



ଓଡ଼ିଶା ସରକାର  
GOVERNMENT OF ODISHA

Speech of  
**Shri Prafulla Chandra Ghadai**  
Minister, Finance  
in the  
**Odisha Legislative Assembly**  
on the occasion of presentation of  
the Budget  
for the year 2012-13



**The 24th February, 2012**

## **Respected Speaker Sir,**

At the outset, I express my sincere gratitude to you and the Leader of the House, Hon'ble Chief Minister for giving me this opportunity to present the Budget for the financial year 2012-13 in this August House. I take this opportunity to express my heartfelt gratitude to the Hon'ble Leader of Opposition and Hon'ble Members of this House for having given me unstinted support in the previous years. I expect that I will continue to receive their affection and goodwill in the coming days. I also take this opportunity to express my gratefulness to the people of our State for extending their massive support to the Government under the able leadership of our beloved Chief Minister Sri Naveen Patnaik in the recently concluded Panchayat election.

## **2. Macro Economic Outlook**

2.1 Even as the global economy had started recovering from the last episode of recession in 2008-09, the sovereign debt crisis which has erupted in the Euro zone has further unsettled the global macroeconomic environment. It is having its cascading effects in the emerging market economies including India. As a result of these uncertainties, the global recovery process looks more protracted. As a matter of fact, since September, 2011, different agencies have already revised their growth forecast for the US and the Euro area. In

this context, let me quote the assessment of the Reserve Bank of India in their latest Financial Stability Report: - *"Global uncertainties have increased with prolongation of slowdown, aggravation of sovereign debt and lack of credible resolution mechanism at the current juncture. The impact of these global developments is felt in India through trade, finance, commodity and confidence channels. Adverse global developments along with domestic factors such as, persistent food inflation, high energy prices, capacity constraints in certain sectors and slackening investment activity are likely to pose continuing challenges for sustaining a high growth"*.

2.2 The impact of Global uncertainty has thus brought down the growth expectations for 2011-12. According to the Advance Estimates of the Central Statistical Organization (CSO), the GDP growth rate for the current fiscal is expected to be 6.9% registering a sharp decline from the growth rate of 8.4% recorded last year. Even the growth forecast for the State's Economy in 2011-12 according to the Advance Estimates is 7.2% as compared to the growth rate of 8.6% recorded in the previous financial year.

2.3 Recessionary trends in the global economy and resultant slow down in the national economy might impact the

collection of taxes of the union Government as well as that of the State Government.

### **3. Focus Areas of the next year's budget:**

Let me at the very outset briefly outline the focus areas of my budget proposals for the next fiscal year:

3.1 As you know, the year 2012-13 is the first year of the Twelfth Five Year Plan. The approach paper of the plan has the theme "faster, sustainable and more inclusive growth". Although the Twelfth Five Year Plan is yet to be finalized, the broad sectoral priorities have been factored in to the budget proposals for 2012-13.

3.2 The budget proposals seek to further consolidate and strengthen the interventions made for ensuring Food, Employment and Health security for the citizens of our State.

3.3 Efforts have been made to upgrade the state of the infrastructure for enabling the State's economy to continue to move along a higher growth trajectory. Recourse will be taken to the Public Private Partnership (PPP) mode extensively, wherever feasible, for achieving this task.

3.4 Continuation of the growth momentum in the State's Economy calls for a major step up in capital spending. Accordingly, I have made an earnest endeavour to increase allocation for capital expenditure in the budget.

3.5 I have also attempted to strengthen the social security cover for the weaker sections and vulnerable groups as well as to provide larger allocation for enrichment of human capital.

#### **4. Pre-budget Consultation**

4.1 Having regard to the need for making the process of budget preparation more consultative, two rounds of discussion were held with a cross section of the civil society comprising economists, experts, representatives of the trade & industries, non government organizations, representatives of farmers' organizations, trade unions etc. We have received valuable inputs during the consultation. There was broad consensus on the following key points:

- i. Higher investment in Agriculture sector.
- ii. Adequate provision for maintenance of Capital Assets.
- iii. Enhanced allocation for Health & Education.
- iv. Higher outlay for Capital investment.
- v. Greater Tax efforts
- vi. Rationalization and phasing out of non-merit subsidies.
- vii. Institutionalization of Outcome monitoring.

4.2 I have tried to address some of these issues in my budget proposals. I would also like to inform the house that

this kind of pre-budget consultation will be institutionalized in the coming years.

## **5. Revised Estimates for financial year 2011-12**

The Revised Estimates of receipts for 2011-12 have been worked out on the basis of the trend of receipts during the first 9 months of the current financial year, as well as the growth projection for the national and State's economy. Similarly, the Revised Estimates of expenditure has been worked out on the basis of the Budget Estimates, the additional provision made in the Supplementary as well as the actual expenditure during the first three quarters.

## **6. Abstract of Budget Estimates of the Financial Year 2012-13**

The Budget Estimates for 2012-13 have been prepared keeping in view the recommendations of the 13<sup>th</sup> Finance Commission, the State Plan Outlay as decided in the official level discussion with the Planning Commission and allocative priorities of the State Government.

**6.1** Estimates of the State's own revenue receipts have been made on the basis of the trend of collection of first nine months. With regard to the devolution of Central Taxes, we have adopted the assessment of the 13<sup>th</sup> Finance Commission. The quantum of central support for the State Plan has been estimated on the basis of the official level

discussion with the Planning Commission.

**6.2** Based on the anticipated receipt of State's share in central taxes, State's own tax and non-tax revenue and grants from Centre, the Revenue Receipt for the year 2012-13 has been estimated at Rs.43832.74 crore. For the year 2012-13, our own tax and non-tax revenue has been estimated at Rs.20810.28 crore, which is 13.1% more than the Revised Estimate for 2011-12. We propose to achieve Tax/GSDP ratio of 6% in 2012-13 compared to our achievement of 5.74% in 2010-11.

**6.3** The Non-Plan expenditure estimate of Rs.34350.49 crore includes provision of Rs.12342.75 crore, Rs.5800.00 crore, Rs.4511.59 crore and Rs.3123.32 crore towards salaries, pension, interest payment and maintenance of capital assets respectively.

**6.4** As I have mentioned earlier, after discussion with the Planning Commission, the outlay for the State's Annual Plan 2012-13 has been fixed at Rs.17200.00 crore for the financial year 2012-13, which includes an outlay of Rs.15200.00 crore for the Government sector and Rs.2000.00 crore for the Public Sector Undertakings.

**6.5** The total expenditure proposed in the Budget Estimates for 2012-13 including Debt repayment is Rs.52030.70 crore.

The Non-Plan expenditure is estimated at Rs.34350.49 crore with an increase of 14.65% over the Revised Estimates for 2011-12. The State Plan, Central Plan and Centrally Sponsored Plan expenditure have been estimated at Rs.15200.00 crore, Rs.829.78 crore and Rs.1650.43 crore respectively totalling to Rs.17680.21 crore, which represents an increase of 19.27% over the Revised outlay for the year 2011-12.

Let me now enumerate some qualitative aspects of the Budget Estimates for 2012-13.

**6.6** Capital component of our Government expenditure has stagnated at around 1.5 - 2% of our GSDP during the past 10 years. Sustenance of the growth momentum will require larger quantum of Capital investment. Keeping this in view, Capital investment in our budget has been stepped up by 25%. With this increased allocation, it is estimated that the capital expenditure would go up to nearly 3% of the GSDP.

**6.7** Allocations for maintenance and upkeep of Capital assets has also been enhanced by 20% from Rs.2678.43 crore to Rs.3123.32 crore.

**6.8** Priority to allocation for development expenditure i.e. expenditure on Social and Economic Services for attaining higher levels of social and economic development is one of the goals of public expenditure management. We have been

trying to provide larger allocation for developmental expenditure in the last few years. Accordingly, the ratio of developmental expenditure to total expenditure has gone up from 55% in 2006-07 to nearly 70% in 2012-13.

**6.9** The Budgeted Expenditure for 2012-13 will be financed through estimated revenue receipts of Rs.43842.74 crore, recovery of loans and advances of Rs.240.29 crore and borrowing and other receipts of Rs.7947.67 crore. The State's dependence on borrowing has reduced with net borrowing estimated at Rs.3260.54 crore for FY 2012-13 which is only 1.25% of GSDP.

## **7. Sectoral Highlights**

I wish to mention here that although higher allocations have been made for all departments, but I do not intend to take more time of the House to elaborate allocation of all departments. Now, I wish to enumerate some highlights of expenditure proposals under some major sectors.

### **7.1 Agriculture and Allied Activities**

#### **7.1.1 Agriculture Department**

In our State 65% livelihood is derived from Agriculture. So, utmost priority is accorded to develop the agriculture sector. Allocation for Agriculture Department has been substantially stepped up from Rs.1167.98 Crore in 2011-12 to

Rs.1516.16 Crore in 2012-13. There is an increase of 42.64% of the outlay under State Plan.

- Rs. 392.66 Cr has been provided in the Budget Estimates for 2012-13 under Rashtriya Krushi Vikas Yojana (RKVY).
- Allocation for **Jalanidhi** Scheme has been increased from Rs.63.15 Cr in 2011-12 to Rs.100 Cr in 2012-13. In addition, Rs.150 Cr has been provided for installation of 10,000 bore wells during 2012-13.
- Allocation for farm Mechanisation has been increased from Rs.75 Cr in 2011-12 to Rs.90 Cr in 2012-13.
- To modernise the farming system and for better utilisation of labour force, Rs.90 Cr has been provided to extend subsidy to the farmers during the Year 2012-13 as against Rs.75 Cr in 2011-12.
- Under Integrated Watershed Management Programme (IWMP), the State share has been provided at Rs.26.55 Cr in 2012-13 against Rs.8.65 Cr in 2011-12.
- Rs.22.13 Cr has been provided in 2012-13 under Odisha Rural Livelihood Programme (JEEBIKA).
- Rs. 50.00 Cr has been provided during 2012-13 for promotion of horticulture under State Plan.

### **7.1.2 Water Resources Department**

The total cultivable land in our State is 61.65 lakh Ha. Till date 30.15 lakh Ha. is under irrigation which is about 49% of the total cultivable land. In the 12<sup>th</sup> Plan period it has been proposed to create additional irrigation potential of 9.36 lakh Ha. which is about 15 % of the total cultivable area.

- Total outlay of Rs.3466.42 crore has been provided under Plan and Non-Plan for Water Resources Department.
- Allocation for major & medium irrigation project is proposed at Rs.1489.63 crore under State Plan.
- The outlay for flow minor irrigation is proposed at Rs.397.64 crore and the allocation for lift irrigation is Rs 312.00 crore including Rs.150.00 crore for mega lift projects.
- The proposed provision for construction of Check Dam is Rs.216.14 crore. The allocations for flood control and drainage is proposed at Rs.284.00 crore and an amount of Rs.86.00 crore will be provided for command area development.
- With these outlays irrigation potential for 1.02 lakh ha will be created in 2012-13.

### **7.1.3 Co-operation Department**

Rs.241.69 Cr has been provided for the Cooperation Department under both Plan and Non-Plan for the year 2012-13. State Plan allocation has been increased by 26%.

- Rs.98.7 Cr has been provided for interest subsidy to farmers on crop loans.
- Rs.15 Cr has been provided for provision of crop insurance to farmers.
- Rs.15 Cr has been provided under the awards of 13th Finance Commission for development of 37 nos of market yards.

- Rs.5 Cr has been provided in the budget for renovation and technical up- gradation of Bargarh Sugar Mill and Aska Co-operative Sugar Industries.

#### **7.1.4 Fisheries and Animal Resources Development Department**

Rs.385.84 Cr has been provided in the Budget of Fisheries and Animal Resources Development Department in 2012-13.

- Rs. 15.84 Cr has been provided in the Budget Estimates for 2012-13 for opening of new Livestock Aid Centres.
- Rs.2.90 Cr has been provided in the CSP Scheme (50:50) under the Accident Insurance in 2012-13 to cover 10 lakh poor fishermen to insure their lives.
- Rs. 6.92 Cr has been provided for KALYANI Project in 2012-13 which is being assisted by Bharat Agro Infrastructure Foundation (BAIF).

#### **7.1.5 Forest & Environment Department**

Allocation of Rs. 593.08 Cr has been made for Forest & Environment Department in the budget estimate for the year 2012-13 including State Plan outlay for Rs.269.10 Cr.

- Rs. 90 Cr has been provided to the externally assisted Odisha Forest Sector Development Project for afforestation and distribution of sapling for growing trees outside the forest area.
- It is targeted to take up afforestation over 2 lakh Ha including rehabilitation of degraded forest. Rs.6.15 Cr

has been allocated for the new scheme "Ama Jungle Yojana".

- Rs. 14.55 Cr has been allocated in 2012-13 towards Plantation in urban areas and Rs.6.00 Cr has been provided for plantation in bald hills.
- Rs. 5.00 Cr has been provided for management and development of Elephant Corridor in the State during the year 2012-13.
- Price of Kenduleaf purchase has been increased from 35 paise per 20 leaves to 40 paise per 20 leaves for benefit of about 8 lakh pluckers. It is proposed to cover all the Kenduleaf pluckers under Jan Shree Bima Yojana during the year 2012-13.

## **7.2 Social Services**

### **7.2.1 Health & Family Welfare Department**

Rs.1820.40 crore under both Plan and Non-Plan has been allocated for Health and Family Welfare Department, which is 25 % more than the present year's allocation. Effort has been made to reduce the out of pocket expenditure for health care by increasing the outlay for provision of medicine and diet to the in the Government run hospitals.

- **Provision for Medicines:** Allocation for purchase of medicines has been substantially increased from Rs.50.00 crore to Rs.104.56 crore which is 110% more than the current year's allocation.
- **Allocation for Diet:** Rs.22.72 crore has been allocated to provide diet to the Indoor Patients, which is 37% excess over the present year's allocation.

- **Augmentation of Intake Capacity of Govt. Medical Colleges:** I have already mentioned earlier that strengthening of health security of our citizens is a major focus area of my budget proposals. Needless to say that we cannot improve health security unless we augment availability of Doctors for our public health facilities. Keeping this in view, we have decided to enhance the intake capacity of all the three Medical Colleges from 150 to 250 within a period of four years. This project will require investment of Rs.400.00 crore for development of necessary infrastructure and other facilities. Rs.32.30 crore has been allocated for this project under State Plan.
- **Launching of Emergency Medical Ambulance Services:** Launching of "Emergency Medical Ambulance Services" in the State would be another major intervention for strengthening health security. In the first phase 15 districts will be covered under this new scheme. Rs.10.00 crore from Odisha Health System Project Fund has been allocated during current financial year for purchase of Ambulances. In the present allocation operational cost of Rs.6.22 crore has been provided.
- **State Share of NRHM:** Rs.120.00 crore has been provided as State Share for the schemes implemented under NRHM.
- **Externally Aided Project :** For Odisha Health System Project Fund Rs.62.59 crore has been provided.
- **Un-interrupted power supply facility:** Rs.6.00 crore has been provided to facilitate un-interrupted power supply to Medical Colleges, Sishu Bhawan, District Headquarter Hospitals, etc.

- **Biju Gramin Swasthya Sibir Scheme:** An outlay of Rs.3.00 crore has been provided under the scheme to hold Health Camps in the inaccessible areas.
- **Provision for construction of Buildings:** For infrastructure development of Medical Colleges, staff quarters, Sub-centre buildings and new PHC buildings, Rs.99.30 crore has been provided under State Plan including Thirteenth Finance Commission Grants.

### **7.2.2 School & Mass Education Department**

Total allocation in School and Mass Education Department is enhanced from Rs.5307.44 crore to Rs.6525.40 crore this year.

- Rs.505.00 crore is provided towards State matching Contribution for Sarva Sikshya Abhiyan (SSA). Further, Rs.204.00 crore is provided under 13<sup>th</sup> FC award for the Scheme.
- Rs.45.00 crore is provided for distribution of bicycles to Class-X students' to the girls students and SC and ST students of different schools including the schools managed by ST and SC Development Department.
- Rs.4.50 crore is provided for Pathani Samanta Mathematics Talent Scholarship.
- Rs.150.00 crore is provided under Rashtriya Madhyamika Sikshya Abhiyan (RMSA) towards State matching Contribution.
- Rs.628.40crore has been provided for Grant-in-aid to non-Government schools.
- Rs.2.19 crore is provided towards block grant to the newly eligible Non-Govt Madrasas.

- Rs.12.80 crore as State Share under the Centrally Sponsored Scheme has been provided for implementation of Information and Communication Technology programme.
- Rs.42.95 crore is provided towards State Share for establishment of Model Schools in backward districts.
- Rs.160.00 crore has been provided towards State Share for implementation of Mid Day Meal (MDM) Scheme.

### **7.2.3 Higher Education Department**

Rs.1290.28 crore has been provided for Higher Education together under Plan and Non Plan sector for the year 2012-13.

- Rs.9.66 crore and Rs. 69.40 crore have been provided for infrastructure development of Universities and Colleges respectively.
- Rs. 1.50 crore has been provided towards exemption of tuition fees and examination fees of the students of flood and draught affected areas.
- Rs. 12.00 crore has been provided for Professional Scholarship and Rs. 6.03 Cr. has been provided for other Scholarships.
- Rs.737.85 crore has been provided for grant in aid to Non-Govt. Aided Colleges.
- Rs. 18.60 crore has been provided towards state share for opening of Govt. Colleges in the districts with low Gross Enrolment Ratio.

## 7.2.4 Panchayati Raj Department

Rs.2563.83 crore is provided both under Plan and Non-Plan as against last year's Rs.2181.83 crore with more than a 17% increase in allocation.

- Rs.643.18 crore has been provided as grant-in-aid to P.R Institutions on the recommendation of the 13<sup>th</sup> Finance Commission,
- Rs.701.92 crore has been provided in the budget towards assistance to Panchayati Raj Institutions as per the recommendation of the 3<sup>rd</sup> State Finance Commission.
- Rs.165.00 crore has been provided under Gopabandhu Gramin Yojana for development of 11 districts.
- Rs.339.95 crore has been provided under BRGF programme being implemented in 19 districts.
- Rs.150.00 crore has been provided towards State share of Indira Awas Yojana for providing houses to the BPL families.
- Rs.100.00 crore has also been provided for the scheme 'Mo Kudia' as against last year's Rs.60.00 crore.
- Rs.100.00 crore has been provided in the budget for the World Bank assisted Targetted Rural Initiative for Poverty Termination and Infrastructure (TRIPTI).
- Rs.160.00 crore has been provided towards State matching contribution under Mahatma Gandhi National Rural Employment Guarantee Scheme.
- Rs.60.00 crore has been provided in the budget for development of Gram Panchayat / Panchayat Samiti roads.

- Rs.5.00 crore is allocated under 'Aam Admi Bima Yojana' to provide life insurance cover for the landless agricultural labourers.
- Rs.113.00 crore is provided for repair of Grama Panchayat roads.

### **7.2.5 ST & SC Development Department**

The total allocation to the Department is Rs.1605.71 crore against last year's Rs.1286.33 crore with an increase of more than 24 % in budgetary provision.

- Rs.294.79 crore has been provided in the Non-Plan towards pre-matric scholarship.
- Rs.226.00 crore is now provided for completion of 1464 Hostels for SC/ST students.
- Rs.150.04 crore has been provided for infrastructure development of Educational Institutions and construction of Staff quarters in ST & SC Development Department Schools under State Plan.
- Rs.28.00 crore has been provided for special plan in KBK districts.
- Rs.160.95 crore has been provided under Special Central Assistance to Tribal Area Sub-Plan under State Plan to augment income of tribal people through different income generating programmes.
- Rs.43.50 crore has been provided under non-plan for maintenance and repair of staff quarters (Rs.7.5 crore) and maintenance / special repair / addition / alteration / renovation of School & Hostel buildings (Rs.36.00 crore).

### 7.2.6 Women & Child Development Department

Outlay of Rs.2723.69 crore has been provided under Plan and Non-Plan for Women & Child Development Department.

- **Social Security Pension Schemes:** To Provide Social Security Pension to the senior citizens, differently abled persons and widows, an outlay of Rs.918.19 crore has been provided.
- **MAMATA:—** Hon'ble members are aware that a new scheme " MAMATA" has been launched by the State Government during the current year for providing nutrition and health care support to the pregnant and lactating women. Under this scheme Rs.5000/- is being paid to each beneficiary for pre-natal and post-natal care. Rs.275.70 crore has been provided for this scheme under State Plan.
- **Supplementary Nutrition Programme:** Rs.540.00 crore has been provided for continuation of this ICDS Programme.
- **National Family benefit scheme:** Rs.30.20 crore under State Plan has been provided for this scheme by which financial assistance of Rs.10,000/- will be paid to a BPL family in the event of death of its primary bread earner.
- **Seed money support to Women's Self Help Groups:** Rs.48.48 crore has been allocated for seed money support to the Women's Self Help Groups, which is 25% more than the current year's allocation.

### **7.2.7 Labour and Employees State Insurance Department**

Rs.68.84 crore has been provided in the budget under Plan and non-Plan for this Department.

- Rs.20.00 crore has been provided towards State share of Rashtriya Swasthya Bima Yojana (RSBY).

### **7.2.8 Employment & Technical Education and Training Department**

Outlay of Rs.97.13 crore and Rs.84.33 crore have been provided in the budget of this Department under plan and non-plan respectively.

- **Skill Development:** I have already mentioned earlier that strengthening employment security is one of our top most priorities. There is a massive skill deficit all over the country in the context of rapid economic growth. This has presented us with a unique opportunity to equip our youths with marketable skill sets. We would like to impart them employable skills through the technical institutes like polytechnics and ITIs through tailor made courses for the upcoming industries and services sector in the State. Therefore, in order to develop a synergy between the technical education wing and the State Employment Mission, the composite Department of "Employment & Technical Education and Training" has been created. It would be our endeavour to provide placement linked skill training to one million youths during the Twelfth Five Year Plan. Accordingly, allocation of Rs.50.00 crore has been provided for the Employment Mission. The Department would also leverage and source funds for skill development from

the ongoing schemes of the Central Government as well as from the National Skill Development Corporation.

- Rs. 4.00 crore has been provided in the budget under State Plan towards establishment of Xavier's Institute of Management (XIMB) at Sambalpur and Bolangir. This will go a long way in providing quality management education to the students of the State.
- Rs.10.40 crore has been provided for infrastructure development and procurement of tools & equipment for Engineering schools and polytechnics.
- Provision of Rs. 4.00 crore has also been made towards State Share for Skill Development of Youth in 5 Districts affected by LWE (Left Wing Extremism) through ITIs. It is proposed to train 5000 (1000 in long term courses and 4000 in short term courses) trainees per annum for three years in the existing Govt. and Private Institutes.
- Rs. 14.00 crore has been provided for infrastructure development of constituent colleges of BPUT. Besides, Rs. 12.56 crore has also been provided for infrastructure and civil works of IGIT, Sarang, Government Engineering Colleges at Berhampur and Bhawanipatna etc.

### **7.3 Economic Services**

#### **7.3.1 Industries Department**

An Outlay of Rs.9.93 crore has been provided in the budget for Industries Department both under plan and non-plan.

- For up-gradation of industrial infrastructure of Plastic, Polymer and Allied Cluster at Balasore under IIUS, a provision of Rs.1.13 crore has been provided.

- Rs.2.00 crore has been provided in the budget under State Plan for refund of Sales Tax to Mega Project under Special Industrial Promotion Assistance (SIPA).
- Subsidy of Rs 3.25 crore has been provided in the budget in shape of financial assistance against VAT reimbursement in Large Sector.

### **7.3.2 MSME Department**

To provide focussed attention on the development of the MSME Sector as a sequel to rapid industrialisation in the State, the new MSME Department has been created. Outlay of Rs.52.50 crore has been provided in the budget of this Department both under plan and non-plan.

### **7.3.3 Handloom, Textile & Handicrafts Department**

Outlays of Rs.77.06 crore and Rs.41.08 crore have been provided in the budget of this Department under plan and non-plan respectively.

- Rs. 30.00 crore has been provided for revival, reform and restructuring of the Handloom Sector.
- Rs. 12.60 crore and Rs. 7.45 crore have been provided under State Plan for promotion of Handloom Industries and Sericulture respectively.
- Besides, for Integrated Handloom Development Scheme as a marketing Incentive, Rs. 5.30 crore has been provided under in B.E. 2012-13.
- For promotion of handicraft Industries Rs.2.74 crore has been provided under State Plan.

### **7.3.4 Science & Technology Department**

An out lay of Rs.43.68 crore has been provided in the Budget of this Department under Plan & Non-plan.

- In order to spread awareness in the field of astronomy, astrophysics and space science a new Planetarium will be established at Sambalpur for which allocation of Rs.5.00 crore has been provided.
- Rs.3.05 crore has been provided for development of Bio-Technology Laboratories in different Institutions & Universities which will be used by Researchers & students.
- Rs.3.4 crore has been provided for construction of a green building for OREDA.

### **7.3.5 Information & Technology Department**

The Budgetary allocation for Information & Technology Department is Rs.122.63 crore both under Plan & Non-plan.

- Rs.20.60 crore has been provided towards implementation of e-Governance Projects as per National e-Governance Programme.
- Rs.12.00 crore has been provided in the budget for infrastructure development of IIIT, Bhubaneswar, which includes creation of Training Centre, Guest House, Research Laboratories & Staff Qrs.
- Provision of Rs.35.70 crore has been made from the 13<sup>th</sup> Finance Commission Grant for incentivising issue of UID.

### **7.3.6 Public Enterprises Department**

It has been proposed to provide total outlay of Rs.2.47 crore in the Budget of PE Department together under Plan & Non-Plan.

- Rs.1.00 crore has been provided in the budget of 2012-13 towards Corpus fund of Odisha State Renewal Fund Society (OSRFS) for continuance of Public Enterprise Reforms beyond DFID supported programme period.

### **7.3.7 Planning & Coordination Department**

A total provision of Rs.1328.32 crore has been made for P&C Department under Plan & Non-plan.

- Rs.80.00 crore has been provided for Western Odisha Development Council.
- Rs.120.00 crore has been provided in the budget for continuance of Biju KBK Yojana for the development of most backward regions like KBK.
- Rs.28.50 crore has been made for implementation of Biju Kandhamala O Gajapati Yojana.
- Rs.540.00 crore has been provided in the budget for implementation of Integrated Action Plan in Tribal & Backward Districts.
- Rs.153.00 crore has been made for implementation of Special Development Programme.
- Provision of Rs.10.00 crore has been made under Crop Husbandry for extension of Crop estimation to Gram Panchayat level.

### **7.3.8 Food Supplies & Consumer Welfare Department**

An outlay of Rs.1192.58 crore has been provided in the Budget of this Department under both Plan & Non-plan.

- In order to strengthen food security, a new scheme for doorstep delivery of food grains at the retail points will be implemented during FY 2012-13. This initiative is expected to enhance the efficiency of the Public Distribution System (PDS). Accordingly, allocation for the Rice @ Rs.2.00 per Kg scheme has been increased to Rs.1140.57 crore. This also includes provision of rice to the riot affected families of Kandhamal, borders of SC & ST Hostels and differently abled persons.
- A sum of Rs.9.00 crore has been made towards grants for digitization of Ration Cards which will prevent use of fake Ration Cards and ensure benefits of PDS to reach genuine consumers.
- For implementation of Arnapurna Scheme, provision of Rs.5.20 crore has been made towards subsidy to OSCSC Ltd.

### **7.3.9 Transport Department**

An out lay of Rs.53.00 crore has been provided in the Budget of this Department both under Plan & Non-plan.

- Rs.10.22 crore has been provided for construction of 10 nos. of building of RTO offices and for modernization of STA.
- Rs.5.00 crore has been provided for setting of Driving Training Institute at Berhampur, Barbil, Bhubaneswar,

Keonjhar & Angul, which will train un-employed youth to earn their livelihood.

- For purchase of new buses by the OSRTC, margin money support of Rs.5.00 crore has been provided in the budget.

### **7.3.10 Commerce Department**

Total provision of Rs.63.52 crore under Plan & Non-plan has been provided for Commerce Department

- Rs.2.12 crore has been provided for development of minor ports.
- Provision of 1.30 crore has been made for modernization of Water Transport System.
- It has been decided to modernize the existing the Jettis & Waiting Halls. For this purpose an amount of Rs.1.5 crore has been provided for the year 2012-13.

## **7.4 Infrastructure Development**

### **7.4.1 Works Department**

A total provision of Rs.2258.55 crore has been made in the year 2012-13 including Rs.1063.86 crore under State Plan for Works Department.

- Under State Plan, Rs.1048.86 crore has been provided under RIDF, Central Road Fund (CRF), One Time ACA and Externally Aided Projects (EAP) for development of 606 Kms. of road and completion of 16 bridges during 2012-13.
- Rs.15.00 crore has been allocated under State Plan for completion of incomplete buildings.

- Rs.657.65 crore has been provided under Non-Plan for maintenance of roads and bridges.
- Allocation of Rs.241.14 crore has been made under Non-Plan for maintenance of non-residential buildings including Rs.24.00 crore for repair and renovation of Government School and College Buildings which are at least 30 years old.
- Rs.122.73 crore has been provided under Non-Plan for maintenance of residential buildings.

#### **7.4.2 Housing and Urban Development Department**

A total provision of Rs.1574.67 crore has been made in the year 2012-13 including Rs.673.15 crore under State Plan.

- Rs.269.17 crore has been provided for maintenance & repair of water supply and sanitation work.
- Rs.135.98 crore has been provided as grants to ULBs under 13th Finance Commission award.
- Assistance of Rs.423.82 crore for the ULBs has been proposed as per the recommendation of 3rd State Finance Commission.
- Rs.48.50 crore has been provided for repair and maintenance of urban roads under Non-Plan and Rs.60.00 crore for improvement of urban roads under State Plan.
- Rs.296.37 crore has been provided for the projects under JNNURM like Urban Infrastructure Governance, BSUP, UIDSSMT, IHSDP and RAY.
- Rs.21.00 crore has been provided for creation of Odisha Urban Infrastructure Development Fund and Rs.75.00

crore for sewerage and sanitation under Externally Aided Projects (EAP).

- Rs.120.00 crore has been provided for Urban Water Supply Projects and Rs.40.00 crore has been provided for Urban Sewerage system.

#### **7.4.3 Rural Development Department**

A total provision of Rs.1720.54 crore has been made in the year 2012-13 including Rs.860.00 crore under State Plan.

- During the current year, a new scheme Biju Setu Yojana (BSY) has been launched for construction of 400 bridges over a period of 4 years in order to improve road network. A sum of Rs.140.00 crore has been provided for the new scheme during the year 2012-13 for construction of 100 bridges.
- Rs.71.00 crore has been provided under the award of 13th Finance Commission for maintenance of rural roads and bridges.
- Rs.195.00 crore has been provided for roads and bridges under RIDF.
- Rs.50.00 crore has been provided under State Plan for development of important rural roads of economic and tourism importance.
- Allocation for up-gradation of rural roads has been increased from Rs.10.00 crore to Rs.80.00 crore.
- Rs.61.00 crore has been provided in the budget for maintenance of PMGSY Roads.
- Rs.25.00 crore has been provided for repair and renovation of Government Schools which are at least 30 years old.

- Rs.195.00 crore has been allocated towards State share of Rural Water Supply and Sanitation Scheme for completion of 1000 water supply projects and installation of 15000 Spot Sources (Tube Wells & Sanitary Wells).
- An amount of Rs.25.00 crore has been provided towards State share of Centrally Sponsored Scheme for Rural Sanitation.

#### **7.4.4 Energy Department**

Rs.542.26 crore has been provided in the budget of the Energy Department both under Plan and Non-Plan.

- Rs.150 crore has been provided under Biju Gram Jyoti to take up electrification of habitations and for system improvement.
- To provide electricity to the un-electrified habitations in the urban areas, Rs.20 crore has been provided under Biju Saharanchal Vidyutikaran Yojana.
- To expand & strengthen the transmission network in the KBK & other unviable areas, it is proposed to provide Rs.300 crore to OPTCL by way of equity infusion in 5 years. Accordingly Rs.50 crore is proposed for equity support to OPTCL during 2012-13.
- To take up several energy conservation measures, Rs.15 crore has been provided in this budget as against Rs.10 crore of last year.
- An amount of Rs.251.25 crore is proposed to be provided for implementation of CAPEX programme during 2012-13.

- In addition to this, Rs.3 crore is provided in this budget for the purpose of construction of building for the Odisha Electricity Regulatory Commission.

## **7.5 General Services**

### **7.5.1 Home Department**

- Provision of Rs. 2343.33 crore has been made for Home Department under Plan and Non-plan in the B.E. for 2012-13, which is significantly higher than the previous year's provision of Rs. 2004.56 crore.
- Provision of Rs.77.50 crore has been made under State Plan for construction of Police Station Buildings, Barracks and Residential Buildings.
- The Finance Commission Grants of Rs.17.50 crore will be utilised for construction of 3 number of Police Training Institutes.
- Rs.115.57 crore has been provided under Non-Plan for Security Related Expenditure (SRE) and Rs. 22.89 crore under Modernisation of Police Force Scheme.
- Rs.7.85 crore has been provided under Non-Plan for purchase of modern equipments in Police Stations.
- Rs 50.00 crore has been provided under State Plan for overall development of Jail Organisation out of which Rs 46.73 crore has been earmarked for construction and up-gradation of jails and residential buildings.
- An amount of Rs 57.50 crore has been provided under State Plan for improvement of the Fire Service organisation, which includes of Rs 12.00 crore for procurement of advance fire fighting equipments and Rs. 45.50 crore for construction of Fire Station and residential buildings.

- An amount of Rs 30.00 crore has been provided under State Plan for construction of court buildings and residential buildings.

### **7.5.2 Revenue & Disaster Management Department**

Provision of Rs. 1204.98 crore has been made for Revenue and D.M Department under Plan and Non-plan in the B.E. for 2012-13.

- An amount of Rs. 53.50 crore has been provided for construction of office buildings and Rs. 13.50 crore has been provided for construction of residential buildings.
- Rs. 5.75 crore has been provided towards State share of National Land Records Modernization Programme (NLRMP) to develop a modern, comprehensive, updated and transparent Land Records Management System.
- Rs. 17.00 crore has been provided towards State share of CSP scheme National Cyclone Risk Mitigation Project (NCRMP).
- Rs. 5.00 crore has been provided for construction of 100 Flood Centres during 2012-13.

### **7.5.3 General Administration Department**

Rs. 214.58 crore has been provided in the Budget for this Department under both Plan and Non-Plan.

- Rs.6.00 crore out of State Plan has been earmarked for development of air-strips and construction of a new Air-Strip at Malkangiri during the financial year 2012-13.
- Rs.15.30 crore has been provided for Construction of Building of G.A. Department under State Capital Project.

#### **7.5.4 Law Department**

Rs. 193.98 crore has been provided in the Budget for this Department both under Plan and Non-Plan.

- Rs.1.99 crore has been provided in the budget as per the recommendation 13th Finance Commission towards Loka Adalat and Legal Aid.
- Rs.8.15 crore has been provided in the budget as per the recommendation of the 13th Finance Commission for Establishment of Alternate Dispute Resolution Centre (ADR Centre) and Training of Mediators/Conciliators.
- Rs.16.65 crore has been provided in the budget as per the recommendation of 13th Finance Commission for operation of Morning/Evening Court.

#### **7.6 Other Sectors**

##### **7.6.1 Information & Public Relation Department**

Rs. 42.28 crore has been provided in the Budget for this Department both under Plan and Non-Plan.

##### **7.6.2 Sports & Youth Services Department**

Rs. 55.57 crore has been provided in the Budget for this Department both under Plan and Non-Plan.

- Rs.4.99 crore has been provide in the budget for completion of Hockey complex at Kalinga Stadium.
- To cater to the training needs of the inmates of Sports Hostel at Panposh, Rourkela a second Synthetic Hockey Turf will be laid. Accordingly, a sum of Rs.6.00 crore has been provided in the Budget for 2012-13

### **7.6.3 Culture Department**

Rs. 59.17 crore has been provided in the Budget for this Department under both Plan and Non-Plan.

- Rs.16.25 crore has been provided in the budget for Preservation of Monuments and Buddhist Heritage as per the recommendation of 13th Finance Commission.
- Rs.1.00 crore has been made for construction of Odishi Dance Museum in Guru Kelu Charan Mohapatra Odishi Research Centre, Bhubaneswar
- Rs.1.00 crore has been provided in the budget for construction of Modern Art Gallery in Bhubaneswar.
- Rs.2.00 crore has been provided in the budget for construction of Boys & Girls Hostels for Utkal Sangeeta Mahavidyala and B.K. College of Art and Crafts, Bhubaneswar.
- Rs.3.60 crore has been provided towards pension to Indigent Artists.

### **7.6.4 Tourism Department**

Rs.65.20 crore has been provided in the Budget for this Department under both Plan and Non-Plan.

- Rs.9.00 crore has been provided in the budget for acquisition of private land for development of tourist projects like Peace Park at Dhauli and Peripheral Development of Lingaraj Temple.
- Rs.13.50 crore has been provided in the budget in order to provide adequate basic amenities and other infrastructure in indentified tourist destinations.
- Rs. 17.00 crore has been provided in the budget for organisation of International Events & Road

shows/organisation of State and National Level Fairs and for publicity campaigns.

#### **7.6.5 Excise Department**

Provision of Rs. 52.54 crore has been made for Excise Department under Plan and Non-plan in the B.E. for 2012-13. Out of this, a sum of Rs. 3.17 crore is earmarked for construction of 62 Range and charge offices.

#### **7.6.6 Odisha Legislative Assembly**

Rs.46.09 crore has been provided in the Budget for Odisha Legislative Assembly.

- For the first time, our State is going to introduce Health Insurance Scheme for the Ex-MLAs. Accordingly, a sum of Rs.10.00 lakh has been provided in the Budget for the purpose.

### **8. Institutional Reforms for better Financial Management:**

**8.1** Hon'ble Governor in his address to this House has elaborated on the initiatives taken by the State Government for better financial management and improvement in the quality of public expenditure including online preparation of budget for FY 2012-13. I would like to highlight on a few other citizen centric e-services launched by the commercial tax organization.

**8.2** Payment of taxes and filing of returns through the electronic mode is now possible. The prospective dealers can also apply for registration electronically. Presently, more than 75% of Commercial Taxes are being collected electronically. A

lot of paperwork for the Department and the Dealers as well could be eliminated in the process. More such business centric electronic services are proposed to be rolled out in the near future for enhancing the efficiency and transparency of our tax administration.

### **8.3 Establishment of Programme Delivery and Outcome Monitoring Unit:**

We have started the exercise of preparation of Outcome Budget of key spending Departments from the year 2010-11. However, there is no institutional mechanism for monitoring and evaluating outcomes. In order to ensure objective and impartial assessment of outcome against outlay, we propose to set up a dedicated "Programme Delivery and Outcome Monitoring Unit" in Finance Department. The unit will be mandated to undertake concurrent monitoring and evaluation as well as impact assessment of all flagship programmes by engaging high quality independent consultants. Provision of Rs.5 crore is proposed to be made for the purpose in the Budget Estimates for 2012-13.

8.4 We have been providing a separate disclosure statement in the Explanatory Memorandum to capture total public investment made for capital formation. Three more disclosure statements on grant-in-aid, subsidies and 100% Women Centring Programme have been added this time to

the Explanatory Memorandum to make the budget more transparent.

### **9. Public Private Partnership (PPP)**

With a view to harnessing private sector investment, their efficiencies in project execution, provision of public assets and services, there is a need for roping in the private sector for provision of public infrastructure. We therefore, propose to invest at least Rs.5000.00 crore in the 12<sup>th</sup> Five Year Plan under PPP in the State. For this purpose, a Project Development and Facility Centre in P&C Department is set up with allocation of Rs.10 crore and a Viability Gap Fund of Rs.40 crore is proposed in the budget for 2012-13. You will be glad to know that Rs.48.14 crore has been earmarked for development of State Highways and Major District Roads through PPP.

### **10. Budget Estimates - Compliance with the FRBM Targets:**

**10.1** The State Government have amended the FRBM Act in line with the recommendations of 13th Finance Commission and have also drawn up a fiscal correction path. It mandates the State Government to maintain revenue balance, contain fiscal deficit within 3% of GSDP and limit the debt to GSDP ratio at 30.2% in 2012-13. All the three fiscal indicators have

been kept well within the FRBM targets in the Budget Estimates for 2012-13.

**10.2** The total revenue expenditure is estimated at Rs.41431.97 crore during the financial year 2012-13. Thus, after achieving revenue balance, a surplus of Rs.2410.77 crore has been projected in the Budget Estimates for 2012-13 which is 0.93% of GSDP. The Fiscal Deficit is projected at Rs.4751.93 crore which is 1.83% of GSDP.

**10.3** The year end debt stock for the financial year 2012-13 is estimated at Rs.43054.06 crore which is 16.55% of GSDP.

## **11. Tax Proposals**

**11.1** As I have indicated earlier, we have to make efforts to raise tax/GSDP ratio of our State. Therefore, the State Government had appointed an Expert Committee on Revenue Enhancement Measures. The Committee had submitted its report in the meanwhile. One of the major recommendations of the Committee with regard to Commercial Tax Organisation was to raise the lower rate of VAT from 4% to 5%. Moreover, there was a national consensus at the level of the Empowered Committee of State Finance Ministers to raise the lower rate of VAT from 4% to 5% and it was also linked to grant of CST compensation by the Central Government. In the meantime, Government of India have raised rate of tax for declared goods from 4% to 5%. In fact, most of the States have gone

for increase of rate of tax from 4% to 5% much earlier. The State had to lose CST compensation of around Rs.260 crore towards notional gain on this account during the year 2010-11 for non-revision of the rate. Considering these factors, it is proposed to raise lower rate of VAT from 4% to 5% w.e.f. 1.4.2012. I would like to clarify here that, this may not affect the prices of essential commodities as most of the packaged commodities and medicines are being sold on MRP. Similarly, as industrial inputs are eligible for input tax credit, it will also not affect the prices of final product.

**11.2** Besides, after sugar and textile fabric were removed from the Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 these goods became liable to VAT w.e.f. 8.4.2011. However, there was resentment of the traders of the State, since no other State had levied tax on the said items at that point of time. Therefore, the levy of tax was put on hold till a national consensus emerges in the matter. Recently, the Empowered Committee of State Finance Ministers have recommended levy of tax on sugar and textile fabric across the States with effect from 1.4.2012. Therefore, it is now proposed to impose tax on 'sugar and textile fabric' @ 5% under VAT Act w. e. f. 1.4.2012.

11.3 I am to inform the Hon'ble Members that the additional revenue to accrued from this new tax proposal will not be

utilised for increasing the cash balance or for reducing the fiscal deficit of the Government. As per direction of Hon'ble Chief Minister, I wish to inform the august House that the additional resources to be realised on this account will be fully utilised for increasing the amount of pension being paid to more 37 lakh of old, widow and differently abled persons from Rs.200 to Rs.300 per month from 1<sup>st</sup> April, 2012. I believe that this bold step of the State Government would go a long way in strengthening the social security cover for the destitute families of our State.

## 12. Conclusion

I have tried to make a balance between the fiscal prudence and people's expectations. I hope this budget will certainly ensure overall development of the State. In this context, I would like to humbly mention that this State is ours and we must strive for its development. There is no room for narrowness. I wish to quote a stanza of the Great Poet of this soil Gangadhar Meher:

"ଉଠ ଭାଇ ଉଠ, ନବୀନ ଆଲୋକେ  
ଶୋଇଥିଲେ ଚାହିଁ ହସୁଥିବେ ଲୋକେ  
ଶୁଭ କର୍ମପଥେ ହୁଅ ଅଗ୍ରସର  
ଚକ୍ଷୁ ମିଳିବାକୁ ନାହିଁ ଅବସର ।  
ମାତୃଭୂମି ମାତୃଭାଷାର ବଦନ  
ଦୀପ୍ତକର ଦେଇ ଧନ ଧାନ୍ୟ ମନ ।"

I, once again extend my sincere thanks to you, the Leader of the House, Hon'ble Chief Minister, Hon'ble Leader of Opposition and all Hon'ble members of this august House for giving me a patient hearing. I pray Lord Jagannath for a brighter future for the people of our State.

***/ JAY HIND /***  
***// BANDE UTKAL JANANI //***

