

Budget speech of Hon'ble Finance Minister, J&K

Honorable Speaker

Sir, I rise to complete the exercise which I initiated by presenting a vote on account in this august House in the month of March. I had promised to present a full budget which will be a vision document, laying down policies and programmes of the coalition government to usher in an era of all round progress, prosperity and development in the state. I am happy to report that after the approval of our current year's plan outlay, our thinking and policies have been converted into programmes which I will be briefly narrating in a short while.

Un-precedented financial challenges:

2. Preparation of budgetary proposals is always a difficult and thorny task. However, I will be missing an important aspect of my duty if I do not bring out some of the uniquely adverse factors which converged in the current financial

year to make my job more complex than ever before. I take them briefly, one by one.

3. Firstly, the rate of growth of our GSDP and our per capita income which used to be ahead of all India average, six to eight years ago, have fallen behind and consistently remained below the national average afterwards.

4. Secondly, the gap between expenditure incurred on purchase of electrical energy and revenue collected has nearly doubled from Rs.767 crore during the year 2003-04 to Rs.1,406 crore during last year.

5. Thirdly, the fiscal deficit touched a high of Rs. 2,666 crore, during the year 2007-08.

6. Fourthly, in a normal situation we should have received Rs.200 to Rs.250 crore more in the current year on account of our share in the central taxes. It has been, instead reduced by about Rs.105 crore in the current year due to economic slow down.

7. Fifthly, during the 4 year period given by

the Twelfth Finance Commission, the government did not meet the FRBM targets by the prescribed dead line which was 31 March, 2009. Therefore, we have been denied debt relief estimated at Rs.473 crore recommended under the Twelfth Finance Commission Award. We also lost an amount of Rs.229 crore as the government did not hold Panchayat elections. Further, the revenue gap grant for the current financial year available under the Award is about Rs.100 crore lower than the revenue gap grant received last year.

8. Sixthly, plan revenue expenditure of nearly Rs.1200 crore was shifted to non plan during a three year period commencing with 2006-07. For this purpose plan resources were also transferred to non-plan. These transfers now form part of the non-plan gap as no additional resources were mobilized during these years specifically to take care of this additional burden.

9. Seventhly, a huge amount of Rs.917 crore due for payment to National Small Savings Fund

(NSSF) on account of loans taken by the State Government was not provided for in the relevant financial years. The Government then borrowed from the market to clear the liability. The burden of this additional borrowing has fallen on the subsequent years including the current one.

10. Eighthly, funds received from various Ministries in Government of India under Centrally Sponsored Schemes were not authorized in time and got temporarily re-appropriated towards meeting non-development expenses. We have identified, authorised and revalidated about Rs.550 crore in the current financial year to make up for the previous short falls and thus restored our credibility before the concerned Ministries. Obviously, it has resulted into additional strain on our current year's budgetary resources.

11. Ninthly, the three year life of Power Reform Grant amounting to Rs.1300 crore per annum given by the Centre to the previous government came to an end on 31 March 2009. No such grant is now available in the current

financial year.

12. Tenthly, and the most importantly, Sixth Central Pay Commission report has also fallen in our way in the current financial year. The Government has to bear an additional burden of Rs.1067 crore for the 8 months of the current financial year on account of increased salaries and pension.

13. Hon'ble Members can well imagine as to how daunting the challenge was for our young and dynamic Chief Minister, Hon'ble Janab Omar Abdullah Sahib to convince the Central Government to determine a liberal annual plan outlay for our State against its highly eroded resource base which we inherited. I am happy to report that his efforts have yielded the desired results and the Planning Commission have formulated a massive plan of action which may enable us to access development expenditure

upto Rs.10,000 crore under various programmes. As Hon'ble Members are already aware, the State Plan outlay has been fixed at Rs.5500 crore in comparison to Rs.4500 crore of last year indicating a 22.22% jump in money terms. In real terms, the increase is much more if we take into account the transfers made from plan to non plan. The State plan outlay has been topped by a provision of Rs.1200 crore under PMRP. For the first time, we have proposed the highest ever allocation of Rs.643 crore to meet 100% requirements of the State share for various centrally sponsored schemes which will enable us to access about Rs.1800 to 1900 crore of the central share. A sum of Rs.220 crore provided under PMRP as counter part state share will enable us to raise matching World Bank loans under Economic Reconstruction Agency (ERA). The flow of funds under various Central mega flagship schemes like JNNURM, NRHM, NREGA, SSY, RGVY etc shall be over and above the figures mentioned by me.

14. What is more important is the fact that the

resources for funding the state plan outlay, Centrally Sponsored Schemes and other programmes have been fully tied up and thus the current year's plan is fully funded.

15. We are thankful to Hon'ble Prime Minister of India, the Union Finance Minister and the Dy. Chairman, Planning Commission of India and his colleagues for generously appreciating our needs. I am sure this House too will share the state government's gratitude on behalf of our people. The current year's plan outlay and other allocations are a clear affirmation of the Hon'ble Prime Minister's resolve to turn Jammu and Kashmir into a model State.

Economic Scenario:

16. I have already laid the economic survey report on the table of the House. Hon'ble Members may have noted that GSDP of the State for the year 2008-09 is estimated at Rs.34,805 crore and the per capita income works out to Rs.30,665 at current prices. The average of the growth rate of our economy at constant

prices for the last five years works out to just a little over 6% per annum which is 2% behind the national average. In the year 2002-03, our growth rate was 5.13% which was higher than the All India average figure of 3.84%.The growth rate for the current year at constant prices has been taken as 7% as against last year's achievement of 6.12%.

17. On the side of improved infrastructure, we now have the extended railway line in the Valley from Qazigund to Baramulla and an upgraded Srinagar International Airport, which were dedicated to the people of the State on 14th February, 2009 by Shrimati Sonia Gandhi Ji, Hon'ble Chairperson of the UPA. We have sanguine hopes that the work on the railway line to connect the Kashmir Valley with the rest of the country and four-laning of Jammu-Srinagar National High Way shall also be expedited by the Central Government. Construction of Mughal Road is already going on under PMRP. While an inland container depot is already in existence at Jammu, a similar Inland container depot is under

construction at Rangreth in Srinagar at a cost of Rs.22.32 crore. We also hope that the temporary Air Cargo facilities available at the airports of the State shall be expeditiously upgraded by the Ministry of Civil Aviation. The government is also pursuing the case for up gradation of Jammu Airport with the Ministry of Civil Aviation. All these improvements in infrastructure are bound to provide the much needed boost to the economic activities within the State.

Broad budgetary parameters (2009-10):

18. The current year's total receipts have been estimated at Rs. 22,739 crore in comparison to last year's figure of Rs.19,077 crore. In the current fiscal, Rs.19,462 crore are expected as revenue receipts and Rs.3,277 crore as capital receipts. The current year's total revenue expenditure is estimated at Rs.14,949 crore, indicating a revenue-surplus of Rs.4,513 crore. The total capital expenditure is estimated at Rs.7,790 crore. The fiscal deficit is estimated to come down to Rs.2,081 crore representing 5.4% of our current year's estimated GSDP in

comparison to 6.9% of last year.

19. The total tax revenue of the State is estimated at Rs.3,111 crore for the current financial year as against Rs.2,693 crore of last year. The tax GSDP ratio is expected to improve to 11.2% in comparison to 11.0% of last year. The VAT collections are estimated at Rs.2,066 crore as against Rs.1,853 crore of last year indicating an increase of 15%. The State Excise is expected to yield Rs.260 crore in the current year as against the budgeted figure of Rs.250 crore of last year. Taxes on goods and passengers are expected to reach Rs.316 crore in comparison to Rs.297 crore of last year.

20. The non-tax revenue has been estimated at Rs.1219 crore as against the corresponding budgeted figure of Rs.1127 crore of last year.

21. Market borrowings for the current year have been kept at Rs.818 crore in comparison to Rs.1264 crore of last year. Institutional loans for funding capital expenditure and share in National Small Savings have been assumed at last

year's levels of Rs.700 crore and Rs.453 crore respectively.

22. On the main items of expenditure, the current year's non-plan salary provision is Rs.6,594 crore in comparison to Rs.4,973 crore of last year. Additional provision of Rs.121 crore has been kept for salaries of migrant employees. The provision for payment of interest has been kept at Rs.1,729 crore in comparison to last year's figure of Rs.1,602 crore. Provision for purchase of electrical energy is Rs.1,996 crore. Rs.1,412 crore have been provided to meet expenditure on pension and retirement benefits.

Annual Plan (2009-10):

23. In the current year's plan of Rs.5,500 crore, the Revenue expenditure is estimated at Rs.653 crore and capital expenditure at Rs.4,847 crore. The government have decided to give special thrust to the Sectors of Agriculture & Allied Activity, Irrigation, Transport, Social Services including Health & Education and General Services including World Bank funded

development programmes of ERA. The exact increases in various Sectors shall get crystallized after tie up with the concerned Ministries in the Government of India in respect of Centrally Sponsored Schemes & with the funding agencies in case of tied up allocations. To that extent, the increases reflected in the sectoral outlays are to be taken as tentative. The allocation for agriculture and allied activities has been proposed about 30% higher from previous year's level of Rs.151.96 crore to Rs.197.30 crore in current year. The allocation in the Irrigation and Flood Control Sector has been kept 122% higher from the last year's level of Rs.208.85 crore to Rs.464.33 crore in the current year. The allocation in the Transport Sector is proposed to be tentatively enhanced by 90% from the previous level of Rs.486.20 crore to Rs.923.99 crore in the current year. The allocation in the Social Services Sector is proposed to be increased by 42.87% from the level of Rs.1089.17 crore to Rs.1556 crore. The General Services are proposed to get enhanced allocation of Rs.638 crore representing an

increase of 36.62% over the previous year's level of Rs.467 crore.

The challenges:

24. We must recognize that the biggest challenge before us is to boost our economic activities to catch up with national growth rate and per capita income. We must control large scale flight of capital for mass procurement of a wide variety of consumption goods such as food grains, pulses, spices, oils, mutton, poultry, eggs, processed food, clothing, energy, building materials and other utility items. For this purpose, we must focus our energies and resources on increasing local production and thus expanding the employment base by improving our productivity, profitability and competitiveness. We intend to adopt a cluster approach in order to concentrate our resources on such clusters and obtain quicker results. In all important fields, private participation shall not only be encouraged but also pro-actively promoted.

Agriculture & Allied Sectors:

25. Though the Primary Sector's contribution in the GSDP has slipped down to 26%, its importance cannot be over-emphasized as it sustains 75% of our rural population and 50 % of our work force. The main areas of concern are low Seed Replacement Rate, inadequate double cropping and sub-optimal use of other inputs.

26. A large part of agricultural areas of the state including Kashmir Valley have been traditionally presumed to be single crop areas. Even crops like mustards, oilseeds and fodders have not drawn 100% attention of the farmers in double cropping. SKUAST, Kashmir has developed varieties of wheat seed to suit such climate and introduced a new 'rice-wheat rotation' technique. For the forthcoming Rabi season, the government shall focus on popularizing this programme. Availability of manpower and pressure on time of successive agricultural operations prove to be important constraints against double cropping. Accordingly, the government has proposed 25% subsidy on the cost of power thrashers and paddy

transplanters under Agriculture Farm Mechanization Scheme to effectively deal with these twin problems.

Irrigation Schemes:

27. It is proposed to complete all the on going minor irrigation schemes within the current financial year and latest during the next year for which full funding shall be provided. The work on ongoing major medium schemes has also to be accelerated and shall be closely monitored.

Horticulture:

28. In respect of the Horticulture sector, the current year's proposed outlay is Rs.13.82 crore in comparison to Rs.12.65 crore allocated last year. The department will substantially increase the availability of high density plantation material over its present level of nearly 2 lakh saplings per annum by involving private sector and ensuring quality control. Use of sprinkler, drip and root irrigation techniques, sound health care and better farm management shall be

encouraged. Post harvesting facilities, grading and packing shall be improved. Offers stand invited through APEDA for engaging a consultant for establishing CA stores and cold chain in our State. Production of apricots in Kargil & Leh, cherries, strawberries, plums in Kashmir Valley and other regions with similar agro climatic conditions, olive in Uri and Ramban areas, pears in the Districts of Poonch and Rajouri and other areas having similar agro climatical conditions, sub-tropical fruits in the areas of Jammu Division and cultivation of minor fruit crops in the wastelands and Kandi areas shall be given priority. Production of saffron, siyah zeera, aromatic plants and herbs shall be given the much needed boost. Agriculture Production Department and Planning Department shall arrange to carry out economic analysis of various commercial operations to determine their sustainability and to identify the areas where additional government support is required. A cluster approach shall be adopted for expanding production and improving productivity.

Commercial Floriculture, an upcoming area:

29. Over 840 growers have been registered by the Floriculture Department, each having green house facilities of at least 2 kanals. A good beginning has been made by these registered growers by selling flowers in the markets outside the state. The government shall actively and financially help them to explore the export market in the Middle East by taking advantage of international air port at Srinagar.

30. The Airport Authority of India has conveyed no objection to the transfer of land to the Directorate of Floriculture for setting up of cooling chambers. Request has been made to APEDA to provide necessary financial support to start work on this project which will help in exports of perishable commodities like cut flowers, delicate fresh fruits and trout fish to important marketing destinations within and outside the country.

Sericulture Industry:

31. Sericulture has been an important traditional industry of Jammu and Kashmir.

Kashmir Silk was always rated as of the best quality. Like many other misfortunes, immediately after demonopolisation of the industry around the year 1988-89, it was severely damaged during the period of militancy. After its partial revival, the industry still sustains about 22000 rural families in 2150 villages producing 8 lakh kgs of cocoons valued at nearly Rs.7 cr. The local silk units consume only 25 to 30% of the total production and the rest of the cocoons are sold outside the state denying us the opportunity of value addition. The industry is capable of generating vast employment in the shape of reeling units, weaving of cloth on handlooms and power looms, printing of silk fabric, garment, apparels and other made ups.

32. A corpus fund is in operation for market intervention, running silk exchange and cocoon bank. I will ensure that this revolving fund does not suffer on account of financial resources. In the meanwhile, I announce formation of a Multi Task Force comprising of experts from all the relevant fields to look into various aspects of

mulberriculture, sericulture, weaving and silk industry. The Multi Task Force will expeditiously work out a plan of action and necessary corrective measures shall be promptly put into operation for which additional resources shall be allocated by the time the next cocoon crop comes to the market.

Animal Husbandry Sector:

33. The state is woefully short in meeting its requirements of mutton, poultry meat, eggs and woolens. Presently we are importing nearly 16 lakh sheep annually for meeting the shortage of mutton. We intend to adopt a holistic approach in developing our animal and sheep husbandry sectors. An embryo transfer technology is on experimental stage to develop a muttonous breed of sheep named Dorper. We expect the results towards the end of August, 2009. Depending upon the success of this programme, we shall launch a duly funded extension programme at a commercial level during the current year itself.

34. Simultaneously, we shall create more sheep rearing units in private sector with a view to improve availability of mutton and wool and also generate additional employment in this sector.

Poultry:

35. Similarly, the import of poultry birds is estimated at one crore and thirty two lakh annually. The quantity of eggs imported annually is estimated at 50 crore. The consumption potential is estimated between 200 to 300 crore. We intend to adopt a multi pronged strategy for increasing the production of poultry meat and eggs. Rearing capacity of day old chicks in the government farms shall be fully utilized and establishment of hatcheries in the private sector shall be encouraged. Import of day old chicks shall be facilitated so long as local production capacity of day old chicks is improved to meet full requirement of poultry farms. The poultry department shall also work out the feasibility of promoting large scale hatcheries for breeding of improved parent stock equipped with R&D

facilities, in PPP mode.

36. Animal and poultry feed is being imported into the state to supplement the local production. Therefore, setting up of more poultry/animal feed units within the state shall be encouraged by the government. One of the main ingredients of such feed is maize which is being grown largely in the districts of Poonch and Rajouri as also in the dry/hilly areas of Kashmir Valley and Jammu Division. Production of maize by using new varieties of hybrid seed and improvement in productivity shall be our focus to meet the growing demand from the animal & poultry feed industry.

Infrastructure:

37. Efforts shall also be made to complete all the on going road programmes in the current and the next financial years. The progress of works under PMGSY so far has been very slow. Special attention and full funding for completion of all on going projects shall be provided by us in the plan. Power is our prime infrastructural

requirement. Depending upon the progress of various Hydel Projects, namely Baglihar II, Sawalakot, Ganderbal, Parnai and those in other places allocated to JKSPDC, full funding shall be ensured in the plan of current year. Effort shall also be made to complete detailed project reports, clearances from various Ministries & organizations, and complete other formalities in respect of other approved projects. Simultaneously, the identified structural reform measures in T&D Sector shall be undertaken on top priority.

Social Sector:

38. Health and Education sectors shall continue to be centric to our human development policy. Primary education for all children with focus on female literacy and 100% adult literacy in a short time frame are our avowed goals. The plan allocations for elementary education are proposed to be increased to Rs.358 crore from last year's level of Rs.169 crore. Higher and Technical Education sector is also being given similar treatment.

39. Primary Health care is basic to human development and secondary and tertiary sectors meet critical needs of the families. The Primary Health Services Sector is proposed to receive enhanced plan allocation of Rs.164 crore in current year in comparison to Rs.105 crore of last year.

40. Mention must be also made of the critical need for conservation of our lakes and water bodies as well as preservation of environment and ecology including protection of rich forest resources. They will be given their due share in the current year's plan apart from the resources which are available from the Centre under various schemes. Rs.40 crore are being exclusively earmarked under State plan for Dal development during the current year. Forestry sector is proposed to be given Rs.27.50 crore in comparison to Rs.24.50 crore of last year.

National Rural Employment Guarantee Scheme (NREGS)

41. This important rural employment

scheme started in 2005 has been widely welcomed at the national level. The implementation of this scheme in Jammu and Kashmir has potential for further improvement. So far 4.98 lakh rural households have been registered by us and employment equivalent to 80 lakh person-days has been generated last year under this scheme for two lakh rural households. One lakh and seventy thousand Bank Accounts have been opened so far so that payments of wages are made through Banks. A sum of Rs. 87 crore has been utilized during last year. We intend to generate 5 crore person-days in near future under this Scheme and take the utilization of funds to ten times at the level of Rs 800 crore.

42. While my respected colleague in the Cabinet Incharge of the Rural Development Department is already attending to this issue, I will lend him a helping hand in my own way. I announce the enhancement of the existing wage rate under NREGS from Rs.70 per day to Rs.110 per day with immediate effect for which

necessary notification shall be issued under the Minimum Wages Act. I am sure that this measure will make the scheme more attractive and alongwith some more administrative measures, will ensure large scale involvement of rural people as also better utilization of available funds. The enhanced wage rate shall also apply to other duly authorised wage earners appointed by competent authority and currently in receipt of daily wages of Rs.70 per day.

Industries:

43. Trade and Industry have a very crucial role to play in our economy. Their present contribution to GSDP is 28.29%. The government intends to exploit raw materials located in the backward regions by promoting local industry through clusters of industrial units in identified thrust areas like food processing, textiles, leather processing, handicrafts, handlooms, minerals, Information Technology and many others. A new shelf of techno-economic feasibility reports shall be prepared for this purpose and Special Purpose Vehicles shall

be created to implement such cluster schemes.

44. Land measuring 500 kanals has been earmarked for Leather Zone in Industrial Growth Centre, Lassipora. A Common Effluent Treatment Plant (CETP) is under construction under the guidance of Central Leather Research Institute (CLRI) at a cost of Rs.642 lacs with 50% funding by Government of India. The CETP is expected to be completed by March, 2010.

45. Two Textile Parks in the private sector are coming up at Ghatti and Govindsar in Kathua district over 240 kanals of land with investment of Rs.337 crore, for 56 number of units expected to generate direct employment for 4000 persons to be engaged in spinning, weaving, processing, garmenting and ancillary activities as also indirect employment to another 4000 persons.

46. Two clusters of cricket bat units and wood based industry are being promoted at Sangam and Bagh-i-Ali Mardan khan respectively. A silk-cum-textile park is being promoted at Zakoora.

47. Rejuvenating the existing Industrial units is as necessary as creation of new units. In this behalf, the government proposes to create two special rehabilitation task forces for revival of sick units on fast track basis. The Industrial Estates lying closed shall be reactivated and their dilapidated infrastructure shall be upgraded. Efforts are being made to spot additional 20,000 kanals of waste-land for creation of a land bank for new industrial units, particularly in the backward areas. Efforts are also being made to locate a big chunk of waste land where a special industrial zone can be created.

48. The Directorate of Geology and Mining which has become defunct is being re-activated to prospect, explore and identify new mineral deposits of the State.

49. The viable economic units of the public sector undertakings shall be revived. The uneconomic units shall be closed down and the staff given another opportunity to avail of Golden Handshake Scheme.

50. The trade and industry have been highlighting their problems connected with compliance of various procedures, processes and regulations. In order to attend to such issues on a continuous basis, I propose to create a standing forum in the form of an inter-ministerial group of officers in association with all Stake holders. The Forum will look into the desirability of dispensing with some of the mandatory inspections, filing of returns and other connected matters faced by them under various laws, including barriers in free movement of raw materials and trade goods. The Forum shall devise procedural and IT Solutions to such problems. I hope that this mechanism will go a long way in improving the trade and manufacturing environment in the State.

51. Handicrafts are our valuable legacy. We shall take all necessary measures to save and sustain our handicrafts, particularly carpets, especially during the period of global recession.

One Time settlement scheme of the State

Financial Corporation:

52. The State Financial Corporation (SFC) had offered One Time Settlement Scheme (OTSS) to provide relief and exit to the loanees who became defaulters from time to time due to various extraneous and valid reasons. It was expected that all the defaulters would take advantage of these offers. However, the experience has shown that every time such OTSS was introduced, not everybody came forward to take advantage of the offer and after the closure of the schemes, new demands for fresh OTS schemes have been raised. It is difficult to entertain such demands repeatedly as frequent resort to OTS schemes becomes counter productive.

53. However, in order to accommodate fresh demands from the industry including Transport and Tourism sector, in the aftermath of prolonged agitations of the last summer, I announce a last time OTSS by the SFC which shall be notified very soon, after completion of formalities and after obtaining approval of its

Board of Directors. My announcement may be taken as an advance notice to all such loanees who are keen to avail of this last opportunity and they should keep themselves in a state of readiness. Personally, I feel that a six months time period shall suffice for completion of the task after the proposed last OTSS is notified by the SFC.

Tourism:

54. Tourism is one of the important revenue earners for people in the State. Though the Industry has suffered due to off and on law and order problems, there are definite signs of its revival. The government proposes to conduct a break-even analysis of activities in various sectors of tourism industry. This will help the government in approaching the private sector players in the field of insurance to develop and launch an investment insurance scheme so that the Tourism Industry is protected against temporary set backs and uncertainties faced during every tourist season.

55. The government is proceeding ahead with its plan to prepare a vision document and a Master Plan for sustainable tourism in the long terms perspective. Offers stand already invited from the prospective consultants for the purpose and the same are under examination by a Committee constituted in this behalf. In the meanwhile, the policy of private Sector investment in all fields of Tourism, including promotion of guest-house facilities, with the government playing the role of promoter and facilitator, shall continue. The Hotel industry has already been given tax relief on hotel tariff.

Regional Imbalances:

56. While implementing our development strategy, we shall keep our eyes on the developmental needs of backward regions with a view to exploiting their inherent potential. Strengthening of their economic base will provide them the requisite synergy to move ahead on their own in due course of time. The government shall initiate many more region specific steps after the report of the State Finance Commission

becomes available.

57. It has recently come to our notice that because of extremely limited working season in some far-flung areas, the standing sanction of operating upto 25% of the previous year's plan allocations to ensure continuity in ongoing works does not fully take care of the problem of these areas. The small plan allocations falling to these areas tend to lapse with the close of working season by mid-October or so. In order to deal with this problem, I propose to allow such areas, as a standing measure, to have 100% of their previous year's plan allocations at the commencement of the new financial year.

58. In order to pull the backward regions and districts to the average threshold of development, the government proposes to provide area specific special provisions under the district plans, over and above the step-up level allowed every year across the board.

Transparency:

59. Transparency is the hall mark of good

governance. We intend to follow a fully transparent policy in the matter of attaining the declared objectives of economic growth with regional balance, achievement of physical targets within the declared investment levels and impartiality of process. The House has already passed the Right to Information Act to enable every citizen of the State to access the information he may be interested in or to find out as to how the public money is being spent and in what manner or how the various government functionaries perform their official functions affecting the public life on day to day basis. Efforts shall be made to place most of such general and specific information on public websites.

Good Governance:

60. The Coalition government is committed to provide good governance to the citizens of the State. The government shall endeavour to provide hassle free public interface in the areas of development as well as regulations. The government believes in delegation of authority to

the field functionaries and to local bodies for improvement in services. The government is committed to holding of panchayat elections as early as possible so that the participation of the people in their own development and regulatory activities is ensured.

61. Wherever necessary, special purpose vehicles, authorities and boards shall be created to function in collaboration with the related stake holders for speedy decision making and collaborative implementation of programmes.

62. Making full use of information technology has become essential for transparency and good governance. Our Hon'ble Chief Minister has created a Special Task Force in collaboration with NASSCOM with a view to developing skilled resources in the State to participate in the national and global job opportunities in IT, IT enabled services, retail, tourism and other service industries. At least 5000 young professionals are to be made available by December, 2010. The Task Force also aims at

developing an incisive IT policy for the State for development of IT Industry and the usage of IT to support other industries of the State.

63. A J&K e-Governance Agency or JaKeGA has been created by the Government as a registered Society in January this year. It aims to promote e-Governance in all important government departments and organizations. Some of its important basic programmes are to create core infrastructure, internet kiosks in private sector, seamless inter-operability and data exchange and a State Wide Area Network.

64. Strong presence of telecom sector is essential to give not only wide coverage to the telecommunication services to the people but also for development of IT based service sector. There has been noted reluctance on the part of Telecom players to enter the State or to expand their service base because of entry tax leviable on their high value equipment and communication tower material. The telecom companies which entered the state initially have

obtained stay orders against levy of entry tax as also against charging of service tax by the State on a notion that the subject matter of service tax comes under the jurisdiction of the Centre. In order to break this impasse, I offer to forego entry tax presently leviable on these telecom players provided they agree to deposit an equivalent amount with the department of commercial taxes and sign an agreement with the State government to collect service tax and deposit the same with the State government. The advance deposit made by them shall be adjusted against the amount of service tax payable by them afterwards. I hope the Telecom Companies will come forward to take advantage of this offer in our mutual interest.

65. The Commercial Taxes Department of Jammu and Kashmir State has done extremely well in switching over to the Value Added Tax regime. The Empowered Committee of State Finance Ministers has described J&K as one of the best VAT implementing State. VAT is a trader friendly regime with more stress on self

assessment and essential information available with the Department has to be used meaningfully. The successful implementation of this regime depends on gathering of information from other sources and by cross verification of interstate and intrastate transactions. I am happy to inform the House that complete automation of the Department has been taken in hand at a cost of Rs.20 crore. All aspects of the Departmental working shall be covered under this project in due course of time. The major aspect of processing of returns and cross linking of information of inter and intrastate level should be in place by December, 2009. This will also settle a plethora of long pending demands of various Trade Associations regarding the working of the Department which would become fully transparent, more simple and efficient thereby decreasing the frequency of interaction/visits of the traders to the tax offices and reducing the compliance cost of the dealers who are critical partners in the tax administration.

Computerization of treasuries and Govt.

accounts:

66. Computerization of the Government Treasuries was initiated by our government about a decade ago. Apart from procurement of hardware for 13 treasuries in the first phase, training was imparted to 700 Accounts personnel in handling e-accounts. However, the task has not been taken to its logical conclusion and the objectives of on line transactions, e-transfers and seamless accounting have not been achieved at all. Complete computerization of treasury accounts in the first phase and all government accounts subsequently in a time bound manner is essential for good governance. I intend to give a push to this un-accomplished task and get the project completed in a time bound manner through J&K e-Governance Authority which has initiated similar projects for Transport and Election Departments as well. Our aim is to develop full connectivity of all government accounts with the Bank and the Account General within two years time frame.

Prioritization of payments and efficient cash management in Treasuries:

67. Every payment by the treasury on behalf of the government ought to be a priority. Any delay on this account seriously compromises the credibility of the government and is against all the basic tenets of financial management. Inordinate delays in making payments in last several years manifested themselves into various types of demands such as asking for specially designated treasuries for making payments to the local industry, creation of revolving funds with SICOP and SIDCO to ensure timely payments, ensuring availability of funds with the concerned government departments corresponding to purchases made by them, etc. The then government made announcements about accepting such demands on the floor of this august House, in one form or the other, thereby indirectly admitting that the financial and cash management at that time had left much scope for improvement.

68. We inherited these difficulties but have tried to successfully cope up with them,

notwithstanding the daunting challenges briefly mentioned by me in the beginning. Without making any tall claims in this connection, I only express my humble confidence that situation shall be, Inshaallah, reversed and we would not bear with any pendency in the government treasuries.

69. The official records and other valuable documents lying in record rooms and the Archives need to be digitized and preserved in all possible manners. The work has been somewhat neglected for many years. I propose to induce the concerned department to come forward with appropriate proposals for funding. In the meanwhile, I propose to keep a provision of Rs.5 crore to elicit their early response.

70. The work of digitization of land revenue records and its availability for all the concerned people on line has evaded the final solution despite the existence of a Centrally Sponsored Scheme. I propose to get this work completed at the earliest. Financial difficulties, if any arising,

shall be fully taken care of.

Some important issues pertaining to Urban Local Bodies:

71. With the democratic decentralization, the Urban Local Bodies have been empowered to take charge of local self government. Their performance and initiative in some areas of public concern is indeed being appreciated. However, voices are also being raised by some quarters alleging delays in or denial of building permission in some cases, condonation of violation of building bylaws in some other cases, lack of sanitation and cleanliness within the municipal areas, in-sufficient system of redressal of grievances, etc. In respect of one Municipal Committee, the industrial units have alleged harassment in the name of charging of lorry adda fee from them even if they claim to be not connected with the use of such lorry adda.

72. It is for the concerned local municipal bodies to investigate as to what extent such allegations are correct and to provide remedies

as may be required. We in the government feel that many of such grievances would not arise if the Local Bodies adopt absolutely transparent systems, simplify the procedures, go for complete automation in a time bound manner and create an efficient mechanism of redressal of public grievances. I offer to extend government support including financial help for making visible improvements in these areas. I hope that our local bodies shall respond to this gesture well in time so that IT based better and smoother systems of e-Governance are in place before the Award of the Thirteenth Finance Commission for Urban Local Bodies becomes operative w.e.f. 1st April, 2010.

Environment & Ecology:

73. Protection of our environment and checking pollution of all types is the prime concern of every responsive government. This is also our obligation toward our future generations. The Pollution Control Board primarily created for performing this task shall be further strengthened by us in the coming years. However, their focus

should not blur because of demand on their time and resources for routine clearances. Well defined norms need to be laid down for compliance in a transparent manner so that the interests of development are not unnecessarily jeopardized. We shall have to ensure that a time bound, simple and transparent mechanism is evolved by the Board to balance these twin objectives. Similarly, the mechanism for environmental impact assessment and clearances for projects of public importance will also have to be made time bound.

74. The ever increasing problem of disposal of bio-medical wastes hasn't found a solution as yet in our State. Some stop gap arrangements have been tried and they have been found to be grossly inadequate. The health department have estimated the cost of investments for creating the requisite infrastructure at Jammu and Srinagar. The capital needs for the proposed infrastructure have been projected to the Thirteenth Finance Commission.

75. However, a reference to the Finance Commission should not mean that we start relaxing in the meanwhile. Every institution, big or small, whether in public Sector or private Sector should realize the gravity of the problem that bio-medical wastes are required to be handled scientifically before their disposal. Any institution violating the law shall have to be made accountable for its failures under a strict regulatory frame work.

Toll Plaza at Lakhanpur:

76. It is our unique feature that access into our state is available through a single point at Lakhanpur. As such, this entry point must symbolize the intrinsic beauty of our state and the quality of head and hearts of its people. We had initiated action on creation of a modern toll plaza at Lakhanpur. However, despite lapse of about a decade, the project is yet to be completed. I propose an allocation of Rs.10 crore for this purpose to complete construction work of all the buildings during the current financial year. After the construction works are over, a plan for

beautification of entire surrounding area shall be taken up including construction of durable and clean spaces for parking of vehicles to avoid congestion, traffic jam or environmental pollution. These infrastructural improvements combined with the improvements in the software of the Commercial Taxes Department and Excise Department shall ensure that the ambience of the Toll Plaza shall change from a chaotic, disorderly & congested commercial place into an arena of serenity, calmness and beauty for the commuters to have a few moments of relaxation before proceeding on.

Some VAT measures:

77. The traders have been confronting a genuine problem of penal action by the authorities for non compliance of rules which were notified much after the date of commencement of the VAT Act in the State. Unfortunately, this problem has not been addressed so far. Obviously, the traders cannot be penalized for violation of rules which did not exist but were later on given retrospective effect.

I announce a scheme of general amnesty for all such cases which shall be notified shortly.

The negative list of raw material and finish products:

78. Representations have been made to us by Industry asking for scrapping the negative list. We have considered this demand. We have come to the conclusion that placement of certain identified items of raw materials and finished products in the negative list does not come in the way of competitiveness of the related end-products. As such, as of now, there is no justification in letting go whatever amount of revenue is accruing to the state by charging VAT on such raw materials and finished products.

79. However, it has also come to our notice that Vanaspati which is a product of some of the local industrial units cannot be easily distinguished from Vegetable Oil which is also product of some local industrial units. Vegetable Oil is already on the negative list. Besides the situation has changed when Vanaspati was

accorded exemption from GST/VAT treating it as a priority industry. Therefore, I announce to place the production of Vanaspati also on the negative list.

Amendment in VAT Rules:

80. Registering authority can demand, at its discretion, additional security from the dealers, on eventualities of the existing dealer adding more commodities to its approved list etc. A representation has been made that no such additional security should be demanded in cases where the existing dealers have been regularly filing their returns and depositing the VAT amount without any default. The demand is rational and if accepted, shall amount to due recognition for law abiding dealers. I accordingly accept this demand. The rule shall be modified accordingly.

81. Rule 77 dealing with registration of appeals requires that report of assessing authority shall be obtained before proceeding with any appeal. A demand has been made that in case of delay

in supplying this information, the appellate authority should proceed without such report, on the basis of information furnished by the appellant. The demand is justified. However, the department of Commercial Taxes is computerizing its system very soon and all the record shall become available on line. The need to obtain a report from the assessing authority shall automatically vanish. In order to take care of the present concern, I have issued strict instructions to the department that all the assessing authorities must ensure compliance to the requirement of rule 77(a) by submitting the requisite report within 15 days time.

Simplification of laws and procedures:

82. A basic need of good governance is simplification of laws and procedures. We intend to encourage proliferation and greater use of information technology in government functioning. The land acquisition Act and Rules are being simplified so as to expedite land acquisition cases as also to ensure that the compensation is fair and its disbursement is

made within the shortest possible time.

83. During our pre-budget consultations with various associations, organizations, economists, experts and intellectuals, we have received very valuable suggestions in large numbers. Several of these suggestions have been utilized by me while framing my budgetary proposals. We are giving further thought to the remaining suggestions for use at appropriate time. I express my gratitude to all of them.

Employment generation:

84. Hon'ble Members of this august House may appreciate that the problem of unemployment in the State has reached alarming proportions and, as such, deserves immediate attention with policy initiatives, institutional arrangements and operational strategies. The Hon'ble Members may also recall that the pronouncements made on the subject in the earlier budget proposals especially in 2007-08 have had a little or no impact at the ground level. Now the time has come for a collective

endeavour to address this gigantic problem in a principled manner.

85. In order to adopt a well conceived strategy for alleviating the problem of unemployment in the State, there is a fervent requirement of a sound statistical base. This is more so for the reason that there is a lot of equivocation about the very extent and nature of unemployment in the State. For this purpose, it has become imperative to build a sound and dependable data base so that plausible remedial measures are adopted. For operationalizing this arrangement at the ground level, the Government intends to revamp the Employment Exchanges and enhance their role, both quantitatively and qualitatively. They will be renamed as District Employment and Counselling Centres. The District Centres shall develop a reliable statistical base including skill inventory and skill deficiency mapping. The number of such District Employment & Counselling Centres shall be increased from 14 to 22 so that all the districts have a well placed institutional arrangement for

information generation on the subject. It shall be made mandatory for all the unemployed youth to get themselves registered with the District Employment and Counselling Centre for which the necessary formats shall be prepared by the Department of Economics and Statistics in a digital mode. A notification to this effect with all the relevant details shall be issued by 30th of September, 2009 and the new Centres shall be launched simultaneously in all districts of the State from the 2nd of October, 2009 to coincide with the 140th birth day of Mahatma Gandhi, the Apostle of Peace.

86. Buildings and other infrastructure for the District Employment & Counselling Centres shall have to be provided for all the districts. I propose to make a beginning with two districts in the current year- one in Kashmir and one in Jammu division.

87. Concurrently, the Government intends to put in place a well conceived 'State Policy on Employment' to address all issues relating to the

problem of unemployment in the State. The Planning and Development Department has been directed to initiate the process and the policy document, I am confident, shall be ready to be launched on the 5th December, 2009, the 105th birthday of the great visionary of our State, the Sher-e-Kashmir, Janab Sheikh Mohammed Abdullah Sahib. The document shall serve as a road map ahead and I solicit valuable suggestions from the Hon'ble members of this august House in arriving at a well considered policy initiative. I propose to name this initiative as "The Sher-e-Kashmir Employment and Welfare Programme for the Youth" (SKEWPY).

88. In the recent past (February, 2009) a number of initiatives have been undertaken at the national level to enhance the skill endowment base in the country. Jammu and Kashmir State while taking its share has to create about 50 lakh skilled persons by 2022 with emphasis on exclusivity. The average annual target works out to be 3.85 lakhs which indeed is a huge task. In order to address ourselves to this challenge, the

Government intends to formulate 'State Policy on Skill Development' with an objective to create 'workforce empowered with improved skills, knowledge and internationally recognized qualifications to gain access to decent employment'. At the operational level the Government commits itself to initiate and expedite the process of establishing 22 district level 'Rural Self Employment Training Institutes (RSETIs)' in cooperation with the Ministry of Rural Development, Government of India and Public/Private Sector Banks. This institutional arrangement, I am hopeful, shall be in place by the end of the current financial year.

89. The geo-climatic extremities in the State cause a high incidence of seasonal unemployment particularly in the countryside snowballing into out-migration of labour force. In order to address this phenomenon and ensure livelihood security to the rural people, Government intends to strengthen the premier Wage Employment Scheme under 'National Rural Employment Guarantee Act' by extending

its scope and enhancing wages. For this purpose 'State Employment Guarantee Council' has been advised to take up the matter with the Ministry of Rural Development, Government of India for extending the scope of the scheme by incorporating relevant activities in the list of already available 'Permissible Works'.

90. Conventionally, government has been perceived as the sole employer and remedy has unfortunately been invented in over-sizing the administrative machinery. Even when this convenient option has been over exhausted, the problem of unemployment has actually proliferated. This conventional approach has, in fact, proved counter productive. This mindset needs to be changed and new entrants to the labour market motivated to adopt self employment ventures. A host of Central Schemes presently in place for the promotion of self employment ought to be amplified with innovative self employment projects under various sectors. The Government proposes to emphasize on mass awareness programmes to

apprise youth of the State about the bright prospects in self employment privileges through J&K Entrepreneurship Development Institute.

91. It should be borne in mind that all the centrally sponsored self employment schemes are credit linked and the financial institutions generally seem reluctant to extend credit facility to the first generation entrepreneurs in view of their risk perception. This has negative implications on the development of entrepreneurship. Such an equivocation warrants an immediate State intervention to ensure that the motivated and trained prospective entrants to the field of entrepreneurship/self employment are nurtured and insulated from frustration and mental agony. To address this problem, the State Entrepreneurship Development Institute (JKEDI) is being asked to offer 'Entrepreneurship Development Programme/s (EDPs)' as a package which apart from sensitization, training and consultancy inputs shall include an incentive in the form of non-refundable Seed Money to enable prospective entrepreneurs to kick start

their ventures and make their projects bankable. For this purpose, government intends to create an 'Entrepreneurship Development Fund' with an initial corpus of Rs.25 crore. The corpus shall be utilized under a well conceived State Scheme for the prospective motivated, trained and provisionally registered first generation entrepreneurs to start their ventures relating to the core areas which inter-alia include agriculture, horticulture, floriculture, medicinal and aromatic plant cultivation and food processing. This scheme too shall be launched on 5th December,2009.

92. The Government intends to build complete synergy in different Self Employment Schemes presently in vogue and ensure that the first generation entrepreneurs are actually benefited by these Schemes. Reference, in this regard may be made to the initiatives already taken by the national Minorities Development & Finance Corporation (NMDFC), a Government of India undertaking under the Ministry of Minority affairs which provides loan/credit facilities to the first

generation entrepreneurs belonging to the minorities on very low (3-6 per cent) interest rates. The said Corporation has, for the purpose, nominated Jammu and Kashmir Women Development Corporation (JKWDC) and Jammu and Kashmir Scheduled castes/Scheduled Tribes (J&K SC/ST) Corporation as the Channelizing Agencies in the State. However, the latter has not been able to lift any money from NMDFC for the last five years limiting the opportunities available for the prospective entrepreneurs. In order therefore to ensure that the benefits actually reach the identified clientele group, the Government proposes to nominate JK EDI an additional State Channelizing Agency of NMDFC for providing loans/credit facility to the entrepreneurs motivated, trained and promoted by the Institute.

93. The Government proposes to revamp the Employment Department and place it under an Employment Facilitating Agency which shall be created and placed under the charge of a very senior officer. The officers shall be hand-picked

to take-up the challenge at the district, divisional and state level and deliver with a missionary zeal. There will be a system of award and punishment for good and bad performance of officers.

94. An Overseas Employment Corporation shall be created to liaise with the placement agencies, foreign embassies, Ministry of Labour and Department of Overseas Employment etc. The proposed Corporation shall create a knowledge bank for aspirers of overseas employment, particularly on matters of legal requirements for migration, work environment in various foreign lands, mandatory formalities and formats etc. The proposed Corporation shall also handle matters of employment opportunities within the Country. We hope that its role shall grow further after global recession starts receding.

95. The proposed Employment Facilitating Agency shall have a Governing Body headed by the Chief Secretary to deal with all matters

connected with employment of youth. It will also oversee the functioning of all Employment related organizations and monitor progress of implementation of all employment schemes and programmes. The Agency shall also identify and create opportunities of employment in sectors like Tourism, Horticulture, Floriculture, Fisheries, Health and Sericulture etc where skills rather than education are in greater demand.

96. Training of youth who may not be highly qualified but would be suitable for jobs in these sectors, shall be organized by the proposed Agency. All the trainees shall be provided suitable stipend during the period of training.

97. The Agency shall facilitate setting up of Polyclinics and Consultancies by un-employed and retired doctors and engineers. The government and the financing institutions shall provide package of assistance and loans in a manner similar to that available for industrial units, suitably modified to meet specific requirements of such polyclinics and

consultancies.

98. Lot of potential exist for meaningful utilization of knowledge, skill and talent of our educated unemployed youth under NREGS. Last year 350 persons were engaged as supporting staff to work as Computer Operators, Accounts Assistants, Technical Assistants, Rozgar Sevikas as well as Block level Programme Officers. With the targeted increase in person-days of employment taking it to 5 crore, we shall be generating potential for absorption of nearly 3000 persons in such jobs.

99. The government also proposes to simultaneously adopt a pro active approach for creating service related self employment units which may be utilized to meet the requirements of government departments to start with. Some of the areas coming to mind immediately are plumbing, electricals, repairing of motors, gadgets, electronic items etc which are in demand in most of government offices. The service units promoted by technically trained and

qualified youth can be recognized to provide such services to government departments on charges per visit basis, actual cost of replaced parts plus wages at notified rates. It is hoped that in due course of time, private sector and the general population shall come forward to utilize their services. The requisite support for setting up of such service units as also a transitional support mechanism for sustaining them during the initial years shall be worked out by the government very soon.

100. A large number of contractual, adhoc and consolidated-salary appointments have been made in various government departments against clear vacancies. Their present number is reported as 5,656. These appointees have been continuing in service for considerably long time. As per the latest Apex Court rulings available on this subject, a one time regularization of service can be resorted to by the government to deal with such situations. The government has accordingly decided to regularize all such persons who have already completed 7 years of

service and who are academically qualified to hold their respective jobs as prescribed under rules.

101. The society which does not take care of its women folk starts degrading. Amongst various welfare measures which the government intends to initiate for socio economic upliftment of women, a special scheme has been devised for their economic empowerment. Under this scheme, 100 women entrepreneurs shall be selected from each district taking the total to 2,200 in the first phase. They will be granted direct loans upto Rs.3 lakh at a very low rate of 6% interest through the State Women Development Corporation. The scope of the scheme shall be later extended to tehsil level. For this purpose, the government shall provide a revolving fund of Rs.10 crore to the State Women Development Corporation, in suitable installments depending upon the progress of the proposed scheme. The State Women Development Corporation shall be advised to ensure the techno economic viability and

profitability of the enterprises and develop a scientific monitoring mechanism for timely interventions to ensure success of the assisted units. The fields identified for this purpose include health care and pharmaceuticals; restaurants, computers and information technology, agro based industries, floriculture, cosmetics, perfumery and parlors; hosiery, ceramics, tailoring, leather and food products etc.

102. Nearly 3300 agricultural graduates have been engaged as Rehbar-e-Zirat. However, it is learnt that the services of this technical human resource have not been properly utilized. One of the factors responsible for this is the reluctance of the appointees to move to the field on one pretext or the other. In order to meaningfully utilize the services of the Rehbar-e-Zirats, I offer an additional incentive of Rs.1500 per month payable through the DRDA or Panchayat, to such of the Rehbar-e-Zirats who would move down to the panchayat level and work in the field alongside the farmers, to serve as a meaningful link between them and the concerned

departments for popularizing, implementing and monitoring the progress of various agriculture related schemes.

103. It is known world over that the human civilization has progressed on the foundation of human creativity and innovations. While some of the innovations get recognized, many go unnoticed. In a knowledge society, it is important for us to scout 'innovations' and 'traditional knowledge practices' and popularize them for the advantage of the whole society. Jammu and Kashmir too has wealth of creative minds and talent. It is time for the state and its people to celebrate creativity and channelize benefits emanating from it for the advantage of the whole society.

104. Under the guidance of Janab Omar Abdullah Sahib, our young and dynamic Chief Minister, the government is extremely keen that the state as well as private sector join hands in discovering hidden talent of our society engaged in solving local problems without any outside

help. It will not only encourage creativity and innovations but will also generate tremendous economic activity and increase our productivity. I propose to institute an award to recognize five best innovations every year in identified fields with a prize of Rs. one lakh each. The state will also take every possible step to get these innovations patented and popularized for the common benefit of the Society.

105. I would like to add here, that the government have been in the meanwhile duly engaged in the process of drawing up the best available talent for public services through the PSC and the Selection Boards. Starting from January 2009, the State Subordinate Selection Board has already made 8,086 selections. Another 438 selections have been finalized by the PSC at gazetted level and 3,835 appointments have been made in the Police Department during this period. Thus the total number of selections made during the last six or seven months comes to well over 12,000. During this period, 11,163 new posts have been created

and 5,060 posts have been referred to PSC and State Subordinate Selection Board. During this very period, 7035 posts have been referred to Police Recruitment Board. Alongwith the previous backlog, the vacancies available with PSC are 4,023. Similarly, the vacancies available with SSSB, alongwith the backlog comes to 10,582. All the recruiting agencies have been advised to expedite the selection process. Therefore, nearly 22,000 more boys & girls can hope to get a government job in the current financial year. Alongwith the appointment or selections already made from January, 2009 onwards, the tally of government jobs in respect of the present government may come to 34,000. I may add here that about 7000 class IV vacancies are also available and we intend to fill them expeditiously thereby further increase in the tally to a likely figure of 41,000.

Inclusive Development:

106. There are various segments of our society which have traditionally remained behind in receiving benefits of development programmes.

The government shall continue its endeavor to bring such segments to the fore through various catalytic schemes. The over all allocation of the social welfare schemes is proposed to be increased to Rs.138 crore in comparison to Rs.110 crore provided last year. Amounts available from the Centre shall be over and above this figure. Special provisions have been made in the budget for development of Gujjar and Bakerwals, Schedule Castes and Schedule Tribes, Women and Child Welfare. An allocation of Rs.20.77 crore has been proposed under Tribal Sub Plan. The allocations for the two autonomous Hill Development Councils in Ladakh shall be given due step up alongwith other district plans which are being finalized shortly.

107. National Rural Health Mission is a mega national effort at ensuring healthcare through a range of interventions at individual, household, community and most critically at the health system levels. The Central Government is using it as an essential instrument for achieving

its goal of health care in the rural landscape. Under NRHM, the Central Government provides 85% of the financial assistance leaving 15% to be raised from out of the State's own resources.

108. State Government is committed to make the most of the financial handholding provided by the Central Government under NRHM and supplement its health effort in the rural areas. In order to provide better health care for our rural population and enhance availability of doctors and other paramedical persons in far-off areas of state, the State Government has decided to enhance the wages of the doctors and paramedics working in these far off areas. This will attract qualified medical talent in rural areas with adequate incentives. The doctors employed in NRHM presently get wage of Rs.8000 per month. Their monthly wage would be enhanced to Rs.16000. The paramedics under NRHM are presently employed on monthly wage of Rs.4000. They would now get a monthly wage of Rs.9000.

109. State Government has also concurrently

decided to sanction special incentive for the doctors serving in remote and far flung areas popularly known as difficult areas. For this purpose, the difficult areas would be classified into two categories-category-A (denoting more difficult areas) and category B (denoting difficult areas). The doctors serving in Category-A areas would get additional Rs. 8000 as special incentive while as those serving in Category-B areas would get additional Rs.4000. This financial dispensation will surely attract more and more qualified medics to serve in rural areas and lead to tangible improvement in a rural healthcare system. The aggregate financial implication involved in the provision of the above financial dispensation would be of the order of Rs.4.30 crore per annum.

A very Special challenge:

110. Rehabilitation of our Kashmiri Pandit brothers and sisters and bringing them back to the social mosaic of Kashmir continues to be of prime importance for the coalition government. That would be like a dream fulfilled for all of us.

The package of 15000 jobs in the State and private sector has been approved for them.

111. Our Kashmiri pandit brothers and sisters and their family members who have been leading the life as migrants in various parts of Jammu Division have been facing many hardships even though the government has taken various initiatives to ameliorate their conditions from time to time. One of such hardship is the medical care needed in critical illness cases. The registered migrants whose family heads are in State Government employment, are eligible to benefits under the medical scheme applicable to the state government employees. Those not falling in this category have been hard pressed for want of any comprehensive, regular and satisfactory mechanism. For such category of registered migrants, who are in receipt of cash relief, I announce 50% grant from the government subject to a ceiling of Rs.5000 per family, for meeting cost of premium for a year, if they enlist themselves under the mediclaim policy of any recognized Insurer. The exact requirement for

such financial assistance shall be assessed in due course of time. To start with, I announce a budgetary allocation of Rs.10 crore for this purpose.

112. A budgetary allocation of Rs. 130 crore for construction/completion of 5242 tenements for Kashmiri migrants under the Prime Ministers Reconstruction Plan has been proposed so that the difficulties faced by the families of our brothers in distress are mitigated at the earliest possible. A sum of Rs. 3 crore is being additionally allocated to complete the road to village Jagti near Nagrota where new tenements are under constructions.

Rehabilitation of Victims of Militancy:

113. The militancy of last two decades has deprived a large number of families of their bread earners. Rehabilitation of widows and orphans is a big challenge. The government has provided 825 jobs during the last 6 months to a member of the effected family wherever feasible. To take care of the cases where cash relief of Rs. 4 lakh in lieu of a job has been preferred, about

Rs.50 crore have been spent so far to rehabilitate 1233 families.

Employees and Pensioners:

114. All our development programmes and regulatory functions are being performed by the government employees and, as such, their welfare too is a legitimate concern of the government. Against serious constraints on our resources, the government has announced adoption of the pay scales recommended by the Sixth Central Pay Commission retrospectively from 1st January, 2006. We have also authorised them drawal of enhanced pay of July, 2009 in the new pay scales. Sanction of DA in the new pay bands has also been agreed in principle and the rates of DA effective from various dates starting from 1.1.2006 have already been announced. I further announce increase in the rate of DA w.e.f. 1st. January,2009 to 22%. The increased amount of DA at 22% shall be paid in cash from the first of July,2009.

115. Temporary Move Allowance was fixed at Rs.550 PM a few years back for the moving employees. A demand has been made to the government by our lower grade employees to increase the same. I find the demand is genuine. I announce a new rate of temporary Move Allowance at Rs.650 PM which shall be effective from August, 2009. This measure will involve additional expenditure of about Rs.50 lakh per annum.

116. Serious misgivings appear to have unnecessarily arisen on account of payment of arrears of pay and pension revision and implementation of the Sixth Central Pay Commission Award. As the Hon'ble members already know, the requirement on this account is over Rs.4000 crore. The demand for allocation of this amount has been already projected to the Thirteenth Finance Commission who have to take a view on this demand, for all States, before finalizing their Award. If this amount is made available in one go, I would be the happiest person to release 100% arrears in cash. I appeal

to the good sense of State government employees to maintain their patience on this issue for a little more time till the picture become clear with the Thirteenth Finance Commission Award.

New Pension Scheme:

117. One of the causes of growing concern in budgetary management lies in the ever increasing expenditure on disbursement of pensions in respect of government as well as autonomous bodies, statutory organizations operating on the Grant-in-aid of the government. The annual increase on this expenditure is not within the control of the government. Unlike gradual increase in the salary bills, usually on account of increase in DA rates and normal annual increments in basic pay, the increase in pension bills takes place simultaneously on account of increase DA rates as well as post retirement benefits payable at the time of superannuation. Keeping in view the exponential rate of growth in annual pensionary outgo, it is not difficult to see that an off budget solution to

the problem is essential as after some years, may be a couple of decades, it will become absolutely impossible to meet such expenditure out of budgetary provisions. As this is a universal phenomena, the matter has been discussed time and again at national level with a view to protect the posterity from a financial calamity on this account. The Central Government and several states have introduced a New Pension Scheme where under, the government as employer and the concerned employees make monthly contributions to a pension fund. The incidence of payment of pensions will get shifted to this pension fund. The scheme becomes mandatory for all new recruits after it is notified. The new pension scheme can be created under a proper statute. I propose to bring a bill before this House accordingly so as to enforce the New Pension Scheme from 1st January, 2010.

118. There has been a long pending demand from Hon'ble Members of the Legislature increasing Constituency Development Fund from the existing level of Rs. 35 lakh with the approval

of Hon'ble Chief Minister, I announce increase in Constituency Development Fund from existing level of Rs.35 lakh to Rs.50 lakh. Modified guidelines in this connection shall be issued very soon.

Financial discipline and Austerity measures:

119. We have tried to accommodate genuine needs of the employees to the maximum keeping in view the tight financial resources of the State. We expect that the state government employees, public servants as they are, shall conduct themselves fully to serve the public in real sense with complete dedication and missionary spirit. The government is positively inclined to meet all their other genuine demands and to redress their genuine grievances through mutual consultation in a spirit of good will which should be allowed to prevail.

120. We had initiated various austerity measures to be followed by all the government departments. These austerity measures have been reiterated from time to time but have gone

in disuse. I announce their reiteration once again, with a sincere desire to strictly enforce them. Detailed orders shall be issued separately.

Additional Resources Mobilization (ARM):

121. I am reminded of several quotes about taxation. One of them says that, “taxes, like Mothers-in-law, are often misunderstood”. The other quote says “taxes are your contribution for living in a civilized society”. Be that as it may, no budgetary exercise can be completed without resorting to some taxation measures. However, with a few exceptions in mind, I do not intend to indulge in any substantial tax revenue raising venture for the time being.

122. Petrol is a commodity which is used generally by economically better off people in our society. The rate of tax on this commodity in our state is 20% with a cess of Rs.1 per litre which was fixed many years ago. The rate of taxation on this item in respect of some states goes as high as 35%. The current level of consumption in our State is over 14 crore litres. I propose to

increase the cess to Rs. 3 per litre and name it as employment cess. I am sure this increase is not likely to burn a hole in the pockets of those who are consuming this commodity. This measure is likely to yield additional revenue of Rs.28 crore per annum and about Rs.18 crore in the current financial year.

123. Similarly, the rate of tax on diesel is 12% in our State some of the other states have gone to the extent of charging more than 20% tax on this commodity. I am conscious of the fact that this item involves a larger number of persons from the public who could be directly and indirectly affected by any increase in the rate of taxation. There is no cess on diesel. I propose to charge an employment cess of only Re. 1 per litre on diesel, which will make a marginal difference in the cost of services being made available to the beneficiaries who would be ultimately bearing the incidence of the proposed measure. The current level of consumption of this commodity is about 46 crore litres per annum. Therefore, the proposed measure is likely yield annual revenue

of Rs.46 crore per annum and additional revenue of Rs. 30 crore in the current financial year.

124. Liquor is an area which automatically comes to mind both on account of the principles of State policy enshrined in the constitution as well as a measure to raise additional revenue. The rate of GST on liquor is currently 20%. I propose to increase the same to 25%. I will be happy in case the consumption of liquor goes down somewhat because of my proposed measure. However, it is more likely that lovers of this commodity may take the proposed measure sportingly and willingly contribute a little more to the state exchequer. As such, estimates of expected additional revenue on this account are placed at Rs.21.50 crore per annum and Rs.15 crore in the current financial years.

125. Nearly 1.32 crore poultry table birds are being brought from outside the state annually. They are subjected to a toll tax at Lakhanpur @ Rs.2 per bird. If the poultry bird is reared within the state, many people shall get employed in

poultry farms under self employment programme and also in cooperative sector. As adequate numbers of day old chicks are not available within the state, the poultry rearing units are also importing around 2.38 crore day old chicks which are again subjected to toll tax at Lakhnapur @ Rs.1 per chick. I have already explained that the government intends to support local production of eggs, day old chicks and poultry. As a part of the strategy, I propose to exempt import of day old chicks from payment of toll tax and increase the rate of toll tax on poultry birds from existing Rs.2 per bird to Rs.5 per kg. The net additional revenue on this account is expected to be around Rs.4 crore per annum which will be utilized for development of poultry sector within the state.

126. Nearly 16 lakh sheep & goats are being imported from outside the State annually to meet the local mutton requirement. Consistent with my approach to encourage local production and discourage import of consumption goods, I propose enhancement of toll tax on sheep and goats from the existing rate of Rs.25 per head

to Rs.35 per head. This may yield additional revenue of Rs.1.60 crore annually. The proceed shall be earmarked for development of local mutton production.

127. Mollasses from sugar cane used to be utilized by distilleries for production of rectified spirit. A license fees of Rs.25000 is being charged for stocking mollasses. Because of its most profitable use having been in liquor industry, producers of poultry /animal feed and other dealing with molasses were also subjected to the same treatment. The existing number of licensees includes 6 poultry/animal feed producing units. It has been brought to my notice that molasses are no more being used for production of rectified spirit. As such, the original fear of diversion of molasses to distillery units is no more valid. I, therefore, propose to dispense with the compulsory licensing and con-commitant license fees levied on poultry feed and animal feed units. The item shall also be taken out from the negative list of industrial raw materials.

Arrears of Passenger Tax:

128. It has been brought to our notice that arrears on account of non payment of passenger tax by the transporters on non-existent commercial vehicles are mounting in the records of the Commercial Tax Department. This might have been due to the reason that the owners of the registered commercial vehicles failed to render timely information about the sale or scrapping of such vehicles. I have issued directions to the concerned authorities to write off all such arrears from their books, preferably within the current financial year after due enquiry, condoning the failure to report the sale or scrapping in time. The arrears pertaining to the period 1990 to 1997 have not been recovered so far. Neither the vehicles exist nor their owners can be easily traced. Despite announcement of Amnesty Schemes and allowing deposit of only 50% of the principal amount of arrears in easy installments, very little came to the State exchequer on this account. I would like the department to concentrate on current recoveries. Chasing the long past is futile. Hence I

propose to write off all arrears for the period 1990 to 1997.

129. On the lines of the Dhabawallas, I announce a composition scheme for brick kiln owners under section 56 of the J&K VAT Act. The proposed measure covering 209 brick kilns in Jammu and 187 brick kilns in Kashmir shall be easier on the kiln owners. The government hopes to improve the collection through this mechanism. Details of the scheme shall be notified separately.

130. The aforesaid measures are expected to yield additional revenue of Rs.69 crore in the current year. An ARM, figure of Rs.100 crore has been kept in the budgetary document. I propose to attain this target by making improvements in recovery of arrears or by improved collection of current dues.

Conclusion

131. All of us who are present in this August House shall be no doubt having a vision of their own about the future of Jammu And Kashmir

State. I too have a vision of an ideal society which will consist of “magnificent human beings who are equal to the glory of this beautiful land,..... who will be “filled with spiritual endowment” and in which the “ skilled and the intelligent citizens will earn their livelihood by honest means”.

132. Whatever be the way to describe our individual vision, the fact remains that the socio-economic and spiritual upliftment of all men and women, belonging to all castes, creeds, religions and regions is our common goal. We can jointly turn our vision into reality by pulling our heads together, plan for the welfare of the people objectively and implement all the agreed programmes in a transparent, unbiased and judicious manner in due regard to economy in cost, speed in time and optimizing the peoples’ satisfaction as our ultimate and joint goal. All of us have to work in that spirit. Today we have a golden opportunity to prove that given the financial resources, we are collectively capable of delivering and turn our state into a model state

during the coming years. This golden opportunity should never, never be lost.

133. Thanking you for your patient hearing given to my some what lengthy presentation, I now lay the Budget 2009-10 at the table of the House and commend the same.

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