



BUDGET SPEECH

(BUDGET 2005-2006)

BUDGET SPEECH FOR 2005-06

Hon'ble Speaker Sir,

At the outset I express my gratitude to you, Hon'ble Leader of this august House and our beloved Chief Minister, Hon'ble Leader and Deputy Leader of the Opposition and all the Members of this House for getting an opportunity to present the Budget for the financial year 2005-06 for consecutive second year as Finance Minister. You are all aware of the fact that Finance Ministers have to work within an arithmetical framework and complicated rules and regulations. So I appeal to all the Members of this august House to give a patient hearing to my Speech.

Overall
Financial
Condi-
tion of the
State

2. I would like to give an overall idea about the financial condition of the State before I say something on budget estimate for the financial year 2005-06. You are all aware of the critical and serious financial condition of the State. I want to point-out here that the revenue receipt should balance the revenue expenditure of the State or it should be more than the revenue expenditure so that the borrowed fund meant for developmental expenditure can be utilized for the purpose for which fund has been borrowed. But in the past this simple truth was not given the degree of importance, it deserves in our day to day fiscal management. As a result, when there was revenue surplus of Rs.74.50 Crores in 1981 between the revenue receipt and expenditure, it steadily declined. The difference between Revenue Receipt and Expenditure went on increasing and reached an alarming level of Rs. (-)2574.19 Crores in 1999-2000. But it came down to Rs. (-) 1420.92 crore in 2003-04. 69% of the gross loan incurred in 1999-2000 was diverted to meet the revenue deficit in that year but it has been limited to 29% during the year 2003-04. Due to increase in revenue deficit every year and the loan incurred for the developmental work being diverted to meet the revenue deficit, fund for developmental work is going on decreasing from year to year. So the capital expenditure which was 21% of the total expenditure in 1980-81 came down to 8% and 5% respectively in 1999-2000 and 2003-04. As a percentage of Gross State Domestic Product (GSDP) the capital expenditure has declined from 5% in 1980-81 to 2% in 1999-2000 and 1.65% in 2003-04.

3. On the other hand, the debt stock as percentage of the total revenue receipt which was 206% in 1980-81 has increased to 308 % in 1999-2000 and 335% in 2003-04. The increased diversion of borrowed funds to meet the revenue expenditure, reduction in the capital component of the expenditure and mounting debt burden are the prominent symptoms of serious illness of the fiscal system of the State. The financial situation assumed such a serious proportion in 1998-99 and 1999-2000 that the then Congress Government was compelled to sign an MoU with Govt. of India on 15th April, 1999 in order to over come the over draft situation,

because without signing an agreement, Govt. of India was not prepared to help the State Govt. to clear the overdraft which has reached Rs.232.45 crore. As per the terms and conditions of the MoU, the State Govt. was required to reduce revenue expenditure and increase the revenue receipt within a time schedule specified.

4. After assuming power by the BJD-BJP coalition Govt., a white paper analyzing the Fiscal condition of the State was presented in this august House in March, 2001. This was followed up by State Government signing an MoU with Govt. of India on 11.10.2001 in accordance with the recommendation of 11th Finance Commission. As per the stipulation contained in the MoU, the State Govt. is committed to take a number of revenue generation and expenditure compression measures.

5. The present Government have taken steps from the very beginning to bring improvement in the Fiscal management, the fruits of which are being realized gradually. I would like to place few instances before you in this context.

- While State's own Revenue as percentage of GSDP was 6.3% in 1999-2000 it has been increased to 8.5% in 2003-04.
- While the Revenue Deficit, which was Rs.(-) 2574.19 crore in 1999-2000 it has decreased to (-) 1420.92 crore in 2003-04. As a percentage of GSDP it has decreased from (-) 6.7% of GSDP in 1999-2000 to (-) 2.8% in 2003-04. It would be no exaggeration to say that it is a significant achievement of the present Government.

Fiscal
Incentive
Grant

6. The Eleventh Finance Commission recommended that the State would be entitled to receive Fiscal Incentive Grant if it improves in ratio of revenue deficit to revenue receipt by 5% per annum. With all humility I want to point out here that the ratio of Revenue Deficit to Revenue Receipt which was 43.7% in 1999-2000 has been reduced to 15.15% in 2003-04, thus the State Government have achieved an improvement in the reduction of ratio of Revenue Deficit to Revenue Receipt by 7.15% per annum during the period from 2000-01 to 2003-04 against the target of 5% fixed by the Eleventh Finance Commission. As a result, the State Government have been able to receive fiscal incentive Grant of Rs. 263.73 Crore continuously for the period 2000-01 to 2003-04. It is expected that there would be further reduction in revenue deficit in 2004-05 and the State would be able to get incentive grant of about Rs.52.00 crore in 2005-06.

Improve
-ment in
day to
day
Fiscal
Manage-
ment of
the State

7. Due to frequent Overdraft in the past, a lot of difficulties were being faced on day to day basis for drawing money from Treasury. In 1999-2000 out of 365 days while the State Government Account was in Ways & Means Position for 144 days, the State Govt. account was in over draft for 141 days. This situation persisted till 2003-04. During 2003-04 while the State Government account was in Ways &

Means position for 152 days, it was in over draft for 171 days. But I want to humbly announce that due to tightening of fiscal discipline and improvement in day to day management of Ways & Means position the State Govt. has been within the Ways & Means limit for only 99 days and there has not been over draft even for a single day till this date. It is a significant achievement that the State could save interest payment amounting to Rs.18.54 crore due to Ways & Means advance availed for less days and not incurring Overdraft. With this saving, the State Govt. could be able to construct either three medium size bridges or 371 primary school buildings.

Letter
of
Credit

8. On the other hand, in order to expedite the implementation of different developmental works while the letter of credit was issued to various Engineering Departments for Rs.1011.23 crore by the end of February, 2004 and Rs.1291.72 crore during 2003-04 by end of March, 2004, during the current financial year 2004-05 L.C. has been issued for Rs.1250.09 crore by end of February, 2005 and Rs.1573.95 crore by 02.03.2005. In order that any developmental work is not affected, Finance Department have not imposed any restriction on issuing of L.C. nor on drawal of money from Treasury. On the other hand, strict measures have been taken so as to remove any difficulties in drawal of money from Treasuries for developmental work.

Submi-
ssion
of
Utilisa-
tion
Certifi-
cates in
respect
of
Central
Assista-
nce

9. In the past, Central assistance was remaining unutilized for years together and it was not timely utilized or even if expenditure was incurred utilisation certificates, wherever needed, were not submitted in time. But our Government have continued its efforts for timely utilisation of central Grant and submission of utilisation certificate. As a result, while the Utilisation Certificate submitted in 2000-01 was of the order of Rs. 534.00 Crore, it has been increased to Rs. 615.00 crore in 2001-02, Rs. 1151.00 Crore in 2002-03 and Rs. 1465.04 Crore during 2003-04. During the current financial year due to strict vigilance and effective review we have been able to submit utilisation certificate for Rs.2234 crore till December, 2004. Due to submission of Utilisation Certificate in time, there has been significant reduction in delay in receipt of Central assistance. This has helped, to some extent, in day to day management of Ways & Means position of Govt.

Improve
ment in
collect-
ion of
State's
own Tax
& Non-
Tax
Revenue

10. State Government have taken stringent measures to boost collection of State's own tax and non-tax revenue during current financial year in comparison to last year's collection. As a result, there has been collection of tax and non-tax to the tune of above Rs. 3048.00 Crore and Rs. 911.00 crore respectively by the end of January, 2005. The increase has been 27% and 29% in State's own tax revenue and total tax revenue respectively in comparison to last year's collection. Had some departments not lagged behind in collection of State's own revenue, there would have been still more revenue collection of the State. For this, concerned Departments have kept up their efforts to make good the deficit.

Debt
Swa-
pping

11. In spite of State's all possible efforts for reduction of revenue expenditure, enhancement of revenue collection and submission of utilisation certificates, the huge loan incurred in previous years stands as a big problem before us. The total debt stock as on 31.03.04 is of the order of Rs. 31,634.00 Crore which constitutes 61% of GSDP and 335% of State's total revenue. While interest payment during 2003-04 constituted 30.3% of State's total revenue, it was 5.5% of Gross State Domestic Product of the State. The debt stock of the State has become a matter of serious concern. This is simply unsustainable. Ideally, the debt stock should be within 300% of State's total revenue or should be limited to 20% to 25% of GSDP. As per the recommendation of 11th Finance Commission the interest payment should be contained at a level of 18% to 20% of State's revenue. State Government are trying to reduce the increasing interest payment arising out of heavy debt burden by retiring the high cost borrowing through low cost borrowing. The State Government have swapped high cost loan amounting to Rs.474.56 crore in 2002-03, Rs.863.79 crore in 2003-04 and about Rs.1153 crore during the financial year 2004-05. As a result, the interest relief which was Rs.33 crore in 2002-03 had risen to Rs.62 crore in 2003-04 and it is expected that the interest relief would be more than Rs.50 crore during 2004-05.

Growth
of
State's
Eco-
nomy

12. While overall growth rate of GSDP at 1993-94 price was 5.62% during 9th Five Year Plan, it has been targeted to achieve growth rate of 6.2% during 10th Five Year Plan. The growth rate of State's GSDP at 1993-94 price is 0.53% in 2002-03 and it has risen to 10.63% during 2003-04. Thus if we take into account the growth rate of GSDP of first two years of 10th Five Year Plan the average growth rate per year is 5.58%. If we sincerely try, the target fixed for 10th Five Year Plan may be achieved; otherwise Orissa would be left behind.

13. State's fiscal problem had assumed alarming proportion during the past years. There has been all possible efforts during last four to five years to arrest this deterioration under the leadership of our beloved Chief Minister. Whatever improvement has been achieved in fiscal management has been possible due to the co-operation received from members of both ruling and opposition parties, general public, government servants, representatives of press, economists, educationists, and representatives of trade and commerce. For this, I thank and convey my gratitude to all.

14. But on the other hand, I want to make it clear that whatever improvement has been achieved in fiscal management is not enough. There is no question of complacency. We have miles to go to reach our destination. The Government have laid a Medium Term Fiscal Plan for 2002-03 to 2007-08 in this august House on 07.08.04 in order to bring gradual reduction of debt burden by reducing unproductive revenue expenditure and by enhancing revenue receipt of the State. It

has been targeted to reduce revenue deficit and fiscal deficit to a particular level from year to year and to limit the expenditure on salary and pension keeping in view the level of State's revenue.

15. The quantum of assistance through Govt. of India for Externally Aided Projects depends on achieving the target of fiscal parameter. No one will give assistance if we go on telling that Orissa is poor and we are all poor. Our State is not poor. It is the poverty of mind set which is the main obstacle in the path of progress. Financial assistance is dependent on our removing poverty of mind set and improvement in our fiscal performance. I want to point out here that though the State Government had projected Annual Plan Outlay at Rs.3250 crore for 2004-05 the Planning Commission in February 2004 pointed out that this would be around Rs.1300.00 crore.. After our Hon'ble Chief Minister apprised fiscal reform measures taken by Govt. in different times to the Hon'ble Union Finance Minister and Hon'ble Deputy Chairman, Planning Commission, the Central Government recommended for Structural Adjustment Loan and grant for Public Enterprise Reform Programme from World Bank and DFID respectively. At the same time, the Central Government agreed to increase the Central Assistance in different sectors. As a result, while it was estimated in February, 2004 that the resource for Annual Plan 2004-05 would be Rs.1300 crore the Planning Commission have informed in February 2005 that it would be increased to Rs.2587.57 crore. Similarly, while the resource estimate for Financial Year 2005-06 was estimated at Rs.2534.67 crores at Official level discussion held in November 2004, the State Government pleaded that the plan outlay should be atleast Rs.2800 crore for 2005-06. The Deputy Chairman of the Planning Commission Sri Montek Singh Ahluwalia during his recent visit to Bhubaneswar in February 2005 was apprised of the detailed Fiscal Reform Measures and other developmental work undertaken by the State Government. The State Government had pleaded strongly for the Planning Commission's urgent assistance and cooperation for the speedy development of the State. The Hon'ble Deputy Chairman of the Planning Commission is a noted Economist. Having seen the various steps taken by the State Government, he expressed happiness on Fiscal Reform Programme undertaken by the State Government. When Hon'ble Chief Minister pleaded in the meeting held on 16.02.05 that State Plan Outlay for 2005-06 should be raised from Rs.2800 crore to Rs.3000 crore, the Hon'ble Deputy Chairman apprised the members of Planning Commission of the different steps taken by State Government and readily accepted the proposal of Chief Minister of Orissa. Such proposal could be accepted only due to effective steps taken by State Govt. for fiscal management. So all depends on our efficiency and dedication. Nobody will listen to us if we ask for financial assistance. There is need to put forth our demand for greater central assistance depending on our work efficiency. We should argue our case from position of strength rather than pleading our case from a position of weakness.

Revised
Estimate

16. Now I want to turn to the Revised Estimate for the Financial Year 2004-05. I have mentioned earlier that the Planning Commission have informed the State Government on 14.02.05 that the estimate of financial resources for 2005-06 would be Rs.2587.57crore, but Rs.900 crore meant for Externally Aided Projects is included therein. But there is possibility of less receipt of central assistance of about Rs.330 to Rs.340 Crore under Externally Aided Projects due to expiry of the date of completion of some of the projects and poor utilisation of fund in other cases. Under these circumstances, the resources should be limited to Rs.2250 Crore for Plan outlay for 2004-2005. But in comparison to estimate in the Original Budget for 2004-2005 it is expected that there would be more receipt of State's own resources amounting to Rs.250.00 crore from different sources. Hence, it has been decided to limit the revised State Plan Outlay at Rs.2500 Crore. The Planning Commission has also approved the Plan Outlay for 2004-2005 at Rs.2500 Crore.

Budget
Estimate
for 2005-
2006

17. I think it relevant to point out the primary objectives which I have given importance at the time of formulation of budget proposals for 2005-06.

- a. Fiscal Reform, reduction of unproductive Expenditure and mobilisation of more resources.
- b. Development of Agriculture, Industry & Infrastructure
- c. Expanding Social Security Schemes.

18. Medium Term Fiscal Plan was laid in this august House on 7.08.2004 and I have already pointed out its importance. The estimate of receipt and expenditure for 2005-2006 have been prepared by and large keeping in view the Medium Term Fiscal Plan. In this -

- ❖ State's Own Tax Revenue has been estimated at Rs.4010.02 Crore.
- ❖ State's Non-tax Revenue has been estimated at Rs.1061.26 Crore.
- ❖ State's share of Central Taxes has been estimated at Rs.4160.14 Crore
- ❖ Non Plan Grant has been estimated at Rs.905.32 Crore

These estimates have been made after discussion and in consultation with Planning Commission.

19. When the Revised Estimate for Non-Plan Revenue Expenditure is Rs.11,661.26 Crore for 2004-2005, the Budget Estimate for 2005-2006 has been limited to Rs.11,467.75 Crores in consultation with Planning Commission.

Out of the Budget provision of Rs.11,467.75 Crore for Non-Plan Revenue Expenditure.-

Rs. 3715.08 Crore for Interest Payment

Rs.1772.12 Crore for Pension Payment

Rs.339.83 Crore for Calamity Relief

Rs.3824.00 Crore for Salary and Grant-in-aid (Excluding Plan) of aided educational institutions.

Rs. 81.00 Crore for State Old Age Pension

Rs.15.80 Crore for Pension for Physically handicapped persons.

Rs.619.67 Crore for maintenance of capital assets like Roads & Buildings, Irrigation Projects, Flood Control etc.

Rs.4.35 Crore for Pension for Freedom Fighters.

Reso-
urce
Estimate
for State
Plan for
2005-06

20. At the first instance, income and expenditure in non-plan account is taken into account while estimating resources for State Plan. Salary and D.A. of Government Servants, Grant-in-Aid to non-govt. aided Schools and Colleges, Pension and Interest Payment are the main components of non-plan revenue expenditure which constitute 87% to 90% of State's total non-plan revenue expenditure. After taking into account the State's Own Tax and Non-Tax revenue, Share in Central Taxes, Non-Plan Grants, recovery of loans and advances on the receipt side and non-Plan expenditure together with repayment of loans and advance, the gap in the non-plan account works out at (-)Rs.3000 Crore (Rs.2989.90 Crore) for 2005-2006 while the gap was (-) Rs.3800 Crore (Rs.3779.63 Crore) for the year 2004-05 as per the revised estimate. In other words, out of the loan and grant estimated to finance the State Plan outlay at the first instance nearly Rs.3000.00 crore is being used up to fill up the gap in the non-plan account. So to have a plan outlay of Rs.3000.00 crore for 2005-2006, we shall have to arrange resource for Rs.6000.00 crore out of which the loan component is nearly Rs.4000.00 crore. If we would reduce the gap in the non-plan account, we would be able to arrange resources of equivalent amount to finance the stale Plan Outlay and consequently the quantum of loan which is incurred on an increased scale from year to year can gradually be reduced . This is the main objective of Medium Term Fiscal Plan.

21. Since the gap in Non-Plan Account is estimated at Rs.2989.90 crore, even after taking into account the net market borrowing of Rs.593.87 crore, Rs.615.30 crore loan from National Small Savings Fund, Rs.2000.00 crore from G.P.F. and Central assistance to the tune of Rs.994.13 crore as per Gadgil-Mukherjee formula, all aggregating to Rs.2403.30 crore, the gap in the non-plan is left to the extent of Rs.586.60 crore. There is negotiation with Planning Commission to get assistance of 1200Crore from World Bank, DFID through Government of India and out of the Rs..1200 Crore, Rs.400.00 Crore will be utilized for Debt Swap Scheme and the balance 800.00 Crore would be available for Plan financing. After taking into account grant and loan component of Rs.1200.00 crore from World Bank and DFID, the Untid Resources available would be of the order of Rs.213.40 Crore. The Tied-up resource which includes Assistance for Externally Aided Projects, Accelerated Irrigation Benefit Programme, loan from NABARD for Rural Infrastructure Development and Grant-in-Aid for KBK Districts would be Rs.2051.11 Crore. Thus the resource estimated for Annual Plan for 2005-2006 is Rs.3000.00 Crore, out of which the resource in the State Government Account is 2264.51 Crore and in the Accounts of PSUs like GRIDC OPGC, OHPC and

OSRTC the estimate of resource is 735.49 Crore. On the whole, out of resources estimate of Rs.3000.00 Crore for 2005-2006, Rs.2264.51 Crore would be available through State Budget. Again after taking into account Rs.1200.00 crore of World Bank – DFID assistance, the Un-tied Resources and Tied-up Resources would be Rs.213.40 crore and Rs.2051.11 crore respectively. But since we have to provide fund for Mid Day Meal, Scholarship to ST & SC Students, grant to Western Orissa Development Council and State share under CSP scheme and MLALAD, against Untied Resource of Rs.213.40 Crore a sum of Rs. 712.20 Crore has been provided under Resource United Schemes. As there is excess of Rs. 498.80 Crore outlay for Resource Untied schemes, we are bound to divert Tied up Resources of Rs.498.80 Crore.. On the other hand, the outlay for Resources Tied- up Schemes is being limited to Rs.1552.31 crore against estimate of resources of Rs.2051.11 crore for such schemes. This is really a horrible problem. I frankly admit that this procedure is not in accordance with Budgetary practice adopted for preparation of the Budget, but there is no alternative for a Finance Minister who faces resource crunch of such a magnitude and attempts to use a serpent as a rope. So it is essential that we should reduce our non-plan expenditure and enhance tax and non-tax revenue. As a result, more resources can be made available for Resource Un-tied Schemes.

Thrust
Area in
the
Budget

22. Our resources are limited; but our requirements are many. State's progress depends on optimum and proper utilization of resources. Despite plenty of resources, poverty in our mind-set has kept us undeveloped. Time has come for a jump to catch up with other States and march towards future. Our beloved Chief Minister has taken steps so that the State will become an industrially advanced State and self sufficient within next five years. It will give a new identity to the State in the development Map of India. The state has been recognized and worthy of getting praise in entire India for the bold steps taken by the present day leadership to fulfill the dreams of great leader Late Biju Pattnaik. In this perspective, attention has been given in some thrust areas in the Budget for the year 2005-2006 keeping in view the limited resources of the State. These are: -

- ❖ Prioritizing the outlay for completion of incomplete projects
- ❖ To increase the State's share in order to avail more Central Assistance.
- ❖ There have been special provision for socio-economic upliftment of Tribal, Harijan and Backward Class People and the scholarship of students of these communities has been increased.
- ❖ To give assistance to Women, Children, Senior Citizens, Physically Handicapped and Destitute by enhancing provision for Social Security Programme.
- ❖ To have more provision for Mid Day Meal
- ❖ To improve the quality of Health Service and Health Infrastructure.
- ❖ Development of Primary and Higher Education.
- ❖ Development of Agriculture and Allied Activities
- ❖ Expansion and Development of Irrigation.

- ❖ Development of Urban Water Supply and Sanitation Programme.
- ❖ Rural Development and Development of Water Supply and Sanitation System and growth of per-capita income in rural areas.
- ❖ Special steps for development of Road Communication Infrastructure.
- ❖ Special steps for development of K.B.K. and Backward Areas.
- ❖ Framing of special rule for Self Employment.
- ❖ Development of Tourist Infrastructure
- ❖ Development of Information and Technology
- ❖ Development of Biotechnology
- ❖ To increase the production of fish, meat, egg, milk, fruit and flower
- ❖ Development of Sports and Infrastructure
- ❖ Optimum utilisation of resources and Development of Human Resources
- ❖ Development of Mineral Based Industry
- ❖ Rural Electrification
- ❖ Development of Port Infrastructure
- ❖ Increase of Freedom Fighter's Pension by Rs.300/- who are in receipt of pension as per Freedom Fighter Pension Rule 1972 and 1980.

23. Zero based investment review has been taken up to ensure completion of the projects which are languishing for years together. The main aim is to see how it can be completed and how the people will be benefited. Under Zero based investment review 44 projects were identified for completion in 2004-2005, but 15 projects have been completed as on 31.12.2004. Out of remaining 26 Projects, 9 Projects have been targeted to be completed by 31.03.2005. But the remaining 17 projects cannot be completed due to want of Forest clearance and for other reasons and concerned Administrative Departments have been asked to take expeditious steps so as to complete the projects by 2005-2006. Provision has been made in the budget to complete the 112 project, including these 17 projects by 2005-2006, out of which Rs.49.04 and Rs.8.72 Crore are earmarked for completion 54 projects costing more than Rs.4 Crore each and 58 projects more than Rs.1 Crore each respectively.

I want to indicate here that one of the main reasons for projects not being completed in time is that project formulation and monitoring is not done properly. For this reason, there is provision of Rs.4.30 Crore for improving capacity for project formulation and monitoring in the budget for 2005-2006. Out of this Rs.1.00 Crore is earmarked for Works, Water Resources, Rural Development and Housing and Urban Development Department each and Rs.0.30 Crore for P & C Department.

24. An attempt has been made in the budget for 2005-06 to increase the State's share in Centrally Sponsored Schemes. State Share will leverage Central Assistance equal to nearly three times of the State's share.

- ❖ While there was provision of State Share of Rs.186.08 Crore towards Centrally Sponsored Scheme in the original Budget for 2003-2004 it increased to Rs.287.80 in the original Budget of 2004-2005. It has now been increased to Rs.437.65 Crore in the budget for 2005-2006.
- ❖ Out of this 437.65 crore, Rs.187.83 Crore is earmarked for State Share of Sarba Sikhya Abhiyan. Out of this 187.83 Crore, Rs.150.00 Crore and Rs.,37.83 Crore has been provided under Non-Plan and State Plan respectively.
- ❖ It is to be pointed out that Rs. 23.01 was earmarked in the original budget for 2004-2005 towards State Share of S.S.A and after that additional provision of Rs.35.12 Crore was made in the supplementary statement of Expenditure and Rs.70.00 Crore has been sanctioned from OCF for the Sarba Sikhya Abhiyan

Social Security **25.** More emphasis has been given in the Budget Estimate of the year 2005-2006 for social security, welfare of Scheduled Tribe and Scheduled Caste, education, health, agriculture, irrigation, urban development, roads and infrastructure development of the places of tourist importance . I want to give a broad outline of this for your information.

Scholarship of SC & ST Students Poor Scheduled Caste and Scheduled Tribe Community Constitute 38.65% of total population of our State. Utmost importance needs to be given for education of the boys and girls of this community in order to enable them to come at par with students of other communities. For this, the provision for Scholarship for ST, SC & Backward Class Students has been increased from Rs.59.14 Crore in 2004-2005 to Rs.64.79 Crore in 2005-2006.

A provision of Rs.366.10 Crore has been made in the Budget Estimate for 2005-06 for different developmental works of Scheduled Tribes, Harijan and Backward Class people in the Demand of ST and S.C. Development Department out of which Rs.113.46 Crore is in the Non-Plan, Rs.190.80 Crore is in the State-Plan, Rs.60.90 Crore is in the Central Plan and Rs.0.94 Crore is under Centrally Sponsored Plan Schemes.

Old Age Pension **26.** 6,75,000 people are getting pension under State Old Age Pension Scheme out of which 1,71,576 belong to K.B.K Districts. Similarly, 4,93,400 people are getting pension under National Old Age Pension Scheme out of which 2,16,984 belong to K.B.K. District. This constitutes 43.48% of total of 493400 persons getting pension through National Old Age Pension Scheme. On the whole 11,68,400 beneficiaries are getting pension under State Old Age and National Old Age pension taken together out of which 3,88,560 beneficiaries belong to K.B.K Districts. While the total population of K.B.K. District constitute 19.73% of the total population of the State, the beneficiaries under Old Age Pension Scheme belonging to K.B.K.

District constitute 33.26% of total beneficiaries of the State who receive Old Age Pension.

While the expenditure during 2003-04 for State Old Age Pension was Rs.76.45 crore, the provision under State Old Age Pension has gone up to Rs.79.95 crore in the budget estimate of 2004-05 and this has increased Rs. 81.00 crore in the budget estimate of 2005-06.

While Central Govt. contribute Rs.75 per person towards National Old Age Pension Scheme, the State Govt. contribute Rs.25 per person. A provision of Rs.36.94 crore has been made under National Old Age Pension in the budget estimate of 2005-06. Additional provision would be made in the supplementary statement of expenditure as per requirement.

Pension
for
Physi-
cally
Handi-
capped
Persons

27. Now, 1,15,000 physically handicapped persons are getting pension. But there are a number of physically handicapped persons in many districts who have not yet been covered under this scheme. Provision has been made in the Budget of 2005-06 to give pension to 10,000 more physically handicapped persons. While provision for payment of pension for physically handicapped persons was Rs.13.80 crore in the budget estimate of 2004-05, it has increased to Rs.15.80 crore in the Budget estimate of 2005-06.

In the meantime, the stipend given to physically handicapped student has been enhanced two times since 2002-03. The provision for stipend for physically handicapped students has gone up from Rs.1.37 crore in 2004-05 to Rs.2.00 crore in 2005-06.

Mission
Shakti

28. More than 1,39,059 new Women's Self Help Groups have been formed in the State under Mission Shakti. Besides, 97,385 Women's Help Groups have been provided with institutional credit to the tune of Rs.212.75 crore. During 2005-06 provision of Rs.10.00 lakhs has been proposed for support to Mission Shakti Programme through Mahila Vikash Co-operative Corporations. Besides this, Rs.5.00 lakh has also been proposed for DNA testing. On the whole, a provision of Rs. 2.50 crore has been made for Mission Shakti in the budget of 2005-06.

With funding by Govt. of India a new scheme "SWAYAMSIDHA" is being implemented in Orissa in 36 Blocks of 8 K.B.K Districts and Boudh District. Empowerment of women through self help group is its objectives.

Establi-
shment
of
Women
Desk in
Police
Stations

A provision of Rs.1.00 crore has been exclusively made in the Non-Plan Budget of Home Department for Establishment of Women Desk in Police Stations.

Mid-Day
Meal

29. Provision for Mid-Day Meal Programme jumps from Rs.28.50 crore in the Original Budget for 2004-05 to Rs.82.20 crore in the Budget Estimate for 2005-06. Thus, the Cooks and Helpers engaged in Mid-Day Meal Programme would get their remuneration in time.

There is a total provision of Rs.493.56 crore for the year 2005-06 for implementation of different programmes under Women & Child Development Department out of which Rs.116.47 crore is under Non-Plan, Rs.205.85 crore is under State Plan, Rs.171.18 crore is under Central Plan and Rs.0.06 crore is under Centrally Sponsored Plan Schemes.

Pension
for Free-
dom
Fighters

30. We should not forget the freedom fighters who dedicated their lives and gave up their families for the freedom of the Country. Keeping in view the limited resources of the State, Government have decided to increase the monthly pension by Rs. 300.00 per month for those freedom fighters covered under Freedom Fighters Rule, 1972 & 1980. The provision for freedom fighters has been increased from Rs.2.25 crore in 2004-05 to Rs.4.35 crore in the budget estimate of 2005-06.

Prim-
ary
Health

31. People staying in urban area are getting modern health facilities. But the rural people depend mainly on Primary Health Centres, Ayurvedic and Homoeopathic Hospitals for their treatment. So Government have taken steps for improvement in Primary Health Service. While the actual expenditure for Primary Health was Rs.120.88 crore during 2003-04, it has increased to Rs.123.66 crore in 2004-05 R.E. and Rs.160.76 crore in 2005-06 B.E.

Out of the increased provision for Primary Health mainly Centres Rs.24.96 crore is meant for providing equipments and Rs.9.05 crore is meant for providing bedding, Clothing and diet in Primary Health Centres. Similarly, Rs.2.91 crore and Rs.4.80 crore have been provided in the Budget for purchases of equipments and wages respectively in Ayurvedic and Homoeopathic Hospitals. Thus, the Watchman and Sweeper who are on duty in Ayurvedic and Homoeopathic Hospitals would get their arrear salary along with current salary from month to month.

Besides, Rs.9.81 crore has been provided for purchases of equipments in three Medical College Hospitals and Institute of Paediatrics. In this way, Rs.43.28 crore has been provided for purchase of equipments for different Hospitals.

Though the tenure of Orissa Health System Development Project being implemented with assistance of World Bank is going to expire on 31.03.2005, it has been extended for one year more as per request of State Government. A sum of Rs.120.00 crore has been provided for this project in 2005-06.

On the whole, under both Plan and Non-Plan taken together there is a provision of Rs.740.67 crore in 2005-06 B.E. Out of this, Rs.456.80 crore has been provided under Non-Plan, Rs.147.31 crore under State-Plan, Rs.136.06 crore under Central Plan and Rs.0.50 crore under Centrally Sponsored Plan Schemes.

Besides, the Government are getting more than Rs.30 crore for different externally aided projects, outside the State Budget. The State Government had received Rs.36.02 crore in this respect in 2003-04 outside the State Budget.

32. For all round development of the society, primary and upper primary education play a vital role. Keeping in view the importance of Primary and Secondary Education, provision for School & Mass Education has been enhanced from Rs. 1605.16 crore (excluding Central Plan) in the Original Budget of 2004-05 to Rs. 1825.10 crore (excluding Central Plan) in the Budget Estimate of 2005-06. Under Non-Plan, the provision has been increased from Rs. 1515.44 crore in the Budget for the Financial Year 2004-05 to Rs.1718.56 crore in the Budget Estimate of 2005-06. For School & Mass Education Deptt., Rs.106.54 crore has been provided under State Plan during 2005-06 against original provision of 89.72 crore in 2004-05. Out of State Plan Outlay of Rs. 106.54 crore the Plan outlay for aided School is 43.72 crore . Special provision of Rs. 15 crore has been made towards arrear claims of retired employees of aided Schools or those who are likely to retire in near future out of the total provision of Rs. 43. 72 crore . Besides, while State's share towards Sarba Sikshya Abhiyan was Rs.23.01 crore in the Budget for 2004-05, a sum of Rs. 187.83 crore has been provided in the Budget Estimate for 2005-06 towards Sarba Sikshya Abhiyan both under Non-Plan and State Plan taken together.

- State Government gets more than Rs. 100 crore every year for different Externally Aided Projects under School & Mass Education Department outside the State Budget. Similarly, more than Rs. 200 crore is available outside the State Budget under Sarba Sikshya Abhiyan and it is expected that Rs. 520 crore will be available in 2005-06 for this purpose.

33. Government have also taken a number of measures for development of Higher Education. With limited resources , more provision in the budget has been made in comparison to previous year. For Higher Education, the total provision has risen from Rs.281.26 crore in the Original Budget for 2004-05 to Rs.305.54 crore in the Budget Estimate for 2005-06. While there was provision of Rs.218.17 Crore in Non-Plan for the financial year 2004 – 05, it has been increased to 232.44 crore in the Budget Estimate for 2005-06. Out of Rs.3250 .00 crore of Plan Outlay for 2004-05, Rs.63.09 crore was earmarked for Higher Education Department. But while the State Plan outlay for 2005-06 has been reduced to Rs. 3000.00 crore for 2005-06, Rs.73.10 crore is earmarked for Higher Education under the State Plan for

Primary
and
Seco-
ndary
Education

Higher
Education

the year 2005-06. Rs.10.00 crore has been earmarked in the budget for the year 2005-06 towards arrear Grant-in-aid Salary out of the total provision of Rs.73.10 crore. Priority would be given to the arrear salary of the employees who have already retired or going to retire in near future. While Rs.57.25 crore was earmarked for grants-in-aid salary in State Plan of Higher Education Department for 2004-05, it has been increased to 68.05 crore in the Budget for 2005-06.

- There has been special provision of Rs.5.00 crore in the Supplementary Budget for the current year and Rs.3.00 crore in the Non-Plan Budget Estimate for the year 2005-06 towards arrear pension of retired teachers and non-teachers of Universities.

Agriculture

34. Agriculture accounts for 30% of Gross State Domestic Product of our State. More than 70% of the total population of the State depend on Agriculture. So the importance of Agriculture in our state can hardly be overemphasized. Primary importance is being attached to growth of Agriculture Sector and rise in Agricultural Productivity and income from this sector. For taking full advantage of the Centrally Sponsored Schemes in the Agriculture & Horticulture Sectors, adequate provision has been made in the budget for providing the required matching share for the schemes like Macro Management of Agriculture, ISOPOM and the Integrated Cotton Development Programme. A provision of Rs.40.00 crores has been made in the Budget Estimate for implementation of the Work Plan under Macro Management of Agriculture with a State Share of Rs.4.00 crore. Similarly Rs.20.00 crore has been provided for Horticulture Development for implementation of Schemes under the National Horticulture Mission. On the other hand, a provision of Rs.10.00 crores including State Share of Rs.2.5 crore has been made in the Budget for ISOPOM in 2005-06.

You will be happy to know that Government have been encouraging farmers to make investment for installation of Irrigation Tube Wells and Bore Wells in their holdings by giving 30% of their Project cost as subsidy. The Watershed Development Programme is being given high priority since 2000-2001. There is a provision of Rs.99.99 lakh towards State Share under Integrated Watershed Development Programme and Rs.255.77 lakh in the budget for 2005-06 under Drought Prone Area Programme for implementing Watershed Development Projects.

There is provision of Rs.27.50 crore for Long Term Action Programme in respect of Agriculture Department for the Financial Year 2005-06 for KBK Districts. Out of this, Rs.19.37 crore has been provided for development of 314 Integrated Watershed Development Projects in KBK Districts. In addition, Rs.3.78 crore is being provided towards State Share for development of DPAP Watershed in KBK Districts.

- On the whole, there has been total provision of Rs.343.47 crore in the Budget for the Financial Year 2005-06 for Agriculture Department out of which Rs.173.04 crore, Rs.48.63 crore, Rs.59.60 crore, and Rs.62.20 crore have been provided for Non-Plan, State Plan, Central Plan and Centrally Sponsored Plan Schemes respectively.

Water
Resour-
ces

35. Orissa being an agrarian State, Water Resources Development and Management plays a vital role in increasing the agricultural productivity of the State by creating additional irrigation potential. So our Government have taken all steps to provide irrigation facilities to the farmers. Besides, the function of Water Resources Department also extends to Socio-economic development, industrial development, navigation, hydropower generation, water supply and flood control etc. which can hardly be over-emphasized. Keeping in view the importance of Water Resources Department Rs. 540.65 crore has been provided in the Budget Estimate for 2005-06 out of which Rs. 338.75 crore, Rs. 23.52 crore and Rs. 178.38 crore are earmarked for State Plan, Centrally Sponsored Plan & Non-plan respectively.

Out of the sown area of 65.59 lakh ha. of the state, it has been assessed that about 59.00 lakh ha. can be brought under irrigation. Major & Medium Irrigation sector alone will provide irrigation facilities to about 39.49 lakh ha for irrigation. By end of June'2004 an irrigation potential of 2651.15 Th. Ha. (Provisional) has been created.

It has been programmed to create 43,274 Ha. Of additional irrigation potential during the irrigation year 2005-06 (Ending June'2006).

The AIBP Scheme is being implemented with the Loan Assistance from Government of India since 1996. So far 18 nos of projects of different categories have been approved under the scheme, which are as follows.

- | | | |
|-----------------------|---|------------|
| (i) General Category | - | 5 projects |
| (ii) Special Category | - | 8 rojects |
| (iii) Fast Track | - | 5 rojects |

During the year 2005-06 a sum of Rs.195.00 Crore has been proposed under the scheme.

Under Biju Krushak Vikash Yojana it has been targeted to create additional irrigation potential of 2,38,400 ha. within a period of 5 years. The State level screening committee has approved 3,636 nos. of L.I.Ps and 226 nons of M.I.Ps with total ayacut of 95640 ha. with an estimated cost of Rs.306.185 crore. Out of the above, 1818 L.I.Ps and 52 M.I.Ps with an ayacut of 47047 ha. with an estimated cost of Rs.151.15 crore are proposed to be executed in K.B.K Districts. An amount of Rs.65.94 crore has so far been provided for the purpose. In K.B.K. Districts 804

nos. of L.I. Projects and 205 nos. in non K.B.K districts have been completed and 15338 ha. Irrigation potential has been created. It has been programmed to set up 500 new lift Irrigation Projects in different districts of the State under Biju Krushak Vikash Yojana. For the year 2005-06, it has been tentatively programmed to set up 1000 new Lift Irrigation Projects with designed ayacut 20000 ha. for Khariff and 12000 ha for Rabi under the Biju Krushak Vikash Yojana

Housing
and
Urban
Develop-
ment

36. A total provision of Rs.90.56 crore has been made under State Plan for Urban Water Supply, Sanitation, Construction of road, maintenance of drain, under ground drain and street lighting and housing of H & U.D Department for 103 Urban Local Bodies comprising of 55 lakh population. Out of this, there has been total provision of Rs.12.20 crore in State Share under State Plan which includes Rs.6.00 crore for Accelerated Urban Water Supply Scheme, Rs.3.70 crore for Development of Integrated Small & Medium Towns, Rs.0.50 for SJSY and Rs.2.00 crore for Urban Renewal Programme. It may be pointed out that only 2.20 crore was provided for this purpose in State Budget for 2004-05.

Besides, there has been provision of Rs.10.45 crore and Rs.9.65 crore for Urban Slum Development and ISUI respectively. Rs. 10 crore has also been provided for completion of Urban Water Supply Project in KBK Districts. Also, Rs.1.00 crore for Eco - City (Puri) and Rs.1.00 crore for Project Preparation & Evaluation have been provided separately. While Rs.118.05 crore was provided in the Non-Plan towards compensation of Entry Tax for different Urban Local Bodies during 2004-05, this has been increased to Rs.129.85 crore in the Budget Estimate of 2005-06.

On the whole there has been total provision of Rs.424.62 crore in the Budget of Housing and Urban Development Department which includes Rs.90.56 crore, Rs.39.05 crores and Rs.289.85 crore for State Plan, Centrally Sponsored Plan and Non-Plan respectively.

Rural
Develop-
ment
Depart-
ment

37. Rural Development Department constituted in 1990 have been taking a leading role for socio-economic development of rural people through construction /development of road, construction of buildings, providing safe drinking water and good sanitation facilities. There has been total provision of Rs.107.58 crore in the State Plan in the budget for the year 2005-06 for successful implementation of these programmes, out of which Rs.54.40 crore has been provided towards State Share for Accelerated Rural Water Supply and Sanitation Programme. It is worth noting that this Rs. 54.40 crore includes Rs.9.00 crore for KBK Districts, Rs.30.00 crore under Prime Minister Gramin Yojana (PMGY) and Rs.15.40 crore from other sources.

Besides, there has been provision of Rs.14.50 crore for constituency -wise allocation for Rural Roads.

It has been envisaged to complete 40 bridges and 288 Km. of road through loan assistance from NABARD during the year 2005-06. 13 bridges have been completed during 2004-05 under RLTA in order to improve communication facilities in KBK districts and it has been programmed to complete 8 bridges in 2005-06. There has been budget provision of Rs.53.18 crore in State Plan for 2005-06 for construction of Rural Roads and this includes the provision of Rs.27.27 crore for construction of roads and bridges with assistance of NABARD, Rs. 7.50 crore for KBK districts, Rs.1.91 crore for construction of proposed roads under Externally Aided Project and Rs.1.00 crore for improving capacity building for project formulation.

On the whole, there has been total provision of Rs.339.89 crore during 2005-06 out of which Rs.107.58 crore is under State Plan, Rs.89.47 crore is under Centrally Sponsored Schemes and Rs.142.84 crore is under Non-Plan. Besides, Rs.200 crore is available to the State annually on an average outside the State Budget under Prime Minister Gramya Sadak yojana (PMGSY)..

38. Keeping in view the rapid industrialization of the State and to attract the tourists, it is essential that the communication facilities should be improved. Hence Works Department have made concerted efforts in this respect. While 27.27 crore was sanctioned from Central Road Fund for State Plan in 2004-05, this has been increased to Rs.50 crore for the year 2005-06 by Deputy Chairman, Planning Commission. There has been provision of Rs.50 crore in the Budget Estimate for 2005-06 to complete the sanctioned and incomplete projects. Out of this, Rs.10.00 crore and Rs.6.63 crore are earmarked for development of Cuttack - Paradeep Road and Road from Barikpur to Banta via Kenduapada respectively.

Besides, Rs.34.81 has been provided for widening and reconstruction of Roads in Mining Area, Industrial Area and Important Tourist Places out of A.C.A sanctioned by Planning Commission. Out of this, Rs. 1.00 cr. is earmarked for project formulation and improving capacity and the balance Rs. 33.81 cr. is earmarked for different roads as under :-

(Rs. in Crores)

Rajnagar to Gupti	8.81
Pattamundai to Bhitarkanika via Rajkanika-Jaynagar	12.00
Puri to Satapada	2.64
Baghamari to Kalapathar	1.00
Patnagarh to Padmapur	2.00
Gop to Pipili	3.36
Barbil to Kiriburu	1.50
Suakati to Dubuna	1.50
Danagadi to road connecting N.H. 200	1.00

Government have taken effective steps for improvement of infrastructure in K.B.K. districts. Out of ACA/SCA made available by Government of India from 2001-02 to 2004-05, 22 nos. of bridges and 90 nos. of road projects have been taken up with an outlay of Rs. 46.50 crores. So far by end of January, 2005 Rs. 3673.28 lakhs has been utilised and 5 bridges and 82 road projects have been completed and all road projects are expected to be completed by March, 2005. A sum of Rs. 12.50 crores has been provided in the Budget Estimate for 2005-06 to take up balance ongoing bridge projects.

Under RIDF, NABARD have sanctioned construction of 100 no of bridges and improvement of 64 road projects out of which 6 bridges and 7 road projects have been sanctioned during 2004-05. Out of the total sanctioned projects 62 no of bridges and 14 road projects have been completed by January, 2005. During 2005-06 an outlay of Rs. 60.66 cr. has been proposed and it has been targeted to complete 25 bridges and 30 road projects on availability of funds.

Fourteen Road projects at an estimated cost of Rs. 715.30 crore for improvement of 805.05 Kms under JBIC funding and 27 road Projects at an estimated cost of Rs. 1642.44 cores for improvement of 2197.74 Kms under World Bank funding have been proposed to Govt. of India for approval. A sum of Rs.2.81 crore has been provided in the Budget Estimate for 2005-06 for this purpose.

On the whole, a sum of Rs.166.58 crore has been provided in the State Plan under Works Department for Construction and Improvement of Roads and Bridges. Besides, Rs.88.32 crore have been provided in the Non-Plan Sector of Works Department in the budget estimate for 2005-06 for repair and improvement of Roads and Rs. 5.52 crore have been provided under Non-Plan capital account for construction of Railway over-bridges at different places.

On the whole, a total provision of Rs.402.59 crore has been made in the budget estimate for 2005-06 for Works Department out of which Rs.228.60 crore under Non-Plan, Rs.166.58 crore under State Plan, Rs. 6.62 crore under Central Plan and Rs 0.79 crore under Centrally Sponsored Plan Schemes have been provided.

Planning
& Co-
ordination
Departme-
nt-Western
Orissa
Develop-
ment
Council
Inclusion
under
Rastriya
Sam Vikash
Yojana
(RSVY)

39. With a view to accelerating the pace of Development , Western Orissa Development Council (WODC) has been constituted. State Government have been allocating funds to the extent of Rs. 50.00 crore every year to take up various need based development programmes in the region. A sum of Rs.50.00 crore has been given to the Council during the Financial Year 2004-05. Now a sum of Rs.30.00 has been provided in the budget estimate for 2005-06 and the balance 20.00 crore will be provided in the Supplementary Budget.

- With a view to accelerating development of identified backward areas as well as reducing regional imbalances through special grants from Government of India, Planning Commission have so far included five (5) districts namely Ganjam, Mayurbhanj, Gajapati, Keonjhar and Sundargarh of Orissa under “Backward Districts Initiatives (BDI)” of Rastriya Sam Bikas Yojana (RSVY). A sum of Rs. 75.00 crore has been provided in the budget for the year 2005-06 for this purpose.
- Besides, one time ACA to the tune of Rs.20.00 crore has been provided in the budget for the year 2005-06 for all round development of Phulbani district.

K.B.K.

The State Government have conceptualised a Special Rural Connectivity Programme for the KBK districts with an estimate cost of Rs.3311.55 crore which has been proposed in 3 (three) phases over a period of 5 (five) years beginning form 2003-04. The first phase of the proposal with an estimated cost of 828.10 crore has been approved in principle by Planning Commission and the preliminary work such as preparation of road package to be taken up under phase-I of the programme worth Rs.211.00 crore is under preparation by the Works and RD Department. The proposal for the second and the third phase programme is under active consideration of the Planning Commission, Government of India. A sum of Rs.250.00 crore has been provided in the budgets of concerned departments for implementation of different programmes in KBK districts.

MLA-
LAD

40. Against the total plan outlay of Rs.3250.00 crore during the Financial Year 2004-05, Rs.73.50 crore was provided for MLA LAD. Similarly, the same amount i.e. Rs.73.50 crore has been provided in the Budget for the year 2005-06 against the total plan outlay of Rs.3000.00 crore. It may be pointed out that repair and development of a number of roads can be done through Food for Work Programme. Three times Central Assistance would be available to the MLAs for

their constituencies who want to give some funds from MLALAD towards State Share for Centrally Sponsored Schemes like Rural Water Supply Scheme, Sampurna Gramin Swarozgar Yojana, Small Town Development Scheme and Accelerated Urban Water Supply Scheme.

Poverty
Eradication-
Panchayati Raj
Department

41. Panchayati Raj Department implements various poverty alleviation schemes for social and economic development of rural people. The main objective of this Department is to provide wage employment and to improve the socio-economic condition of the rural people.

- Swarna Jayanti Gram Swarozgar Yojana is a development programme for providing self employment to the rural poor by forming Self Help Groups, providing training and credit, capacity building, infrastructure development, creating marketing facilities etc. The main objective of the programme is to raise the assisted poor families through bank credit linked to subsidy above poverty line in a period of three years by ensuring sustained level of income. Micro Credit has been provided to 369784 beneficiaries under this programme.
- Besides 9836 shops have been constructed during the period 2000 to January,2005 under Biju Bazar Yojana. These shop houses are meant to provide employment to the unemployed rural youth.
- Keeping in view the primary objective of poverty eradication and providing employment, a total provision of Rs.426.40 crore has been made in the Budget Estimate for the financial year 2005-06 of Panchayat Raj Department, out of which Rs.208.00 crore is under State Plan and Rs.218.10 crore is under Non-Plan. Out of the total provision of Rs.208.00 crore in State Plan, Rs.199.55 crore and Rs.7.00 crore are meant for state share towards different Centrally Sponsored Plan Scheme and Rural livelihood support through plantation crops through Self Help Groups.

Besides State is getting Rs.600.00 crore to Rs.700.00 crore per annum out side the State Budget through DRDA for different Poverty Alleviation Programmes, Self Employment, Rural Development, Indira Awas Yojana etc.

National
Food for
Work
Program-
me

42 During the year, 2004-05 Government of India have launched a new scheme National Food for Work Programme in 18 most Backward Districts of the State. During the current year, 2004-05 Government of India have allocated cash component of Rs.232.89 crore and grain of 228863 MT for implementation of the scheme. A sum of Rs.20.00 crore has been provided towards transportation of food grains out of the total provision of Rs.199.55 crore towards State Share.

43. Forest and Environment Department have an important role in the economy of the State, particularly for rural S.C. and Tribal masses. Forestry activities contribute a lot to their food security and day-to-day livelihood.

Vana Surakhaya Samities (VSS) have been constituted by involving the local people in the protection and management of forest through joint Forest Management. You will be happy to know that upto September, 2004, a total number of 7358 nos. of V.S.S. have been formed in the State and 8039 Sq. Kms. of Forest areas have been covered under protection by these VSS.

A sum of Rs.15.00 crore has been provided in the Budget for the year 2005-06 for plantation in 13,890 hectare land in KBK Districts.

For the Year 2005-06, Rs.20.43 crore, Rs.5.00 crore and Rs.12.80 crore have been provided under State Plan, Centrally Sponsored Plan and Central Plan Schemes respectively.

I want to point out for the information of Hon'ble Members of the House that there has been provision of Rs.1.30 crore in the Budget for 2005-06 for Eco-Tourism of Bhitara Kanika, Similipal, Gupteswar and Conservation of Wild Animals and Forest Rest Houses.

I want to remind the Hon'ble Members of the House that Chilika Development Authority has been conferred with the prestigious "Indira Gandhi Paryabaran Award, 2002" during 2004 for their outstanding work on eco-restoration of Chilika Lagoon. Regional Plant Resource Centre, Bhubaneswar has been invited by His Excellency the President of India for raising a Cactus Garden in the Rastrapati Bhawan.

44 Every body will admit the fact that State's economic development is possible by the infrastructure development of Tourism. Steps have been taken to improve the communication facilities to tourist places for development of infrastructure of Tourism. Similarly, due attention has been given for protection of ancient monuments. There has been provision of Rs.25 lakhs for Jayadev Vatika near Khandagiri for environment tourism and Rs. 25 lakh for construction of Eco Vatika near Jayadev- Kenduli; in this way there has been total provision of Rs.50 lakhs in the budget for the year 2005-06. Besides, in order to give incentive to tourism industry there has been provision of Rs.3.00 crore towards State Share from one time ACA. While there was provision of Rs.2.50 crore in the State Plan for the year 2004-05, it has been increased to Rs. 7.77 crore in 2005-06.

45. The Department of Information Technology have proposed two innovative self – employment schemes viz (i) Information Kiosks and (ii) Business process

out sourcing (BPO) Complex. For this, under State Plan Rs.25.00 lakhs and Rs.27.98 lakhs respectively have been provided in the Budget Estimate for the Financial Year 2005-06. Steps have been taken to provide self-employment to nearly 500 educated unemployed youth during 2005-06. The Orissa Computer Application Centre (OCAC), Bhubaneswar will provide free need based specialized computer training for two weeks to the entrepreneurs. The Department of Information Technology have signed Memorandum of Understanding (MoU) with big IT Companies such as TCS and Wipro for Software development and setting up of Business Process Outsourcing (BPO) centres in Infocity, Bhubaneswar.

These centres will directly employ 2000 software professional from the State besides creating substantial employment indirectly. Provision of funds to the tune of Rs.3.50 crore has been made in the budget for the financial year 2005-06 for Information Technology.

Bio –
Techno-
logy

Besides, Rs.2.00 crore has been provided in the budget for the year 2005-06 for investigation and application of Bio-technology.

Fisheries
and
Animal
Resource
Develop-
ment

46. There is a total provision of Rs.670.72 lakhs for Fishery and Animal Resource Development in the Budget for the Financial Year 2005-06, out of which Rs.20.00 lakhs have been earmarked for upgradation of skill in Self-Employment in Fisheries & Animal Husbandry.

Textile
and
Hand-
loom

47. Handloom is a traditional cottage industry of Orissa. It provides largest employment potential next to agriculture. Handloom products of Orissa have got wide recognition all over the Country and abroad for their highly artistic design, colour combination, super craftsmanship, excellency and long durability.

There has been total provision of Rs.7.75 crore in the budget for the Financial Year 2005-06 for Textile and Handloom Department, out of which there has been special provision of Rs.3.00 crore from one time ACA for the development of Handloom.

Industries

48. Besides, provision of Rs.3 crore from onetime ACA for development of Handloom, Rs.1.5 crore towards State Share for Puri-Konark Urban market, Rs.0.45 crore for renovation of Utkalika at New Delhi and Rs.0.25 crore for Orissa Investment & Export Promotion Centre, New Delhi have been made in the Plan budget of Industries Department. On the whole, there has been a total provision of Rs.14.53 crore in State Plan in the Budget of Industry Department for the Financial Year 2005-06.

Develop-
ment of
Sports
Infra-
structure

49. It has been proposed to provide Rs.385.11 lakhs in the Budget 2005-06 for Sports & Youth Services Department under Non-Plan and Rs.240.00 lakhs under State Plan for implementation of various schemes like construction of Sports Infrastructure in the State (Stadia, Gymnasia, Swimming Pool and development of play fields). Spotting and nursing of talents, maintenance of Sports Hostels, organisation of Sports competition at (District/ State/ National Level, Rural Sports and Women Sports) Organisation of Youth Programmes and Festival, Payment of Grants to Sports Associations/ Clubs, Sports talent Scholarships to School/ College Students, Incentive to Outstanding Sports Persons, Sportsmen Pension, Sports Talent Search etc.

There is a provision of Rs.40.00lakh through one time Additional Central Assistance for Sports Infrastructure of this Department in the Budget for the coming year.

Culture

50. The Department of Culture aims at preserving, protecting and promoting the traditional Art and Culture of Orissa along with preservation and development of Oriya Language and Literature.

Under the Monthly Artist Pension Scheme, it has been decided to provide Artist pension to 1000 (One thousand) Artists by including 100 new Artists during the year 2005-06. Accordingly provision has also been made in that scheme for 2005-06.

A State Culture Fund has been created by the Government in the Department of Culture for promoting and propagating the art and culture of the State.

Kalamandal, a Multi Purpose Cultural Complex with an estimated cost of Rs.31 Crores is under construction for the first time at Bhubaneswar with the financial assistance of Central and State Government.

There has been total provision of Rs. 3.93 rore in State Plan out of which Rs. 20.00 lakh has been provided for Odissi Centre.

Informa-
tion and
Public
Relation

51. The information & Public Relations Deptt. serves as a link between people and the State Govt. This Deptt. not only informs the public on the Plans, Policies and Programmes of the State Govt; but also works to ensure people's participation in the successful implementation of various developmental programmes and schemes. The activities of I & P.R. Deptt. are manifold and are of great importance in moulding the public opinion. I want to point out here that a sum of Rs.50.00 lakh has been provided in the Budget for the year 2005-06 for payment of advertisement charges and IITF expenses of this Department. On the whole the State Plan Outlay

of Information and Public Relation Deptt. is Rs.2.00 Crore. Besides, Rs. 10.08 Crore has been provided in the Budget under Non-Plan

52. An outline has been given in the speech of Hon'ble Governor as to the activities of different Departments. I do not want to bore you by giving detailed description of the activities of Departments. Hon'ble Ministers will apprise this august House regarding activities of their respective Departments during the discussion on Demand for Grants of their Departments. I want to point out briefly on implementation of Value Added Tax and the recent recommendation of 12th Finance Commission in this House.

Value
Added
Tax

53. You are all aware of the fact that the existing Orissa Sales Tax is going to be replaced by the Value Added Tax with effect from 1.4.2005 in all States as per the consensus arrived at by all States and the Central Government. Orissa Value Added Tax Act 2004 has been approved by this House on 28.12.2004. People should not be perturbed in this respect, because there would not be any tax burden. I want to point out that a commodity reaches the consumer through different stages. The sale price is determined by addition of value on the purchase price at every stage. In the VAT, a set off is given for input tax as well as the tax paid on previous purchases. As the tax is to be paid by the consumer, the tax collected at every stage is to be handed over to the next stage. Every dealer will collect full tax on the sale value but will deposit tax after deducting tax paid on the purchase value.

54. In the VAT the tax structure will become simple and more transparent. This will improve tax compliance and augment revenue. VAT will help common people, common traders, Industrialists and also the Government. It is indeed a move towards more efficient, equal competition and fairness in the taxation system. It is a move away from a suspicion-ridden, harassment-generating, coercion-inclined regime to a trust based, 'green channel' system.

55. The Central Government have agreed to pay compensation if there would be loss on account of implementation of VAT. The Central Government have given written undertaking that they would compensate 100%, 75% and 50% of the loss incurred during 1st year, 2nd year and 3rd year respectively. It has been stipulated that starting from 2004-05 and working backwards the State may be allowed to choose 3 of their best years out of preceding 5 years for calculating the average rate of growth.

56. I want to make it clear here that there should be change in the outlook at all stages for successful implementation of VAT. There should be change in the outlook of all officers engaged in tax administration, all traders and industrialists. In this context I expect help and co-operation from all traders, industrialists, tax consultants and above all the employees engaged in collection of tax.

57. The recommendations of 12th Finance Commission were made available in the last part of the current Financial Year. Hence the recommendation of the Commission could not be reflected fully in the budget. But for the knowledge of the Members of this august House, I want to outline briefly the recommendations of 12th Finance Commission. As per Article 280 of the Constitution of India the Central Finance Commission is to be constituted in every five years. Accordingly, the Central Government constituted the 12th Finance Commission under the chairmanship of Dr. C. Rangarajan. The Commission was entrusted with the task of estimating States' Non-plan revenue expenditure and States' own revenue and to recommend the distribution between the Union and the States of the net proceeds of taxes which are to be or may be shared between them and the allocation between the States of the respective shares of such proceeds.

58. State Government had submitted the detailed information in time which the 12th Finance Commission desired in respect of our State and also the principles for determination of Central Share Taxes and other related matters. The 12th Finance Commission paid a visit to Orissa and had discussion with the State Government officials, representatives of different Political Parties, Representatives of Trade, Industry, Local Bodies and Chairman and Members of State Finance Commission. The Commission had a detailed and fruitful discussion with State Government regarding financial condition of the State. The Finance Commission were apprised of the financial condition of the State.

59. The Finance Commission have submitted their report to the Central Government. The recommendations and Action Taken Report have been laid in the Parliament by the Central Government. According to the 12th Finance Commission -

- The share of net Central Taxes and Duties for distribution among the States will be 30.5% but it was 29.5% under the award of 11th Finance Commission.
- The Commission have adopted the following criteria for distribution of share in central taxes among various states.
 - Population based on

1971 census	25%
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 - Distance from the highest per-capita income

per-capita income	50%
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 - Geographical areas

Geographical areas	10%
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 - Tax efforts

Tax efforts	7.5%
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 - Fiscal discipline

Fiscal discipline	7.5%
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60. Orissa's share in the shareable Central Taxes and Duties have increased from 5.06% under the award of 11th Finance Commission to 5.165% under the award of 12th Finance Commission. The increase is 0.11%. Based on Orissa's share at 5.165%, share in Central Taxes and Duties for 2005-2010 has been assessed by 12th Finance Commission at Rs. 31669.47 crore against 19026.64 crore recommended by the 11th Finance Commission based on 5.06% towards Orissa's Share. I want to point out here that there would be less receipt of Rs. 3481.00 crore in respect of Central Taxes and Duties than what was actually recommended by 11th Finance Commission.

61. The Grant-in-aid recommended by the 11th Finance Commission for Orissa was Rs. 1727.86 crore which was 2.95% of the total Grant-in-aid recommended for all States. But it has increased to 5273.30 crore under the recommendation of the 12th Finance Commission which is 3.70% of the total Grant-in-aid recommended for all States. The increase is 0.75%.

62. Under Calamity Relief Fund the grant has been increased from 453.66 crore under the award of 11th Finance Commission to Rs.1199.37 crore under the award of 12th Finance Commission. Similarly, the grant-in-aid for Local Bodies has been increased from Rs.385.55 crore under the award of the 11th Finance Commission to Rs.907.00 crore under the award of the 12th Finance Commission.

63. For the first time the 12th Finance Commission have recommended Top up Grant and Maintenance Grant. Top up Grant has been recommended for sectors where the expenditure is less than the all States' average. Accordingly 12th Finance Commission have recommended Rs.323.30 & Rs.196.37 as Top up Grant for Education & Health respectively for Orissa. Similarly, while the Commission recommended Rs.1475.08 crore for maintenance of Roads and Bridges and Rs.389.14 crore for maintenance of non-residential Building, a sum of Rs.75.00 crore has been recommended by the Commission for maintenance of Forest & Environment. Besides, the Commission have recommended Rs.50.00 crore for Heritage protection and Rs. 170.00 crore for State specific needs (Rs.30.00 crore for Chilika Lake and Rs. 140.00 crore for Sewerage System of Bhubaneswar).

64. The total amount of share in the Central taxes and grants taken together recommended by the 12th Finance Commission for the period 2005-10 comes to Rs.36942.77 crore for Orissa which constitutes 4.89% of the total amount recommended for all States towards share in central taxes and all grants taken together. Under the 11th Finance Commission the total amount recommended towards share in central taxes and all grants taken together was Rs.20754.50 crore for Orissa which constituted 4.77% of the total amount recommended for all States. Thus the increase in the percentage term is 0.12%.

65. Another significant recommendation is that the State Govt. would get only 30% towards grant portion of the State Plan assistance but the 70% representing loan portion of the State Plan assistance would not be available from Govt. of India. The State Govt. would raise the loan portion of the State Plan assistance from open market which would be a difficult task for a fiscally weak state like Orissa.

66. On the other hand, 12th Finance Commission have recommended for write off and restructuring of Central Loan subject to fulfilling certain conditionalities. The main condition is that each State must enact a Fiscal Responsibility Legislation prescribing specific annual targets with a view to eliminating the revenue deficit by 2008-09 and reducing fiscal deficit based on a path for reduction of borrowings and guarantees. Unless these stipulations are complied with this dispensation will not be available to the State.

- As per the recommendation the Commission, the Central loans to States contracted by the States till 31.03.2004 and outstanding as on 31.03.2005 would be consolidated and rescheduled for a fresh term of 20 years (Resulting in repayment in 20 equal instalments) and an interest rate of 7.5 per cent be charged on them. Enacting the Fiscal Responsibility Legislation will be a necessary pre-condition for any debt relief admissible from 1.4.2005. This relief will be given effect to prospectively from the year in which such Legislation is enacted.
- The other recommendation of the scheme is debt write off linked to the reduction in the revenue deficit of the States. The quantum of write off on repayment will be linked to the absolute amount by which the revenue deficit is reduced in each successive year during the award period 2005-06 to 2009-10. In effect, if the revenue deficit is brought down to zero, the entire repayments falling due during the period will be written off.

67. The States have to fulfil the following conditions for enabling it to avail interest and debt relief.

- (i) The reduction in the revenue deficit must be cumulatively higher than the cumulative reduction attributable to the interest relief recommended by the Commission.
- (ii) The total fiscal deficit of a State should not exceed the fiscal deficit of that State for the year 2004-05.
- (iii) The State should have enacted Fiscal Responsibility Legislation.

68. On the whole recommendations of 12th Finance Commission may be termed as favourable to Orissa to some extent. This has become possible only for the constant touch and interaction between State Government and the Commission. The State will have to strengthen the fiscal discipline in order to get grant as per the recommendation of the 12th Finance Commission. Otherwise, the State will lose the grant.

- I want to point out here that while the State Government had projected State's own tax and non-tax revenue for the year 2005-06 at Rs.4827.57 crore and for the period 2005-06 to 2009-10 at Rs.29216.12 crore, the 12th Finance Commission have recommended that Orissa should ensure collection of Rs.5548.12 crore during 2005-06 and Rs.36168.46 crore during the period 2005-06 to 2009-10. Similarly against the projection of Non-Plan revenue expenditure of Rs.13687.38 crore for 2005-06 and Rs.86906.18 crore for the period 2005-06 to 2009-10, the 12th Finance Commission have recommended that the Non-Plan revenue expenditure should not exceed Rs.10755.59 crore for 2005-06 and Rs.65257.15 crore for the period 2005-06 to 2009-10. In the budget of 2005-06, Rs.5071.28 crore towards State's own Tax and Non-Tax Revenue and Rs.11467.75 crore towards Non-Plan Revenue expenditure have been estimated. For this, the resource mobilisation and non-plan expenditure shall have to be kept as per the estimate made by 12th Finance Commission. Hence, in order to avail the grant and debt relief facilities it is essential for the State Govt. to expedite the resources mobilisation measures and to reduce the non-plan expenditure.
- On the top of this, Fiscal Responsibility Bill needs to be passed and implemented soon, otherwise the State would suffer a substantial loss during five years towards interest re-setting and write off of debt. If we lose this opportunity, neither the Govt. of India nor the next Finance Commission will listen to our demand.

69. Before I conclude my Budget Speech, I want to give an overall picture of the Budget for the financial year 2005-06 for the information of Hon'ble Members. While revenue deficit was projected at Rs.1073.39 crore for the Financial Year 2005-06 as per the Medium Term Fiscal Plan, it has now been estimated at Rs.1090.72 crore in the budget estimate of 2005-06. If we are able to collect more revenue and limit our revenue expenditure, we will be able to fulfil the target set for reduction of revenue deficit.

After taking into account the total income and expenditure under Consolidated Fund there would be surplus of Rs. 13.64 crore in the Consolidated Fund but it has been estimated that there would be net deficit of Rs.13.64 crore in the Public Account. As the Closing Deficit at the end of the year as per revised estimate for the Financial Year 2004-05 is Rs.343.69 crore, it has been assumed that the equal amount would be the Opening Deficit and Closing Deficit for the year 2005-06. In other words, while as per Budget Estimate, the Opening Balance and Closing Balance would be the same, the Budget for the year 2005-06 is a Balanced Budget, because taking in to account the Consolidated Fund and Public Account together, the income and expenditure would be the same.

Budget is an estimate of income and expenditure. If we take sincere efforts for collection of State's revenue and to reduce non-productive expenditure, there will be improvement in the financial condition of the State in coming days. For this, the co-operation and help of all are essentially required.

Off Budget
Borrow-
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Review of
Expendi-
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70. I want to place before you one important issue. This is with regard to flow of receipt of Rs.1000 crore to Rs.1200 crore to the State per year outside the budget which is known as Off Budget receipt. There should be detailed review as to the utilisation of this fund and progress achieved thereof. It is pertinent to note that the size of the Outlay is not so much important as the manner in which it is being utilised. The quality of expenditure and the achievement of the physical target and improvement achieved in the delivery of services are more crucial and critical, but not merely what amount is being spent.

71. Speaker Sir, I believe you and Hon'ble Members of this august House might have realized my helplessness in preparing the Budget from my above mentioned speech. It is painful on my part that I am unable to provide adequate fund to my colleague Ministers and Hon'ble Members of this august House for the resources untied programme due to resources crunch. It is essential to generate more revenue at the Govt. level but we should not tax the common people any more. Hence our beloved Chief Minister is trying his level best to attract the private investors. By this way, an industrial climate will be created, new employment will be generated and State's progress will be expedited. But it is a matter of concern that there has been attempt to create obstacles in this respect which is against the interest of the State. I do not want to drag to the domain of discussion as to why the financial condition of the State became so precarious and who is responsible for it.

72. I have been influenced very much by the remark of Great Roman Thinker Cicero about Budget while giving a final shape to the Budget. I am tempted to quote the same here. According to him, "The Budget should be balanced, the treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled and assistance from foreign lands should be reduced lest the State become bankrupt. The people should be forced to work and not depend on government for subsistence". I do not know as to how far I have been able to translate these ideas of Cicero. But there is no doubt that Cicero's above remark has its relevance for all of us even today.

73. But I want to say with all humility that our resources are limited but the problems are many. In stead of blaming each other, we should try to find solution to the problem with patience and balance of mind. So all should come forward irrespective of party affiliations with open mind and heart to help each other. There should not be any politics in this respect. Lord Jagannath is watching our every

action. I have full faith that He will help us to solve the critical problems of the State in the coming days. Let us come and promise to take steps for development of Orissa through mutual cooperation.

74. I seek the cooperation of all irrespective of party affiliation for State's economic development. State's and people's interest are much more important than our own self interest. We all belong to that great tradition when great Saint Poet Bhima Bhoi once said "Let my life be in hell but the sufferings of the world should come to an end." I hope and believe that the Lord of this Nation, Sri Jagannath will carry forward the chariot of the nation in the coming days by showering blessings on us.

75. Speaker Sir, lastly I thank you, Hon'ble Chief Minister, Hon'ble Leader and Deputy leader of the opposition of the House, Hon'ble Members of the House and representatives of press and electronic media for giving a patient hearing to my budget speech. I now conclude my budget speech.

Jai Jagannath
Bande Utkal Janani
Prafulla Chandra Ghadai
Finance Minister