



GOVERNMENT OF ORISSA

Speech of  
**Shri Prafulla Chandra Ghadai**  
Minister, Finance  
in the  
**Orissa Legislative Assembly**  
on the occasion of presentation of  
the Budget  
for the year 2011-2012

The 18th February, 2011

**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 2011-12 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.

## **2. Macro Economic Overview**

**2.1** While formulating the budget, the estimates of receipt and expenditure are prepared taking into account the Macro Economic developments of the country as well as the State. The growth rate of the State's economy during 10<sup>th</sup> Five year Plan period was 9.5% as against the national growth rate of 7.8%. Similarly, during the 1<sup>st</sup> three years of the 11<sup>th</sup> Five year Plan, the State's economy has grown at the rate of 8.73% as against the growth rate of national economy at 7.63%.

**2.2** The financial condition of the State is reflected in key fiscal indicators like revenue deficit, fiscal deficit and primary deficit. At the beginning of the present decade the State

faced continuous revenue deficit and fiscal deficit since the receipts were less than the expenditure. We had to repay higher amount of loan and interest thereon continuously from the financial year 1984-85 till 2005-06. In order to improve the fiscal health of the State, the State Government had undertaken many expenditure rationalization and revenue generation measures under the fiscal reform programme in the past few years. As a result, at the end of 2005-06, the State achieved revenue surplus for the first time after gap of 22 years. Thereafter, the State has been able to maintain the revenue surplus scenario.

**2.3** Growth in capital expenditure is considered as an indicator of success. I am glad to say that, consequent upon improvement in the fiscal situation of the State, our capital expenditure has increased in the last few years. While the capital expenditure was only at Rs.799.00 crore in the financial year 1999-2000, it has reached the level of Rs.3647.88 crore during the financial year 2009-10. Similarly, the capital expenditure is estimated at Rs.4437.67 crore in the Revised Estimate for 2010-11 and Rs.5662.37 crore in the Budget Estimate for 2011-12, which constitute 2.25% and 2.64% of GSDP of the State respectively.

**2.4** Owing to continuous improvement in the fiscal condition of the State, there has been remarkable growth in the State

Plan outlay as well as Plan expenditure. The State Plan outlay has increased from Rs.3000.00 crore during 2005-06 to Rs.11000.00 crore during 2010-11. After discussion with the Planning Commission, the total Plan size of the State has been fixed at Rs.15000.00 crore for the financial year 2011-12, which includes an outlay of Rs.13000.00 crore for the State Government and Rs.2000.00 crore for the Public Sector Undertakings. The Plan expenditure of the State has also increased to Rs.7727.74 crore during the financial year 2009-10 from Rs.2818.88 crore during 2005-06.

**2.5** Significant reduction of our dependence on debt is a major achievement in the State finances. In the last few years, the State Government have been able to reduce the debt stock by prepayment of high cost loans and debt swapping and have undertaken measures for expenditure rationalization and augmentation of revenue, as a result of which, during 2009-10 the Debt GSDP ratio has been reduced significantly. The 12<sup>th</sup> Finance Commission had recommended to contain the Debt GSDP ratio within 28%. The 13<sup>th</sup> Finance Commission have also recommended for reduction of Debt GSDP ratio to 25 % by 2014-15. Considering from this angle the State Government have already achieved this target put by 13<sup>th</sup> Finance Commission during 2009-10. It will be necessary to maintain this trend in the coming years.

**2.6** Despite natural calamities and other difficulties, the State's economy has registered significant success during the financial year 2010-11. A detailed analysis of the economic scenario of the State has been presented in the Economic Survey. I will not waste the precious time of this August House by discussing further on this issue.

### **3. Implementation of different programmes of the State Government announced in the Budget Speech for F.Y. 2010-11.**

**3.1** While presenting the full fledged Budget for the financial year, 2010-11, I had informed this House about some measures to be taken up by the State Government out of which, measures like introduction of Cash Management System in 10 key Departments, introduction of Outcome Budget in 5 Departments, levy of Entertainment Tax on DTH Service, introduction of e-Payment system and filing of e>Returns etc. have been successfully implemented.

A detailed report on this will be presented in the current session of the Assembly.

### **4. Revised Estimates for financial year 2010-11.**

The Revised Estimates of receipts for 2010-11 has been worked out on the basis of the trend of receipts during the first 9 months of the current financial year, the growth projection for the national as well as State's economy and the

anticipated receipts during the remaining parts of the current financial year. Similarly, the Revised Estimates of expenditure has been worked out on the basis of the Budget Estimates for Non-Plan, State Plan, Central Plan & Centrally sponsored Plan and the additional provision made in the Supplementary Statement of Expenditure.

## **5. Thrust Areas of the Budget for 2011-12**

Emphasis was laid on inclusive growth of the economy in the previous year's Budget. To achieve this goal, it is necessary to increase Capital Investment to bridge the gaps in social and physical infrastructure, to make larger Devolution of Resources to the Local Bodies, to increase the efficiency of fiscal management, to improve the quality of public expenditure and to attract private investment through Public Private Partnership (PPP) projects.

**5.1** This Budget lays emphasis on Fiscal consolidation, larger Devolution of Resources to the third tier of Government and Capital Investment for building physical and social infrastructure, which would catalyze economic growth and make it more inclusive. More than sixty percent of the State's Plan Outlay has been allocated for Capital Expenditure, including Capital Outlay, grants for creation of capital assets and other revenue expenditure for capital formation.

**5.2** Growth of the State's economy is dependent on provision of quality infrastructure which in turn will attract more investment. No doubt Orissa suffers from infrastructure deficit on many counts. Large Capital Investment is required to bridge the deficit which can not be financed by the State Government alone from its own resources. With economic liberalization initiated in the 1990's Public Private Partnership (PPP) in infrastructure projects has been put in place through various policy intervention and support measures to not only attract private investment but also their techno-managerial efficiencies. It has now become an important delivery mechanism for provision of quality infrastructure.

**5.3** Since, infrastructure projects are not always financially viable, Government of India provides maximum of 20% of the total project cost as Viability Gap Funding to bridge the viability gap of infrastructure projects implemented through PPP. We have a PPP policy in place since 2007 which envisages viability gap funding over and above the assistance available from Government of India. This is to be limited to further 20% of the total project cost. Accordingly, we propose to provide Rs.100.00 crore in the budget of Planning Coordination Department for creation of a State Viability Gap Fund. It would attract more and more private investors for key infrastructure projects of the States. Besides, an amount of Rs.43.00 crore has also been provided in the budget of

Energy Department towards Viability Gap Funding of non-remunerative transmission projects to be implemented in KBK and Tribal Districts. Besides we also propose to provide Rs.30.00 crore in the budget of Works Department towards land acquisition for PPP projects in the road sector.

**5.4** Improvement in the Public Finances of the State has no doubt created necessary fiscal space for public investment in human and physical capital. The immediate challenge before us is to reorient our allocative priorities so as to cater to the developmental needs.

**5.5** Capital outlay as a percentage of GSDP in 2009-10 was only 2.25. It is targeted at 2.50% of GSDP in 2010-11. Though there has been substantial increase in capital outlay in 2007-08 and 2008-09, it has failed to rise significantly even though there is no resource constraint. There is a need to further step up capital outlay to at least 5% of GSDP.

**5.6** As per the Fiscal Consolidation Path prescribed by the 13<sup>th</sup> Finance Commission during 2011-12, the fiscal deficit has to be contained within 3% of the GSDP. Hence, the capital expenditure has to be financed by own resources in stead of financing the same through debt.

**5.7** Our positive revenue performance in the Tax Revenue front over a decade i.e. highest tax buoyancy during 1998 to

2008 among all general category states has been taken note of by the Thirteenth Finance Commission. Yet it is sub-optimal and our own tax revenue is required to be raised to at least 6.5% of the GSDP by 2014-15.

**5.8** There is need for raising additional resources to provide funds for public welfare and developmental expenditure and appropriate steps have to be taken in this regard.

**5.9** Developmental requirements of the State are always more than the available resources. In view of this, our Government is careful about ensuring adequate provision for priority sectors by proper allocation of the limited resources. Accordingly, special attention has been given in this Budget towards education, agriculture & irrigation, provision of drinking water & improvement of sanitation, welfare of the aged persons, differently abled persons, women, Scheduled Castes, Scheduled Tribes & Other Backward Classes as well as for rural development and completion of incomplete projects.

## **6. Abstract of Budget Estimate of the Financial Year 2011-12**

The Budget Estimate for the Financial Year 2010-11 has been prepared on the basis of the recommendations of the 13<sup>th</sup> Finance Commission, the State Plan Outlay fixed in the discussion with Planning Commission and different

developmental & social welfare programmes included in both Plan and Non-Plan sectors keeping in view the basic needs of the people.

**6.1** For implementation of different continuing programmes under both Plan and Non-Plan sectors and new programmes during 2011-12, the revenue receipts of the State has to be taken into consideration. The Revenue receipts for the year 2011-12 has been estimated basing on the trend of receipts during the first 9 months of the financial year 2010-11, the anticipated receipts towards devolution of central taxes and other grants as per recommendations of 13<sup>th</sup> Finance Commission and indications received regarding the level of Plan assistance and loans in course of discussion with the Planning Commission.

**6.2** Basing on the anticipated receipts towards State's share in central taxes, State's own tax and non-tax revenue and grants from Centre, the Revenue Receipt for the year 2011-12 has been estimated at Rs.36383.36 crore. For the year 2011-12, our own tax and non-tax revenue has been estimated at Rs.16104.90 crore, which is 15.65% more than the Revised Estimate for 2010-11. Similarly, the total revenue expenditure is estimated at Rs.36323.23 crore during the financial year 2011-12. Thus, after achieving revenue

balance, a surplus of Rs.60.13 crore has been projected in the Budget Estimates for 2011-12.

**6.3** Our tax GSDP ratio is around 5.74%. The 13<sup>th</sup> Finance Commission have recommended for improving the tax GSDP ratio to 6.75% by 2014-15. Keeping this in view, necessary steps will be taken for enhancement of State's own revenue.

**6.4** As per indications received from the Planning Commission, it is expected to receive Rs.4784.98 crore towards central assistance for the State Plan. Apart from this, it is estimated to incur loans to the tune of Rs.4887.65 crore from different sources for implementation of different programmes. It is expected that we will be able to contain fiscal deficit within 3% of GSDP.

**6.5** The Budgeted Expenditure for 2011-12 will be financed through estimated revenue receipts of Rs.36383.36 crore, recovery of loans and advances of Rs.240.29 crore and borrowing and other receipts of Rs.8255.32 crore.

**6.6** The Non-Plan expenditure estimate of Rs.29594.25 crore includes provision of Rs.10605.00 crore towards salaries, Rs.4550.00 crore towards pension, Rs.4047.23 crore towards interest payment and Rs.2682.78 crore towards maintenance of capital assets.

**6.7** As I have mentioned earlier, after discussion with the Planning Commission, the total Plan size of the State has been fixed at Rs.15000.00 crore for the financial year 2011-12, which includes an outlay of Rs.13000.00 crore for the State sector and Rs.2000.00 crore for the Public Sector Undertakings. In the Government sector, the tied up and untied resources have been estimated at Rs.5704.27 crore and Rs.7295.73 crore respectively.

**6.8** The total expenditure proposed in the Budget Estimates for 2011-12 including Debt repayment is Rs.44878.97 crore. The Non-Plan expenditure is estimated at Rs.29594.25 crore with an increase of 13.01% over the Revised Estimates for 2010-11. The State Plan, Central Plan and Centrally Sponsored Plan expenditure have been estimated at Rs.13000.00 crore, Rs.731.10 crore and Rs.1553.62 crore respectively totalling to Rs.15284.72 crore, which represents an increase of 13.92% over the Revised outlay for the year 2010-11.

## **7. Provisions made as per recommendations of 13<sup>th</sup> Finance Commission.**

The 13<sup>th</sup> finance Commission have recommended grants to the tune of Rs.1823.12 crore under different schemes for the year 2011-12 and accordingly, the following provisions have been made in the Budget of different Departments.

**7.1** A sum of Rs.43.72 crore has been provided in the Budget of Law, Home and Works Departments for Improving Justice Delivery as per recommendations of the 13th Finance Commission. This includes 13<sup>th</sup> Finance Commission Grants of Rs.38.72 crore. The grant is meant for operation of morning / evening / Special Judicial-Metropolitan Magistrate/ Shift Courts, Lok Adalat and Legal Aid, Training of Judicial Officers and Public Prosecutors, establishing ADR Centres and Training of Mediators/conciliators, maintenance of Heritage Court buildings and establishment of State Judicial Academy.

**7.2** A sum of Rs.41.37 crore has been provided in the Budget of Forest and Environment Department under State Plan for development and maintenance of forests and preservation of Forest Wealth.

**7.3** A sum of Rs.308.37 crore has been provided in the Budget of Revenue & Disaster Management Department towards central share of State Disaster Response Fund. Besides, an amount of Rs.102.79 crore has been provided as State's matching contribution to State Disaster Response Fund.

**7.4** A sum of Rs.5.00 crore has been provided in the Budget of Revenue & Disaster Management Department under Non-Plan towards Capacity building which would be used for taking up activities for Capacity Building in the Administrative

machinery for better handling of Disaster Response and preparation of District and State Level Disaster Management Plans as envisaged in the Disaster Management Act, 2005.

**7.5** A sum of Rs.479.71 crore has been provided towards grants to Local Bodies out of which, Rs.404.53 crore has been provided in the Budget of Panchayati Raj Department and Rs.75.18 crore has been provided in the Budget of Housing and Urban Development Department respectively.

**7.6** A sum of Rs.187.00 crore has been provided in the Budget of School & Mass Education Department under State Plan for Elementary Education to partially meet the State share of the CSP Scheme "Sarva Shiksha Abhiyan(SSA)".

**7.7** A sum of Rs.35.70 crore has been provided in the Budget of I.T. Department under State Plan towards grants for incentivising issue of UID.

**7.8** A sum of Rs.6.00 crore has been provided in the Budget of Planning & Co-ordination Department towards Improving Statistical System in the State.

**7.9** A sum of Rs.15.00 crore has been provided in the Budget of P & C Department towards grants for District Innovation Fund.

**7.10** A sum of Rs.46.00 crore has been provided in the Non-Plan Budget of Water Resources Department towards grants for Water Sector Management.

**7.11** A sum of Rs.224.00 crore has been provided in the Non-Plan Budget for repair and maintenance of Roads and Bridges.

**7.12** A sum of Rs.125.00 crore has been provided under State Plan in the Budget of Energy Department for different programmes in Energy Sector.

**7.13** A sum of Rs.17.50 crore, Rs.25.00 crore, and Rs.37.50 crore have been provided in the Budget of Home Department under State Plan towards grants for Police Training, Up-gradation of Jails and Fire Services respectively.

**7.14** A sum of Rs.16.25 crore has been provided in the Budget of Culture Department under State Plan towards preservation of Monuments and Buddhist Heritage respectively.

**7.15** A sum of Rs.12.50 crore has been provided in the Budget of Forest & Environment Department under State Plan towards "eco-restoration of Chilika Lake".

**7.16** A sum of Rs.100.00 crore has been provided in the Budget of W & C.D. Department under State Plan for construction of Anganwadi Centres.

**7.17** A sum of Rs.15.00 crore has been provided in the Budget of Co-operation Department under State Plan for establishment of Market-Yards at Block level.

**7.18** A sum of Rs.87.50 crore has been provided in the Budget of Works & R.D. Departments under State Plan towards up-gradation of health infrastructure in the State in respect of PHCs as well as three Medical Colleges and Hospitals.

## **8. Other Major expenditure proposals**

**8.1** For maintenance of Capital Assets, the provision made in the Budget Estimate for 2011-12 is more than 40% over the corresponding provision in the Budget for the year 2010-11. A sum of Rs.2682.78 crore has been provided in the Budget Estimate for 2011-12 for the purpose as against provision of Rs.1917.98 crore in the 2010-11 Budget.

**8.2** It is proposed to provide Rs.172.15 crore for maintenance of residential buildings, Rs.1149.39 crore for maintenance of roads and bridges, Rs.211.06 crore for maintenance of water supply system, Rs.111.85 crore for maintenance of flood control works, Rs.464.42 crore for

maintenance of major and medium irrigation projects and Rs.169.75 crore for maintenance of minor irrigation projects respectively.

**8.3** A sum of Rs.404.16 crore has been provided for special repair of non-residential buildings. This provision includes Rs.40.00 crore towards special repair and renovation of old Government School & College Buildings as was done in 2010-11.

**8.4** Untimely rains during December, 2010 has resulted in crop loss in around 12 lakh hectares of land. Assistance of Rs.2000.00 per hectare has been announced for farmers who have suffered loss in this unprecedented natural calamity. Provision of Rs.240.00 crore has been made for this propose in the budget for the year 2011-12.

**8.5** State Government have taken steps to tackle the drought situation and mitigate the loss due to untimely rain from its own resources. In this regard, the State Government have submitted two memoranda to Government of India seeking assistance from National Disaster Response Funds. I hope that the Union Government will generously consider our genuine demand and grant at least Rs.500.00 crore. Keeping this in view Rs.500.00 crore has been provided in the Budget.

## **9. Recommendations of Third State Finance Commission**

**9.1** The 73<sup>rd</sup> and 74<sup>th</sup> Amendment to the Constitution have put in place the institutional mechanism of the State Finance Commission for distribution of financial resources between the State Government and the Panchayati Raj Institutions and Urban Local Bodies to empower them both functionally and financially so that they would be able to fulfil their constitutional role and responsibilities for providing basic services to the citizens at large at the grass root level. It has been the view of experts that there should be synchronicity between the award period of the State Finance Commission and the National Finance Commission. Accordingly, in the Action Taken Report on the recommendations of the 3<sup>rd</sup> State Finance Commission, placed in this August House earlier, we have made the award period of the 3<sup>rd</sup> State Finance Commission co-terminus with that of the 13<sup>th</sup> Finance Commission. We have agreed to apportion a part of our own revenue as devolution to the Panchayati Raj Institutions and Urban Local Bodies which would help in improving their finances. Assignment from a few Tax and Non-tax revenues like Stamp Duty and Registration Fees, Motor Vehicle Tax, Entertainment Tax and royalty from Kendu leaf would continue at the existing level in addition to the assignment

from Entry Tax being increased @10% every year from the level of 2010-11 Budget Estimate. Similarly, Grant-in-Aid to Panchayati Raj Institutions and Urban Local Bodies has also been stepped up.

**9.2** It is to be noted that while 2<sup>nd</sup> State Finance Commission had recommended a sum of Rs.1256.29 crore towards Devolution, Compensation and Assignment and Grants-in-Aid to Local Bodies out of the consolidated fund of the State but keeping in view the actual requirement, the State Government had devolved a sum of Rs.2187.17 crore to Local Bodies during the period from 2005-2010. On the other hand the State Government have decided to transfer Rs.5048.10 crore to Local Bodies during the period from 2010-15 as per the recommendations of the 3<sup>rd</sup> the State Finance Commission. This is more than 130.80% of the transfer of resources to the Local Bodies as per recommendations of the 2<sup>nd</sup> State Finance Commission. Accordingly provisions have been made in the Budget of Panchayati Raj and Housing and Urban Development Department. Other recommendations of the Commission regarding improvement of their resource base have also been accepted in principle. I hope this will go a long way in effective fiscal empowerment of the third tier of the Government.

## 10. Sectoral Highlights

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

### 10.1 Agriculture and Allied Activities

#### 10.1.1 Agriculture Department

About 65% of the people of the rural workforce are directly or indirectly dependant on agriculture. The contribution of agriculture sector to the Net State Domestic Product (NSDP) is around 20%. A sum of **Rs.1167.98** crore has been provided in the Budget of Agriculture Department for the year 2011-12 under both Plan and Non-Plan.

- A sum of Rs.3.00 crore has been provided towards Sugarcane cultivation through Technology Mission Scheme.
- In order to achieve all round development in agriculture and its allied sectors, Government of India have launched Rashtriya Krishi Vikash Yojana (RKVY) with 100% Central assistance. A sum of Rs.211.86 crore has been provided in the Budget Estimates for 2011-12.
- Rs.8.90 crore has been provided towards infrastructure development of Sales Centres under Agriculture Department.

- It has been decided to renovate 62 Agricultural farms during the year 2011-12. A sum of Rs.10.00 crore has been provided for the purpose.
- Rs.5.00 crore has been provided for management of Acidic soil.
- Many drought prone areas of the State are endowed with rich Ground Water Resources. A sum of Rs.150.00 crore has been provided in the Budget in order to harness this untapped potential. I hope, this will trigger agricultural development and reduce the vulnerability of the farmers of these areas to recurring drought.
- Private Lift Irrigation Points under "Jalanidhi" Scheme are being promoted by providing 50% subsidy. For this purpose, it has been decided to set up Lift Irrigation Points privately with assistance from RIDF and in the Budget Estimates for 2011-12, Rs.63.15 crore has been provided towards Government subsidy.
- Rs.80.00 crore has been provided for mechanization of Agriculture.

### **10.1.2 Water Resources Department**

The State Government is committed for accelerated development and efficient management of Water Resources. A sum of **Rs. 3259.61** crore has been provided both in Plan and

Non-Plan for 2011-12 for proper utilization and development of Water Resources.

- During 2010-11, a new scheme "Construction of Check Dams" was initiated. The main objective of the scheme is to conserve water at the end of the monsoon for irrigation and supply of drinking water. By the end of December, 2010, a total of 263 check dams have been constructed and by the end of March, 2011, construction of 691 more check dams is scheduled to be completed. A sum of Rs.200.00 crore has been provided in the Budget for the coming year for construction of check dams. Preference will be given to Blocks having less than 30% irrigation coverage for construction of check dams.
- It has been decided to implement Mega Lift Projects in drought prone areas for which Rs.50.00 crore has been provided during 2011-12.
- Besides, the programme for providing irrigation through Deep Bore Wells will continue during 2011-12. For the purpose, Rs.150.00 crore has been provided under Biju Krushak Vikash Yojana(BKVY), which will be financed through RIDF.
- A sum of Rs.1264.00 crore has been provided for construction of Major, Medium, and Minor Irrigation

Projects under Accelerated Irrigation Benefit Programme (AIBP).

- A sum of Rs.130.00 crore has been provided for construction of Major, Medium, Minor Irrigation Projects under RIDF.
- A sum of Rs.17.00 crore has been provided for Hirakud Command Area Development under RIDF.
- Similarly, Rs.150.00 crore has been provided for different ongoing Externally Aided Projects which includes Rs. 70.00 crore for JICA assisted Left Canal of Rengali Irrigation Project, Rs.50.00 crore for ADB assisted Orissa Integrated Irrigated Agriculture and Water Management Programme (OIIAWMP), Rs.20.00 crore for World Bank assisted Orissa Community Tank Management Project (OCTMP) and Rs.10.00 crore for Hydrology Project-II.
- Rs.80.00 crore has been provided for repair, renovation and restoration of Water Bodies.
- The Deep Bore Well Scheme targeted for exploitation of ground water in drought prone and water scarce areas has been widely appreciated. During 2011-12, it is proposed to dig 6000 deep Bore wells for which adequate provision has been made in the Budget Estimates.

- Rs.76.00 crore has been provided for Command Area Development and Water Management (CAD&WM).
- Flood control and Drainage problems are endemic to the coastal areas of our State. It has been proposed to provide Rs.270.00 crore for Flood Management, which includes Rs.141.00 crore under RIDF, Rs.60.00 crore under the CSP Scheme of Flood Management Programme and Rs.69.00 crore from States own resources.

### **10.1.3 Co-operation Department**

A sum of **Rs.198.14** crore has been provided in the Budget Estimates of Co-operation Department under both Plan and Non-Plan.

- Farmers' access to subsidised institutional credit is crucial for successful agricultural operation. In order to provide agricultural loan at affordable rate, Rs.80.00 crore has been provided towards interest subvention.
- Our Government is careful about protecting the farmers from distress sale by creating facilities for storage food grains in Cold Storages. For this purpose, Rs.29.93 crore has been provided during 2011-12 to make the defunct Cold Storages functional.
- A sum of Rs.13.00 crore has been provided for Crop Insurance Scheme. In this connection, I would like to

mention that Hon'ble Members have been demanding in this August House to consider the Panchayats as Units in stead of the Blocks for the purpose of Crop Insurance. Government have taken in principle decision to consider the Panchayats as Units for the purpose of Crop Insurance in stead of Blocks for Paddy during Rabi season in the current year.

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

Development Fisheries and Animal Resources plays an important role in the State's economy. A sum of **Rs.377.70** crore has been provided in the Budget of Fisheries and Animal Resources Development Department under both Plan and Non-Plan.

- For opening of new Livestock Aid Centres, Rs.13.60 crore has been provided in the Budget Estimates for 2011-12.
- Similarly, Rs.5.00 crore has been provided for strengthening of Dairy Sector.
- Rs.14.00 crore has been provided in the Budget Estimates for 2011-12 for strengthening and modernization of OBPI.
- A sum of Rs.5.54 crore has been provided for providing marketing infrastructure facilities to the Fishermen.

- It is proposed to establish 100 Integrated Livestock Centres in Angul, Bargarh, Bolangir, Nuapada, Sambalpur, Sonapur, Kalahandi, Boudh, Nawarangpur and Koraput districts in collaboration with BAIF Research Institute, Pune in the coming six years with an outlay of Rs.52.50 crore. A sum of Rs.10.00 crore has been provided in Budget Estimates for the next year for the purpose.

#### **10.1.5 Forest & Environment Department**

The Forest & Environment Department plays a vital role in maintaining ecological stability and contribute to the State's economy, particularly in fostering economic development of the people living in rural areas. A sum of **Rs.609.61** crore has been provided in the Budget of the Department under both Plan and Non-Plan.

- Rs.100.00 crore has been provided for JBIC assisted Orissa Forest Sector Development Project. A detailed plan has been launched under this project for afforestation and distribution of saplings for growing trees outside forest areas.
- A sum of Rs.5.43 crore has been provided for Bald Hill plantation.
- A sum of Rs.3.00 crore has been provided for construction of "Prakruti Bhawan".

- A sum of Rs.4.00 crore has been provided for protection of Elephants.

## **10.2 Social Services**

### **10.2.1 Health & Family Welfare Department**

It has been proposed to provide total outlay of Rs.1451.66 crore in the budget of Health & Family Welfare Department under Plan Non-Plan.

- Keeping in view the demands of the esteemed members of this august house, our Government has made budget provision of more than twice of the last years provision for supply of Diet and Medicines to the patients.
- Accordingly, budget provision of Rs.15.41 crore & Rs.50.00 crore have been made for supply of Diet and Medicines, respectively, to the patients in the Non-Plan sector.
- A sum of Rs.7.00 crore has been provided in the budget towards grant-in-aid to Acharya Harihara Regional Cancer Centre.
- A sum of Rs.27.63 crore has also been provided towards stipend of the House Surgeons, Post Graduate Students and other Students.

- Budget provision of Rs.80.00 crore has been provided for Orissa Health Sector Development Project with the assistance of DFID.
- A sum of Rs.64.00 crore has been provided towards State share under National Rural Health Mission (NRHM).
- A sum of Rs.1.00 crore has been provided for repair and renovation of Leprosy Homes.
- A sum of Rs.3.00 crore has been provided under 'Mo Mashari' Scheme in rural areas.
- For emergency health services, a sum of Rs.4.50 crore has been provided in the budget.
- A sum of Rs.33.83 crore has been provided for infrastructure development of buildings of Community Health Centres, other buildings and 3 Medical Colleges and Hospitals.

### **10.2.2 School & Mass Education Department**

Education is the prime index of development of Human Resources. Education for All is other primary objective of our Government. An out lay of Rs.5315.44 crore has been provided in the budget of this Department under Plan and Non-Plan.

- You will be glad to know that during the year 2011-12, two new schemes namely “Rural Mathematics Talent Search Scholarship” and “Free Distribution of Cycles to the girl students of 10<sup>th</sup> class” of both Government and Aided High Schools will be implemented for which a sum of Rs.20.00 crore and Rs.45.00 crore, respectively, have been provided in the State Plan.
- A sum of Rs.667.00 crore has been provided towards State matching contribution for Sarba Sikshya Abhiyan (SSA).
- A sum of Rs.145.00 crore has been provided towards State share for Madhyamika Sikshya Abhiyan.
- For establishment of Model Schools in backward Districts of the State, a sum of Rs.40.77 crore has been provided.
- After many years, decision has been taken for substantially increasing the amount of scholarship of the students of primary class and for increasing the number of beneficiaries under the scheme for which Rs.90.00 lakh has been provided.

### **10.2.3 Higher Education Department**

A total provision of Rs.1126.06 crore under Plan and Non-Plan has been provided for Higher Education Department.

- A sum of Rs.50.00 crore and Rs.3.00 crore have been provided for the Infrastructure Development of National Law University and Ravenshaw University respectively.
- A sum of Rs.126.50 crore has been provided towards Block grants to newly eligible non-Government Colleges.
- Provision of Rs.10.00 crore has been made for scholarship of students prosecuting professional studies.
- A sum of Rs.16.20 crore has been provided towards State matching contribution for establishment of Model Colleges in the backward Districts of the State.
- For many years, the amount of scholarship of students prosecuting higher education has remained unchanged. Taking this into account, the amount as well as the number of beneficiaries in scholarship have been increased so that more number of poor and talented students will be able to prosecute higher studies. While a sum of Rs.64.00 lakh has been provided in the current year's budget, a sum of Rs.6.03 crore has been provided in the coming year's budget.

#### **10.2.4 Panchayati Raj Department**

A sum of Rs.2181.74 crore has been provided under Plan and Non-Plan for Panchayati Raj Department.

- Basing on the recommendation of the 13<sup>th</sup> Finance Commission, a sum of Rs.404.53 crore has been provided as grant-in-aid to P.R. Institutions.
- Similarly, a sum of Rs.584.00 crore has been provided in the budget towards Devolution, Compensation and Assignment and grants-in-aid 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 those 11 Districts which are not covered under the Backward Region Grant Fund (BRGF).
- BRGF programme is implemented in 19 Districts with 100% central assistance which aims at infrastructure development and capacity building of the Backward Regions for which a sum of Rs.324.00 crore has been provided in the budget.
- A sum of Rs.130.00 crore has been provided towards State share of Indira Awas Yojana for providing houses to the BPL families and a sum of Rs.60.00 crore has also been provided for the scheme 'Mo Kudia' implemented by the State Government.
- A sum of Rs.40.00 crore has been provided in the budget for the World Bank assisted Targeted Rural

Initiative for Poverty Termination and Infrastructure (TRIPTI).

- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is being implemented in all Districts of the State for which a sum of Rs.150.00 crore has been provided towards State matching contribution.
- A sum of Rs.100.00 crore has been provided in the budget for construction of Cement Concrete Roads (CC Roads) so as to improve connectivity in the Panchayats.
- A sum of Rs.100.00 crore and Rs.3.75 crore have been provided for repair of Gram Panchayat roads and non-residential buildings respectively.
- A sum of Rs.56.24 crore has been provided for conduct of elections to three-tiers of PR Institutions.

#### **10.2.5 ST & SC Development Department**

State Government have taken a number of welfare measures like enhancement of amount of scholarship, construction of high school hostel buildings both for the boys and girls of SC, ST, Minority and Other Backward Classes. A total provision of Rs.1286.33 crore has been made in the budget of ST & SC Development Department both under non-Plan and State Plan.

- In order to encourage SC and ST students, the amount of scholarship has been enhanced to Rs.100.00 in the coming year for which a sum of Rs.283.86 crore has been provided in the State Plan and Non-Plan.
- A sum of Rs.30.00 crore has been provided under non-plan for maintenance, special repair and upkeep of residential and non-residential buildings. Similarly, a sum of Rs.215.00 crore has been provided in the State Plan for construction of ST Girls' hostel.
- In this Department, an outlay of Rs.28.00 crore has been provided for special plan in KBK districts. On the other hand, a sum of Rs.119.49 crore has been provided in Tribal Area Sub-Plan under Special Central Assistance.

#### **10.2.6 Women & Child Development Department**

Our Government is committed to the welfare of the old, physically handicapped and destitute and for empowerment of women. A total out lay of Rs.2517.51 crore has been provided under Plan and Non-Plan.

- A sum of Rs.338.02 crore has been provided for Madhubabu Pension Yojana under Plan and Non-Plan.
- You will be glad to know that a new central scheme named Indira Gandhi Matrutya Sahyog Yojana (IGMSY) is being implemented for the welfare of the pregnant

and lactating women and their children for which a sum of Rs.23.81 crore has been provided in the budget of 2011-12.

- Similarly, there is a proposal for introduction of a new central scheme “Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA” during 2011-12 by merging the schemes, “Nutrition for Adolescent Girls” (NPAG) and “Kishori Sakti Yojana” (KSY) for which a sum of Rs.50.00 lakh has been provided in the budget.
- Now six nos of “Balashrams” are running under the nomenclature ‘Utkal Balashram’ at Puri, Balasore, Cuttack, Jajpur, Berhampur and Nawarangpur with the assistance of State Government. These are totally in dilapidated condition for which a sum of Rs.5.00 crore has been provided in the budget of 2011-12 for their renovation.
- A sum of Rs.9.83 crore has been provided as grant-in-aid to the NGOs for maintenance of physically handicapped and mentally retarded children.
- A sum of Rs.240.00 crore has been provided under Special Nutrition Programme (SNP) during 2011-12.
- A sum of Rs.159.50 crore has been provided in the budget for Mid Day Meal (MDM) during 2011-12.

### **10.2.7 Labour and Employment Department**

A sum of Rs.65.56 crore has been provided in the budget under Plan and Non-Plan for this Department.

- The workers in the unorganized sector do not have access to health care facility and are also not covered by any health insurance. A sum of Rs.10.00 crore has been provided in the budget towards 25% of the State share to provide insurance coverage to the poor to meet the cost of treatment through Rashtriya Swasthya Bima Yojana.

## **10.3 Economic Services**

### **10.3.1 Industries Department**

A total provision of Rs.402.45 crore has been made for Industries Department under Plan and Non-Plan.

- A sum of Rs.38.59 crore and Rs.6.56 crore have been provided in the budget under non-plan towards grant-in-aid to different Engineering Colleges and Technical Universities and Orissa Khadi & Village Industries Board respectively.
- Similarly, a sum of Rs.3.00 crore has been provided under State Plan to establish Advanced Plastic Processing Technology Centre (APPTC) at Balasore.

- An amount of Rs.9.00 crore has been provided as grant-in-aid to the Colleges affiliated to Biju Patnaik University of Technology.
- A sum of Rs.2.40 crore and Rs.2.10 crore have been provided as grant-in-aid to VSS University of Technology, Burla and IGIT, Saranga, respectively, for infrastructure development.

### **10.3.2 Textile & Handloom Department**

Handloom is a traditional Cottage Industries. It provides employment to a large segment of rural population after Agriculture. Handloom products of Orissa are widely appreciated both in our country as well as abroad for its excellent design, colour, artistry, beauty and longevity. A sum of Rs.101.89 crore has been provided both under Plan and Non-Plan for this Department.

- A sum of Rs.11.15 crore and Rs.5.20 crore have been provided in the State Plan for the development of Handloom and Silk Industries respectively.
- A sum of Rs.35.00 crore has been provided under State Plan during 2011-12 for establishment of National Institute of Fashion Technology (NIFT).

### **10.3.3 Science & Technology Department**

An outlay of Rs.35.00 crore has been provided in the budget of this Department under Plan and Non-Plan.

- A sum of Rs.1.00 crore has been provided in the State Plan for the development of Biotechnology Education.
- A sum of Rs.5.95 crore has been provided for modernization of Pathani Samanta Planetarium.

### **10.3.4 Information & Technology Department**

A sum of Rs.111.17 crore has been provided in the budget of this Department under Plan and Non-Plan.

- A sum of Rs.4.00 crore has been provided in the budget for OCAC Incubation Tower.
- A sum of Rs.18.00 core has been provided in the budget of 2011-12 for infrastructure development of IIIT.
- For development of Infocity-II IT SEZ, a sum of Rs.6.56 crore has been provided in the budget.

### **10.3.5 Public Enterprises Department**

A sum of Rs.6.00 crore has been provided in the budget of 2011-12 towards corpus fund of Orissa State Renewal Fund Society.

### **10.3.6 Planning & Coordination Department**

The budgetary allocation for Planning and Coordination Department is Rs.1230.00 crore under Plan and Non-Plan.

- A sum of Rs.120.00 crore has been provided in the budget from our own resources for continuance of Biju KBK Yojana for the development of the other most backward regions like KBK.
- A sum of Rs.80.00 crore and Rs.28.50 crore have been provided in the budget for Western Orissa Development Council and Biju Kandhamal O Gajapati Yojana respectively.
- Provision of Rs.450.00 crore has been made in the budget for implementation of Integrated Action Plan in 15 Tribal and Backward Districts.

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

A sum of Rs.1026.32 crore has been provided in the budget of this Department under Plan and Non-Plan.

- State Government have taken a bold step to provide Rice at Rs.2.00 per Kg. to the poor and distressed families two years back. A sum of Rs.976.50 crore has been provided in the budget in the context of our commitment to provide food security.

### **10.3.8 Transport Department**

An outlay of Rs.37.78 crore has been made in the budget of this Department under Plan and Non-Plan.

- A sum of Rs.90.00 lakh has been provided in the budget 2011-12 for purchase of 15 nos of Ambulance with the aim of providing immediate treatment to persons injured in road accident.
- A sum of Rs.2.00 crore has been provided in the budget for operationalization of newly opened Regional Transport Offices and completion of Regional Transport Offices under construction.
- A sum of Rs.1.00 crore has been provided in the budget for construction of office building and residential building of the staff of 2<sup>nd</sup> MACT, Berhampur.
- A sum of Rs.16.00 crore has been provided for purchase of 100 new buses for OSRTC along with arrangement of tracking system, control room and support facility.

### **10.3.9 Commerce Department**

A sum of Rs.54.20 crore has been provided in the budget of this Department under Plan and Non-Plan.

- Steps are being taken for modernization of Orissa Government Printing Press in phases. For purchase of

modern machineries and renovation of Bhubaneswar Branch of the Press, a sum of Rs.2.00 crore has been provided.

- A sum of Rs.65.00 lakh has been provided for purchase of Motor Launch Boats and repair of the existing Boats.
- A sum of Rs.1.60 crore has been provided in the budget with the assistance of NABARD for completion of 14 Jetties and Waiting Halls.

## **10.4 Infrastructure Development**

### **10.4.1 Works Department**

Development of road and infrastructure is an important indicator of economic growth. An outlay of Rs.2130.38 crore has been provided in the budget of this Department both under Plan and Non-Plan.

- Out of the above, Rs.67.00 crore, Rs.20.00 crore, Rs.57.50 crore, Rs.38.33 crore and Rs.23.00 crore have been provided in the non-plan sector mainly towards Maintenance of Roads and Bridges, Improvement of Critical Roads, Improvement of District Head Quarters Roads, Improvement of Roads in Capital City and Repair of Critical and Prestigious Non-residential Buildings respectively.

- Similarly, Rs.330.00 crore, Rs.83.18 crore and Rs.150.00 crore have been provided in State plan under RIDF, Central Road Fund Project and Externally Aided Project respectively.
- A sum of Rs.3.45 crore has been provided in the budget for maintenance of Sports Stadium and Sports Complex and Sports Hostels.
- A sum of Rs.41.75 crore has been provided in the budget for Special Repair of non-residential Government buildings.
- A sum of Rs.20.00 crore has been provided for repair of old Government Schools and Colleges.
- A sum of Rs.17.25 crore has been provided for special repair of Government quarters in Capital City, Bhubaneswar.

#### **10.4.2 Housing and Urban Development Department**

Migration of people from rural areas to urban areas is a matter of serious concern of State Government. So there is necessity for infrastructure development of urban areas to provide services and facilities to the citizens. Rs.1582.17 crore has been provided under both State Plan and Non-Plan of this Department.

- Rs.75.18 crore and Rs.60.50 crore have been provided in the non-plan budget for Urban Local Bodies as per the recommendation of 13<sup>th</sup> Finance Commission and Electricity Dues for Urban Water Supply Projects respectively.
- Similarly, Rs.80.00 crore and Rs.100.00 crore have been provided in the State Plan towards Urban Water Supply & Sanitation and Sewerage & Sanitation under Externally Aided Projects respectively.
- A sum of Rs.43.75 crore has been provided in the budget for repair and maintenance of urban roads and bridges.
- A sum of Rs.394.88 crore has been provided in the budget for urban local bodies towards Devolution, Compensation and Assignment and Grant-in-Aid as per the recommendation of the 3<sup>rd</sup> State Finance Commission.
- A sum of Rs.5.00 crore has been provided in the budget for restoration of the dry Water sources in Bhubaneswar and Cuttack Cities.

#### **10.4.3 Rural Development Department**

Rs.1557.39 crore has been provided in the budget of this Department under both Plan and Non-Plan.

- Rs.41.79 crore and Rs.67.00 crore have been provided in the non-plan sector mainly for repair of old non-residential buildings and maintenance of roads and bridges respectively.
- A sum of Rs.7.50 crore, Rs.6.00 crore, Rs.190.00 crore and Rs.190.00 crore have been provided in the State Plan towards construction of non-residential buildings, residential buildings, RIDF Projects and State share of Rural Water Supply and Sanitation respectively.
- A sum of Rs.45.00 crore has been provided in the budget for maintenance of PMGSY Roads.
- A sum of Rs.20.00 crore has been provided for repair of old Government Schools in rural areas.

#### **10.4.4 Energy Department**

Energy Department plays a vital role in the development of the State. A sum of Rs.525.80 crore has been provided in the budget of this Department both under Plan and Non-Plan.

- While a sum of Rs.205.00 crore was provided in the budget of 2010-11 for improvement and strengthening of distribution of electricity, a sum of Rs.325.00 crore has been provided for the purpose in the budget of 2011-12.

- A sum of Rs.50.00 crore has been provided for Biju Grama Jyoti Yojana.
- Biju Saharanchal Bidyutkaran Yojana is being implemented in ward, village and slum of urban areas in order to provide electricity to the families who are below poverty line for which Rs.20.00 crore has been provided in the budget.
- Rs.5.00 crore has been provided towards electrification of Samuka Beach.
- Similarly, Rs.10.00 crore has been provided for Energy Conservation Programmes.
- A sum of Rs.8.00 crore has been provided for electrification of IIT, Bhubaneswar.

## **10.5 General Services**

### **10.5.1 Home Department**

The budgetary allocation of Home Department is Rs.2024.58 crore under both Plan and Non-Plan.

- A sum of Rs.38.00 crore, Rs.16.00 crore, Rs.146.08 crore, Rs.86.00 crore and Rs.22.39 crore have been provided in the non-plan sector for modernization of Police Force, monthly remuneration of Village Chowkidars, security related expenditure, daily

allowances of Home Guards and food for the Prisoners respectively.

- Similarly, a sum of Rs.24.33 crore, Rs.9.21 crore, Rs.19.97 crore, Rs.11.67 crore and Rs.13.70 crore have been provided under State plan towards construction of houses of Police Organization, residential buildings of Fire Service Organization, buildings of Jail Organization, purchase of security related materials of Jails and construction of different buildings in Judiciary respectively.
- A sum of Rs.18.26 crore has been provided for opening of new Fire Stations.
- A sum of Rs.13.03 crore has been provided for purchase of machineries and equipments of Fire extinguishers.

#### **10.5.2 Revenue & Disaster Management Department**

A sum of Rs.2577.30 crore has been provided for this Department both in Plan and Non-Plan.

- A sum of Rs.240.00 crore has been provided in the non-plan sector mainly to provide assistance to farmers to compensate their losses caused due to untimely rain. Besides, a sum of Rs.411.16 crore has been provided to State Disaster Response Fund towards relief expenditure.

- Similarly, a sum of Rs.5.06 crore has been provided in State Plan for construction of Cyclone Shelters.
- A sum of Rs.7.50 crore has been provided for protection of Government land.

### **10.5.3 General Administration Department**

A sum of Rs.144.59 crore has been provided in the budget of this Department both under Plan and Non-Plan. Rs.16.00 crore has been provided in non-plan sector as contribution to Chief Minister's Relief Fund. Similarly, there is provision of Rs.10.59 crore for implementation of Human Resources Management Programme at District level. In the State Plan sector, a sum of Rs.4.00 crore has been provided for this purpose.

### **10.5.4 Law Department**

A sum of Rs.175.08 crore has been provided in the budget of this Department both under Plan and Non-Plan.

- A sum of Rs.1.99 crore has been provided for Lok Adalat and Legal Aid as per the recommendation of 13<sup>th</sup> Finance Commission.
- Similarly, a sum of Rs.8.15 crore has been provided for establishment of Alternate Dispute Resolution (ADR) Centres as per the recommendation of 13<sup>th</sup> Finance Commission.

- A sum of Rs.16.65 crore has been provided for operation of Morning / Evening Courts as per the recommendation of the 13<sup>th</sup> Finance Commission.
- A sum of Rs.1.50 crore has been provided for observance of different festivals of Lord Shree Jagannath Temple.
- A sum of Rs.3.00 crore has been provided in the State Plan towards Corpus Fund of Lord Shree Jagannath Temple.
- A sum of Rs.1.00 crore has been provided for operationalization of Gram Nayalaya.
- A sum of Rs.30.00 lakh has been provided as grants to Haj Committee.
- A sum of Rs.54.00 lakh has been provided as Grant-in-Aid to Wakf Board.

## **10.6 Other Sectors**

### **10.6.1 Information & Public Relation Department**

A sum of Rs.33.11 crore has been provided in the budget for this Department both under Plan and Non-Plan.

- A sum of Rs.4.00 crore has been provided in the non-plan sector towards advertisement charges of different News Papers. Similarly, there is a provision of Rs.1.00 crore for IITF in State Plan.

### **10.6.2 Sports & Youth Services Department**

A sum of Rs.38.85 crore has been provided in the budget under Plan and Non-Plan for this Department.

- A sum of Rs.12.37 crore has been provided in the budget for Panchayat Yuva Krida Aur Khel Abhiyan (PYKAYA) at Gram Panchayat level.
- A sum of Rs.80.00 lakh has been provided for State Level Talent Scouting.

### **10.6.3 Tourism & Culture Department**

A sum of Rs.98.11 crore has been provided in the budget under Plan and Non-Plan of this Department.

- A sum of Rs.7.78 crore has been provided for creation of revolving fund to provide assistance to distressed artists at District and Block level.
- A sum of Rs.16.25 crore has been provided for preservation of Monuments and Buddhist Heritage as per the recommendation of 13<sup>th</sup> Finance Commission.
- A sum of Rs.14.50 crore has been provided in the budget for construction of Tourist Resorts. Similarly, a

sum of Rs.10.00 crore has been provided towards State Share for the same under Centrally Sponsored Scheme.

- There is a need for advertisement and publicity to attract Tourists for which a sum of Rs.13.00 crore has been provided in the budget.

## **11. Strengthening of Fiscal Reform**

The 13<sup>th</sup> Finance Commission have prescribed a road map for fiscal reform and consolidation. I am indicating some of the important aspects of these recommendations.

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

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

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

**11.2** Unless the recommendations of the 13<sup>th</sup> Finance Commission are implemented in letter and spirit, we may not get most of the grants as per their recommendations, which will consequentially hinder implementation of the ongoing projects. For example, we have to fulfil the conditionalities of

13<sup>th</sup> Finance Commission in regard to States specific grants and Performance grants amounting to Rs.1144.30 crore out of the Local Body grants, so as to render us eligible to receive grants. The Commission have categorically indicated that failure to fulfil the conditionalities would render the State ineligible to receive the grants. So we have to observe utmost circumspection in the matter of revenue expenditure and give special attention for augmentation of revenue collection. In order to fulfil these conditionalities the State Government will bring amendments to the FRBM Act

## **12. Institutional Measures for Improved Budget Management**

**12.1** While presenting my previous Budget, I had the privilege of announcing a few reform measures like formulation of Annual Maintenance Plan for operation and maintenance of capital assets, introduction of Cash Management System for even pacing of expenditure, formulation of Outcome Budget etc. These measures were intended to strengthen the Budget Management System so as to improve the quality of public expenditure and make it more efficient. No doubt, they have yielded positive results. We intend to continue these measures and expand their coverage.

## **12.2 Maintenance of Capital Assets and Annual Maintenance Plan**

It has been our endeavour to provide adequate funds for maintenance expenditure in order to ensure sustained delivery of public services through efficient use of capital assets created through public investment. Accordingly, the outlay for maintenance of capital assets has been substantially hiked. Formulation of Annual Maintenance Plan indicating distribution of the Annual Budget provision among the functional and administrative units for routine and periodic maintenance has not only imparted predictability but also transparency in allocation of funds. The next Annual Maintenance Plan is expected to be finalized before the commencement of the financial year 2011-12.

## **12.3 Cash Management System**

With the objective of avoiding rush of expenditure towards the fag end of the financial year and for ensuring proper utilization of budgeted funds, Cash Management System was introduced in ten key Departments with enhanced financial power and full operational flexibility to spend the Budgeted outlay as per Monthly Expenditure Plan (MEP) and Quarterly Expenditure Allocation (QEA) with the stipulation to limit the expenditure in the 4<sup>th</sup> quarter and in the month of March within 40% and 15% respectively. As a result of continuous monitoring of expenditure under the Scheme the State Plan expenditure during the first three quarters of the financial year has increased to Rs.5469.49

crore from Rs.3461.53 crore as compared to the corresponding period of the previous financial year.

#### **12.4 Capital Expenditure**

There is no gain saying the fact that higher capital expenditure imparts growth to the State's Economy. However, nearly 40% of the State Plan outlay used to be allocated for Capital outlay. This trend is proposed to be reversed in the Budgeted State Plan outlay for 2011-12, as a result of which more than 60% of the State Plan outlay in the Government Sector has been allocated for capital outlay, loans and advances, grants and other revenue expenditure for creation of capital assets and capital formation. I would like to mention here that a separate statement regarding grants and other revenue expenditure for creation of capital assets and capital formation continues to be a part of the Explanatory Memorandum. The outlay for capital expenditure has been increased from Rs.6060.17 crore during 2010-11 to Rs.9270.49 crore during 2011-12 which is 4.33% of the State's GDP.

#### **12.5 Linking outlays to outcomes**

It is needed to stress on effective utilization of the Budgetary Outlay instead of being satisfied with expenditure or inputs. Moreover, the input orientation of expenditure needs to be converted to outputs and performance to meet the expectation of the poor and vulnerable sections of the society. We brought out Outcome Budget of five Departments during the current financial year in which the outlays were

linked to deliverable outputs and outcomes. In the ensuing financial year, in addition to the existing five Departments, we propose to bring out Outcome Budgets of eight more Departments.

### **13. Proposals for Tax Reforms**

**13.1** In the Last Budget speech, I had indicated about the efforts of Commercial Tax Organization in introducing different e-Services for achieving efficiency and transparency in the Tax Administration. I am glad to inform that different citizen centric e-services like e-payment, e-filing of returns, e-registration and e-form have been successfully implemented in the mean time and these services have got wide acceptability among the business community of our State. I would like to assure this August House that many such e-services will be launched in the coming days, which will prove beneficial for the tax payers as well as Tax Administration. Besides, border check gates are being modernized on priority basis. Modernization of Loharchati check gate is being done through Electronic Corporation of India Limited (ECIL). It has been decided to replicate this at Laxmannath Check gate. Efforts are being made to modernize other check gates through Public Private Partnership (PPP) mode.

**13.2** A large number of cases relating to the erstwhile Orissa Sales Tax Act and Orissa Additional Sales Tax Act are pending with different departmental authorities and courts for years together. This has resulted in non-collection of revenue

amounting to crores of rupees. In this regard, the State Government have decided to introduce a "One time Settlement Scheme", for which legislation will be introduced in the current session of the legislature.

**13.3** Food inflation in the Country has reached all time high of 17-18% in the recent past, which has deeply hurt economically weaker section of the society. In order to provide relief to the consumers and to contain the inflationary influence on the food items, it is proposed to exempt Entry Tax currently being levied @ 1% on onion, garlic, ginger, potato, egg, fruits, fish, cattle feed, poultry feed & prawn feed, peas and motor in packaged form, banana and poultry. It would be made effective from 1<sup>st</sup> April, 2011. I am sure, price of these commodities will be reduced in the State and the commoners will be benefitted.

**13.4** While the Government is conscious about the need to raise more resources to meet the welfare needs of the State, we are equally concerned that the tax burden on the common man should not increase. Under the VAT regime, while the essential commodities are being taxed @ 4% the consumer durables are exigible to tax @ 12.5%. This was as per the national consensus arrived at the level of the Empowered Committee of State Finance Ministers. Recently, there has been a recommendation to raise the tax rate on essential commodities from 4% to 5% and most of the States have already implemented it. We have refrained to do so keeping in view the abnormal rise of the prices of the essential

commodities in the market in the recent months. Therefore, the only alternative left for us is to raise the rate of tax for consumer durable articles from 12.5% to 13.5% at par with the tax rate of such commodities introduced much earlier in our neighbouring States like West Bengal, Chhatishgarh and Andhra Pradesh. I would like to mention here that while some States like Assam, Jammu & Kashmir, Uttar Pradesh and West Bengal have increased the rate to 13.5% other States like Chhattisgarh Gujarat and Rajasthan have increased the same to 14%. It has been raised to 14.5% in Andhra Pradesh. Thus, it has been decided to levy VAT in the State at the rate of 13.5% instead of 12.5% with effect from 1<sup>st</sup> April, 2011. Although, this will result in levy of higher tax on items like Cars, refrigerators and Air conditioners etc, but the common man will not be affected by this. On the other hand it will help in augmentation of revenue of the State.

**14.** Under the able Leadership of our popular Chief Minister Sri Naveen Patnaik all round progress has been achieved in the State through multifarious developmental programmes during the last few years. But we have miles to go in order to catch up with other developed States of the Country. It is thus necessary to accelerate the pace of development by utilising our enormous natural and human resources. On the one hand it is important to mobilise more resources in order to improve our fiscal stability, on the other hand we are confronted with a greater challenge of achieving inclusive growth by ensuring inclusion of all sections of the society and people from all corners of the State in the developmental process. So let all of

us pledge today to rise above selfish interests and work for all round development of the State irrespective of party affiliations and endeavour to transform the destiny of our State by our collective efforts.

I convey my heartfelt thanks and sincere gratitude to you Sir, the leader of this August House, Hon'ble Chief Minister, Hon'ble Leader of Opposition & Hon'ble Members for giving me a patient hearing.

Before I conclude, I commend this Budget for your approval.

**//Jai Hind//**

**//Vande Utkal Janani//**

**Shri Prafulla Chandra Ghadai**