

MR. SPEAKER SIR,

With your permission, I rise to present the Budget and the Annual Financial Statement for the year 2008-09.

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1.1 While presenting this Budget, we have tried to focus attention on the major socio-economic concerns of the common people of the entire country, and as a part of that, specially of West Bengal. Even within the existing State structure, these concerns are about the need to increase employment generation to the maximum extent possible and, through that, increase income for reducing poverty. Keeping this main concern and objective in view, the policy should not be one of only increasing the level of production, but be directed towards increasing production and expansion of services in such a manner that will lead to employment generation as far as possible. This employment-oriented expansion of production and services will be possible when, in our view, there is also a lessening of monopoly power and a move towards more equal competition in different spheres of production and services. For this move to be effective, there is also a concurrent need for increasing the empowerment of common people in terms of land, capital, education and health. There is also a simultaneous need for improving the infrastructural facilities, so that the common producers and service-providers can have access to these facilities. At the same time, it is also essential to control the rate of inflation in order that the real income of common people can be protected. For turning the policy towards employment-oriented growth with control of inflation and empowerment of people, it is specially important that the common people should participate in the entire process of decision-making and implementation.

1.2 The task of implementing the policy for redressing these major problems of common people in a State like West Bengal becomes specially difficult when a different kind of policy is adopted for the country from the level of Central Government. Honourable Members, it is only relevant to mention here that over the last about 17 years, a special kind of policy—a one-sided IMF-WTO guided policy of globalisation and liberalisation—has been

followed from our national level. As a consequence of following this policy, none of the major problems of common people has been resolved. Moreover, several of the problems—unemployment, loss of self-reliance in foodgrains, inflation, instability in our financial sphere arising out of dependence on the First World countries and assault on the decision-making power of the State—have become more aggravated.

1.3 For reasons of this policy, a liberalised entry of imports (most of which are produced by the multinational corporations) has been allowed through a hasty withdrawal of quantity restrictions and repeated reduction of customs duties, without giving adequate time for preparation to the domestic producers and also after removing the benefits of subsidy for them. As a result, the common domestic manufacturers and the farmers have been placed at a position of unequal competition before the large multinational corporations nourished with subsidies and other forms of assistance from their respective Governments over a long period. As a result, in the overall economic structure it is the monopolistic power, and not competition, that has increased. In consequence, in our country the rate of growth of imports has been much faster than that of exports, with the effect that the gap between imports and exports, which was only Rs. 3.81 thousand crore in 1991-92 before liberalisation, has now increased alarmingly by more than 70 times and crossed Rs. 2.68 lakh crore in 2006-07 (Economic Survey, Government of India, 2007-08). That means, every year, the domestic manufacturers and farmers are now losing, in the net sense, this large share of their markets. As a result of this significant loss of markets year after year, industrial sickness has increased in all the States, and the farmers have also been severely affected. In consequence of this loss of markets for industry and agriculture and the use, in the absence of any domestic encouragement for research on appropriate technology, of an overly capital-intensive and labour-displacing technology in line with the rich countries, there has been a sharp increase in unemployment for the country as a whole. According to the latest National Sample Survey data (2004-05), incidence of unemployment (on current daily status) in the country has increased by nearly 87 lakh over the period of five years between 1999-2000 and 2004-05, and reached a figure of 3.52 crore.

1.4 For reasons related again to the policy of globalisation and liberalisation, there has been over a long period, a neglect of public

investment in agriculture. As a result, in the entire period of liberalisation (1990-2007), the average annual rate of growth of foodgrains production has fallen to 1.2 per cent, which is much lower than the annual rate of growth of population (1.9 per cent) in the country (Economic Survey, Government of India, 2007-08, p. 155). Our country has therefore lost its position of self-reliance in food production, and had to import 55 lakh M.T. of wheat in 2006-07.

1.5 Along with the slackening in the growth of agriculture, there has also been, in line with the policy of liberalisation, a curtailment of the public distribution system, weakening of the Essential Commodities Act and entry of large corporate houses with their monopoly power in the sphere of agricultural marketing. In consequence, prices of essential commodities, particularly of foodgrains have risen sharply in recent period in the entire country. In this context, the unilateral decision of Central Government to reduce by nearly 50 per cent the Central allotment of wheat for the public distribution system in West Bengal has hurt the interests of common people of the State and also created confusion.

1.6 In addition, it needs to be noted that as the Government of India started, as a part of the policy of globalisation, some liberalising measures towards capital account convertibility, the impact of the U.S. sub-prime mortgage crisis as also that of recession has already been felt in terms of volatile behaviour of the Indian share market. This is like a distant thunder with cause of concern for a possible consequential instability in the macro-economic system of our country.

1.7 In the sphere of Centre-State relations, none of the outstanding problems of the State has been resolved. The share of Central taxes to the States has not been increased from its low level of 30.5 per cent, and the unjust burden of the Central loans on the States, particularly connected with the small savings loan, has also not been lessened. On the other hand, following the policy of liberalisation, an encroachment has been made on the decision-making power of the States even in the sphere of State subjects. As a conditionality of Central assistance, the States, for instance, have been asked to introduce the Fiscal Responsibility and Budget Management (FRBM) Act which would curtail the welfare role of the State Government. In addition, a pressure has been imposed on the States to introduce the new pension scheme, in terms of which a fund would be created by deducting 10 per cent from the salary of

Government employees, teachers and others. This fund would then be used for investment in share market, and the returns will be related to pension payment, with all the uncertainties connected with such investment. The Government of West Bengal has not accepted these two policies related to the FRBM Act and the new pension scheme. The conditionalities of liberalisation have also been introduced through the Centrally Sponsored Schemes. For example, in the scheme of JNNURM, the States have been asked, as a condition of release of Central share of funds, to withdraw the Urban Land Ceiling and Regulation Act. In addition, it may be mentioned that in some other Centrally Sponsored Schemes, such as the SSA, the share of Central Government would be reduced, ignoring the views of the States, from 75 per cent steadily to 50 per cent, thus increasing the financial burden on the States.

1.8 Another problem has cropped up due to mechanical over-centralisation of guidelines in certain Centrally Sponsored Schemes. For instance, in the case of NREGP, when the progress of this scheme, after overcoming the problems due to geographical characteristics of this State, was on full swing and report of the progress in 7 districts with all the necessary documentation sent to the Centre in the current year, there has been an undue delay, because of over-centralised procedures, in the release of Central share of funds leading to a serious problem of implementation. Confronted with this situation, the State Government had to make an advance release of its own funds to tide over the problem.

1.9 Honourable Members may therefore kindly note that no effective clue has been found in the policy of liberalisation to resolve the major problems of common people, specially those relating to unemployment and inflation. On the contrary, a vast majority of people has been further adversely affected by these and other problems. In the recent Union Budget, although allocations for education and health have been increased, but these allocations have still failed to make the public expenditure on education and health as proportion of the GDP to reach even half of the targets—6 per cent and 3 per cent for education and health respectively—as was pledged in the NCMP of UPA Government.

1.10 On the basis of this experience and analysis, we have been over the years proposing from this State outline of an alternative policy for the country within the existing socio-economic structure by focussing the direction on an employment-oriented growth

process based on a move towards more equal competition and decentralisation. The outline of this policy emphasising—land reforms, significance of the small and medium industries along with the large industries, importance of research and application of modern labour and local resource-intensive technology, public distribution system from the national level in coordination with the States for controlling inflation, social direction of the banking system, significance of welfare role of the Government and a fundamental decentralisation in the Centre-State relations—has already been presented in the last budget and the same is not repeated now. Those aspects of this alternative policy which are feasible within the limited powers of the State Government will be the basis of my proposals of this present State Budget.

2.1 Honourable Members, keeping in view the outline of alternative policy, the main direction of this budget will be to generate employment to the maximum extent possible within the limited powers of the statement. Given this direction, there will be a need to create more competition and opportunity so that production in agriculture and industry is enhanced and services expanded in a manner to ensure employment generation to the furthest possible extent, and cause increase in income and reduction in poverty. In order to achieve this objective, the main emphasis will therefore be placed on increasing the empowerment of common people in terms of land, capital, education and health—and empowerment that is feasible with the limitation of the State. Emphasis will be placed on improvement of infrastructure, in particular, irrigation, drainage, roads and power, so that common farmers and entrepreneurs can get access to these facilities. The control of inflation through Public Distribution System is a national issue. Keeping this in view, definite measures, which are feasible within the powers at the State level, would also be proposed. Moreover, there will be a specific proposal to extend assistance to the poorest people of this State. In addition definite measures will be proposed for development of minority communities, backward classes and women and also for regional development of North Bengal, Paschimanchal and the Sunderbans. Above all, in the matter of implementation of this employment-oriented development programme of the State, emphasis will be placed on decentralization and effective participation of common people through Panchayats and municipalities.

2.2 Since in agriculture, the main direction of the alternative policy is to increase production and employment generation, and since according to Farm management Studies data, both employment generation and production per acre are highest in the case of lands of small and marginal farmers, the high priority accorded by the State Government on land reforms will remain firmly in place for increasing production and employment generation in agriculture as well as more competition and empowerment of people.

2.3 Honorable Members will be happy to know that according to the latest data on land reforms compiled by the Government of India, of all the farmers in the country who have benefited as a result of distribution of surplus land through land reforms, 54 per cent belong to West Bengal and this State still occupies the foremost position in regard to land reforms as in the previous years. The total agricultural land distributed in this State (upto January 15, 2008) is 11.19 lakh acre and the number of poor farmers who have benefited has now reached 29.57 lakh. In addition, as part of land reforms, the number of recorded sharecroppers has now reached 15.10 lakh and the number of beneficiaries of distribution of homestead land has reached 5.14 lakh. It is necessary to mention that while in the rest of the country , the distribution of ceiling surplus land has almost been stalled since liberalization, in West Bengal and additional 5,233 acres of land has been vested and it has been possible to distribute 10,131 acres of land among poor farmers thereby benefiting 46,754 poor people. In addition, it has been possible to arrange soft loan to 30,045 assignees of vested land and sharecroppers who have benefited from land reforms.

2.4 Honorable Members are aware that along with these steps, a new scheme, namely free distribution of land for cultivation and construction of house, has been started in this State. According to this scheme, if a person, who owns land within the prescribed ceiling, is willing to sell a part of his land at market price, the State Government can purchase such land and distribute it free of cost among poor farmers/landless agricultural labourers. So far, it has been possible to purchase about 198 acres of land under this scheme for distribution among poor farmers and landless agricultural labourers for cultivation and construction of house. Since the objective of the scheme is to help the poorest people in the rural areas, in order to extend the coverage under this scheme

for more empowerment of these people, I propose that land may be purchased under this scheme by paying a price which may be upto 15 per cent higher than the market value. Also, to make the implementation of the scheme easier, it is proposed that, depending on the local situation, a person may be distributed land for cultivation and that for construction of house at slightly different places. In addition, the cost of development of land distributed under this scheme to the poor farmers and construction of houses thereon will be borne by the State Government out of other specific schemes. The local Panchayats, in coordination with the officials of the concerned departments, will play an important role in the implementation of this scheme.

2.5 Further, to make the existing provident fund scheme for landless agricultural labourers under which equal contributions are made by the State Government and the beneficiaries more attractive, the contribution of the State Government will be increased from the present level of Rs.10 to Rs.20 with corresponding increase in the contribution from the landless agricultural labourers. With this improvement, and with increase in the efficiency of implementation, I propose to increase the number of beneficiary agricultural labourers under this scheme from existing 9.59 lakh to 11 lakh in the next financial year.

2.6 Having regard to the importance of land reforms and the priority attached to the new schemes, I propose to provide an additional sum of Rs.20 crore for land reforms in the plan budget of the next financial year. With this additional allocation, the total plan outlay for land reforms, which has already been increased from Rs.30 crore in 2007-08 to Rs.50 crore in 2008-09, is proposed to be increased further to Rs.70 crore.

2.7 Keeping this priority on land reforms intact, the target for agricultural production in the State has been fixed in such a manner that self-sufficiency in foodgrains production is not only achieved, but also sustained during the entire Eleventh Five Year Plan period (2007-12) and beyond. After maintaining self-sufficiency in foodgrains production, priority has been accorded to crop-diversification so that the deficit in the case of some major crops can be reduced and horticulture and floriculture can also be encouraged. In addition, special importance has been attached to enhancement of productivity in the case of some important crop. The main objective behind all these initiatives is to increase, to the extent possible, employment generation for farmers and their income. In order to

achieve that objective, along with land reforms, extension of irrigation facilities, use of improved seeds, proper application of fertilizers, flow of credit to agriculture, preservation of crops and improvement of marketing facilities are especially important.

2.8 As a result of according priority to extension of irrigation facilities, the total net irrigated area as a proportion of the total net agricultural area has increased steadily from 32 per cent in 1977-78 to 70.5 per cent in 2007-08. the target of raising this proportion of net irrigated area has been fixed at 73 per cent in the next year, which will then be steadily raised to 80 per cent at the end of the Eleventh Plan. In regard to the use of improved seeds, particularly in the case of production of paddy, while in the year 1977-78, only 28 per cent of the total cultivated area was covered by use of improved seeds, in 2007-08, the coverage has increased steadily to 96.5 per cent, and for crops, it has reached 85 per cent. I propose to increase these proportions to 97 per cent and 89.75 per cent respectively in the next year so that these proportions can steadily improve and reach 99 per cent and 95 per cent respectively at the end of Eleventh Plan. In regard to application of fertilizers, emphasis has been placed on the use of a balanced mix of chemical, organic and bio-fertilizers instead of chemical fertilizers alone. It has been estimated that in 2007-08, 100 lakh metric tonne of organic fertilizers and 525 metric tonne of bio-fertilizers will be used along with 15.38 lakh metric tonne of chemical fertilizers. The targets for use of these three types of fertilizers in the next financial year have been fixed at 16.75 lakh metric tonne, 125.05 lakh metric tonne and 690 metric tonne, which will be increased further to 21.10 lakh metric tonne, 300 lakh metric tonne and 1.100 metric tonne respectively in the last year of the Eleventh Plan. In consequence of all these steps, starting with land reforms, the Gross State Domestic Product from agriculture in the State over the ten year period from 1993-94 to 2003-04 has grown at an average annual rate of 3.64 per cent which is not only much higher than the average annual rate of growth of Gross State Domestic Product from agriculture for all State (1.53 per cent) but is also the higher among all States (Sources: Planning Commission and Central Statistical Organization, Government of India). According to advanced estimates, the overall rate of growth from agriculture during the last three years (from 2004-05 to 2007-08) has improved further to 3.92 per cent. Based on this record, we are committed to achieving a rate of growth somewhat higher than 4 per cent in agriculture during the Eleventh Plan period (2007-12), whereas in the case of the country as a whole, the target for the rate of growth in agriculture could not be fixed beyond 4 per cent.

2.9 Honourable Members, in the current year, the State has been hit by devastating floods in four phases affecting all the districts. 273 persons died, 1.18 crore people were

affected and 9.78 lakh houses were damaged either partially or fully. There was also extensive damage to roads, irrigation embankments and other infrastructure and specially to crops on an area of 8.59 lakh hectares.

Confronted with this natural calamity, the State Government, with a sustained coordination with the concerned departments, the district administration and Panchayats sanctioned Rs.553.82 crore for relief and reconstruction. In the reconstruction programme, distribution of free mini-kits for the purpose of increasing production during the Rabi season has been accorded special priority. A sum of Rs.76.29 crore has been sanctioned only for this purpose. Honourable Members will be happy to know that as a result of these measures, although the State has been hit by natural calamity several times during the current year (2007-08), the total production of rice in the State in the current year will exceed the level of the last year (147 lakh metric tonne) and is estimated to reach 149 lakh metric tonne, which is higher than the total internal requirement of the State (137 lakh metric tonne), and West Bengal has again occupied the first position amount all States in production of rice. The production of potato will increase from 50 lakh metric tonne in the previous year to 76 lakh metric tonne in the current year which is again higher than the requirement of the State (43.5 lakh metric tonne) and in this regard, the State occupies the second position in the country as before. In addition, despite natural calamities, the total production of vegetables in the State in the current year will increase to 129 lakh metric tonne and here also, West Bengal occupies the highest position amount all States. However, although the production of wheat, pulses and oil seeds has increased in the current year to 9.20 lakh metric tonne, 1.80 lakh metric tonne and 6.81 lakh metric tonne respectively, it is still short of the requirement of the requirement of the State.

2.10 In order, therefore, to strengthen the self sufficiency of the State in the case of foodgrains and to reduce the deficit in case of other important crops, targets have been fixed to increase the total production of foodgrains in 2008-09 to 172.85 lakh metric tonne (rice – 161.49 lakh MT, wheat – 9.37 lakh MT and pulses – 1.99 lakh MT), which is a little higher than the total foodgrains requirement of the State in the year (171.80 lakh MT). Thereafter, to maintain the self-sufficiency in the production of foodgrains, these initiatives will be continued during the entire Eleventh Plan period and beyond. For achieving the targets of production of various crops, along with expansion of irrigation facilities, special priority has been accorded to enhance the productivity of each crop. To this end, it is particularly important to achieve self-sufficiency in the production of improved seeds in case of all the important crops. After attaining self-sufficiency in the

production of seeds of paddy and mustard, priority is now to be given to the attainment of self-sufficiency in case of production of seeds of other crops, particularly potato, wheat and jute. For this purpose, with due consideration for preservation of bio-diversity, emphasis will be placed on production of certified seeds by involving the women self help groups through Panchayats in each Block, in addition to making use of the existing State agricultural farms and the CADPs. In addition, to enhance further the productivity of crops, emphasis will be placed on the use of organic fertilizers and organic process for agricultural production, as recommended in the interim report of the State Agriculture Commission. As a part of this process, it has been decided to set up 20 (twenty) bio-villages during the next year. With a view to attaining self-sufficiency in agriculture and enhancing productivity, after increasing the plan outlay from Rs.51 crore in the current year to about Rs.90 crore in the next year. I propose to allocate an additional sum of Rs.10 crore. With this, the overall plan outlay for agriculture for the next financial year stands raised to Rs.100 crore.

2.11 I have mentioned earlier that in consideration of the importance of the need for crop-diversification, emphasis has been laid on horticulture and floriculture. As a result, the production of pineapple in the State has increased from 3.72 lakh metric tonne in 2006-07 to 3.81 lakh metric tonne in 2007-08, and West Bengal has occupied the first position among the States in this regard. The targets of production of pineapple for the next year (2008-09) and the last year of the Eleventh Five Year Plan (2007-12) have been fixed at 3.94 lakh metric tonne and 4.39 lakh metric tonne respectively. The production of litchi has increased from 77.2 thousand metric tonne in the last year to 79.9 thousand metric tonne for the current year. In this case, West Bengal ranks second among the States. The targets of production of litchi for the next year and the last year of the Eleventh Five Year Plan have been increased to 82.3 thousand metric tonne and 91.1 thousand metric tonne respectively. In this case, West Bengal has ranked second among the States. The production of mango has increased from 5.49 lakh metric tonne in the last year to 5.66 lakh metric tonne in the current year. Here the State occupies the sixth position. The targets of production of mango for the next year and the last year of the Eleventh Five Year Plan have been raised to 6.03 lakh metric tonne and 6.44 lakh metric tonne respectively. The production of potato and vegetables has also increased, as already mentioned. For the purpose of export of pineapple, litchi mango and vegetables, after meeting the requirement of the State, initiatives have been taken to set up special zones. A particular emphasis has been given on floriculture, industrial use of flowers and export of flowers. Attaching importance to production of improved seeds and seedlings and improvement of storage and marketing facilities in all these spheres, I proposes to increase the plan outlay for floriculture and

food processing from Rs.27 crore in the current year to Rs.32.35 crore in the next year.

2.12 I have already mentioned that in view of the significance of extension of irrigation facilities for enhancing employment generation and production in agriculture, the targets for increasing the total net irrigated area as a proportion of total net agricultural area have already been increased to 73 per cent for the next year and 80 per cent at the end of the Eleventh Plan period. For achieving these targets, special emphasis has been placed on minor irrigation facilities, and within the sphere of minor irrigation, on reclamation of ponds, lakes, canals, etc. to be implemented in coordination with the National Rural Employment Guarantee Programme. The reclamation of these water bodies will not only expand the irrigation facilities, it will also play an important role in the matter of drainage moderation of the impact of floods as well as improvement of pisciculture. Keeping in view the overall importance of minor irrigation, I propose to increase the plan outlay of the Water Resources Investigation & Development Department from Rs.125 crore in the current year to Rs.166.75 crore in the next year.

2.13 In the sphere of large and medium irrigation projects, priority has been given on speedy completion of major projects. Along with this, special emphasis has also been laid on anti-erosion schemes and basin-specific drainage schemes in the districts.

Among the major irrigation projects, the Teesta Project is truly a project of national-level importance. About Rs. 1,139.52 crore has already been spent on implementation of this scheme, 77 per cent (Rs. 874.22 crore) of which has been borne by the State Government. Since the project has international implications, the State Government has repeatedly raised the justified demand before the Central Government that this project be given the status of a national project. Recently, this demand has been acceded to by the Central Government. Although no formal communication has as yet been received from the Central Government, according to preliminary information, 90 per cent of the balance requirement of fund (Rs. 1,346.48 crore) for completion of the first phase of work will be borne by the Central Government and the remaining 10 per cent will borne by the State Government. In that case, the overall Central share in the expenditure (Rs. 2,486 crore) for the project, including the expenditure already incurred, will be 59 per cent and the State's share will be 41 per cent. It has also been possible to have another major project, namely, Subarnarekha Project, included under the Accelerated Irrigation Benefit Programme (AIBP). According to the general funding pattern under this programme, 75 per cent of the estimated expenditure for the project will be borne by the State Government and 25 per cent will be borne by the Central Government.

The State Government has already spent Rs. 39 crore for this project. However, since a large part of the command area of this project is inhabited primarily by people belonging to the Scheduled Tribes, the State Government has justifiably urged the Central Government to bear 90 per cent of the expenditure for the project in terms of the existing policy.

The prevention of erosion of the Ganga-Padma River System is also a national-level issue. In spite of this, out of the total expenditure (Rs.567.92 crore) incurred from 1977-78 to 2007-08 on preventing this erosion, about 62 per cent (Rs. 351.97 crore) had to be borne by the State Government. In recent years, although the Central Government has taken the responsibility of anti-erosion works of Ganga-Padma River System in areas adjacent to the Farakka Barrage in Malda and Murshidabad districts, it has refused to undertake any maintenance of anti-erosion works in this region. As a result, the additional financial burden of such maintenance works had to be shouldered by the State Government. The erosion of Bhagirathi River, particularly in the districts of Burdwan and Nadia, has also reached a critical level. The State Government has already spent Rs.37.63 crore for preventing erosion of Bhagirathi River and has decided to allocate an additional amount of Rs.33 crore in the next year to mitigate this problem. While utilizing this fund for implementation of these schemes, special care would be taken, on the basis of past experience, in the matter of selection of appropriate technology.

The State Government has also decided that a demand will be urgently made to the Central Government for inclusion of important basin-specific drainage schemes and river reclamation schemes, namely, Kandi Basin Drainage Scheme, Keleghai-Kapaleswari Basin Drainage Scheme, Ghai-Kunti Basin Drainage Scheme, etc. under the Centrally Sponsored Programme, where the Central and the State Governments would share the expenditure for a project in the ratio of 75:25. Likewise, after completing the reclamation works of an important stretch of river Ichhamati, the issue of reclamation of the remaining stretch of the river (in North 24-Parganas and Nadia districts) and also rivers in the lower Damodar region will also be taken up with the Central Government for implementation as Centrally Sponsored Schemes. In the matter of construction and improvement of irrigation embankments, necessary linkage will be established with the national Rural Employment Guarantee Programme. Considering the need for implementation of all these projects, after having increased the plan outlay of the Irrigation and Waterways Department from Rs.340 crore in the current year to Rs.400.90 crore in the next year, I propose to allocate an additional sum of Rs.20 crore for establishing necessary linkage with the National Rural

Employment Guarantee Programme. With this additional allocation, the overall plan outlay of the Irrigation and Waterways Department is proposed to be raised to Rs.420.90 crore.

2.14 In the sphere of animal resource development, the main focus is on enhancement of employment generation by increasing the production of milk, eggs and meat and a steady reduction of the gap between the State's requirement and production. To this end, along with improvement in infrastructure, a new initiative has been undertaken in recent years to train unemployed youth in rural areas as 'Pranibandhus' for assisting the rural people in artificial insemination and health care of animals. So far, 2,789 Pranibandhus have been involved in this programme and the number of artificial insemination centres has also increased to 2,908. As a result of these initiatives, the total milk production in the State has increased from 39.82 lakh metric tonne in 2006-07 to 40.77 lakh metric tonne in 2007-08 and is then targeted to increase to 42.25 lakh metric tonne in 2008-09 and then steadily to 46.89 lakh metric tonne at the end of the Eleventh Plan period, which would be nearly 75 per cent of the State's requirement in that year. Similar steps have been initiated in the case of production of egg and meat.

While these steps are being taken, there has been an outbreak of bird flu in the State since the middle of January, 2008. To control the spread of this disease, about 39.98 lakh chickens have been culled and an extensive programme of disinfection has also been taken up. In addition, poultry farming has been banned for a period of three months in the affected areas. Apart from paying compensation for culling of birds, the State Government has sanctioned additional financial assistance of Rs. 500 for each of the affected families (about 7 lakh). An alternative livestock farming programme has also been contemplated in the affected areas for the next 3 (three) months for rehabilitation of poultry farmers. An additional amount of about Rs. 105 crore will be required for this purpose. Recently, there has been a fresh outbreak of this disease at a few places where also similar steps had to be taken. For payment of compensation, additional financial assistance and rehabilitation, the State has already sanctioned Rs. 51 crore and a demand has correctly been made to the Central Government for sharing 50 per cent of the expenditure for payment of

compensation for culling of birds (as admissible under the rules of the Central Government) and alternative livestock farming programme. So far, however, only Rs. 10 crore has been received from the Centre. Keeping in view the main objective of animal resource development and having regard to the need for mitigating the problems caused by the outbreak of bird flu and the rehabilitation of affected families, I propose to increase the plan outlay of this department from Rs. 23.38 crore in the current year to Rs. 62.57 crore in the next year.

2.15 In the sphere of pisciculture, as a result of initiatives taken by the Department of Fisheries with involvement of common fishermen through the Panchayats in the matter of expansion of water areas in the districts, use of improved fish-seeds and training of fishermen, the total fish production in the State has increased from 13.59 lakh metric tonne in the previous year to 14.48 lakh metric tonne in the current year, which is more than the requirement (13.20 lakh metric tonne) of the State. Based on a consistent record of increase in production of fish, the targets for fish production for the next year and the last year of the Eleventh Plan have been fixed at 14.71 lakh metric tonne and 15.58 lakh metric tonne respectively. Keeping in view the role of fish production in increasing employment generation and income of the rural poor, I propose to allocate an additional sum of Rs. 5 crore in the next year for the purpose of development of marketing facilities. With this additional allocation, the plan outlay of the Department of Fisheries which has already been increased from Rs. 65 crore in the current year to Rs. 75.42 crore in the next year, is proposed to be raised further to Rs. 80.42 crore.

2.16 In the case of forestry, as a result of involving the local people in forest protection and planned afforestation, the forest cover as a proportion of the total area of the State has increased from 14.97 per cent in 1991 to 15.68 per cent in 2006. Through implementation of social forestry programme in coordination with the Panchayats, there has been an increase in tree-cover and the proportion of forest and tree-cover in the State is now 30.74 per cent. Thus, the State has already crossed the Eleventh Plan national target of 30 per cent for forest and tree-cover. In this scenario, in order to raise further the target of forest and tree-cover to 33 per cent at the end of the Eleventh Plan, I propose to increase the plan outlay of Forest Department from Rs. 43.10 crore in the current year to Rs. 59.77 crore in the next year.

2.17 The annual requirement of credit for agriculture and allied activities (animal resource development, pisciculture, social forestry, etc.) is to the tune of at least Rs. 10,000 crore. However, in the last year, the credit disbursed by the banks for these sectors was only Rs. 3,580 crore. After necessary discussion with the representatives of the Reserve Bank of India and other banks, the target for credit disbursement for these sectors was raised by 25 per cent over the last year's target of Rs. 4,000 crore and fixed at Rs. 5,000 crore. According to the latest data available for the current year, it is now estimated that about 95 per cent (Rs. 4,750 crore) of this target will be achieved. Based on this performance, the target for disbursement of credit to agriculture and allied sectors for the year 2008-09 will be further raised by 30 per cent and fixed at Rs. 6,175 crore. At the same time, following the recent decision of loan waiver in the case of small and marginal farmers, we demand that the target of universal banking should be achieved during the Eleventh Plan period, particularly in this State. In other words, facilities for opening of at least one bank account for each family in the State should be extended.

2.18 In order to ensure increase in the income of the common farmers along with enhancement of production and employment generation in agriculture, it is specially important that the farmers get fair price for their produce. For this purpose, in the case of rice, the State Government, the Food Corporation of India and the Cooperative Societies have drawn up a joint programme in coordination with the Panchayats so that the produce of the farmers can be procured from them at fair price and supplied to the common farmers through the public distribution system and other social programmes and through this measure, inflation can also be controlled to some extent. However, in the current year, although there has been satisfactory production of rice in the State, as a result of the decision of the Central Government to export rice to other countries indiscriminately, the market price of rice has been much higher than the procurement price fixed by the Central Government. In consequence, the State Government has faced enormous problems in procurement of rice. This apart, in case of wheat also, the Central Government has recently cut down the allocation of this State by nearly 50 per cent, which has compounded the problem mentioned before. Even in the midst of this difficulty, the State Government has so far procured 3.25 lakh metric tonne of rice primarily through collection of compulsory levy

from rice millers. However, for supplying rice and wheat to common consumers of the State at a fair price, it is necessary to procure more rice and wheat. To tide over this problem, we are making a demand to the Central Government for releasing rice and wheat to the State according to the original allocations, as in the previous years.

Honourable Members, while placing this demand before the Central Government, we have at the same time decided to procure rice and wheat, if necessary, on payment of additional subsidy. I propose to allocate an additional amount of Rs. 90 crore for meeting the expenditure on this subsidy.

2.19 In addition, in order to control the prices of various commodities including rice and wheat, I propose to set up a new marketing corporation for procurement and supply of commodities at fair price through self help groups. For this purpose, I propose to allocate an additional amount of Rs. 100 crore as share capital contribution of the State Government to this corporation. This corporation may set a new example in the sphere of employment generation and marketing in the interest of common people by functioning in close coordination with the concerned departments of the State Government, Panchayats and municipalities.

2.20 Honourable Members, on the basis of careful examination of the implications of the measures proposed in the sphere of agriculture and allied sectors, as mentioned earlier, it has been estimated that on account of these efforts, potentiality of at least 3 lakh employment generation would be created from agriculture and allied activities taken together in the next year.

2.21 As a result of these comprehensive steps beginning with land reforms, not only has there been an increase in employment generation and production, the purchasing power of common people has also increased. According to the National Sample Survey Data, common people in the rural areas of West Bengal are now spending about Rs. 21,000 crore every year on industrial goods. Alongside this, the urban people are also spending about Rs. 18,000 crore every year on this account, and this internal market of the State is growing by at least 8 per cent every year.

2.22 As a result of the combined effect of a growing internal market, locational advantage of the State, availability of skilled workers, scientists and technologists, considerable improvement in

infrastructure, social stability and the positive attitude of the State Government, West Bengal has, of late, become one of the most preferred destinations in the country for industrial investment. This potential has been created in the case of large, medium and small-scale industries as well as in the case of formation of self help groups. Industrialisation, in our view, means giving due importance to the development of each of these sectors with a view to increasing employment generation. At the same time, it also includes the initiatives for reopening of closed factories within the limited powers of the State Government.

2.23 As a consequence of the emergence of this industrial potential, while during the period from 1991 to 2006, a total number of 1,439 industrial units in the organised large and medium industries sectors with a realised investment of Rs. 32,631.87 crore had commenced production, at the end of the year 2007, the total number of such units has increased to 1,730 and the total realised investment has increased to Rs. 37,704.13 crore. In other words, while even two years ago, in the year 2005, the annual investment was Rs. 2,515.58 crore, within a period of two years, the same has been more than doubled and reached Rs. 5,072.26 crore in 2007. The State Government has now received fresh investment proposals (worth Rs. 2.28 lakh crore) in areas relating to iron and steel, food processing, manufacture of vehicles, etc. Most of these investments will be realised within the next five years. As a result, the annual realised investment, which now stands at Rs. 5,072.26 crore, will soon again be more than doubled.

2.24 In regard to the realised investment during the period from 1991 to 2007, the industries which occupy the front positions are iron and steel, food processing, chemicals and petrochemicals, information technology, jute and textiles, engineering goods, leather and rubber, gems and jewellery, etc. In order to encourage further investment in each of these areas, initiative has been taken to set up for each of these categories of industries, industrial complex, industrial parks, etc. In addition, with the objective of a comprehensive development of industrial potential of the State in the sphere of chemicals and petrochemicals, special initiative has also been taken to set up a Petroleum, Chemicals and Petrochemicals Investment Region at Nayachar Island.

2.25 It is necessary to mention here that from the realised investment in the organised industries in the State during the

period from 1991 to 2007, about 2.21 lakh direct employment has been generated. Within this, in the current year itself, 41,219 direct employment has been created which is much higher than the direct employment (28,572) created in the last year (2006). With continued increase in investment in the coming years, there will be further increase in direct employment. If indirect employment is added to this, the total employment will be more than three times this direct employment. Honourable Members, in order to encourage the large and medium industrial units to create more employment, we have decided to modify the existing scheme of incentives to industries. In line with the alternative policy, incentives under the new scheme will be linked mainly to generation of employment by the concerned units. This may set a new example in the entire country in the matter of employment-oriented industrial development. Government notification in this regard will be issued shortly.

2.26 A special feature of investment in large and medium scale units in the State is that out of the 1,730 industrial units which have commenced production in the recent years, about 70 per cent are medium scale units in which the investment is less than Rs. 10 crore, and, in most of these cases, the investors are local entrepreneurs. The requirement of land for setting up of such medium or small scale units (mentioned later) is small and generally, there is no problem relating to availability of land for these industries. Even in the case of most of the large industries, the problem relating to availability of land is not very serious. Only in the case of a few large industries where a large area of land is required because of the special characteristics of the industry, it will be necessary to proceed, after consultation with local farmers and payment of due compensation for acquisition of land with necessary balance being maintained between agriculture and industry. While the industrial establishments will be primarily responsible for payment of this compensation, in some cases, problems may continue even after that. To take care of such problems, I propose to allocate an additional amount of Rs. 100 crore for the purpose of creating a Special Assistance Fund. This fund will be utilised for the purpose of imparting job-oriented training and extending other necessary forms of assistance to the land losers. Having due regard to the role of incentive schemes for industries in the organised sectors, I propose to increase the plan outlay of the Commerce and Industries Department from Rs. 200 crore in the current year to Rs. 350 crore in the next year.

2.27 By virtue of the relatively better position of this State in regard to intellectual capital, there has been in recent years significant development in information technology and information technology-enabled services. While in the year 2006-07, the rate of growth of software exports for the country as a whole was 32 per cent, the rate of growth of software exports from this State was 46 per cent. In 2007-08, this has increased further to 50 per cent. In the next year as well as in subsequent years, this rate of growth is estimated to remain at 50 per cent or even higher. Along with this significant development in the case of software technology, the State Government has, of late, taken initiatives to set up a Design Centre at Bidhannagar and an Information Technology Park at Kharagpur with a view to attracting investment in hardware and chip manufacturing sector. As West Bengal has become one of the most attractive destinations in the country for investment in information technology, reputed organisations of the country as well as those of international standing are coming forward for investment. Alongside this, the medium and small scale entrepreneurs, constituting about 80 per cent of the total number of investors, are also investing in this sector. As a result, significant potential for additional employment generation has been created in the field of information technology. It has been estimated that the additional generation of employment in this sector will be 15,000 in the current year, 30,000 in the next year and 2.5 lakh during the Eleventh Plan period (2007-12). Keeping in view these achievements in the field of information technology and the scope of employment generation in this area, I propose, in order to give further emphasis on improved training facilities, an increase in the plan outlay of the Information Technology Department from Rs. 56.50 crore in the current year to Rs. 71.29 crore in the next year.

2.28 In the matter of industrialisation in the State, maximum potential for employment generation has been created through expansion of small scale industries sector and self help groups. The growth of small scale industries sector and the related employment generation has been reflected in the data of the latest National Sample Survey (2005-06). It is found from these data that both in respect of the number of working units and generation of employment in the units, West Bengal ranks first among all the States. According to these data, the number of working small scale units in this State in 2005-06 was 27.53 lakh and employment generation in those units reached 54.93 lakh, which accounted for 15 per cent of the total employment generated in small scale

industries sector in the country. For the development of small scale industries, special priority has been accorded to development of infrastructure for clusters of industries. Having regard to the industrial characteristics of each district of the State, work relating to development of 39 clusters in the field of small scale industries, handloom industries, rural industries and handicrafts has been started in various districts in the current year. The number of these clusters will be increased to 54 in the next year and to 229 in the last year of the Eleventh Plan. In addition, the State Government has formulated a new textile policy and has also commenced its implementation. Under this policy, special emphasis has been given on development of handloom and garment industries along with development of sericulture. In the case of handloom industries, in addition to development of infrastructure for handloom clusters and development of computer aided design, steps have also been taken to set up an advanced export centre in Nadia district. On the basis of the projects already implemented, it has been estimated that in the next year (2008-09) at least 2 lakh additional employment will be generated in the small scale industries sector. Having regard to the important role played by the small scale industries sector in employment generation, I propose to increase the plan outlay of the Micro and Small Scale Enterprises and Textiles Department from Rs. 74.20 crore in the current year to Rs. 121 crore in the next year.

2.29 Honourable Members, in the matter of employment generation in the State, maximum progress has been achieved in the case of self help groups. In the current year (2007-08), the number of self help groups has already reached 7.34 lakh with a total membership of about 70 lakh, 90 per cent of whom are women. These self help groups have mobilised savings from their members and then about 4.36 lakh self help groups have obtained loan from banks on the strength of such savings. In more than 90 per cent of the cases, these loans have also been repaid. According to the assessment of NABARD, about one-third of these groups have qualified, on repayment of earlier loan, for second and third doses of loan. This has resulted in additional employment generation of at least 3 lakh in the current year. Based on this progress of the self help groups, it has been decided that during the Eleventh Plan period, all willing families will be brought under the universal coverage of self help group formation. As part of that, target has been fixed to raise the number of self help groups to 8 lakh in the next year and to create again additional employment of

at least 3 lakh on the strength of own savings and bank loan. A special requirement for the development of self help groups is proper training of the members of the groups and creation of organised facilities for marketing of their produce. I have already mentioned that for this purpose, a full-fledged corporation will be set up. This corporation will function by maintaining live contact with the self help groups through the Panchayats and municipalities and will play an important role in employment generation and price control. Giving importance to the development of self help groups, I propose to increase the plan outlay of the Self Employment and Self Help Groups Department from Rs. 30 crore in the current year to Rs. 160 crore in the next year, which will include an additional allocation of Rs. 100 crore for the corporation, as already mentioned.

Honourable Members may note that if the potentials for employment generation in large and medium industries and through expansion of small scale enterprises and self help groups, as mentioned earlier, are taken together, then a total of more than 5.5 lakh additional employment can be generated in these sectors in the next financial year.

2.30 Adequate credit facilities are extremely important in the case of small scale industries, self help groups and self-employment programmes. According to revised estimates, the annual requirement of credit for small scale industries, self help groups and self-employment programmes in this State is at least Rs. 5,500 crore. In this background, although the disbursement of credit to small scale industries and related areas has increased from Rs. 1,538 crore in the last year (2006-07) to an estimated amount of Rs. 2,250 crore in the current year (2007-08), it is still far short of the requirement. It has, therefore, been decided, after discussion with the Reserve Bank of India, NABARD, other banks and the concerned departments of the State Government, that a special drive will be made in the next year, so that the disbursement of credit to these sectors can be raised to at least Rs. 3,750 crore and, thereafter, to Rs. 5,500 crore in phases.

2.31 Honourable Members, I have already mentioned how the economic policies being followed at the national level have resulted in a large number of industries in every State being closed or sick. As part of this national process, some industrial units in West Bengal have also become either sick or closed. Against this background, the State Government, while encouraging the setting

up of new industries, has also been making, with its limited powers, continuous efforts for revival of closed and sick industries, specially by placing its views before the BIFR in the interest of industrial workers and by granting subsidy, tax relief, etc. As a result of these steps, it has been possible to revive 26 units and 51 more units are also likely to be revived. In addition, the State Government has taken initiatives jointly with the Central Government for reopening of 14 closed tea gardens, out of a total of 277 tea gardens in North Bengal. For this purpose, for the first time, certain definite steps have been initiated under section 16E of the Central Tea Act for the purpose of transfer of management of the tea gardens to suitable entrepreneurs who may come forward. In addition, in case of reopening of closed tea gardens, decision has been taken by the State Government to grant exemption from payment of certain taxes and duties and by the Central Government to grant some debt-relief. Along with these steps, at the initiative of the State Government, other measures relating to introduction of employment generation programmes for the workers of closed tea gardens and free supply of foodgrains to them, etc. have also been taken. Honourable Members are aware that the State Government has been extending financial assistance at the rate of Rs. 750 per head per month to the workers of the tea gardens and factories which have been lying closed for more than a year. In order to further encourage the reopening of closed tea gardens and factories in the State, I propose to continue this financial assistance for a period of one year even after reopening of the closed tea gardens or the factories, as the case may be.

2.32 At the initiative of the State Government, a provident fund scheme for the workers in the unorganised sector was introduced in the State for the first time in the country. Implemented on the basis of joint contribution from the State Government and the workers, about 10.09 lakh workers have already been enrolled under this scheme. So long, unorganised workers of 21 sectors were under the purview of this scheme. I am happy to announce that the State Government has decided to include the workers belonging to 23 additional sectors, including maid servants, and it has been decided to increase the number of beneficiaries of this scheme steadily from the existing 10.09 lakh to 20 lakh. In addition, the benefits of the legislation concerning the interest of construction workers which the State Government has enforced have reached 40,506 in the current year. The target of extending

this benefit to construction workers has been fixed at 2 lakh in the next year. At the same time, I also propose to increase the target of construction of subsidised dwelling units for bidi workers to 15,000 in the next year. Having due regard to the initiatives taken by the Labour Department, I propose to increase the plan outlay of the Department from Rs. 40 crore in the current year to Rs. 80 crore in the next year.

2.33 Development of common infrastructure, particularly, improvement of roads and bridges and power situation, is essential for sustainable growth and employment generation in agriculture and industries. Keeping this requirement in view, construction of 116 bridges and railway flyovers through Public Works and Public Works (Roads) Department had been taken up during the Tenth Plan period (2002-07). Out of this, 102 bridges and flyovers have already been completed, 6 will be completed in the next year and the remaining ones will be completed in the following year. During the Eleventh Plan period (2007-12), construction of 96 additional bridges and flyovers has been targeted. Out of these, preparatory steps have been taken for 10 bridges and flyovers, and work in respect of these will commence in the next year. Construction of the remaining bridges will be taken up thereafter. In the case of roads, the work of improvement of 5,522 kilometers of road which had started during the Tenth Plan period has since been completed and against a target of improvement of 3,080 kilometers of road during the Eleventh Plan period, work in respect of 250 kilometers has been completed in the current year itself, and work in respect of another 669 kilometers will be completed in the next year. If the road works undertaken by the Public Works Department are dovetailed with schemes taken up under the National Rural Employment Guarantee programme, it will be possible to increase the output in both the cases. Therefore, with emphasis on comprehensive improvement of roads, and to forge necessary linkage between the two types of schemes, as mentioned earlier, I propose to allocate an additional amount of Rs. 20 crore in the next year. Accordingly, the plan outlay of the Public Works and Public Works (Roads) Department, which has already been raised from Rs. 665.68 crore in the current year to Rs. 700.15 crore in the next year, is proposed to be raised further to Rs. 720.15 crore. For the purpose of improvement of public transport, while proposing to increase the fleet strength of the State Transport Corporations by 400 buses, emphasis will also be given to the important issue of

improving the internal efficiency of the Corporations. This apart, over the last three years, the concreting work of 29 kilometers of tram lines at a cost of about 101 crore has also been completed. Having regard to the positive impact of this work on public transport, it has been decided that the concreting work of the remaining significant stretches of tram lines will also be completed in the next one year. Giving priority to public transport, I propose to increase the plan outlay of the Transport Department from Rs. 128 crore in the current year to Rs. 147.20 crore in the next year.

2.34 In the case of power generation, there was a problem in achieving the target for capacity addition that was set for the current year for sustaining the balance between the demand and the supply of power, which was due to delay on the part of suppliers of plant and machinery. As a result, there has been a difficulty in maintaining this balance. The Power Department has, however, drawn up a definite action plan for installation of an additional capacity of 1,570 MW within the next one year. This will improve the balance between the demand and supply of power. In the case of rural electrification, out of 37,910 villages, 36,944 villages will be covered by the end of the current year. The State Government has also set a deadline for completing the very important task of providing electricity to each household in the rural areas during the Eleventh Plan period.

It is, however, important to mention here that for fulfilling this target in time, it is essential that there is no further delay in the Central sanction of the complete proposals already sent by the State Government covering all the districts, mentioning that the State is prepared to bear 40 per cent of the additional cost.

2.35 Special emphasis has been given on improvement of the internal efficiency of the power utilities under the State Government. As a result, the plant load factor of the power utilities has increased from 53.2 per cent in 2001-02 to 69 per cent in the current year. Our target is to raise the plant load factor to 75 per cent in the next year and to 80.85 per cent at the end of the Eleventh Plan. Moreover, the transmission and distribution loss has also been reduced from 31.11 per cent in 2001-02 to 22.5 per cent at present and will be reduced steadily to 19.7 per cent at the end of the Eleventh Plan. At the same time, the revenue collection of the State Electricity Board has increased from Rs. 2,438 crore in 2001-02 to Rs. 5,300 crore in the current year and the target for the next year is Rs. 6,090 crore. As a result of these comprehensive

steps, the State Electricity Board will make a profit of about Rs. 364 crore in the current year against a loss of Rs. 686 crore in 2001-02, and the estimated profit for the next year is 628 crore. Giving priority to the comprehensive improvement in the power situation in the State, I propose to increase the plan outlay for the power sector from Rs. 1,699 crore in the current year to Rs. 2,061.73 crore in the next year. This includes the internal resources of the power utilities to the tune of Rs. 1,006.66 crore.

2.36 For the purpose of enhancing production and employment generation, along with improvement of physical infrastructure, it is necessary to ensure expansion and improvement of quality of social services, particularly in the case of public health and education, and secure more empowerment for the common people.

In the case of public health, it has been found, on the basis of published data (Health on March, Government of West Bengal, 2006-07), that in at least 50 per cent of cases, illness can be prevented by taking appropriate preventive measures, the most important of which are supply of safe drinking water and expansion of sanitary toilet facilities. For this purpose, after ensuring at least one source of drinking water in each village, the goal now is to provide 40 litres of safe drinking water per capita per day in each habitation (the number of which has now increased to 96,265). Against this goal, it has since been possible to cover 82.48 per cent of the habitations fully. It has now been decided that the Public Health Engineering Department, in coordination with the Panchayats will take necessary steps so that this coverage can be increased to 85 per cent in the next year and to 100 per cent at the end of the Eleventh Plan. At the same time, a number of special water supply schemes are being systematically implemented, so that the problem of arsenic contamination of ground water in the State can also be mitigated during the Eleventh Plan period.

In addition, under the Total Sanitation Programme, the Department of Panchayats and Rural Development has taken a special initiative for large scale construction of sanitary toilets in the rural areas with the participation of local people. As a result, while in the rural areas of the country as a whole, 51 per cent of the families have been covered under this programme, in case of West Bengal, the percentage of beneficiary families has now reached 81.

Keeping in view the importance of providing safe drinking water and other related facilities, I propose to increase the plan outlay of the Public Health Engineering Department from Rs. 310 crore in the current year to Rs. 334 crore in the next year.

2.37 This special emphasis has been given not only in the case of provision of safe drinking water and construction of sanitary toilets, but also in the case of expansion of decentralised preventive and curative health care facilities with the involvement of the Panchayats and the municipalities. As a result, according to the latest State-wise data (2006) published by the Government of India, the death rate in the State has fallen to 6.2 per thousand, which is not only lower than the All India average (7.5), but also the lowest among the States. The infant mortality rate in this State has now fallen to 38, which is much lower than the All India average (57) and the fourth lowest among all the major States. The overall birth rate in this State has also fallen to 18.4, which is lower than the All India average (23.5) of all States and, in particular, the birth rate in urban areas is now 12.3, which is the lowest among the urban areas of all the States. Above all, it is noteworthy that the total fertility rate of this State has now fallen to 2.1 (the All India average is 2.9), which is quite a significant achievement, for moving towards the desired process of stabilisation of the State's population.

2.38 Based on this steadily falling trend of death rate, infant mortality rate, birth rate and total fertility rate, it has now been decided, for the purpose of taking public health care facilities closer to the common people, to provide improved preventive health care facilities through three health sub-centres, on an average, in each Gram Panchayat, and also primary health care facilities through one of these sub-centres, which is located at the Gram Panchayat headquarters. In addition to this, the block primary health centres will be upgraded and more rural hospitals will be set up. Also, the process of upgradation of infrastructure and the standard of the curative health care facilities of the sub-divisional and the district hospitals as well as the teaching hospitals of the State will be accelerated. These measure will lead to more empowerment of the common people in the sphere of public health. Moreover, in the current year, a drug corporation has been set up under the State Government. This will not only ensure the procurement of medicines of appropriate quality, but also encourage the traditionally important drug industries of the State. Keeping in view this social priority in case of public health, I propose to raise the

plan outlay of the Health and Family Welfare Department from Rs. 468.86 crore in the current year to Rs. 500.95 crore in the next year.

2.39 In the alternative policy, the main approach towards education is to expand the opportunities of education at all levels, so that talented students coming from poor families, who have the same potential for excellence, can also contribute to the overall development of intellectual potential of the State and by participating in production, enhance employment generation. This process will also ensure more empowerment of the common people.

For this purpose, special priority has been accorded, in the first phase, to universalisation of primary education. As a result, the net enrolment ratio of children of the relevant age group (5+ to 8+) in primary schools has reached 98.5 per cent in the current year. In order that 100 per cent of the children of the relevant age group are enrolled in the primary schools during the Eleventh Plan period, I propose to set up additional 1,000 primary schools and 1,000 junior high schools in the State. In the case of madrasah education, I propose to set up additional 200 junior high madrasahs. In addition, I also propose to set up additional 200 Sishu Siksha Kendras (SSKs) and 300 Madhyamik Siksha Kendras (MSKs) in areas where there is a concentration of minority communities.

2.40 Along with ensuring enrolment of children in primary schools, it is necessary to maintain a high standard of education and also to reduce the incidence of drop-outs.

To this end, the mid-day meal programme has been implemented in about 96 per cent of the primary schools of the State, and self help groups have been primarily involved in the operation of this programme. This apart, 20,187 teachers and 53,903 para-teachers have been recruited in upper primary/high/higher secondary and primary schools. As a result, the pupil-teacher ratios at the primary and upper primary levels, which were 56.84 and 79.11 in 2002-03, have been reduced to 39.13 and 48 respectively in 2007-08. Along with this, in order to improve the accountability at all levels, emphasis has been laid on inspection of schools along with the functioning of schoolwise mother-teacher committees as well as village education committees. As a result of these comprehensive steps, it has been found, according to the published data of the National University of Educational Planning and Administration

(NUEPA), that the incidence of drop-out in West Bengal has been reduced to 9.44 per cent. Recently, the National Council of Educational Research and Training (NCERT) has published the results of a survey conducted on the students at primary and upper primary levels for assessing their skills in Language and Mathematics. Results of the survey show that, while for the country as a whole, the average score of students in Mathematics test has been 37.4 per cent, West Bengal is one of the few States where the average score of the students has exceeded 60 per cent. In case of Language test, whereas the average national score is 58.6 per cent, the average score of the students of West Bengal is above 70 per cent and on the whole, the performance of students of this State is better than that of any other State.

2.41 As a positive impact of the expansion of primary education, it is now especially important to expand the opportunities of education at secondary and higher secondary levels. Accordingly, I propose to upgrade an additional 500 high schools to higher secondary schools and also 100 madrasahs to high madrasahs. I am happy to inform that to maintain the pupil-teacher ratio at the appropriate level, recruitment of additional 10,000 teachers for the upper primary/high/higher secondary schools and an additional 1,000 teachers for madrasah institutions has also been contemplated. Along with these steps, as an inherent part of the process of empowerment in education, a special initiative has been started, with focus on training and infrastructure development, so that during the Eleventh Plan period, the students of all Government and Government-aided schools can have access to computer education of appropriate standard starting at secondary level and also opportunities of English language education (both oral and written) and optional education in English medium starting at primary level can be created.

2.42 Honourable Members, even after taking these steps, a special problem has been noticed in the case of expansion of education for girls. In so far as enrolment at the primary and upper primary levels (Class VIII) is concerned, there is no difference between the responses of boys and girls. However, starting with secondary level, because of socio-economic reasons, the girl students coming from poor families are sometimes not able to complete secondary and higher secondary level education. This is also creating various social problems. In order that the girl students coming from poor families are able to complete

successfully secondary and higher secondary level education, I propose to introduce a scheme of payment of financial assistance by way of incentives at the rate of Rs. 100 per month each to the girl students coming from poor families to enable them to continue their education beyond Class VIII and upto Class XII. For this purpose, I propose to allocate an initial sum of Rs. 50 crore in the next year. At the same time, having regard to the overall priority attached to school education, I propose to increase the plan outlay of the School Education Department from Rs. 670 crore in the current year to Rs. 800 crore in the next year.

2.43 In the sphere of technical education and management education, there are now, in the Government and the private sector taken together, 313 degree-awarding, 69 diploma-awarding and 1,468 certificate-awarding institutions which are recognised for conducting courses in different subjects. About 1.49 lakh students are being enrolled every year in these institutions. However, in the context of the high rate of growth achieved by the State in industry, agriculture and allied sectors and services, enrolment of students in this type of institutions will have to be doubled within the next three years, for it has been estimated that employment opportunities for at least an equivalent number of personnel with such management or technical qualification has been created in the State. In this situation, we have taken a decision to set up additional institutions for different levels of courses, particularly, for diploma and certificate courses, and also to allow the existing institutions to introduce morning and evening sessions for ensuring higher enrolment, so that over the next three years, an additional number of 1.50 lakh students can be enrolled in this type of institutions. To this end, I propose to increase the plan outlay of the Technical Education and Training Department from Rs. 55 crore in the current year to Rs. 135 crore in the next year.

2.44 In the field of higher education, in accordance with the budget proposal and budget discussion for the year 2007-08, preparatory action for setting up of two full-fledged universities with financial assistance from the State Government—one at Barasat in North 24-Parganas and the other at Malda has already started. In case of both these universities, along with teaching and research in conventional subjects, a special initiative would be taken both at the university level and at the level of colleges affiliated to these universities to conduct courses on management and technical education in a full-fledged manner on the campuses

of these universities and the affiliated colleges. As a result of this step, a new example will be set in the sphere of application-oriented higher education and creation of potential for additional employment generation. At the same time, I propose to set up 22 new colleges in the State in the next year where also the focus on this new type of employment-oriented education will be maintained. Along with these steps, an emphasis will be placed, as a part of alternative policy, on encouraging research work on the development of improved labour-intensive and local resource-based technology and its applications. On the basis of these overall priorities in the field of higher education, I propose to increase the plan outlay for Higher Education Department from Rs. 92 crore to Rs. 118.50 crore in the next year.

2.45 In the sphere of madrasah education, along with the steps mentioned earlier, assistance for Alia University and improvement of infrastructure and hostel facilities for the students in the educational institutions will also be part of prioritised areas of action. In addition, in view of the importance of employment generation among the minority communities, and also the inadequate Central provision of funds for the West Bengal Minorities Development Finance Corporation (WBMDFC), I propose to increase the assistance of the State Government to WBMDFC by Rs. 20 crore in the next year. With these overall priorities for madrasah education and employment generation, I also propose to increase the plan outlay for the Department of Minority Affairs and Madrasah Education from Rs. 40 crore in the current year to Rs. 130 crore in the next year. Moreover, since it has been decided that the entire non-plan expenditure on madrasah education will also be sanctioned by the Minority Affairs and Madrasah Education Department, the total budgetary outlay of this department will be enhanced to Rs. 313.53 crore in the next year. In addition, a special initiative has been taken, by virtue of which, in the beneficiary-oriented schemes of every department, allocation for the minorities will be specially earmarked. A corpus of fund has also been set up for allocating funds for development of general and social infrastructure in areas where there is concentration of minority population. This overall initiative is the first of its kind in the country.

2.46 By assigning priority to the welfare of backward classes of the society, a special emphasis would be placed on the all-round development of the schools set up in memory of Pandit Raghunath

Murmu, and also on setting up of new secondary schools in areas predominantly inhabited by people belonging to the scheduled castes and the scheduled tribes. In addition, in the interest of employment generation, a special effort will also be made to strengthen the functioning of LAMPS in the tribal areas. Moreover, after noting the significance of the old-age benefit scheme for the tribal people in tribal areas, it has been decided to extend from the next year the benefit of this scheme also to the tribal people residing in non-tribal areas of the State. With emphasis on these efforts, I propose to raise the plan outlay for the Backward Classes Welfare Department from Rs. 172.28 crore in the current year to Rs. 224.02 crore in the next year.

2.47 In the sphere of women and child development and welfare, along with expansion of activities, a special emphasis has been placed on enhanced participation of the local women in the activities of ICDS centres. To this end, it has been decided to involve the self help groups of local women in the supply of food items to the ICDS centres. With a concern for participatory expansion of the activities for development and welfare of women and children, I propose to increase the plan outlay of this Department from Rs. 261.95 crore in the current year to Rs. 364.60 crore in the next year.

2.48 With sustained importance given to the development of refugee colonies, I propose to increase the plan outlay of the Refugee Rehabilitation Department from Rs. 13 crore in the current year to Rs. 15 crore in the next year.

2.49 The development of sports has been assigned importance, as a part of overall development of education and health and also for employment generation through the services of trainers, etc. Keeping in view this overall importance and the need for further improvement of standard of games relating not only to cricket but also to football and other games as well as expansion of sports facilities in the districts, I propose to raise the plan outlay of the Sports Department from Rs. 20 crore in the current year to Rs. 32 crore in the next year.

2.50 In the sphere of tourism, priority has been placed on common man's tourism and on the related wide scope of employment generation. For the improvement of infrastructure connected with attractive tourist destinations in each district, I propose to increase the plan outlay of the Tourism Department

from Rs. 20 crore in the current year to Rs. 25 crore in the next year. While developing the tourism-related infrastructure in the districts, a coordination will be made with the Panchayats and the municipalities in the districts.

2.51 Keeping in view the overall importance of control of pollution and improvement of environment, I propose to increase the plan outlay of the concerned department from Rs. 10 crore in the current year to Rs. 13 crore in the next year.

2.52 On the basis of priority to the development of backward regions of the State, the total plan outlay for development of North Bengal, Paschimanchal and Sunderban regions is proposed to be fixed at Rs. 190.23 crore.

2.53 One of the main pillars of alternative policy in the State is decentralisation in the formulation and implementation of plan schemes, by involving the local people through the Panchayats and municipalities. Keeping, therefore, in view the long experience of this State in the entire process of participatory decentralisation, a special initiative has now been taken in terms of which plan allocations for the Panchayats and the municipalities are coordinated and integrated with plan allocations of the concerned departments for formulating a comprehensive district plan. In the implementation of plan schemes, a coordination is again made between the Panchayats, the municipalities and the concerned departments. The base of the formulation and implementation of this comprehensive plan is provided by participation of the local people at the village level in rural areas and the ward level in urban areas. In order to strengthen further this process of participation of people, I propose to allocate, as in the last year, untied funds to the tune of Rs. 278.4 crore and Rs. 71.6 crore for the Panchayats and the municipalities respectively. Keeping in view the importance of plan schemes implemented in a decentralised manner through the Panchayats and the municipalities, I propose to increase the plan outlay of the Panchayats and Rural Development Department from Rs. 1,422.02 crore in the current year to Rs. 1,632.07 crore in the next year, and that of the Municipal Affairs Department from Rs. 800.11 crore in the current year to Rs. 915.52 crore in the next year. In addition, the plan outlay of the Urban Development Department is proposed to be raised from Rs. 958.20 crore in the current year to Rs. 1,102.31 crore in the next year.

2.54 Honourable Members, even after these efforts at increasing employment generation and incomes of the common people, we have found a problem that there is, within the poor people in rural and urban areas of the State, a section of the poorest people who are physically so weak that they cannot participate in the employment generation programmes for increasing their incomes. In order to lessen their poverty, I am, therefore, proposing a new programme to be implemented through the Panchayats in rural areas and the municipalities in urban areas in a manner that cooked food prepared by the self help groups of local women is provided every day for every one of this poorest section. While proposing a sum of Rs. 100 crore for beginning the implementation of this programme from the next year, I seek cooperation of all.

2.55 Honourable Members, if the plan allocations of all the sectors are added together, then the State's total plan outlay will increase from Rs. 9,683.19 crore in the current year by 23.6 per cent and reach a level of Rs. 11,966.89 crore in the next year.

2.56 Honourable Members, keeping in mind the significant role played by the Sahayikas and Samprasaraks/Samprasarikas in the sphere of education and the health workers and others connected with the programmes of CUDP-III, IPP-VIII etc. in extending health facilities, I propose to enhance the monthly honorarium by Rs. 500 for each of them. As a mark of respect to the freedom fighters and sufferers for democratic movement, I also propose to raise their honorarium by Rs. 750. In the current year, the number of beneficiaries under the schemes of old-age pension, widow pension, disability pension, artisans' pension, farmers' pension and fishermen's pension was increased by 50 per cent. I now propose that the present number of beneficiaries be also doubled, i.e., increased by 100 per cent. As a result, the total number of beneficiaries under these schemes will be increased from 7.50 lakh in the current year to 15 lakh in the next year.

2.57 Honourable Members are aware that the scheme of compassionate appointment to a dependent member of the family of a Government employee who dies in harness or retires prematurely on being declared permanently incapacitated for further service was modified in the year 2005. It has come to my notice that application of the modified scheme has caused hardship in some cases. I, therefore, propose to restore the original scheme, which was in force before June, 2005 with certain necessary

modifications to remove the ambiguities of the old scheme. Government order in this regard will be issued soon.

I also propose to introduce an attractive medical benefit scheme for the State Government employees and the members of their families, which will entitle them to claim reimbursement for treatment in recognised private hospitals in addition to State Government hospitals. Any State Government employee will have the option for enrolment under this scheme in lieu of drawal of monthly medical allowance. Details of the scheme will be notified shortly.

2.58 If the proposals of plan and non-plan expenditure for the current year are taken together, then the total expenditure comes to Rs. 52,092.73 crore. On the other hand, the total receipt will be Rs. 52,015.73 crore. In other words, if the proposals for receipt and expenditure are collected together, then an initial deficit of Rs. 77 crore emerges.

3

3.1 Honourable Members, in order to ensure that this deficit does not affect the full realisation of plan outlay, there is an urgent need to minimise this deficit through mobilisation of additional resources. However, my objective is not simply to raise resources but also to help create, through the proposals on mobilisation of additional resources, an enabling environment in which the State can grow faster in agriculture, industry and trade with as high generation of employment as possible. In my tax proposals, therefore, special emphasis will be placed on simplification of rules and procedures, rationalisation of tax structure and improvement in the tax administration through introduction of e-Governance so as to promote growth of agriculture, industry and trade and ensure better tax compliance.

3.2 Expeditious disposal of applications for registration of dealers under the West Bengal Value Added Tax Act, 2003 has been one of the major priorities of the State Government. For this purpose, two computerised Central Registration Cells have been established in the Directorate of Commercial Taxes. The dealers can obtain registration on the same day of making applications to these Cells. This apart, in order that dealers do not face any

difficulty as a result of occasional delay in disposal of application for registration, a provision has been introduced in the West Bengal Value Added Tax, 2003, according to which if the application of a dealer for registration is not disposed of within a period of 30 days, he will be deemed to have been automatically registered. These measures have resulted in a significant increase in the number of registered dealers. I am happy to mention that since the introduction of Value Added Tax (VAT) with effect from April 1, 2005, about one lakh new dealers have been registered and the total number of registered dealers has now reached a figure of 2.08 lakh.

3.3 Honourable Members may recall that dealers who became liable to be registered but who were avoiding registration as the penal provisions were acting as a deterrent were given a one-time opportunity to get themselves registered by simply submitting a self-declaration and paying the tax. Although a number of dealers have used this opportunity, I am aware that there are still some dealers who are otherwise liable to pay tax but are finding it difficult to get themselves registered as they have already incurred a huge tax liability. I, therefore, propose to give such dealers a last opportunity of registration by making application on or before September 30, 2008 and paying tax at the rate of 0.5 per cent of their total annual turnover of sales calculated from the date of accrual of liability for registration. I am sure that all dealers who are liable to be registered but who are yet to get themselves registered will make full use of this highly liberal scheme of registration.

3.4 At present registered dealers whose annual turnover exceeds Rs. 40 lakh are required to submit an audit report by a Chartered Accountant or a Cost Accountant. It has been brought to my notice that small dealers are finding it difficult to comply with this provision. To provide relief to such dealers, I propose to increase the limit of annual turnover for the purpose of submission of audit report by a Chartered Accountant or a Cost Accountant from Rs. 40 lakh to Rs. 1 crore. Accordingly, dealers whose annual turnover does not exceed Rs. 1 crore will not be required to submit any audit report either by a Chartered Accountant or a Cost Accountant.

3.5 Under the West Bengal Value Added Tax Rules, 2005, a registered dealer whose total purchase in a year exceeds Rs. 40

lakh is required to submit, within sixty days from the closing of the accounting year, an annual statement of such purchases along with the names and registration numbers of those dealers from whom goods have been purchased. Since the details of purchases exceeding Rs. 50,000 are now required to be submitted along with quarterly returns, I propose to dispense with the requirement of submission of annual statement of purchases.

3.6 Under the existing provisions of law, 100 per cent export-oriented units as well as units which export at least 75 per cent of their goods are eligible to get refund of input tax in respect of the quantity exported at the pre-assessment stage. Instance of delay in getting timely refund of such input tax have been brought to my notice. I propose to streamline the procedure for payment of refund through necessary amendments in the West Bengal Value Added Tax Rules, 2005 so that 50 per cent of the admissible amount of input tax is refunded to the exporters, after scrutiny of the returns, within one month of receiving application, and the balance amount is refunded, after verification of the returns, within five months thereafter.

3.7 Honourable Members are aware that a new mechanism for settlement of certain types of disputes has been put in place through the setting up of a Settlement Commission. Cases relating to the West Bengal Sales Tax Act, 1994 and the West Bengal Value Added Tax Act, 2003 as well as those relating to the Repealed Acts, namely, Bengal Finance (Sales Tax) Act, 1941 and the West Bengal Sales Tax Act, 1954 and other repealed Acts fall within the scope of the Settlement Commission. I propose to extend further the scope of the Settlement Commission by bringing pending cases under the Central Sales Tax Act. I further propose to extend the cut-off date for assessment for the purpose of settlement from June 30, 1997 to June 30, 2000 so that pending appeal or revision cases against orders of assessment passed on or before the 30th day of June, 2000 can also be brought up before the Commission for settlement.

3.8 Honourable Members, I have always placed emphasis on prompt disposal of litigations and settlement of disputes. With this objective, a scheme of one-time settlement of disputes related to sales tax pending in various appellate fora was first introduced in the year 1999-2000. A modified scheme of settlement of disputes was again introduced in the year 2003-04. A further opportunity

for settlement of disputes was given in the year 2006-07. While a large number of dealers have benefited from these one-time settlement schemes, review of the number of pending appeal and revision cases has prompted me to propose, once again, a very attractive scheme of one-time settlement of disputes for all pending cases under the West Bengal Sales Tax Act, 1994, Central Sales Tax Act, 1956 and other Repealed Acts so that concerned dealers get yet another opportunity to get their disputes settled on payment of a certain fraction of the disputed tax, which will be 25 per cent if the disputed tax does not exceed Rs. 2 lakh and will progressively increase to 40 per cent with increase in the amount of disputed tax, along with a nominal interest, depending on the date of settlement. Details of the scheme will be provided in the Finance Bill. This measure is expected to yield an additional revenue of Rs. 30 crore in the next financial year.

3.9 Honourable Members, I have already mentioned that improvement of tax administration through introduction of e-Governance is one of my major priorities. I am happy to announce that considerable progress has been made in this regard. Electronic Filing of returns has been introduced during the current financial year for dealers whose annual tax liability exceeds Rs. 5 lakh. This facility will be extended to other dealers during the next financial year. In addition, a facility for electronic payment of tax by dealers at their option is also being developed in coordination with selected scheduled commercial banks. This will be operational during the next financial year.

3.10 I am also happy to inform the Honourable Members that a project of upgradation of five major check-posts in the State has been initiated. Most of the vehicles carrying goods from other States to West Bengal have to pass through these check-posts. By installing modern way-bridges and necessary electronic and communication devices at these check-posts, it will be possible to reduce the detention time of vehicles, while ensuring tax compliance by importers of goods. The infrastructural facilities at the check-posts will also be improved for the convenience of the transporters as well as the personnel of the Commercial Taxes Directorate.

3.11 My attention has repeatedly been drawn to the difficulty being faced by dealers in getting way bills from various offices

under the Directorate of Commercial Taxes. While there is a need for regulating the issue and monitoring the utilisation of way bills as these are important instruments for tracking entry of goods from other States into West Bengal, we must ensure that the bonafide requirement of dealers is met in a prompt and transparent manner. For this purpose, the entire scheme of way bills is being reviewed. The Directorate of Commercial Taxes is working with the National Informatics Centre (NIC) for developing a transparent process for issuance of way bills and their utilisation using information technology.

3.12 For the purpose of verification of inter-State transactions, following a decision taken by the Empowered Committee of State Finance Ministers, a Taxation Information Exchange System has been developed. The success of this system depends upon regular uploading of data relating to issue of 'C' Forms and other Central Sales Tax (CST)-related Forms by all States. West Bengal has been uploading such data regularly. If all other States also upload similar data, issue of 'C' Forms and other CST-related Forms will become much easier. The position is being constantly reviewed by the Empowered Committee.

3.13 Honourable Members may recall that in my budget statement for the year 2006-07, I emphasised the need for evolving a policy on trade, the major components of which would be simplification of existing procedures relating to registration, payment of taxes, filing of returns and annual assessments. As already mentioned, significant progress has been achieved in this regard over the last two years. Time has, therefore, come to put in place an institutional mechanism by which these aspects of the trade policy can be reviewed on a sustained basis and improvements can be brought about wherever necessary and feasible. For this purpose, I propose to set up a Consultative Committee with representation from the Directorate of Commercial Taxes, concerned departments of the State Government and trade bodies which will not only deal with the tax-related issues on a regular basis but will also address, in coordination with the concerned authorities, the various problems which the traders face in the course of their business.

3.14 Honourable Members may recall that while presenting my budget proposals for the year 2007-08, I made a general statement

that if a particular commodity is found to be used as an industrial input, the rate of tax on that commodity will be reduced from 12.5 per cent to 4 per cent. I now take this opportunity to inform the Honourable Members that several commodities have since been found to be used as industrial inputs. These are pre-cured tread rubber, vulcanizing solution and cushion gum, zinc dross, pre-sensitised aluminium lithographic plate, yeast, wire mesh and expanded wire-mesh. I accordingly propose to reduce the rate of tax on these commodities from 12.5 per cent to 4 per cent.

3.15 Road roller is an important machinery used in the construction and improvement of roads. Construction and improvement of roads has been accorded a high priority by both Central Government and the State Governments as roads constitute an important infrastructure for development. To encourage the production of road rollers, I propose to reduce the rate of tax on road rollers from 12.5 per cent to 4 per cent. I propose to reduce the rate of tax on shoes with maximum retail price not exceeding Rs. 750 from 12.5 per cent to 4 per cent. I propose to bring tailoring items like eyes and hooks, collar band pattis and butterfly collar stays under the 4 per cent tax-category. These are now taxed at the rate of 12.5 per cent. To give relief to small biscuit manufacturers, I propose to reduce the rate of tax on biscuits not manufactured in factories defined under the Factories Act from 12.5 per cent to 4 per cent. Kerosene stoves are mostly used by poor people. I propose to reduce the rate of tax on kerosene stove from 12.5 per cent to 4 per cent. I also propose to bring camphor, which is now taxed at 4 per cent, under the exempted category.

3.16 Honourable Members may recall that the West Bengal State Tax on Consumption or Use of Goods Act, 2001 was enacted in order to prevent the possibility of trade diversion from this State on account of lower tax rates on certain commodities in other States. After introduction of value added tax, tax rates have become uniform all over the country. As a result, this Act is no longer relevant. I, therefore, propose to repeal the West Bengal State Tax on Consumption or Use of Goods Act, 2001 with effect from April 1, 2008.

3.17 Honourable Members are aware that in terms of an agreement reached between the Union Finance Ministry and the

State Governments, the Central Sales Tax (CST) is to be phased out completely by the year 2010-11, since this tax is distortionary and incompatible with value added tax. As a part of this process, CST was reduced from 4 per cent to 3 per cent with effect from April 1, 2007. The States are being compensated for the loss of revenue on account of reduction of CST according to an agreed compensation package. It has been announced in the Union Budget for the year 2008-09 that the CST will be further reduced to 2 per cent with effect from April 1, 2008 and a notification in this regard will be issued after an agreement is reached between the Central Government and the Empowered Committee of State Finance Ministers as regards the compensation package for the next financial year. I also take this opportunity to inform the Honourable Members that on the request of the Ministry of Finance, Government of India, the Empowered Committee of State Finance Ministers has been developing a model along with a road map for introduction of Goods and Services Tax in the country with effect from April 1, 2010, and there has already been considerable progress in this regard.

3.18 Under the West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979, persons whose monthly salaries or wages do not exceed Rs. 1,500 are exempted from payment of profession tax. To give relief to more people with low salaries and wages, I now propose to raise this limit to Rs. 3,000 per month.

3.19 West Bengal has a significant potential for growth of tourism. The State Government will soon announce a tourism policy for comprehensive development of tourism in the State. As a part of the State Government's efforts towards promotion of tourism and concomitant economic activity, I propose to reduce the rate of luxury tax on hotels imposed under the West Bengal Entertainments and Luxuries (Hotels & Restaurants) Act, 1972 from 10 per cent to 5 per cent. At the same time, I propose to increase the tariff limit for exemption from payment of luxury tax from Rs. 500 per day to Rs. 1000 per day.

3.20 Under the Bengal Amusement Tax Act, 1922, the proprietor of a new multiplex theatre complex or of an existing cinema hall which has been converted into a multiplex theatre complex can, subject to certain conditions, retain by way of subsidy,

entertainment tax for a specified period. However, a theatre complex qualifies for a multiplex theatre complex if it has three or more theatres. Having regard to the optimum demand for cinematographic exhibitions at various places, particularly in the district towns, I propose to broaden the definition of multiplex theatre complex so as to include also a theatre complex which has two theatres.

3.21 I propose to increase the one-time tax levied on motor cars and omnibuses, not being transport vehicles, levied under section 9B(1) of the West Bengal Additional Tax and One-Time Tax on Motor Vehicles Act, 1989 by amounts varying from Rs. 2,000 to Rs. 10,000 depending on the description of the vehicle and the engine/seating capacity. This measure is expected to yield additional revenue to the tune of Rs. 15 crore during the next financial year.

3.22 At present, excise duty on foreign liquor is based on alcohol content of the liquor expressed in terms of London Proof Litre. The maximum retail price (MRP) of foreign liquor, however, varies widely, depending on the brand. The present system of levying excise duty on foreign liquor thus suffers from distortion in the sense that the impact of excise duty on the price of premium and super-premium brands is very small compared to that on the price of ordinary brands. To remove this distortion, I propose to discontinue the present system of levying excise duty on foreign liquor based on its alcohol content. Henceforth, duty will be calculated as a percentage of MRP after allowing an abatement of 65 per cent on MRP towards supply and distribution costs. This percentage will vary, depending on the brand, and will be fixed in such a manner that there is a little reduction in the actual excise duty on ordinary brands and a reasonable and graded increase in case of premium and super-premium brands. Necessary notifications in this regard will be issued in due course. I take this opportunity to inform the Honourable Members that this system of levying excise duty was introduced in the case of beer and wine in 2006-07 with encouraging results on revenue. The measure proposed now is expected to yield additional revenue to the tune of Rs. 30 crore in the next financial year.

3.23 As a result of all the measures enumerated in the foregoing paragraphs, a sum of Rs. 75 crore is likely to be realised as additional resources during the next financial year.

4

4.1 Honourable Members are aware that from the year 1999-2000 onwards, the Government of West Bengal, along with other State Governments started facing a financial crisis. The four factors which were primarily responsible for this financial crisis are: (1) the natural impact of the revision of pay of the Central Government employees on the basis of the recommendations of the Fifth Central Pay Commission resulting in revision of pay of State Government employees and others with steep increase in expenditure towards payment of salaries and non-availability of assistance from the Government of India in terms of the discussions in the meeting of the National Development Council (February 19, 1999), (2) increase in the burden of the Central loans on the States due to national policies, (3) shortfall in the State's share of Central taxes in relation to the amounts estimated by the Eleventh Finance Commission and (4) shortfall in the collection of State's own tax revenue. While the shortfall in the collection of State's own tax revenue is a weakness at the State level, all other factors are intrinsically linked to the policies of the Central Government.

4.2 The combination of the factors mentioned above led to a serious deterioration in the financial position of the State Government beginning from 1999-2000. The ratio of revenue deficit to revenue receipts, which was 25.41 per cent in 1997-98, increased to 90.95 per cent in 1999-2000, the ratio of fiscal deficit to State Domestic Product (SDP) increased from 4.09 per cent in 1997-98 to 8.66 per cent in 1999-2000, the ratio of outstanding debt to SDP continued to increase from 25.55 per cent in 1997-98 reaching 50.75 per cent in 2004-05, interest payment as percentage of revenue receipts increased steadily from 26.70 in 1997-98 to 55.46 in 2003-04, the aggregate expenditure on salary, pension and interest payment as percentage of revenue receipts increased from 95.12 in 1997-98 to 152.71 in 1999-2000 and the State's plan expenditure started falling from 2001-02 reaching a level of only Rs. 2,529 crore in 2003-04.

4.3 Confronted with this situation, the State Government repeatedly raised, on the basis of data and analysis, a demand for solution to those problems which are linked to the policies of the Central Government, namely, shortfall in the State's share of Central taxes and the burden of the Central loans on the State, before the Government of India and later before the Twelfth Finance Commission. There has, however, been practically no response from the Government of India and no effective relief from the recommendations of the Twelfth Finance Commission, and the justified demands of the State Government still remain unattended. The State Government has, however, taken concrete steps in regard to issues which fall in the domain of the State Government like increasing the collection of State's own revenue and reduction of wasteful non-plan expenditure in order to come out of the difficult financial situation.

4.4 As a result of special emphasis given by the State Government on increasing its own tax revenue through implementation of Value Added Tax and improvement of tax administration and also reduction of non-plan revenue expenditure through better financial management, the average annual rate of growth of State's own revenue over the period from 1999-2000 to 2007-08 has been 13.20 per cent while the annual rate of growth of non-plan revenue expenditure over the same period has been 8.32 per cent. Honourable Members would be happy to know that in the current financial year (2007-08), the State's own tax revenue has grown by about 17.78 per cent. This has resulted in a significant improvement in the indicators of financial performance of the State Government. The ratio of revenue deficit to revenue receipts has come down from 90.95 per cent in 1999-2000 to 25.95 per cent in 2007-08. The ratio of fiscal deficit to SDP has fallen from 8.66 per cent in 1999-2000 to 4.04 per cent in 2007-08 and the aggregate of salary, pension and interest payment as percentage of revenue receipts has fallen from 152.71 in 1999-2000 to 89.84 in 2007-08.

FINANCIAL STATEMENT, 2008-2009

WEST BENGAL ANNUAL FINANCIAL STATEMENT, 2008-2009

(In thousands of rupees)

	Actuals, 2006-2007	Budget, 2007-2008	Revised, 2007-2008	Budget, 2008-2009
Receipts				
1. Opening Balance	(-)11,99,71	(-)5,00,00	(-)70,55,98	(-)4,00,00
2. Revenue Receipts	25828,31,39	30657,31,55	31359,66,28	36066,03,30
3. Receipts from Debt Heads—				
(i) Public Debt	11240,33,85	17309,49,02	16373,69,02	17137,01,73
(ii) Loans	237,89,91	73,34,00	188,79,00	63,34,00
4. Receipts from Contingency Fund and Public Account	183319,01,48	145478,74,30	156214,91,03	163221,63,22
Total	220613,56,92	193513,88,87	204066,49,35	216484,02,25

Expenditure				
5. Revenue Expenditure	34161,26,60	37825,08,28	39498,18,59	43436,19,80
6. Capital Expenditure	2018,22,33	2720,43,25	2937,65,86	3072,13,32
7. Expenditure on Debt Heads—				
(i) Public Debt	3914,35,47	5534,74,50	5579,91,71	5924,36,88
(ii) Loans	1317,26,05	1668,72,59	1058,22,01	958,93,44
8. Expenditure on Contingency Fund and Public Account	179273,02,45	145361,90,25	154996,51,18	162614,38,81
9. Closing Balance	(-)70,55,98	(+)403,00,00	(-)4,00,00	(+)478,00,00
Total	220613,56,92	193513,88,87	204066,49,35	216484,02,25

(In thousands of rupees)

	Actuals, 2006-2007	Budget, 2007-2008	Revised, 2007-2008	Budget, 2008-2009
Net Results—				
Surplus(+)				
Deficit(-)				
(a) On Revenue Account	(-)8332,95,21	(-)7167,76,73	(-)8138,52,31	(-)7370,16,50
(b) Outside Revenue Account	(+)8274,38,94	(+)7575,76,73	(+)8205,08,29	(+)7852,16,50
(c) Net, excluding Opening Balance	(-)58,56,27	(+)408,00,00	(+)66,55,98	(+)482,00,00
(d) Net, including Opening Balance	(-)70,55,98	(+)403,00,00	(-)4,00,00	(+)478,00,00
(e) Expenditure for New Programmes/Additional Outlays/Additional Dearness Allowance				
(i) On Revenue Account	..	(-)15,00,00	..	..
(ii) Outside Revenue Account	..	(-)541,00,00	..	..
(f) Expenditure for Additional Outlays				
(i) On Revenue Account	..	..	..	(-)340,00,00
(ii) Outside Revenue Account	..	..	..	(-)215,00,00
(g) Additional Resource Mobilisation under Tax Revenue	..	(+)150,00,00	..	(+)75,00,00
(h) Net Revenue Deficit	(-)8332,95,21	(-)7032,76,73	(-)8138,52,31	(-)7635,16,50
(i) Net Surplus/Deficit	(-)70,55,98	(-)3,00,00	(-)4,00,00	(-)2,00,00