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# BUDGET SPEECH

1996-97

DECEMBER 13, 1996

**Shri PRAFULLA KUMAR MAHANTA**  
**CHIEF MINISTER, ASSAM**



*Mr. Speaker, Sir,*

With your permission, I rise to present the budget estimates of the Government of Assam for the financial year 1996-97. The hon'ble members are aware that the House in its session held in March, 1996 had passed the first Vote-on-Account covering the period 1.4.96 to 31-7-96. Thereafter, this newly constituted House in its first session passed the second Vote on Account for the period from 1.8.96 to 31.12.96. The present budget proposal is moved for the whole financial year 1996-97.

2. The present Government which assumed office on 15th May, 1996 inherited a situation in the State, beset with grave problems of insurgency and terrorism, ethnic violence in Kokrajhar and Bongaigaon districts rendering lakhs of persons homeless, devastating floods and acute financial crisis. At that juncture, the foremost tasks before the Government were to restore law and order in the State, provide relief and rehabilitation to the lakhs of victims of ethnic violence in Kokrajhar and Bongaigaon districts and to retrieve the financial

position of the state Government. These are very formidable tasks indeed, more so, in the context of a time span of seven months only. However, the Government through determined and sustained efforts, have by and large, been able to bring back normalcy and revive the much needed confidence in administration. The Government is now in a better position to engage full attention to ameliorate the fiscal disorder and initiate developmental activities in full swing.

3. Before I turn to the budget proposals, may I be permitted Sir, to touch briefly on the back drop of the economy and performance profile of some selected sectors.

#### **State Income**

4.1 As per quick estimates, the Net State Domestic Product (NSDP) of Assam for 1994-95 works out to Rs.14,538 crores at current prices and Rs.3,959 crores at constant (1980-81) prices. The corresponding provisional estimates for the previous year 1993-94 were Rs.13,095 crores at current prices and Rs.3,754 crores at constant (1980-81) prices. This represents an increase of 11.02% at current prices and 5.46% at constant (1980-81) prices in 1994-95 over that of 1993-94. As per quick estimates, the per capita income of Assam for 1994-95 is Rs.5,999 at current prices and Rs.1,634 at constant (1980-81) prices. The corresponding provisional estimates for the

preceding year was Rs.5,520 and Rs.1,583 respectively. In percentage terms the increase of per capita income in 1994-95 over the previous year is 8.68% at current prices and 3.22% at constant (1980-81) prices.

4.2 However, the per capita income of our state continues to be much lower than the per capita national income. This disparity in the per capita income of the state and the country as a whole needs to be wiped out at the earliest.

#### Prices

5.1 The rising trend of prices is an all-India phenomenon and the State is no exception to that. This is discernible from the movement of both wholesale and consumer price indices. The average wholesale price Index registered a rise of 7.9% in 1995 over that of 1994 and in the same period the Consumer Price Index for working class recorded a rise of 10.7% . However, the Government is particularly concerned about the behaviour of retail prices of some essential commodities of mass consumption. It shall be the constant endeavour of the Government to streamline the public distribution system with a view to ensuring easier availability of essential commodities at fair rates to the people through increased number of fair price shops. With a view to ensuring steady movement of food stuff and other essential commodities within the State, regular liaison is being maintained with the

concerned authorities like the Railways, Food Corporation of India and the Chamber of Commerce.

**Employment** 6.1 As per data available on the live register of Employment Exchanges, the number of job seekers at the end of September, 1996 is 12.83 lakhs. Out of the total job seekers, the number of educated job seekers is 8.28 lakhs constituting 64.5% of the total and that of unskilled job seekers is 4.55 lakhs constituting 35.5%. The number of women job seekers is 2.62 lakhs and that of SC, ST and OBC are 0.78 lakhs, 1.33 lakhs and 2.32 lakhs respectively.

6.2 Employment generation in the State has been sluggish and over the years failing to keep pace with the increase in population and expansion of education. The Government are keenly aware of the growing menace of unemployment in the State and propose to seek redressal through creation of adequate self employment opportunities particularly in sectors like agriculture, agro-based industries, animal husbandry, fisheries etc. With a view to supplementing the efforts of the State Government in the matter of employment generation, the present Government immediately after assumption of office urged upon the Hon'ble Prime Minister for a special recruitment drive by the Central Government in all its organisations for the benefit of the eligible

unemployed youths of the State . During his recent visit to the State the Hon'ble Prime Minister announced that a High Level Expert Committee will be appointed soon to examine all aspects of the problem pertaining to the educated unemployed in the N.E. Region and urgently suggest specific steps to promote employment in the N.E.States.

### **Agriculture**

7.1 The State's dependence on agriculture continues to be overwhelming as it is the mainstay of about 89% of the total population. The share of labour force dependent on agriculture is around 63% and about 40% of the Gross State Domestic Product is derived from this sector. A sustained increase in agricultural production and productivity is therefore vital for attaining social and economic objectives. Agriculture being essentially in the private sector, Government's role is basically limited to creation of opportunities conducive to growth. Keeping in view the primary role of agriculture in the economy of the State, the basic thrust of our policy in this sector is to attain self sufficiency in production of foodgrains. Simultaneously, increase in the production of oil seeds, commercial crops and horticultural crops are also given priority attention. In order to achieve self sufficiency in agricultural front, the Government has formulated a four pronged agricultural policy consisting of increasing the area under minor irrigation, adoption of modern scientific method of agriculture, timely availability



of High Yielding Variety seeds and fertilizers and regular interaction with the farmers at the Block level.

7.2 The Annual Plan allocation for Agriculture Sector approved for 1996-97 is Rs.56.26 crores out of which Rs.4.82 crores is allocated for the Hill Areas. Apart from this, Rs.18 crores is allocated in 1996-97 for implementation of the World Bank assisted Assam Rural Infrastructure and Agricultural Services Project.

**Rural  
Development**

8.1 The main thrust of Rural Development is the upliftment of the condition of rural poor living below the poverty line through implementation of various poverty alleviation programmes. During the current year it is proposed to assist 61,000 families under Integrated Rural Development Programme (IRDP), 9000 rural youths under Training of Rural Youth for Self-Employment (TRYSEM) and create 184 lakh mandays of employment through Jawahar Rozgar Yojana (JRY) to provide 100 days employment to 1.33 lakhs persons through Employment Assurance Scheme (EAS) and to provide houses to 25,760 families under Indira Awas Yojana (IAY). I am happy to inform the House that from the current year all the Development Blocks will be covered under EAS. The implementation of schemes have been taken up in full swing with the start of working season.

8.2 The Annual Plan allocation under Rural Development for 1996-97 is Rs.65.70 crores. The total Central allocation for the State during 1996-97 is Rs.219.28 crores.

### **Power**

9.1 The power situation in the State is characterised by severe under utilisation of the existing installed capacity. However, Government is committed to bring about substantial improvement in utilisation of existing capacity as well as to add to the installed capacity. The installed capacity of ASEB is 574.4 MW as on 1.4.1996. During 1996-97 another 45 MW is likely to be added to the installed capacity due to renovation and recommissioning of Lakwa TPS (15 MW) and Chandrapur TPS (30 MW). Adamtilla and Banskandi Mini Gas Based Projects in the private sector with a total capacity of 24.5 MW are expected to be commissioned during 1996-97. These apart, 23 Micro Hydel Projects involving generation capacity of 50 MW have been identified for implementation through private sector participation.

9.2 The Government is also concerned about early implementation of the Karbi Langpi (Lower Barapani) and Amguri Power Projects. Accordingly, by an Ordinance the State Government has taken over Karbi Langpi (Lower Barapani) project on 30-11-96 and has vested it with ASEB. The matter of implementation of Amguri Thermal

Power Project by NTPC has been taken up with the Central Government.

9.3 The Annual Plan allocation under Power for 1996-97 is Rs.165.70 crores of which Rs.2.60 crores is for the Hill Areas. Out of the above allocation Rs.30 crores is earmarked for Rural Electrification Programme, Rs.50 crores for improving Transmission and Distribution network and Rs.40 crores for Renovation and Modernisation.

#### **Industry**

10.1 The development of Industrial sector is important for creation of employment opportunities and economic growth. However, unlike past, the Government will henceforth only play the role of a facilitator and as such has adopted a policy decision not to set up any Industries in the public sector except in the oil and gas sector. The Hon'ble Members are aware that during his recent visit to the North Eastern region, Hon'ble Prime Minister assured setting up of high level commission to critically examine the gaps in the important sectors, specially in power, communication, railways, roads, etc. The Commission has already been constituted. Hon'ble Prime Minister also declared that a new Industrial policy specific to the North Eastern region and its requirements will be announced by 31.3.97 to promote private investment both foreign and domestic. The suggestion of Government of Assam

in this regard has already been submitted to Government of India.

10.2 The self employment for educated unemployed youths is one of our main concerns. Government of India, at the instance of State Government, has enhanced the target under Prime Minister's Rozgar Yojana (PMRY) for 1996-97 from 9900 to 15000. A total number of 9064 cases have already been sponsored to the banks till 30.11.96 and 1979 cases out of these have been sanctioned so far.

10.3 In the large and medium sector, the State Government have been vigorously pursuing with the Central Government to sort out the pending issues relating to Assam Gas Cracker project so that the physical implementation of the project can start without any further delay. The construction of Numaligarh Refinery is progressing as per schedule and it is proposed to be commissioned in December 1998.

10.4 The Annual plan allocation under Industries and Minerals for 1996-97 is Rs.72.60 crores out of which Rs.4.43 crores is earmarked for Hill Areas and Rs.30 crores for equity participation in Numaligarh refinery.

**Surface  
Communication**

11.1 Road communication network within the State at present is in a deplorable State. The

Government will accord high priority on maintenance and repairs of the existing roads consistent with State's capacity. The statement made by the Hon'ble Prime Minister at the conclusion of his recent visit to the State indicates allocation of additional funds for completion of Rail-cum-Road Bridge at Jogighopa and for setting up of a Rail-cum-Road Bridge at Bogibeel. Further, Union Railway Minister has assured extension of Broad gauge line upto Silchar in Barak Valley. This will go a long way in solving the road communication problem in the State.

11.2 The Annual Plan allocation under Roads and Bridges for 1996-97 is Rs.102.91 crores which includes Rs.22 crores for the World Bank assisted project Assam Rural Infrastructure and Agricultural Services Project (ARIASP). Out of this, the allocation for Hill Areas is Rs.26.28 crores. The amount earmarked for rural roads is Rs.36 crores for General Areas and Rs.6.27 crores for Hill Areas.

**Flood  
Control**

12.1 The toll of property and life taken by floods and the need for comprehensive flood control measures has been highlighted in this august House innumerable times. Immediately after assuming office, the new Government took up with Government of India for activating the Brahmaputra Board and preparation of basic water management schemes for the Brahmaputra and Barak Valleys. The Hon'ble Prime Minister during his visit to the

State announced decision of Government of India to take up flood control works on river Brahmaputra as Central Sector Project and to provide Rs.500 crores as Central grants in the Ninth Plan for this purpose.

12.2 The Annual Plan allocation under Flood Control for 1996-97 is Rs.19.92 crores of which Rs.1.35 crores is for Hill Areas. Apart from this, Government of India have allocated Rs.25 crores as grant for Brahmaputra Flood Control.

**Education**

13.1 The main thrust of Government's policy in respect of education would be to ensure qualitative improvement of teaching rather than indiscriminate expansion sacrificing quality. Greater emphasis will be laid on consolidation and strengthening of the existing facilities with a view to increasing enrolment and reducing the number of drop outs. In the field of adult education initiatives are being taken for attaining total literacy in selected districts, areas and villages. The target of covering 60,000 illiterate adults of the age group 15-35 years has been fixed for 1996-97. The World Bank assisted District Primary Education Programme (DPEP) for improving primary education in the districts of Morigaon, Darrang, Dhubri and Karbi Anglong is under implementation. During this financial year, DPEP is poised for further expansion to the districts of Bongaigaon, Goalpara, Sonitpur,

Barpeta and Nalbari, thus covering all districts with female literacy below the national average.

13.2 The Annual Plan allocation under Education Sector in 1996-97 is Rs.335.82 crores including Technical Education out of which Rs.21.24 crores is allocated for the Hill Areas. In addition, Rs.8.12 crores is provided for implementation of World Bank assisted Project for Technical Education and Rs.9.74 crores for upgradation schemes under the award of Tenth Finance Commission (TFC).

**Health &  
Family  
Welfare**

14.1 The primary objective of the Government in respect of Health and Family Welfare is to provide preventive, curative and promotive health services to the people and to attain the goal of "Health For All" by the end of the century. Apart from providing health care facilities, the Government are keen on implementing various programmes for control and eradication of communicable and other common diseases like TB, AIDS, Malaria, Filariasis, Leprosy, Goitre, Blindness, etc.,. In our memorandum submitted to the Hon'ble Prime Minister during his visit to the State on October 25, 1996, we solicited adequate Central financial support for upgradation of Guwahati Medical College to the stature of a National Institute of Medical Sciences. Hon'ble Prime Minister assured that upgradation of Guwahati Medical College will receive

consideration of the Centre. Similar action will be taken to upgrade the Silchar Medical College and Assam Medical College to keep pace with the development of medical sciences.

14.2 Under the Family Welfare Programme which is a hundred percent Centrally Assisted programme, special emphasis will be laid on creating awareness among the people with a view to reducing birth rate, death rate and infant mortality rate. In consonance with the National Health Policy, the Pulse Polio Immunisation Programme and the programme to extend free medical checkup benefit to primary school children has been taken up.

14.3 The Annual Plan allocation under Health and Family Welfare in 1996-97 is Rs. 63.94 crores out of which Rs.3.62 cores is meant for Hill Areas. In addition, Government of India has allocated Rs.30.65 crores for Family Welfare Programmes.

**Social  
Welfare**

15.1 Various Social Welfare Schemes for extending social safety net to the vulnerable sections of the community that are presently under implementation include Welfare of Destitute, Disabled and Orphan, Nutrition Programme for Child, Pregnant and lactating mothers, Old Age Pension, Widow Pension, Mahila Samridhi Yojona etc,. Special attention would be paid to provide social security keeping in view the objective



that the benefits percolate to those below the poverty line.

15.2 The Annual Plan allocation under Social Welfare during 1996-97 is Rs.11.25 crores out of which Rs.1.20 crores is allocated for Hill Areas. The allocation under ICDS is yet to be finalised by the Government of India.

**Welfare of  
SC/ST and  
Backward  
Classes**

16.1 The Government will accord priority to the implementation of schemes and programmes relating to the socio-economic upliftment of the people belonging to the Scheduled Castes, Scheduled Tribes and Other Backward Classes including Tea and Ex-Tea Garden communities. For all round development and welfare of these communities emphasis will be given on health, education especially women education, drinking water facilities, road communication, infrastructural development programmes in Tribal/ SC/ ST concentrated areas and poverty alleviation programmes for the benefit of poor SC/ST/ OBC and Tea Garden communities.

16.2 Annual Plan 1996-97 provides Rs.14.63 crores for welfare of these communities. This amount will be further supplemented by Special Central assistance of Rs.14.88 crores for Tribal Sub-Plan (TSP) and Rs.3.65 crores for Scheduled Caste Component Plan (SCCP).

**Hill Areas**

17.1 For accelerated development of the two Hill Districts, the Memorandum of Understanding signed with ASDC and other organisations of the two Hill Districts will be implemented. Our approach would be formulation of schemes, in consultation with the Autonomous Council authorities, for coordinated development of the Hill Areas. In formulation of schemes proper attention will be given to propagate the practice of settled cultivation in place of the traditional practice of Jhum cultivation which is threatening the fragile ecosystem of the area.

17.2 The approved Annual plan allocation for 1996-97 for the Hill Areas is Rs.92 crores. This is supplemented by Special Central Assistance of Rs.46.32 crores.

**Autonomous Councils**

18.1 Funds have been earmarked in the Annual Plan 1996-97 for implementation of development schemes by the four Autonomous Councils namely, Bodoland Autonomous Council (BAC), Mising Autonomous Council (MAC), Rabha Hasong Autonomous Council (RHAC), and Lalung (Tiwa) Autonomous Council (LTAC). Altogether Rs.58.37 crores has been allocated for the four Councils of which Rs.38.76 crores is for BAC, Rs.10.92 crores for MAC, Rs.5.89 crores for RHAC and Rs.2.80 crores for LTAC. Funds have also been provided under non plan for meeting the Secretariat

establishment of the Councils.

**Annual Plan  
1996-97**

19.1 I am happy to inform the august House that State Annual Plan for 1996-97 has been fixed at Rs. 1434 crores which represents a significant step up of 19.3% percent over the revised outlay of Rs.1202 crores for 1995-96. The outlay of Rs.1434 crores consists of Rs.1342 crores for General Areas and Rs.92 crores for Hill Areas. The outlay for General Areas includes Rs.80 crores for Externally Aided Projects and Rs.78.26 crores of upgradation grants provided by the Tenth Finance Commission. Out of General Areas allocation the amount quantified for Tribal Sub-Plan (TSP) is Rs.133.41 crores and that for Scheduled Caste Component Plan (SCCP) is Rs.89.14 crores. The allocation for TSP and SCCP is further supplemented by additive Central assistance of Rs.14.88 crores and Rs.3.65 crores respectively. Similarly, Hill Areas outlay of Rs.92 crores is further supplemented by additive Central assistance of Rs.46.32 crores.

19.2 In consonance with the national policy, Government of Assam have accorded highest priority for implementation of the programmes under Basic Minimum Services in the Annual Plan 1996-97. These include provision of safe drinking water in rural and urban areas, rural roads, primary health services, universalisation of primary education, mid-day meal in primary schools,

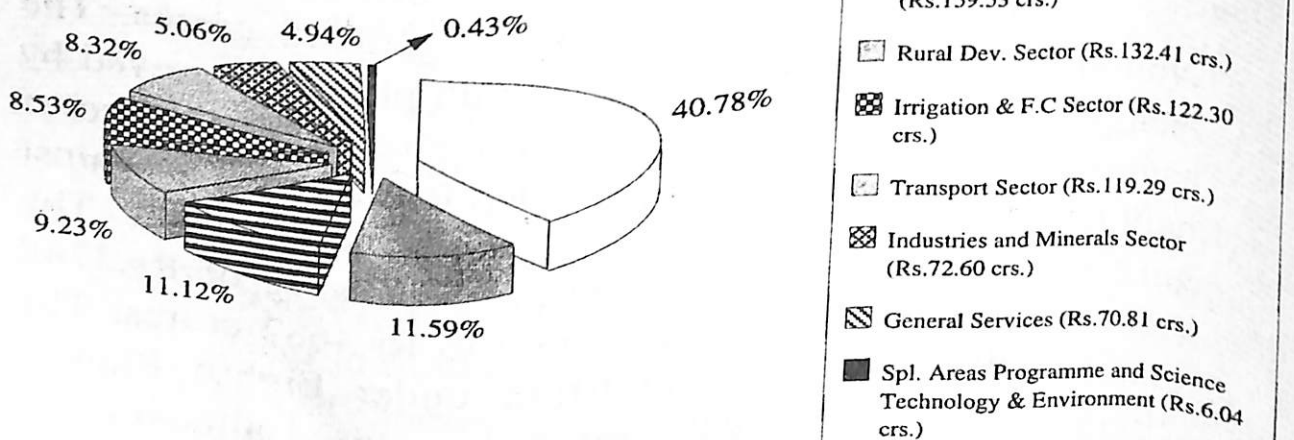
housing assistance to shelterless poor families and public distribution System. An amount of Rs. 330.14 crores has been earmarked for this purpose in the Annual Plan 1996-97 and of this Rs.30.98 crores is meant for Hill Areas.

19.3 Central assistance allocated by the Planning Commission for financing Annual Plan 1996-97 is Rs.1100.50 crores. This includes Rs.154 crores as additional Central assistance for Basic Minimum Services. Apart from this Rs.80 crores is allocated as assistance for Externally Aided Projects and Rs.6.55 crores for transferred Centrally Sponsored Schemes.

19.4 Hon'ble Members may recall that 1996-97 is the terminal year of the Eighth Five year plan (1992-97). Originally the Eighth plan outlay was tentatively finalised by the Planning Commission at Rs.4662 crores and central assistance allocated was Rs. 3748 crores. The revised allocation for Eighth plan as approved by the Planning Commission including Rs.1434 cores for the current year totalled Rs.5205 crores against the original allocation of Rs. 4662 crores. The originally agreed Central assistance of Rs.3748 crores is also augmented to Rs.4682 crores. The anticipated expenditure under Eighth Plan is Rs.5184 crores against the revised allocation of Rs.5205 crores.

19.5 In the Annual Plan 1996-97, Social Services Sectors has been accorded the highest priority with an allocation of Rs.584.79 crores representing 40.78% of the total outlay. Energy Sector has received the next priority with an allocation of Rs.166.23 crores which is 11.59% of the total outlay followed by Agriculture and Allied Services Rs.159.53 crores (11.12%), Rural Development Rs.132.41 crores (9.23%), Irrigation and Flood Control Rs.122.30 crores (8.53%), Transport Rs.119.29 crores (8.32%) and Industry and Minerals Rs. 72.60 crores (5.06%). The Sectoral allocations are shown in figure-1

**FIGURE -1**



**Externally  
Aided  
Projects**

20.1 The Assam Rural Infrastructure and Agricultural Services Project (ARIASP), a World Bank assisted project, has become operative from August 31, 1995. The main objective of this project is poverty alleviation through development of rural infrastructure. The project comprises development of agriculture, fisheries and livestock, rehabilitation of river pumping stations and deep tube wells, construction of rural roads and bridges and consolidation of land holdings. The amount of expenditure incurred under this project till the end of last financial year was Rs.4.28 crores. In the current financial year an amount of Rs.71.88 crores has been provided for implementation of this project. Apart from ARIASP, other World Bank assisted projects currently under implementation are project under Technical Education, Assam Area Project IPP-IX in the Health and Family Welfare Sector and District Primary Education Project.

**Upgradation  
Grants**

21.1. Hon'ble Members may recall that the Tenth Finance Commission (TFC) recommended grants-in-aid for Upgradation of Standard of Administration and Special Problems for a period of four years commencing from 1996-97. The sectors selected for upgradation grants are Police, Fire Services, Jails, Record Rooms for District, Computerisation of Treasuries and Accounts and Education. The total amount recommended for upgradation is Rs.146.86 crores limiting the

allocation for the current year to Rs.29.37 crores. The amount recommended for special problem is Rs.60 crores for four years and Rs.12 crores for 1996-97 and the amount is earmarked for construction of State Secretariat building. The State Government have recently finalised the plan of action costing Rs.40.61 crores for upgradation and special problem in 1996-97 and forwarded the same for approval of Government of India. The amount has been provided in the budget under State Plan and implementation will start as soon as approval of Government of India is received.

**Grants for  
Local  
Bodies**

22.1. In terms of the 73rd and 74th amendments of the Constitution, the TFC has recommended grants-in-aid of Rs.147.56 crores for local bodies for a period of four years commencing from 1996-97 of which Rs.133.36 crores is for Panchayats and Rs.14.20 crores for Urban Local Bodies, the amount recommended for 1996-97 is Rs.36.89 crores consisting of Rs.33.34 crores for Panchayats and Rs.3.55 crores for Urban Local Bodies. This amount has been provided in the budget for 1996-97 under State Plan.

**Institutional  
Finance**

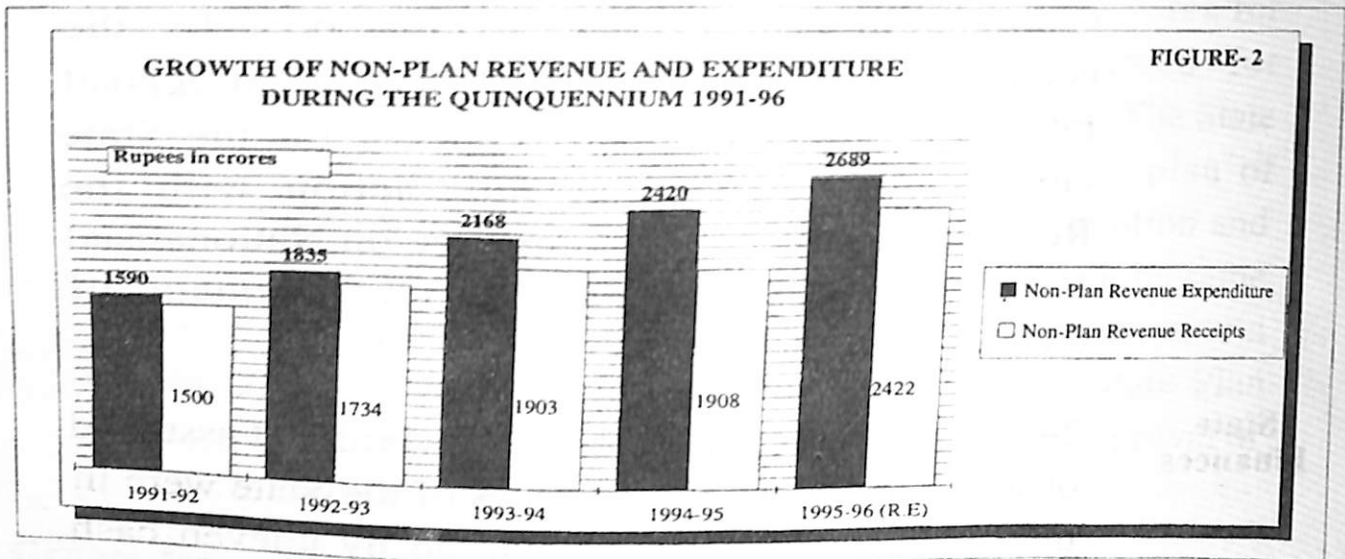
23.1 In the matter of banking facilities, at present there are 1300 bank branches in Assam including Regional Rural Banks and the Assam Cooperative Apex Bank. The average population per bank works out to 19.000 in Assam as against

the all-India average of 15,000. The credit-deposit ratio for Assam was 38.16% at the end of quarter ending 30th June, 1996 as against 60% for the country as a whole. The low level of credit-deposit ratio is a matter of deep concern for the State Government and regular inter-action with the Regional Consultative Committee on Nationalised Banks are being made for improvement of credit-deposit ratio.

#### State Finances

24.1 When the present Government assumed office in May last, the finances of the State were in utterly deplorable shape marked by uneven cash inflows and outflows leading to frequent suspension of all Governmental payments by the Reserve Bank of India. Broadly speaking, budgetary deficit pursued continuously over the years is the root cause of the present fiscal malady. The budgetary imbalance arises mainly because the growth of revenues fail to keep pace with that of expenditure resulting in a mis-match between State's resources and responsibilities. The growth of non-plan revenue expenditure during the five year period 1991-96 is shown in figure 2. The inevitable fall out being overdraft with the Reserve Bank of India. The gravity of the situation points to the imperative need of addressing ourselves to the critical task of restoring financial discipline through better mobilisation of resources and judicious application of scarce resources avoiding wasteful expenditure.





24.2 The major area of concern is the unabated increase in non-plan expenditure. The main reason for this expenditure hike are (i) abnormal increase in wage bill due to rapid growth in number of Government employees in the wake of encadrement of large number of teachers and panchayat employees as full fledged Government employees. (ii) The periodic revision of dearness allowance to Government employees and dearness relief to pensioners to neutralise the rise in price index. (iii) Inflation induced higher cost of providing social services to the people and the enhanced maintenance cost of assets already built. (iv) A sharp increase in expenditure on maintenance of internal security

particularly in the context of insurgency and terrorism. (v) Growing dependence of State Level Public Sector Undertakings on budgetary support from the Government. And above all, (vi) the high growth in debt burden bringing in its wake huge liability towards repayment of principal and payment of interest.

24.3 The State Government have invested large fund in the State Level Public Undertakings. However, over the years, the public enterprises are unable to adjust their operations to fast changing condition of demand and technology. Consequently, most of the enterprises in the State have failed to use resources efficiently and to generate return expected of them. These enterprises have been set up largely out of borrowed funds and in most of the cases against State Government guarantee. The rate of return earned on these investments being mostly negligible or negative, the repayment liability of borrowed funds rests squarely on the State Government. As a result, there has been a rapid growth of public debt. The sick enterprises can not be put back to health overnight nor can they be shut down without adverse social implications. In this background, what is needed is a positive change in outlook. The public enterprises must learn to survive without budgetary support. Their operation should be based on commercial viability laying stress on accountability in

management, productivity linked employment and cost-based pricing so as to dispense with their reliance on budgetary support totally.

24.4 The explosive growth of public expenditure largely met out of borrowed funds has led to an enormous increase in cost of debt servicing as well. This has induced fresh borrowings mainly to liquidate past debt. As a consequence, the State has been groaning under heavy debt burden and virtually entrapped in an internal debt-trap. The outstanding debt burden of the State as on 1.4.90 was Rs.3705 crores out of which loan from Central Government was Rs.3096 crores constituting over 83% of the total debt burden. Despite a favourable change in the pattern of plan financing from 70% loan to 10% loan effective from 1.4.90, the outstanding debt burden of the State as on 1.4.96 is estimated at Rs.5095 crores of which loan from the Centre is Rs.3814 crores which constitutes 75% of the total. As a result, per capita debt burden which was Rs.1669 on 1.4.90 is estimated to be Rs.2021 on 1.4.96. Along with the unabated growth of public debt, the burden of debt servicing keep mounting from year to year. The annual repayment liability, both principal and interest, which was Rs.478 crores in 1989-90 has sharply escalated to Rs.749 crores in 1995-96. The borrowed funds being mostly utilised for providing social services and in building up infrastructure yield no immediate

financial return. Hence, a major chunk of scarce resources are depleted every year for debt servicing leaving precious little for socio-economic development. Such a situation can not be allowed to persist. It shall be our constant endeavour to reverse the situation.

24.5 The Government is fully seized of the present financial problem and immediately after assumption of office urged upon the Centre for enlisting their support to bring about a lasting solution of the problems. A memorandum was submitted to the Hon'ble Prime Minister on 1st July, 1996 highlighting the problems and seeking his intervention in solving them. The memorandum, inter alia, sought a grant of Rs.326 crores to compensate the State for the abnormal increase in expenditure on maintenance of internal security, revision of oil royalty w.e.f. 1-4-1996, conversion of the existing pattern of financing the Brahmaputra Flood Control Schemes from 100% loan assistance to Special Central Assistance having either 90% grant or 100% grant and, above all, to provide relief from chronic debt burden allowing moratorium on payment for 3 years including a Central assistance of Rs.500 crores in 1996-97.

24.6 The financial scenario that emerges now is, no doubt, grim but certainly not out of control. It is needless to emphasise that mere reliance on

largesse from the Centre will not see us through. On our part, extreme caution is needed on governmental spending to eliminate wasteful expenditure and at the same time make an all out effort to maximise collection of revenue. In the matter of raising additional revenues from tax and non-tax sources, the basic thrust of our policy would be towards broadening the base of existing taxes and service charges rather than levy of new taxes. Greater emphasis will be laid on more efficient tax administration with a view to ensuring better compliance and curbing evasion. Vigorous steps have already been initiated for increasing collection of revenues through close monitoring of all sources. In the matter of public spending our motto would be to contain the unbridled growth of expenditure without jeopardising the process of development. In this respect expansion of employment through indiscriminate creation of new posts regardless of justification would be discontinued. All sorts of avoidable expenditure shall be drastically curtailed. State level public sector enterprises would be alerted to run on commercially viable line so as to reduce their dependence on budgetary support altogether.

24.7      Apart from harnessing our mite to the fullest extent and soliciting the cooperation of the Centre for an immediate solution of the financial problems, our long term approach would be to improve upon the existing Centre-State fiscal

relation and to secure greater devolution of resources from the Centre to the States through enlargement of the divisible pool of shared taxes and duties. Mr. Speaker, Sir, I am confident through our sustained efforts and with active support from the Government of India we shall be able to restore fiscal discipline soon which is so vital for socio economic development of the State.

**Taxation**

25.1 I do not propose to impose any new tax. I have already mentioned about augmenting the collection of revenues by more efficient enforcement of the existing taxation laws and ensuring better compliance.

**Accounts  
1994-95**

26.1 As per accounts furnished by the Accountant General, Assam, the financial year 1994-95 closed with a deficit of about Rs.358 crores. The actual receipts during the year under Consolidated Fund, Contingency Fund and Public Account were Rs.6939 crores. Whereas the total actual expenditure during the year was Rs.7039 crores, thereby leaving a deficit of Rs.100 crores on account of current transactions during the year. Taking into account the opening deficit of Rs.258 crores, the year 1994-95 closed with an overall deficit of Rs.358 crores.

**Revised  
Estimates  
1995-96**

27.1 The budget estimates of 1995-96 showed an estimated overall deficit of Rs.286

crores taking into account the opening deficit of Rs.163 crores. However, the actual opening deficit of the year being Rs.358 crores, as per revised estimates the year 1995-96 is anticipated to close with an overall deficit of Rs.295.52 crores.

**Budget  
Estimates  
1996-97**

28.1 The budget estimates of 1996-97 show receipts of Rs.5662.18 crores under the Consolidated Fund of the State consisting of Rs.4291.87 crores under Revenue Account, Rs.1370.31 crores under Capital Account. Estimated Receipts into the Consolidated Fund from different sources are shown at *Figure-3*. However, the total receipts aggregated to Rs.7483.21 crores taking into account the Receipts of Rs.1821.03 crores under the Public Account. In the budget estimates of 1996-97, the expenditure from the Consolidated Fund of the State is estimated at Rs.6186.92 crores of which Rs.4570.48 crores is under Revenue Account and Rs.1616.44 crores under Capital Account. A graphic representation of the estimate of major items of expenditure is at *Figure-4*. Taking into account the expenditure of Rs.1767.06 crores under Public Account, the total expenditure for the year is estimated at Rs.7953.98 crores. Thus, a deficit of Rs.470.77 crores is estimated on account of current transactions during the year. Taking into account the opening deficit of Rs.295.52 crores, the year 1996-97 is anticipated to close with an overall deficit of Rs.766.29 crores. An abstract of transactions is shown at the Annexure.

FIGURE -3

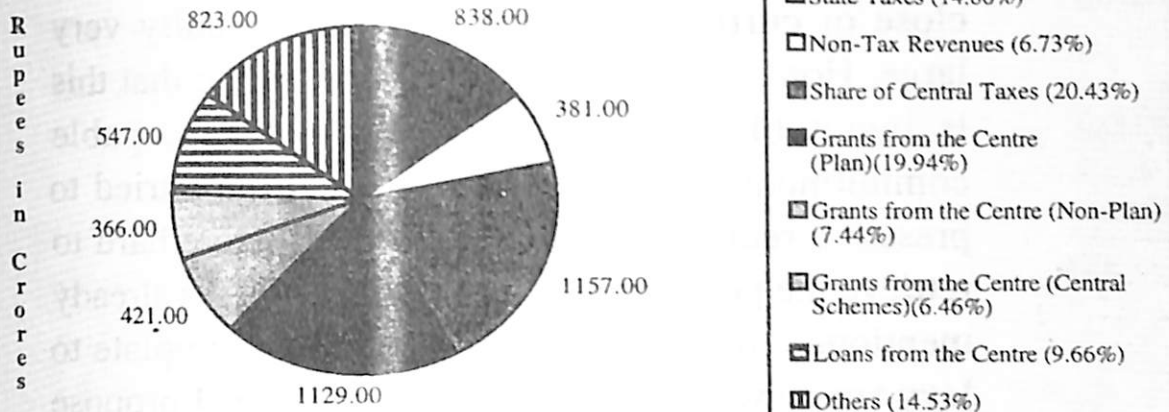
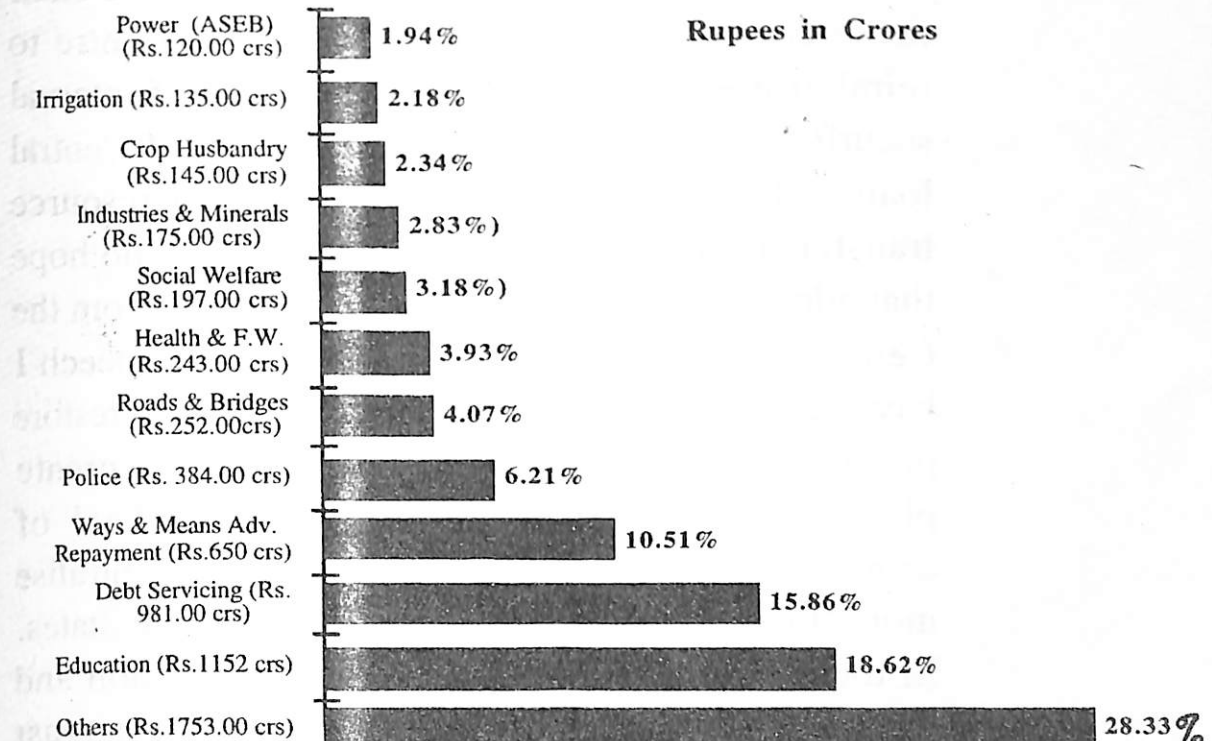
**ESTIMATE OF INFLOWS INTO THE CONSOLIDATED FUND  
OF THE STATE IN 1996-97**


FIGURE -4

**ESTIMATE OF OUTFLOWS FROM THE CONSOLIDATED FUND  
OF THE STATE IN 1996-97**




29.1           The uncovered deficit estimated at the close of current financial year is unusually very large. Hon'ble Members would appreciate that this is inevitable because of the huge inescapable commitments that devolved on us. I have tried to present a realistic picture and would strive hard to retrieve the position as far as practicable. As already mentioned, the Government do not contemplate to levy any new tax during the current year. I propose to meet the deficit partly by additional yield likely to accrue from revision of oil royalty which fell due on 1.4.96 and partly by better financial management augmenting existing revenue collection and containing expenditure through severe austerity drive. It is needless to emphasise that our isolated efforts will not bail us out of the woods. We shall make ceaseless efforts to persuade the Centre to reimburse expenditure on maintenance of internal security, grant moratorium on payment of Central loan and to enlarge the existing base of resource transfer from the Centre to the States. We do hope that adequate and timely financial support from the Centre will be available. In course of my speech I have repeatedly mentioned about the need to restore peace and normalcy, about the need to create physical infrastructure to propel the wheel of development and also about the need to decentralise more financial powers from the Centre to the States. In these onerous tasks I seek the cooperation and support of the Hon'ble Members of the august

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House. The people of Assam have reposed great faith and trust on us and we must honour it by ensuring them a clean and responsive administration.

With these words, Sir, I commend the budget for 1996-97 to the august House for consideration.

## ANNEXURE

### Abstract of Transactions

*(In Lakhs of Rupees)*

	Actuals 1994-95	Budget Estimates 1995-96	Revised Estimates 1995-96	Budget Estimates 1996-97
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#### A. RECEIPTS :

##### I. Consolidated Fund

Revenue Account	29,61,41	37,44,14	41,74,11	42,91,87
Capital Account	21,10,16	12,81,92	12,93,53	13,70,31
<b>Total</b>	<b>50,71,57</b>	<b>50,26,06</b>	<b>54,67,64</b>	<b>56,62,18</b>

##### II. Contingency Fund Account

— — — —

##### III. Public Account

18,67,16 19,36,00 19,36,00 18,21,03

##### Total (I+II+III)

**69,38,73 69,62,06 74,03,64 74,83,21**

#### B. EXPENDITURE :

##### I. Consolidated Fund

Revenue Account	32,70,70	37,17,16	39,74,80	45,70,48
Capital Account	21,45,71	14,82,76	14,81,38	16,16,44
<b>Total</b>	<b>54,16,41</b>	<b>51,99,92</b>	<b>54,56,18</b>	<b>61,86,92</b>

##### II. Contingency Fund Account

— — — —

##### III. Public Account

16,22,41 18,84,60 18,84,60 17,67,06

##### Total (I+II+III)

**70,38,82 70,84,52 73,40,78 79,53,98**

#### C. TRANSACTIONS DURING THE YEAR :

Surplus (+)	—	—	(+ 62,86)	—
Deficit (-)	(-) 1,00,09	(-) 1,22,46	—	(-) 4,70,77

#### D. OPENING BALANCE

Surplus (+)	—	—	—	—
Deficit (-)	(-) 2,58,29	(-) 1,63,06	(-) 3,58,38	(-) 2,95,52

#### E. CLOSING BALANCE

Surplus (+)	—	—	—	—
Deficit (-)	(-) 3,58,38	(-) 2,85,52	(-) 2,95,52	(-) 7,66,29