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**Speech of the Hon'ble Sri Harekrushna
Mahtab, Prime Minister, Orissa, in
introducing the Budget Estimates of the
Province of Orissa for the year 1947-48**

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SIR,

I HAVE the honour to present the budget for the year 1947-48 for the consideration of the House.

Before I discuss the budget itself, I would like to say a few words on the political setting in which the budget has been prepared and I would expect the House to consider the budget from that angle of vision. As I indicated in my speech on the last occasion when I presented the budget for the current financial year, the period we are passing through is or should be one of construction. There was a time when the administration itself was not interested in the development of the nation. Its main and perhaps the only work was maintenance of law and order. It is for that reason the people engaged themselves in bringing about a radical change in the administration in the shape of complete independence of the country. It is for that reason the Quit India slogan was raised. Now the problem is about to be solved. The British have announced their intention to quit by June 1948 and the process of quitting has already started. As a matter of fact the process started when the Viceroy called upon the Indian National Congress and the Muslim League to form the Interim Government. So far as the Provincial Government is concerned, we are not now in the same position as we were in 1937. To-day the national Government of the Province is at full liberty to take all measures for the development of the Province. Therefore, it is now out of place to raise old slogans and stick to the old programme irrespective of the changes which are taking place every day in our national life. Of course, eternal vigilance is the price of liberty and in all circumstances, even when India is completely free, we have to remain always on our guard to defend ourselves against any machination of any other country. But along with that we must realise the responsibility devolved upon us by our own demands. It is said that liberty is a responsibility and therefore many people dread it. So far as India is concerned, we must prove ourselves to be always equal to the occasion and adjust ourselves in such a way that we will prove as good builders of nation as many of us have proved as great fighters in the cause of freedom. With all respect I would appeal to the House to look upon the budget from the point of view of development and construction which is so urgent specially for a province like Orissa.

When I say development of the Province, I mean development in the interest of the common man of the Province, the worker on the field or in the factory.

In last September I said in my budget speech that it is not the budget which should determine the needs of the Province, but it is the needs of the Province which should determine the budget. I have followed the same principle this year too and therefore you will not be surprised to find that the budget is deficit in the Revenue Account to the extent of 110.13 lakhs.

Now let me explain the budget rather in some details so that the hon'ble members will readily understand the main implications of the budget. First, I shall try to explain in brief how the Government expects to fare in the course of the current financial year, i.e., 1946-47. While presenting the Revised Budget of 1946-47 to the House in September last, a brief statement was made that the year 1945-46 actually closed and the year 1946-47 actually opened with a balance of Rs. 64.65 lakhs in the Revenue Account, and an overall balance of Rs. 37.50 lakhs. The Revised Budget of 1946-47 which was placed before the Assembly in September is known as the sanctioned budget for the current year. It was estimated that the year's revenue receipt would be Rs. 4,05.87 lakhs and expenditure charged to Revenue would be Rs. 4,55.39 lakhs thus indicating a revenue deficit of Rs. 49.52 lakhs. Since the year actually opened with a balance of Rs. 64.65 lakhs, we expected that we would close the year with a balance of Rs. 15.13 lakhs in the Revenue Account.

Revised Estimates, 1946-47

In the Revised Estimates, revenue is estimated at Rs. 4,43.62 lakhs and expenditure on Revenue Account at Rs. 4,75.12 lakhs. The year's revenue deficit is, therefore, expected to be Rs. 31.50 lakhs. The balance in the Government Account which was Rs. 64.65 lakhs at the beginning of the year is, therefore, likely to fall to Rs. 33.15 lakhs at the close of the year against Rs. 15.13 lakhs originally anticipated. Outside the Revenue Account, the receipts are estimated at Rs. 14,76.33 lakhs and disbursements at Rs. 14,22.45 lakhs thus resulting in a net surplus of Rs. 53.88 lakhs against a net surplus of Rs. 35.92 lakhs originally estimated. The current year's transactions under both revenue and capital sections taken together have, therefore, the combined effect of raising the total overall balance by Rs. 22.38 lakhs. This, in other words, means that the year which opened with an overall balance of Rs. 37.50 lakhs is expected to close with a balance of Rs. 59.88 lakhs out of which, as mentioned above, the balance in Revenue Account will be Rs. 33.15 lakhs.

The revenue position as disclosed by the Revised Estimate now prepared shows an improvement of Rs. 37.75 as shown below on the sanctioned estimates :—

	Sanctioned Estimate	Revised Estimate	Variation
	RS.	RS.	RS.
(i) Income-tax share	39,28	59,74	+20,46
(ii) Other Revenue heads including annual subvention of 40 lakhs from the Government of India.	2,52,76	2,88,86	+36,10
(iii) Grant from the Central Government for post-war development schemes.	1,13,83	95,02	—18,81
Total	4,05,87	4,43,62	+37,75

One of our principal sources of income is the amount we get from the Government of India under the Niemeyer Award. According to the terms of that Award half the revenue from income-tax less $4\frac{1}{2}$ crores is distributable amongst the provinces and of this amount the Province of Orissa gets 2 per cent. Naturally this is a variable source of income. The fat years of war brought in considerable revenue as income-tax and super-tax but there is little reason to believe that the present level will be maintained. The figures adopted by us in the Revised Estimate are based on the information furnished by the Government of India and the improvement of Rs. 20.46 lakhs is no doubt welcome.

The increase of Rs. 36.10 lakhs under other heads of Revenue includes an improvement of Rs. 1.16 lakhs under "Land Revenue", of Rs. 25.91 lakhs under "Excise", of Rs. 2.49 lakhs under "Stamps", Rs. 1.14 lakhs under "Forests", Rs. 1.13 lakhs under "Administration of Justice" and of Rs. 3 lakhs under "Civil Defence". Increase under "Land Revenue" is mainly due to realisation of arrear demands. Excise revenue shows signs of improvement as a result of enhancement of duty on excisable articles. When the policy of gradual prohibition which Government have decided upon is enforced a fall in excise revenue must be anticipated. The increase under other heads has been explained in the paragraphs in the Finance Secretary's Explanatory Memorandum on the Budget.

The fall of 18.81 under "Grant from Central Government for Post-War Schemes" is due to the fact that the Government of India's grants on this account are made quarterly in arrears, each quarterly grant being equivalent to the expenditure actually incurred in the preceding quarter. The fall thus means that we expect to be able to spend Rs. 18.81 less on this account than what we had previously anticipated.

Against the total increase of 37½ lakhs under Revenue, expenditure charged to revenue is likely to go up by Rs. 19.73 lakhs the Revised Estimates being taken at Rs. 4,75.12 lakhs against the sanctioned estimate of Rs. 4,55.39 lakhs. The heads under which additional expenditure has been provided for are Irrigation Rs. 6.71 lakhs, Police Rs. 11.08 lakhs, Miscellaneous Rs. 9.60 lakhs and Civil Defence Rs. 4.92 lakhs. The extra expenditure will be counterbalanced to some extent by savings of Rs. 2½ lakhs under 'Education', Rs. 2 lakhs under "Medical", Rs. 7½ lakhs under "Agriculture", and Rs. 4 lakhs under "Civil Works". The savings are mostly due to the fact that full effect could not be given to many post-war development schemes. Then let me come to the budget for the next year.

Budget, 1947-48

(1) *Receipts*—The total revenue is put at Rs. 6,09.55 lakhs against Rs. 4,43.62 in the Revised Estimate classified under the following three main heads :—

	Revised Estimate 1946-47	Budget Estimate 1947-48
	Trs.	Trs.
(i) Income-tax shares ..	59,74	73,32
(ii) Other revenue heads including an ul. subvention of Rs. 10 lakhs.	2,88,86	2,84,20
(iii) Aid from the Government of India—		
(a) As grant ..	95,02	2,00,00
(b) As loan	52,03
	<u>4,43,62</u>	<u>6,09,55</u>

What has been stated a little while ago regarding improvement of revenue position in the Revised budget will explain the anticipated increase under items (i) and (iii). So far as item (ii) is concerned, short receipts of Rs. 0.79 lakhs under "Interest receipts", of Rs. 3.04 lakhs under "Agriculture", of Rs. 1.64 lakhs under "Industries", of Rs. 1.09 lakhs under "Civil Works" and of Rs. 3.50 lakhs under "Civil Defence" account for a total decrease of about Rs. 10 lakhs which will be offset by increased receipts amounting to about Rs. 10 lakhs expected from introduction of Sales Tax, Entertainment Tax and Tax on Sale of Motor Spirit.

(2) *Expenditure*—The Budget provides for expenditure on revenue account which is put at Rs. 7,19.68 lakhs against Rs. 4,75.12 lakhs in the Revised Estimate for 1946-47. In other

words, expenditure next year is estimated at Rs. 2,44.56 lakhs more than that of the current year. This is explained by the fact that the estimate for post-war development expenditure included in the Budget is Rs 3,65.05 lakhs (Rs. 1,17.94 lakhs for continuing schemes and Rs. 2,47.11 lakhs for entirely new schemes against Rs. 95.02 lakhs included in the Revised Estimate). Appendix C to the Explanatory Memorandum gives a list of new post-war schemes included in the Budget of 1947-48.

The estimate of revenue receipt being Rs. 6,09.55 lakhs and that of expenditure charged to revenue being put at Rs. 7,19.68 lakhs the revenue account discloses a deficit of Rs. 1,10.13 lakhs.

(3) Outside the revenue account, the Budget anticipates a receipt of Rs. 14,77.51 lakhs and a disbursement of Rs. 14,26.57 lakhs which gives a surplus of Rs. 50.94 lakhs. This surplus is mainly due to the fact that we have budgeted for a loan of Rs. 72.74 lakhs from the Government of India for post-war development schemes inclusive of schemes connected with Grow More Food Campaign which has been shown as a receipt whereas on the disbursement side we have provided Rs. 16.57 lakhs only for repayment of past loans taken for "Grow More Food" schemes.

(4) As I have already stated we expected to close the year 1946-47 and open the year 1947-48 with an overall balance of Rs. 59.88 lakhs inclusive of a balance of Rs. 33.15 lakhs in the revenue account and Rs. 26.73 lakhs in the capital account. As the Budget Estimates for 1947-48 discloses a deficit of Rs. 1,10.13 lakhs in the revenue account and a surplus of Rs. 50.94 in the capital account we expect to close the year 1947-48 with a balance of Rs. 69,000 only as shown below :—

Opening balance	(+)	59.88 lakhs
Deficit in the Revenue Account	(-)	1,10.13 lakhs
Surplus in the Capital Account	(+)	50.94 lakhs
Net closing balance		69 lakhs

The analysis of balances given at page 46 of the Finance Secretary's Explanatory Memorandum will show that the closing balance of the Province including both cash and investments is expected to stand at Rs. 1,01.15 lakhs at the end of the year. This balance includes certain balances aggregating Rs. 93.59 lakhs which are earmarked for specific purposes as given below :—

	Tbs.
1. Famine Relief Fund	25
2. Appropriation for reduction or avoidance of debt	46.6
3. Road Development Fund	1.44
4. Grant from Imperial Council of Agricultural Research	3
5. Rural Development grant	2
6. Fund for Forest Development	7.5
7. Capital Building Fund	37.74

Famine Relief Fund—The Orissa Famine Relief Fund was constituted under the Orissa Famine Relief Fund Regulation, 1937. The Regulation was amended by an Act of the Legislature, viz., Act IX of 1938. The constitution of the Fund is that if the balance in the Fund at the end of any year is less than Rs. 10 lakhs the Fund is credited in the next year out of the provincial revenue with a sum which, together with such sums as may be spent on the objects of the Fund in that year, will not be less than Rs. 1,25,000 and not more than Rs. 2,00,000. When the Fund exceeds Rs. 10 lakhs the excess may be utilised on the execution of protective irrigation works and other works required for prevention of famine, on grant of loans to cultivators, commutation of pensions and, subject to certain restrictions laid down in the Act, on other capital expenditure. The balance at the credit of the Fund at the beginning of the year 1946-47 consisted of Rs. 57,549 in cash and Rs. 9,89,903 invested in Government of India Securities. At the end of 1946-47 it is expected that there will be a balance of Rs. 12,549 in cash and Rs. 9,89,203 in securities and at the end of 1947-48 the balance is likely to be Rs. 24,459 in cash and Rs. 9,89,203 in securities, i.e., a total of Rs. 10,13,762, i.e., a little over Rs. 10 lakhs which is the statutory minimum limit. Happily there has not been much strain on the Famine Relief Fund which releases every year a nominal sum of Rs. 25,000 on gratuitous relief necessitated by floods which are an annual visitation, the rest of the expenditure on gratuitous relief being met from provincial revenues.

Appropriation for reduction or avoidance of debt—Loans taken from the Government of India for Grow More Food purposes are repaid from the revenues into a sinking fund and the money in the fund being intended for a specific purpose is kept separate from the provincial balance.

Fund for Development of Forests—On the recommendation of the Board of Forestry the Provincial Government have decided to transfer 25 per cent of the net profits made by the Forest Department from war supply works in the years 1942-43 to 1945-46 from the revenue account to a separate fund for Forest Reconstruction. The profits of the Forest Department in the four years mentioned above were Rs. 29.82 lakhs and 25 per cent of this i.e., Rs. 7.45 lakhs has been kept apart in a separate fund outside the Provincial balance.

Capital Building Fund—At the end of 1947-48 there is expected to be a balance of Rs. 37.74 lakhs in the Fund. This Fund constitutes of a total grant of Rs. 42½ lakhs received from the Government of India mainly towards the cost of the construction of the new capital of Orissa *minus* such expenditure as has already been incurred by the Provincial Government.

