



GOVERNMENT OF ORISSA

**SPEECH OF THE STATE
FINANCE MINISTER
SHRI RAM KRUSHNA PATTNAIK
ON THE EVE OF PRESENTATION
OF THE BUDGET
FOR THE YEAR 2000-2001
IN THE
ORISSA LEGISLATIVE ASSEMBLY**

The 28th June, 2000

Mr. Speaker Sir,

I am delighted for the opportunity available to me for presenting the full budget of the first year of the new millennium and at the same time extend my best wishes to all the Hon'ble Members for the new year of the new millennium. In the backdrop of untold misery caused by the unprecedented super cyclone of the century I had presented the Vote on Account Budget for the year 2000-01 for the first four months on 23rd March, 2000. At that time I had explained to the Hon'ble Members in detail as to why it was not possible to present the full-fledged budget for the year 2000-01.

2. Hon'ble Chief Minister and myself had discussions with Prime Minister, Deputy Chairman, Planning Commission, Union Finance Minister, Chairman as well as the Members of the Eleventh Finance Commission and senior officers of the Ministry of Finance as to how larger scale assistance can be made available for the State and also explore the possibility of augmenting the annual plan 2000-01. On this occasion a detailed discussion was held as to how assistance would be available from different sources to

address the deteriorating financial position of the State. However, final round of official discussions by the Chief Minister with the Deputy Chairman, Planning Commission has not yet been held. On the other hand although the interim report of the Eleventh Finance Commission for the year 2000-01 has been presented in the Parliament on 16.3.2000, Government of India have not yet communicated to the State Government the entitlements of the State Government from out of the receipts on this account. Of course Eleventh Finance Commission in their interim report have indicated that the respective share for the States recommended by the Tenth Finance Commission for distribution of Central Taxes may be adopted for allocation of Central Taxes for the year 2000-01. Till now the Eleventh Finance Commission have not yet submitted their final recommendation to Government of India. Since this august House had authorised our Government to incur expenditure upto July,2000 it is now an unavoidable necessity to present regular budget for the year 2000-01. After receipt of final recommendation of the Eleventh Finance Commission and final round of discussion with the Deputy Chairman, Planning Commission at the level of Chief Minister to finalise the Plan Ceiling of this State. Any alteration or

modification arising out of the revised allocations will be reflected in the 1st Supplementary Statement of Expenditure that will be presented for consideration of this august House.

I have already informed this august House about the discussions with the Prime Minister, Deputy Chairman, Planning Commission, Finance Minister and senior officers of Ministry of Finance regarding the financial assistance to the State Government and based on these discussions I am presenting the full-fledged budget for the year 2000-01.

3. At the time of presenting the Vote on Account for the year 2000-01 it was estimated that after taking into account the opening deficit of Rs.370.60 cr. for the financial year 1999-2000 would end with a closing deficit of Rs.628.46 cr. But as per the report furnished by R.B.I. the financial year 1999-2000 has closed with a deficit of Rs.125.55 cr. The main reasons for a comparative less closing deficit of Rs.125.55 cr. are for a sum of Rs.328.15 cr. received from National Fund for Calamity Relief and special assistance of Rs.43.00 cr. towards State share under the World Bank assisted programme of repair and reconstruction work to

Orissa State Disaster Mitigation Authority (OSDMA) were received towards the end of March,2000 and were not utilised during that financial year. Similarly, deferred payment of principal of Rs.142.02 cr. and interest of Rs.405.62 cr. payable to Government of India from the Month of October,1999 to March,2000 were deferred to 2000-01 and subsequent period by Government of India. These deferred liabilities of Rs.547.64 cr. are to be paid back in 18 monthly instalments starting from October,2000. Besides this, ways and means advance of Rs.250.00 cr. was granted by Govt. of India during 99-2000 but only Rs. 50.00 cr. was paid back in the same year and the balance of Rs.200.00 cr. is to be paid back to Govt. of India in 18 monthly instalments starting from October,2000. State Government had also received Rs.250.00 cr. from HUDCO but it disbursed Rs.200.00 cr. as Special HBA to the State Govt. employees of the cyclone affected areas as per the budget provision and the balance Rs.50.00cr. has been spent after March,2000. On all these accounts, excluding closing deficit of Rs.125.55 cr. State Govt. have to discharge expenditure liabilities of Rs.685.00 cr. from the current year's resources in respect of the deferred liabilities of the previous years.

4. The overall estimate of receipts and expenditure for the year 2000-01 in the Consolidated Fund, Contingency Fund and Public Account have been indicated in Annexure-I. In the consolidated fund the total receipt estimated is Rs.12719.51 cr. and overall expenditure estimated is Rs.13604.58 cr. Out of this the total revenue receipt in the consolidated fund is Rs.7390.20 cr. and the revenue expenditure has been estimated at Rs.9641.45 cr. and consequently the revenue deficit has been worked out at Rs.2251.25 cr. On the other hand in the capital account of the consolidated fund the total receipt is estimated at Rs.5329.31 cr. and the total expenditure estimated is Rs.3963.13 cr. and therefore the surplus in the capital account has been worked out at Rs.1366.18 cr. Thus the surplus of Rs.1366.18 cr in the capital account and revenue deficit of Rs.2251.25 cr. in the revenue account taken together works out to a deficit of Rs.885.07 cr. in the consolidated fund. The estimated net receipt of Rs.885.07 cr. in the public account would be utilised to meet the equivalent deficit in the consolidated fund as a result the total expenditure of Rs.13604.58 cr. in the consolidated fund would be met from the total income of Rs.12719.51 cr. in the

consolidated fund and the net receipt of Rs.885.07 cr. from the public account. In this manner excluding the opening deficit of Rs.125.55 cr., the expenditure has been balanced by the year's total available receipts.

5. As per the present estimate the non-plan revenue expenditure would be Rs.7491.65 cr. This includes salary and allowances of the government employees, pension of the retired employees, payment of interest, maintenance expenditure of capital assets like roads, buildings, irrigation and flood control projects etc. I would like to indicate some of the important items of non-plan revenue expenditure as mentioned below.

- The deffered interest payment of Rs.405.62 cr. for the year 99-2000 has to be paid back to Government of India in 18 monthly instalments starting from October,2000 and State Govt. have to pay Rs.135.00 cr. in 6 instalments during 2000-01. Similarly, the unpaid ways and means advance of Rs.200.00 cr. of 99-2000 has to be paid to Government of India in 18 monthly instalments starting from October,2000 and

State Govt. have to pay interest on this account during 2000-01. On all these accounts the total interest for the year 2000-01 has been now estimated at Rs.2317.67 cr. against Rs.2157.67 cr. estimated in the Vote on Account for the entire year.

- As per the preliminary information the expenditure on pension for the year 1999-2000 was Rs.685.59 cr. The provision for pension as assumed in the Vote-on-Account 2000-2001 was Rs. 595.00 cr which has now been re-assessed at Rs.725.00 cr. The main cause of increase in expenditure on pension is retrospective revision of pension of the retired employees based on the revised pay w.e.f. 1.1.96.

As per the interim report of the Eleventh Finance Commission the ceiling of expenditure under relief for the year 2000-01 is Rs.81.81 cr. After taking into account the unspent balance of National Fund for Calamity Relief the total expenditure under relief for the year 2000-01 has been estimated at Rs.455.09 cr.

- The expenditure on old age and disability pension has been estimated at Rs.71.64 cr.
- Subsidy to Orissa State Civil Supplies Corporation on account of supply of rice on concessional price has been estimated at Rs.56.00 cr.
- Grants-in-aid to Urban Local Bodies as compensation for abolition of Octroi is estimated at Rs.85.00 cr.
- Maintenance of capital assets like roads, buildings, irrigation and flood control projects is estimated at Rs.428.84 cr. and accordingly provided.
- Voluntary Retirement Scheme for the employees of PSUs – Rs.20.00 cr.
- Redemption of steel bond and the interest payment – Rs.57.02 cr.
- Provision also has been made for improvement of Oriya Language and Culture outside the State.
- Even though higher expenditure has to be incurred on account of interest, pension, redemption of steel bond etc. the

total non-plan revenue expenditure has been limited to Rs.7491.65 cr. as estimated in the Vote on Account for the year 2000-01. The extra expenditure likely to be involved is intended to be achieved by enforcing strict economy in other expenditure.

6. In the non-plan capital account the total expenditure has been estimated at Rs.2574.49 cr. out of which Rs.1500.00 cr. has been estimated as ways & means advance to be paid to Reserve Bank of India during the course of the year. The other main items of non-plan capital expenditure are as follows:

i)	Repayment of loan to Govt. of India	425.00 cr.
ii)	Repayment of loan to LIC,GIC etc.	87.29 cr.
iii)	Disbursement of Spl. HBA of Rs.500 cr. to The employees of the cyclone affected areas	500.00 cr.
iv)	House building loan,conveyance advance and other advances	41.22 cr.
v)	Ways & means advances to public sector undertakings	10.00 cr.
vi)	Non-plan capital expenditure	10.98 cr.

7. Excluding the provision in the account of GRIDCO, OHPC,OPGC, OSRTC etc. a sum of Rs.2000.00 cr. was provided in the State Plan under State Govt. account in the Vote on Account Budget. Hon'ble Members may kindly recall that while presenting the Vote on Account in this august House on 23rd March,2000 I had indicated that our Government would enhance the said outlay under State Plan in order to meet the need for repair and reconstruction work arising out of the widespread damages caused by the super cyclone. In compliance to this assurance the outlay under State Plan has been enhanced from Rs.2000.00 cr. to Rs. 2880.80 cr. in the State Govt. budget. With all my humility I want to submit before the Hon'ble Members that in view of the requirements for development of the State, no doubt, there is need for a larger outlay. But the Hon'ble Members are aware that the size of the State Plan is dependent on the availability of internal resources. Taking into account the possibility of mobilising additional resources under extremely difficult situation arising out of the unprecedented cyclone I am compelled to limit the State Plan outlay to Rs.2880.80 cr. at present.

8. Previous Government had limited the outlay for MLALAD at Rs.10.00 lakhs per MLA but as soon as this Government came into power it had increased it to Rs.15.00 lakhs. In appreciation of the sentiments, need and the respectability of the MLAs in their constituencies this provision has now been proposed to be stepped up to Rs.25.00 lakhs. In the Vote on Account Rs.10.00 lakh was provided under MLALAD and now this is increased to Rs.25.00 lakhs. Hon'ble Members will receive this Rs.25.00 lakhs during the current financial year for development of their constituencies, under MLALAD Programme.

9. All the Members are aware that in consideration of the wishes of the Hon'ble Members of this House irrespective of their Party affiliation for accelerating the development of Western Orissa, the Western Orissa Development Council has been established. But the previous Congress Government had shown unpardonable indifference and non-cooperation for development of the Western Orissa for which the Western Orissa Development Council was designed. This attitude of the previous Government is evident from the fact that only Rs.3.00 cr. has been sanctioned till now from the date of

establishment of the Western Orissa Council. But our Government are aware of the continued neglect of the Western Orissa and in appreciation of the sentiments of the people of Western Orissa, our Government have provided Rs.30.00 crores as grant to the Western Orissa Development Council. I want to assure the people of Western Orissa that despite the precarious financial condition of the State, State Government will not hesitate to provide additional fund for the Council, if such fund is required to accelerate the pace of development in those areas. If the Western Orissa Development Council utilise Rs.30.00 crores now provided for genuine development of the area, I am prepared to provide additional Rs.20.00 crores at the appropriate stage with the approval of this August House. I hope this would be a significant step for fulfilling the hopes and aspirations of the people of Western Orissa..

K.B.K.
Districts.

10. A long term action plan for the undivided districts of Koraput, Bolangir and Kalahandi was launched in August, 1995 by the then Prime Minister, Sri Narasimha Rao, but due to want of required financial support from the Central Government this action plan, in fact, could not be

implemented. However, during 1998, after a number of visits by Officers of Govt. of India and a series of discussions among the State, Centre and the Planning Commission, the revised action plan was formulated and a provision of Rs.5527.21 crores was made. This provision includes the funds provided under Central Plan, Centrally Sponsored Plan and additional Central Assistance. During the Annual Plan 1999-2000, Govt. of India had given an assistance of Rs.102.00 crores for implementation of various programmes like AIBP., afforestation, residential, Primary Schools for girls, operation of Mobile Health Units, Supply of Drinking Water facilities and implementation of Emergency Feeding Programmes in KBK districts. During the financial year, 2000-2001, it has been decided to provide Rs.82.00 crores only for accelerated Irrigation Projects, afforestation and development of Scheduled Castes and Scheduled Tribes in KBK districts. Further, for implementation and management of the revised programme in KBK districts, State Government have assigned this task to a senior officer in the rank of Chief Secretary. Apart from this, a State Level Committee under the Chairmanship of Chief Minister and a Project Level Committee under the Chairmanship of Chief Secretary have

been set up to accelerate the implementation of the programme. Our Government do not believe in slogans for development. on the other hand, Govt. is committed to make this special project beneficiary oriented and to implement the programme actively and accelerate the process of development. Necessary provision has been made in this budget. The previous Congress Government have deceived the people of KBK districts while making announcements for development, but our Government is committed to bring the people of the KBK districts into the mainstream of development of the State . I believe that if the people of this area actively co-operate we may organise many development Works and implement them.

Agriculture

11. Hon'ble Members are aware that State's economy primarily depends on agriculture and more than 65% of it depends on agriculture. The development of the State just cannot be thought of without the development of the farm and the farmers. Our Government is committed to the development of agriculture and the people who depend on it. Hon'ble Members are also aware that the cultivable land of the State is 41% of the total geographical area. Hence

planning and development of the State primarily depends on agriculture and farmers. It is irony that the fertile soil, abundant water resource and favourable weather condition of Orissa which could have created opportunity for development of agriculture in Orissa, yet it could not be achieved the progress of agricultural development is not up to the desired level due to frequent occurrence of drought, flood and cyclone in the State. To promote agriculture in our State the State Government have given agriculture the status of industry in the Agriculture Policy implemented w.e.f. 1st of April, 1996. Under this policy stress have been laid to double the food production and to ensure appreciable increase in production of oil seeds and cash crops. There was saline water inundation in more than 46,000 hectares of land in addition to the 8,000 hectares of land were sand cast due to rain and super cyclone of October, 1999 and more than 18 lakh agricultural families have been affected resulting in a crop loss of around Rs.2000.00 cr. 102 lakhs 93 thousand tonnes of food production and 11 lakh 80 thousand tonnes of oilseeds have been targeted for the year 2000-01. Beginning from supply of Diesel pumps at subsidised rates, establishment of private lift points, increase of subsidy on tractor, power tiller

up to establishment of green nursery and taking up soil conservation measures in one crore seventy lakh hectares of land are some of the important targets for 2000-01. During the current financial year an outlay of more than Rs.59.00 cr. has been estimated for development of agriculture in the State. Through horticulture, steps have been taken to increase quality planting materials in the State and in order to enable the farmers to have better profit, special allocation has been made to encourage cultivation of banana on a larger scale. State Government have taken up extensive cultivation of mango, oranges, lemons, guava, pineapple, pappeya etc. in the compact area plantation programme. Extension staff have been entrusted with the supervision work and to ensure marketing of horticulture products for which the State Government is devising a separate scheme. Government have proposed to supply all tested and certified seeds. There is proposal for exemption of sales tax on improved seeds and organic manure. The farmer is the backbone of the society and in order that the farmer dedicates himself to cultivation with self-confidence steps have been taken to increase use of fertiliser by one and half times through extension service.

12. For increasing the production in agriculture and to protect the farmers from the recurring natural calamities, expansion of irrigation facilities has become the most important agenda of the State Government. State Government have decided to prepare a master plan for expanding the irrigated area through effective programme like extension of minor irrigation, lift irrigation, water-shed development projects etc. For this highest outlay of this year's budget of the order of Rs.723.00 cr. has been provided in the budget for irrigation under State plan.

In the name of increasing the irrigated and agriculture area the previous Government had resorted to large sums of loan as a result the State Government is now in the debt trap. But it is an irony of fate, instead of utilising fund for development of agriculture or irrigation there has been large scale misappropriation and mis-utilisation. We had demanded CBI inquiry into this irrigation and agriculture scam while in opposition. We had also indicated our commitment for CBI inquiry in our election manifesto. As promised in our manifesto and in deference to the wishes of the people we have ordered CBI inquiry into the corruption in Water

Resources and Agriculture Department. Our Government is determined to extend full co-operation to the CBI. We hope this inquiry would be completed very soon. There should be end of the corruption by the people in power.

13. In order to make the programme people oriented the Department has been advised to take into account the needs of the people while earmarking the State Plan allocation for different projects. In this regard the advice of eminent economists, retired bureaucrats, ex-Finance Ministers, renowned educationists, peoples' representatives and senior officers of Government have been taken into confidence while deciding the size of the State Plan allocation for different sectors.

14. Orissa's economy being predominantly agrarian in nature and since more than 70% of its people live in villages, this budget has been framed with a rural bias and more than 70% of the total budget outlay have been earmarked for rural development.

