

Hon'ble Speaker,

Sir,

I am, indeed, privileged to rise before this August House, to present in succession, the third annual budget of the coalition government headed by our young and dynamic leader, Janab Omar Abdullah Sahib, Hon'ble Chief Minister of the State.

2. The brief administrative history of the last two years of the coalition government, representing one third of the tenure for which it has been mandated by the overwhelming support of the people, has witnessed very remarkable developments in all directions - political, administrative, social,

economic and financial. Many major initiatives and measures of reforms have been taken-up under the wise and energetic leadership of the coalition government. The results are already there for every body to see. As such, I am not intending to take the precious time of this August House to narrate or even briefly mention them. I may only add that the impact of these initiatives and measures would have been much more intense, wider and visible if the man made disruptions of the socio-economic progress and repeated distractions of the government's attention from development administration had not been caused by the elements who are inimical to peace and progress, and oblivious to the needs of socio economic welfare of the people.

3. On the financial side of governance, I am beholden to the vision and guidance of

our Honourable Chief Minister, Janab Omar Abdullah Sahib. His astute statesmanship and keen insight, as also his ability to convince the Centre into extending the much needed and whole hearted financial support to the State, has resulted into carrying out a major turn-around in the socio economic scenario of the State despite heavy odds. I also feel duty bound to suggest here that all of us should be grateful to the concerned authorities in the Government of India, particularly the Prime Minister, Dr. Manmohan Singh Ji and the UPA Chairperson, Shrimati Sonia Gandhiji who have always extended their helping hand generously in resolving the financial, social and economic problems of the people of our State from time to time.

The Economic Scenario:

4. The economic survey report has already been laid by me before this August

House. At current prices, the preliminary estimates place our GSDP for the current financial year at ₹ 47,709 crore as against the last year's figure of ₹ 43, 236 crore. This reflects a growth rate of 10.35% as against 10.22% growth rate recorded last year. The corresponding figures of GSDP at constant prices (2004-05) are ₹ 37,887 crore for the current financial year and ₹ 35,538 crore for the last financial year indicating a growth rate of 6.61% as against 6.48% growth rate registered last year. In either case, the growth rate estimated now is higher than the growth rate of last year. However, it still remains below the All India average growth rate of 8.6% expected during the current financial year and 7.17% recorded last year. Nonetheless, it is satisfying that we have continued to move forward despite the

prolonged disruption of the economic activities during the last summer.

5. The current year's per capita income has been estimated at ₹ 32,496 at constant prices (2004-05) in comparison to the last year's estimates of ₹ 30,886. This indicates a growth of 5.21%. While at the national level, there are clear signs of recovery of the economy from the effects of global melt down, a lot remains to be done by us at the State level to catch up with the All India growth rate.

6. As per the preliminary estimates, the contribution of the Primary Sector to the GSDP in the current financial year is estimated at 21.10%. The contributions of the Secondary and Tertiary Sectors have been estimated at 29.82% and 49.08% respectively.

7. I had indicated during my last budgetary address to this August House that the stagnancy in the Agriculture Sector calls for our fullest attention. I had also announced various budgetary measures to provide for some necessary interventions and corrections. I am happy to note that these measures have made quite a positive impact on the ground. I am hopeful that the Primary Sector will start showing some signs of recovery in near future.

Major initiatives for the development of economic infrastructure:

8. The work on the Mughal Road estimated to cost about ₹ 640 crore is progressing satisfactorily. The total expenditure on this road by the end of March, 2011 is expected at about ₹ 450 crore. Fair-weather connectivity has already been provided between Kashmir Valley and Jammu

region through this road. The work of consolidation, metalling and macademisation of the road surface shall be resumed as soon as the weather improves.

9. The progress of works on Udhampur-Katra-Qazigund Railway line and four laning-cum-upgradation of the National Highway 1A between Lakhanpur and Srinagar is satisfactory. The Toll Plaza Complex at Lakhanpur estimated to cost ₹ 32.20 crore is nearing completion. With the expected agreement of Ministry of Railways, we hope to take possession of 108 kanals of railway land at Lakhanpur for providing additional parking space at the Toll Plaza for the vehicles in transit. Besides, we are also chasing the respective Central government authorities to expedite construction of the import side bridge on river Ravi and Lakhanpur bye-pass on the National Highway.

10. Sewa II Hydro Electric Project having an installed capacity of 120 MWs has been commissioned in September, 2010 under the Central sector. Work on the J&K State Power Development Corporation owned 450 MWs Baglihar HEP-II is expected to be completed in three years time. The procedural bottlenecks in implementation of 1200 MWs Sawalkot HEP are also being attended to so that the construction work on this long pending project begins as early as possible. The government proposes to start work on 93 MWs New Gandarbal and 50 MW Lower Kalnai HEPs through J&K State Power Development Corporation during the next financial year. The State Power Development Department is simultaneously executing several major projects on improvement of transmission and distribution infrastructure.

Revised Estimates 2010-11:

11. This August House had voted a budgetary expenditure of ₹ 25,984 crore for the current fiscal. The Revised Estimates are now placed at ₹ 28,733 crore indicating an increase of ₹ 2,749 crore with similar improvement on the receipt side. These figures include a sum of ₹ 2,300 crore on receipt side, comprising of ₹ 1,000 crore as one time grant in aid from the Centre and ₹ 1,300 crore as additional open market borrowing outside the FRBM arrangement. This amount of ₹ 2,300 crore is proposed to be utilized to reduce the accumulated overdraft of the government with the J&K Bank. The total capital expenditure is now estimated at ₹ 8,059 crore on both plan and non plan side. The revenue expenditure is estimated to increase to ₹ 18,374 crore as per RE of the current fiscal from the

BE figure of ₹ 17,698 crore, indicating a net increase of ₹ 676 crore.

12. The main reason for the increase of ₹ 676 crore is that the power purchase bill has gone up by ₹ 273 crore. Besides this, the government has increased the rate of House Rent Allowance of its employees by 2.5% raising the present rate of 15% to 17.5% w.e.f. 1st July 2010 involving an expenditure of ₹ 70 crore in the current financial year. The government has also announced a further increase of HRA by 2.5% w.e.f. 1st July 2011 taking the HRA rate to 20%. The government has also sanctioned Hardship Allowance to the personnel in the Police Department @ 10% of basic pay. This last measure is estimated to cost ₹ 60 crore for part of the current financial year.

13. Further, the Security Related Expenditure is expected to go up by ₹ 197

crore over the BE of ₹ 496 crore. The outgo on grants in aid, which mainly account for devolutions to the Urban Local Bodies, has also increased by ₹ 65 crore.

14. During the current fiscal, the tax revenue is expected to reach ₹ 3,643 crore, exceeding the BE target of ₹ 3,505 crore by ₹ 138 crore. This figure of expected tax revenue indicates an increase of about 18.5% over the last year's RE of ₹ 3,075 crore. The revised estimates for VAT collection are placed at ₹ 2,573 crore as against BE figure of ₹ 2,511 crore exceeding the target by about ₹ 62 crore. In percentage terms, the growth rate over the last year's RE comes to over 19%. The collections of Excise Duties are expected at ₹ 307 crore as against the BE target of ₹ 280 crore exceeding the target by ₹ 27 crore. Taxes on Goods and Passengers are expected to rise upto ₹ 358 crore in RE

against the BE figure of ₹ 334 crore, exceeding the target by ₹ 24 crore.

15. The revised target for the collection of non-tax revenue of the State has been raised to ₹ 1,475 crore over the BE of ₹ 1,307 crore in the hope that purchase of additional energy to meet the growing consumer demand, involving extra cost of about ₹ 273 crore. The concerned Department have been asked to make all out efforts to meet the revised non-tax revenue targets, particularly the power receipts.

16. The figures for expenditure on repayment of loans to the Government of India and other institutions, estimated at ₹ 959 crore and the expenditure on payment of interest on loans estimated at ₹ 2,251 crore in the BE, have been maintained at the same level in the Revised Estimates.

Budget Estimates 2011-12:

17. I will now briefly state the salient features of the Annual Financial Statements dealing with the Budget Estimates for the ensuing fiscal 2011-12. The total budgetary receipts have been projected at ₹ 31,212 crore indicating an increase of 20% over the current year's BE figure of ₹ 25,984 crore. Out of this estimated amount, ₹ 26,701 crore have been categorized as revenue receipts and ₹ 4,511 crore as capital receipts. As the State's Annual Plan is yet to be finalized by the Planning Commission of India, these receipt figures have been worked out on a projected State plan outlay of ₹ 6,600 crore. The categorization of receipts is based on the pattern adopted by the Planning Commission of India for the Scheme of Financing of the current year's annual plan outlay. The inter-se classification between revenue and capital receipts is likely to change to some extent at

the time of finalization of the next year's plan outlay and settlement of Scheme of Financing by the Planning Commission.

18. The total estimated revenue expenditure comes to ₹ 22,752 crore. The capital expenditure both on account of Plan and Non-Plan has been estimated at ₹ 8,460 crore.

19. The State's own tax and non-tax revenue inclusive of its share in the central taxes totals to ₹ 9,131 crore and represents about 29.25% of its total estimated receipts. This compares well with the figure of 24.79% calculated as per RE figures of the current fiscal. The state's own tax and non-tax revenue totals to ₹ 5,803 crore which works out at 18.59% of the total budgetary receipts for the next fiscal.

Tax Revenue:

20. I am placing the target of tax revenue collections for the next fiscal at ₹ 4,183 crore as against the current year's BE of ₹ 3,505 crore, projecting an increase of around 20% from BE to BE. Out of the total tax collection targets, the BE for VAT collection has been kept at ₹ 3,025 crore aiming at an increase of ₹ 514 crore over the current year's BE of ₹ 2,511 crore. In percentage terms, it comes to around 20.5%. The collection on account of Excise Duties is targeted at ₹ 333 crore as against the current year's BE of ₹ 280 crore. Collections against Taxes on Goods and Passengers are aimed at ₹ 382 crore as against BE of ₹ 334 crore in the current fiscal. Among other major tax items, Taxes on Vehicles and Stamp Duties are expected to contribute ₹ 123 crore and ₹ 76 crore respectively to the state exchequer as

against the current years BE targets of ₹ 101 crore and ₹ 67 crore respectively.

Non-Tax Revenue:

21. As far as the next year's non-tax revenue collections are concerned, the BE figures work out to ₹ 1,620 crore as against the current fiscal's BE of ₹ 1,307 crore and RE of ₹ 1,475 crore. Out of the total non-tax receipts, the Power Development Department is being assigned a target of ₹ 1,330 crore as power receipts in comparison to current fiscal's BE of ₹ 1,055 crore and RE of ₹ 1,209 crore. Among other notable contributors on the non-tax revenue side during the next fiscal are Mining, Forestry, Water Supply and Health Services which are expected to contribute ₹ 35 crore, ₹ 60 crore, ₹ 31 crore and ₹ 17 crore respectively as against the current fiscal's BE of ₹ 30 crore, ₹ 38

crore, ₹ 27 crore and ₹ 15 crore respectively.

Expenditure:

22. The total expenditure of ₹ 31,212 crore projected for the next financial year is broadly divided into a plan outlay of ₹ 6,600 crore and PMRP outlay of ₹ 1,200 crore. Expenditure on Centrally Sponsored Schemes is estimated at ₹ 425 crore. As many of the Centrally Sponsored Schemes are shifting to off budget mode, I am keeping a figure of ₹ 425 crore only in next year's Budget Estimates, corresponding to the figure of ₹ 386 crore projected in current year's RE which is considerably lower than the current year's BE figure of ₹ 850 crore. These figures will get firmed-up after the Planning Commission concludes its plan exercise. I may mention here that the kitty of Central Schemes for which funds flow directly to the

implementing agencies outside the State budget is likely to swell to ₹ 4,300 crore as against about ₹ 3,000 crore in 2010-11.

23. The non-plan expenditure during the next fiscal has been estimated at ₹ 22,987 crore, up by ₹ 5,059 crore over the current fiscal's BE of ₹ 17,928 crore. Based on the projected figures of the next year's plan outlay, the break-up between the revenue and capital expenditure comes to ₹ 22,752 crore on revenue account and ₹ 8,460 crore on capital account.

Salaries & Allowances:

24. The non-plan expenditure on salaries of the government employees inclusive of the provision for the two DA installments which will become payable during the next fiscal is

estimated at ₹ 11,360 crore which would be ₹ 3,246 crore more than the current year's RE of ₹ 8,114 crore. The revenue component of the Plan Outlay works out to ₹ 1,178 crore which is primarily on account of salaries of the staff borne on the Plan. In addition to this amount, the estimated requirement of grants-in-aid for the autonomous bodies and institutions has been worked out at ₹ 727 crore as against ₹ 482 crore estimated in the BE of the current fiscal. A provision of ₹ 1,607 crore has been kept on account of two DA installments which shall become due from 1.1.2011 and from 1.7.2011 and one installment which became due on 1.7.2010.

25. The expenditure on pensions and retirement benefits to the employees is estimated at ₹ 2,651 crore during the next fiscal as against RE of ₹ 2,031 crore in the current fiscal.

Other major items of expenditure:

26. The expenditure on payment of interest is estimated at ₹ 2,363 crore during the next fiscal as against ₹ 2,251 crore worked out in RE of the current fiscal. The expenditure on account of cost of purchase of electrical energy is projected at ₹ 2,400 crore as against the current year's BE of ₹ 2,050 crore and RE of ₹ 2,324 crore.

27. A sum of ₹ 1,174 crore is estimated to go out on account of repayment of loans, as against ₹ 959 crore budgeted in the BE as well as RE of the current fiscal.

Annual Plan 2011-12:

28. The next fiscal's Plan Outlay has been projected before the Planning Commission of India at ₹ 6,600 crore inclusive of the State share against Centrally Sponsored Schemes. This proposed outlay comprises of a capital

component of ₹ 5,422 crore and revenue component of ₹ 1,178 crore. In addition to the annual plan outlay, the requirement on account of schemes taken up under PMRP has been projected at ₹ 1,200 crore. Main schemes included in the PMRP are Power Transmission and Distribution (₹ 359 crore), Mughal Road (₹ 191 crore), Land acquisition for PMGSY roads (₹ 127 crore) and counterpart funds for World Bank Schemes (₹ 120 crore).

29. Despite the repeated attempts of certain mischievous elements to disrupt the developmental activities during the summer months in Kashmir Valley, full government thrust on plan performance has been maintained during the current fiscal. We are hopeful that the physical and financial targets fixed under the current year's plan shall be

attained before the closure of the current fiscal.

30. The Planning and Development Department has proposed to keep a provision of ₹ 259 crore under Agriculture and Allied Activities Sector for the on going as well as expansion programmes. This indicates an increase of 18% over the current year's outlay. Allocation of ₹ 130 crore has been proposed under Industries and Mining Sector indicating an increase of over 27%. Likewise, ₹ 1,100 crore have been proposed under Education Sector indicating increase of over 12% on the current plan base. Priority is also being accorded to other sectors like Power, Tourism, Social Welfare, Roads, Irrigation, Health, Forestry, Animal Husbandry, Education, Technical Education, Housing, Urban and Rural Development and PHE.

31. I will proceed to mention some of the plan highlights very briefly.

School Education:

32. The next year's plan shall focus on reduction of gender gap in education and literacy. State share of ₹ 506 crore has been proposed under elementary education with a view to lifting ₹ 819 crore Central share under Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA), mid-day meals, Saakshar Bharat Mission etc. Under Rashtriya Madhyamik Shiksha Abhiyan, construction of 19 Model Schools and 19 Girls Hostels will be taken up during the next fiscal.

33. Another new scheme in the name of Saakshar Bharat Mission is being launched. One of its components shall replace the previous programme known as Total Literacy Campaign. All the 20 districts which had

literacy percentage of below 50% as per census of 2001 shall be covered under this new programme during the next financial year. An amount of ₹ 42 crore is proposed to be spent on this programme during the next fiscal inclusive of State share of ₹ 10.50 crore. A fresh initiative on adult education has also been launched in these 20 districts from the current financial year under Saakshar Bharat Mission.

34. On the physical side, work on construction of 3,769 primary school buildings, 937 additional class rooms, 503 middle schools, 78 Kasturba Gandhi Balika Vidyalayas, 95 Cluster Resource Centres and 29 Block Resource Centres is to be completed soon. Under the Mid-Day Meals programme, about eleven lakh children are proposed to be covered during the next year.

Higher/Technical Education:

35. Gross Enrollment Ratio target of 15% has been adopted at the national level to be achieved by 2015. For this purpose, 11 Model Degree Colleges are being established in 11 districts under a Centrally Sponsored Scheme on 50:50 basis. Additionally, 11 new Degree Colleges are being taken up under the State sector. The number of colleges which have been already made functional under PMRP and under State sector plan is 18. The next year's target for construction of colleges is 32 including 10 colleges under PMRP.

36. We are aiming at creation of 50 lakh skilled persons by the year 2022 under the National Skill Development Mission, through Engineering Colleges, Polytechnic Institutes, ITIs, departmental training centres and RSETIs. Skill upgradation requirements are also planned to be simultaneously attended to. The present intake capacity of the

technical institutes is accordingly being enhanced in a rapid and planned manner.

37. Eighteen new Polytechnic Institutes are being established. Out of them 10 Polytechnic Institutes shall be developed as Centres of Excellence under the 'Integrated Skill Development Mission'. Besides these Polytechnics, 27 ITIs are undergoing the process of upgradation in PPP mode.

38. An investment of ₹ 316 crore is proposed in this sector during the year 2011-12.

Roads and Bridges:

39. About 2,000 kilometres length of roads is proposed to be black-topped or macadamized during the next financial year. Under phase VIII of PMGSY, 160 new schemes are expected to be taken up during the next year. The number of bridges under execution is 442. Out of them, 103 bridges are being

completed in the current year and 100 additional bridges are expected to be completed during the next financial year. An investment of ₹ 857 crore is being proposed for R&B Sector under the State Plan. Additionally, ₹ 900 crore are expected to flow in the R&B Sector under the Central Schemes during the next financial year.

Power:

40. Under the multi-pronged strategy adopted by the government, hydel projects of 6000 MW capacity are expected to be executed during the Eleventh and the Twelfth Five Year Plans. A new Hydel Policy is expected to be finalized very soon. Three on going hydel projects namely 44 MW Chutak, 45 MW Nimoo Bazgo and 240 MW Uri-II hydel projects are expected to be commissioned

during the next financial year under the Central sector.

41. Five Grid Stations of 1240 MVA capacity at 220 KV level and 12 Grid Stations of 600 MVA capacity at 132 KV level are likely to be completed in the State Sector during the next financial year. Two Grid Stations at 400/220 KV level have been approved at New Wanpoh in Kashmir and Samba in Jammu in the Central Sector. With a view to reducing T&D losses, a scheme under Restructured Accelerated Power Development and Reforms Programme has been approved for implementation in 30 towns of the State, with a population of 10,000 and above, at a cost of ₹ 191 crore.

Water Supply Schemes:

42. Apart from 823 on going water supply schemes, 320 new water supply schemes have been taken up under Mega Flagship

National Rural Drinking Water Programme. Under this programme, 60 water testing Laboratories are expected to be completed by the next financial year. Reconstruction of Kargil and Leh water supply schemes has been taken up at a cost of about ₹ 7 crore each under the Prime Minister's Natural Calamity Relief Fund.

43. About 1500 additional habitations are targeted to be covered by potable drinking water supply during the next financial year. A Master Plan for Jammu has been prepared costing ₹ 1,037 crore. The next year's expected expenditure under the National Rural Drinking Water Programme is ₹ 170 crore under the State plan and ₹ 540 crore in the Central sector.

Irrigation & Flood Control:

44. Rafiabab High Lift scheme, Dadi Canal and New Pratap Canal are being completed.

Modernization of Ranbir Canal at the revised cost of ₹ 176 crore has been cleared for implementation. WAPCOS has been engaged to prepare a DPR for drawing water from river Ravi to provide irrigation to one lakh acres of kandi land in Kathua, Samba and Jammu districts. Four new major/medium irrigation projects namely Lar canal, Zainageer canal phase-II, Grimtoo canal and restoration and modernization of main Ravi canal have been sent to Government of India for clearance under AIBP at a cost of nearly ₹ 283 crore.

45. A comprehensive flood management programme has been prepared for River Jhelum. Phase-I of the project has been approved by the government of India at a cost of ₹ 97 crore. Construction of gated barrage across river Tawi for creation of pondage near Beli Charana has been approved at a cost of ₹ 70 crore.

46. This House has passed J&K Water Resources (Regulation and Management) Act 2010. The Department has initiated follow up action for implementation of various provisions of this Act. Bills on account of user charges worth around ₹ 60 crore have already been issued to the hydel power producers in the State.

Health:

47. The Super Speciality Hospital at Jammu shall be completed early and made functional. The buildings of two new district hospitals, 2 CHC buildings, OPD Block at Bone and Joint Hospital, Srinagar, Girls Hostel of Dental College, Srinagar: OPD Block of Medical College Jammu and Advance Yoga Centre are expected to be completed during the next financial year.

48. Bio-medical waste treatment facility is proposed to be provided in six district hospitals as also in the Medical Colleges at Jammu and Srinagar.

49. Work on construction of three GNM and four ANM schools shall also be taken up.

50. A Drug Policy is being formulated to promote medicines accessibility - ensuring safety, quality and efficacy of medicines, good prescribing practices and rational use of drugs in the public and private sector.

51. An investment of ₹ 857 crore under the State Plan and ₹ 900 crore under Central Sector is expected in the Health Sector during the next year.

Social Welfare:

52. An amount of ₹ 90 crore is proposed for the next financial year under Integrated Social Security Scheme, National Social Assistance Programme and Contributory

Social Security Scheme. An amount of ₹ 60 crore is proposed as pre- Matric and post-Matric scholarships to the students of the scheduled castes, scheduled tribes, other backward classes and Pahari speaking people.

Urban Development:

53. Projects worth ₹ 1,227 crore have been sanctioned for the cities of Jammu and Srinagar and other smaller towns of the State under JNNURM.

54. To ensure transparency and accountability in the functioning of the Urban Local Bodies, the J&K Public Disclosure Act 2010 and the J&K Municipal Award Act 2010 have been already enacted. Accrual based double account system is proposed to be introduced in the Urban Local Bodies from the year 2011-12. Action has been initiated for bench marking of services like sanitation,

sewerage, drainage, soil waste collection and disposal.

55. Next year's allocation is proposed at ₹ 326 crore. The State share for JNNURM is proposed at ₹ 150 crore.

56. Apart from ongoing ₹ 299 crore project on conservation of Dal-Nageen Lakes, ₹ 356 crore are proposed to be utilized under PMRP for rehabilitation and resettlement of Dal dwellers.

57. The Government has approved acquisition of 200 kanals of land near Raya Morh for developing new Warehouse and Transport Nagar for Jammu. Consultants have been engaged to prepare plans for development of multi-tier parking lots at General Bus Stand, Panjtirthi and Doctor's Lane.

58. SMC is in the process of hiring a consultant for preparation of a DPR for Solid

Waste Management in Srinagar City. Feasibility of creating Warehousing facilities at Bagh-e-Nand Singh near Bemina, Athwajan and Nowgam are under examination.

Agriculture:

59. An agricultural policy is being finalized. Massive efforts are being made to improve the seed replacement rate through research based structured programme. The government proposes to install automatic weather stations in all the 22 districts in collaboration with Indian Space Research Organization. More areas are being brought under fruit cultivation with additional focus on important high value crops. Saffron cultivation is expected to be rejuvenated under the ambitious project approved at the cost of ₹ 372 crore.

60. The Agriculture Department has proposed to cover 3,000 acres under wheat

cultivation in Kashmir Valley under the paddy wheat rotational crop pattern. In yet another bold initiative the department has started departmental procurement of improved wheat seed from the ensuing Rabi season, mainly in Jammu region, in order to improve the seed replacement rate which is so essential for improving productivity and production through use of high yielding varieties.

61. Walk-in Cold Rooms are being established at 13 places for use of floriculture business, in addition to one such Centre at Srinagar airport. The Department proposes to place 17 Refrigerated Vans at the disposal of the floriculturists during the next year. A flower mandi is being established at Srinagar. One tissue culture laboratory is proposed to be established for scientific development of floriculture.

Animal Husbandry:

62. A liquid nitrogen plant with 21 litre/per hour capacity is being established at Zainakot. Embryo Transfer Technology laboratory is being established at Panthal for introduction of new germ plasm in sheep population.

Tourism:

63. The present incentive scheme is being re-examined to make it more vibrant and attractive. Three mega projects costing ₹ 100 cr comprising of heritage tourism circuit – Naagar Nagar (Srinagar) to Watlab, Leh as a spiritual destination and conservation and restoration of Mubarak Mandi heritage at Jammu are proposed to be taken up next year. Pahalgam and Gulmarg golf courses shall be completed next year alongwith golf

course at Sidrah in Jammu. Works on ropeway from Kongdori to Mary shoulder, ropeway at Mubarak Mandi and chair lift at Makhdoom Sahib are proposed to be expedited. Construction of TRC, Yatri Niwas, Club building and youth hostel at Sonamarg will also be completed next year. The project for improvement and upgradation of Raghunath bazaar has been taken in hand for completion during the next fiscal. Three circuit projects namely Lakhanpur - Sarthal – Bani - Basohli, Bhadarwah-Kishtwar- Simthan-Daksum and Rajouri-Poonch-Shopian shall be taken up during the next year.

Industries:

64. New Industrial Estates are being developed at Chotipora in Handwara, Ashmuji in Kulgam, Vessu in Anantnag, Govindsar (phase-II) in Kathua and Industrial Growth Centre (phase-III) in Samba.

65. Modern Carpet looms developed by the Indian Institute of Carpet Technology (IICT) are being introduced to replace the existing traditional looms to improve productivity. A pashmina testing and quality certification centre is being set up at the Craft Development Institute at Srinagar. In order to boost the production in the handicrafts sector, a provision of ₹ 10 crore is proposed on account of interest subsidy on micro-financing of this Sector. The Sericulture Department has prepared a vision document to double the cocoon production from its existing level and to promote reeling industry, weaving of silk fabric, printing and other down stream products. If required, the government shall consider a special package to promote value addition in this sector. J&K EDI in collaboration with EDI Ahmedabad has formulated a ₹ 102 crore Mega Carpet Cluster

Project which has been submitted to Government of India for early approval.

66. Handloom has been our traditional cottage industry like handicrafts. However, most of our wool production is in need of value-addition for which traditional skill is available locally. The government, accordingly proposes to provide ₹ 2.50 crore to J&K Handloom Development Corporation and another ₹ 2.50 crore to the Govt. Woollen Mills, Bemina to revive their activities so that our Kashmir Merino Wool is converted into yarn for production of fabrics, such as tweeds and blankets, by the handloom weavers, with the design and marketing support of the J&K Handloom Development Corporation. The Government has, separately engaged a consultant for revival of woollen industry in the State.

Rural Development:

67. Under MG-NREGS, an allocation of ₹ 500 crore is proposed during the next year including the State share of ₹ 50 crore. This would be almost double of the amount available during the current fiscal. Indira Awas Yojana, Swarn Jayanti Grameen Swarozgar Yojna and Rural Sanitation are being properly funded to lift maximum allocations from the Centre.

Forests:

68. New Forest Policy has been already approved by the Government. A sum of ₹ 120 crore has been earmarked for comprehensive management action plan for preservation and conservation of Wular Lake. For this purpose, ₹ 30 crore are proposed to be allocated during the next financial year. Eco-sustainable livelihood support programme has been taken up at Dera-Ki-Gali, bordering Rajouri and Poonch districts. A sum of ₹ 11

crore is proposed as the next year's outlay on development of fisheries which is now fast emerging as a promising commercial activity in the private sector.

Science and Technology:

69. Health institutions numbering 69 and 121 CHCs will be provided solar power generators with an aggregate capacity of 109 KWs. Forty thousand home light systems under general category and 50,000 home light systems under remote village electrification programme are being installed during the next year. A wind power project is proposed to be developed at Bidda in district Reasi. A policy for development of micro hydel projects and solar power projects is under formulation.

70. In order to activate public interface with government departments, 42 G2C services from 12 departments including

Revenue, Police, CAPD, Social Welfare, Agriculture, Transport and Geology & Mining are proposed to be made available by mid-2012 all over the State through Khidmat Centres under Information Technology Department. Introduction of e-tendering has been planned for early implementation in all Government Departments.

Issues concerning Employment of the Youth and SKEWPY:

71. On the 10th August, 2009, while presenting the first budget of the present government, I had unfolded the broad contours of the mission employment for the youth of the State under the banner of “Sher-e-Kashmir Employment and Welfare Programme for the Youth” briefly named as SKEWPY. Our Hon’ble Chief Minister, Janab Omar Abdullah Sahib had released the

SKEWPY document on the 5th December, 2009. The SKEWPY has documented, for the first time, the multipronged initiatives which the government has decided to take and pursue relentlessly towards solving the burning problem of un-employment and assuring a meaningful and respectful life for our youth, full of creativity and satisfaction as per their inherent talent and acquired skills. This document helps the government in ceaselessly maintaining its sharp focus on all the issues related to the crucial problem of unemployment. Being conscious of the fact that all the Hon'ble Members of this August House feel equally concerned about this problem, I again crave their indulgence to apprise them about the progress made by the government on implementation of SKEWPY during the short period of just over one year.

72. The government had announced Voluntary Service Allowance in favour of the unemployed youth under SKEWPY. The scheme has been recast twice to make it more beneficial and to extend its scope to cover a larger number of unemployed youth. Presently, 91,000 unemployed educated youth are expected to come under the ambit of this Scheme. The amount of monthly VSA has been increased and the eligibility conditions have also been relaxed. During the coming financial year, a provision of ₹ 40 crore is being proposed to be utilized on VSA scheme.

73. The Entrepreneurs Development Institute (EDI) has been assigned a target of preparing 5000 entrepreneurs under its Entrepreneurship Development Programme (EDP), during the next five years under SKEWPY. It has already

started the training programmes for preparing entrepreneurs under the seed capital scheme launched under SKEWPY. So far, 44 batches of successful trainees have come out from the Srinagar and Jammu campuses of the Institute, comprising of 1,624 entrepreneurs hailing from Kashmir, Ladakh and Jammu. More than 600 projects prepared for them, are under examination for funding. Out of these projects, 316 cases involving investment of ₹ 41 crore have already been approved by the J&K Bank which is a strategic partner in the seed capital scheme of SKEWPY. Seed capital of ₹ 6.35 crore has already been approved by the EDI under SKEWPY. The number of entrepreneurs prepared by EDI under SKEWPY is expected to cross 2000 by the close of the current fiscal.

74. The EDI has already taken up more batches of entrepreneurs for imparting ED training, identifying appropriate projects for them while they are receiving their management training, preparation of bankable DPRs and referring the DPRs for appraisal and sanction by the J&K Bank. The EDI aims to extend this Entrepreneurship Development Programme from its existing two campuses to other district level centres for which they are presently engaged in capacity building exercise. A schedule of 29 additional Entrepreneurship Awareness Programmes (EAPs) to be organized in areas like Kishtwar, Doda, Ramban, Poonch, Rajouri, Basohli and Billawar etc has been finalized in order to make the youth of these remote areas aware of the benefits of Seed Capital Scheme. A sum of ₹ 50 cr has already been approved in favour of EDI to meet the

seed capital requirements of these and future entrepreneurs. A provision of ₹ 25 crore has been proposed for the purpose during the next fiscal.

75. Twenty-two District Employment and Counseling Centers (DECCs) have been approved to be constructed at the district level. After identification/acquisition of land, Administrative Approvals have already been accorded in respect of most of these DECCs. Action is also being taken to accord Administrative Approval for construction of DECCs at the remaining places as soon as land becomes available. In respect of Leh and Kargil, requisite funds have been transferred to the respective Autonomous Hill Development Councils for construction of DECCs at these places.

76. A massive technical training programme has already been unfolded

through the PMRP and Skill Development Mission. Under these initiatives, 12 existing ITIs are being provided with Women Wings. Nine women ITIs have been completed at the cost of about ₹ 33 crore. Upgradation and expansion has been approved in respect of existing ITIs at a cost of ₹ 37 crore. Under the Vocational Training and Improvement Programme of the World Bank, 10 ITIs are being upgraded at a cost of ₹ 21.50 crore. Seventeen ITIs have been additionally sanctioned as Centres of Excellence under the PPP mode at an approved cost of ₹ 42.50 crore. Five more ITIs are being established under PMRP.

77. Functioning of Rural Self Employment Training Institutes (RSETIs) has marked a beginning with the J&K Bank and the State Bank of India starting the first such training centres in a few districts. Under this

programme, 40 lakh youth have to be technically trained to take-up jobs in the expanding job market by the year 2022. The Technical Education Department has prepared a separate document to arrange for and monitor the technical training programme under Skill Development Mission. A high powered State Council headed by Hon'ble Chief Minister has been constituted to oversee the implementation of this programme.

78. An Over-seas Employment Development Corporation has been already registered with the Registrar of Companies. The Corporation has started functioning.

79. NASSCOM were engaged by the government to prepare and train our youth for taking up jobs in the expanding Information Technology market. A high powered Task Force under the stewardship of

Hon'ble Chief Minister has been constituted to monitor the progress of this programme.

80. Various Government departments are engaged in creating employment opportunities in their respective fields. Major sectors chosen for exploitation of employment potential are poultry, sheep husbandry, dairy, commercial floriculture, information technology, food processing, sericulture, handicrafts, handlooms, telecommunication, electronics, IT and manufacturing in various fields for local and outside markets. These departments have planned to create over 25,000 jobs through private enterprises, including 15,000 jobs in poultry, dairy and sheep husbandry sectors.

81. The Sheep Husbandry Department has sanctioned schemes for setting up of private

sector units comprising of 50 sheep units and 25 sheep mini units at the cost of ₹ 2.75 lakh each. A subsidy of ₹ 60,000 per unit shall be provided by the government. Initially about 200 units are proposed to be established during the current year. During the next year a target of 1000 units is being proposed for which a budgetary provision of ₹ 6 crore as subsidy is being kept in the budget.

82. The Fisheries Department has taken-up major initiative of providing employment through private sector fish farms based on carp fish as well as trout fish. A subsidy/grant of ₹ 2 lakh per unit is being provided by the government. In the current year, the number of such trout farms has reached 90 and the number of carp farms opened so far is 180, taking the total number of government sponsored fish farms in the private sector to 834. The private sector trout farms are being

supplied with fish meal from the feed mill of the Fisheries Department for one year, free of cost. A new high capacity feed mill is going to be installed very shortly to boost production of fish meal and multiply the number of private trout farms, thereby generating additional employment, economic activity and supplementary income to the fish farmers as also to add to the availability of nutritious food stock in the consumer market.

83. Eight thousand youths have been engaged as social service volunteers under the Prime Ministers initiative for J&K Youth. The department of Labour and Employment is arranging recruitment rallies and placement sessions by the private sector coming from outside the State to facilitate recruitment of the local youth. Employment melas are being frequently organized at the district level to create awareness among the youth about

various benefits and schemes available under SKEWPY. The unemployment data are also being regularly updated by the newly sanctioned DECCs in a digitized mode.

84. The State Government has done exceedingly well in implementation of MG-NREGA programme. Very recently, the J&K Government was awarded as the best performing State in respect of generation of employment under MG-NREGA. A sum of ₹ 223 crore has been spent as wage disbursement ending January, 2011 in the current financial year. The corresponding employment generated is 131.59 lakh mandays.

85. The Women Development Corporation has already registered about 2,000 units in the current financial year exclusively for women entrepreneurs under various Schemes. It hopes to appreciably increase its

next year's targets when the same are finalized in consultation with various sponsoring agencies.

86. The self employment scheme of the State Government is being revamped and rejuvenated. A high level Employment Facilitating Agency comprising of the Ministers Incharge Finance and Employment and senior government officers is regularly monitoring the implementation of SKEWPY and all other employment related programmes. Hon'ble Chief Minister is himself periodically reviewing the progress of implementation of SKEWPY both in quantitative and qualitative terms.

87. The process of recruitment in government services has been going on with full vigour and priority. The coalition government has cleared the backlog of appointments to a large extent in the last two

years by appointing 26,866 unemployed youth in various government services. Additionally, 12,453 posts have been referred to the PSC and the State Services Selection Board against which selection process is going on. The Government has also decided to engage 43,000 persons on daily wage basis to take care of developmental and maintenance needs of various departments.

88. The Expert Group headed by Dr Rangarajan, on Employment in Jammu & Kashmir constituted by Hon'ble Prime Minister of India has recently submitted its Report which has identified some additional areas of action, particularly in the fields of training, skill upgradation and placements. We are examining this Report which is likely to help up greatly in upgrading SKEWPY.

89. I have stated previously also in this August House that tackling of unemployment

problem is our common concern. Accordingly, I have been seeking valuable advice of Hon'ble Members of this House in identifying other unexplored areas where employment issues can be effectively tackled or for making any modifications in the approach hitherto adopted by us under SKEWPY. I would like to take this opportunity to reiterate my request.

Inclusive Development:

90. The concerns of inclusive development always figure upper most in all my annual budgetary exercises. The government is committed to the balanced growth of all regions and sub-regions of the State. Apart from the budgetary allocations proposed by me, special funds will become available as per the recommendations of the Task Forces

appointed by the Hon'ble Prime Minister for Jammu and Ladakh.

91. A provision of ₹ 146 crore has been proposed for annual plans of Leh and Kargil districts. ₹ 100 crore have been proposed as State share under the Border Area Development Programme to meet the special needs of remote and inaccessible areas on borders. In addition to this, special package is being worked out to address unique developmental needs of other backward areas and bad-pockets.

92. The report of the State Finance Commission has been received by the government and is presently under examination. Holding of elections to the Urban Local Bodies and Panchayats which are on the anvil and further strengthening of the local self governance shall be the hallmark of the future development charter of

the government. In the meanwhile, a provision of ₹ 24 crore is being kept in the next year's plan for providing basic amenities in the two Municipal Corporations and 82 Municipal Committees.

93. I had announced 50% financial support to the medical insurance cover for the Kashmiri migrants in my budget speech of August, 2009. I am providing an allocation of ₹ 8 crore during the next financial year for this purpose. A sum of ₹140 crore is being kept as provision for salary of the migrant employees. All the 5,242 two room tenements are expected to be completed soon. An allocation of ₹ 384 crore is available in the current year and a provision of ₹ 94 crore is proposed in the next year's budget to meet the requirements in this behalf.

94. Inclusive development of all weaker sections of the society namely the scheduled castes, the scheduled tribes and all other backward classes including the Pahari speaking people shall continue to be the focus of our future development strategy. In order to focus on the development needs of the farmers, the Scheduled castes, the Gujjars and Bakerwals, the Pahari speaking people, the government has constituted State Advisory Boards under the Chairmanship of Honourable Chief Minister. These Boards are effectively focusing on the socio-economic needs of the respective segments of our society.

95. The State Commission for Women and the Women Development Corporation have been further activated. The State Women Development Corporation has organized 109 Awareness camps ending January, 2011, in

addition to several exhibitions, workshops and conferences. The State Women Commission has organized Workshops on the subject of gender budgeting to sensitize the government officers at various levels and institutions on the specific needs of the women folk in our society. The financial allocation of the Women Development Corporation for the next year is proposed at ₹ 22 crore.

96. The government has sanctioned 28,577 Anganwari centers upto Phase III. The number of Anganwari Centres made functional so far is 24,926. The government proposes to introduce a pilot scheme of procurement of local food items for conversion into nutritious meals for the children of these Anganwari Centres located in remote and in-accessible areas.

Gender Budgeting:

97. I have been actively encouraging adoption of the process of gender budgeting by all government departments. The government has set-up gender budgeting cells in some of the Secretariat Departments as well. As a result of these continuous efforts of the government, several activities have been taken up for the exclusive benefits to women. I have given their details in the Annual Financial Statements.

Structural Reforms:

98. Structural reforms are like medical surgery. Such surgical operations have to be carried out only when they become inevitable and they always result into long term gains. Any Finance Minister would be normally reluctant to carry out such surgical operations as there is no short term gain in sight. However, as Finance Minister, I should

also think of long term interests of the State. I had carried out one major structural reforms operation last year by bringing in the New Pension Scheme for the government employees. The long term effects of this scheme shall be appreciated only by the posterity.

99. This year, I have carried out another major structural reform which will clear off the long pending and never ending overdraft liabilities of the State Government in its official account with the J&K Bank. For this purpose, measures to raise a sum of ₹ 2,300 crore through the mechanism suggested by the Thirteenth Finance Commission have been already initiated.

100. The State Government had already signed an agreement with the Reserve Bank of India in September 1972 for its debt management. In continuation, the

Government has now signed a supplementary agreement authorizing it to carry out the responsibility of our cash management as well. Under this arrangement, the J&K Bank shall continue to deal with the accounts of the J&K Government in the same manner as it has been dealing in the past, through the available net work of the government treasuries but with the added advantage of RBI supervision and expertise.

101. We have already raised special market borrowings of ₹ 1300 crore as per recommendation of the Thirteenth Finance Commission and paid this amount to the J&K Bank. These special market borrowings shall be outside the FRBM arrangement. The Government of India shall now release a one time grant-in-aid of ₹ 1000 crore, as per the

second part of the recommendation of the Thirteenth Finance Commission. This amount shall also be paid by us to the J&K Bank in clearance of our overdraft liabilities.

102. From the next financial year, the State Government shall be entitled to directly avail of the Ways and Means Advance and overdraft facilities from the Reserve Bank of India at appreciably lower rates of interest than the rates of interest applicable on our overdrafts so far.

103. Under the new arrangement, the depositor's money with the J&K Bank which had got jeopardized because of the perpetual government overdraft shall be freed and shall become available to the J&K Bank for making advances in other profitable ventures, as also for priority sector lending to our farmers and entrepreneurs. A sum of ₹ 2,300 crore pumped into the economy of the

State shall generate its own multiplier effect, both on income and employment generation.

104. This major initiative taken under the bold and dynamic leadership of our Chief Minister Janab Omar Abdullah Sahib shall be extremely beneficial in the long run for the government, for the J&K Bank, for the Bank's depositors and for the farming community and entrepreneurs of the State. I am sure that the learned members of this August House shall appreciate the benefits of this bold government initiative.

Beti Anmol:

105. Our daughters are makers of the future of our society. It is our bounden duty to ensure that they do not lag behind in receiving secondary and higher education.

With a view to deal with the problem of gender gap in secondary education, I announce a new initiative- *Beti-Anmol*, from the next financial year. Under the proposed scheme the girl students who pass the matriculation examination and get themselves enrolled in the eleventh class, shall be given incentive in the shape of a bank deposit amount of ₹ 5000 which shall be encashable by them on passing their 10+2 examination. To start with, this scheme shall apply in the 97 identified Educationally Backward Blocks, for the girl students belonging to the families living Below Poverty Line.

Aushadh Vaatika:

106. Herbal medicines and herbal cosmetics are back in demand globally. The market is growing very fast. The profitability in the Industry manufacturing herbal medicines and

herbal cosmetics is also very high. This phenomenon has generated an increased demand for herbs and aromatic plants which are now being cultivated at commercial scale. High yields are expected to farmers who take to cultivation of such herbs and aromatic plants.

107. The Jammu and Kashmir has been traditionally known for many of the herbs which have been naturally growing in the forests. Visualizing great potential of employment of our youth in this sector, the government has initiated the first step in this direction by taking up commercial production on a pilot basis through the Forest Department who have the necessary technical know how and expertise on the subject.

108. The Forest Department has developed an herbal garden or Aushadh Vaatika at

Jammu and a similar herbal garden is being developed at Srinagar. These herbal gardens are intended to function as a role model for establishing similar herbal gardens throughout the State in the private sector as tremendous potential exists in our State for commercial cultivation of herbs and aromatic plants. Based on the input which is likely to become available from the Forest Department, detailed project report shall be prepared very soon to encourage our unemployed youth as well as the existing farmers to take to herbal gardens as a wide spread economic activity. The requisite financial, administrative and technical support shall be provided by the government on the lines of Floriculture farms which are already being established successfully under the existing schemes.

Bijli Adalat:

109. It is a well known fact that the government is heavily losing revenue in power sector. The government is already seized of the problem of much lower recovery as against very heavy cost of energy supplied to the consumers. Arrears on account of unrecovered energy charges have been piling up. The government proposes to adopt tough measures against willful defaulters and energy thieves.

110. On the other hand there are many bonafide consumers who have not been able to clear their liabilities because of pending disputes regarding the billed amounts, meter readings or the calculation of surcharge. Presently, there is no consumer friendly system for quick, satisfactory and on the spot resolution of such disputes. *Bijli Adalats* are functioning in many States for on the spot resolution of such disputes and spontaneous

collection of arrears. The government proposes to set up similar *Bijli Adalats* in the State from the next year. I urge all the bonafide consumers to come forward and actively participate in these *Bijli Adalats* and take full benefits of the scheme.

Open Access Power Purchase Scheme:

111. The J&K Electricity Act 2010 enables the government to promote open access power purchase approach for consumers. Under this provision, a bulk consumer can approach an outside supplier of electrical energy to meet his demands, with the permission of and under a proper agreement with the Transmission Utility which, in our case, is the State Power Development Department. The Transmission Utility is entitled to levy charges on its transmission services as determined by the State Regulator. The arrangement would be

beneficial to both the government and the concerned consumers. The government proposes to start implementing this Scheme from the next financial year on a pilot basis.

Energy Conservation:

112. Solar Power equipments like solar lanterns, solar water heaters, solar street lights are in high demand. However, their high costs are not affordable for every one. The Ministry of Non-Conventional and Renewable Energy is supplying solar panels and equipments at highly subsidized prices to the individuals belonging to the BPL category and living in the remote and backward areas. It is also installing solar equipments in public buildings like hospitals, educational institutions and cultural complexes of our State. There is a demand from several segments of our society for approving a proper scheme under which they can start

harnessing solar energy. This demand requires some in-depth interactions with the prospective users and the Ministry of Non-Conventional and Renewable Energy Sources. In order to flag this issue for an early resolution, I propose to ear-mark a provision of ₹ 2 crore in the next year's budget.

Other important initiatives:

Administration of Stamps Tax Act:

113. One of the important sources of our revenue is Stamps Duty. However, it is felt that the actual amount of revenue from Stamp Duty and sale of stamps is far below its potential for the reason of the vendors of immovable properties and the vendees showing the consideration for sales much below the actual exchange price. Such mal-practices not only promote generation of black money, they also cause huge loss to

the State Exchequer. On the other hand, genuine buyers of immovable properties who are willing to pay the market price in white money, are put in a quandary while the land mafia manages to grab such properties at throw away prices with the help of their black money.

114. The 50% reduction in the rates of the Stamp Duty ordered by the government has not produced the desired result. The zonal rates earlier notified by the Divisional Commissioners had run into legal difficulties. Recently, the government has got fresh notifications of the zonal rates issued by the two Divisional Commissioners and the government is closely monitoring the progress of implementation of these fresh notifications.

115. However, on consideration of all the relevant aspects of this problem and also

learning from the experience of other states who are collecting appreciable amounts from the levy of Stamp Duty, the government proposes to effect comprehensive changes in the existing system of registration and assessment of stamps duties and also to bring many other monetary transactions in its ambit. An exclusive organization for administration of Stamps Duties and Registration on the pattern followed in other States is also need of the hour. To meet all these objectives, the government proposes to introduce a comprehensive Bill for consideration of this August House during the current session.

Computerization of VAT administration:

116. An IT project costing ₹ 40.49 crore on computerization and management of VAT has been inaugurated by the Hon'ble Chief Minister Janab Omar Abdullah Sahib on the

22nd December 2010. The Web Portal of the department has been commissioned and it carries all the Acts, Rules, Regulations, Notifications and other information relevant to tax administration, for use by the public in general and the dealers in particular. By the 1st April 2011, *on line* facilities of filing tax returns, depositing the amount of tax, filing of check post declarations, applications for CST Forms and facilities of correspondence with the department shall become available on 24x7 basis. The complete IT based system is expected to be rolled out in the entire State including the two Divisional Offices of the Department, all the 45 Commercial Tax Circles and the 11 check posts by June 2011. This IT enabled system will revolutionize the transparency and the speed of working of the Department. Frequent visits of the dealers to various offices of the Commercial Taxes

Department for attending to routine matters shall become avoidable and un-necessary.

117. It has been further decided to install CCTVs and web cameras at all the important public interface points of the Department to ensure more effective supervision over the working at all these places.

Computerization of Toll Plaza:

118. After completion of the Toll Plaza complex at Lakhanpur, our attention shall now be focused on complete computerization of data regarding movement of vehicles through the toll post, classification of all goods carried, computation of the Toll payable and its speedy collection. I have directed the Excise Department to immediately work out a proper Information Technology based project for this purpose which will be implemented on priority basis.

Computerization of government treasuries:

119. On the initiative of the government, the National Informatics Centre (NIC) has prepared a detailed project report on “Treasury Mission Mode Project” under the national e-governance plan. We propose to take full advantage of this scheme and computerize all our treasuries which will then get linked *on line* to all the State government departments, Planning Commission, Central Ministries, J&K Bank and the Accountant General on *e-network* to bring in high speed in transactions, automatic compilation of accounts and total transparency into the system of budgetary expenditure control, revenue monitoring and reconciliation of accounts etc. This project is expected to cost around ₹ 26 crore.

State Financial Corporation:

120. The State Financial Corporation is being brought on a revival path. It has made a record recovery of ₹ 21 crore in the current financial year. In order to fully revive this organization and to boost its lending activities, the government proposes to contribute additional share capital of ₹ 20 crore to the J&K SFC in the coming years, so as to enable the organization to re-start playing its key role in supporting industry, enterprises and other economic activities in the State. Honourable Chief Minister has sought the intervention of the Honourable Prime Minister for one time central assistance of ₹ 101 crore to give effect to the recommendations of the Prime Minister's Task Force on MSME, including revival of J&K SFC.

Stipend of trainees in the training centres run by various government departments:

121. The trainees receiving training in the centres run by various departments receive monthly stipend at varying rates which have

not been revised for many years. This is one of the reasons due to which the trainees do not find it attractive enough to join these training centres which are operating at much below their intake capacity. In particular, this phenomenon is depriving our traditional handicraft and handloom sectors from induction of younger blood. There are 553 handicrafts centers and 100 handloom centers with intake capacity of about 16,000. It is proposed to increase the present stipend rate of ₹ 100/- per month to ₹ 500 per month in case of elementary training centres and from ₹ 200 to ₹ 700 per month in case of advanced training centres. The trainees receiving training in other fields, in the centres run by various government departments and presently in receipt of ₹ 100 in case of elementary training and ₹ 200 per

month in case of advanced training, shall also be given similar benefits.

Austerity Measures:

122. I had announced imposition of austerity measures in the spending of government departments during my first budget. These measures have been continued in the current year. I have decided to continue them in the next financial year also.

123. Instructions have been issued to the subordinate authorities to stop re-appropriation of funds at their own level. The system of obtaining Administrative Approval before commencement of works shall be strengthened and strictly enforced. The complaints of allotment of works by any officer without inviting tenders shall be strictly dealt with under rules and the guilty shall be duly punished.

124. In order to recover long pending government dues from defaulting parties, the legal cases shall be methodically followed. Senior lawyers from the relevant fields, such as taxation shall be engaged to contest such cases.

Recruitment in Government Services:

125. Despite the government's keen desire to get selections against available vacancies expedited, vacancies always remain unfilled with the departments. As calculation of vacancies periodically is a dynamic exercise, this problem pervades. On the other hand, our youth which is anxious to compete in the selection process for such vacancies feels dissatisfied with such delays. The government is examining the possibilities of inducting a larger number of employees in a stipendiary mode, as in the case of Rehbar-e-Taleem Scheme, so that an appropriate

number of our youth is duly selected in advance, in a transparent and objective manner, through a fair process of selection and remains available to be absorbed in regular government jobs after a prescribed period. The modalities of this scheme are being worked out so that the same is adopted for implementation from the next financial year.

Arrears of Pay Revision:

126. Honourable Members are already aware of the all out efforts made by the Government in the last two years to accommodate the demands of the employees relating to the Sixth Central Pay Commission Report. Apart from fully implementing the new pay scales and Grade Pay, the Government has also been sanctioning DA installments at the rates applicable to the Central government employees. Additionally,

in a very special gesture, the rates of HRA are being brought at par with the Central government from July 2011 even though the State needed a reverse policy to encourage postings in the rural areas. The minimum length of service required to enable the employees to qualify for full pension has been reduced to 28 years even though the age of entry into Government service in our State remains very high. These measures have resulted into spiraling of the revenue expenditure on account of salaries and pensions, as briefly mentioned by me while giving the figures of expenditure on salaries and pensions.

127. At the time of arriving at a settlement with the representatives of the government employees, it was agreed that the payment of arrears of pay revision would be considered by the Government after the

requisite additional resources become available for the same. The total amount of arrears amounts to approximately ₹ 4,300 crore. Payment of such a huge amount was well beyond the State's financial capacity. In fact, many of the other States who have adopted the Central scales of pay, have not, as yet paid such arrears to their employees and have indeed not given many of the Central allowances.

128. Despite the aforementioned agreement and continuing financial difficulties, the Government once again displayed an employee friendly approach and approved a road map for payment of 50% of the arrears of pay revision to its employees and pensioners. A Government Order stands issued accordingly. This amount shall be paid in varying number of installments by credit to their GPF Accounts. The estimated

expenditure on the first installment payable during the year 2011-12 is ₹ 525 crore.

129. It is hoped that the employees will appreciate the position and respond by rendering sincere, honest and dedicated services to the public for which the Government exists.

130. Despite our financial difficulties, I would like to announce a small improvement in the agreed road map in respect of our senior citizens. As per the road map, the pensioners are to receive 50% of their arrears in three or more annual installments. I propose to pay off these arrears in just one installment to such of the pensioners who shall attain the age of 90 years or above on 1st April 2011. Similarly, the pensioners in the age group of 80 to 90 years on 1st April 2011

shall be paid these arrears in two annual installments.

DA installment of the government employees:

131. An installment of DA payable @ 10% had become due with effect from the 1st July 2010. The government has decided to release this installment retrospectively with effect from its due date. The employees shall draw the amount of enhanced DA along with their pay for the month of April 2011. The arrears from 1st July 2010 up to 31st March 2011 shall be credited into their GPF Accounts.

132. Increase of 10% in DA shall also be sanctioned in favour of the pensioners who would get their arrears in cash during the next financial year. The total financial implication on account of this installment of DA for employees and pensioners shall be ₹ 700 crore annually. Besides, additional ₹

500 crore shall be involved in payment of arrears.

Wages of Daily rated workers:

133. Wage rates of the daily rated workers in the Government departments were increased by the government in August 2009 from ₹ 70 to ₹ 110 per day. In view of the increase in the cost of living since then, I propose to increase their daily wage rate to ₹ 125 per day effective from the next financial year.

Proposed Economic Interventions:

Economic Empowerment of the Farming community:

134. The present government has given due recognition to the needs of empowering our farming community and strengthening of the Agriculture and Allied sectors. Honourable Chief Minister has envisioned a gradual movement towards an era free of taxes for

farmers who toil in fields to produce food for us all. In pursuance of this vision, the Government provided wide ranging tax relief to the farmers last year to catalyze their various farming activities. I propose to carry out this exercise further through my budget proposals.

VAT on pesticides:

135. Pesticides, weedicides and insecticides are very crucial inputs for protection of crops. Last year, I exempted pesticides, weedicides and insecticides from the levy of Toll. From the next financial year, I propose to exempt the sales of all these items from levy of VAT.

VAT and GST on equipments and green-houses:

136. Commercial floriculture and vegetable farming are sun-rise industries of the State.

Use of Poly Houses and Green Houses is the latest technology beneficial in farming activities, particularly floriculture, vegetable cultivation and raising of nurseries. Presently, installation of green houses attracts Service Tax at the rate of 10.5% while sale of various individual components used in manufacturing of these Green Houses attracts VAT at varying rates. In order to boost the use of this technology in Farming sector, I propose to exempt installation of these Poly Houses and Green Houses from the levy of Service Tax.

VAT/ GST on micro irrigation systems:

137. Micro irrigation is need of the hour. It is necessary in the interest of conservation of our water resources as also to ensure critical irrigation to various crops in horticulture, floriculture and agriculture sectors. The department of agriculture has planned to promote use of micro irrigation techniques in private farms and orchards. In order to

ensure that the farming community gets these vital irrigation inputs at cheaper rates, I propose to introduce a system of full refund of tax chargeable under the J&K VAT/ GST Acts, to all such beneficiaries who buy these equipments and systems from manufacturers and suppliers or install them in their green houses, fields, orchards and farms or through contractors. I would urge the farming community to come forward to take full advantage of this Government initiative.

Toll on milch animals:

138. Milch animals like cows and buffaloes purchased from outside the State are presently subjected to Toll. I propose to exempt these milch animals from levy of toll in the interest of promotion of Dairy farming and increasing production of milk in the State.

Toll on animal/ poultry feed ingredients:

139. Rice bran and wheat bran are being imported into the State for use as poultry and cattle feed. Continuing with the present policy of the government to boost the Agriculture and allied activities, I propose to exempt the import of these commodities from payment of Toll.

Toll on bee-hives and colonies:

140. During the last annual budget, I had announced exemption from payment of Toll on the bee hives and the bee colonies transported seasonally through Lakhanpur. It has been brought to my notice that outward movement is still attracting Toll. I propose to exempt such outward movement also from payment of Toll along with their inward movement.

141. All the earlier mentioned exemptions are intended to increase economic empowerment of the farmers and agriculturists. I have a sanguine hope that the entire benefit of these tax concessions shall be passed on to them. If I get any indication that the intended benefits are not flowing to the farmers, I will not hesitate to withdraw them.

Some other exemptions from payment of VAT and Toll:

VAT on food grain:

142. Many states, including those in our neighborhood are charging VAT at the rates ranging from 4% to 5% on atta, maida, suji, besan, paddy, rice etc. For these states, this source of VAT adds substantial amounts to their exchequer. In our State also, keeping these commodities out of tax net means

sacrifice of revenue worth a couple of hundred crore of rupees annually.

143. The current year has witnessed rise in prices, particularly in food items as an All India phenomenon. As part of the Government endeavour to keep the food grain prices under check, I am prepared to forego this amount for another year and announce continuation of exemption from levy of VAT on these commodities up to 31st March 2012.

VAT on industrial units:

144. The industrial units registered within the State have been enjoying the benefits of exemption from payment of GST under the specified conditions and for the specified period as per the package of incentives applicable to them. With the transition from GST to VAT regime, such units were allowed the benefit of remission of VAT for the

remaining period of their entitlement under the package of incentives applicable to them. We are hoping to switch over to another reformed system of Goods and Services Tax (GST) at the national level in near future. In the meanwhile, I had announced extension of these benefits in favour of the eligible industrial units for a period of one year which is about to end on the 31st March 2011. I now propose to extend this benefit for a further period of one year or adoption of GST Act by the State, whichever happens to be earlier. As per a rough assessment, the cost of this concession works out to around five hundred crore of rupees annually.

Verification of Raw Material Consumption:

145. The Industry has represented that under the present arrangement the verification of consumption of raw materials consumed by the registered SSI units is being

done by the concerned authorities on quarterly basis for purpose of issuance of Toll exemption forms. This system creates avoidable difficulties in functioning of these industrial units. On the demand of the Industry, I propose to relax this requirement. Henceforth such verification shall be done on yearly basis.

Taxes on hotels:

146. Most of the other States of the country, have levied taxes on room rent charged by the hotels, lodges and guest houses. For them, it is a substantial source of revenue. Additionally, Luxury Tax is also levied in many States.

147. In our State, the tourism industry suffered in the nineties because of the disturbed law and order conditions. As the then Finance Minister, I had announced several concessions for the tourism industry

over a decade back. These concessions have been continuing since then, more or less in the same form. Total GST exemption on the rental income of hotels, guest houses and lodges is one of them.

148. In order to sustain the tourism industry, I had announced to continue exemption from payment of GST on such rental income for a further period of one year which is going to end on the 31st March 2011. The current year has witnessed improvement in the number of tourist arrivals into the State, including a record number of pilgrims to Shri Mata Vaishno Devi shrine and Shri Amar Nath Ji cave. I would wait and wish to see the tourism industry well stabilized in near future. As a measure of my continued support to this industry, I propose to continue this concession for yet another year commencing from the 1st April 2011.

VAT on some goods of local importance:

149. *Hawan Samagri* is a commodity which presently attracts VAT at the rate of 13.5%. Very forceful representations have been made to me that this item may be kept in the zero rated schedule. I have considered these representations sympathetically. Respecting the religious sentiments of our brothers and sisters, particularly the *yatris* coming from outside the State, I hereby announce grant of total exemption on the sale of *Hawan Samagri* from the levy of VAT.

150. On the demand of the representatives of the trade and commerce, I had exempted *paneer, feni, dhoop, agarbatti, guchchee, gul banafsha,* and *anardana* from charging of VAT Tax. On similar demands made this year, I propose to exclude sale of *Amlok, Katlam,*

Sarkori, and Kalaari from charging of VAT from the next financial year.

Toll on jute fabric brought by Women's Development Corporation:

151. J&K Women's Development Corporation is bringing jute fabric from outside the State for conversion into bags by a large number of women workers. These bags are being supplied to Shri Mata Vaishno Devi Shrine Board for packing prasad for the yatris. Since this is a big welfare programme, involving a large number of women workers, I want to lend support to this cause. I announce to exempt jute fabric brought into the State by J&K Women's Development Corporation from payment of Toll at Lakhanpur.

Registration of certain class of dealers under GST Act:

152. Section 6 of the State GST Act provides for mandatory registration of all dealers except those falling under the exempted category. The detailed procedure for registration as well as charging of security from the dealers is prescribed in the J&K GST Rules. The provisions apply universally to all categories of dealers and provide for a mandatory inquiry before issuing a registration certificates. It has been brought to my notice that such a mandatory enquiry in respect of the dealers already registered with another government department causes avoidable work and hardships. In order to simplify the procedure and reduce non-productive paper work, I propose the following concessions at the time of registration in respect of certain categories of dealers:

- a. Such of the dealers who are already registered with any other Government department such as tourism establishments, SSI and Medium Scale Industry, micro-enterprises and Works Contractors shall not be necessarily required to be put to any additional scrutiny or re-verification to be caused by the CTOs as presently mandated under Rules 7 to 8-A of the J&K GST Rules.
- b. Such of the dealers in whose case deduction of GST/ Service Tax at source has been made mandatory at the time of release of payments by the concerned paying authorities, and who do not indulge in any other independent business of sales and purchase, shall not be necessarily required to deposit any additional security amount with the Commercial Taxes Department,

particularly if they have already deposited any such security with their original registering authorities.

Passenger tax:

153. New rates of passenger tax have been notified under SRO 466 issued on the 16th of December 2010. In consideration of the fact that the rates have been revised after a gap of 11 years, the government fixed the new rates which are considered quite reasonable. However, the Transport industry representing the Bus operators has pleaded that a sudden hike cannot be easily passed on to the consumers and the Industry will find it difficult to absorb the increase in their operating expenses. The government has got this demand examined again. I accordingly announce a decrease in the compositioned rates of passenger tax on Buses other than

luxury buses, from ₹ 300 per seat per annum to ₹ 250 per seat per annum.

Additional Resource Mobilization:

154. I now come to the last part of my budget speech, dealing with my constitutional obligations to carry out periodical interventions in taxation matters.

Revision of Toll rate:

155. Honorable members of this August House are aware that Toll chargeable at Lakhanpur is not charged on ad valorem basis. It is charged on the basis of weight of the commodity regardless of its value. As the prices of commodities are regularly moving up, it is necessary that the Toll rates should be corrected periodically. I propose a modest increase of five paise per kilogram in the existing rates of Toll from the next financial year.

Toll on raw tobacco and edible oil:

156. The rates of Toll on these two items were last revised in March 2007 and continue since then at ₹ 140 per quintal for edible oil and ₹ 150 per quintal for raw tobacco. I propose to enhance the Toll on edible oils to ₹ 200 per quintal and the Toll on raw tobacco to ₹ 250 per quintal from the next financial year.

Toll on sheep and goats:

157. Sheep and goats are being brought into the State to meet the requirement of mutton. They are presently charged Toll at Lakhanpur at the rate of ₹ 35 per head regardless of their individual body weight. The process of counting of such animals while loaded in a truck is tedious and also time consuming. For purpose of simplification, I propose to change this rate to ₹ 2.50 per kg

or ₹ 250 per quintal from the next financial year.

Toll on poultry:

158. Poultry birds purchased from outside the State for table purposes are being charged Toll at the rate of ₹ 5 per kg. Keeping in view the over all increases in the commodity prices since then, I propose to increase this rate to ₹ 6 per kg.

Taxes on sales of tobacco and tobacco products:

159. Consumption of tobacco and tobacco products is injurious to public health. Hundreds of people loose their lives due to cancer caused by smoking. This menace has to be checked by education of the public. Apart from the government efforts and legislative measures, the role of the voluntary

social organizations in launching campaigns against smoking needs to be encouraged.

160. The present rate of VAT on cigarettes is 13.5% while on *beedi* no VAT is charged. I propose to charge 25% tax on cigarettes; cigars; cigarillos; cigarette and cigar holders; cigarette and cigar cases; smoking pipes and pouched tobacco; gutka and *beedis*. The additional revenue generated from this measure will be handy to meet the needs of the State Cancer Treatment and Management Fund created as per the announcement made by me in the last budget session, as also to take other measures needed to check the menace of smoking and prevention of cancer.

Tax on Services:

161. Services are making a large contribution to the GDP globally as well as at the national level. In our State we are

presently taxing only 17 services. I propose to add the following items to the present list :-

1. Services provided by commercial concerns in relation to new construction, repairs, alterations or restoration of buildings, civil structures or parts thereof.
2. Services provided by way of TV and Radio programme productions,
3. Services provided by the Architects.
4. Services provided by the Interior Decorators,
5. Services provided by the Chartered Accountants,
6. Advertising services by providing hoardings

Conclusion:

162. At the end, I would like to say again that the man made disruptions of peace and order have already taken heavy toll of

socio economic development of the State, particularly in the Valley of Kashmir and other disturbed areas. Now, every passing year is extremely precious for reconstruction and restoration. We must avail every moment for betterment of the people. Let's join together to realize the dream of *Naya-Kashmir*, free from wants; disease; educational backwardness; and parochial, sectarian and regional prejudices. We all have our individual opinions on public issues as also our different political ideologies. However, for the sake of the people, let's come forward to make a common cause.

163. The elements who have been wanting the people of the State to remain backward, should realize that their approach is misguided, anti-people and self destructive.

164. The coalition government led by Janab Omar Abdullah Sahib has remained

undaunted all along and has been successfully carrying out its obligations to the people who have mandated it to usher in an era of peace, progress and prosperity. The government is fully determined to re-double its efforts to create a better tomorrow for the people of the State, particularly our youth to whom the future belongs.

165. With these submissions, I commend the Annual Financial Statement for 2011-12 for consideration of this August House.