



GOVERNMENT OF ORISSA

Speech of
Shri Prafulla Chandra Ghadaï
Minister, Finance
in the
Orissa Legislative Assembly
on the occasion of presentation of
the Budget
for the Year 2010-2011

The 22nd June, 2010

Hon'ble Speaker Sir,

At the outset, I express my heartfelt gratitude to you Sir, and Hon'ble Chief Minister for having given me an opportunity to present the Budget for the financial year 2010-11 in this august House. I also express my deep gratitude to Hon'ble Leader of Opposition and Hon'ble Members of this House for having given me unstinted support in the previous years. It is a privilege on my part to present the Budget for the consecutive seventh year. Last year we had to face formidable challenges owing to global recession. I am happy to inform this august house that despite these challenges we have not allowed the growth momentum in our State to decelerate.

2. Our Government had presented a Vote-on-Account for the first four months of the financial year, 2010-11 in the OLA and got the approval of the House. I had indicated the reasons for presenting the Vote-on-Account for 2010-11 in my Budget Speech in March, 2010. However, to refresh your memory I may place it here that due to delay in receipt of the recommendations of the 13th Finance Commission and non-finalisation of the plan size of the State by the Planning Commission, the State Government had to present a Vote-on-Account in the month of March. Now, I present the full-fledged Budget for the financial year, 2010-11 today.

3. Budget is not merely a statement of estimated receipts and expenditure of the State Government. It reflects the direction of the public policy and priorities of the Government in order to achieve the long term development objective of the State.

4. Macro Economic overview & outlook

4.1 While formulating the budget, it is necessary to take into account the macro-economic developments. Growth rate of our national economy averaged 9% per annum in the 5 years up to 2007-08. During this period, the State's economy registered average growth rate of 11.88% per annum. Growth momentum of the national as well as the State economy was impacted by the global financial crisis which triggered a severe recession. In the year 2008-09 the growth rate of National Economy was 6.7% and the State economy grew at the rate of 6.65%. Through coordinated counter cyclical fiscal and monetary policy measures there has been a recovery in the economies in the world over. This is also reflected in the higher growth rate of GDP at 7.4% in 2009-10 as per the advance estimates. The State's economy registered a growth rate of 8.35% in 2009-10. A detailed analysis of the economic scenario of the State has been presented in the Economic Survey.

4.2 The outlook for the national economy in the current financial year is more re-assuring in view of the recovery in the global and national economy.

The economy is expected to grow at the rate of 8.5% during the current year. With a favourable monsoon and faster recovery in the global and national economy the State economy is expected to grow at the rate of 9% in real terms and 15% in nominal terms.

5. Revised Estimates of Financial year 2009-10

Revised Estimate of receipts for 2009-10 was worked out on the trend of receipts during the first nine months of the financial year, the growth projection for the national as well as the State economy and the anticipated receipts during the remaining part of the financial year. On the expenditure side under Non Plan, the Revised Estimate of expenditure is based on the Budget Estimates and additional provision made in the Supplementary Statement of Expenditure, revised State Plan outlay for 2009-10 and Revised Estimates of expenditure under Central Plan and Centrally Sponsored Plan. The Revised Estimate of the Vote-on-Account is proposed to be retained without any change.

6. Award of 13th Finance Commission

6.1 Now I consider it necessary to enlighten Hon'ble Members on the awards of 13th Finance Commission. The report of the 13th Finance Commission alongwith explanatory Memorandum was placed in the Parliament on 25.2.2010. The recommendations of the 13th Finance Commission in respect of our State are as follows:-

(i) 13th Finance Commission has recommended Rs.69314.00 crore as the State's share in the net proceeds of the Central Taxes & Duties during 2010-15, which is 4.78% of the total divisible pool.

(ii) The Commission has recommended Rs.2163.75 crore as the corpus of State Disaster Relief Fund which is now known as Calamity Relief Fund. Out of Rs.2163.75 crore, 25% i.e. Rs.540.93 crore is the State's share to the State Disaster Relief Fund.

(iii) 13th Finance Commission has recommended Rs.3270.90 crore as grant-in-aid to Local Bodies of the State. These grants have two components i.e. basic grant and performance grant.

(iv) The Commission has recommended Rs.1745.00 crore towards "State Specific Need" grant. These include Eco-restoration of Chilka Lake, Construction of Anganwadi Centers, Upgradation of Health Infrastructure, Incentive grant for development and upgradation of power sector distribution system, Police Training, Upgradation of Jails, Preservation of Monuments & Buddhist heritage, upgradation of Fire Service and establishment of Market Yards at the block level.

(v) Apart from the "State Specific Need" grants, the Commission has also recommended Rs.1016.00 crore towards Elementary Education and Rs.1022.00 crore as grants for maintenance of roads and bridges which is to be utilized for maintenance and upkeep of PMGSY and non-PMGSY roads. The Commission has recommended environment related grants: Rs.330.96 crore for Forest Sector and Rs.184.00 crore for improvement of water sector in the State.

(vi) Besides, the Commission have also recommended Rs.442.10 crore to the State towards improving outcomes for the purposes like improvement in Justice delivery, Incentive for issuing UIDs, District Innovation Fund, Improvement in Statistical system and grants for Employee and Pension Data Base.

6.2 In this context, I may point out that the horizontal distribution principle adopted by the Commission has not been as favourable to our State as the award of the previous Commission. State's share in the net proceeds of the Central Taxes & Duties during 2010-15 has been reduced to 4.78% compared to 5.16% recommended by the 12th Finance Commission. Hence the recommendation of the 13th Finance Commission has decreased State's share from Central Taxes & Duties by 0.38%. Had the State's share in the Central Taxes been maintained at the level recommended by the 12th Finance Commission, the State would have received around Rs.5500 crore more. The State's proposal for adopting criteria like population below poverty line, ST & SC population and index of infrastructure for horizontal distribution of share tax has not been considered by the Commission.

6.3 The State's demand for increase of the corpus of Calamity Relief Fund to Rs.4000.00 crore during the period 2010-15 has not been considered by the Commission. As you know the State is prone to multiple and recurring natural disasters. One calamity or other visits the State every year. Besides, the demand for reduction of State's share to the extent of 10%, instead of present 25%, was also not accepted by the Commission.

6.4 A more stringent fiscal reform path has also been prescribed which will be dealt at length in the later part of my speech. The Commission has also recommended to amend or enact FRBM Act to build in the recommended fiscal reform path. Release of State Specific Grants amounting to Rs.1745.00 crore is contingent upon amendment or enactment of FRBM Act. Some of the grants have been recommended to be released during the current year and other grants would be released from the year 2011-12 onwards.

7. Thrust areas of the Budget for 2010-11

The main challenge before us is to accelerate the growth process while making it socially more inclusive. At the same time we have to ensure fiscal

consolidation and enhance efficiency in public expenditure management. Therefore, while formulating current year's budget I have made an earnest endeavour to focus on the following thrust areas:

i) We have to accelerate the growth process in the medium term and revive the double digit growth rate witnessed during the period 2003-04 to 2007-08. Particularly, the focus should be on the growth of the rural economy. Further, the growth process should be more inclusive across regions and social classes so as to ensure food security, livelihood security and health security for all.

ii) At the same time the social and economic infrastructure of the State is to be strengthened through allocation of more resources for these sectors.

iii) Improving effectiveness of public expenditure and improvement in delivery of public services are two sides of the same coin. In order to ensure value for public money and provide better outputs and outcomes, institutional reforms for budget management and delivery of services are the necessary pre-requisites. We have initiated a few measures in these directions.

iv) Fiscal consolidation addresses inter-generational equity, macro economic stability and growth concerns. The 13th Finance Commission in their report have recognized the two way relationship between growth and fiscal consolidation where fiscal consolidation leads to higher growth, due to higher levels of public and private investments, which in turn further facilitates maintenance of fiscal stability. They have carefully calibrated the exit from the fiscal loosening permitted to States in 2008-09 and 2009-10, allowing 2010-11 as a year of adjustment and specified a time-path for return to the process of fiscal consolidation beginning from 2011-12.

v) Our taxation system is in urgent need of simplification and modernization. This would bring about long term and sustainable improvement in our own revenue. In this direction, we are taking some steps which I will place before you later in my speech.

8. Abstract of B.E. of Financial Year 2010-11

8.1 I now present before you the Budget Estimates for 2010-11.

8.2 The revenues of the State comprise Own Tax Revenue, Non-Tax Revenue, Share in Central Taxes and Grants from Centre. The revenue receipt is estimated at Rs.31445.30 crore. Our own tax and non-tax revenue are estimated at Rs.13525.99 crore which represents a growth rate of 14.32 %

over Revised Estimates for 2009-10. The State's Share in Central Taxes is estimated at Rs.10004.17 crore as indicated in the Union Budget for 2010-11. Grants-in -Aid from the Centre under Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan is estimated at Rs.7915.14 crore which includes grants recommended by the 13th Finance Commission to the extent of Rs.902.13 crore.

8.3 Our Tax GSDP ratio is around 6%. Our share in Central devolution has gone down in terms of both percentage share and absolute terms. The 13th Finance Commission requires the State Government to enhance the Tax GSDP ratio to 6.75% by 2014-15. Keeping this in view, the State Government have constituted an "Expert Committee" to suggest measures for enhancing State's own revenue. On receipt of the recommendations we will consider appropriate measures for augmenting State's own resources.

8.4 The total expenditure proposed in the Budget Estimates for 2010-11 including debt repayment is Rs.38996.71 crore. The Non-Plan expenditure is estimated at Rs.26094.40 crore with an increase of 7.36% over the Revised Estimates for 2009-10. The total plan expenditure including State Plan, Central Plan and Centrally Sponsored Plan is estimated at Rs.12902.32 crore representing a growth of 18.88% over the Revised Estimates for 2009-10. The State Plan outlay for 2010-11 in the government sector is estimated at Rs.10000.00 crore which represents an increase of 19.05% over the revised State Plan Outlay for the year 2009-10.

8.5 The Non- plan expenditure estimates of Rs.26094.40 crore for the year 2010-11 includes provision of Rs.11248.12 crore towards salaries, Rs.4429.90 crore for pension, Rs.3952.12 crore for interest payment and Rs.2281.79 crore for maintenance of capital assets respectively.

8.6 The Budgeted Expenditure for 2010-11 will be financed through estimated revenue receipts of Rs.31445.30 crore, recovery of loans and advances of Rs.243.15 crore, borrowings and other liabilities of Rs.7308.26 crore.

8.7 The 13th Finance Commission have recommended grants to the tune of Rs.902.13 crore under different schemes for the year 2010-11 and accordingly the following provision has been made in the Budget of different Departments:-

8.7.1 A sum of Rs.293.69 crore has been provided in the Budget of Revenue & Disaster Management Department towards Central Share of State Disaster Relief Fund. Besides, a sum of Rs.97.89 crore has been provided as State's matching contribution to State Disaster Relief Fund.

8.7.2 A sum of Rs.38.72 crore has been provided towards 13th Finance Commission grants for improving Justice Delivery in the State in the Budget of Law Department, Home Department and Works Department. This grant is meant for Operation of morning/evening/ special judicial-metropolitan magistrate/ shift courts, Lok Adalat and Legal Aid, training of Judicial Officers and Public Prosecutors, establishing ADR centres and training of mediators/ conciliators, maintenance of heritage court buildings, establishing of State Judicial Academy and provision of additional facility etc.

8.7.3 Rs.6.00 crore has been provided in the Budget of P & C Department towards Improving Statistical Systems in the State.

8.7.4 Rs.309.15 crore has been provided towards grants for Local Bodies which includes Rs.21.60 crore towards Special Area Basic Grant, exclusively meant for the development of scheduled areas. Out of this, a sum of Rs.260.68 crore has been provided in the Budget of Panchayati Raj Department and a sum of Rs.48.47 crore has been provided in the Budget of H & U. D. Department.

8.7.5 Rs.170.00 crore has been provided in the Budget of School & Mass Education Department under State Plan towards Grants for Elementary Education to partially meet the State share of the CSP scheme Sarva Shiksha Abhiyan(SSA).

8.7.6 Rs.35.70 crore has been provided in the Budget of I.T. Department under State Plan towards Grants for Incentivising issue of UID.

8.7.7 Rs.5.00 crore has been provided in the Budget of Revenue & Disaster Management Department under State Plan towards Capacity Building which would be used for taking up activities for building capacity in the administrative machinery for better handling of disaster response and preparation of district and state level disaster management plans as envisaged in the Disaster Management Act, 2005.

8.7.8 Rs.41.37 crore has been provided in the Budget of Forest & Environment Department under State Plan for development and maintenance of Forests & preservation of Forest wealth.

8.7.9 Rs.2.50 crore has been provided in the Budget of Finance Department for creation of Database for Government Employees and Pensioners.

8.8 Rs.5004.98 crores has been provided towards capital expenditure out of which Rs.4652.99 crore is towards capital outlay and Rs.351.99 crore is for loans and advances. Besides, an amount of Rs.480.70 crores has been provided as grant in aid for creation of capital assets under various schemes.

A part of the expenditure in the revenue account will also go towards capital formation which comes to Rs.574.50 crore.

8.9 Capital outlay as a percentage of total expenditure is increasing over the years. It's ratio in terms of GSDP is 2.68%. If grants for creation of capital assets and expenditure met from revenue account towards capital formation is added to it, the ratio will go up to 3.29%. For further acceleration of this growth in the medium term, it has to be stepped up to atleast 4% - 5%.

8.10 I would like to mention here that though no maintenance grant would be available during 2010-11 under the awards of the 13th Finance Commission, yet we have made adequate provision for this purpose in the Budget. While Rs.1896.96 crore was provided towards maintenance expenditure in 2009 -10 Budget Estimate, in 2010-11 BE it has been proposed to provide Rs.2281.79 crore.

8.11 It is proposed to provide Rs.979.44 crore for maintenance of roads & bridges, Rs.371.12 crore towards maintenance of non-residential building, Rs.176.04 crore for maintenance of residential building, Rs.191.48 crore for maintenance of rural and urban water supply system, Rs.323.73 crore for maintenance of major & medium irrigation projects, Rs.128.89 crore for maintenance of minor irrigation project and Rs.111.09 crore for maintenance of flood control works.

8.12 A new initiative has been launched to give a facelift to Government High Schools and Colleges which are more than 50 years old. It has been proposed to earmark Rs.40.00 crores for special repair and renovation of these buildings. Out of this provision Rs.22.00 crore has been provided in the demand of Works Department and the remaining Rs.18.00 crore has been provided in the demand of Rural Development Department.

9. Sectoral Highlights

Now, I wish to enumerate some major sectoral highlights of expenditure proposals.

9.1 Agriculture and Allied Activities

9.1.1 Agriculture Department

- Agriculture is the main stay of Orissa's economy providing livelihood support to a large section of our population. The agriculture sector contributing about 20% of the Net State Domestic Product (NSDP), continues to be the backbone of the State's rural work force. It provides employment both direct and indirect to about 65% of the total work force as per 2001 Census.

- The chief objective of this year's budget is based upon plan to achieve 4% sustainable growth in agricultural production, management of natural resources and scientific management of crops. The food grain production target for 2010-11 is fixed at 92.75 lakh tons. The seed replacement rate of paddy is proposed to be increased to 22% from 15% in 2008-09 and 19% in 2009-10.
- Outlay of Rs.1046.98 crore has been provided in this budget for Agriculture in Non-Plan & Plan.
- In order to achieve all round development in agriculture and its allied sectors, Government of India have launched Rastriya Krishi Vikash Yojana (RKVY) with 100% Central Assistance. Rs.194.73 crore has been provided in this scheme against provision of Rs.121.49 crore during 2009-10. Further, a sum of Rs.79.67 crore has been provided for the first time as Green Revolution Grant as a sub-scheme under RKVY to bridge the yield gap in eastern India.
- Seed is one of the most important inputs that play a vital role in boosting agricultural productivity. I would like to inform the Hon'ble Members of this House that Rs.10.00 crore and Rs.1.00 crore have been provided in the Budget for 2010-11 under agriculture sector and horticulture sector respectively towards input subsidy.
- Private Lift Irrigation Points under "Jalanidhi" Scheme are being promoted by providing 50% subsidy. Accordingly, it has been programmed to set up 25,000 private lift irrigation points during 2010-11 with subsidy involvement of Rs.50.00 crore with assistance under RIDF.
- Many drought prone areas of the State are happily endowed with rich ground water resources. In order to harness this untapped potential the State Government has decided to launch a new scheme for utilisation of ground water in these areas. An allocation of Rs.100.00 crore has been provided under this new scheme. I do hope that this new scheme will trigger significant agricultural development in these areas and reduce the vulnerability of the farmers of these areas to recurring drought.

9.1.2 Water Resources Department

- Irrigation has a crucial role in increasing agricultural productivity. So far 47% of the cultivable land of the State has been provided with irrigation facilities. The State Government are laying emphasis on accelerated development of irrigation. In terms of a perspective five year plan, it is proposed to bring additional 5.61 lakh hectares of cultivable land under irrigation by 2014. In 2010-11 it is targeted to create additional irrigation potential of 1.14 lakh hectares of which 0.51 lakh hectares will be achieved

through major and medium irrigation projects, 0.23 lakh hectares through minor irrigation projects and 0.40 lakh hectares through lift irrigation projects. With these objectives in view Rs.2978.55 crore has been provided under Non-Plan and Plan for Water Resources Department.

- In Non-plan it is proposed to provide Rs.589.22 crore towards operation and maintenance of Major, Medium, Minor Irrigation Projects and Flood Control works.
- Major and Medium Irrigation Projects require large capital investment, involve resettlement and rehabilitation problems and have a long gestation period. These projects do not provide immediate irrigation benefit. Therefore, it is necessary to focus on fast-track irrigation projects with short gestation period. Accordingly, it is proposed to construct 1000 check dams in various streams to conserve water at the end of monsoon for irrigation, drinking water and ground water recharge. These projects can be completed within a short span with less capital investment and without any displacement. Accordingly, Rs.100.00 crore has been provided in the budget for 2010-11 for construction of check dams in drought prone and water deficit areas.
- The provision of Rs.1200.00 crore under Accelerated Irrigation Benefit Programme (AIBP) has been provided for construction of Major, Medium, Minor and Lift Irrigation Projects, Rs.60.50 crore for JICA assisted Rengali Irrigation Project, Rs. 42.50 crore under ADB assisted Orissa Integrated Irrigated Agriculture and Water Management Programme, Rs.44.00 crore towards World Bank assisted Orissa Community Tank Management Project, Rs. 91.00 crore for Centrally Sponsored Plan scheme including State share for repair, renovation and restoration of Water Bodies. Allocation of Rs.499.00 crore under RIDF has been proposed for Major, Medium and Minor Irrigation Projects including Biju Krushak Vikash Yojana. In addition to this Rs.23.00 crore will be made available from Special Central Assistance for KBK towards Biju Krushak Vikash Yojana.
- Flood Control and Drainage problems are endemic to the coastal areas of our State. It has been proposed to provide Rs.93.36 crore for the Flood Management Programme under Centrally Sponsored Plan Scheme including State share and Rs.69.12 crore is allocated for Flood Protection and restoration works under State Plan. It has been proposed to make provision of Rs.66.44 crore for Command Area Development, Rs.8.05 crore for World Bank assisted National Hydrology Project.

9.1.3 Co-operation Department

Farmers are the backbone of our society. Our Government is committed to welfare of the farmers. Farmers' access to subsidized institutional credit is crucial for successful agricultural operation. In order to provide agricultural

loan at affordable rate, interest subvention is being provided by the State Government. A provision of Rs.62.00 crore has been proposed for the scheme of interest subvention.

9.1.4 Fisheries & Animal Resources Development Department

- Fisheries & Animal Resources Development is one of the important economic activity and source of livelihood.
- There is a provision of Rs.343.94 crore for the Department under Non Plan and Plan.
- For opening of new livestock aid centres Rs.9.00 crore has been provided.
- Hon'ble Members will be happy to know that our Government have provided Rs.2.00 crore for the first time for re-activation of Fishermen's Co-operatives of Chilka. A new scheme for Genetic Up-gradation of Small Animals is proposed to be implemented with an outlay of Rs.1.50 crore. It has been proposed for a provision of Rs.12.00 crore under RIDF for up-gradation of existing facilities for animal resource development.

9.1.5 Forest & Environment Department

- Forests play a vital role in maintaining ecological stability and contributing significantly to the State economy, particularly in the rural sector. Forestry activities contribute significantly to the food security and livelihood for people living around forests.
- It has been proposed to provide Rs.607.95 crore for the Department under Non Plan and Plan.
- I would like to inform the Hon'ble Members of this august House that Rs.103.35 crore has been provided for the JICA assisted Orissa Forest Sector Development Project. A detailed Action Plan has been launched to cover 2.32 lakh hectares under various afforestation schemes and to distribute one crore sapling for growing trees outside forest areas.

9.2 Social Services

9.2.1 Health & Family Welfare Department

- A welfare State is under obligation to provide economical and efficient health services to its citizen. Steps have been taken to bring adequate improvement in the health care system of the State especially, in the rural and tribal areas and backward regions.

- It is proposed to provide total outlay of Rs.1538.53 crore in the Budget of Health & Family Welfare Department under Non Plan and Plan. The provision under Non Plan is Rs.1018.92 crore which is primarily meant for providing Health Care facilities in Allopathy, Homeopathy, Unani and Indian System of Medicine and Medical Education and Training. Under State Plan there is a provision of Rs.61.00 crore towards State Share of National Rural Health Mission, Rs.51.50 crore for the DFID assisted Orissa Health Sector Plan. In the Central Plan there is a provision of Rs.355.34 crore for continuance of the Family Welfare Programme.

9.2.2 School & Mass Education Department

- Education is a major component of human development, which also promotes economic growth through skill formation. Moreover, in the national perspective, "Education to All" is the motto of our Government.
- Total provision of Rs.5273.39 crore has been proposed for the School and Mass Education Department. The budgetary allocation proposed for the Government Schools is Rs.3406.71 crore out of which Rs.1836.77 crore is meant for the Government Primary Schools.
- Rs.436.24 crore has been provided towards State Matching Contribution for Sarbasikshya Abhiyan in addition to Rs.170.00 crore proposed under grant recommended by 13th Finance Commission for the purpose. Hon'ble Members will be happy to note that Rs.199.16 crore has been proposed in the budget towards grant to Zilla Parishad for primary school teachers transferred from Sikshya Sahayak Cadre. Similarly, Rs.214.57 crore has been provided towards grant to Non Government Secondary Schools transferred from State Plan to Non Plan. The proposed provision for Block Grant to Non Government High Schools is Rs.75.00 crore. Rs.12.00 crore has been proposed to be provided towards 100% Block Grant to eligible Non Government Girls' High Schools.
- State Matching contribution of Rs.30.34 crore has been proposed for the new scheme Madhyamika Sikshya Abhiyan, Rs.24.00 crore has been proposed towards State Share for establishment of Model Schools in backward districts and Rs.4.00 crore has been proposed for the new scheme Sakshyara Bharat.

9.2.3 Higher Education Department

The State Government is committed to expansion of access to Higher Education and also to improve its quality. A total provision of Rs.1018.03 crore under Non-Plan & Plan has been proposed. It has also been proposed to provide Rs.583.83 crore towards Grant-in-Aid to Non-Government Colleges including Rs.64.80 crore towards Block Grant to newly eligible Non-

Government Colleges. Rs.134.38 crore has been proposed to be provided as Block Grant to Universities out of which Rs.10.00 crore is towards grant to Sambalpur University for establishment of an autonomous Constituent Institute of Information Technology on the lines of IIIT to impart training and conduct of research. It has been proposed to provide Rs.250.30 crore for Government Colleges including Rs.10.00 crore towards State Share of CSP for establishment of Model Colleges.

9.2.4 Panchayati Raj Department

- Panchayati Raj Department implements various poverty alleviation schemes for social and economic development of the rural households. These schemes aim at income generation by way of self employment, providing wage employment to the needy people through creation of durable community, social and economic assets.
- A total provision of Rs.1519.46 crore has been proposed for the Department under Plan and Non-plan.
- In addition to Rs.260.68 crore proposed to be provided against the grant recommended by the 13th Finance Commission for Rural Local Bodies, Rs.173.60 crore has been proposed to be provided as Grant-in-aid to these bodies under Non-plan which is inclusive of Rs.53.75 crore towards maintenance of roads and buildings.
- Rs.165.00 crore has been proposed to be provided in the budget under Gopabandhu Gramin Yojana with a view to provide additional developmental assistance to the targeted 11 districts which are not covered under the Backward Region Grant Fund. (BRGF).
- Rs.324.00 crore has been provided under Backward Region Grant Fund (BRGF) with 100% Central Assistance for infrastructure development and capacity building in the backward regions of 19 districts of the State.
- A provision of Rs.21.70 crore has been proposed for the World Bank assisted Targeted Rural Initiative for Poverty Termination and Infrastructure (TRIPTI).
- In order to improve connectivity to Panchayats, a new scheme i.e. Cement Concrete Roads (CC Roads) has been launched and Rs.75.00 crore has been proposed to be provided for this purpose.
- While Rs.80.00 crore has been proposed to be provided towards State Share of Indira Awas Yojana to provide housing for the BPL families, a sum of Rs.60.00 crore has been proposed to be provided for our own plan scheme

“MO KUDIA” to supplement the resources available under Indira Awas Yojana and increase the housing coverage for the rural poor.

- Mahatma Gandhi National Rural Employment Guarantee Scheme is being implemented in all Districts of the State with the objective of providing livelihood security to households in the rural areas through at least 100 days of guaranteed wage employment to every adult member of the households to do unskilled manual work. It has been proposed to provide employment to 20 lakh households in 2010-11 and generate 12 crore person days of wage employment as against employment provided to 14.13 lakh households with 5.52 crore person days of wage employment in 2009-10. In order to scale up implementation of the scheme we propose to engage 1000 additional Gram Panchayat Technical Assistants and provide Rs.100.00 crore towards the State Matching Share.

- I am also happy to announce that it has been decided to waive royalty on minor minerals used for implementation of the anti-poverty programmes like NREGS, IAY and 'Mokudia' so as to increase the wage component under NREGS and keep the unit cost of houses under IAY and Mokudia within the approved cost. The proposed exemption will directly benefit the rural poor.

9.2.5 ST & SC Dev. Department

The State Government have taken a number of welfare measures like enhancement of scholarship, construction of hostels / schools for SC, ST, Minority and other backward classes. It has been proposed for a total provision of Rs.1029.50 crore in the budget of SC & ST Development Department under both Non Plan and Plan. Rs.204.13 crore has been proposed to be provided towards pre-matric scholarship for SC & ST Student both under Non Plan and Plan. In the State Plan it has been proposed to provide Rs.100.42 crore for creation of infrastructure and setting up of Model Schools. Rs.108.63 crore has been proposed to be provided under Tribal Sub Plan for development of the Scheduled Tribes through Integrated Tribal Development Agencies, Modified Area Development Approach and Cluster approach etc. It has also been proposed to provide Rs.82.09 crore for construction of new hostels for ST girls, Rs.44.00 crore for Orissa Tribal Empowerment and Livelihood Programme and Rs.43.03 crore under special programme for KBK District.

9.2.6 Women & Child Dev. Department

- Our Government have taken a number of measures to provide social security to the old, infirm and destitute alongwith empowerment of women.

- A total outlay of Rs.2197.10 crore under Non Plan and Plan has been proposed to be provided. It has been proposed to provide Rs.338.01 crore for

Madhu Babu Pension Yojana under Non Plan and Plan. It has been proposed to provide Rs.288.93 crore for schemes like National Old Age Pension, National Family Benefit Scheme, Indira Gandhi National Disabled Pension Scheme and Indira Gandhi National Widow Pension Scheme under the National Social Assistance Programme in State Plan. The State Share of Supplementary Nutrition Programme and Mid-day Meal programme has been proposed at Rs.200.54 and Rs.80.46 Crore respectively. Rs.30.00 crore has been proposed for Emergency Feeding Programme for KBK districts. The Aam Admi Bima Yojana is proposed to be implemented in the State to provide insurance cover to the poor households for which a provision of Rs.5.00 crore has been proposed.

9.2.7 Labour & Employment Department

Health care facilities are available for the workers in the organized sectors through Employees State Insurance Scheme. The workers in the un-organized sectors do not have access to health care facility or any Health Insurance cover. Through Rashtriya Swasthya Bima Yojana it has been proposed to provide insurance cover to the BPL family for hospitalization for which Rs.10.00 crore has been proposed to be provided towards 25% State Share. The insurance cover available under this scheme is Rs. 30,000.00 per BPL family.

9.3 Economic Services

9.3.1 Industries Department

Industries Department is working for creation of an enabling environment for growth of industries and imparting technical education and training to the educated youth. The total outlay proposed for Industries Department is Rs.532.16 crore under Non Plan & Plan. In addition to Rs.108.13 crore proposed to be provided for technical education, it has been proposed to provide Rs.270.60 crore for construction of buildings and installation of equipment for 22 Polytechnics under Central Plan. Besides, it has been proposed for a provision of Rs.9.54 crore and Rs.2.88 crore for 2 new schemes i.e. Infrastructure Development of ITI and Capacity Expansion of Vocational Training in the State respectively.

9.3.2 Textile and Handloom Department

- The handloom and textile products of Orissa are widely acclaimed. The State Government attaches priority to the development of this sector along-with welfare of the skilled artisans. The total outlay proposed for the Department under Non Plan & Plan is Rs. 90.11 crore.

- In order to increase the visibility of Orissa Handlooms in the National Market a tie up is being proposed with FAB India, India's largest Handloom

Retail Chain for giving design inputs, getting warehouses and giving support for setting up of a Community Owned Company of weavers in Orissa. With this, Orissa Handlooms will be sold in the 100 odd retail outlets of FAB India within the Country and 30 odd outlets abroad. An outlay of Rs.2.00 crore has been proposed to be earmarked under State Plan for this innovative initiative. Rs.20.00 crore has been proposed to be provided for setting up of National Institute of Fashion Technology. The Centre will help make the careers of local youth in fashion technology and manufacturing sectors. Similarly Rs.2.90 crore and Rs.9.81 crore have been proposed to be provided in the budget for 2010-11 for promotion of Sericulture and Handloom Industries respectively.

9.3.3. Science and Technology Department

- While Rs.5.32 crore was provided in the budget for 2009-10 for Remote Village Electrification through non-conventional source of energy, the same has been increased to Rs.8.67 crore in the budget for 2010-11.
- As against the provision of Rs.0.30 crore in the budget for 2009-10 for support to Orissa Vigyan Academy, the same has been increased to Rs.2.10 crore in the budget for 2010-11.

9.3.4 Information Technology Department

- A sum of Rs.35.70 crore has been proposed to be provided in the budget for 2010-11 as per recommendation of 13th Finance Commission towards grant for incentivising issue of Unique Identification.
- Similarly Rs.7.00 crore and Rs.6.00 crore have been proposed in the budget for 2010-11 for 2 new schemes i.e. OSWAN and Infrastructure for State Data Centre.
- Rs.18.77 crore has been proposed to be provided in the budget for 2010-11 for implementation of e-governance projects as per National E-Governance Programme. On the other hand Rs.10.00 crore has been proposed to be provided in the budget for 2010-11 for establishment of IIIT.
- Rs.10.00 crore has been proposed in the budget for 2010-11 for OCAC Incubation Tower.

9.3.5 Public Enterprises Department

A sum of Rs.6.00 crore has been proposed in the budget for 2010-11 towards Corpus Fund for Orissa State Renewal Fund Society.

9.3.6 Planning & Co-ordination Department

- The proposed budgetary allocation for Planning & Co-ordination Department is Rs.649.25 crore under Non Plan and Plan. Our persistent demand for increasing the allocation of central assistance for KBK to Rs.250.00 crore has been finally accepted by Government of India. Even then we have decided to continue our own provision of Rs.120.00 crore for Biju KBK towards development of one of the most backward regions of the Country. We have initiated a drive for strengthening of Productive Infrastructure in KBK districts and a new programme has been launched with a proposed outlay of Rs.42.00 crore. Rs.80.00 crore has been provided for Western Orissa Development Council.
- Considering the demands of the Hon'ble MLAs, it has been decided to increase the allocation for MLA LAD to Rs.147.00 crore by increasing it from Rs.75.00 lakhs to Rs.1.00 crore per Constituency. I request all the Hon'ble Members to utilize this amount for creation of productive capital assets in their areas. We launched a new scheme Biju Kandhamal "O" Gajapati Yojana during the previous financial year for which Rs.28.50 crore has been proposed to be provided.
- Rs.6.00 crore has been proposed to be provided for improving statistical system in State Government as per recommendation of 13th Finance Commission.
- We have launched the State Employment Mission to provide employable skills to the unemployed youth and provide opportunities for self employment. It has been proposed to provide Rs.20.00 crore for the State Employment Mission.

9.3.7 Food Supplies & Consumer Welfare Department

We took a bold step two years back to make available rice at Rs.2/- per kg. for poor and vulnerable households of our State. In keeping with this commitment to ensure food security an allocation of Rs.910.43 crore has been proposed to be provided for food subsidy. Besides Rs.4.98 crore has been proposed towards subsidy to Orissa State Civil Supplies Corporation for implementation of ANNAPURNA scheme under National Social Assistance Programme.

9.4 Other Sectors

9.4.1 Home Department

The proposed budgetary allocation of Home Department is Rs.1731.76 crore under Non Plan and Plan. In Non Plan Rs.1241.00 crore has been proposed to be provided for the State Police Organization including Rs.70.00 crore towards Modernization of Police Force & Rs.61.04 crore towards Special Organization for anti-naxal Operation. Also Rs.76.00 crore for Jail

Organization, Rs.64.00 crore for Fire Service and Rs.62.00 crore for the Home Guard Organization has been proposed to be provided in Non-Plan. Besides, Rs.7.00 Crore, Rs.25.00 crore and Rs.31.15 crore have been proposed to be provided in the budget for Jails, Fire Services and Police Welfare Buildings respectively in the State Plan.

9.4.2 Revenue & Disaster Management Department

It has been proposed to provide Rs.1401.80 crore in the Budget of Revenue & Disaster Management Department under Non Plan & Plan. In Non Plan, Rs.391.58 crore has been proposed for Relief Expenditure. In the State Plan, Rs.50.50 crore has been proposed to be provided towards state matching share of World Bank assisted National Cyclone Risk Mitigation Project, Rs.5.00 crore towards capacity building for disaster management as per the recommendations of 13th Finance Commission. It has also been proposed to provide Rs.11.70 crore for National Land Records Modernization Programme and under Central Plan Rs.70.38 crore has been proposed for Census, 2011.

9.4.3 Law Department

- Rs.20.00 crore and Rs.10.00 crore have been proposed in the budget for 2010-11 towards payment of arrear salary and current salary respectively to the Judicial Officers as per the recommendation of Justice Padmanavan Committee.
- Rs.3.82 crore has been provided in the budget for 2010-11 for 16 newly created District and Sessions Judge Court.

9.4.4 Finance Department

Modernization of Inter-State Check-gates is crucial for preventing evasion of taxes without hindrance to the smooth flow of traffic on the highways. It has been decided to modernize the border check-gates for which Rs.9.10 crore has been proposed. Rs.2.50 crore has been proposed in the budget for creation of Database for Government Employees and Pensioners as per the recommendation of 13th Finance Commission.

9.4.5 Works Department

Upkeep and maintenance of public roads & buildings is the primary responsibility of Works Department. Improvement in the road infrastructure is one of the drivers of economic growth. It has been proposed to provide Rs.1807.25 crore for Works Department under both Non Plan and Plan.

Under Non-Plan Rs.809.14 crore has been proposed to be allocated for maintenance of roads and buildings. In the State Plan Rs.75.62 crore for road under Central Road Fund, Rs.147.60 crore for the World Bank Assisted Orissa State Road Project, Rs.275.00 crore for execution of rural road & bridge projects under RIDF, Rs.56.53 crore for improvement of important roads for Economic and Tourist Importance and Rs.100.00 crore under Central Plan for execution of Orissa of Vijaywada Ranchi Corridor within the State have been proposed to be allocated.

9.4.6 Rural Development Department

Rural Development Department is in charge of the rural road infrastructure, public buildings in the rural areas, rural water supply and sanitation system. Rs.1134.49 crore has been proposed to be provided in the Budget of Rural Development Department under both Non Plan & Plan. Under Non Plan Rs.515.24 crore has been proposed for maintenance of roads & bridges and Rs.39.20 crore for maintenance of rural water supply. Development of rural connectivity is the key to rural prosperity. In the State Plan, Rs.160.00 crore has been proposed to be provided for execution of rural road and bridge projects under RIDF to improve rural connectivity. Rs.171.00 crore has been proposed to be provided for rural water supply including State share of Centrally sponsored plan scheme of National Rural Drinking Water Programme and Rs.20.00 crore towards State's share of total sanitation campaign.

9.4.7 H & UD Department

Increase in urban population owing to rural urban migration calls for strengthening urban infrastructure, governance system and management of civic services. The total budgetary allocation for Housing & Urban Development Department under Non Plan & Plan has been proposed at Rs.1109.78 crore. Under Non Plan, Rs.152.28 crore has been proposed for maintenance of urban water supply & sewerage, Rs.73.47 crore towards maintenance of urban roads & buildings, Rs.295.05 crore towards compensation and assignment to Urban Local Bodies, Rs.48.47 crore towards grants to Urban Local Bodies as recommended by the 13th Finance Commission and Rs. 18.75 crore towards grants to Urban Local Bodies for maintenance of roads and buildings. In the State plan, Rs.250.00 crore has been proposed to be provided for implementation of the programmes under Jawaharlal Nehru National Urban Renewal Mission. Rs.60.00 crore has been proposed for development of urban roads in the various urban local bodies and Rs.62.70 crores for urban sewerage and sanitation including Rs.20.00 crore for JICA assisted Orissa Integrated Sanitation Improvement Project for Cuttack & Bhubaneswar.

9.4.8 I & P R Department

- Rs. 10.20 crore has been proposed to be provided for payment of cost of advertisement including arrear dues.
- While Rs.2.00 crore was provided in the budget for 2009-10 for Information Commission, the same has been increased to Rs.3.00 crore in the budget for 2010-11.

9.4.9 Energy Department

- The State Government have a crucial role in development of the power sector. The total budgetary allocation for the Department has been proposed at Rs. 480.44 crore.
- The benefits of power sector reform could not be realized owing to lack of adequate investment in the transmission and distribution segments. Our transmission and distribution losses are still very high. For the first time it has been decided to provide Rs.205.00 crore for system improvement and strengthening of the distribution system. Rs.120.00 crore has been proposed as State share of Rajiv Gandhi Gramin Vidyutikaran Yojana towards the loan component of the scheme. We have launched a new scheme namely "Biju Saharanchal Bidyutkaran Yojana" with a proposed allocation of Rs. 18.00 crore for electrification of BPL households/ wards/ villages / slums within the limits Urban Local Bodies.
- There is a proposed allocation of Rs.50.00 crore towards Biju Gramayoti Yojana for electrification of all villages /habitations having population less than 100. Besides, Rs. 50.00 crore has been proposed towards Share Capital investment in Orissa Power Transmission Corporation Ltd. for execution of transmission projects in the back ward districts of the State.
- Efficient use of energy is one of the many ways for ensuring energy security. Bureau of Energy Efficiency is providing technical and financial support for promoting energy efficiency. To complement these efforts, I propose to provide Rs.6.64 crore for undertaking various energy conservation activities in State Government Offices, Urban Local Bodies and Public Sector Undertakings.

10. Fiscal Consolidation Road Map

10.1 The 13th Finance Commission has recommended a revised roadmap for fiscal reform and consolidation. The Commission has recommended to stabilize the fiscal position of the States and to further consolidate the gains during 2010-15. Our State achieved the FRBM stipulated targets much ahead of the prescribed dates but the fiscal reform process and consolidation

process should continue beyond 2009-10 as prescribed by the 13th Finance Commission. The Commission has observed that given the exceptional circumstances of 2008-09 and 2009-10, because of recession in the economy, the fiscal consolidation process of the States was disrupted. Therefore, the Commission has recommended further fiscal reform and consolidation measures from the year 2011-12. Some of the important reform measures concerning our state are described below:

(i) The States that incurred zero revenue deficit or achieved revenue surplus in 2007-08 should eliminate revenue deficit by 2011-12 and maintain revenue balance or surplus thereafter.

(ii) The States that attained a zero revenue deficit or revenue surplus in 2007-08 should achieve fiscal deficit of 3% of GSDP by 2011-12 and maintain such thereafter.

(iii) The fiscal consolidation path also embodies steady reduction in the augmented debt stocks of the States to less than 25% of GSDP by 2014-15.

(iv) The States to amend/enact FRBM Act to build in fiscal reform path worked out by the Commission. The State Specific Grants recommended for a State shall be released upon such compliance.

(v) Independent review/monitoring mechanism under the FRBM Act should be set up by the States.

(vi) Borrowing limits for States to be worked out by the Ministry of Finance, Government of India using the fiscal reform path, thus acting as an enforcement mechanism for fiscal corrections by the State.

10.2 The State's fiscal deficit as percentage of GSDP in 2008-09 (Actual) and 2009-10(RE) is 0.44% and 3.70% respectively. As per mandate of FRBM Act, 2005 the State has to achieve fiscal deficit of 3% of GSDP by the year ending of 2008-09. Government of India have revised the level of fiscal deficit during the year 2008-09 to 3.5% and during the 2009-10 to 4%, because of the recessionary trend of the economy. As may be seen from the above, our fiscal deficit has been assumed to be 3.70% of GSDP in the RE 2009-10. The challenge before us now is to reduce this to below 3% of GSDP in the year 2011-12. Unless this is achieved, most of the grants recommended by the 13th Finance Commission will not be available to the State and many such projects recommended by the Commission will suffer.

11. Estimated Fiscal indicators for the Financial Year 2010-11

11.1 In line with the recommendations of the 13th Finance Commission we have to revert back to the path of fiscal consolidation in 2011-12 through a transition phase. Accordingly we propose to bring down the fiscal deficit from the level of 3.70% of GSDP in 2009-10 (RE) to 3.34% in 2010-11(BE). The revenue deficit in 2010-11 is estimated at Rs.1036.65 crore which is 0.60% of GSDP.

11.2 The estimated debt stock at the end of 2010-11 is Rs.43523.11 crore. The Net addition to the debt stock during the year is estimated at Rs.4160.97 crore. The repayment and interest payment liability during the year 2010-11 is estimated at Rs.1711.16 crore and Rs.3952.12 crore respectively. The debt servicing liability thus comes to Rs.5663.28 crore.

11.3 The year-end debt GSDP ratio and debt stock to revenue receipt ratio would thus work out to 25.07% and 138.41% respectively. The Interest Payment to Revenue Receipt and Debt Servicing liability to Revenue Receipt ratio would be 12.57% and 18.01% respectively.

11.4 The 13th Finance Commission recommended debt-GSDP ratio of 25% as one of the fiscal consolidation measures. Our debt GSDP ratio is approaching the desired level. The 12th Finance Commission had also recommended interest payment to revenue receipt ratio at 15%. Our ratio is well within the recommended level. In view of this I would like to assure the Hon'ble Members that our public debt is at a sustainable level and there should not be any undue concern over this.

12. Institutional measures for improved Budget management.

In order to make Public Expenditure more productive and effective, the existing Budget Management System needs to be strengthened. A few initiatives have been taken in this direction as indicated below:

12.1 Annual Maintenance Plan

Capital assets enable the delivery of public services. The performance and continued use of the capital assets are essential to economic development and quality of life of the people for whom the services are intended. Budgetary constraints often shrink the availability of resources for maintenance which makes it difficult to provide the services at expected level. While making adequate provision towards maintenance of capital assets it is equally important to ensure its effective utilization. Empirical studies indicate that a rupee spent on maintenance of road assets in the developing countries saves three rupees in terms of road user costs. With this objective in view, it has been decided to formulate Annual Maintenance Plan to put in place appropriate institutional reforms for effective and productive utilization of the

budgeted provision for Operation & Maintenance indicating the criteria to be followed for allocation of budgeted provision among the functional and administrative units, routine and periodic maintenance, monitoring and oversight arrangement.

12.2 Introduction of Cash Management:

In order to ensure timely spending of budgeted outlays, even pacing of expenditure and avoiding rush of expenditure in the last quarter of the financial year; it has been decided to introduce cash management system in 10 key Departments through Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocation (QEA) in the financial year 2010-11. The concerned Departments will have enhanced financial power and full operational flexibility to spend the budgeted outlay as per the quarterly targets with the stipulation to limit the expenditure in the 4th quarter and in the month of March within 40% and 15% respectively. Operationalisation of the scheme is expected to ensure full utilisation of the budgetary allocation without rush of expenditure in the last quarter of the financial year.

12.3 Capital Expenditure

Government Capital expenditure comprises financial investment in the form of loans and advances, share capital investment and capital outlay for creation of physical assets. It promotes productive capacity within the State's economy. Besides, a portion of expenditure met from revenue account is also utilized for creation of capital assets and capital formation by the end users or recipients of grants and assistance given by the Government to individuals and organizations. A part of the expenditure in the revenue account under Schemes like Rajiv Gandhi Gramin Vidyutikaran Yojana, Biju Krushak Vikas Yojana, Jalanidhi, Biju Grama Jyoti Yojana and the newly launched scheme for utilization of ground water in drought prone areas will also go towards capital formation. The benefits from the productive assets created under these schemes will accrue to the users of these assets.

A separate disclosure statement in this regard has been furnished in the Explanatory Memorandum to capture total public investment made for capital formation.

12.4 Linking outlays to outcomes

Mere provision in the budget is not sufficient. It should produce the desired output and outcome so that the common man is benefited. In other words, there is a need to link outputs and outcomes. In this context, it has been decided to bring out Outcome Budget of Works, Water Resources, Rural Development, Women & Child Development and Panchayati Raj Departments

in 2010-11. These documents will be made available to the Departmentally related Standing Committees for their examination.

13. Tax reform proposals

13.1 As I had indicated earlier, simplification and modernization of tax system is one of my major thrust areas in formulating this Budget. As you know, there is a national consensus for implementation of Goods and Services Tax (GST) both at the level of the Union and the States from the next fiscal. This will usher in a plethora of reforms in the indirect tax regime in the country. The States will have power to levy tax on services along with goods. The Empowered Committee of State Finance Ministers is engaged in preparing the design of the proposed GST structure as well as the road map for its implementation. The GST will replace the existing VAT System. Therefore, there is a need for aligning the existing system with the proposed GST structure, so that it will facilitate seamless transition from VAT to GST.

13.2 As you are aware, alongwith Cinema Halls, the cable service providing entertainment to viewers has been brought under tax net under the Orissa Entertainment Tax Act, 2006. However, now a days the DTH Service (Direct-to-Home Service) has become very popular in the State. In order to bring a level playing field for different sources of entertainment it is now proposed to bring DTH Service under the tax net. A bill seeking amendment of the Orissa Entertainment Tax Act. will be brought in the current session of the Orissa Legislative Assembly.

13.3 For the benefit of the tax payers, e-payment of tax has been introduced in Commercial Tax Department from the current year. It is expected that by end of this financial year about 50% of the dealers shall avail electronic payment facility. Besides, it is proposed to introduce e-filing of return by the dealers during the current year, which will help the dealers to a great extent. Apart from this, the modernization of our border check gates has been taken up on priority basis. ECIL, a Government of India undertaking has been engaged for modernization of two check gates at Luhurachatti and Laxmannath. There is also a proposal to modernize twelve other border check gates on Public Private Partnership mode.

14. Conclusion:

Before I conclude let me take the liberty of calling upon all the Hon'ble Members of the august House to indulge in an exercise of self-introspection. Our State is richly endowed with natural resources. We have a glorious cultural heritage. With the blessings of Lord Jagannath our human resources is of the highest caliber and quality. History also bears testimony to our great and indomitable spirit of enterprise. Let us pause for a moment and ask ourselves why is it that with all these competitive advantages our beloved

State has not yet reached the summit of social and economic progress. What then is holding us back ? No doubt under the dynamic leadership of our Hon'ble Chief Minister we have made impressive and rapid strides during this decade. Yet we have a long way to go for catching up with the rest of the nation in many spheres. It is my firm belief and conviction that we can bridge this gap much faster if we sink all differences, rise, transcend our sectarian interests and demonstrate our collective will in matters relating to the development agenda of the state. Let it be our common endeavor to follow Gandhiji's Talisman and secure the well-being of the weakest in the farthest and remotest corners of our state. At this juncture please allow me to quote a few lines of a poem of one of our greatest poets Gangadhar Meher.

"Brothers until we merge
Our million lives into one
Misery will be our destiny,
Ever thirsty,
We will keep gazing
At the spring "

With this appeal, I commend this Budget for approval of this august House. Besides, I convey my hearty thanks to you Sir, the Leader of the House, Hon'ble Chief Minister, Hon'ble Leader of Opposition and the Hon'ble Members of this House for giving a patient hearing. May I pray Lord Sri Jagannath to bestow his blessings on the people of our State for a better tomorrow.

Jai Hind
Vande Utkal Janani

