

**Speech of Sri Prafulla Chandra Ghadai, Minister, Finance in the
Orissa Legislative Assembly on presenting the Vote on Account
Budget for the Financial Year 2007-08.
(English Version of the Speech Delivered in Oriya)**

Hon'ble Speaker Sir,

At the outset, I express my gratitude to you for giving me this opportunity to present the Vote on Account Budget for the year 2007-08 in this August House. I also express my sincere thanks through you to the Hon'ble Leader of the House, Hon'ble Leader of Opposition and all the Members of the House for their unhesitating support and co-operation in the previous years.

2. You are aware that because of the elections to the 3-tier Panchayati Raj Institutions, it would not have been possible for discussion on Department-wise demands for grants as per the full budget for the year 2007-08 and therefore, a short session of this House has been convened. Hence, after estimating the receipt and expenditure for the whole year 2007-08, the provision of expenditure for 4 months has been worked out in the Vote on Account Budget to meet the requirement of expenditure. Therefore, along with the Budget for 2007-08, I am presenting the Vote on Account Budget for 4 months.

3. Needless to say that the budget presented in the House represents the estimated receipt and expenditure of a financial year. This estimate is prepared based on the expenditure and progress of the work of the previous year. There is not much scope to give a full account of the different plans and programmes of the State Government. Still then through this brief speech, I have tried to give an account of some important programmes of our Government. I shall however, make it more explicit and elaborate when full-fledged budget is presented. The Members will get an opportunity then to discuss in detail about various plans and programmes of different Departments during the time of discussion on Department-wise demands.

4. The budget estimate for 2007-08 is mainly based on the following broad premises:

- Ø The need to keep the rise in debt burden within a specified limit.
- Ø To achieve the fiscal target prescribed under Section 5 of the Orissa Fiscal Responsibility and Budget Management Act, 2005.

- Ø The need to prioritise the expenditure keeping in view the limited resources of the State
- Ø To provide required fund in order to complete the ongoing projects in time.
- Ø Need for allocating higher amount for the benefit of old and destitutes, physically handicapped persons, woman, Scheduled Caste and Scheduled Tribes, other back-ward classes and for other Social Security Programmes.
- Ø The need for providing more allocation for maintenance of Buildings, Roads, Bridges, Water Supply, Irrigation etc.
- Ø To contain the Non-plan revenue expenditure.
- Ø Higher allocation for infrastructure development.

5. I want to point out here that the Debt-GSDP ratio in case of Orissa is higher than the average of the Debt-GSDP ratio of other States. According to the estimate of 12th Finance Commission, in 2003 the Debt-GSDP ratio of other States on the average was 34.21% whereas in case of Orissa it was 62.93%. At the end of 2005-06 the debt burden of the State is around Rs.36500.00 crore which constitutes 48.2% of GSDP. According to the recommendation of the 12th Finance Commission this Debt-GSDP ratio should be contained at 28%.

6. I admit that this is not an indication of an encouraging situation. Hence, we have to find out its reason and the solution thereof. The loan is unavoidable for the development of a State like Orissa because there is little hope for garnering more resources by imposing more taxes. Besides this, the more elastic sources of revenue are vested with the Central Government. In certain cases the step-motherly attitude of the Central Government to Orissa is clear. The example is delay in revision of royalty on Coal. Further, 70% of the Central Assistance hitherto being available to the State is no more available, only 30% of the Central Assistance in shape of grant is being released. Hence, the size of the State Plan is entirely depends on the borrowing. As a result, it is difficult to contain the different deficits (Fiscal deficits). For information of the Hon'ble Members, I want to inform that the amount of loans incurred has been reduced from year to year basis. For example, the net loan incurred during 1999-2000 was about Rs.3350.00 crore and this was reduced to Rs.2901.00 crore in 2000-01. The net loan incurred in 2004-05 has been further reduced to about Rs.2417.00 crore and in 2005-06 to Rs.2406.00 crore. Against the borrowing limit of Rs.1617.00 crore fixed by the Government of India for the year

2006-07 for Orissa, the net borrowing up to February, 2007 is about Rs.638.00 crore. On the other hand, while the original State Plan outlay for 2006-07 was Rs.3500.00 crore it has been revised to Rs.3600.00 crore. Again, while the net loan for 2007-08 has been kept at about Rs.1040.00 crore, the State Plan Outlay has increased to Rs.5105.00 crore. Though in earlier years the net loan incurred was more, the size of the State Plan Outlay was limited to between Rs.2500.00 crore and Rs.3000.00 crore. For the coming year, the allocation for State Plan has registered a impressive growth. This has been possible only by bringing structural changes in our financial management. This is due to sincere co-operation and support of the Members of this August House, the general public, government servants, intelligentsia, print and electronic media etc. For this, I am grateful to all of them.

7. Against the target of 6.2% of the growth of State's economy fixed for the Tenth Plan, the achievement is likely to be 7.3%. Considering this higher growth rate, 9% growth rate has been fixed for the Eleventh Plan. For accelerated reduction of poverty in the State, growth rate has to be more than the target. But for the present, based on 9% growth rate during the 11th Plan period, State's own tax has been estimated for 2007-08 by assuming 15% increase. But there is no place for self complacency. Growth rate in the Agriculture and Animal Resources sector has to be accelerated. Hence our beloved Chief Minister is giving more importance to Agriculture based activities.

8. Taking into account the State's tax, non-tax revenue, State's share from Central taxes and Central assistance, while State's total Revenue Receipt during 2007-08 has been estimated at Rs.19,244.78 crore, the Revenue Expenditure has been estimated at Rs.18,295.17 crore. While in the financial year 2005-06, the Revenue Surplus was Rs.481.20 crore, in the Revised Estimate for 2006-07 it has been kept at Rs.748.57 crore and Rs.949.61 crore tentatively for the financial year 2007-08. On the other hand, in the Capital Account, the estimated expenditure would be more by Rs.1232.51 crore than the receipt. It means that the expenditure on account of capital outlay, disbursement of loans and repayment of instalment of earlier loans taken together would be more than the receipts from loans and advances from different sources together with the recovery of loans. In total, the deficit in the Consolidated Fund has been estimated at Rupees 282 crore, 89 lakh and 91 thousand and the same amount has been estimated as surplus in the Public Account. On the whole, the expenditure in the Consolidated Fund has been matched

with the revenue receipt, capital receipt and the net surplus in the Public Account taken together. Hence, this Budget with a revenue surplus is also a balanced budget.

9. Hon'ble Governor has already mentioned the details of important achievements of the State Government and steps proposed to be taken in the coming year. I do not want to burden you by repeating the same. I am going to present only some of the important highlights in the Vote on Account Budget of 2007-08 before you.

- v The monthly rate of pre-matric scholarship for Scheduled Tribe boys and girls has been increased from Rs.300/- per month to Rs.400/- per month and Rs.325/- per month to Rs.425/- per month respectively from 1.4.2007. Provision has been made during 2006-07 and 2007-08 for opening of 1000 new Hostels for accommodating one lakh ST and SC girl students. Out of the same 550 Hostels have been made functional during 2006-07.
- v Budget provision of Rs.53.01 crore has been made for construction of new Hostels for ST and SC students in the State Plan for the year 2007-08. Budget provision of Rs.25.00 crore has been specifically made in the Non-Plan for maintenance of Schools and Hostels for the ST and SC students.
- v For 2007-08 while for Pre-matric Scholarship a budget provision of Rs.122.77 crore has been kept, Rs.27.21 crore has been provided for Post-matric Scholarship for ST and SC students.
- v Since provision of Rs.22.47 crore has been made towards arrear pre-matric scholarship for the year 2006-07, there would be no deficit of fund for payment of scholarships in time regularly during the next year i.e. 2007-08.
- v Rs.24.00 crore has been provided towards pension to additional one lakh old and disabled persons. With this additional provision, a total sum of Rs.216 crore has been kept in the Non-Plan account for Old Age Pension, Widow Pension and Disabled Pension during 2007-08.
- v For maintenance of Anganwadi Centres a sum of Rs.7.00 crore and for Barrier Free Access for Physically Disabled Employees Rs.1.00 crore has been earmarked in the Budget of Works Department for 2007-08.
- v While there was a budget provision of Rs.30 lakhs towards stipend for physically challenged students in the budget of 2006-07, this has been increased to Rs.45 lakh during 2007-08.

- v While for School & Mass Education Department, a total provision of Rs.1955.50 crore was kept in State Plan and Non-Plan account in the BE of 2006-07, during 2007-08 this has been increased to Rs.2176.35 crore. This includes a special provision of Rs.10 crore for arrear Grant-in-Aid salary and Rs.3.68 crore towards Block grant for 691 new Upper Primary Schools.
- v Block grant for Aided Non-Government High Schools has been increased from Rs.13.40 crore during 2006-07 to Rs.23.83 crore during 2007-08.
- v While provision for Higher Education during the year 2006-07 was Rs.371.01 crore in Non-Plan and State Plan, the same has been increased to Rs.451.74 crore for 2007-08. This includes Rs.35 crore for infrastructure development of different Universities and Rs.32.00 crore for arrear Grant-in-Aid salary. Rs.5.00 crore has been specially earmarked for infrastructure development of Ravenshaw University out of one time ACA.
- v In the Budget of Panchayati Raj Department, there is a provision of Rs.100.00 crore towards State share for National Rural Employment Guarantee Scheme (NREGS), Rs.51 crore towards State share for Indira Awas Yojana (IAY), Rs.110.00 crore for Gopabandhu Gramin Yojana and Rs.285.00 crore for Backward Region Grant Funds. Special provision of Rs.22.00 crore has been made for construction of cluster houses for Doctors and other health workers at Panchayat level.
- v Provision of Rs.120.00 crore for Biju KBK programme, Rs.10.00 crore for Employment Mission, Rs.30.00 crore for Western Orissa Development Council(WODC) and Rs.110.25 crore for MLALAD has been made in P & C Department Budget of 2007-08.
- v While for Health & F.W. programme, provision of Rs.509.88 crore was kept in the budget for 2006-07 in the Non-Plan, it has been increased to Rs.571.31 crore in the Non-Plan for 2007-08. Special provision of Rs.24.00 crore has been made for staff quarters for employees of PHC and CHC and Rs.3.5 crore for Ayurvedic Hospitals. Moreover, for establishment of Spinal Injury Centre within SCB Medical College and for reduction of Infant Mortality, a sum of Rs.80.00 lakh and Rs.1.3 crore has been provided in the financial year 2007-08 under State Plan.
- v While during the year 2006-07, a sum of Rs.2.00 crore was provided for maintenance of different Stadia and Sports Hostel, this has been increased

to Rs.5.00 crore for the financial year 2007-08. For renovation and repair of Auditoria like Rabindra Mandap and Bhanja Kala Mandap etc., a sum of Rs.4.00 crore has been specially provided in the budget of Works Department.

- v For repair of different Police Stations and quarters of low paid employees of Police Department, provision of Rs.10.00 crore has been specially made in the budget of Home Department.
- v The cost of daily diet of under trials has been increased from Rs.19/- to Rs.34/- and that for convicts from Rs.20/- to Rs.35/-.
- v Our Government is attaching utmost importance to Agriculture and Irrigation. Consistent with this, while provision of Rs.533.50 crore was kept in the State Plan in the budget for the financial year 2006-07 for Water Resources Department, it has been increased to Rs.794.59 crore for the year 2007-08. Water rate subsidy for Orissa Lift Irrigation Corporation has been increased from Rs.14.00 crore in the original budget of 2006-07 to Rs.20.00 crore, at the present, for the financial year 2007-08. Similarly while Rs.48.08 crore was provided in the State Plan budget for the year 2006-07 for Agriculture Department, the same has been increased to Rs.60.65 crore for the year 2007-08. Special provision of Rs.80.00 lakh has been made for non-Horticulture Mission Districts.
- v Budget provision for Rural Development Department has been increased from Rs.166.90 crore in the State Plan for 2006-07 to Rs.185.10 crore for the coming year. This includes Rs.108.00 crore for Water Supply and Sanitation, Rs.58.00 crore for Rural Infrastructure Development Fund (RIDF) and Rs.14.50 crore for Constituency-wise allocation for Rural Roads.
- v For Housing & Urban Development Department, budget provision has been increased from Rs.187.03 crore in the State Plan for 2006-07 to Rs.215.96 crore for 2007-08. This includes Rs.62.25 crore for JNURM, Rs.35.00 crore for Bhubaneswar Sewerage system, Rs.1.00 crore for DPR and for other ancillary work and Rs.68.76 crore for JBIC assisted Sewerage Project for the city of Sambalpur, Berhampur, Cuttack and Bhubaneswar.
- v For Labour & Employment Department, budget provision in the State Plans for the year 2006-07 has been increased from Rs.16.00 lakh in 2006-07 to Rs.3.16 crore for the year 2007-08. Special provision of Rs.2.00 crore has

been made for rehabilitation of Child Labour and Rs.1.00 crore for welfare of labourers engaged in construction activities.

10. For the financial year 2007-08 on the whole, a provision of Rupees 23,906 crore, 97 lakh and 46 thousand has been made. Out of this, Rs.14,008 crore 33 lakh and 18 thousand has been placed before this August House for approval on Vote on Account for 4 months for the period from April to July,2007. While estimating the provision for the Vote on Account for 4 months, special care has been taken to see that the different development works are not affected and the work which is to be done as per the specific time is done. I want to place some examples before you.

- ü While for Revenue & Disaster Management Department for the financial year 2007-08, an outlay of Rs.937 crore,71 lakh and 99 thousand has been made, both under Plan and Non-Plan, for the first 4 months, an outlay of Rs.450 crore,13 lakh and 72 thousand has been provided in the Vote on Account. Rs.391.17 crore has been provided for relief expenditure for the whole year 2007-08, so that there will be no difficulty for incurring expenditure for relief work whenever necessary during these 4 months.
- ü While for Planning & Coordination Department, budget estimate of Rs.380 crore 35 lakh and 5 thousand has been made for the financial year 2007-08, for the first 4 months, provision of Rs.171 crore,15 lakh and 77 thousand has been kept in the Vote on Account for approval of the House. There will be no difficulty for incurring expenditure of Rs.110.25 crore under MLALAD fund out of the provision of Vote on Account.
- ü While for Works Department for the financial year 2007-08, a provision of Rs.1107 crore, 28 lakh and 90 thousand has been provided, a sum of Rs.789 crore,19 lakh and 43 thousand has been kept in the Vote on Account. Special attention has been given so that no difficulty arises for incurring expenditure for maintenance of roads, bridges and buildings during the period from April to June, 2007.

11. With the support and cooperation of Hon'ble Members of this August House, the general public, Government servants, Intelligentsia and representatives of Print and Electronic Media, it has been possible to bring about some improvement in State

finances. But we have to be very vigilant as to how to ensure proper utilization of the limited resources by fixing proper priority. I think it appropriate to inform this August House that out of the total expenditure, Revenue Expenditure alone constitutes about 86% and out of the balance 14%, 6% is spent towards Capital Expenditure and 8% is expended towards repayment of earlier loans and disbursement of loans and advances taken together. It should be our objective to reduce Revenue Expenditure and increase Capital Expenditure, thereby strengthening vital infrastructure of the State. For this, I am sure I will receive your support and cooperation during the coming days.

For faster development of the State, we should work together and I solicit all your co-operation for this. With these words, I am concluding my speech.

**Jai Hind
Jai Jagannath
Bande Utkal Janani**

**Prafulla Chandra Ghadai,
Minister, Finance.**