सत्यमेव जयते

BUDGET SPEECH
1983-84

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FINANCE MINISTER, ASSAM

22nd MARCH, 1983

Sir,

I rise to present the Annual Financial Statement for the year 1983-84.

2. Although I have presented the budget for the entire financial year 1983-84, I shall be seeking vote on account for six months for the period from April to September, 1983.

3. The present Government which assumed office only three weeks back has the formidable task of restoring normalcy in the State which experienced an unprecedented wave of violence leaving a number of people dead, property destroyed and rendering many more homeless. Relief and rehabilitation have therefore assumed the highest priority and these measures are being taken up on war footing. It has also become equally important to prevent recurrence of violence and to bring back the much needed confidence and sense of security to the people.

4. The disturbance has also given a crippling blow to the State's economy which has already suffered because of prolonged period of agitation, bundh, non-cooperation etc. The developmental activities of the departments have also terribly suffered and came almost to a stand still in the wake of the recent violence sweeping through the State.

State Income

5. Despite the stress and strain of the year it has still been possible to make some progress in certain key sectors. On a rough reckoning the State Domestic Product at current prices has registered an increase of 16.7% from Rs. 2398 crores in 1980-81 (provisional) to Rs. 2798 crores in 1981-82 (quick estimates). At constant (1970-71) prices the increase in the SDP is however 1.1%

from Rs. 1095 crores in 1980-81 (provisional) to Rs. 1107 crores in 1981-82 (quick estimates). Over the same period the per capita income at current prices rose from Rs. 1221 to Rs.1380. On the other hand the per capita income at constant (1970-71) prices declined from Rs. 558 in 1980-81 to Rs. 546 in 1981-82. There are indications that the tempo of growth in the SDP is being maintained in the current year.

Agriculture

6. Agriculture which covers more than two third of the labour force and supports more than 70% of the population as a means to livelihood suffers from the traditional ills of fragmentation of holdings, low consumption of fertilizer and lack of irrigational facilities. However, farm out-put in the State has maintained a fairly satisfactory rate of advance during the year. Production of food-grains rose to a record 27 lakh tonnes in 1980-81 mainly due to favourable weather conditions. The production, however, declined to 24.3 lakh tonnes in 1981-82 but is expected to be around 31 lakh tonnes in 1982-83. Production of rice was about 25 lakh tonnes in 1980-81. Next year rice production dropped to 22.5 lakh tonnes and in 1982-83 it is likely to catch up the target achieved in 1980-81. The prospect of jute, sugarcane, pulses and oilseeds is also likely to be better in 1982-83.

7. The index of Agricultural Production (base triennium ending 1969-70=100) dropped to 131 in 1981-82 from 138 in 1980-81 but it is expected to exceed the mark of 138 in 1982-83.

Industries

8. For rapid industrial development the State Government have announced a package of incentives to attract investments, promote the establishmet of new industries and also to facilitate expansion and diversification of existing industries in the State. This package consists of contribution towards preparation of feasibility reports, subsidy on industrial housing, concessional power tariff for new industries and for

existing units undertaking expansion/diversification, sales tax exemption on purchase of raw materials and sale of finished goods for the first five years of commercial production, capital investment subsidy on the line of central investment subsidy scheme in the non-declared backward districts of the State and allotment of developed land in industrial areas. The scheme became effective from 15th October, 1982 and it is hoped that the new set of incentives will go a long way in promoting industrial growth in the State. Priority has been accorded to the establishment of industries based on downstream products of Bongaigaon Refinery & Petro-Chemicals Ltd. Five Spinning Mills based on polyester fibre to be available from BRPL have been identified. The Spinning Mill of Assam State Textile Corporation will be completed in 1984. Two Spinning Mills in the cooperative sector are also in advance stage of implementation.

9. Though out-put of fertilizer, plywood, matches and petroleum products recorded an increase during the year, the production of jute-textile and paper appears to be very sluggish as per available trend of the first 6 months of the year. Production of tea may be slightly lower in 1982-83 compared to the level achieved in 1981-82 as per data available for the first 9 months of the year. In the mining sector while the out-put of petroleum crude and coal may go up substantially that of natural gas and limestone is likely to register a fall. The general index of industrial production (base 1970=100) which was 123 in 1980 rose to 145 in 1981 and is expected to be higher in 1982.

Power

10. Some progress has also been registered in the power sector. The installed generation capactiy at the end of 1980-81 was 221.5 MW. This was further stepped up to 312.5 MW at the end of 1981-82 and the target for 1982-83 is 351.5 MW. The net generation of electricity also increased from 447 million KWH in 1980-81 to

685 million KWH in 1981-82 and the target for 1982-83 is 1318 million KWH. Similarly, rural electrification scheme is expected to cover a total of 8800 villages by the end of 1983-84.

Animal Husbandry.

11. In the sector of animal husbandry and veterinary high priority has been given to the cattle development programme in order to provide avenues for augmenting family income and to produce more milk and milk products. Second priority has been accorded to the veterinary service and animal health programmes. Due priority has been given to the piggery development schemes. The production of milk in the two hill districts has also increased considerably.

Plan Outlay.

12. As the Honourable Members of the House are aware, the 6th Plan size has been tentatively fixed by the Planning Commission at Rs. 1,115 crores subject to further review as against State Government's proposal for an outlay of Rs.1,600 crores. As against the draft annual plan 1982-83 submitted by the State Government for Rs.302.36 crores Planning Commission had fixed the size at Rs. 238 crores made up of Rs. 221 crores for General areas and Rs.17 crores for Hill areas. The amounts quantified for Tribal Sub-Plan and Scheduled Castes plan are Rs. 24.65 crores and Rs.4.63 crores respectively. The amounts earmarked under minimum needs programme are Rs. 30.55 crores for General areas and Rs.4.33 crores for Hill areas. Besides, special central assistance of Rs. 13.70 crores for Hill areas, and further amount of central assistance for the Tribal Sub-Plan and Scheduled Castes plan is also likely to be received from Government of India. Out of the annual plan outlay of Rs. 238 crores the central assistance for the State Plan is expected to be of the order of Rs. 225.93 crores.

13. The Annual Plan for 1983-84 was discussed on 16th-17th March, 1983 by the Chief Minister with the Union Minister for Planning. As indicated in the said discussion, the plan outlay for 1983-84 may be of the order of Rs.291 crores.

However, as the Budget was prepared before finalisation of the Annual Plan, the outlay for the current year has been retained in the Budget estimates for the next year. I shall be approaching the House in due course to cover the additional outlay.

Flood Relief.

14. Though we have learnt to live with the floods, their adverse impact on the economy never gets minimised. Beginning from June, 1982, three successive waves of floods hit the State causing widespread damage to life and property. A Central Team visited the State in October, 1982 to make an on the spot study of the extent of damages caused by the calamity. On the recommendation of the Central Team, Government of India have approved the ceiling of expenditure at Rs.9.47 crores. Of this an amount of Rs. 3.46 crores will be initially adjusted being the margin money provided by the 7th Finance Commission, 75% of the balance amount shall be reimbursed by the Centre as outright grant. The remaining 25% shall be the liability of the State Government. The recent violence which rocked the State also caused large scale damage to roads and bridges and property. The expenditure required for relief and rehabilitation and for restoring communication will be considerable.

Employment Situation.

15. The magnitude of unemployment in the State has been increasing over the years due to the pressure of fast growing labour force. The Live Register of Employment Exchanges showed that the number of job seekers in April, 1982 was 3.74 lakhs. Educated job seekers constituted nearly 42%, while Scheduled Castes and Scheduled Tribes accounted for about 5% and 7% respectively. Employment in organised sector at the end of March, 1982 stood at 8.60 lakhs as against 8.56 lakhs in the corresponding period of the previous year.

Financial Institutions.

16. Assistance from lending institutions to Assam has been much less compared to other States. The credit-deposit ratio in the State was only 46.8% as on March, 1982. To a

large extent the State has to cater to the needs not fulfilled by lending institutions. The State is making headway towards removing this deficiency over the past few years. The number of scheduled Commercial Bank offices which was 507 in June, 1981 increased to 562 in June, 1982. That apart, the State has 5 regional rural banks with a net work of 89 branches spread throughout the rural areas till June, 1982.

Price Situation.

17. The economy of the State is an integral part of the national economy and it is shaped by the happenings at the national level. The price spurt in the national economy conditions the level of prices in the State and maintains an uptrend on account of local factors. The ability of the State Government to reverse this process is altogether circumscribed. The general whole sale price-index which was 559 in 1981 rose to 591 in 1982 displaying a rise of 6 per cent. The rise was observed to be more in the non-food group. The Consumer Price Index Numbers for working class recorded a rise of 7 per cent in 1982 over 1981.

20-Point Programme.

18. The 20-Point Programme announced by the Prime Minister in January, 1982 has created new hopes and aspirations. For an economically backward State like Assam some of the points viz, Integrated Rural Development Programme, National Rural Employment Programme, Rural Water Supply, Primary Health Care, Elementary Education have got special relevance. The 20-Point Programme has been culled out of the plan and is basically directed towards removal of poverty. Some of the points relate to increase in production while others aim at creation of employment opportunities and stepping up of social consumption facilities. About 75% of the Annual Plan outlay have been identified for implementation of such programmes. Point-wise targets have been worked out and these have been disaggregated District/Sub-division wise so as to ensure more egalitarian diffusion of benefits.

19. Sir, I would now like to apprise the Honourable Members about the budgetary position.

Accounts, 1981-82

20. The interim Budget of the Government of Assam for 1982-83 together with Vote-on-Account was presented to Parliament in March, 1982. Subsequently a revised Budget for 1982-83 was presented to Parliament in July, 1982. While presenting the current year's Budget in July, 1982 the anticipated closing balance for the year 1981-82 was placed at (-)Rs. 95.74 crores. But the opening balance for 1982-83 at that time was taken at (-)Rs.127.43 crores as per provisional accounts with the Reserve Bank of India as on 31.3.1982. The accounts for 1981-82 now reflect a closing balance of (-) Rs.20.96 crores. The real deficit of the year was however more as it included an undischarged liability totalling Rs.127.43 crores on account of outstanding overdraft and advances from the Reserve Bank of India at the end of 1981-82.

Budget, 1982-83

21. During the current financial year in June, 1982 the Government of India granted a special loan of Rs. 127.43 crores to clear the overdraft as on 1st April, 1982. After taking credit of this special loan, the current year (1982-83) was anticipated to close with a gap of (-)Rs.14.67 crores.

Revised 1982-83

22. The revised estimates of the current year (1982-83) now show that the year is likely to close with a balance of (-) Rs. 35.94 crores. This increase in deficit in the current year is mainly for additional liabilities during the year.

23. The total revenue receipts under revised estimates of the current year is estimated to increase by Rs.15.72 crores from Rs. 441.25 crores as in budget estimates to Rs.456.97 crores. The increase is mainly under tax revenue (Rs. 5.71 crores), grants-in-aid (Rs.14.14 crores) together with a decline of Rs. 4.13 crores in the estimates in State's share of Union Excise Duties.

24. The revenue expenditure is estimated to rise by Rs.35.10 crores from Rs. 473.41 crores in bud-

get estimates to Rs. 508.51 crores under the revised estimates of the current year. The additional expenditure under revised estimates includes expenditure by police (Rs. 9.57 crores) mainly for law and order in connection with Election, relief to flood victims (Rs. 4.01 crores) and relief to riot victims (Rs.10.00 crores) in the recent disturbances in the State. Additional liability during the current year also includes payment of interest charges (Rs. 5.19 crores) on account of overdraft/ advances from the Reserve Bank of India. A part of these additional expenditure namely Rs. 8.10 crores for police and Rs. 4.01 crores for natural calamities was earlier authorised by Presidential Order under article 357(1)(c) of the Constitution. In the capital side, the revised estimates have gone up from Rs. 478.05 crores to Rs. 621.09 crores mainly on account of repayment of Rs. 137.85 crores to the Reserve Bank of India to liquidate the advances and overdraft.

Budget 1983-84

25. Starting with an anticipated minus balance of Rs.35.94 crores from the current year, the budget for 1983-84 is estimated to close with a balance of (-) Rs. 145.95 crores. The deficit on revenue account is estimated to increase from (-) Rs. 32 16 crores as in budget estimates of current year to (-)Rs. 51.54 crores under revised estimates and to (-) Rs.109.78 crores in 1983-84. The revenue receipts for the year 1983-84 is estimated at Rs. 471.58 crores as against revised estimates of Rs. 456.97 crores of current year. The estimated increase in tax revenues is Rs. 10.70 crores, in non-tax revenues Rs.1.86 crores and in Grants-in-aid from the Government of India Rs. 2.05 crores over the revised estimates of current year.

26. Total expenditure from the Consolidated Fund in next year is estimated at Rs. 1192.37 crores comprising Rs.581.36 crores on revenue account and Rs. 611.01 crores on capital account. Increase in expenditure on revenue account is of the order of Rs. 72.85 crores over the revised estimates of current year. The main increase is

in Social and Community Services amounting to Rs. 33.50 crores, in General Services Rs. 24.95 crores and in Economic Services Rs. 14.34 crores over the revised estimates of current year. Increase in expenditure next year in General Services is mainly due to rise in interest payment by Rs. 10.27 crores, additional expenditure on police Rs. 3.64 crores, other administrative and miscellaneous services Rs. 6.15 crores and fiscal services Rs. 2.62 crores. The increase in Social and Community Services is mainly under education (Rs. 27.19 crores), social security and welfare (Rs. 5.26 crores). The increase in Economic Services is mainly under irrigation (Rs. 4.22 crores), roads and bridges (Rs. 3.25 crores), agriculture (Rs. 1.05 crores), animal husbandry (Rs. 1.41 crores), village and small industries (Rs. 1.09 crores) and community development (Rs. 1.37 crores). The above increase in expenditure on revenue account takes care of likely increase in emoluments of Government employees following Pay Commission's recommendation.

27. The expenditure on capital account next year is estimated at Rs. 611.01 crores as against Rs. 621.09 crores under the revised estimates of current year. The decrease in estimates for next year is due to the fact that the current year's estimates include higher repayment of advances from the Reserve Bank of India including overdraft of last year. On account of an estimated surplus of about Rs. 12 crores in Public Account the total transactions outside the revenue account is estimated to result in a nominal deficit of (-) Rs. 23 lakhs.

28. The net current transactions in the year 1983-84 on both revenue and capital account including transactions in Public Account and Contingency Fund are estimated to result in a deficit of Rs. 110.01 crores. Together with an estimated opening balance of (-) Rs. 35.94 crores, the year 1983-84 is anticipated to close with a deficit of (-) Rs. 145.95 crores.

Debt Position.

29. The debt position of the State Government as on 31st March 1982 was Rs. 964.20 crores which is anticipated to rise to Rs. 1179.76 crores as on 31st March 1983. The rise is largely for loans taken to cover the non-plan gap in resources of the State and clearing the overdraft. While the loan for specific development purposes is likely to generate capital, loan for non development purposes has an adverse impact on State's economy.

Finance Commission.

30. The State Government have already submitted their memorandum to the Eighth Finance Commission. This Government will take up with the Commission at the earliest opportunity, the long neglected need of the State and we hope that Finance Commission will consider Assam's case with special care.

31. It has not been possible for me to submit the detailed budget estimates in conventional pattern now in view of shortage of time and loss of working hours due to non-cooperation, bundh etc. The budget now has therefore been presented in abstract form in accordance with Central pattern. Further details will be supplied to the Honourable Members for their consideration while discussing the budget for the whole year.

32. Hon'ble Members will share with me the anxiety of the Government to restore the economy of the State. In view of large deficit facing us next year, a determined effort has to be made to overcome the imbalance in resources. No new taxation measure is contemplated at this juncture. All non-plan and other non-essential expenditure in the administration has to be drastically avoided and all available resource has to be applied judiciously to the development of the State with the strictest economy.

33. Once again I seek the whole-hearted and continuous co-operation of all of you, Honourable Members of this august House, and the people of Assam in restoring complete normalcy in the State and ushering in all round prosperity.

ANNEXURE

(In thousands of rupees)

Actuals, 1981-82 (1)	Budget Estimates, 1982-83 (2)	Revised Estimates, 1982-83 (3)	HEADS (4)	Budget Estimates, 1983-84 (5)
(—) 46,14,54	(—)127,43,00	(—) 20,95,77	Opening Balance	(—) 35,93,95
			A-Receipts	
362,17,82	441,25,12	456,97,32	Revenue Receipts	471,57,98
485,99,57	616,98,01	650,03,78	Capital Receipts	598,76,39
..	3,08,04	4,87,76	Receipts under Contingency Fund	4,00
344,52,54	195,04,47	272,04,47	Receipts under Public Account	293,06,10
1192,63,93	1255,75,64	1383,93,83	Total Receipts	1363,44,47
1146,49,39	1128,32,64	1362,97,56	Grand Total	1327,50,52
			B-Expenditure	
405,99,13	473,40,83	508,50,91	Expenditure on Revenue Account	581,36,27
388,38,53	478,05,44	621,08,54	Capital Expenditure	611,01,09
3,80	3,06,58	4,87,76	Expenditure under Contingency Fund	..
373,03,70	188.47,30	264,44,30	Outgoing from Public Account	281,08,10
1167,45,16	1143,00,15	1398,91,51	Total Expenditure	1473,45,46
(—)20,95,77	(—)14,67,51	(—) 35,93,95	Closing Balance	(—)145,94,94
1146,49,39	1128,32,64	1362,97,56	Grand Total	1327,50,52
			NET RESULT	
(-)43,81,31	(—)32,15,71	(—)51,53,59	On Revenue Account	(—)109,78,29
(+)69,00,08	(+)144,91,20	(+)36,55,41	Outside the Revenue Account	(—) 22.70
(+)25,18,77	(+)112,75,49	(—)14,98,18	Net surplus (+)/ Deficit (—)	(—)110,00,99

AGP (Fin.) No. 295—500—18-3-1983.