



GOVERNMENT OF ORISSA

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Translated Copy of the Speech of
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DEPUTY CHIEF MINISTER
-CUM- MINISTER FINANCE

DELIVERED IN THE ORISSA LEGISLATIVE ASSEMBLY
ON THE OCCASION OF PRESENTATION OF
BUDGET ESTIMATE FOR
1995-96

JUNE 28, 1995

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Honourable Speaker,

On this auspicious occasion of presentation of the fullfledged Budget Estimate for the year, 1995-96, I may take the privilege to congratulate all the Hon'ble Members of this August House.

2. Before I proceed to present a complete picture of the Budget for the year 1995-96, I express my sincere gratitude also to the people of the State, particularly to the farmers, industrial workers, educated youth all of whom have, by their judicious mandate, again brought back our party to power under the leadership of Shri Janaki Ballav Patnaik. I remember to have promised to all the Hon'ble Members, while presenting the "On-Account" budget in last March that all the assurances given by our party during the last Election would be duly reflected in the fullfledged Budget. To implement most of the programmes, promised during the last Election, provisions have been made in the fullfledged budget under various Departments, with approval of the Cabinet.

3. The closing deficit of the financial year, 1993-94 was Rs. 84.40 crores in accordance with the figures reported by the Reserve Bank of India. For the year 1994-95, it was assumed in the revised estimate that total receipt of the Government would be of the order of Rs. 9012.79 crores which will also equal the total expenditure of the Government at the end of the year, so that the year would close with a deficit of Rs. 84.40 crores.

4. It was assumed in the budget estimate for 1994-95 that the total receipts out of shared tax, tax and non-tax revenues of the State and Non-Plan grant-in-aid would be of the order of Rs. 2949.42 crores whereas in the revised estimate the same was assumed at Rs.2981.02 crores. Similarly, the Non-Plan revenue expenditure was originally estimated at Rs. 2990.31 crores whereas in the revised estimate it was assumed at Rs. 3252.40

crores. In the revenue account it was assumed in the budget estimate as well as in the revised estimate that the deficit would be of the order of Rs. 40.89 crores and Rs. 271.38 crores respectively.

5. The State Plan outlay for the Annual Plan, 1994-95 was fixed at Rs. 1950 crores. But during the course of the year the first supplementary and second supplementary statements of Expenditure entailed an additional cash outflow of Rs. 197.72 crores and Rs. 62.97 crores totalling Rs. 260.69 crores which put great pressure on the Exchequer of the State. The burden further increased by Rs. 523.85 crores on account of reduction in receipt of shared tax, striking down of Orissa Rural Employment, Education and Production Act by the Hon'ble High Court, ban on sale of country liquor, non-availability of midterm loan from Govt. of India, and reduction in receipt of additional Central Assistance on account of Externally Aided Projects. etc. The position improved to some extent on account of the step-up in mobilisation of small savings and additional receipts in the G.P.F. Account. In view of the critical financial position, it was decided to prune the State Plan outlay to Rs. 1460.25 crores as against the original outlay of Rs. 1950 crores. The original State Plan outlay of Rs. 1763.35 crores for the Government sector was therefore, revised to Rs. 1180.08 crores. In order to avert a situation of closing deficit exceeding manageable limits, selective expenditure compression was resorted to both in Plan and Non-Plan Sectors. With all these measures the fiscal year, 1994-95 ended with a balance of Rs. 20.74 crores as reported by the Reserve Bank of India.

6. A summary of the Receipts and Expenditure assumed in the budget estimate for 1995-96 is given in the Annexure (Orissa Budget, in Brief, 1995-96). It is assumed that total receipts would be of the order of Rs.

9621.83 crores and the total Expenditure would be Rs. 9666.98 crores. Total receipts in the Revenue Account would be Rs. 4127.66 crores and the expenditure on that account would be Rs. 5115.26 crores. Similarly, in the Capital Account the receipts and expenditures during the year would be Rs. 2098.81 crores Rs. 1687.43 crores respectively. All other receipts and expenditure are included in the Public Account. Expenditure in the Consolidated Fund, Contingency Fund as well as Public Account taken together will exceed the estimated receipts by Rs. 45.15 crores. That is why it is a deficit budget. With the opening balance of Rs. 20.74 crores, the deficit at the end of the year would, however, be limited to only Rs. 24.41 crores which can be accommodated by taking Ways & Means Advance allowed by the R.B.I. But efforts will be made to further reduce the deficit by observing strict economy in expenditure and strengthening the revenue collection machinery.

7. A summary of the Revenue receipt and expenditure in the non-plan account as estimated for the year, 1995-96 is given below:

(Rs. in crores)

| Receipt ----- | | Expenditure ----- | |
|------------------|------------------|-------------------------------|---------------------------|
| Share Tax | : 1296.16 | Interest Payment: | 967.92 |
| State's own Tax | : 1194.63 | Other Non-Plan expenditure | : 2707.91 |
| Own Non-Tax | : 579.87 | | |
| Grant-in-aid | : 252.94 | | |
| | ----- 3323.60 | Total : | ----- 3675.83 ----- |

Similarly against Non-Plan Capital Receipt of Rs. 1067.39 crores the Non-Plan Expenditure will be Rs. 1054.36 crores. There will be savings of Rs. 13.03 crores in the Capital Account. Accordingly, the deficit in the Non-Plan account will be of the order of Rs. 339.20 crores.

8. Under the Non-Plan sector, provision is made for total Revenue Expenditure of Rs. 3675.83 crores which includes expenditure on salary and related expenditure of Rs. 1384.15 crores, payment of grant-in-aid of Rs. 186.63 crores to Non-Government institutions, payment of interest of Rs. 967.92 crores, maintenance expenditure of Rs. 267.22 crores for the Capital Assets, expenditure on Pension for retiring government servants, old age pension schemes, Scheme for widow and disabled persons amounting to Rs. 286.24 crores, payment of subsidy of Rs. 209.02 crores to different Public Sector Undertaking and Cooperative Institutions, relief expenditure of Rs. 48.52 crores and the rest of Rs. 326.20 crores for all other expenses. The actual expenditure for the year, 1993-94 under non-plan was Rs. 2577.63 crores, but the expenditure for 1994-95 was assumed at Rs. 3252.40 crores in the revised estimate. Our Government will accordingly incur excess expenditure of Rs. 423.43 crores and Rs. 1098.20 crores over that incurred during the years 1993-94 and 1994-95 respectively.

9. In the "On-Account" budget the State Plan Outlay was tentatively estimated at Rs. 1450.00 crores. After formation of the new government discussions were made by the different Departmental Heads as well as by the Chief Ministers with the Planning Commission regarding the Plan and Programmes framed with a view to implementing the assurances given in the Election manifesto. Accordingly, the State Plan Outlay for 1995-96 has been fixed at Rs. 1650 crores, out of which Rs. 1469.10 crores have been provided in the Government Sector. The remaining Rs.

180.90 crores will be the plan outlay of OSEB (Rs. 142.99 crores, OSRTC (Rs. 12.91 crores) and the Orissa Mining Corpn. (Rs. 25 crores). These Public Sector Undertakings will finance there outlays through there internal and extra budgetary resource.

10. For financing the State Plan outlay during the current year a sum of Rs. 483.34 crores as Central Assistance will be available. In additions to that receipt of Rs. 260.00 crores has also been assumed as additional Central Assistance for the on-going externally projects. For completion of the Minor and Medium irrigation Projects during the Eight Plan period, loan assistance of Rs.50 crores will be available from the Rural Infrastructure Development Fund newly constituted by NABARD. Rest of the required funds will be available to the State Government out of market borrowing and other sources. For successfully utilising the State Plan outlay and at the same time containing the deficit, the State Government have decided to mop up additional resources through different measures.

11. To optimally utilise the opportunities offered by the liberalised economic policy regime, it has become expedient to strengthen the State's infrastructure by which favourable climate can be created for private investment in different sectors. We have to create adequate employment opportunities and also strengthen the social security measures. Otherwise, the benefits of economic development would accrue to the poorer sections of the society in expected measures; Keeping this in view, funds to the extent of 26.73% of the total provision made in the Transport and Energy sectors will be utilised for strengthening the infrastructure and 25.27% will be spent for social service programmes.

12. Of the total population of Orissa, people living in rural areas constitute 86.57%. It has become

necessary to attach greater importance on the implementation of different rural development schemes leading to the overall development of the State. As the rural people are being deprived of their essential and related needs, their level of income and consumption is low. The Plan estimates under different Major Heads like Agriculture, Rural Development, Irrigation, Flood Control, Rural Industries as a whole aimed at bringing about an all round development of the rural sector. During the current year a sum of Rs.1208.57 crores out of the total State Plan Outlay of Rs.1650 crores will be spent for various plan programmes for rural development and this size of expenditure constitutes 73.25% of the total plan Outlay.

13. Now, I propose to highlight some of the salient features of the Annual Plan, 1995-96. During the current year there is provision of Rs.50.69 crores for Agriculture, Horticulture and other Agro-based Programmes, although the Revised Estimate for all these programmes during 1994-95 was only Rs.41.45 crores. The current year's provision is 22% higher than that of the last year. The Plan programmes for 1995-96 have been formulated keeping in view the regional planning for agriculture, the developing new agricultural techniques and the local requirement of farmers.

During the current year the food grain production will be stepped up to 92 lakh tonnes as against last year's level of 82 lakh tonnes. To strengthen rural economy, increased production in the agriculture sector is indispensable. When the All India Average of paddy production was 1740 Kg. per hectre, the same of Orissa during the year, 1993-94 was rated at only 1452 Kg. per hectre. The target rate of production during the year 1995-96 has been increased to 1543 Kg. per hectre. For attaining the target, it is necessary to popularise high yielding variety of paddy, and steps are also being taken

to increase utilisation of chemical fertilisers from 2.20 lakh metric tonnes during 1994-95 to 3 lakh metric tonnes during the year, 1995-96.

14. Provision of Rs.6.48 crores has been made under Centrally Sponsored Scheme with a view to increase the oilseed production from 9.16 lakh tonnes to 11.53 lakh tonnes. A scheme has been prepared to extend the cultivable land for production of oilseeds from 11.17 lakh hectares to 13.76 lakh hectares. To intensify the cotton cultivation, scheme has been prepared to expand the cultivable land from 6,000 hectares to 14,000 hectares. The extent of land for sugar cane cultivation will be extended from 39,000 hectares in 94-95 to 65,000 hectares in 95-96, and will be extended to one lakh hectares by the turn of the century.

15. To implement the assurance given in the Election Manifesto a scheme has been prepared to provide improved variety of agricultural implements at a concessional rate of 50% to small and marginal farmers, according to which 1.50 lakh of farmers' families will be supplied with improved variety of agricultural implements at a concessional rate. For this programme there is a provision of Rs. 5.72 crores. Besides, there is an outlay of Rs. 2.49 crores under the Centrally Sponsored Plan for supplying 2170 numbers of sprinkler machines to the farmers at a concessional rate to bring about an improvement in the system of irrigation.

16. Provision has been made for establishment of Agro based Industries in the State on priority basis. In the meantime, the Project Approval Committee has approved the establishment of seven food processing units through the aegis of the Orissa Small Industries Corporation. These industries will be set up in different places of the State at a total outlay of Rs. 3230 lakhs, and about

1062 persons would be employed. To provide financial assistance to these processing units there is a provision of Rupees One crore in the State Plan Budget.

17. A target has been fixed for irrigating 2000 hectares of land during the year, 1995-96 through Drip Irrigation System. The farmers of our State would get Rs. 3 crores as grant-in-aid. On this account, Rs. 280 lakhs will be available from the Central Govt. as grant and the balance Rs. 20 lakhs will be borne by the State Government.

18. An outlay of Rs. 159.11 crores has been provided in the current year to implement different schemes and projects by Panchayati Raj Department. Out of this Rs. 68.57 crores, Rs. 37.48 crores and Rs 46.88 crores relate to State's share of the Centrally Sponsored Schemes like Jawahar Rojgar Yojana, Employment Assurance Scheme, and IRDP respectively. Through the Jawahar Rojgar Yojana and the Employment Assurance Schemes 160.38 lakhs and 89.85 lakhs man-days can be created to enable the people in the rural areas to earn their wages.

19. As against the revised outlay of Rs. 9.80 crores for Co-operation Department, the current year's provision has been enhanced to Rs. 45.85 crores. It has been our electoral promise that State Govt. will bear the interest burden of those agricultural loans incurred prior to 15.3.95 but cleared by 30.6.95. Accordingly, a scheme under the name "The Orissa Incentive Scheme for re-payment of Co-operative loan, 1995" has been prepared to provide subsidy of Rs. 25 crores to different Co-operative Institutions. I am sure, this programme will revive the shattered Co-operative Institutions of our State.

20. As against the revised out-lay of Rs.70.04 crores and Rs.35.04 crores for School and Mass Education Deptt. and Higher Education Department for the year 1994-95, the provisions have been enhanced to Rs. 82.50 crores and Rs. 44 crores respectively for the current year. During 1995-96, 500 new Primary Schools will be opened and 250 Primary Schools will be upgraded to Upper Primary (Middle English) level in the areas deprived of educational facilities. It has been decided to launch the Total Literacy Programme in districts of Deogarh and Balasore, during the current year. Following our electoral promise the provisions has been made for providing merit-cum-poverty scholarship @ Rs. 20 p.m. to 2000 pupils in the Upper Primary level and @ Rs. 50 p.m. to 1000 students in the Secondary level, totalling to 5000 nos. Such scholarship will be awarded @ Rs. 40 p.m. to 1050 students at +2 level, @ Rs. 50 p.m. to 285 students at degree level, @ Rs. 60 p.m. to 125 students at post graduate level. To enable the meritorious girl students of the State to prosecute their studies in different renowned Technical Institutions, provision has been made to award such scholarship to 43 such meritorious girls students @ Rs. 1000/- per month.

21. As against the revised State Plan out-lay of Rs. 28.90 crores during the financial year, 1994-95, there has been an out-lay of Rs. 37.39 crores for the current year for the Health and Family Welfare Deptt. The national Programme of Blindness Control Project is being implemented in the State to reduce the per-centage of blindness from 1.4 per cent to 0.3 per cent by the year 2000 A.D. To continue this programme during the current year there is an out-lay of Rs. 2.21 crores. An outlay of Rs. 10.92 crores has been provided for Malaria Eradication Programme. An outlay of Rs. 5.55 crores has been earmarked for development of the Department of Cardiology and Cardio Surgery in the S.C.B. Medical College.

22. To continue the Social Forestry schemes under S.I.D.A there is an out-lay of Rs. 16.50 crores during the current year. This programme aims at covering 18 thousand eight hundred hectares of land under plantation, and distributing 2 crores seedlings at subsidised rates. For development of Fishery there will be Brakish Water Prawn Culture in One thousand four hundred and eighty four hecs. of land in the State at a total cost of Rs. 70.13 crores with World Bank Assistance. Survey work for prawn culture under this scheme has been completed in Bideipur, Barendrapur and Jagatjore-Banapada areas and there has been at out-lay of Rs. 23.26 crores for the current year for the purpose.

23. It is the objective of our Government in keeping with electoral assurances to irrigate 50% of the cultivable land of our State through Major, Medium, Minor and Lift Irrigation Projects along with Water Harvesting Schemes, and drip Irrigation Projects. As against the revised estimate of Rs. 62.02 crores during last year for Minor and Lift Irrigation Projects, the provision for the current year has been stepped up to Rs. 94 crores. With an outlay of Rs. 54 crores, it has been targeted to create additional irrigation potential to irrigate 32 thousand hec. of Lands in Kharif season and 6 thousand hec. of land in Rabi season, through Minor (flow) irrigation Projects. There has been a proposal for completing 14 incomplete and to revive 122 sick minor irrigation (flow) projects and make them operational during the year. Similarly during the current year, it is proposed to instal 700 new Lift Irrigation Points to create additional irrigation potential for 14 thousand hec. of land. Thus it has been decided that a total number of 11,300 Lift Irrigation points will be activated to create irrigation facilities for 1 lakh 39 thousand hec. of land in Kharif season and 1 lakh 8 thousand hec. of land in Rabi season. An outlay of Rs. 30 crores from State Plan outlay and Rs. 10 crore from assistance of KFW. Germany had been earmarked for the purpose.

24. As against the revised estimate of Rs. 183.63 crores for Water Resources Department for the financial year 1994-95, the current year's provision under State Plan has been enhanced to Rs. 208.59 crores. to implement different Externally Aided Projects, there is provision of Rs. 104.02 crores. With a State Plan outlay of Rs. 198.09 crores for Major and Medium irrigation Projects, additional irrigation potential can be created for 29 thousand 540 hec. of land for Kharif crops and 8 thousand 600 hec. of land for Rabi crops. There is provision of Rs. 15.00 crores under Central Plan to create additional irrigation potential for 5 thousand hec. of land for Knarif crops and 1 thousand hec. of land for Rabi crops. Discussions for implementing with World Bank Assistance a new Externally Aided Project named "Water Resources Consolidation Project" are almost in final stage. Availability of Rs. 875 crores in shape of assistance for restructuring and development of irrigation facilities though the project is anticipated.

25. During the current year, there is proposal to sink 9190 tubewells and to complete 256 sanitary wells for providing drinking water facilities. Besides, the target for the current year is to complete 74 Piped Water Supply Projects for which Rs. 33.76 cr. in the State Plan and Rs. 34.59 cr. in the Centrally Sponsored Plan budget have been provided.

26. For development of roads, Rs. 127.19 crores and Rs. 21.72 cr. have been provided in the current year's budget of Works and Rural Development Departments respectively. The objective is to complete works of 50 on going bridges, to convert 287 kms. of roads into metalled roads and to blacktop 380 kms. of roads by Works Department. To expedite completion of the Sambalpur-Rourkela Road development project with Asian Development Bank Assistance, provision of Rs. 59.49

crore has been made in the current year's State Plan Budget. The project of reconstruction of 6 bridges in the Ganjam district, which were damaged by flood in the year 1991-92, has been taken up with World Bank Assistance. To ensure speedy completion of these bridge works, provision of Rs. 15 cr. has been made in the State Plan Budget. There is proposal for completing 50 bridges, for blacktopping 400 kms. and metalling of 1800 kms. of roads and to convert over 1 thousand kms. into morum roads, during the current financial year at an estimated expenditure of Rs. 21.72 crores. Through the Rural Development Deptt.

27. Our Government is committed to the social and integrated development of Sch. Castes and Sch. Tribe people in the State. As against the revised outlay of Rs. 38.29 crores during the last year for Welfare Department, the provision for the current year has been increased to Rs. 49.90 crores. During the current year seven new High Schools will be set up in ITDA blocks and in course of the year 40-bedded hostels will be converted in phases to 100-bedded ones. For completion of Externally Aided "Orissa Tribal Development Project" at Kashipur in Rayagarah District, a sum of Rs. 13 crores has been provided. It is anticipated that Special Central Assistance of Rs. 62.62 crores will be available for the existing 21 ITDAs, 17 micro projects, 46 MADA pockets and 13 cluster pockets, launched for the development of Tribal people. During the current year, a new scheme will be launched for awarding merit scholarship to a total number of 9849 students belonging to backward classes equally drawn from Class-IX and X of 4921 High Schools of the State. The amount of this scholarship will be Rs. 100/- and Rs. 30/- per month for individual borders and day scholars respectively. Supporting provision of Rs. 62.98 lakh has been made in the Non-Plan budget of the Welfare Department.

