices will be higher than levy price sugar.

Power

Honourable Members are aware that the State Electricity Board has been expanding its activity. Power is now being supplied to Nagaland. Tripura will be supplied power during 1968-69 on completion of the construction line. Hydro-electric power has been transmitted by a clear span of over 4,500 feet—one of the longest spans in India for power transmission—across the river Branmaputra from the South bank to Tezpur and Rangiya on the north bank.

Work on construction of the second stage of Umtru Project, Garo Hill Thermal Power Station and

30 M.W. Thermal Power Station at Gauhati is proceeding smoothly. Complete equipment for Umiam Project second stage and 30 M. W. Station at Gauhati have been received.

The Board of consultants on the Kopili Hydro-electric Project have opined that the scheme is not only feasible but also attractive. It is likely to ensure considerable flood control and irrigation benefits also. Further studies are now in progress. The Planning Commission have approved the extension of the Namrup Thermal Project by a 30 M. W. Steam Turbine and the work will be taken up during 1968-69.

Rural
Electrifica-
tion.

Due to paucity of funds, rural electrification in Assam has not made much progress. The total number of villages electrified in the State is 140. The Electricity Board has, however, recently launched a scheme for gradual rural electrification and it is proposed to electrify 75 villages in 1968-69, besides energising 160 agricultural pump sets. The experimental lift-irrigation scheme in Mayong area has been a success and it is proposed to instal an additional 41 pumps for providing assured water supply for irrigation. Electrification of tea estates with loans from banks has been recently launched and is expected to have considerable impact on rural electrification.

Special emphasis is laid on electricity schemes in the hill districts. It is proposed to electrify a number of towns and villages including Lungleh and Kolasib in Mizo Hills district besides augmenting the capacity of the Aijal Power Station to provide power for the water supply scheme for Aijal town. Schemes for rural electrification in the United Khasi and Jaintia Hills, Mikir and North Cachar Hills have also been taken up.

In view of the expansion in production contemplated at the Assam Cement Factory at Cherrapunji, the 132 thousand volt line is proposed to be extended from Shillong to Cherrapunji. Schemes to connect Diphu in Mikir Hills with Bokajan by a 33 K. W. line and Haflong in North Cachar Hills with Badarpur by a 33 K. W. line have been taken up. Honourable Members will be glad to know that Tura has already been connected with power from Nangwalbibra where a

Thermal Power Station has been set up based on the coal deposits in that area.

Industries

The Assam Major Industrial Development Corporation which was set up in March 1965 has prepared project reports on the manufacture of agricultural implements (Power Tiller), pesticides, Flame and Explosion proof fittings, electrical transformers, P.V.C. pipes and fittings, etc. The Projects are under scrutiny and examination.

A conference of industrialists, Government of India agencies and technical experts was held in August 1967 at Shillong which made certain recommendations. Government have decided to provide certain facilities and incentives for the growth of industries.

Roads Programme.

Improvement works on National Highway 31, 31-B, 37 and 38 progressed satisfactorily. Construction of 60 kms. of new roads, improvement of 150 kms. of other roads, reconstruction of weak bridges and culverts and approaches to overbridges at Dibrugarh and Gauhati were taken up besides blacktopping of 40 kms. of roads.

The road between Cherrapunji and Shillong will be improved during 1968-69 to enable it to take heavy vehicles carrying cement from the Assam Cement Factory. The lateral road from Bareilly to Amingaon has a length of about 60 miles in Assam. Work on this portion has been satisfactory. Work will be shortly taken up for the construction of a bridge over the river Barak at Badarpur at a cost of Rs. 62.60 lakhs sanctioned by the Government of India. Development of the other Border Roads also continued during the year.

Transport

There was a slight increase in the amount of taxes collected from Rs.1,36,01,443 during 1965-66 to Rs.1,40,80,072 during 1966-67. The revenue during the year 1967-68 is expected to be considerably more than in previous years.

Reciprocal agreements were made to enable single-point taxation in regard to operation of transport vehicles with neighbouring States, namely, Tripura,

West Bengal, Bihar, Manipur and Nagaland. Fitness of vehicles will in future be certified by two responsible authorities, *i.e.*, the D. T. O. and a Police Officer. Fitness Certificate of commercial vehicles will be issued by a Board consisting of the D. T. O., Motor Vehicles Inspector and a technical officer of the State Transport Department.

A weigh-bridge is being installed at a cost of Rs. 1 lakh on the national highway near Gauhati.

The second phase of the Inland Water Port at Pandu envisages mechanical handling of cargoes, etc. An estimate has been prepared and submitted to the Government of India for sanction. Hydrographic survey of some navigable rivers and bottom-panelling of some streams of the river Brahmaputra were taken up. Six major ferry services plying on the river Brahmaputra will be handed over to the Inland Water Transport Department by the P. W. D. from 1st April 1968 for necessary improvement.

The State Transport Organisation maintained a steady rate of growth during the year and two more routes, *viz.*, Tinsukia-Duliajan-Naharkatiya-Namrup route and Diphu-Golaghat route are being taken over. The State Transport Organisation handles on an average about 30,000 passengers and 12,000 maunds of goods daily on the 1959 miles of route on which it operates. Steps have been taken to constitute the undertaking into an autonomous State Transport Corporation at an early date.

Education

In view of the stringent financial position of the State, emphasis was laid on qualitative improvement rather than on expansion of educational facilities. In addition to the statutory grants, a plan provision of Rs. 8 lakhs and Rs. 9 lakhs were made for the Gauhati and Dibrugarh Universities respectively. Government agreed to provide a matching contribution to Gauhati University to enable it to give revised scales of pay to teaching staff as recommended by the University Grants Commission. The Colleges at Tura and Diphu have been provincialised and a Government College with P. U. Classes started at Jowai. Regular time-scales of

pay have been sanctioned to Grade III employees of aided Colleges receiving grants under the deficit system.

To prevent mushroom growth of secondary schools, rules for departmental recognition were rigidly enforced. A number of seminars for improvement of teaching in English, Mathematics and Science were held. Workshop on evaluation was conducted under the supervision of the National Council of Educational Research and Training. The 12th Annual Session of All-India Science Teachers' Association was held at Gauhati which was attended by experts including some from U. S. A. and U. S. S. R. All High and M. E. schools recognised by the department were sanctioned maintenance grants. The scale of *ad hoc* grants was raised in Hill Areas from Rs.750 to Rs. 1,500 p. m. in case of High Schools and from Rs.250 to Rs.750 p. m. in case of M. E. schools.

In pursuance of the Government decision, primary schools in Tea Garden Areas of the districts of Sibsagar and Cachar are being taken over in a phased manner during 1967-68. N. C. C. and other co-curricular activities continued to be sponsored by the department. Training facilities for teachers were considerably expanded and improved.

Technical
Education.

Technical Education in Assam continued to make steady progress. The intake capacity in the two Engineering Colleges is 300. Preparatory action to start the Regional Engineering College at Silchar has been taken.

At the diploma level, seven polytechnics with a total intake capacity of 910 are functioning. About 36 per cent of the students studying in these institutions enjoy one or the other benefits of scholarship or free studentship besides stipends awarded by the State Scholarship Board for economically backward and other backward classes.

Provident
Fund for
Teachers.

Government have started action to frame a scheme for a Centralised Provident Fund for Primary and Secondary School teachers as also teachers of aided Colleges. The scheme when implemented will safeguard the

interests of the subscribers by proper investment of monies, speedy settlement of claims, besides making possible other benefits.

Film Studio

The film studio at Kahilipara was inaugurated by the Chief Minister on 17th January, 1968. It fulfills a long-felt need and will encourage the development of films in Assamese and other regional languages of the State.

Health

Considerable progress has been achieved in the field of medical education, training and research. The Medical Council of India has approved the starting of post-graduate classes in some subjects at the Assam Medical College, Dibrugarh. Post-graduate degrees in Surgery, Ophthalmology, Gynaecology and Pediatrics have also been recognized. Construction work at Dispur for the Gauhati Medical College is in full swing and many buildings have been constructed. Work on the Silchar Medical College buildings is also in progress. Government propose to start pre-medical classes at the site by 1969-70 though the classes will commence from 1968-69 in a private college.

The National Malaria Eradication Programme and the National Small-pox Eradication Programme were successful. Incidence of malaria is almost non-existent, while 90 per cent of the population have been covered by the Small-pox Vaccination Teams. No notable epidemic occurred during the year as a result of effective steps taken by the department. An Unit for Trachoma Control Programme was set up in the United Khasi and Jaintia Hills Districts. The T. B. clinic at Shillong is being upgraded to a District T. B. clinic under the T. B. Control Programme.

Five new dispensaries were started during 1967-68 under plan scheme while 37 dispensaries were normalised during 1966-67. The subsidy to subsidised Allopathic Dispensaries was raised from Rs.100 to Rs.150 for the Medical Officers and from Rs.500 to Rs.1,000 for purchase of medicines. Ayurvedic system of medicine and dispensaries were also given adequate encouragement.

Family Planning.

The high rate of population growth has to be reduced by proper family planning if the country is to

make rapid progress and improve its standard of living. In view of the acute shortage of lady doctors, the family planning scheme did not make as much headway as we would have liked. The number of Family Planning Welfare Centres has increased to 180 and it is hoped that the impact of the programme will be greater next year.

Work is in progress regarding the water supply schemes at Gauhati, Karimganj, Sibsagar, Silchar, Greater Shillong, Aijal and Tura. Work in respect of Khanamukh-Misajan in the Rural sector and Rangiya in the Urban sector is expected to be completed during 1968-69. Other schemes have also been taken up.

The entire rural areas of Assam have been covered by 162 C. D. blocks of which 120 are in the Plains and 42 in the Hill Areas. There are 2,586 Gaon Panchayats, 120 Anchalik Panchayats and 17 Mahakuma Parishads in the State. Preparations are already under way to hold elections during 1968 as most Panchayats in the different tiers will complete their four-year term. The Mahakuma Parishads which were hitherto advisory and supervisory bodies have been entrusted an important role in Agricultural production which will be the main concern of the Panchayat Raj Institutions.

The Committee set up by the State Government to enquire into the question of Municipal finances and to suggest ways and means to augment their resources has submitted its report to Government which is under examination. A Directorate of Municipal Administration was created in July 1967, but no appointments of staff were made due to financial stringency. Loans were granted to Sibsagar, Gauhati, Karimganj and Silchar Municipalities for urban water supply schemes. Loan was also granted to Gauhati Municipality for meeting running expenses and improvement of trenching ground, etc. Rangapara town in Darrang District was declared a notified area in November 1967.

For implementing the various provisions of the Master Plan for Tinsukia, the Tinsukia Development Authority was set up. The draft Master Plan for Dibrugarh was published in January 1968, inviting suggestions and objections from the public. The final Master Plan

Water
Supply

Panchayat
and
Community
Develop-
ment.

Urban Areas

will be ready by April 1968 after which the final publication will be made as soon as it is approved by the Town and Country Planning Advisory Council. The draft Master Plan for Silchar is also proposed to be published shortly.

Rehabilitation of Refugees.

Ten thousand four hundred and seventy-six refugee families from East Pakistan comprising a population of 40,745 persons were lodged in 17 camps in the State during 1967-68. Against the Assam Government's commitment to rehabilitate 12,000 families in the State, 9,352 families were shifted to the rehabilitation sites. Efforts are continuing to rehabilitate them as quickly as possible. There are 260 repatriate families from Burma of whom 101 families have been given loans for rehabilitation. Loan applications of the remaining families are receiving the active consideration of the Government.

Social Welfare.

In the field of Social Welfare, several steps were taken to re-organize, improve or expand the facilities provided by the department. The department proposes to start a Borstal School at Gauhati as soon as the Select Committee of the Assam Legislative Assembly returns the bill and the Assembly passes it. Probation services have been extended to all districts of Assam. The State Homes, District Shelters and Beggars' Homes functioned satisfactorily. Grant-in-aid continued to be given to the voluntary Welfare Organisations. The Assam Gandhi Smarak Nidhi, Bharat Sevak Samaj, Assam Sishu Kalyan Sadan, etc., continued to receive grants from the department and did commendable work.

Other Backward Classes.

The scheme for the welfare of Plains tribals, Scheduled Castes and other Backward Classes in the shape of spread of education, extension of medical facilities, improvement of road communications, etc., is continuing. Under the Centrally-sponsored schemes, the State Government took up certain schemes at a cost of Rs.56.25 lakhs during the year 1967-68. Various welfare measures, such as grant of post-matric scholarships, construction of girls' hostels, improvement of working conditions of sweepers and opening of T. D. Blocks, etc., were taken up.

Labour

The labour situation was under great stress during 1967-68 for a variety of reasons. Due to increase in prices of foodgrains and consumer articles, demand for subsidised foodstuffs and adequate monetary compensation grew insistent. Great difficulties were experienced in persuading parties to arrive at compromises by which labour gained some minor concessions. Inadequate food supplies in tea gardens sometimes led to near-explosive situations. Unemployment in tea gardens increased. To enable diversion of this labour force, craft training schemes were started in Labour Welfare Centres.

Some managements adopted reorganisation schemes creating a situation of potential surplus in labour force. In industries processing food products and in iron and steel fabrication units, raw material difficulties resulted in frequent lay-offs and retrenchment of labour. R.S.N. Co. wound up its business which was taken over by a Corporation whereby nearly 1,000 persons were left jobless. A protracted strike in the Assam Match Factory at Dhubri strained industrial relations. The cult of 'gherao' also showed some adherents, though few.

Factories

During the year 1967-68, 49 new factories were registered bringing the total to 1,620. Safety Awards scheme and Rewards on Safety Suggestion scheme ~~is~~ *are* proposed to be taken up during the year 1968-69. Out of the 1,000 registered boilers, nearly 600 were active and were periodically inspected by the State Boiler Inspectorate.

Employment

The overall employment position in the State showed an unfavourable trend during the year ending March 1967 as compared to the position obtaining in the previous year. The gain in employment of 10,970 in the public sector during the year was offset by the loss in the private sector resulting in overall decrease of 2,450.

The number of unemployed persons registered with the employment exchanges in Assam on 31st March 1967 stood at 54,145 against 57,334 on 31st March 1966. But when compared to the position in 1965, when the register stood at 46,000, there has been a substantial increase in the number of employment seekers.

Educated employment seekers on the registers of the Employment Exchanges on 30th June 1967 were 14,430 against 12,669 on 30th June 1966 and 10,354 on 30th June 1965. There was on the other hand, persistent shortages of man-power in the occupations like doctors, nurses, technicians, science-teachers, turners, mechanics, bootmakers, washermen, etc. Unless new industries come up in the State and rapid economic growth provides employment opportunities, the employment situation is likely to continue to be difficult. The Liaison Officer for Industries is seeking to secure the co-operation of the industries concerned to employ local people. It is hoped that the response from private industrialists will be more encouraging.

Law and
order.

Law and order situation in the State has considerably deteriorated. Leftist parties organised Assam Bundh in September and November 1967. Hartal was observed which disrupted communications. Police resorted to lathi charge at Dibrugarh in October and at Nowgong in November as large crowds became violent in the wake of food agitation. Railway and tea garden employees also went on strike due to food scarcity.

There were some organised attempts at forcible occupation of Government reserves and forests but the encroachers were promptly evicted. Some incidents of kidnapping, extortion of foodstuffs and taxes by Naga hostiles from villages on the borders of Nagaland took place. Police had to open fire on a violent crowd at Tezpur on 8th May 1967 killing two, while 52 were injured in the course of the incidents. About 60 police personnel were injured as a result of stoning and brickbatting by the violent mob.

The most condemnable incident took place at Gauhati on 26th January 1968 out of organised boycott of the Republic Day Celebrations. By now, the incidents are well-known to the Hon'ble Members and are likely to figure in discussions in this august House and as such I do not like to deal at length with them. These incidents have tarnished the fair name of Assam and have put Assam's economy in back gear. The effect of these incidents on our economy

and the serious repercussion thereof will continue for years. As an immediate consequence, the State exchequer will be poorer considerably, not only due to extra expenditure required for relief and rehabilitation, judicial enquiry, augmentation of police and administrative machinery at Gauhati, etc., but it will also affect our receipts. Due to instability injected into our political and economic life there will be loss in trade and commerce and reduction in business. The State exchequer will receive less by way of sales-tax, amusement tax, tax on petroleum products, professional employment tax and share of Central Income Tax.

The precise amount of loss cannot immediately be estimated but I will not be surprised if it runs into crores. The economic impact will not be confined to Gauhati. Indeed it has already affected the whole State due to the sense of insecurity and instability created. The senseless destruction of transport and other vehicles will have repercussion not only on our receipts from vehicles-tax but will also affect supplies and services in Assam. This will adversely affect industrial development as new industry is not likely to start and expansion of existing industries will be retarded. The State's finances are in a serious condition and this shrinkage will further aggravate the the situation besides preventing the State from undertaking industrial and commercial ventures. The gap between employment requirement and employment availability will grow.

The need of the hour is to put our heads together irrespective of party affiliations to retrieve the state of our economy and to remove the insecurity and the economic and political instability so that normal conditions may be quickly restored.

Unfortunately, the forces which seem to have brought about the situation in Gauhati seem to be persisting by carrying on threats through posters, leaflets and telephone calls so that the situation of insecurity and violence might persist. May I here quote a statement of the Chief Minister in the wake of Gauhati incidents "None but the enemies of Assam could have done it". We are surrounded by Pakistan

and China and enemy agents are active. The evil designs of Pakistan and China are reflected in the statement of Mr. Bhutto, *ex-For* Foreign Minister of Pakistan.

“Pakistan would be justified in refusing to accept loss of Assam as final. Until the wrong can be finally righted, Pakistan should follow the policy of a special relationship with non-Hindi population of Assam.”

When it is known that subversion is an accepted international tactic of bringing countries under control, anything which tends to subvert and is likely to be taken advantage of by the enemy should be avoided, particularly, in a frontier area like Assam surrounded by hostile powers. It must be remembered that certain undersirable discussions are taking place between Nagas and the Chinese which may any day lead to further repercussions. The most regrettable feature of Gauhati incidents was the dishonouring of the National Flag for which thousands of Indians had laid down their lives. Kanaklata's example inspired national valour throughout the country as she laid down her life for the country's flag. The flag is the symbol of the nation's collective life and sovereignty. It is most deplorable that people could even think of dishonouring the National Flag. Nothing could be more anti-national and treasonous. Following these incidents, propaganda by certain interested agents is being carried on for secession and are even going to the extent of driving out outsiders so that only a population of 60 lakhs may remain. This tendency should be curbed by the combined will of the entire people of Assam. The divisive and subversive forces are trying to come to the surface on the basis of narrow sentiments and hate-campaign so that we are caught unawares thereby and converted into mutually hostile groups. It is necessary, therefore, that we combine our efforts to prevent such unwary people from falling a prey to the vicious propaganda. Only an united India can stand up to the combined strength of China and Pakistan whose military might is daily strengthening across the border. This illustrates how smaller unviable units in this border are likely to fall a prey to divisive forces and the enemy's subversive designs. It is, therefore, hoped that divisive forces

will be positively curbed and efforts should be made to maintain Assam's unity, status and strength. The question of the hour is—Should we divide ourselves into petty, mutually hostile groups and fall an easy prey to our enemy or should we remain united as citizens of a great and glorious India ?

The answer is clear.

Mizo Hills District. The situation in the Mizo Hills District continues to cause concern despite slight improvement. Mopping up operations by the security forces are in progress. But the situation is still far from normal as the hostiles continue to harass the people and resort to sniping at the security forces. The Protected and Progressive Villages set up in the district are functioning normally and some developmental schemes have also been taken up. The Chief Minister visited Mizo District recently to personally acquaint himself with the situation and to ensure that all measures were taken for complete restoration of normalcy at an early date. It has been decided to set up a subdivision for the Pawi-Lakher Region in Mizo District.

Pakistani Infiltrators. The drive against Pakistani infiltrators was continued during the year in which 4,740 persons were detected and proceeded against. Out of them, 3,529 were served with Quit India Notices, 706 prosecuted in courts of law, 297 detected at the border pushed back to East Pakistan, while 208 cases were still under investigation. Of the 3,529 persons served with Quit India Notice, 1,307 left for Pakistan. 484 persons were convicted, 5 persons were acquitted, while cases against 217 persons were sub-judice out of the 706 persons proceeded against.

Infiltration by Pak-nationals still continues causing concern. As many as 1,238 cases of fresh infiltration were detected during the year. The 9 tribunals under Foreigners (Tribunals) Order, 1964 are functioning satisfactorily. 407 cases involving 717 persons were submitted to the Tribunals during the year 1967. Out of 4,555 cases involving 25,143

persons, 1,948 cases involving 9,863 persons were disposed of by these Tribunals during the year.

Jails. There has been a considerable increase in the number of security prisoners detained throughout the State due to the activities of the outlawed M. N. F. Organisation in Mizo District. Due to pressure of accommodation in Jails, some security prisoners were sent to jails outside the State. The Bill moved in the Assembly during 1967 to amend the Prisons Act, 1884 to provide for grant of leave and for release of prisoners on grounds of emergency like death or serious illness of relatives, etc., has been passed and is now reserved by the Governor for the consideration of the President.

has Cultivation of paddy, sugarcane and vegetables ~~have~~ been intensified in the Jail gardens. The Open-Air Agricultural-cum-Industrial colony at Jorhat functioned very satisfactorily during the year.

Separation of Judiciary from the Executive. The Government of Assam have put into operation the scheme of separation of the Judiciary from the Executive in all the Plains districts of Assam with effect from 14th August 1967 in accordance with the Directive Principles of the Constitution of India.

The Government of India have revoked the proclamation of emergency with effect from 10th January 1968 and restored the fundamental rights of all citizens which were suspended during the period of emergency.

Elections. Shri J. F. Manliana was returned unopposed to the Assembly from the Aijal-East Constituency in Mizo District. I have great pleasure in welcoming him to our midst.

Organization and Methods Division. The Administrative Reforms Committee which was constituted in May 1967 with a Vice-Chairman and two non-official members has finalised its recommendations regarding Public Relations, training of Government servants, inspection, recruitment and Secretariat Organization. A compilation of general circulars will be issued shortly. The training programme is also making good headway.

Financial and
Adminis-
trative Re-
forms.

Honourable Members will be glad to know that as indicated in my budget speech last year, post budget and pre-expenditure scrutiny and issue of financial sanctions subject to certain conditions have been delegated to the administrative departments. Financial Advisers have been appointed and attached to all major spending departments. The decentralization has contributed to quicker issue of sanctions, avoidance of delays, besides arousing financial consciousness among the spending departments.

Since the existing financial powers of heads of departments and officers subordinate to them in the field were inadequate, avoidable delays in execution of plan schemes were almost chronic. Government have, therefore, delegated adequate financial powers to field-level officers upto the point of actual execution of schemes in several important departments, like Agriculture, Medical, etc. There has been noticeable resistance in some departments to such delegations downwards. It is, however, hoped that delegation will cover all the departments in the course of the coming year. This reform is likely to speed up execution of schemes besides avoiding delays and will encourage initiative and drive amongst the officers in the field. It was part of these reforms that each delegating directorate will arrange for expenditure scrutiny through inspection and supervision channels. This has not yet been streamlined.

After large scale financial delegations are made to the departments of Government and the authorities subordinate to them, mere audit check by the Finance Department will not be adequate. Hence, there will be an Inspectorate of Works under the Finance Department for the P. W. D and Flood Control and Irrigation Department. In the meantime, arrangements have been made to obtain the services of senior officers of the rank of Deputy Accountant General from the Comptroller and Auditor General to advise these departments on financial matters and to observe due prudence and economy in expenditure.

The Finance Department has also been re-organized on a scientific and functional basis with effect from

3rd January 1968. The Research Unit of the department has been strengthened to undertake studies on the resources position of the State and to prepare memoranda for the purpose of the proposed Finance Commission to be set up by the Government of India.

The Director of Accounts has been appointed as *ex-officio* Inspector of Treasuries to improve the functioning of treasuries in the State. The Gauhati Treasury has been relieved of the work of compiling the accounts of Bārpeta Sub-Treasury by upgrading the Bārpeta Sub-Treasury to a full-fledged Treasury. A separate cadre of Assistants has been created with effect from 1st November 1967 with better emoluments for ministerial staff of the treasuries for improving the standards and efficiency of the work.

For speedy disposal of disciplinary proceedings, Government have appointed a State Enquiry Officer (Departmental Proceedings) with the status of a head of department. He will conduct enquiries against all gazetted Officers of various departments up to the rank of Joint head of a department or Deputy Secretary to Government. Government have also delegated certain powers to some authorities subordinate to appointing authorities to impose minor punishments after disciplinary proceedings.

More than 4,000 temporary posts have been made permanent and the Assam Ministerial District Establishment Service Rules were finalised. The Assam Public Service Commission (Limitation of Functions) Regulation, 1951 was amended to exclude all posts on a pay scale, the maximum of which does not exceed Rs.500, from the purview of the Assam Public Service Commission.

Government accepted the recommendations of the Das Commission on Dearness Allowance and have sanctioned enhanced rates of Dearness Allowance to Government servants with effect from 1st April 1967. The arrears of Dearness Allowance from 1st April 1967 to 31st August 1967 will however be deposited in the General Provident Fund or Special Deposit Fund which will not be refunded till the year 1971. These amounts

Dearness
Allowance
to Govern-
ment ser-
vants.

will however earn interest. Government servants in the higher ranges of pay will also have to deposit a certain amount of the enhanced Dearness Allowance to the Special Deposit Fund/General Provident Fund as the case may be until further orders. The enhanced Dearness Allowance granted involves an annual expenditure of Rs. 7 crores for Government servants, Elementary School Board employees and educational institutions coming under the Deficit system of grant-in-aid.

Alleged Anomalies arising out of Pay Committee Report, 1964.

About 2,000 representations were received from Government servants in respect of alleged anomalies arising out of the Pay Committee Report, 1964. These cases were referred to Shri D. Das, I.A.S., One-Man Commission for Anomalies who has disposed of over 1,500 representations.

Compulsory General Provident Fund.

Government have made subscription to the General Provident Fund compulsory for all new entrants to Government service, those temporary Government servants made permanent and probationers on confirmation. It is also hoped that the permanent Government servants would also take advantage of the Scheme to contribute voluntarily to the General Provident Fund in their own interest.

Economy Committee

Government constituted an Economy Committee in November, 1967 to recommend ways and means to effect economy in Government expenditure with the following members—

- (1) Shri N. K. Rustomji, Additional Chief Secretary—Chairman.
- (2) Shri D. Das, Commissioner for Agricultural Production—Member.
- (3) Shri G. C. Phukan, Secretary, Finance Department—Member.
- (4) Shri S. C. Sarma, Additional Secretary. P. & D. and Director of Statistics—Member.

The Committee examined critically the current year's provision under various heads in the normal budget of the Government in consultation with the Secretaries to Government and Heads of Departments.

As a result of the discussions, the Committee recommended reduction in expenditure to the tune of Rs. 8·05 crores from the existing budget provision. The cut drastically curtailed contingency expenditure besides imposing a ban on creation of new posts. The actual savings intimated is about Rs. 6·50 crores. But the amount has been fully utilised either by re-appropriation or by way of supplementary demand to meet the additional requirement of Rs. 7 crores for payment of the *ad hoc* allowances sanctioned in February, 1967 and the enhanced dearness allowance allowed on the recommendations of the Das Commission. Efforts are, however, continuing to examine further possibilities in effecting economy in Government expenditure.

Arrears of
Taxes.

Expeditious realisation of all arrears of taxes and revenue is one of the most important steps for improvement of the financial position of the State. Honourable Members will recall that I had indicated in my last budget speech that the machinery for collection of arrears of taxes would be tightened and geared for the purpose of better collection of taxes. I am glad to inform the House that our efforts have started yielding very good results. The total arrears of taxes in respect of sales tax, agricultural income tax, carriage tax, passenger and goods tax and other taxes was Rs. 4,05,33,995 as on 1st April, 1967. Out of this, an amount of Rs. 1,55,99,075 was involved in litigation in the Hon'ble Supreme Court and other courts. Of the remaining amount of Rs. 2,49,34,920, Bakijai proceedings were initiated in respect of Rs. 92,85,816 leaving a net collectable balance of Rs. 1,56,49,104. The collections against this amount for six months till the end of September, 1967 was Rs. 77,37,655 the percentage of realisation being about 49 per cent of the arrears excluding the amounts involved in litigation and Bakijai proceedings. It is hoped that in the remaining six months of the financial year the collection will definitely be more than Rs. 1 crore according to present indication. This compares very favourably with the total collection of only Rs. 30·47 lakhs during the financial year 1966-67 and represents a three-fold increase in collection. It is also a heartening fact that an additional sum of

Rs. 13 lakhs was collected as arrears under Agricultural Income Tax up to December, 1967.

The total arrear demand of land revenue and local rates on 1st July, 1966 was Rs. 358.04 lakhs, out of which a sum of Rs. 137.80 lakhs was collected during the revenue year ending 30th June, 1967. The figure of arrears on 1st July, 1967 stood at Rs. 408.24 lakhs, of which a sum of Rs. 70.14 lakhs was collected up to December, 1967. Since the collection season begins from January, it is hoped that the measures taken by the Revenue Department will improve the collection position considerably. The Revenue Department has issued specific instructions for prompt realisation of all arrears.

It may be of interest to the Hon'ble Members to know that the cost of collection of the taxation measures administered by the Finance Department, *i. e.*, the 3 Sales Tax Acts, the Agricultural Income Tax Act, and the Assam Amusement and Betting Tax Act is only $1\frac{1}{2}$ per cent of the collection. With increased collections, the cost will still come down. I am, however, aware of the fact that we have not been able to provide adequate facilities to our assesseees. As soon as our financial position improves we will provide place for the assesseees to wait while coming for scrutiny of their accounts and other connected matters. So also, the Taxation Offices in the Districts are extremely congested and we have to provide proper facilities to our staff.

Taxation
Measures
adopted.

The Hon'ble Members are aware of the acute financial difficulty through which the State is passing through. We have spared no attempt to raise additional resources. It is well-known that the scope for raising additional taxes is extremely limited. Yet we have done our bit. During the last Budget Session, this august House was pleased to approve certain additional taxation measures. The amendment of the Assam Sales Tax Act, 1947 providing for increasing the sales tax from 5 paise to 6 paise in the rupee is expected to bring in an additional revenue of Rs. 40 lakhs only. So also the amendment of the Assam Finance (Sales Tax Amendment) Act, 1967 raising the rate from 10 paise to 12 paise on some luxury goods

and raising it from 5 paise to 6 paise on other goods is estimated to bring in a revenue of about Rs.65 lakhs annually. Also the amendment of the Assam (Sales of Petroleum and Petroleum Products including Motor Spirit and Lubricant) Taxation Act in 1967 raising the sales tax on Motor Spirit and Diesel Oil from 13 paise to 15 paise and from 9 paise to 11 paise respectively is expected to bring in an extra income of Rs. 40 lakhs a year.

This august House also passed the Assam Purchase Tax Act, 1967. The Act requires the assent of the President of India. The Government of India have raised several objections and the matter is still under correspondence. The Act has not yet been brought into force. In this context, it is worth-mentioning that in the last season the price of jute came down considerably. As such, the loss due to not being able to enforce the Act is not considerable. It is, however, hoped that very soon all the objections of the Government of India will be met, the Act amended, and brought into force.

In the last Budget Session of the Assembly this august House was pleased to approve of the measure to give relief to manufacturing industries by way of draw back, set off or refund of the whole or part of the amount of tax paid by such industries on purchase of raw materials. This has been highly welcomed and is expected to bring in the much needed relief to small scale industries in the State.

I am sorry to inform the House that final decision has not yet been given by the Government of India on our demand for increasing the rate of royalty on crude oil. The Award of 1962 fixing the rate of royalty at Rs. 7.50 per ton expired on the 1st November, 1966. We have been pressing for increasing the royalty to Rs. 15 per ton. The matter has ultimately gone up for arbitration by the Prime Minister of India. I regret to say that decision in this respect is still awaited even though we are constantly pressing for it.

Meanwhile the Government of India have come up with a proposal to include crude oil in the list of "Declared Goods" under the Central Sales Tax Act.

This means that sales tax on crude oil cannot be in excess of 3 per cent *ad valorem*. At present we are levying sales-tax at about 10 per cent *ad valorem* on crude oil sold in Assam. The proposed inclusion will cost us over Rs. 1 crore a year. We are taking it up with the Government of India very strongly. We find no justification for the Government of India bringing a measure which will have the effect of reducing our revenues under conditions in which the necessity for increasing revenues is utmost.

Accounts,
1966-67.

The revised estimates for the year 1966-67 anticipated to close the year with a minus balance of Rs. 96.48 lakhs. Before the year was out, Government of India granted a Ways and Means advance of Rs. 3.90 crores which they ultimately converted to a short-term loan. In spite of this, we had an overdraft of Rs. 10,98.94 lakhs as on 31st March 1967.

In the revised estimates for 1966-67, our receipts on Revenue account had been placed at Rs. 8376 lakhs, which however did not materialise mainly because of a fall of Rs. 70.00 lakhs under Land Revenue, Rs. 100.00 lakhs under Sales Tax and other Duties, Rs. 11.00 lakhs under Agricultural Income Tax, Rs. 39.00 lakhs under Taxes on Vehicles, Rs. 15.00 lakhs under Stamps, Rs. 3.39 lakhs under Road and Water Transport and non-receipt of Rs. 434.00 lakhs from Government of India on various accounts. This, however, has been partly counterbalanced by an improvement of Rs. 158.00 lakhs under Miscellaneous items. With some minor variations on other items the total Revenue receipt for the year thus stood at Rs. 77,69 lakhs only.

The Revenue expenditure for the year is Rs. 91,58 lakhs against Rs. 87,59 lakhs anticipated in the Revised Budget.

In the Capital budget the actual receipt stood at Rs. 91,02 lakhs as against Revised estimate of Rs. 1,03,00 lakhs. The difference is mainly due to reduced overdraft with the Reserve Bank of India and less amount of cash-credit accommodation obtained from the State Bank of India which is partly counterbalanced by increased loans and advances obtained from Government of India.

The Capital expenditure for the year stood at Rs. 88,85 lakhs against the Revised estimate of Rs. 90,53 lakhs only. The decrease is mainly due to less capital outlay on Irrigation and Navigation and reduced repayment of Central and other loans which is partly counterbalanced by excess repayment of overdrafts with the Reserve Bank of India.

The variations under Public Account are more or less self-supporting and have little impact on the State Finances.

Revised,
1967-68.

In the Revised estimates for year 1967-68 the opening balance has been placed at (-)Rs. 10,99 lakhs, which was the actual closing balance of the previous year.

The revised Revenue receipt for the year has been placed at Rs. 90,15 lakhs as against Rs. 86,76 lakhs in the original budget. The increase is mainly due to anticipated higher receipt of Rs. 314 lakhs being payment of arrears under recoupment accounts, Rs. 42 lakhs under Union Excise, Rs. 11 lakhs under Sales-tax, Rs. 35 lakhs under Land Revenue items, which is partly set off by lesser receipt of Rs. 30 lakhs under Taxes on Motor Vehicles and Rs. 10 lakhs under Other Taxes and Duties.

The Revenue expenditure has also gone up from Rs. 83,10 lakhs to Rs. 90,28 lakhs mainly because of extra provision of Rs. 1.41 lakhs for Interest charges and for payment of increased dearness allowance to the State Government employees which is partly counterbalanced by variation in other heads.

In the Capital budget, the receipts have been placed at Rs. 1,04,28 lakhs as against the original Budget provision of Rs. 99,10 lakhs. This is due to higher provision of Rs. 600 lakhs already sanctioned by Government of India as temporary loan.

In the Revised Budget, the Capital expenditure has been placed at Rs. 1,04,30 lakhs as against Rs. 1,07,80 lakhs of the original Budget estimates. This is mainly due to lesser provision in the budget of the Supply Department.

As a result of the operations described above, the closing balance for 1967-68 which was anticipated to be (-) Rs. 10,39 lakhs is expected to improve to (-) Rs. 10,08 lakhs.

Ways and
Means
Position.

The Reserve Bank of India has regretted its inability to accommodate unauthorised overdrafts to the State Governments. The Government of India are also repeatedly asking us to avoid deficit financing and overdraft. We have been trying our best to increase resources and curtail expenditure to avoid deficit financing. But circumstances do not permit full compliance. On the 31st March 1967, the Government of India were pleased to give us a Ways and Means advance of Rs. 3.9 crores to clear our overdraft with the Reserve Bank. In the current year we ran into an overdraft of Rs. 3 crores in June. The Government of India gave us a Ways and Means advance of Rs. 3 crores. But out of this amount, Rs. 1.57 crores have already been realised by the Government of India. The balance is also due for adjustment within the current financial year. Again, by November last we faced shortage of funds to repay a loan of over Rs. 9 crores to the Government of India. However, the Government of India came up with an assistance of Rs. 8 crores and thereby enabled us to clear the payment due. The Government of India proposed to recover also the two advances of Rs. 8 crores and Rs. 3.9 crores. But having regard to our financial difficulties they are considering the question of converting these two amounts into loans. Further communications from the Government of India are awaited.

In my last year's Budget Speech I mentioned about some amount due from the Government of India on some adjustments. I am glad to inform the House that due to our persistent effort the position has very much improved. As regards Police expenditure the Government of India have already given Rs. 1 crore and we have preferred claims for a further sum of Rs. 34 lakhs. As regards expenditure for Mizo Hills the Government of India have paid us an *ad hoc* assistance of Rs. 125 lakhs by way of loan. We have taken up with the Government of India that this assistance should not come by way of loan but should

come by way of grant. We have also preferred our detailed claim for a sum of over Rs. 4 crores and the matter is under consideration of the Government of India.

We have been able to prefer our claims with the Government of India on the construction of border roads and they have in the current year paid us a sum of Rs. 107 lakhs. I am also happy to note that the position of the Government of India reimbursing the expenditure on relief and rehabilitation of the refugees has shown improvement.

The Government of India have not yet indicated the pattern of assistance for the additional allocation for the integrated hill development plan. Uptil now the assistance given has been according to the normal pattern under which over 90% of the assistance is by way of loan. In this process we are currently losing even the grant element which came previously under Article 275 schemes. It is estimated that out of the Rs. 50 crores integrated development plan the component of the sum falling under Article 275 schemes would be of the order of Rs. 14 crores. The matter is still under correspondence with the Government of India. Having regard to our difficult financial position, the non-finalisation of the matter and the deprivation of the grant component previously coming under Article 275 schemes is causing a lot of strain on our resources.

Towards the end of January, the Joint Secretary to the Government of India in the Ministry of Finance came to Shillong and with our Finance Department went over a detailed scrutiny of the position of receipts, expenditure and resources. The study was with a view to devise measures by which deficit financing may be avoided. The decision of the Government of India on that study is still awaited.

Finance
Commission

The Fourth Finance Commission made certain recommendations and the Government of India took decisions thereon which will be valid for a period of 5 years and be co-terminus with the Fourth Five-Year Plan period. But meantime, the Planning Commission and the Government have decided that the 3 Annual Plans for the years 1966-69 would be *ad hoc* Annual

Plans. The Fourth Plan will start from 1969-70. Furthermore, many States have pressed for re-examination and revision of the financial relations between the Government of India and the State Governments. Accordingly, the Government of India have decided to set up another Finance Commission and it is expected that the composition and the terms of reference will be finalised soon. We hope that the new Finance Commission will bear in mind the peculiar difficulties of Assam while making its recommendations.

Budget,
1968-69.

With this background, I now propose to place before the House, our budget for 1968-69.

Though several schedules of new schemes were submitted, Government as a measure of economy, have accepted only the few inescapable items for which a provision of Rs. 21.00 lakhs has been made as new items of expenditure during 1968-69.

In the Revenue budget, the estimated receipt under Revenue heads has been placed at Rs. 90.30 lakhs. Increase in receipts over the revised estimates of the current year is therefore marginal.

The estimated Revenue expenditure for the year 1968-69 has been placed at Rs. 91.68 lakhs which is higher by only Rs. 1.40 lakhs over the revised estimates. This is mainly due to grant of annual increments and provision of an additional sum of Rs. 1.60 lakhs under Education which is partly set off by economies in other sectors.

The Capital receipts for the year has been placed at Rs. 1,15,64 lakhs against the Revised receipts of Rs. 1,04,28 lakhs. The higher provision in the Budget is mainly due to higher provision made under Loans from Reserve Bank of India (Shortfalls) and under Ways and Means advance from the Government of India.

The Capital expenditure for the year has been estimated at Rs. 1,18,66 lakhs against current year's Revised figure of Rs. 1,04,30 lakhs only. This is mainly due to higher provision made for clearance of

overdraft with Reserve Bank of India and repayment of Ways and Means advance from Government of India.

As is shown in the budget, the year 1968-69 is expected to close with a minus balance of Rs. 13,82 lakhs.

Position of
Deficit.

I am extremely unhappy to present before the House a Budget with an overall deficit of Rs. 13,82 lakhs. It will be appreciated that this is the cumulative result of deficits during the last few years. Having regard to the ratio between receipts and expenditure and deficits in the last few years, the current year's deficit is nothing unexpected. I find no means to cover this deficit. There is hardly any scope for additional taxation. I have proposed a few marginal adjustments here and there. With that end in view, in the current session I will submit for the approval of the House a few measures. But the result will be financially extremely insignificant. The only significance is that we are sparing no pains to increase our resources and curtail unnecessary expenditure in order to avoid deficit financing. Unless we get a better deal at the hands of the new Finance Commission, I do not see any way out of deficit financing which unfortunately has been the lot of almost all the States in India.

When the state finances are at a low ebb, when the gap between resources available and the resources necessary immediately for development cannot be bridged, when funds from Government of India are difficult to obtain, and when international assistance has shrunk, it is necessary that we turn our eyes inwards and try to find out resources without passing through a process of money economy. The House will remember that one of the reasons why we set up Panchayats was to harness the surplus time in the rural areas, which with a little effort at organisation and direction, was capable of conversion into wealth. But unfortunately in the last few years, Panchayats have been habituated to money economy through grants, with the result that the surplus resources in man power have continued to lie idle and unutilised.

Now money is scarce. It is the right time to turn towards this unutilised surplus man-power. Roads, schools and such other items are known to our rural folk and they have been doing this on their own. But the art of creating wealth urgently demands that we utilise the surplus time for productive use, like clearing tanks and converting them into fisheries, for growing roadside trees, for planting horticultural gardens, for using village pastures to produce fodder, to create minor irrigation for the second and third crops individually and collectively, to create mutual funds for undertaking poultry with or without assistance of bank finances and so on. Adversity is the greatest test of man. If we succeed in converting this financial adversity into an opportunity, we would not have failed.

This year, as a result of good harvest and better prices, it is variously estimated that nearly a thousand crores of extra money will pass into the hands of Indian agriculturists. The share of Assam in this ~~also~~ will be roughly Rs. 90 crores. It is not proposed to harness this by any tax measures. But it would be a pity if this amount entered into mere current consumption in the present stage of our economy instead of being mobilised for development. Wisdom will lie in utilising this extra money in the hands of those who are lucky to have it for augmenting the resources which may lead to better cultivation and multiple cropping so that surpluses of this year may form the basis of increased surpluses next year. Such surplus funds may be utilised for tractorisation, for lift irrigation, for organised use of fertilizer, for subsidiary income and employment, for development of poultry, piggery, dairying, fodder cultivation, horticulture and so on. But for this a climate will have to be created and it is hoped that Members irrespective of party affiliations would be able to assist in creation of such climate.

I need not repeat that it is most essential to put the State Finances on a solid foundation. While we may reasonably expect proper consideration from the Finance Commission and the Government of India having regard to the peculiar situation in which we are placed and the extraordinary problems which we are facing, it is also absolutely necessary

for ourselves to do our utmost to achieve that end. I appeal to the honourable Members to give us constructive suggestions as to how to increase our resources and reduce expenditure, consistent with the minimum needs of the State. The process, without a doubt, involves sacrifice and austerity. But this sacrifice and austerity is only the foundation of future prosperity. A prosperity built on a sandy foundation is sure to crumble and bring utter ruination. It is much better to build slowly but on a solid foundation which will not only stand but will add to the structure over it. In this task I appeal to all, both inside and outside this House, for their ungrudging co-operation and assistance. I have no doubt that with such co-operation and effort, Assam may emerge out of this financial crisis into a strong and sound State.

JAI HIND

ANNEXURE A

(In thousands of Rupees)

Heads	Actuals, 1966-67	Budget, 1967-68	Revised, 1967-68	Budget, 1968-69
(1)	(2)	(3)	(4)	(5)
RECEIPTS				
Opening Balance	(+) 1,80,63	(-) 96,48	(-) 10,98,94	(-) 10,07,58
Revenue Receipts	77,68,76	86,76,45	90,15,27	90,30,17
Capital Receipts	91,02,26	99,09,55	1,04,28,38	1,15,64,27
Receipts under Contingency Fund.	4,57,92	60,00	59,61	...
Receipts under Public Accounts	3,47,24,85	3,30,77,54	3,48,33,69	3,52,66,24
Total—Receipts ..	5,20,53,79	5,17,23,54	5,43,36,95	5,58,60,68
GRAND TOTAL ..	5,22,34,42	5,16,27,06	5,32,38,01	5,48,53,10
EXPENDITURE				
Revenue Expenditure	91,57,57	88,10,40	90,28,09	91,67,76
Capital Expenditure	88,84,83	1,07,79,54	1,04,29,59	1,18,66,18
Expenditure under Contingency Fund.	4,54,26	..	..	..
Expenditure under Public Accounts.	3,48,36,70	3,30,76,37	3,47,87,91	3,52,01,43
Total—Expenditure ..	5,33,33,36	5,26,66,31	5,42,45,59	5,62,35,37
Closing Balance	(-) 10,98,94	(-) 10,39,25	(-) 10,07,58	(-) 13,82,27
GRAND TOTAL ..	5,22,34,42	5,16,27,06	5,32,38,01	5,48,53,10

Net Results—

Surplus (+)

Deficit (—)

(a) On Revenue Account	(-) 13,88,81	(-) 1,33,95	(-) 12,82	(-) 1,37,59
(b) Outside the Revenue Account.	(+) 1,09,24	(-) 8,08,82	(+) 1,04,18	(-) 2,37,10
(c) Net excluding the opening Balance.	(-) 12,79,57	(-) 9,42,77	(+) 91,36	(-) 3,74,69

ANNEXURE B

Annual Plan for 1968-69—Sectoral Allocations

					(Rs. in lakhs)
Head of Development					Provisional outlay for 1968-69
(1)					(2)
1.	Agricultural Production	...	...	...	200.00*
2.	Minor Irrigation—				
	(a) by Agriculture	...	...	...	28.00
	(b) by P. W. D. (F. C. & I.)	...	...	...	45.00
3.	Soil Conservation	...	...	...	8.00
4.	Ayacut Development Programme	...	..	...	1.00
5.	Animal Husbandry	...	...	...	32.00
6.	Dairying and Milk Supply	...	...	...	8.00
7.	Forests	...	..	...	20.00
8.	Fisheries	...	...	...	7.00
9.	Warehousing	...	...	...	...
	I. Agricultural Programmes :	...	...	...	<u>349.00</u>
10.	Co-operation	...	...	...	15.00
11.	Community Development	...	...	...	70.00
12.	Panchayats	...	...	...	5.00
	II. Co-operation and Community Development :	...	...	...	<u>90.00</u>

* Includes provision for schemes implemented by Revenue Department also.

Head of Development					(Rs. in lakhs)
(1)					Provisional outlay for 1968-69
					(2)
13. Medium Irrigation	...	...	...	...	73.00
14. Flood Control	...	...	...	...	300.00
15. Power	...	...	...	...	650.00
III. Irrigation and Power :	...	...	..		<u>1,023.00</u>
16. Large and Medium Industries	...	...	...	...	125.00
17. Mineral Development	...	...	...	...	10.00
18. Village and Small Industries—					
(a) Cottage and Small Scale Industries	...	...	...	...	20.00
(b) Sericulture and Weaving	...	...	...	...	10.00
(c) Co-operative Handloom	...	...	...	...	8.00
(d) Khadi	...	...	...	...	4.00
IV. Industry and Mining :	...	..	...		<u>177.00</u>
19. Roads ..	...	...	...	...	135.00
20. Road Transport	...	...	...	..	12.00
21. Other Transport (I. W. T.)	...	...	...	...	6.00
22. Tourism	...	...	...	...	2.00
V. Transport and Communication :	...	...	...		<u>155.00</u>
23. General Education	...	...	...	...	160.00
24. Technical Education	...	...	...	...	25.00
25. Cultural Programme	...	...	...	...	2.00
26. Health and Family Planning	...	...	...	...	110.00

						(Rs. in lakhs)
Head of Development						Provisional outlay for 1968-69
(1)						(2)
27.	Water Supply	...	...	...	...	45.00
28.	Housing	...	...	...	...	5.00
29.	Urban Development	...	..	...	...	6.00
30.	Welfare of Backward Classes (Plains Tribals, Scheduled Castes and other Backward Classes).					55.00
31.	Social Welfare	...	...	...	...	10.00
32.	Labour and Labour Welfare—					
	(a) Labour	...	...	...	...	2.40
	(b) Employment	...	...	...	...	0.10
	(c) Craftsmen Training	..	...	...	..	6.50
	(d) E. S. I.	...	...	...	...	1.00
33.	Public Co-operation	...	..	...	...	0.50
	VI. Social Services:	...	...	...	...	<u>428.50</u>
34.	Statistics	...	...	...	...	2.50
35.	Information and Publicity		...	...	...	8.00
36.	Evaluation Machinery	...	...	...	...	1.00
37.	Others—					
	(a) P. & D. Organisation		...	...	...	1.00
	(b) Local Bodies	...	...	...	...	4.90
	(c) Plan Resources Unit of Finance Department				...	0.10
	VII. Miscellaneous:	...	...	...	...	17.50
38.	Hill Areas Programme	...	...	...	...	700.00
	GRAND TOTAL				...	<u>2,940.00</u>

