SPEECH OF

SHRI JUGAL KISHORE PATNAIK

FINANCE MINISTER, ORISSA.

PRESENTING THE BUDGET ESTIMATES

FOR THE YEAR 1988-89

TO THE ORISSA LEGISLATIVE ASSEMBLY

MARCH 2, 1988
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Speaker Sir,

I rise to present before this august House the Budget Estimates for 1988-89 and take this opportunity to extend my warm greetings to the Hon’ble Members of the House.

2. The year 1987-88 has been a year of considerable stress and strain for us. Failure of the monsoon and the consequent drought conditions have been widespread affecting adversely the production of khariff output and generation of power particularly in hydroprojects. Economy of the State as a whole was under pressure leading to impairment of activities in agricultural and industrial sectors. Income and purchasing power of the people of Orissa and the State Government’s resource gathering efforts suffered a set back. Various items of revenue and recoveries anticipated in the Budget for 1987-88 are therefore not likely to materialise.
3. The Revised Estimates for 1987-88 framed in the aforementioned background envisages a total receipt of Rs. 3832.93 crores and a total outgo of Rs. 3811.46 crores, showing a cash surplus of Rs. 21.47 crores. This surplus, which represents the sale proceeds of treasury bills held at the end of the financial year 1986-87 is to be adjusted against the deficit of Rs. 83.29 crores in the State Government’s cash account for 1986-87 as reported by the R. B. I. The deterioration in the transactions for the year which was estimated at Rs. 12.09 crores at the budget stage was mainly attributable to shortfall in the State’s share in Central taxes, lesser receipt from Government of India on account of plan schemes in the Central Sector and relief expenditure and lesser realisation under some heads of the State’s revenues. Therefore, the overall transactions for 1986-87 disclosed a net deficit of Rs. 61.82 crores which became the opening balance for 1987-88. Aggregates of other transactions during the year 1987-88 are estimated to even out and the closing deficit of Rs. 61.82 crores is to be rolled over to the next financial year.

4. As the Hon’ble Members are aware, the State is in the grip of a severe drought. To mitigate the distress and misery of people, particularly in rural segments, State Government have undertaken large scale programmes
of relief for generating income and employment. Appreciating the need for greater intensity and spread in drought management efforts, the Government of India have allocated additional resources by way of advance plan assistance for drought relief and drought proofing schemes. Steps have been taken for administration of relief programmes, execution of labour intensive works and nutrition programmes in different affected areas of the State.

5. Inadequate and irregular precipitation during the last monsoon season has caused dislocation in many areas of the State’s economy. Shortfalls under the various heads of revenue—mainly land revenue, generation and sale of power and electricity duty—are unavoidable in the current financial year. This has created a crunch in the resources estimated for the Annual Plan for 1987-88. A sharp reduction in the Annual Plan outlay by about Rs. 163 crores could be staved off by effecting improvements in the resources of the State Government as well as the State Electricity Board. The revised outlay as provided in the Revised Estimates would stand at Rs. 684.40 crores. Together with the advance plan assistance for drought relief measures, the plan size would be of the order of Rs. 742 crores.

Three
6. The Budget Estimates for the fiscal 1988-89 envisage that the total receipts of Rs. 3989.79 crores will be matched by a total disbursement of Rs. 3989.79 crores. The year’s transactions thus are expected to close without creating either a surplus or a deficit. Broad details of the Budget figures disclosing the transactions in the Consolidated Fund, the Contingency Fund and the Public Account of the State Government are exhibited in the statement at Appendix-I. Provisions allowed in the Non-Plan side of the Budget for various items of expenditure have been carefully scrutinised and by and large conform to the norms and standards laid down by the 8th Finance Commission. The revenue account of the State Government for 1988-89 has a surplus of Rs. 60.77 crores whereas there is a deficit of Rs. 171.02 crores in the capital account. The net deficit in the Consolidated Fund comes to Rs. 110.25 crores which would be offset by an equal amount of surplus in the Public Account.

7. The Honourable Members are aware that since 1980 the successive Budgets have been dedicated to achieving our Government’s prime objective of building a prosperous Orissa and carving out for the people of the State a path of higher economic growth and social progress. A series of growth-oriented policies combined with stability and firm
direction have contributed in a large measure
to amelioration of poverty in the State,
generation of employment opportunities in
rural areas and other many sided develop-
ments having a multiplier effect. Despite
the frequent occurrence of natural calamities,
the State’s journey towards a better tomorrow
remains unabated.

8. Thanks to the efforts of our Chief
Minister, the Annual Plan for the year 1988-89
has been fixed at Rs. 835·00 crores despite
the overall constraints in resources experienced
by almost all the States including the Central
Government. I am also glad to announce
here that we have been able to provide a
larger plan outlay for the next financial year
without resorting to any large dose of taxation.
The scheme of financing a plan of Rs. 835·00
crores in 1988-89 is given in Appendix-II.
We propose to raise additional resources of
the order of Rs. 95·70 crores to support the
next year’s plan outlay by rationalising and
restructuring the various tax and non-tax
sources and rates of imposts of revenue which
are within the parameters wherever laid down
by this august House. I would like to record
here my deep appreciation of the gesture
of all sections of Government employees
as well as employees of aided educational
institutions and local bodies who have
invariably given their consent to temporarily
impound the additional instalments of dearness allowance for financing the Annual Plan. We have also anticipated higher forest receipts on account of nationalisation of the working of bamboo areas in the State. Sector-wise allocation of the State Plan outlay is as follows:

(Rs. in crores)

1. Agriculture and Allied activities 79·91
2. Rural Development 50·59
3. Irrigation and Flood Control 193·13
4. Energy 224·83
5. Industry and Minerals 52·53
6. Transport 52·55
7. Science & Technology 1·23
8. General Economic Service 10·51
9. Social Services 141·70
10. General Services 28·02

Total 835·00

Of the above outlay, the State Budget will have a provision of Rs. 749·50 crores. The balance of Rs. 85·50 crores comprises the plan of the O. S. E. B. at Rs. 78·51 crores, of the O. S. R. T. C. at Rs. 4·56 crores and Urban Local Bodies at Rs. 2·43 crores. The budgetary outlay of Rs. 749·50 crores includes
a provision of Rs. 19.43 crores for upgradation of the standards of administration. Special Central Assistance of Rs. 25.57 crores is expected during 1988-89 for Tribal Development Programmes. Another sum of Rs. 1.74 crores will be available from the E. S. I. and UNICEF. The Central and Centrally Sponsored Plan Schemes aggregate to Rs. 247.32 crores. Thus the total outlay in the State Budget for various programmes under State Plan, Central Plan and Centrally Sponsored Plan comes to Rs. 1024.13 crores.

9. I will now come to some of the major thrusts in the different sectors of development.

10. Activities in the agricultural sector would continue to play a dominant role in the State's economy for sometime, despite the diversification which of late has been taking place. The programmes under this sector aim at improving productivity through extension of crop area, introduction of improved agricultural implements and practices, diversification of cropping pattern, use of high yielding varieties of seeds, fertilizers and pesticides. Continuing schemes for improving production of paddy, oil seeds and pulses will be further strengthened. The target for 1988-89 has been fixed for production of 81.42 lakh tonnes of food grains, 9.51 lakh tonnes of oil seeds and 39.30 lakh tonnes of sugarcane. Other significant programmes in this sector
are improvement of horticulture, plantation of fruit bearing trees and training of housewives in techniques of food preservation. More than 50 per cent of the land surface of the State being prone to hazards of erosion, due emphasis has been laid on soil conservation measures. Programmes like plantation of trees, water harvesting structures and stream bank erosion control have been taken up. It is also proposed to take up integrated watershed management programme in the catchment area of the Subarnarekha, Indravati and Upper Kolab rivers.

11. Co-operatives play a vital role in the agrobased economy of the State. The target up to the next year is to bring within the co-operative fold 32.35 lakh families under progressive coverage out of a total of 36.72 lakh agricultural families in the State. The Co-operative Credit Structure is being activated to disburse to farmers short term loans of Rs. 70.00 crores, medium term loans of Rs. 12.00 crores and long term loan of Rs. 15.00 crores during 1988-89. Two new sugar factories one at Nayagarh and another at Baramba are under execution and these factories are expected to go into stream next year.

12. Most of the programmes in the Animal Husbandry field are intended to step up production of milk, meat and egg through
scientific breeding, feeding and management practices. Production of quality animals at economic cost, strengthening of organisations for supply of required input and marketing of the output, provision of animal health cover and control measures will continue to receive attention in 1988-89. Integrated cattle development programmes are proposed to be taken up newly in the districts of Koraput and Bolangir with assistance of the Danish Government. There is also a proposal to take up a dairy development programme in the district of Ganjam with the Swiss Government assistance. A provision has been made to convert 100 chilled semen centres to frozen semen centres during 1988-89.

Fishery

13. Both marine and inland fishery development programmes are directed towards augmentation of production and *per capita* consumption of fish in the State. Provision has been made for infrastructure development by construction of fishing harbours at Paradeep, Gopalpur and Nuagarh. A scheme has also been taken up for development of traditional fishery at Kasafal. Modernisation programmes include introduction of new technology for fishery development in the field of hatchery for prawn and fish seeds production. Welfare measures for fishermen
like provision of insurance cover, saving-cum-relief fund, housing and drinking water supply will continue with a larger coverage.

14. Development without destruction has been the guideline in using the forest wealth of the State. Nearly 36 per cent of the State’s geographical area is under forest cover. To maintain the agro-climatic and ecological characteristics of the region and in line with the overall approach of protection of the environment, the policy emphasis has been on plantation of new forests and preservation of the existing forest areas. In 1988-89 it has been programmed to cover 74,000 hectares under forests of which 30,000 hectares will be commercial plantation. Nearly one lakh hectares of degraded forests will be rehabilitated. Seedlings of the order of 155 lakhs would be distributed for the aforesaid programmes.

15. Provision of Irrigation is one of the key inputs in our agro-based economy. Priority has been accorded to progressive utilisation of the irrigation potential of the State through major, medium and minor irrigation projects. During the first two years of the Seventh Plan the Rengali Dam Project and nine other medium irrigation projects have been substantially completed. Steps are being taken to complete as many on-going projects as are possible by the end of the next
financial year. Ayacut served by lift irrigation points will also be expanded particularly in those districts where ground water potential exists. In course of the next financial year, additional irrigation would be available for about 29,400 hectares in khariff and about 43,000 hectares in rabi seasons from major, medium, minor (flow) and lift irrigation sources. Since 1980, irrigation facilities have been provided for 3,08,000 hectares in khariff and 1,40,000 hectares for rabi crops. To provide protection against floods, several schemes are under investigation.

16. Policies of the State Government in respect of industrial finance, infrastructure and technical know-how have created an all-round environment for establishment and growth of industrial activities in the State. The State Public Sector Undertakings like the Orissa State Financial Corporation, the Industrial Development Corporation Ltd., the Industrial Promotion and Investment Corporation, the Industrial Infrastructure Development Corporation and the Electronic Development Corporation have drawn up programmes for greater development during 1988-89 of small and large industries in the State. Up to the end of December 1987, 7,499 units of Small-Scale and Village Industries were set up creating employment opportunities for more than 50,000 persons. Artisan-based industrial
units received an investment support of about 37 crores from the financing institutions during the current financial year. Next year the investment would be of the order of Rs. 59 crores from Small-Scale and Village Industries and Rs. 39 crores for artisan-based industrial activities.

Nineteen units of medium and large scale industries promoted by IPICOL with an investment of Rs. 70.91 crores are expected to go into production during 1987-88. 48 more industries with an investment of Rs. 130.80 crores may go into production in different phases next year. The Industrial Development Corporation proposes to expand its activities in the existing units as well as by setting up new industries involving more than Rs. 100 crores of investment. An electronic industries complex would be set up in Bhubaneswar by the Electronic Development Corporation during 1988-89 for promoting electronic units by small entrepreneurs. The output of various types of minerals in the State would be of the order of 22 million tonnes during 1988-89. Gem stone based industrial activities are proposed to be initiated in gem stone bearing areas of the State through the Orissa Mining Corporation Ltd. The Charge Chrome Factory at Brahmanipal has gone into commercial production. A chrome ore beneficiation plant is proposed to be set up by the Orissa
Mining Corporation Ltd. based on ore from Kaliapani Chrome Mines. Envisaged investment may be of the order of Rs. 13.60 crores in this project.

17. To augment the installed power generation capacity of 1234 megawatts with firm power availability of 584 megawatts, the State Government have laid considerable emphasis on early completion of the on-going schemes such as the Rengali Stage-I, Upper Kolab Stage-I, Upper Intravati and the Hirakud 7th Unit. New power projects like Rengali Stage-II, Upper Kolab Stage-II and Potteru are under investigation. The lb Thermal Power Project has been sanctioned. Negotiations are going on with M/S. BHEL for financing the project. They are expected to come to a close during the first half of 1988. The NTPC’s super thermal project of 1,000 megawatts at Talcher has been cleared from the environment management angle and work on the project would gather considerable momentum during 1988.

18. A number of steps have since been taken for promoting the application of science, technology and consciousness among masses about environment and ecology. The Orissa Remote Sensing Application Centre and the Orissa Computer Application Centre have organised their activities in full scale. A number of bio-gas plants and windmills have been installed.
Solar cookers, solar water heating systems and photo voltaic pumps and street lights are being popularised. Seminars, discussions and workshops are being organised at the village level to disseminate knowledge and information about environment conservation measures and depletable sources of energy.

19. Addition to the communication network in the State has been possible through funding under N. H., R. D. P., M. N. P. and the RLEGPS. Emphasis has been laid on speedier completion of cross drainage works so that the users may have the benefit of all-weather road linkages. Under the RLEGPS we have so far been able since 1984 to improve 3,834 Kms. of roads in rural areas with 552 cross drainage works. Under the M. N. P. all-weather communications to 415 villages has been provided during the first two years of the Seventh Plan. The targets for 1988-89 are for improvement of 1,478 Kms. of road, completion of 52 bridges and 650 cross drainage works under the R. D. P., M. N. P. and the RLEGPS. Another six important road bridges are also proposed to be replaced.

20. Perceptible results have been achieved in the sphere of poverty amelioration programme in the State. The population below poverty-line has declined to 42.8 per cent in 1983-84 from 66.4 per cent in 1977-78.
The thrust provided by our Government to various anti-poverty programmes has led to reduction in the poverty ratio by 35 percentage points whereas at the national level the reduction was by 22 percentage points. All the schemes under IRDP, ERRP and RLEGP for providing income to small and marginal farmers and landless labourers would continue to be implemented with greater vigour. The personal accident insurance scheme for poor families has been enlarged to cover new areas and another 10,000 handicapped persons would be sanctioned disability pension. A Group Insurance Scheme for landless agricultural labourers has been launched in the districts of Kalahandi, Koraput and Phulbani. Integrated Child Development Projects would be set up in other districts. Rural water-supply schemes would cover additional 3,000 non-source villages along-with improvement of facilities in the partially covered areas. A sizeable programme of resinking and repair of tube-wells in rural areas is also under execution. 1,500 tube-wells over and above the normal programme for 1987-88 are being provided in the drought affected villages. Allotment of house sites to homesteadless persons particularly in rural areas, allotment of ceiling surplus land to the landless, updating of land records and pursuing the scheme of consolidation would continue to be the focus of land reforms and
land administration programmes. Consolidation operations will cover about one lakh hectares of land and Survey and Settlement operations will cover about 1,800 villages in 1988-89. Distribution of house sites to about 15,000 homesteadless families is the target for the next year.

21. Tribal and Harijan communities in the State would continue to be assisted for their welfare and greater participation in the process of development through a number of special programmes. The institutional arrangement for the purpose such as the Scheduled Caste and Scheduled Tribe Development Finance Corporation, Micro-Area Development Agencies, Integrated Tribal Development Agencies and Dispersed Tribal Development Programmes are being adequately funded in the coming financial year. A special programme with an outlay of Rs. 31 crores over a period of 7 years is being mounted during 1988-89 in Kasipur Block for all-round development of that area. Funding of this project would be through the International Fund for Agricultural Development. The tribal sub-plan areas are likely to receive a support of a little more than Rs. 255 crores from the provisions made in the State Plan, Central and Centrally Sponsored Plan for 1988-89. Economic assistance would be made available to more than one lakh tribal families in 1988-89
through the schemes like IRDP, ERRP and Special Central Assistance. The upper limit of the loan redemption schemes for tribal defaulters for all types of loans under anti-poverty programmes has since been raised from Rs. 200 to Rs. 250. A composite land based irrigation scheme has also been introduced whereby each tribal beneficiary would be subsidised to the extent of Rs. 5,000. 118 additional P. H. Cs., one each in the 118 tribal villages selected to be developed as model villages, are being set up for providing better health care. Health cards are being introduced in the educational institutions managed by the Harijan & Tribal Welfare Department and hostel facilities would be provided in a phased manner for primary schools in each Grama Panchayat in the Tribal Sub-Plan areas for reducing the drop-out rate in the primary educational institutions. The rate of monthly stipend has been revised from Rs. 150 to Rs. 250 for Scheduled Caste and Scheduled Tribe trainees who intend to participate in the competitive examinations. To enforce the provisions of the Orissa Reservation of Vacancies in Posts and Services (for Scheduled Caste and Scheduled Tribe) Act, 1975 more strictly, an amendment has been effected to penalise an appointing authority with fine which may extend up to Rs. 1,000 and the scale of monetary relief for Scheduled Caste/Scheduled Tribe victims

Seventeen
of atrocities has been enhanced from Rs. 10,000 to Rs. 20,000.

22. Our approach in respect of health care programmes has been on providing primary medical facilities in all rural and tribal areas of the State. During the year 1987-88, 500 sub-centres, 53 additional P. H. Cs. and 13 Community Health Centres with specialist service have already been sanctioned by Government. This health cover net work is going to be further expanded in 1988-89 by establishing 500 more sub-centres, 100 additional P. H. Cs., 26 Community Health Centres, 25 Ayurvedic Dispensaries and 25 Homeopathic Dispensaries. The programmes relating to family welfare, maternity and child care will continue. The universal immunisation programme which comprises of a package of services to expectant mothers and infants will be extended to four more districts during 1988-89. All the districts are proposed to be covered by this programme by 1990. As the programme to combat leprosy through multidrug treatment has achieved appreciable success in four districts of the State, Government propose to extend the programme to three more districts.

23. For improvement of housing facilities for vulnerable sections, various social housing schemes have been taken in hand in addition to lending schemes for the low and middle
income groups. The financial pattern of the integrated housing scheme has been changed by revising the unit cost from Rs. 2,000 to Rs. 7,500 with a subsidy component of Rs. 3,000. The Indira Aabas Yojana meant for Scheduled Tribe, Scheduled Caste and bonded labour population is continuing. The target for the next year is to cover 3,300 landless labourers under the integrated housing scheme and more than 9,000 beneficiaries under the Indira Aabas Yojana. For augmentation of urban water-supply, an amount of Rs. 6.93 crores has been spent during the first two years of the Seventh Plan. It has been proposed to spend Rs. 4.66 crores in 1987-88 and Rs. 5.05 crores in 1988-89.

24. Universalisation of elementary education by 1990 will be the main component of educational programme during 1988-89. In addition to the 500 new primary schools opened in 1987 the action plan for 1988-89 envisages opening of 500 more schools with two teachers each. Provision has also been made for conversion of 1,000 single-teacher schools to two-teacher schools in 1988-89. The strength of teachers in existing 400 multi-teacher primary schools will be further augmented. The scheme of "Operation Black-Board"—a great fillip in the field of primary education was launched in 1987-88 to cover all the primary schools by 1989-90, the
objective being qualitative improvement of the standard of primary education in the country. A provision of Rs. 2.50 crores has been made in the Budget for the construction of primary school buildings and additional classrooms. TV sets would be made available in a phased manner to primary schools for implementation of the new educational policy. Vocational courses covering computers, auto engineering technology, mechanical engineering, marine fishery and radio and television repairs are proposed to be introduced in secondary schools. Post-graduate courses in new disciplines have been allowed in more number of colleges. To promote sports activities in the State, priority has been accorded to sports infrastructures in the districts as well as at important sports centres. Facilities for providing training to young talents have been created by establishing sports hostels and organising coaching camps. A sports complex and a community sports centre at Bhubaneswar and 19 (nineteen) stadia at different localities are under construction. Arrangements have also been made to set up 6 (six) gymnasia in different areas of the State.

25. Provision of infrastructural facilities such as establishment of hotels, restaurants and plying of taxi and buses has enabled larger arrival of foreign tourists in the State. To
cater to the needs of the middle-level internal (house) tourists, pantha salas, youth hostels, jatri nivas and jatrika are under construction. Development of places of tourist interest is another major activity in this sector.

26. I have unfolded before this august House the whole spectrum of developmental and other activities which would be supported through the State Government's Budget for the fiscal 1988. The successive Budgets presented by our Government have been oriented to achieving our major goal of removing poverty, generating employment opportunities and meeting the rising aspirations of the people. I am sure that the Hon'ble Members in course of discussion of the various aspects of the next year's Budget proposals would offer their valued guidance and advice and continuing co-operation to enable the Government to accelerate the pace of progress in the State.

JAI HIND

Twe'ty-one
# STATEMENT-I

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<td>(i) Non-Plan</td>
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<td>(ii) State Plan</td>
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<td>(iii) Central Plan</td>
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<td>(iv) C. S. Plan</td>
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<td><strong>Total—(a) Revenue Account</strong></td>
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<td>1615.89</td>
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<tr>
<td>(b) Capital Account</td>
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<tr>
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<td>(ii) State Plan</td>
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<td><strong>TOTAL—STATE BUDGET</strong></td>
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<td>3989.79</td>
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</table>

*Twenty-two*
### STATEMENT-II

(Rs. in crores)

**I. State Government—**

1. Non-Plan Revenue Account .. (—) 10.25
2. Non-Plan Capital Account excluding Market Borrowings, Small Savings Collection and including Public Account (Net). (—) 74.65
3. Market Borrowings (Net) .. 109.80
4. Loans against Small Savings Collection 60.50
5. Negotiated Loans from Reserve Bank of India and L. I. C. 10.34
6. Provident Fund (Net) .. 47.60
7. (a) Additional Resource Mobilisation Measures undertaken during 1985-86 to 1987-88. 179.82
   (b) Additional Resource Mobilisation Measures in 1988-89 inclusive of impounding of Dearness Allowance and mobilisation of Deposit under the revised Group Insurance Scheme and sale of land in selected Urban Areas. 95.70
8. Central Assistance for State Plan .. 311.21
9. Upgradation grant for Capital Works .. 19.43

**Total** 749.50

**II. Orissa State Electricity Board** .. 78.51
**III. Orissa State Road Transport Corporation** .. 4.56
**IV. Urban Local Bodies** .. 2.43

**Total—State Plan (I+II+III+IV)** .. 835.00

**Twenty-three**