

10

Handwritten scribble

37-38 to 49-50

Speech of the Hon'ble Sri Harekrushna
Mahtab, Prime Minister, Orissa, in
introducing the Budget Estimates of the
Province of Orissa for the year 1949-50

37-38

1937-38

to

1949-50

**Speech of the Hon'ble Sri Harekrushna Mahtab, Prime Minister,
Orissa, in introducing the Budget Estimates of the Province of Orissa
for the year 1949-50**

SIR,

WHILE I rise to present the Budget for the year 1949-50 for the consideration of the House, my mind goes back to 1946 when I had the privilege of presenting the first Budget of our term of office to this House. Discussing the budgetary position of the Province for 1946-47, I made on that occasion the following observations which the hon'ble members may well take note of in order to prepare their mind for the reception of the Budget for the coming financial year. I said on that occasion :—

“ The picture which I have drawn up before the House to depict the real budgetary position of the Province is gloomy indeed. But there is absolutely no cause for despair. Let not our thought move in the direction of dropping all the post-war schemes and also some of the non-post-war ones which have been sanctioned this year.

“ In order to avoid worry and action, let us not reconcile ourselves with the lot that we had in 1945-46 and have the satisfaction of a square Budget. It is not the accounts in the Budget that should really matter for the growth of a nation, but on the contrary it is the development of a nation that should regulate the accounts of its Budget. The way in which many smaller countries than even the Province of Orissa have developed themselves elsewhere and are developing now in spite of the colossal destruction wrought upon them by the last devastating war, entirely depending on loan and help received from other more fortunately situated countries should be the way for this Province too, if it at all desires to live in the country and in the world with pride and glory. Even if this little Province so chooses, it cannot live according to the old standards of even five years back. It cannot live in seclusion in the midst of all other provinces and all other countries frightfully busy with developments in all directions. Our youths will not rest satisfied with the old standard of living. Our services will not rest contented with the old scales of pay. Our mind will refuse to keep confined within the four dark corners of the Province. If the old conditions are forced on the Province by avoidable circumstances, the inevitable result will be ever-growing inferiority complex resulting in complete subservience of this once proud race to others which are more virile and more developed. If the Province does not make a move and compete with others, posterity will blame the

leadership of the present generation as incompetent. Here today we are in a cross road. We can, if we like, steer the wheel to reach the destination of glory and prosperity or if we so choose, we may accelerate our speed towards poverty and ignominy. We, as Government, have chosen the way to development and prosperity; by development I mean, physical, spiritual and economic development of the Province. If our grip on the steering is firm and the whole machinery of administration does its work properly and if there is no obstruction on the way from our masters, the people of the Province, we believe we will be able to make such a headway in a few years, that the whole character of the Budget as has been presented this year will be completely changed and the prospect of a square Budget from even the view point of accounts will be brighter".

When I said that in 1946, our hopes were high and expectations many. The independence of the country was like the rising sun in the east presenting colourful pictures suggesting, as if, the advent of a bright day of all round development of the country from the point of view of the common man. In the meanwhile the independence has come and it is now more than one year old. But the hopes which it brought along with it appear to be shattered on the rock of realities. Today the country is not only faced with the problem of development, but more serious problems have arisen most unexpectedly. Maintenance of law and order, supply of food to the ever-increasing population of the country, and re-establishing the economic equilibrium which has been totally disturbed by the last devastating war and also the partition of the country into two are now the main problems, on the solution of which rests the development of the country. All our previous expectations seem to be failing because of these major problems which have cropped up owing to various circumstances. Strengthening of the Military, import of food-grains from abroad and such other measures which the national Government at the Centre are compelled to adopt are costing them so much that their help to the provinces has considerably decreased. In the Province itself the expenditure is mounting up and the cost of establishment is gradually rising. So far as this Province is concerned, it was formed in 1936 and hardly it had worked for three years when the War broke out necessitating the suspension of all normal activities. Then as soon as the War was over, the country was free and as a corollary to the attainment of freedom, the states were integrated with the province. From this point of view we may safely assume that the Province of Orissa has actually been formed in 1948 when the States were integrated with the Province. It is gratifying to note that Mayurbhanj, the premier State of the so named Orissa States

has been integrated with the Province only on the 1st of January 1949. Now there is a sense of fullness everywhere but it should be realised what a tremendous responsibility it implies and how much physical energy and cost in terms of money it means to build up the administration and then proceed steadily on the way of development. Without meaning any aspersion on those who agreed to the allocation of revenue to meet the cost of administration of the new Province of Orissa in 1936 and with all respect to them, I would say as I feel that the fate of this Province has been to start from a scratch. It is this fact amongst others which generates a sort of excitement in me as it must be doing in many others and goads me to work harder and harder to build the Province in such a way that in a few years of all other provinces it may serve best the larger interest of the country. We ask for sympathy from all and we quarrel with none.

To keep the Province going on a sound administrative foundation and then to develop it in the interest of the whole country is a serious job and I have no doubt the hon'ble members here who represent various sections of the Province and the thinking public outside will consider the Budget which I am presenting with a spirit of co-operation and also of determination to see that our Province may soon rise high and our people including those also who are in service, may make all sacrifices necessary for the purpose.

Now I come to the discussion of the Budget. I shall at the outset attempt to give a general picture of the Budget to the hon'ble members indicating the special features of the Revised Estimates for the current year and the Budget Estimates for the year 1949-50. In my Budget speech in March last year, hon'ble members were informed that a Pay Committee consisting of officials and non-officials had been appointed for devising revised scales of pay for officers of all ranks. The scales Recommended by the Committee have with some modifications been sanctioned and all offices are now busy in fixing the pay of individual Government servants in the new scales of pay and in preparing arrear pay bills. The scales will come into force from the 1st April 1947. In the absence of departmental estimates, a sum of Rs. 47 lakhs has been included in the Revised Estimates under different demands to meet the extra charge and we shall come up to the Assembly for supplementary grants in due course.

In pursuance of the policy of development in all branches of administration quite a number of approved schemes were ripe for execution in the next year: Unfortunately due to lack of funds it has not been possible to include all of them in the next year's Budget. Only these schemes the execution of which cannot,

in the interest of the development of the Province, be postponed have been selected for inclusion in the Budget, leaving the rest to be executed only when funds for the purpose are available. As hon'ble members are aware, this Province lags much behind almost all other provinces of India in respect of nation-building activities. Government will be only too pleased to take up for execution the schemes which have been left out if our request to the Centre for more funds evokes the desired response. A list of these schemes which had to be postponed or curtailed with a view to economy is given in Appendix D to the Explanatory Memorandum on the Budget. They aggregate Rs. 1½ crores in all. Some of these schemes were intended to meet administrative requirements and the rest were designed to improve the lot of the common man, or to make better services available to him. I fear, however, that however desirable they may be, they have to wait till better times come.

This leads me to the confession that we are today faced with a critical financial situation which may develop into a crisis. Two factors have largely contributed to this untoward development. If the hon'ble members consult the Budget at page 44 under the head "LI—Extraordinary Receipts" they will find that a provision of Rs. 2 crores and 60 lakhs was made in the Sanctioned Estimates of the current year as subvention from the Government of India for Post-war Development Schemes. This was calculated on the approved basis of allocation of Post-war Development Expenditure between the Centre and the provinces. But in November last, the Government of India informed us that a maximum grant of Rs. 1 crore and 20 lakhs only will be made available to us in 1948-49 and of Rs. 1 crore and 35 lakhs in 1949-50. This substantial cut in the grant by Rs. 1 crore and 40 lakhs has upset all our calculations and our programme. The other factor is connected with the merger of the states. When the Assembly voted the current year's Budget, we had just completed the compilation of a three-monthly States Budget for the period from the 1st January to the 31st March 1948. It showed a small surplus of Rs. 39 lakhs. The Annual Budget of the States for the year 1948-49 was compiled in June 1948. It showed a deficit of Rs. 55 lakhs. To balance the States Budget, it was necessary to assign that sum from the provincial revenues. Page 512 of the Budget will show that the deficit is now estimated to be Rs. 77 lakhs and 66 thousand in 1948-49 and 82 lakhs and 68 thousand in 1949-50. These two factors, namely, curtailment of the Post-war Development grant by the Government of India and the considerable deficit in the States area, occurring together in the same year, have created an almost baffling problem. To tackle this problem, we have had recourse to the following measures. As stated already, new schemes have been postponed or modified to the extent

of 1½ crores. Further, we have assumed that in order to meet the deficit in the States area and to meet the special expenditure intended for the benefit and welfare of the backward classes both in the Province and the States, the Government of India will give adequate grants to the Province. The further assumption has been made that the Central Government will make available the full promised additional grant of Rs. 1,32 lakhs for the new capital in the course of the current and the next years and will assist us with loans up to the required amount to complete the project. It has again been assumed that an adequate grant will be given by the Centre for financing Post-war Development Schemes including Grow More Food Schemes in the States area. Even after making all these assumptions and after also taking into account the anticipated increase in revenue due to the introduction of new taxation measures (about which I shall have more to say presently), we found that the Budget was deficit. We have, therefore, made cuts aggregating Rs. 54 lakhs in the Revised Estimate and Rs. 61 lakhs in next year's Budget Estimate. It is against this back-ground, in the light of postponement of expenditure, and assumptions of special financial aid from the Centre and overall cuts that the Budget should be interpreted.

Revised Estimates for 1948-49

While presenting the Budget for 1948-49 to the House in March last I briefly stated that the year 1947-48 would close and the year 1948-49 would open with a balance of Rs. 99.08 lakhs in the Revenue Account and an overall balance of Rs. 1,61.35 lakhs. Actually the year opened with a balance of Rs. 1,26.10 lakhs in the Revenue Account and overall balance of Rs. 1,68.65 lakhs. Thus there was an improvement of Rs. 27.02 lakhs in the opening balance in the Revenue Account. It was estimated that the Revenue Receipts during the year would be Rs. 6,81.55 lakhs and the expenditure charged to Revenue would be Rs. 7,51.15 lakhs resulting in a Revenue deficit of Rs. 69.60 lakhs. According to Revised Estimates, the Revenue is now estimated at Rs. 7,90.35 lakhs and expenditure charged to revenue at Rs. 9,12.99 lakhs. The year's Revenue deficit is, therefore, expected to be Rs. 1,22.64 lakhs. The balance in the Government Account which was Rs. 1,26.10 lakhs in the beginning of the year is likely to go down to Rs. 3.46 lakhs at the close of the year against Rs. 29.48 lakhs originally estimated. Outside the Revenue Account the Receipts are estimated at Rs. 29,34.86 lakhs and disbursements at Rs. 29,29.93 lakhs, resulting in a small surplus of Rs. 4.93 lakhs, against a surplus of Rs. 34.68 lakhs originally estimated. The net result is that the current year's transactions in both Revenue Account and outside the Revenue Account taken together will have the combined effect of reducing the total overall balance by Rs. 1,17.71 lakhs. This, in other words, means that the year

which opened with an overall balance of Rs. 1,68.65 lakhs is expected to close with a balance of Rs. 50.94 lakhs out of which as mentioned above the balance in the Revenue Account will be only Rs. 3.46 lakhs.

The Revenue position as disclosed by the Revised Estimates now prepared shows an improvement of Rs. 1,08.80 lakhs as shown below :—

Heads of Accounts	Sactioned Estimates	Revised Estimates	Variation
	LAKHS	LAKHS	LAKHS
(i) Taxes on Income	91.32	1,42.37	51.05
(ii) Other revenue heads including annual subvention from the Government of India.	3,30.23	5,27.98	1,97.75
(iii) Grant from the Government of India for Post-war Development Schemes.	2,60.00	1,20.00	(—) 1,40.00
Total	6,81.55	7,90.35	1,08.80

One of the main sources of revenue is our share of income-tax which has been fixed at 3 per cent of the total provincial share of the tax. As the area and population of the Province have increased considerably owing to integration of the States, a strong representation has been made to the Government of India for raising the percentage allotted to us. Our representation is still under the Dominion Government's consideration but we may reasonably expect that for the larger Province of Orissa, our share of income-tax would be considerably above 1½ crores provided, of course, the present taxation rates are not substantially reduced.

The increase of 1,97.75 lakhs under other heads of revenue includes a small increase of Rs. 20 lakhs under Excise. As the hon'ble members are aware our other main source of revenue unfortunately happens to be Excise. Heavy increase in duty has hitherto more than counter-balanced the fall in revenue on account of prohibition, but owing to a progressive cut in the supply of opium it is now estimated that although the current year's revenue from Excise will be maintained at last year's level, it will fall by Rs. 10 lakhs next year. And we must be prepared for further and considerable diminution of our revenue from this source in subsequent years for the same reason.

Income from the share of jute duty has increased by 4.55 lakhs and that from Stamps by 4.05 lakhs. Receipts from other taxes or duties have increased by 13.80 lakhs mainly under sales tax.

