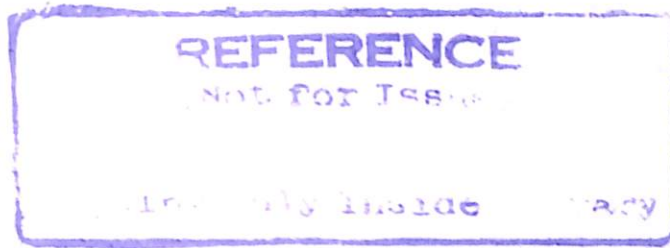


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অসম চৰকাৰী ছপাশাল ।
গৱাহাটী-২১



BUDGET SPEECH

1987-88

MARCH 9, 1987

Shri PRAFULLA KUMAR MAHANTA

CHIEF MINISTER, ASSAM

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Mr. Speaker, Sir,

I rise to present the Budget of the Government of Assam for the year 1987-88.

2. At the very outset I want to thank the people of the State most sincerely for the confidence and trust reposed by them in us by virtue of which we assumed charge of the administration of the State over a year ago. It has been and will continue to be our earnest endeavour to justify that confidence and trust.

3. The full implementation of the Assam Accord is, of course, our topmost priority. The State Government have taken sincere steps in this regard and have also been pursuing with the Government of India for full implementation of that part of the Accord which is the latter's responsibility. It will be our constant endeavour to see that the Assam Accord is fully implemented.

4. The year that is drawing to a close has been one of considerable economic strain for the State. An unprecedented drought hit the State at the commencement of the year. Hardly were we recovering from the impact of the drought when floods of great magnitude caused extensive damage to the State. The State Government made unstinted efforts within their means to combat the calamity.

5. Before I turn to the Budget proposals, I would like to briefly touch upon the general economic climate prevailing in the State.

6. As per quick estimates the State Domestic Product at current prices in 1985-86 has registered an increase of 13.9 p.c. from Rs.4070.6 crores in 1984-85 to Rs. 4638.0 crores in 1985-86. At constant (1970-71) prices the increase in State Domestic Product

State Income

was 6.7 p.c. from Rs. 1306.7 crores in 1984-85 to Rs.1394.9 crores in 1985-86. Over the same period the per capita State Domestic Product at current prices went up by 10.7 p.c. from Rs.1820.6 in 1984-85 to Rs. 2016.5 in 1985-86. At constant (1970-71) prices the per capita State Domestic Product recorded a rise of 3.3. p.c. from Rs.584.4 in 1984-85 to Rs.603.9 in 1985-86.

Price Situation

7. The behaviour of prices during 1986-87 continued to cause considerable worries although it was not as alarming as in the past. The average Wholesale Price Index showed a rise of 5.9 p.c. during the first ten months of 1986 over the corresponding period of the previous year. In contrast, the annual average of 1985 displayed a rise of about 12.7 p.c. over 1984 and the rate of rise was 17.6 p.c. in 1984 over 1983. The increase in Wholesale Price Index during the first ten months of 1986 was more pronounced in case of food group. The average Consumer Price Index for Working Class in Assam (base 1949=100) increased by 7.5 p.c. during the first ten months of 1986 over the corresponding period of the previous year. As against this, the annual average of 1985 recorded a rise of 6.5 p.c. over 1984. With a view to provide relief to the consumers the State Government sponsored a scheme of supply of rice and masurdal at subsidised rates through the public distribution system and Staffed retail outlets involving a subsidy of about Rs.9 crores which was in operation from 28th July 1986 to 15th December, 1986.

Agriculture

8. The emphasis of the activities of the Agriculture Deptt. has continued to be on provision of better technical knowledge to the farmers and helping them in various other ways to achieve better production and productivity. The Training & Visit system of extension, which was started initially in 1977 with World Bank assistance, has been continued as it has proved to be useful. A second phase project known as National Agricultural Extension Project—III has just been negotiated with the World Bank which the Bank is likely to sanction in the near future. The extension machinery will be strengthened in NAEP III. The Special Rice Production Programme is entering the

third year of implementation and is giving good results. The response of farmers to SRPP has been good and production of Sali Rice in SRPP blocks has gone up to 1395 KG per hectare.

Agriculture in the State was badly hit first by drought and then by flood in 1986. A massive programme to assist the flood affected farmers by way of providing Rabi seeds such as pulses, mustard, wheat, etc., has been taken up and the production of these crops is expected to go up during the current season. In view of the importance of oilseeds and pulses in the national economy, it is proposed to build on the base created by Rabi Programme of the current year and expand areas under pulses and oilseeds in the coming year.

Industry

9. The State Government has announced a new Industrial Policy on 17th December, 1986, which aims at balanced and speedy industrial development of the State as well as generation of adequate employment opportunities. A package of incentives has been announced as a part of the new policy which would encourage entrepreneurs to set up industries in the State. To implement the policy a single window facility known as "Udyog Sahayak" has been set up in the AIDC Ltd. for large and medium industries and in the Directorate of Industries and District Industries Centres for small and tiny sector industries.

For development of local entrepreneurship for starting medium and large industries, AIDC has started implementing an assisted sector scheme from the current financial year. The total employment potentiality through the assisted sector would be around 4,000 persons directly and several thousand would be benefited indirectly. Under the refinance scheme of IDBI operated through AIDC, it is expected to create direct employment potentiality for about 6000 persons besides indirect employment to many others.

In the small scale industries sector efforts have been intensified to promote small units for self-employment to educated unemployed youths and for this

purpose 101 project profiles have been prepared and circulated to all DICs in the State. Six new DICs have been opened during the year and one more DIC is proposed to be opened next year covering all the Districts of the State.

As against total employment avenues to about 20,000 unemployed youths through setting up of small scale and tiny handicrafts and other industrial units under SEEUY's Scheme in the current year, it has been proposed to provide employment avenues to about 30,000 unemployed youths in 1987. Against the current year's target of 1200 small scale units a higher target of 3500 such units has been fixed for the next year. In the handicraft sector, the target for next year has been fixed at 1500 units against 550 units in the current year. Equal emphasis has been placed on training of youths for taking up self-employment. As against a training target of 400 persons of current year it has been proposed to provide training to 4500 persons through 150 industrial campaign camps covering each of the block headquarters next year. Apart from this, 2 new quality control and marketing centres, 15 new sheds in industrial estates, 4 new sheds in growth centres, 6 new commercial complexes, 1 new raw material depot to assist the brass and bell metal industry and 1 new common facility service centre will be set up in 1987-88.

**Institutional
Finance**

10. In the sphere of growth of banking facilities Assam still continues to be a relatively under-banked State. The number of scheduled bank offices in Assam is 974 in June, 1986. This includes 321 branches of the five Regional Rural Banks functioning mostly in rural areas. The average population per bank office in the State is 20,622 as against the national average of 13,000 in December, 1985. In order to bring the banking coverage in the State to the national level steps have been taken under the Reserve Bank of India branch licensing policy 1985-90 which will co-terminate with the Seventh Five Year Plan. A list of 269 new growth centres has already been recommended to Reserve Bank of India under this policy for allotment to banks. The Reserve Bank of India has recently allotted 96 new centres

empowering its regional office at Guwahati to issue necessary licences to the allotted banks.

In the matter of growth of credit deployment, the flow of credit is rather unsatisfactory. The volume of deposits with and credit by the banks aggregated Rs.975.56 crores and Rs.517.38 crores respectively as in June, 1986. The Credit Deposit Ratio of scheduled banks stood at a low level in Assam at 53.03% in June, 1986 as against the national level of 65.5%. A close rapport with the financial institutions has been maintained in order to enhance the flow of credit for economic development of the State at the grass root.

Power

11. The installed capacity of power was only 141.5 M.W. at the end of 1979-80 which increased to 409.4 MW at the end of 1985-86. The target for 1986-87 was addition of 75 MW which has already been achieved with the commissioning of the fourth Unit of 60 MW at Bongaigaon Thermal Power Station in October 1986 and the fourth Unit of 15 MW at Lakwa Thermal Power Station Extension in November 1986. Thus the total installed capacity at present is 484.4 MW. The peak demand on the power system is presently around 290 MW which is partly met from generating stations within the State and partly from import from Meghalaya and regional projects like Kopili Hydro Electric Project and Loktak Hydro Electric Project. The Units generated during 1985-86 was 845.61 MU. The target of generation during the current year is 1098 MU and that for 1987-88 is 1240 MU.

In the sphere of rural electrification altogether 13,648 villages out of 21,995 villages in the State had been electrified at the end of 1985-86 thereby covering about 62 p.c. of the total number of villages in the State. The target for electrification of villages in 1986-87 is 2,211 villages and up to January, 1987 altogether 893 villages have been electrified. The target for 1987-88 is 2,185 villages.

The approved plan outlay on power for 1987-88 is Rs.129.87 crores as against which the internal resources of the ASEB have been assessed at

(—) Rs. 71.44 crores. In order at least partially to neutralise this deficit, power tariff has been revised with effect from 1st July 1986. The additional accrual from tariff revision in 1987-88 is estimated at Rs. 51.42 crores which will improve the position of internal resources of ASEB to (—) Rs. 20.02 crores. The Board will also collect Rs. 69.68 crores through institutional sources and the State Government will contribute Rs. 80.21 crores as loan. The aggregate resources of the Board will thus stand at (+) Rs. 129.87 crores after wiping out the negative balance of Rs. 20.02 crores.

Forest

12. The current global concept of forestry lays stress on conservation of forests for protection of the eco-systems, and preservation of the quality of environment rather than as a source of revenue only. In terms of this global awareness of the need for preventing destruction of greenery, the Government, sacrificing considerations of immediate revenue earning, have imposed a ban on indiscriminate felling of trees. Accordingly, greater emphasis has been placed on regeneration efforts and during the year 17,790 hectares under General Areas and 3,830 hectares under Hill Areas are expected to be covered through production forestry and social forestry schemes. The programme for 1987-88 aims at regeneration of endemic indigenous species as far as practicable, in place of the existing process of clear felling of natural formation and replacing it by exotic species. Stress has also been laid on the effective protection of wild life. Government have also proposed to declare the famous Manas Wild Life Sanctuary a National Park.

Education

13. In the sphere of education our emphasis will be universalisation of elementary education in conformity with the national policy. It has been and will continue to be our endeavour to improve the quality of education at all levels and to consolidate our gains in the sphere of higher education. In recognition of the need for effective attention in the sphere of cultural activities and physical education we have in the current year set up two separate administrative departments, one for Sports and Youth

Welfare and the other for Cultural Affairs. As against a provision of Rs.254 crores in the current year an amount of Rs.280 crores has been provided in the next year for General Education. Similarly as against a provision of Rs.7.35 crores in the current year an amount of Rs.8.17 crores has been provided next year under Technical Education.

Health

14. Emphasis has been laid on rural health service and it will continue to receive priority attention of the Health Department during next year also. Staff for 329 sub-centres, 59 Primary Health Centres and 8 Community Health Centres have been sanctioned so far during the year. Construction of 200 bedded hospital at Joysagar, Sabati (Noth Lakhimpur), and Kokrajhar and 100 bedded Sub-Divisional hospital at Hailakandi, Tinsukia and Gossaigaon is in progress.

Hill Areas

15. Economy of the two Hill Districts is basically agrarian in which the Jhum cultivation still continues to play a sizeable role. Steps have been taken to intensify the efforts with a view to encouraging the tribals in the Hill Districts to go for settled living. Steps are afoot to provide adequate extension service needed for effective implementation of agricultural schemes, collection as well as marketing of cash crops like dry ginger to safeguard the interest of producers, training of villagers for taking up animal husbandry more purposefully, to bring more areas under afforestation and for regeneration of degraded forest, to open more Community Development blocks, accelerate road communication, emphasise completion of on-going irrigation projects, etc., during the Seventh Plan period. Expansion of drinking water, medical and educational facilities in the Hill Districts will continue to be given high priority. The total outlay for Annual Plan 1986-87 for Hill Areas was fixed at Rs.60.90 crores out of which Rs. 35.00 crores were from the State Plan and Rs. 25.90 crores as Special Central assistance under Additive Plan. The outlay approved by Planning Commission for the Annual Plan 1987-88 for Hill Areas is Rs. 41.00 crores under State Plan against Rs.35.00 crores in the current year

representing a step up of over 17. p.c. In addition Rs.25.90 crores have been provided under the Additive Plan.

Welfare of Scheduled Castes and Scheduled Tribes (Plains)

16. Government have been giving special attention to the welfare of the Scheduled Tribes (P) and Scheduled Castes. Special schemes are being drawn up for their development with funds which are being quantified from the State Plan Outlay. Under Tribal Sub-Plan, an amount of Rs.62.75 crores will be quantified from the State Plan Outlay in the year 1987-88 as against Rs.56.26 crores in the current year. Under Special Component Plan for the Scheduled Castes an amount of Rs.31.50 crores will be quantified from the State Plan Outlay as against Rs.13.95 crores in the current year. Steps will be taken to allocate the quantified funds project-wise under Tribal Sub-Plan for Integrated Tribal Development Projects and sub-division-wise under Special Component Plan for the development of Scheduled Castes. The programmes under Tribal Sub-Plan and Special Component Plan will be supported by Additive Central assistance. Special attention will be paid for monitoring the programme of implementation of the schemes.

Welfare of Tea Garden and ex-Tea Garden Tribes

17. With regard to measures for the welfare of tea and ex-tea garden tribes and other backward classes special programmes for their educational and economic development and health care will continue to be undertaken as in the past. The total amount of plan funds earmarked for the coming year for such programmes for tea and ex-tea garden tribes is Rs.53 lakhs. Care will be taken to ensure that the benefits of these programmes reach those for whom they are intended.

Social Welfare

18. Welfare of the children and women including destitute children and destitute women will continue to receive keen attention of Government. Integrated Child Development Service Programme will be expanded. The State Government proposes to set up the Women Development Corporation for promoting income generating activities among women. Welfare of the handicapped will also receive greater attention of the Government in the next year.

**House
sites to
rural
landless**

19. Under Minimum Needs programme for Rural House Sites the State Government propose to provide a total amount of Rs.2.50 crores in the coming year in the form of development of site and construction assistance at the rate of Rs.2,500/- per family to 10,000 rural homeless families of which 2,320 will be from Tribal Sub-Plan areas, 1,960 will be Scheduled Caste families and 400 will be from the two Hill Districts.

Employment

20. The problem of unemployment has been engaging the attention of Government since its installation in office. Employment generation is not keeping pace with rise in population and expansion of education and this cannot be solved by following policies of over-loading existing enterprises with surplus manpower. The Government therefore have decided to continue the emphasis on generation of self employment opportunities. The existing District Manpower Councils have been strengthened to explore avenues for self employment. In this regard the New Industrial Policy announced by the Government is expected to go a long way towards generation of adequate employment opportunities through self employment in the industrial sector. Besides, the monthly allowance of Rs. 50/- to unemployed graduates registered with the employment exchanges under the Assam Unemployment-Assistance Scheme, 1983 shall continue next year also.

Total employment generation in the organised sectors of the State recorded an increase of 2.4.p.c. from 9.68 lakhs at the end of June 1985 to 9.92 lakhs at the end of June 1986. On the other hand, the number of job seekers registered an increase of 29.7 p.c. over the same period from 5.35 lakhs to 6.94 lakhs. Total number of women job seekers as on June 1986 was about 1.06 lakhs and that of scheduled caste and scheduled tribes about 38,000 and 57,000 respectively. Total number of vacancies notified during the period through employment exchanges was 6,448 against which 56,555 applicants were sponsored out of which 2,866 persons were employed.

**Family
Pension**

21. In spite of constraints of resources, the State Government have, as a social benefit measure decided

to grant family pension to all eligible families of Government employees/pensioners who were otherwise not covered by the Family Pension Scheme, 1964. This measure will benefit families of a large number of Government servants who retired or died in harness even before 1st January, 1964. The family pension under this decision will be payable from 19th July, 1978 at the rates admissible on that date together with usual relief on family pension as admissible to other family pensioners. The procedure for grant of this family pension in old cases is proposed to be made simple so that there is no hardship to the claimant for any possible delay in examining old service records.

**Commutation
of Pension**

22. Government have also decided to restore the original pension of the old pensioners who had once commuted or sold out a part of their pension in consideration of a lump-sum amount paid according to the purchase value of the pension. It may be observed that following payment of lump-sum value of pension, a pensioner's original pension under the existing rules stands reduced by the amount of pension commuted. Many old pensioners are consequently experiencing hardship with their reduced pension. Though under the rules the reduced rate of pension becomes absolute on commutation, Govt. have decided on humanitarian grounds to allow with effect from 1st April, 1987 restoration of the commuted portion of the pension on completion of a period of 14 years from the date of commutation or on the pensioner's attaining the age of 72 years whichever is later.

**Release of
impounded
amount**

23. Government have also decided to release in its entirety during the current financial year to all employees except those of Grade IV the remaining 50% of the arrear pay and allowances due to them which had been earlier impounded. It may be mentioned that the arrear due to Government employees on account of pay and allowances for the period from 1st January 1981 to 28th February 1982 following revision of pay scales had earlier been impounded. The entire amount so impounded in case of Grade IV employees and 50% in case of other employees has already been released.

Plan Outlay

24. The Annual Plan outlay of the State for 1987-88 has been approved by the Planning Commission at Rs.575.00 crores which comprises Rs.534.00 crores for General Areas and Rs.41.00 crores for Hill Areas. This represents a step-up of 15 p.c. over the current year's outlay of Rs.500.00 crores. Besides the Hill Plan outlay will be supplemented by Additive Central assistance of Rs.25.90 crores for accelerated development of Hill Areas. The outlay for next year will be further augmented by Additive Central assistance for Tribal Sub-Plan and Scheduled Caste component plan which has not yet been finalised and pending such finalisation current year's level of Rs.6.78 crores for TSP and Rs.2.01 crores for scheduled caste component plan has been retained for the next year also. Central assistance allocated for financing the approved outlay of Rs.575.00 crores is Rs.530.00 crores which is about 92 p.c. of the total outlay. The approved plan outlay for the current year includes Rs.20.07 crores for upgradation of standard of administration of some selected sectors approved by the Eighth Finance Commission for which additional Non-Plan grants from the centre amounting to Rs.13.72 crores will be received.

Decentralised Planning

25. As per guidelines of the Planning Commission, the State Government has introduced decentralised planning process in the State with effect from 1st April, 1986. Under the scheme of decentralised planning Subdivisional plan has been prepared for the year 1987-88 in respect of the plains Subdivisions of Assam. For this purpose Subdivisional Planning and Development Councils for 31 Plains Subdivisions have been constituted. District Monitoring Cells have been suitably strengthened during the year 1986-87 for setting up multilevel planning units at the Districts. For this purpose State Planning and Development Department has also been suitably strengthened.

Delegation of Power

26. For expediting sanction of Plan Schemes the Finance Deptt. have delegated this year additional financial powers to the Commissioners and Secretaries of the administrative departments to sanction

expenditure for implementation of Plan Schemes after the same have been duly scrutinised and approved, in accordance with the Planning and Development Department's guidelines, by Departmental Committees on which Finance Department is represented.

Financial Scenario

27. The level of economic development obtaining in the State cannot be said to be ideal for ensuring adequate growth and imparting required buoyancy. This has resulted in a growing imbalance between the resources available and responsibilities to be discharged by the State Government. While the scope for tapping additional resources from existing tax laws is extremely limited, inescapable commitments on account of maintenance of existing assets, debt servicing, social services, law and order and obligation towards employees are enormously increasing over the years. This heavy burden of expenditure outstrips revenue receipts and very often disturbs budgetary equilibrium. With a relatively low degree of industrialisation and inadequate infrastructural facilities, the prospect of raising adequate resources to keep pace with rising expenditure is rather remote.

Prudence demands proper maintenance... of capital assets created at considerable cost. But limitations of resources inconvenience the State Government even in the discharge of this important obligation. Funds for maintenance are to be provided annually on the basis of the recommendations of Finance Commission. The Finance Commission allow maintenance expenditure on the basis of all India norms which are often inadequate owing to the high cost-structure prevailing in the State. However, in the interest of the maintenance of the assets the State Government, in spite of resource constraint, have been compelled to make higher provision than that recommended by the Finance Commission.

The burden of debt servicing and repayment of principal is yet another factor responsible for our escalating expenditure. At the end of March, 1986 public debt amounted to Rs.2078.78 crores as against

Rs.1741.46 crores at the end of March, 1985. The overall debt burden is likely to reach the figure of Rs.2441.39 crores at the end of March, 1987. In the current year itself repayment of loan and interest is estimated to cost Rs.129.66 crores and Rs.154.53 crores respectively. This situation is attributable primarily to larger loan assistance from the Centre for financing the Plan. The composition of Central assistance for plan is 70 p.c. loan and 30 p.c. grant for General Areas and 10 p.c. loan and 90 p.c. grant for Hill Areas. There being only two Hill Districts in the State, the overall Central assistance is marked by a predominance of loan over grant. On top of this, even Central assistance for Brahmaputra Flood Control also comes in the shape of 100 p.c. loan assistance only.

The burden of expenditure on relief against natural calamities also puts State finances under severe strain. When a natural calamity of more than modest severity hits the State necessitating relief expenditure in excess of the margin money provided in the State Budget, a Central Team makes an on-the-spot assessment of damages and recommends item-wise ceiling of expenditure. The Central Government bear 75 p.c. of the expenditure in excess of the margin money and the remaining 25 p.c. is borne by the State from its own resources. Even within total approved ceiling of expenditure, item-wise diversion is not allowed by Government of India nor does expenditure, if and when so incurred by the State Government, in excess of individual ceilings fixed for specific items, qualify for Central assistance. The State Government are, therefore, sometimes compelled to meet such unavoidable expenditure from their own resources. Incidentally, Government of India have approved a total ceiling of expenditure of Rs. 39'34 crores this year on the basis of the recommendations of the Central Team of which Rs. 31'83 crores is for flood relief, Rs. 7'40 crores for drought relief and Rs.0'11 crore for fire damage. The allocation approved by Govt. of India falls short of our requirement.

Every year D.A. granted to State Government employees costs the State Exchequer heavily. In the

current year 4 doses of D.A. had been sanctioned already having financial involvement of about Rs.13 crores during the year. Moreover, special relief granted to employees will cost another Rs.10 crores. In matters like release of dearness allowance, changes in pay structure, emoluments and pensionary benefits etc. the decisions of Government of India in relation to their employees tend to affect the finances of the States. But the States do not have the advantages enjoyed by Government of India. In such matters the Central Government is much less constrained by resources than the State as the Centre is able to adjust its resources by resorting to deficit financing whereas the State has no such facility.

I have referred earlier to a scheme intended for providing relief to consumers involving supply of rice and masur dal at subsidised rates through the Public Distribution System with financial involvement of Rs. 9 crores in the form of subsidy to the STATED. This is over and above the subsidy of about Rs. 6 crores granted to the same organisation in the current year for meeting a part of its debt obligations contracted earlier in the course of similar operation on behalf of the State Government.

In a situation such as this, the imperative need of financial discipline and effective control of expenditure can hardly be exaggerated. I have earlier referred to inescapable commitments. We have to take a realistic view of the extent to which commitments or for that matter curtailments are possible. As earlier stated, the facility of deficit financing available to Govt. of India cannot be resorted to by us. We have to remain within our ways and means limit, otherwise we run the risk of overdraft which is not permissible.

In order to impart a reasonable measure of dynamism to our finances and to ensure a continuous and consistent flow of resources, we also have to have at our own command enough funds without the obligation of having to bear the burden of interest payment. Upward revision of the rate of royalty

on crude oil which is presently fixed at Rs. 192 per MT against our demand of Rs. 336 per MT can ensure such a flow of resources. The State Government has recently constituted a Committee for going into all aspects of the question of fixation of royalty on crude oil.

Taxation

28. Apart from what we can achieve in the long run on the resources front, the need for maintaining the existing services in the State and for increased investment in development for meeting the unfulfilled aspirations of the people in a situation of rising costs at the national level has forced us to look around immediately for additional resources. However, given the realities of backwardness of the State's economy and of the pattern of distribution of resources as between the Centre and the States which is heavily loaded against the latter, there is hardly any scope for us to mobilise additional resources. Any increase in the rates of sales tax, the only elastic source of revenue for the States, may lead to diversion of trade and would, therefore, be counter-productive. While undertaking an exercise in upward revision of rates of sales tax we can ill afford to ignore the fact that there is no general sales tax in neighbouring Arunachal Pradesh and Mizoram. It may be recalled that as a matter of fact, we had to obtain the Legislature's approval in the August session for reducing the rate of sales tax applicable to certain kinds of motor vehicles in order to combat diversion of trade to other areas where there is either no sales tax or the rate of sales tax is substantially low.

The adverse pattern of distribution of sources of revenue as between the Centre and the States to which I have just referred coupled with other constitutional provisions has in several different ways severely restricted our ability to raise resources. For instance, two of the principal resources of the State are tea and crude oil. Bulk of our tea is either exported outside the country or sold outside the State. We cannot impose any sales tax on the same because of constitutional restrictions on levy of sales tax on exports and inter-State stock transfers. On the other hand, crude oil has been declared

by Parliament to be an item of declared goods. Consequently, the rate of sales tax applicable to crude oil cannot exceed four per centum ad valorem. Again, because of the provisions of the Central Income Tax law we can levy agricultural income tax on only 60% of the income from the cultivation and manufacture of tea though the Hon'ble Supreme Court has held tea to be an agricultural produce. For correcting the situation and in order to acquire power to levy agricultural income tax on the entire income from cultivation and manufacture of tea we had taken up the matter with the Government of India. We have also raised the issue before the Sarkaria Commission whose report is still awaited.

In this context we were looking forward hopefully to the finalisation of legislation by Government of India for levy of Consignment Tax on inter-State stock transfers of goods which was expected to annually yield us a revenue of Rs. 34 crores as indicated in my last budget speech. But unfortunately in spite of reminders given by us in the matter, the Government of India do not appear to have taken any meaningful step for finalisation of legislation in this regard. In the meantime the mischief of inter-State stock transfers continues leading to loss of revenue running into Rs. 34 crores or so every year to this State.

Notwithstanding our limitations, however, we must in our own interest take steps for mobilising resources for reasons stated earlier. While doing so we must endeavour to give some relief to the weaker sections of society. We must also ensure that by and large no additional burden is imposed on people who cannot bear it. We have also to see that concessions enjoyed by sectors which do not need them are discontinued. Besides, we have to be satisfied that our rates of tax do not encourage diversion of trade.

With these parameters in mind I intend introducing in the current session of the House legislation for effecting some changes in our rates of tax. To start with, it is proposed to reduce the rate of sales tax applicable to bicycle and most kinds of

medicines from the existing level of 7% to 4% ad valorem in order to extend some relief mainly to weaker sections of society. It is estimated that this measure will result in an annual loss of revenue of the order of Rs.80 lakhs which, needless to mention, would involve a very big sacrifice for a State like ours with our extremely limited resources on the one hand and the need for substantial volumes of additional resources on the other. In order to make up for this loss and raise some additional resources it is proposed to:—

- (i) enhance the rate of sales tax on aviation fuel from the existing 10% to 15% ad valorem which is expected to yield an additional annual revenue of Rs. 40 lakhs;
- (ii) enhance the rate of sales tax on arms and ammunition, clocks and watches, iron safes and almirahs, refrigerators and air conditioners, carpets, plastic and rubber foam products, cosmetics and some toilet requisites, etc. from the existing 12% to 13% ad valorem which will yield an additional annual revenue of about Rs. 5 lakhs;
- (iii) enhance the rate of sales tax on manufactured tea from the existing 3% to 6% ad valorem which will yield an additional annual revenue of about Rs. 50 lakhs;
- (iv) levy sales tax @ 1% ad valorem on tea sold in auction at Guwahati hitherto exempt from sales tax which is expected to yield an additional annual revenue of Rs. 2.50 crores ;
- (v) enhance the rates of entertainment tax by 25% to 30% which will yield an additional annual revenue of about Rs. 1.50 crores.

The proposed changes will yield a net additional annual revenue of about Rs. 4.15 crores. The enhancement of the rates of sales tax applicable to aviation fuel and some items of conspicuous consumption will not, by and large, affect the general mass of consumers in

the State. We also feel that restoration of the rate of sales tax of 6% on manufactured tea in force prior to 1st April, 1982 will be a timely step. The rate had been reduced to 3% with effect from 1st April, 1982 in order to extend some relief to the tea industry then passing through a severe crisis. It is also felt that continuance of the exemption from sales tax extended to the Guwahati Tea Auction Centre initially granted for promoting the establishment and development of the Centre is no longer necessary. By all accounts this Auction Centre has by now arrived and ought, in all fairness, start making some contribution to the State's exchequer. The proposed rate of sales tax of a modest 1% is expected to be accepted with good grace by the sector which has enjoyed different forms of State patronage for so many decades. With regard to entertainment tax, we are only seeking to take advantage of the situation of seller's market enjoyed by Cinema tickets.

Actuals
1985-86

29. Sir, I now turn to Accounts and Budget. The opening balance under revised estimates of 1985-86 was shown at (—) Rs.124.47 crores while placing the budget for 1986-87 in this House in March, 1986. The actual opening balance for 1985-86 now stands at (—) Rs. 77.98 crores after some belated adjustments by the Accountant General, Assam.

The revised estimates of 1985-86 on Revenue Account was placed at (—) Rs.53.28 crores. The actual on Revenue Account now stands at (—) Rs.5.59 crores which indicates a substantial improvement during the year 1985-86. The transactions outside the Revenue Account however show a decline from the anticipated surplus of Rs.156.76 crores under revised estimates to actual surplus of Rs.44.95 crores only. This decline in anticipated surplus was mainly due to higher outgoings from the Public Account.

Actual result of overall transactions of the year, 1985-86 was a net surplus of Rs.39.36 crores. However after adjustment of the opening balance of

(—) Rs.77.98 crores the actual closing balance of the year stood at (—) Rs.38.62 crores.

**Revised
1986-87**

30. The trend of better collection of revenues in last year is also being maintained in the current year 1986-87. The revised estimates of revenue receipts of 1986-87 show an increase of more than Rs.112 crores over the original budget estimates of the year. The expenditure on Revenue Account in 1986-87 also show a rise of Rs. 69 crores in the revised estimates. The result in Revenue Account shows a deficit of Rs. 17.80 crores under the revised estimates which indicates an improvement of more than Rs.43 crores over the budget estimates of (—) Rs.61.20 crores.

Both the receipts and expenditure on Capital Account within the Consolidated Fund also show a rise of Rs. 19 crores and Rs. 27 crores respectively under revised estimates of the current year. The total transactions outside the Revenue Account show a surplus of Rs. 6.75 crores as against Rs. 22.95 crores in the budget estimates. The overall net result of the transactions within the year show a deficit of Rs. 11.05 crores under revised estimates as against (—) Rs. 38.25 crores in Budget estimates of 1986-87. This indicates an improvement of over Rs.27 crores. Taking into account the opening balance of (—) Rs.38.62 crores the revised estimates of 1986-87 show a closing balance of (—) Rs. 49.67 crores.

**Budget
Estimates
1987-88**

31. The estimates for the coming financial year 1987-88 also show a favourable trend in collection of Govt. revenue. The estimates of revenue accounts for the coming year show a rise of Rs.103 crores over the revised estimates of the current year. The rise is estimated mainly under States own commercial taxes, share of union excise duties as also for higher central assistance for the State plan.

The estimates for expenditure on revenue account also show a similar rise of Rs. 89 crores over the current year's latest estimates mainly because of the increased outlay of State's annual Plan and for maintenance of essential services and assets. The net result on Revenue Account shows a deficit of

Rs. 3.17 crores as compared to Rs. 17.80 crores in the revised estimates of 1986-87.

The estimates of both receipts and expenditure on capital account within the Consolidated Fund show a decline from current year's revised estimates. The estimates of transactions outside the Revenue Account for 1987-88 show a deficit of Rs. 16.74 crores. The net result from current transactions of the year is therefore estimated at (—) Rs. 19.91 crores. Taking into account the estimated opening balance the budget for 1987-88 shows a closing balance of (—) Rs. 69.58 crores. However, the net accrual of about Rs. 4.15 crores from the proposed taxation measures is expected to reduce the deficit to that extent.

Change in Budget Heads 32. I would like to inform the Hon'ble Members here that the budgetary and accounts heads etc. will undergo a structural change from 1st April, 1987 as per direction of the Government of India. The budget for 1987-88 has been prepared in conformity with the revised heads of account. As a result it has become necessary to split up the figures of actual receipts and expenditure for 1985-86 as furnished by the A.G. and the budget estimates of 1986-87 as was presented to this House last year. This will give a comparative position under the revised heads under which the budget is presented now.

33. Conscious of the tremendous responsibility that has devolved on us at this critical juncture of the State's history we pledge ourselves to justify the immense trust reposed in us by the people. We rededicate ourselves to the noble cause of consolidating the achievements of the current year and constructing on that foundation, in an atmosphere of peace and harmony among different sections of people irrespective of caste, creed, language and religion, a strong edifice for the rapid, sustained and all-round growth and development of the State with justice for all. With these words, Sir, I commend the Budget for 1987-88 to this august House for approval.

ANNEXURE

(In thousands of rupees)

Actuals 1985-86	Budget Estimates 1986-87	Revised Estimates 1986-87	Heads	Budget Estimates 1987-88
(1)	(2)	(3)	(4)	(5)
(—)77,98,49	(—)20,98,74	(—)38,61,83	Opening Balance.	(—)49,66,92
A-RECEIPTS				
937,52,08	10,39,88,16	11 52,80,27	Revenue Receipts.	1256,42,36
882,14,78	10,29,88,36	1049,11,61	Capital Receipts	1021,99,28
...	8,50,00	27,00,20	Receipts under Contingency Fund	2,00,00
630,29,91	634,20,00	632,42,46	Receipts under Public Account	690,20,00
2449,96,77	27,12,46,52	28,61,34,54	Total Receipts	2970,61,64
2371,98,28	26,91,47,78	28,22,72,71	Grand Total	2920,94,72
B-EXPENDITURE				
943,10,73	1101,08,26	1170,59,84	Expenditure on Revenue Account.	1259,59,08
690,73,18	1039,16,12	1066,21,46	Capital Expenditure	1052,84,62
1,14,24	..	27,00,00	Expenditure under Contingency Fund	..
775,61,96	610,47,00	608,58,33	Outgoings from Public Account.	678,09,00
2410,60,11	2750,71,38	2872,39,63	Total Expenditure.	2990,52,70
(—)38,61,83	(—)59,23,60	(—)49,66,92	Closing Balance.	(—)69,57,98
2371,98,28	2691,47,78	28,22 72,71	Grand Total	2920,94,72
NET RESULT				
(—)5,58,65	(—)61,20,10	(—)17,79,57	Revenue Account	(—)3,16,72
(+)44,95,31	(+) 22,95,24	(+)6,74,48	Outside the Revenue Account	(—)16,74,34
(+)39,36,66	(—)38,24,86	(—)11,05,09	Net Surplus(+)/ Deficit (—)	(—)19,91,06