

GOVERNMENT OF MEGHALAYA

BUDGET SPEECH

2010 – 2011

OF

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DEPUTY CHIEF MINISTER I/C FINANCE

FRIDAY THE 26TH MARCH, 2010

Mr. Speaker, Sir

1. With your permission, I rise to present the Budget Estimates for the year 2010-11.
2. The Budget and the Vote-on-Account represent the earnest efforts of the Government to catalyse the economy of the State onto a higher path of growth, meet the aspirations of the people, strengthen developmental and regulatory structures and deliver adequate services to the people.

National Economy

3. In mid-2007, a liquidity crisis in banking system of pivotal developed countries plunged the global economy into a crisis. It led to the collapse of large financial institutions and a downturn in stock markets. The resulting uncertainty and the crisis of confidence contributed to fears of a recession, and economic instability.
4. Inevitably, there was an impact on the Indian economy, which faced the prospect of a deceleration of growth. Three years on, we in India have cause to look back with some satisfaction at having come through the crisis successfully. We can look forward to the resumption of a high growth path that will make the country economically strong, and bring prosperity to the people. GDP growth for 2009-10, according to the latest estimation, is expected to be around 7.2%. This is heartening and indicative of the resilience of the economy. This is being achieved despite the vagaries of the monsoon in this year which registered inconsistency over large tracts, and was deficient over a large area.

State Economy

5. The impact of these events in Meghalaya was less than originally apprehended. This

is so because of relative insularity, the dominant role of Governmental spending, comparatively lower dependence on and reach of the banking system and the lesser weight and contribution of the organized manufacturing sector. Despite an inconsistent monsoon, agricultural production and productivity were maintained and the mining sector registered increases in output. A concern that remains, however, in this volatile environment, is of inflation and its impact on the common man.

6. The Gross State Domestic Product at current prices increased from Rs 8,472 crore in 2007-08 to Rs 9,611 crore in 2008-09 and to an estimated Rs. 10,922 crore in 2009-10, indicating increases of 15%, 13%, and 13.6% respectively. In the same period, per capita annual income increased from Rs 33,644 to Rs 37,718 and Rs 42,365 according to the revised estimates for 2009-10, an increase of 14%, 12% and 12.3% respectively. In this period, there has been a marginal reorientation of the composition of GSDP. The contribution of the primary sector decreased from 19.63% to 19.40%. The weight of the service sector also decreased, from 49.33% to 47.52%. On the other hand, the share of industry increased from 31.04% to 33.08%. I expect these trends to continue in 2010-11.

State Finances

7. Sir, management of the finances of the State is not an easy task. Over four-fifths of the Non Plan Revenue Receipts are of necessity marked for meeting commitments for salary, pensions and interest payments. There is a growing reluctance on the part of the Government of India to meet the non-plan gap through additional transfers. There is an inevitable shortfall, and an inability to provide a surplus for developmental expenditure. As a consequence, the State must make use of its scarce resources carefully, and mobilize additional tax and non-tax revenues of its own.

Fiscal Consolidation

8. In April 2006, the Government enacted the Meghalaya Fiscal Responsibility and Budget Management (FRBM) Act. This was intended to address issues of fiscal management and prudence, and mandate transparency and sound fiscal management. The FRBM sets targets for important fiscal indicators, including fiscal deficit and liabilities under the Consolidated Fund. In keeping with the targets spelt out in the Act, the State has implemented fiscal measures to increase revenue and compress expenditure.
9. On the revenue side, VAT has been implemented, computerization of the tax system initiated, and steps taken to enlarge the tax base. Stamp and Registration fees are being rationalized, and steps taken to establish an objective system of grading of coal. User charges for public, social economic services, enhancement of royalty and tax rates, and imposition of cess and surcharges are some other measures. On the expenditure front, budgetary cuts on non-essential expenditure have had to be resorted to. Steps to provide VRS for PSU employees and to wind up of loss making PSUs have been initiated.
10. Sir, the Government made a promising start with the FRBM. In 2006-07 the State

achieved a revenue surplus of Rs 234.69 crore. The fiscal deficit was brought down to Rs, 74.53 crore or 1.02% of GSDP in 2006-07 from Rs 178.98 crore or 2.78% of GSDP in 2005-06. As a result of the improvement, especially on the revenue account, the State was able to avail loan write-off of Rs14.90 crore from the Government of India.

11. The fiscal performance of the State in the two subsequent years was less promising. The revenue surplus during 2007-08 and 2008-09 deteriorated to Rs 187.71 crore and Rs 127.87 crore respectively. The fiscal deficit rose from Rs.74.53 crore in 2006-07 to Rs 214.19 crore in 2007-08 and Rs 435.09 crore in 2008-09 or 2.53% and 4.53% of GSDP respectively. The lowered performance in 2007-2008 is largely attributable to the increasing expenditure in the social sectors, particularly in the education and health sectors, and to budgetary support to the Power Department. The contributory factors in 2008-09 included interest payments, administrative costs, pension related expenses and salaries.

Fourth Meghalaya Pay Commission

12. Sir, the budget of 2009-10 was prepared against the backdrop of an unfavourable financial scenario arising out of the commitment to implement the recommendations of the Meghalaya Fourth Pay Commission. There was a consequent imbalance of Rs 671.59 crore between non-plan receipts and expenditure. The additional financial implications on account of the revised pay inclusive of arrears under salary and pension are estimated at Rs 511 crore.
13. We have been able to meet the expectations of the State Government employees by revising salaries. I would submit that the Government has been liberal in responding to the demands of the employees, its financial constraints and compulsions notwithstanding. Although the Pay Commission recommended that the new pay scales be effective from January 2008, the Government took a decision to make them operative from 1st January 2007, providing additional financial benefits to the employees. Pension and retirement benefits have been revised as recommended by the Pay Commission. A new pension scheme, similar to the Contributory Pension Scheme of the Central Government, is proposed to be implemented for new employees. Government has introduced an Assured Career Progression Scheme for State Government employees who face stagnation or lack of promotional avenues. As a result, all Government employees are assured of atleast two promotions in the form of financial up-gradation during their career.
14. The substantial non-plan gap and the impact of pay revision could have seriously and adversely impacted on the State Plan 2009-10. The persistent efforts of the State Government to secure accommodation from the Government of India were fortunately successful. The Central Government agreed to advance the State a soft loan of Rs 545 crore, to be recovered in five equal annual installments from future entitlements, to help bridge the sizeable negative BCR.
15. Sir, we have been able to manage the finances of the State in the current fiscal year. In subsequent years however, we will have to contend with the spill-over, and the

impact of future loan recoveries, I expect, Sir that the favourable dispensation of the 13th Finance Commission, the encouraging recovery of the national economy, and our own efforts will be mitigatory factors. In a larger time frame, a sustained improvement in revenue will help curtail the fiscal deficit and improve the debt position. We cannot however afford to be complacent. Fiscal prudence must be continued. A set of statutory documents including a Statement on Fiscal Indicators, the Medium Term Fiscal Policy and the position of outstanding debt on the Consolidated Fund, as required under the FRBM Act 2006, have been separately printed and circulated to the Members of the House.

Debt Consolidation

16. In accordance with the provisions of the FRBM Act 2006, the State is required to bring down its Debt-GSDP ratio to 28% of the GSDP. Significantly, and partly due to the Debt Swap Scheme and the loan waiver provided by the Central Government, the outstanding loans of the State Government on the Consolidated Fund against GSDP have been decreasing. The Debt-GSDP ratio decreased from 31% in 2006-07 to 28% in 2008-09. For 2009-10, the Debt-GSDP ratio is estimated at 29%. The State is required to meet a new Debt-GSDP ratio target of 25% set by the 13th Finance Commission in the next few years.

Consolidated Sinking Fund

17. The dependence of the State on market borrowings has been increasing. As a measure of prudence, the Government has constituted an amortization fund in the form of a Consolidation Sinking Fund (CSF) to meet the sudden eventualities of debt. An amount equivalent to 0.05% of the annual outstanding debt of State is contributed by the Government to the Fund. Rs 13.52 crore was contributed to the Fund in 2008-09. This was to Rs 14.09 crore in 2009-10. The corpus under the CSF as on date is Rs 106.42 crore. I propose to provide Rs 15.63 crore towards this Fund in 2010-11.

Calamity Relief Fund

18. The Calamity Relief Fund (CRF) is utilized to provide immediate relief to the victims of, inter-alia, cyclone, drought, earthquake, fire and flood. The funding under CRF is shared between the Central and State Governments in a 75:25 ratio. The 13th Finance Commission has recommended that the CRF be merged with the State Disaster Response Fund in a funding ration of 90:10 between the Centre and the State, for Special Category States. The fund available under the State CRF is currently Rs.78.51 crore.

Guarantee Redemption Fund

19. In the past, the State Government has stood, not always discriminatingly, as a guarantor to loans raised by PSUs. To avoid the risk of default, the State Government has, in line with the condition set out in the FRBM Act 2006, decided to limit guarantees to selected and prioritized scheme. The establishment of a Guarantee Redemption Fund is under the active consideration of the Government.

Banking Sector

20. Sir, I am conscious of the unfavourable Credit-Deposit ratio, and the need to ensure that the banks come forward to support the development of the State. The outreach of the banks needs to extend to all parts of the State. The State Government and Reserve Bank of India have agreed that bank branches will be opened in the identified unbanked blocks of Saipung and Gambegere. Currency chests will be established at Ampati, Resubelpara and Baghmara. The State Government will provide premises and security arrangements. The positives steps taken by the State have been appreciated by the Governor, RBI who has publicly stated that “Meghalaya has been the first off the block willing to make available premises and put in place appropriate security arrangements. RBI will fund the capital cost and running costs of the banks for five years”.

Financial Inclusion

21. Financial inclusion is the process of ensuring access to financial services and timely credit to the weaker sections of the society, especially those residing in remote areas. The banks have been requested by RBI to open at least one bank account for each family, initially, four districts have been identified for 100% financial inclusion – East Khasi Hills, Jaintia Hills, Ri-Bhoi and West Garo Hills districts. The respective Deputy Commissioners have been advised to extend full cooperation to assist the banks in a village household survey to be conducted through the BDOs.
22. To facilitate the enhancement of the flow of credit to marginal farmers, especially BPL families, the Government proposes to introduce a scheme to provide seed capital to beneficiaries to raise loans and take up income generating activities. Convergence will be sought with other developmental schemes. An amount of Rs 5,000 is proposed to be provided to a family as seed money for opening bank accounts. In the initial stage, 6000 families are proposed to be covered, with an outlay of Rs.3 crore.
23. The Mahatma Gandhi National Rural Employment Guarantee Scheme is one of the most significant initiatives of the Government of India. To enable speedy payment of wages in a transparent and time-bound manner, and to reduce intermediate layers and leakages in the chain of transactions, the Government, initially on a pilot basis, has decided to make payments to beneficiaries under the scheme through bank accounts and electronic transfers. On their part, the banks will engage business correspondents and business facilitators equipped with hand-held electronic devices to disburse wages at the doorstep of beneficiaries. The State Government will bear the 2% transaction fee which forms part of this scheme. Meghalaya is the first State in the North East to embark on this system of wage disbursal.

Credit-Deposit Ratio

24. Of singular concern is the fact that the Credit-Deposit ratio has slipped from 41.96% in December 2008 to 36.26% in December 2009, taking it even further away from the national average of 60%. We have advised the banks to take recourse to the Meghalaya Credit Operations and Miscellaneous Provisions Act, 1976 to facilitate recovery of loans and to enable the banks to advance fresh loans for agricultural purposes. We are examining the feasibility of adoption of a system of issue of Land Possession Certificates (LPC) to farmers to assist the process of obtaining agricultural loans of above Rs 5 lakh. Stamp duty has been waived in respect of loans availed of by Self-Help Groups and for agricultural loans above Rs 50,000. In 2007-08, 94.15% of the Annual Credit Plan (ACP) was achieved. This went down to 82.23% in 2008-09. Banks have been advised to ensure that 100% achievement under ACP is realized by March 2010, and to increase their ACP targets in the coming financial year.

Financial Sector Reforms

25. Sir, in the current year we have taken up a programme of financial and process reform. Henceforth all Government payments including salaries, pensions and bills of contractors and suppliers will be paid through cheques or account transfers. Cash payments by disbursing officers will thus be done away with.
26. The Automated Pension System has been successfully operationalised in Shillong and Jowai treasuries and shall be extended to all other districts in the next year. Under this system, pension will be directly transferred to the banks accounts of pensioners, who will not then need to make monthly visits to the treasuries. Priority will be given to completion of database of pensioners by the end of the calendar year 2010. This will provide accurate information on pensioners and related financial information thereof, and enable timely release of increments. Treasury operations have been computerized in all the treasuries during this year. By the end of 2010-11, all the treasuries will be fully automated and interlinked through the internet and will form part of the Integrated Financial Management System (IFMS). The web portal will facilitate online monitoring, meaningful review and effective planning & financial management. I propose an outlay of Rs.65 lakh during this year for completion of the project. An "On-Line System of Tax-Receipt" via a cyber treasury will be operationalised within the next financial year as a part of the plan of e-governance. Tax-payers will be able to pay their dues through the internet using Net Banking facilities.

Finance Commissions

27. Sir, the Twelfth Finance Commission awarded Rs.4368 crore to our State for the period 2005-10. This represents 0.58% of transfers to all States, and 4.51% of transfers to Special Category States. An amount of Rs.4073 crore has been released by the Government of India. This leaves a balance of Rs 295 crore that is likely to be received in the current financial year. Overall, we have utilized around 70% of the

amount released by the Twelfth Finance Commission. We hope to meet all the targets by the end of this financial year.

28. Sir, the recommendations of the 13th Finance Commission have been accepted by the Government of India. I am happy to inform the House that the award has been favourable for Meghalaya, in contrast to the award of preceding Commissions. I would like to place on record that this could be achieved by our persistent endeavour. A preliminary study of the recommendations of the 13th Finance Commission indicates that the total transfers to our State will be Rs 9842 crore for the period 2010-15.
29. Our satisfaction at the increase in devolution of resources to the State is somewhat tempered by the fact that the projected transfer of Rs.9842 crore is significantly less than our request for Rs.22,000 crore. To cover the non-plan revenue gap, we had sought an amount of Rs 11,943 but the Commission has recommended only Rs. 2811 crore for the five year period 2010-15. We had requested the Thirteenth Finance Commission to increase the share of Central Taxes from 30.5% to 50%. The Commission increased this share to 32%, an increase of only 1.5%. In the context of devolution of Central taxes, the share of Meghalaya has increased from 0.37 percent to 0.41 percent, and is higher than the increase for other States. The District Councils and municipalities will benefit substantially from the recommendations. These local bodies received Rs.58 crore from the previous Commission, whereas Rs.432 crore has been recommended for them by the 13th Finance Commission.
30. Under State-Specific Grants, the Commission has recommended Rs.50 crore for setting up of Meghalaya Police Academy, Rs 50 crore for augmentation of Tura water supply scheme, Rs. 30 crore for preservation of heritage as well as cave tourism, Rs. 38 crore for upgradation of infrastructure to promote horticulture, Rs. 2 crore for construction of warehouses at Tura and Baghmara and Rs. 80 crore for conversion of SPT bridges into two lane RCC bridges. In addition, Rs. 172 crore has been recommended for environment related grants including water sector management.

Externally funded projects

31. Sir, for Asian Development bank assisted projects in the Special Category States, the Government of India has agreed that the loan proceeds will be transferred as 90% grant and 10% loan. Taking advantage of this liberal funding pattern, two projects have been initiated, including (1) North Eastern Region Capital Cities Development Investment Programme (NERCCDIP) with an investment of Rs 250 crores to upgrade urban infrastructure, services and management in Shillong and (2) North Eastern State Roads Investment Programme (NESRIP) with an investment of Rs. 403 crore for three selected roads viz, Garobadha-Dalu (93 kms), Mawngap- Umpung (76 kms) and Mawshynrut-Hahim (37 kms).

Plan 2010-11

32. Sir, the 11th Plan outlay for the State indicated by the Planning Commission was

Rs.9185 crore. During the first year, 2007-08, against a revised outlay of Rs.1017 crore, the expenditure was Rs.984 crore (96.7%). In the second year, 2008-09, plan expenditure of Rs.1387 crore was achieved against a revised allocation of Rs.1425 crore (97.3%). In the current year, 2009-10, the revised outlay is Rs.1655 crore. We hope that by the end of this financial year we will fully utilize this amount. I would like to bring to the notice of the House that the approved plan outlay for 2009-10 was actually Rs. 2100 crore, and there was a shortfall of Rs.400 crore indicated as 'Other Resources' which the planning Commission and Ministry of Finance have been unable to allocate due to fund constraints.

33. Sir, the Plan is not just an aggregation of numbers, schemes and targets. In its totality it is the embodiment of the aspiration of the people, and the pathway to fulfilling them. We await the finalisation of the size and component elements of the Annual Plan 2010-2011. To facilitate the implementation of developmental programmes and schemes in 2010-2011, we have prepared a tentative State Plan Budget of Rs.1935 crore, which is subject to readjustment when the Plan size is finally decided by the Planning Commission. Major plan allocations for the current year are for power, roads and bridges, agriculture, rural development, health and water supply and sanitation. I will provide a detailed picture of sector wise priorities and a breakup of the plan outlay.

Non Lapsable Central Pool of Resources (NLCPR)

34. Meghalaya has so far received Rs.420 crore on account of 66 projects under the Non-Lapsable Central Pool of Resources. 18 projects have been completed with NLCPR support of Rs.143 crore. Of the 137 NLCPR projects retained from 2003-04 to 2009-10, 73 projects are under process with the Ministry of DONER for Administrative Approval.

NEC funding

35. Sir, in 2009-10, an amount of Rs.85 crore has been budgeted for NEC schemes. By the end of November 2009, the State received Rs.36 crore from NEC, which accounts for 5.77% of the NEC's total allocation. However, more releases are expected during this financial year. Based on the list of prioritized schemes already forwarded to the NEC, an amount of Rs.102.98 crore is budgeted tentatively for the Annual Plan 2010-11. This includes Rs.45.50 crore for PWD and Rs.16.85 crore for the Power Department.

Law & Order

36. Sir, it is matter of pride that even in these troubled time, the State has remained peaceful. There are undoubtedly issues on which there is a divergence of views but

the Government is committed to finding a solution to these issues in a participative and constructive manner. Activities of militant groups and anti-social elements have been contained. The Government is committed to securing a resolution of the inter-State boundary issues through a process of discussion and dialogue with our neighbouring State. We have impressed on the Government of India the need to ensure that the area along the international border remains peaceful. To strengthen the State Police Force, a sixth battalion is being raised, as are two commando companies, the latter drawn from existing IR Battalions. Separate Women Police Stations and Special Juvenile Cells have been established in each district. Infrastructure and communication facilities, weaponry and mobility of the police have improved considerably, through grants from the Government of India under the scheme of Modernization of State Police Forces.

Prisons

37. The Government has placed emphasis on improving the functioning of prisons. In the Shillong Jail, door frame metal detectors, sirens, silent generators have been installed, and a CCTV System is being procured. The construction of jails at Nongstoin and Nongpoh has been taken up with Central assistance. I propose a plan outlay of Rs.2.5 crore for this sector.

Civil Defence

38. During the current financial year, 6,064 volunteers have been trained. The Government is developing a Home Guards & Civil Defence Complex at an estimated cost of Rs.7 crore. A tentative plan allocation of Rs.2 crore is earmarked for the new complex for the year 2010-11.

Development of Border Areas

39. Sir, the State is committed to diminishing the inequities of access, livelihood and opportunity faced by the people who reside along the international border. The State Plan will incorporate measures to improve communication and connectivity, provide desired infrastructure, community facilities, playgrounds and markets. The schemes of scholarships and stipends for students will be continued. Special Central Assistance programmes under Border Areas Development Programme (BADP), will be implemented in a focused manner, reflecting the priorities of people. Taking into consideration the importance of enhancing developmental activities in the border areas, I propose a plan outlay to Rs.20.27 crore for this purpose during 2010-2011.

District Councils

40. The Constitutional role of the District Councils to safeguard the rights and interests of the indigenous tribal people is recognized by the State Government. Schemes to assist the Councils in construction of village roads, footpaths, small bridges,

playgrounds, market places, ring wells, water tanks will be continued in the current year. The State Plan budget estimates in respect of “Aid to District Councils” for the year 2010-2011 are Rs.5.75 crore.

Power

41. Sir, Meghalaya has a hydro-power potential of about 3000 megawatts of which only about 6% has been tapped. The State’s generation capacity is 186 MW, which is exclusively hydel-based. Meghalaya’s share of power from Central utilities in the North East is around 130 MW. However, due to transmission constraints, only 60 MW of power can be drawn during peak hours and 80-100 MW during off-peak hours. As a consequence, power availability is only around 40% to 50% of our requirement. The present unrestricted power demand of the State is 610 MW, of which 480 MW is industrial demand and 130 MW is domestic demand. To meet the power shortfall, some hydro projects have been identified for completion in the 11th Plan. Capacity of 193.5 MW is expected to be added to State’s own generation. The Government is in the process of allotting hydro and thermal power projects to NEEPCO and other IPPs. This will help the State to meet its base load demand. The State has initiated short term measures for augmenting its transmission system to enable drawal of power from the N.E.Grid. During the 11th Plan, two inter-state transmission projects, the 220KV Misa-Byrnihat transmission line (115 kms) and the 132 KV Agia-Nangalbibra (110 kms) are expected to be completed. This will enhance drawal and evacuation of power of around 250 MW.
42. Government of India has asked all States to reduce Aggregate Technical & Commercial (AT & C) losses to 15% by the end of the 11th Plan, through implementation of the Accelerated Power Development & Reforms Programme. Phase I of this scheme has been completed in all the towns, and this has resulted in substantial reduction of the AT & C losses in these areas. Implementation of Phase II under the restructured scheme has been initiated. Government of India has sanctioned “Rajiv Gandhi Grameen Vidyutikaran Yojana” schemes for all districts at a cost of Rs.376 crore, and implementation is in progress.
43. During the Annual Plan 2009-10, the revised outlay for the Power sector under the State Plan was Rs 465.56 crore. I propose an enhanced outlay of Rs.487.71 crore in 2010-11.

Commerce & Industries

44. A revision of the Industrial Policy 1997 of the State is under active consideration of the Government. During the current year, the Prime Minister’s Employment Generation Programme has assisted over two hundred educated unemployed youths to establish small and micro enterprises. The Department, with the support of the Ministry of Commerce intends to strengthen the Land Customs Stations at Dalu and Gasuapara. The revival of traditional border haats along the international border is expected to commence in 2010-11. I propose a plan outlay of Rs.32.25 crore for this sector.

Mineral Resources

45. Sir, the production of coal and limestone in the State during 2008-09 was 55 lakh tones and 39 lakh tones respectively. The revenue collected on these minerals during 2008-09 was Rs 130 crore. Production of coal and limestone during 2009-10 upto December, 2009 is recorded as 35 lakh metric tones and 31 lakh metric tones respectively and the total revenue collected on major minerals in this period is Rs. 101 crore. With the revision of royalty rates in September 2009, the anticipated level of revenue generation for the year 2010-11 is estimated to be Rs.174 crore. Export of coal and limestone to Bangladesh earns valuable foreign exchange. The quantities of coal and limestone exported during 2008-09 were 9.53 lakh tonnes and 18.80 lakh tones respectively. For 2010-11, I propose an amount of Rs. 3 crore under plan for this sector.

Health

46. There are several disease control programmes under implementation in the State. These include programmes to control tuberculosis, leprosy, AIDs and blindness and initiative to eradicate malaria. The Pulse Polio Campaign is a priority. With the implementation of the National Rural Health Mission (NRHM), all these programmes are being given an impetus. The Integrated Disease Surveillance Programme (IDSP) has been launched to monitor major diseases and to make the integrated approach more effective. The incidence and occurrence of meningococcal meningitis has been a cause of concern. Till January 2010, almost 9 lakh vaccinations have been carried out against the target of 12.2 lakh.
47. A Cancer Wing will be established at Civil Hospital, Shillong, for which an MoU has been signed between the Government of India, Department of Atomic Energy, and the State Government. An MoU has also been signed with Roko Cancer Charitable Trust for a cancer awareness and detection drive through Mobile Cancer Detection Units. New ICU units at Ganesh Das Hospital and Tura Civil Hospital are being established with the support of the NEC. The Government is receptive to the concept of public-private partnerships in the fields of management, research, training and emergency response services. NGOs have been associated with the management and operation of some PHCs & CHCs. It is proposed to provide enhanced focus on systems management, e-health services and bio-medical waste management. Capacity building programmes are being taken up on a priority basis. I propose a plan allocation of Rs.95 crore for health sector for 2010-11.

Education

48. Sir, in the elementary education sector, the focus will be on the goals of total enrolment and retention of the school-going population, and the quality of education imparted. Government has taken note of the plight of school teachers in the private sector and has recently enhanced adhoc grants for 884 schools. The Rashtriya Madhyamik Shiksha Abhiyaan has been launched to improve education in secondary

and higher secondary schools. A programme-Saakshar Bharat- a revamped adult education programme especially for women – will commence activities in the West and South Garo Hills districts. Under the SSA umbrella, efforts will continue to achieve the goal for providing quality education to all children in the age group of 6-14 years.

49. In the preceding academic year, 3.64 lakh children at the Lower Primary School level and 1.4 lakh children at the Upper Primary School level have benefited from the mid day meal programme. Issues related to infrastructure deficiencies and manpower shortages are being addressed. Eligible lower and upper primary schools and EGS centres that have not been provided with kitchen sheds are being provided with funds for this purpose. Schools have been directed to appoint cooks-cum-helpers, at a monthly honorarium of Rs. 1000/- per month. The monitoring mechanism has been streamlined and Deputy Commissioners advised to intervene where required.
50. At present, there are 4598 untrained Lower Primary School teachers and 12,381 untrained Upper Primary School teachers. 283 teachers were deputed for the two-year diploma course during 2009-10 and 357 teachers are being deputed in 2010-11. 3000 teachers are being enrolled for the “Certificate in Primary Education” course run by IGNOU in the distance mode. Another initiative to sharpen teachers’ skills is by imparting teaching techniques through the EDUSAT system.
51. Government is seeking to attract institutes of higher learning. Private universities are being encouraged to set up their campuses in the State. A Polytechnic is being set up in East Garo Hills district. The polytechnics at Jowai and Tura are being taken over by the Government. The Government of India’s initiative to set up a National Institute of Technology (NIT) in the State will be operationalised this year. Steps have been taken to improve the working conditions of College teachers. The Government has recently approved the implementation of the UGC recommendations for revision of pay scales for eligible college teachers.
52. A plan outlay of Rs. 143 crore for General Education and Rs. 10.50 crore for Technical Education has been provided in 2010-11.

Labour

53. Efforts are being made for skill development through upgradation of existing ITIs and setting up of new ITIs and Skill Development Centres. I propose a plan outlay of Rs.5 crore for Employment and Training during 2010-2011 which includes Rs. 50 lakh as the State share under the World Bank assisted Project.

Social Welfare

54. Sir, in 2009-10, vocational training was imparted to 69 differently abled persons and scholarships extended to 840 physically challenged persons. Grants for purchase of uniforms to 181 students, book grants to 271 students, conveyance allowance to 116 differently abled persons, unemployment allowance to 6 physically challenged persons and assistance for medical treatment of 227 aged destitute persons were

provided. 814 needy children are being provided with food, clothing shelter and education through 22 voluntary organizations. These schemes will be continued in the current year. The training centres for self employment of Women at Shillong, Tura and Jowai will impart training to 105 women in weaving, tailoring and embroidery and 10 computer trainees for a period of one year. Efforts will be made to open another training centre and enhance the intake to 130 each year. The programme for providing supplementary nutrition to children will be enlarged. A plan outlay of Rs. 31 crore is proposed for this sector in 2010-2011.

Water Supply & Sanitation

55. Sir, we are committed to providing potable drinking water to all inhabitants of the State as envisaged in the Bharat Nirman programme. A target was set to cover 500 habitations during 2009-10. Till February 2010, 305 habitations were covered. Stand-alone water purification systems are being installed in 278 LP Schools that face water quality problems.
56. The Tura Phase-III and Mairang water supply schemes have been commissioned. The Nongpoh water supply scheme will be commissioned this year. The Jowai water supply scheme is expected to be completed by December 2010. Work on implementation of Greater Shillong Water Supply Project Phase-III under JNNURM has begun and is scheduled to be completed within 2011-12.
57. The Total Sanitation Campaign will be implemented with renewed vigour and its coverage extended during 2010-11. 52 villages were presented with Nirmal Gram Puraskar by Government of India during the year. I propose Rs. 80 crore for this sector during 2010-11.

Rural Development

58. The Community & Rural Development sector plays an important role in accelerating the economic and social development of rural areas with a view to increasing the income level and quality of life of the rural people. Centrally Sponsored Schemes and Programmes like Swarnjayanti Gram Swarozgar Yojana, Indira Awaas Yojana, Mahatma Gandhi National Rural Employment Guarantee Scheme, National Social Assistance Programme and the Central Sector Schemes like Backward Regions Grant Fund will be continued during the current year. State Sector Schemes for Assistance to Small and Marginal Farmers, Special Rural Works Programme, Construction of Rural Roads Programme and Chief Minister's Special Rural Development Fund and other CD Schemes will continue to be implemented during the year. I propose a plan outlay of Rs. 160 crore for this sector in 2010-2011.

Food Security

59. Government will adopt a multi-pronged strategy to tackle the twin issues of food security and inflation through an improved and efficient Public Distribution system, heightened consumer awareness and enforcement of regulatory measures. Antyodaya Anna Yojana (AAY) and the Annapurna scheme for indigent senior citizens will be

continued. The PDS will be streamlined and the network of Government nominees, wholesalers and dealers optimized. Price Monitoring Committees will keep a watch on the prices of essential commodities at the State, District and Sub-Divisional levels. Consumers Courts will continue to provide redress to consumers under the Consumer Protection Act, 1986. A tentative plan outlay of Rs.3.4 crore is proposed for the sector during 2010-11.

Road Connectivity and Transport

60. Sir, in the coming year, we can expect commencement of work on four-laning of NH 40 and the Shillong Bye Pass. Both projects are now at an advanced stage of consideration for award of work by the National Highways Authority of India.
61. In the current year the Government provided Rs. 180 crore from the State Plan for construction of roads & bridges. 368 schemes will be completed during this year. This will result in 46 km of new construction, 227 km blacktopped roads, 42 km improved and widened roads and 895 metres of bridges.
62. Under NEC, there are 8 ongoing projects which a target of 44 kms of upgraded roads and 6 bridges. 2 schemes viz. Agia-Medhipara-Phulbari-Tura (73 km) and Mankachar-Mahendraganj (23 km) have been approved recently. 20 ongoing projects under NLCPR at a cost of Rs.136 crore are in progress of which 4 are targeted for completion this year. 3 schemes have been sanctioned this year while 8 schemes aggregating Rs.80 crore have been retained by the Ministry of DONER.
63. PMGSY Phase V is now well underway, involving an investment of Rs. 114 crore to result in 184 km of rural roads connecting 39 habitations directly and 17 incidentally. Phases I to IV are slated for completion during the year after which Phase VI would be taken up. Advance action for preparation of Detailed Project Reports for Phase VII is proposed to be initiated in the coming year. A plan outlay of Rs. 205 crore is proposed for 2010-11.
64. An amount of Rs. 30.24 crore has been provided for additional land acquisition for upgradation of Umroi Airport. The land will be acquired shortly. Steps have been initiated up of a permanent helipad in Shillong.

Urban Development

65. Sir, Under the flagship and mission-mode programme of JNNURM, efforts are being made to provide urban infrastructure. The focus is on providing basic amenities and housing for the urban poor. Implementation of these schemes will create socially useful public assets and generate employment. A plan outlay of Rs. 135 crore is proposed for this sector in 2010-2011.

Housing

66. Under the Rural Housing scheme, three bundles of CGI Sheets are given to the houseless poor for construction of houses. This year, 3982 families are being covered under the scheme at a cost of Rs.5.93 crore. For next year, I propose to enhance the plan allocation to Rs. 7.5 crore.

Agriculture

67. Agriculture is the key to rural prosperity and food security, and to the generation of surpluses that enable productive investment as well as spending to catalyse growth. Stress will be on achieving higher levels of productivity and production to improve food security and reduce the deficit of the State in foodgrain production. The Agriculture Department will be encouraged to further evolve as a knowledge-based entity, providing technology, skills and know-how to the farming community. Functioning on a “farmer first” principle, it will provide services and technical advice to farmers, and on a selective basis take up demonstrative activities. The department will expand areas under Boro paddy and extend coverage of High Yielding Varieties (HYV).
68. The horticulture sector has flowered to become one of the lead sectors of the State. New crops, technologies and opportunities need to spread to more farmers across the State, so that the fruits of progress are available to all. Recognising that horticultural development cannot take place in isolation, Government will strive towards a total approach from the farmgate onwards, a system that includes the development of infrastructural facilities, marketing linkages, post harvest management and value addition. As a step in this direction, 5 Farmer Markets and 4 new Horti-Hubs will be established and cold chains and transportation infrastructure inducted. The budgetary allocation of the State for horticulture will be complemented by additional resources leveraged from the Technology Mission on Horticulture and RKVY. Building on our tradition of organic farming, the Government will put in place awareness cum promotional campaigns for consumers, encourage farmers to continue organic practices and prioritise crops for certification processes.
69. Reflecting the criticality of water conservation, management and utilization, the newly created Department of Water Resources will be operationalized to impart focus and intensity. The Directorate of Water Resources will be strengthened to enable it to play a proactive role and fulfill its expanded set of responsibilities. It will also receive support from the State Plan, from the Accelerated Irrigation Benefit Programme and other centrally funded programmes to enable it to enhance the irrigated area of the State.
70. Considering the importance of these activities, I propose a plan outlay of Rs. 176.35 crore for the agriculture, horticulture & water resources sectors in 2010-11.

Soil & Water Conservation

71. Sir, at present ten projects are being implemented under Rural infrastructure Development Fund. 32 Minor Irrigation projects will be taken up under the Accelerated Irrigation Benefit Programme in 2010-11. Implementation of the Improved Shifting Cultivation Project with steps to adopt proven technologies and Implementation of Integrated Wastelands Development Programme will also continue. The implementation of the Ecological Restoration Works of Sohra and its surrounding areas involving 45 villages will be started during the year. I proposed a plan outlay of Rs.63 crore for soil & water conservation works during 2010-11.

Veterinary and Animal Husbandry

72. Sir, the State is expected to produce 104 million eggs, 81 thousand tonnes of milk and 40 thousand tonnes of meat during 2009-10. The thrust in the current year is on strengthening of pig and poultry breeding farms. In 2010-11, the Department will focus on setting up new dispensaries, up-gradation of existing Veterinary Aid Centres, setting up of a Vocational Training Centre in West Khasi Hills, strengthening/upgrading the existing pig breeding farms at Baghmara and Kyrdemkulai, improvement of the poultry farm at Phulbari, and assistance to dairy co-operative societies. Steps will be taken to establish slaughter houses in Jaintia Hills and West Garo Hills districts. Entrepreneurs, co-operative societies, SHGs and communities will be encouraged to take up commercially viable livestock and poultry production. The targets for production of milk, meat and eggs during 2010-2011 are 82 thousand tonnes, 40.8 thousand tonnes and 106 million respectively. Steps have been taken to regulate movement of poultry and livestock from outside the State to prevent transmission of contagious diseases. Rs. 31.50 crore is proposed for this sector for the next year.

Sericulture & Weaving

73. The State can pride itself on the fact that it is the home and the genetic repository of eri and muga silk. The Department of Sericulture and Weaving will build on this, and our legacy of skill to increase the area for host plants, enlarge the production of cocoons, and embark on a programme of design development and product diversification. It will enter into a strategic partnership with the National institute of Fashion Technology (NIFT) to provide assistance and technical training to weavers. A plan outlay of Rs. 11 crore is proposed for the Sericulture Sector during 2010-2011.

Fisheries

74. Topography, terrain and the landholding pattern inhibit the development of large

fish farms. The programmes of the Fisheries Department will therefore especially focus on the small fish farmers. Convergence with flagship and large programmes like RKVY, NREGA and BRGF will be promoted to enhance the flow of resources to the sector. Keeping in mind the deficiency of fish seed production, the departmental farms at Umsning and Gasuapara are being revamped, with funding from the RKVY, to enable these farms to emerge as major fish seed producing centres. A plan outlay of Rs. 9.5 crore is proposed for this sector in 2010-2011.

Forests

75. Sir, the State of Forest Report 2009, recently released by Forest Survey of India, has indicated that the forest cover in Meghalaya has increased by 116 sq km since the last assessment done two years earlier. Bamboo and medicinal plants are emerging as key elements of our future strategy to combine conservation of forests and other biological resources with livelihood issues. A significant step has been the enforcement of the Meghalaya Charcoal (Control of Production, Storage, Trade and Transit) Rules, 2008. In the past three years, the Department has created 5016 hectares of bamboo plantations with support from the National Bamboo Mission. Steps are being taken to constitute the Meghalaya Bamboo Development Agency. The Meghalaya State Medicinal Plant Board has submitted proposals to the National Medicinal Plants Board for sanction. I propose a plan outlay of Rs. 30.25 crore for this sector in 2010-11.

Cooperation

76. Sir, on the basis of the recommendations of the Vaidyanathan Committee on the revival of the cooperative credit structure, a revival package has been formulated for reviving short term credit facilities to cooperatives. This will benefit the Meghalaya Co-operative Apex Bank, primary agricultural credit societies and multipurpose cooperative societies that deliver credit services. The package will support writing off of accumulated losses, and provide technical assistance to upgrade institutional and human resources. The Government of India has relaxed the norms of the revival package for the North-East and assistance will be on a 90:10 basis. Assistance for about Rs. 10 crore is likely to flow to the cooperative sector under this package. I propose a plan outlay of Rs. 6 crore for 2010-11.

Tourism

77. The Government will adopt a multi-faceted approach to realize the considerable potential afforded by the tourism sector to provide economic opportunity, employment and income to the people, and to project a positive image to the State. Infrastructure catering to different segments of tourists will be established with the active involvement of the private sector. Promotional material, attractively designed and presented, will be prepared and disseminated through the print and electronic media and at specialized events and fairs. The existing range of tourism products will be enlarged and diversified to cater to wider interest groups and to niche segments. I propose to allocate Rs. 13.45 crore for this sector in 2010-11.

Arts & Culture

78. The Department is tasked to preserve and promote indigenous cultural traditions and practices, and provide a platform for the exchange of cultures. In its efforts, it has met with considerable success. I propose to allocate a plan outlay of Rs. 7.5 crore for 2010-11 for this sector.

Information & Public Relations

79. Sir, the Department of information & Public Relation is responsible for dissemination of information on the policies, programmes and activities of the Government. Through the media and by participation in fairs and festivals, the Department projects and promotes the State and its people. A Journalists' Welfare Fund has been constituted to provide one-time assistance to local working journalists of the State. I propose an amount of Rs. 4.25 crore under plan for this sector for the financial year 2010-2011.

Sports

80. Sir, in January 2010, fifty youths represented the State at the National Youth Festival at Bhubaneswar, in which one of the participants was presented with a National Youth Award. The State tally in the National Boxing and the National Judo and Karate Championship in the year comprised 31 Gold, 15 Silver, and 24 Bronze medals. Efforts to provide basic sports infrastructure at different locations will continue, as will the scheme for extending financial assistance to sports associations, clubs, and schools. During 2009-10 an amount of Rs. 3.8 crore was sanctioned for completion of 28 ongoing projects. I propose an outlay of Rs. 14.50 crore during 2010-2011.

Information Technology

81. The Government will continue strengthening of capacity-building infrastructure, networking, software development and IT education besides providing internet connectivity to educational institutions. The Government has tied up with NIIT for skill upgradation and empowerment. The IT Park set up at Lumjingshai, Shillong is being expanded. Common Service Centres (CSCs) under PPP mode for bringing governance and services closer to the people have been set up in 160 locations till February, 2010 and another 65 centres will be set up soon. Letter of Intent for SWAN and State Data Centre has been issued. I propose a plan allocation of Rs. 9.5 crore for this sector during 2010-2011.

Guest Houses

82. Sir, we are expediting the completion of the residential cum commercial complex at Kolkatta, and of the Meghalaya House at Vasant Vihar, New Delhi Administrative Approval has been accorded for the construction of the Governor's Guest House at

Tura. Work on the Circuit House at Nongstoin has been initiated. A plan outlay of Rs. 40 crore is proposed for 2010-2011.

Legal Metrology

83. The Legal Metrology Department will continue to take steps for maintaining uniformity and accuracy in weights and measures. An amount of Rs. 85 lakh has been provided for the year 2010-11 for the Department.

Meghalaya Administrative Training Institute (MATI)

84. Sir, a new building for MATI is under construction. The Institute is being strengthened to enable it to play an enhanced role in training and capacity building, to equip officers and staff to contend with the increasing complexity, range and coverage of administration. In this year, MATI was chosen, along with other Administrative Training Institutes to impart training to junior support staff of the Government of India. In an effort to catalyse and further the empowering and far reaching impact of the Right to information Act, MATI has carried out an extensive programme of training. "A User's Guide on Right to Information in Braille for the Visually Impaired" has also been prepared and published. A plan outlay of Rs. 5 crore is proposed for MATI during 2010-2011.

Printing & Stationery

85. The Government Press will be strengthened with equipment, plant and machinery to enable it to cope with the increasing demands of high quality printing from other departments. The Assembly Press will be upgraded to enable it to respond to the urgent and important demands placed on it. A plan outlay of Rs. 2.5 crore is proposed for this sector during 2010-2011.

Disaster Management

86. For creation of awareness and preparedness amongst communities to cope with disasters, a series of activities have been undertaken with financial assistance from the Government of India. Mock drills, trainings on collapsed structures, trauma counseling and search & rescue operations have been conducted. I proposed a plan outlay of Rs. 50 lakh for this sector.

Tax & non tax revenue

87. Sir, the Government has invested Rs. 3.14 crore in the computerization of Taxation Department. The State has implemented VAT successfully which led to the increase

of revenue for the State by 19.76% from Rs. 234.79 crore in 2007-2008 to Rs. 281.81 crore in 2008-09. During the current year, VAT collection had reached Rs. 213.13 crore at the end of January, 2010.

88. The Taxation Department is planning to amend the Meghalaya Electricity Duty Act and The Meghalaya Tax on Luxuries (Hotels & Lodging Houses) Act, 1991, which have become outdated.
89. The total revenue receipts of the State of Meghalaya through excise duties and other levies upto January 2010 were Rs. 67.29 crore, which is estimated to increase to Rs. 81 crore for the year. The revenue earned through Registration & Stamp Duties for 2008-09 was Rs. 5.53 crore.
90. Sir, the State has to find its own sources of additional revenue to meet its committed liabilities and development needs. I am exploring ways and means to improve the revenue prospects of the State.

Some of the modifications proposed to the tax structure are as follows:

- (i) It has been decided not to levy additional taxes on items of common consumption including rice, wheat and potato, as such taxes will adversely affect the weaker sections.
 - (ii) To enable farmers of the State to be competitive and to improve the income of the cashewnut growers we have revised downwards the tax rate on cashewnut from 12.5% to 4%. This will encourage setting up of cashewnut processing units within the State.
 - (iii) I also propose to amend the Meghalaya Tax on Luxuries (Hotels and Lodging Houses) Act, 1991, to rationalise the tax on room tariff with a view to encourage and promote tourism.
 - (iv) As decided in the Empowered Committee of State Finance Minister, I also propose to enhance the rates of VAT on items presently fixed at 4% to 5% to generate additional revenue.
91. Sir, in my budget speech last year, I had indicated that steps would be taken to generate additional resources of Rs. 25 crore. As a consequence Government revised the royalty rate on coal from Rs. 220/-to Rs. 290/- per metric tonne inclusive of cess, with effect from 1st September, 2009. With this revision, the State is expected to mobilise additional revenue of Rs. 20 crore by the end of the fiscal year 2009-10 and Rs. 42 crore as additional revenue from the next financial year onwards.
 92. We propose to introduce hologram in the sale of liquor in the State, to check leakage of revenue. This step along with other measures is expected to generate additional revenue of Rs. 10 crore annually.
 93. The State is expected to improve its revenue collection on account of the measures

taken by the Forest Department, which are: (i) fees imposed on producers, stockists and dealers in charcoal; and (ii) export transit pass fees on consignments of charcoal that leave the State.

94. In addition, measures such as revision of rates of license fees and other excise levies, increase in the rates of tax under the Meghalaya Passenger and Goods Taxation Act and rationalisation of the rate of tax on works contracts will be taken in the next year.

Budget Estimates 2010-11

97. Sir, as I said earlier, the 2009-10 budget was prepared against the backdrop of a very unfavourable financial scenario. I would like to remind the House that the fiscal deficit was estimated at Rs. 614 crore for the year 2009-10. This was high because of the additional financial burden anticipated on account of the implementation of the revised pay scales. However we have tried to reduce the fiscal deficit in actual terms during the year by curtailing expenditure.
98. The estimated total receipts in 2009-10 were Rs. 4215 crore of which the revenue receipts were Rs. 3806 crore and capital receipts were Rs. 409 crore. Excluding borrowings and other liabilities, the total receipts stood at Rs. 3825 crore. For 2010-11, I have estimated the total receipts at Rs. 4895 crore, an increase of Rs. 680 crore or 16% over the current year. The revenue receipts are estimated at Rs. 4394 crore and capital receipts at Rs. 501 crore. Excluding borrowings and other liabilities, the total receipts in 2010-11 are estimated to be Rs. 4414 crore. Almost half of the revenue receipts are being contributed by Plan Grants which are Rs. 2293 crore. I have estimated the State's Own Revenue at Rs. 723 crore, an increase of Rs. 79 crore from that of current year. A grant of Rs. 483 crore from the 13th Finance Commission is budgeted during 2010-11.
99. In 2009-10, the total expenditure was budgeted at Rs. 4622 crore including repayment of loans and other liabilities. Excluding repayments of loans and other liabilities, the total expenditure was estimated at Rs. 4439 crore. For 2010-11, I have estimated the total expenditure at Rs. 4970 crore, an increase of 7.5% over the current year. Excluding repayment of loans and other liabilities, the estimated total expenditure during 2010-11 will be Rs. 4790 crore, of which revenue expenditure is estimated at Rs. 4062 crore and capital expenditure at Rs 728 crore.
100. I have estimated the plan expenditure including Centrally Sponsored Schemes, Central Sector Schemes, NEC and NLCPR for 2010-11 at Rs. 2582 crore, an increase of 7.5% over the current year's budget estimate of Rs. 2401 crore. Amongst the sectoral allocations, I propose an outlay of Rs. 533 crore for education, Rs. 364 crore for agriculture and allied sectors, Rs. 355 crore for PWD, Rs. 310 crore for power, Rs. 159 crore for C&RD, Rs. 128 crore for health and Rs. 100 crore for PHE.
101. The total non-plan expenditure for 2010-11 has been estimated at Rs. 2388 crore, an increase of 7.5% from the budget estimate of 2009-10. Interest payment during 2010-11 is estimated at Rs. 267 crore and pension payment at Rs. 202 crore. Salary payment is estimated at around Rs. 1160 crore. I have estimated Rs 367 crore for

education, Rs. 243 crore for police, Rs. 205 crore for PWD, Rs. 187 crore for agriculture and allied sectors, and Rs. 105 crore for health.

102. During the current year we were fortunate to receive advance Special Plan Assistance of Rs. 545 crore for the Centre which served to partially cover the fiscal gap arising on account of the implementation of the revised pay.
103. I am pleased to present the Budget for 2010-11 with fiscal deficit of Rs. 376 crore, which is around 3.02% of GSDP and Rs. 238 crore less than that year 2009-10. As stated earlier, the fiscal deficit for the year 2009-10 was estimated to be Rs. 614 crore. On this occasion, I am able to present a lower fiscal deficit mainly because of the favourable award of the 13th Finance Commission in the form of higher share of central taxes and increase in non-plan revenue grant. The estimated fiscal deficit is only 0.02% higher than the 3% ceiling indicated under the Meghalaya FRBM Act.
104. The Debt-GSDP ratio for 2009-10 was 29.41% as per the budget estimates. For 2010-11 it is estimated to be 29.03% which is 0.38% lower than that of the current year. I hope that with the revised estimates, Government will be able to contain the fiscal deficit and the Debt-GSDP ratio well within the desired limits of 3% and 28% respectively by the end of the next financial year.
105. Sir, along with the Budget, I am presenting a Vote-on-Account for proposed expenditure during the first three months of the year 2010-11 for consideration of the House.
106. Mr. Speaker Sir, with these words I commend the Budget to this august House.

Khublei

Mitela

Jai Hind