

*Chaudhuri*

**Speech of**

**The Hon'ble Sri Nabakrushna Chaudhuri,  
Chief Minister, Orissa, in introducing  
The Budget Estimates of the State of Orissa  
For the year 1951-52**

**Speech of the Hon'ble Sri Nabakrushna Chaudhuri, Chief Minister,  
Orissa, in introducing the Budget Estimates of the State  
of Orissa for the year 1951-52.**

This is the second Budget for our State after the establishment of the Indian Republic, the first Budget having been presented by my predecessor Sri Harekrushna Mahtab last year.

Our Constitution has adopted generally the British financial modes and procedures. The revenues of the State form the "Consolidated Fund". Other public moneys will be credited to the public account of the State. A Contingency Fund is established for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure as supplementary, additional or excess grant. The Legislative Assembly can also grant what has been termed as "Votes on Account" and "Votes of Credit". No money can be appropriated, except in accordance with law and the provision approximates to the British Parliamentary supply procedure. After the estimates have been discussed by the Legislative Assembly and the demands for grants other than those relating to charged expenditure voted by it, a Bill will be introduced to provide for the appropriation of moneys granted. This Bill, when passed into law, will be the basis of Government's authority for expenditure. Before taking up the detailed consideration of the actual Budget I should crave your indulgence for making certain general observations to place the Budget in the most correct political and historical perspective and to enable others to judge correctly the policy and outlook underlying the Budget.

The House has been repeatedly told that it is not the Budget which should determine the needs of the State but it is the needs of the State which should determine the Budget. You will not therefore be surprised to find that the Budget, which I am going to present to the House, is again deficit in the Revenue account to the extent of Rs. 94½ lakhs. I know this is not a happy state of affairs and the sooner we are able to step up our revenues to keep pace with the growing expenditure in the various departments of a Welfare State, the better it will be for us. But it may be argued quite reasonably that we might have better ordered our affairs so as to bring down unnecessary or less necessary expenditure, to stop leakage and extravagance, to increase

efficiency and output without increasing expenditure. Such arguments, however, seem to overlook the most difficult factor of the present situation; viz., that by the very nature of the peaceful transfer of power in India, it was as much impossible—if not, more so—as it was unnecessary to improvise and set up a new administrative machinery of our own. The country was saved from the severe shocks and aftermath of a violent revolution and it had to pay quite a considerable price for that as, perhaps, in life, nothing can be had for nothing. By peacefully stepping into the shoes of the foreign rulers who reigned in New Delhi and the provincial capitals, we inherited from them not only the strength and stability of an established administration but also its expensive and peculiar set up which had become an eyesore to nationalist India; it is always found to be easier to set up a new machinery of one's own fashioning than to mend and alter an old established machinery which had been designed by others for purposes other than those of a Welfare State. Faced with the difficult problems of a post-war period as well as those arising out of the partition of the country in the wake of the bitterest of communal strifes, our leaders showed great practical wisdom in taking up first things first, before applying their minds to this problem of mending or refashioning the Government machinery with its old methods and procedures. It is really very remarkable how the Indian personnel of the different services which manned the machinery spontaneously responded to the stress of changing times and were able to faithfully carry out the behests of our national leaders and perform new and big tasks like the integration of the Indian States, and the effective presentation of Independent India's foreign policy as ambassadors and delegates in foreign countries and at the meetings of U. N. O. and its committees. Coming to the affairs of our State of Orissa I cannot do anything better than quote the opening paragraph of last year's Budget speech of my illustrious predecessor in office to give a correct appreciation of the situation we all had to face in the State from the beginning. He said "This is for the fifth time since 1946 I have been called upon to present the Budget Estimates of Orissa in this Assembly. Between the years 1946 and 1950 so many changes have taken place in the country and here in this region, that one in my position would find it difficult to adjust matters in such a way that the affairs of the State of Orissa as it is now called under the New Constitution would go on in a systematically planned manner. The changes have been so rapid and enormous in character that in spite of the best efforts of the Finance Minister holding office during this critical and historic period, they are trying to entangle us in various complications which we dare not think of avoiding but which we all must bravely face and try to solve".

There cannot be the least doubt that, planning or no planning, he faced everything bravely and by the dint of his extraordinary political insight and limitless energy was able to lay the foundations of this State and its economic development on a broad and solid basis. It is for us now to go on building on those foundations so that the edifice of a new and prosperous Orissa may soon be completed. We should not allow our present financial difficulties to daunt our spirit and make us feel that the foundations should have rather been laid on a more modest scale to suit our slender means. On the contrary adversity should intensify our determination to fulfil all our plans within measurable time. We shall remain naked for a long time if not for all time to come if we reconcile ourselves to the policy of cutting one's coat according to the cloth. Like that of all men of enterprise the policy of a progressive State should, on the contrary, be to spin all the yarn and weave all the cloth that will be needed to cut a full size coat to cover one's body. I have considered it my duty, as the Chief Minister, not only to emphasise this in my public speeches but to follow it up in practice by getting several measures for augmenting the revenues of the State passed in this House during the past few months. I am quite confident that if only we can effectively eliminate corruption, inefficiency and what is popularly known as red tape and thereby ensure that every rupee of public money is properly spent, the people of Orissa will not grudge giving money to the Government either as taxes or as loans for specific development projects. I have as a matter of fact, been pressing the Government of India to permit us to raise such development loans from rural areas. The fact that we are spending now more than we are earning or that we are incurring heavy debts should not lead any one to doubt our solvency. The natural resources we possess in our land, water, mines and forests, the labour power that is still available for the development of our industries and agriculture, the hydro-electric power that will be available to us within a few years on the completion of the projects we have already taken in hand, are assets big enough to warrant expenditure and investments on a much grander scale. We can justly be proud of the fact that by not allowing narrow communalism, provincialism or counter-revolutionary "Leftism" to get the better of us in this State we have thereby created conditions favourable for both private and public enterprise. We are convinced that the greatest service we can immediately render to the workers and peasants in our State whom we have the proud privilege to represent in this House, is to raise their living standards by providing fuller and more gainful employment to them in an ever-expanding industrial and agricultural economy. There will be ample scope for private

enterprise in this economy provided moneyed people adjust themselves to the changed conditions and rise above the blind and suicidal craving to get rich over night at the cost of others. Private enterprise can still play a leading roll in this country if only it chooses to lead the masses to a standard of life much higher than they have today. A bloody class struggle between the haves and have-nots is sure to engulf the country and retard all peaceful progress and development and even endanger its freedom, if, those of us, whom circumstances have placed in a more fortunate position today, grudge the desire of the masses to use the political power they have got for the first time in history, to remove some of the gross social and economic inequalities which had their origin in the feudal age and which was maintained under British imperialism. A glorious future awaits them and the whole country, if, instead, they take full advantage of the opportunities now opening up before them and become captains of industry or pioneers of large-scale agriculture. In another five years we will have plenty of hydro-electric power available in Orissa from the Hirakud and Machkund projects. For transmission lines the main circuits will be one from Hirakud to Cuttack, another to Rajgangpur, via Jharsuguda and a third to Jamshedpur, and later on other lines to Nagpur and to Machkund according to requirements. It is proposed to complete the line to Rajgangpur by the end of 1952 and to Cuttack by the end of 1953. Schemes for supply of power to interior places through subsidiary transmission lines have been prepared and work will be started as soon as funds are available. The places to be served are Kendrapara (our main jute-producing area), Jagatsingpur, Bhubaneswar, Khurda Road, Puri, Dhenkanal and Angul. The Cuttack-Bhubaneswar line is being taken up immediately for transmitting power from the Chowdwar Thermal station till power is available from Hirakud. An Utilisation Division has been created since September 1950.

Regarding the main projects of Machkund and Hirakud themselves work is progressing in full swing. The former project is jointly financed by the Governments of Madras and Orissa on a 70 : 30 basis out of loans from Government of India and is being executed by the Madras Government. The Hirakud project is being financed solely by the Orissa Government out of similar loans and the execution of the project has been given to the C. W. I. N. C. and all technical and financial sanctions are accorded by the Government of India, who have also posted at Hirakud a whole-time Financial Adviser and Chief Accounts Officer.

I would earnestly request the honourable members of the House to pay visits to these two places, Machkund and Hirakud, to enable themselves to appreciate the magnitude of our undertakings. I have not the least doubt that you will come back from

these visits with an enhanced national pride and self-confidence after seeing with your own eyes what Indian engineers can do in free India. Knowing full well our own shortcomings, I shall be the last person to encourage a spirit of complacency; I know, we have to develop a greater sense of responsibility and urgency and work much harder than we are doing at present before we can really march forward as a nation with the other progressive nations of the world. But at the same time we must not allow the inferiority complex which long subjection had engendered in us to get the better of us. There is a good deal of slackness, inefficiency, selfishness and even corruption amongst us in all walks of life but that is a carryover from our past, which must be swept away in no time by the spring tide of national freedom. Let us have faith in ourselves and in our future. Unfortunately, the glad tidings that the people of India are now absolutely free have not yet reached the millions of hearths and homes in the plains and hills of India. How many of us really feel today that it is we the ordinary men and women of India that hold the power to shape the future of our country as we like? How many of us realise the big change in our own status? I am afraid this lack of popular consciousness is again due to the manner in which the big political change was wrought in India. We are going to have our first general elections under the Republican Constitution during this year and I have no doubt that if the political parties go down to the real masses and not content themselves by merely trying to score debating points over each other before that microscopic minority of our people which cares to attend public meetings, the general elections will rouse the requisite political consciousness which alone can energise the constructive and developmental activities of the nation. After that it may not perhaps matter much which political party comes into power.

Let us now come to the figures of the Budget; I shall first try to explain to you in brief how the Government expect to fare in the current financial year as disclosed in the Revised Estimate given in the Budget.

#### REVISED ESTIMATE FOR 1950-51

While presenting the Budget for 1950-51 to the House in March last year my predecessor had briefly stated that the year 1949-50 would close and the year 1950-51 would open with an overall balance of Rs. 88.23 lakhs. Actually the year 1950-51 opened with a balance of Rs. 2,68.16 lakhs of which the balance in the Revenue account was Rs. 2.36 lakhs only against a minus balance or deficit of Rs. 94.07 lakhs as originally anticipated. Thus there was an improvement of

Rs. 96.43 lakhs in the opening balance in the Revenue account. This was due mainly to less expenditure on Revenue account than the original anticipation. It was estimated that the Revenue receipt during the year 1950-51 would be Rs. 10,65.81 lakhs and the expenditure charged to Revenue would be Rs. 11,41.76 lakhs thus resulting in a Revenue deficit of Rs. 75.95 lakhs. According to the Revised Estimate now framed the Revenue is estimated at Rs. 11,31.99 lakhs and expenditure charged to Revenue at Rs. 13,26.28 lakhs. The year's Revenue deficit is, therefore, expected to be Rs. 1,94.29 lakhs against Rs. 7.95 lakhs originally anticipated. The balance in the Revenue account which was Rs. 2.36 lakhs in the beginning of the year is likely to be reduced to a minus balance of Rs. 1,91.93 lakhs as a result of the Revenue deficit of Rs. 1,94.29 lakhs referred to above.

Outside the Revenue account the receipts are estimated at Rs. 50,73.25 lakhs and disbursements at Rs. 50,45.91 lakhs resulting in a surplus of Rs. 27.34 lakhs against a surplus of Rs. 24.39 lakhs originally estimated. The net result is that the current year's transaction in both the Revenue account and outside the Revenue account will have the combined effect of reducing the total overall balance which stood at TRs. 2,68,16 at the beginning of the year to TRs. 1,01,21.

The Revenue position as disclosed by the Revised Estimate now prepared shows an improvement of Rs. 66.18 lakhs as shown below:—

	Sanctioned estimate	Revised estimate	Variation
	TRs.	TRs.	TRs.
Taxes on Income ..	1,55.48	1,53.14	(-) 2.34
Other heads of Revenue ..	7,79.29	7,84.84	(+) 5.55
Subvention from Government of India including Jute Export Duty.	40.00 } 5.00 }	61.00	(+) 16.00
Grants-in-aid from Government of India.	86.04	1,33.01	(+) 46.97
<b>Total ..</b>	<b>10,65.81</b>	<b>11,31.99</b>	<b>(+) 66.18</b>

It was explained in the last year's Budget speech that no account had been taken in the Budget of the expected grant from Government of India on account of Food Bonus Money. A credit of Rs. 51.78 lakhs has been accounted for in the Revised Estimate on this account. The Revised also provides for a grant of Rs. 16 lakhs from the Central Government to cover the Federal Revenue Gap. These two factors mainly account for the increase in the Revenue accounted for in the Revised Estimate. The Food Bonus money has been taken credit of under "Grants-in-aid from the Government of India".

Against the total increase in the Revenue of Rs. 66.18 lakhs the expenditure charged to Revenue is likely to go up by Rs. 1,84.52 lakhs, the Revised Estimate being taken at Rs. 1,26.28 lakhs against the Sanctioned Estimate of Rs. 11,41.76 lakhs. The increase in the Revised mainly occurs under the following heads :—

Heads	Increase	
		Trs.
18—Other Revenue Expenditure .. .. .	.. .. .	58,23
Capital Outlay on Industrial Development .. .. .	.. .. .	30,00
Capital Outlay on Electricity Schemes .. .. .	.. .. .	25,00
Capital Outlay on Rail-Road Co-ordination Schemes .. .. .	.. .. .	10,00
Civil Works .. .. .	.. .. .	63,12

The increase under '18—Other Revenue Expenditure' is on account of provision made for Minor and Major Irrigation Schemes which was not accounted for in the Sanctioned Estimate. These Irrigation Schemes are connected with Intensive Cultivation, two-third cost of which is recoverable from the Government of India; the recoveries will be accounted for when they are actually made.

The increase under 'General Administration' is mainly due to entertainment of extra staff in the districts in order to cope with additional work resulting from the integration of the States and formation of a new district. On account of maintenance and repairs of minor roads and school buildings in the ex-State area an extra provision of Rs. 2½ lakhs was found necessary in the Revised.

The expenditure on the three schemes connected with Capital Outlay mentioned above was considered necessary. It was originally expected that these schemes will be financed by means of loan taken from the Centre. As the Government of India have not so far been able to grant a loan for these schemes, the State Government have to finance these schemes from general revenues.



Further representation from us is still pending with the Government of India requesting them to increase their loan allotment to this State in the current year and in the next for financing the Electricity schemes.

The increase under 'Civil Works' has been found necessary on account of more money required for repairs to roads and communications mostly in the integrated area with a view to bringing the roads in those areas to the same standard as in the other parts of the State.

I may now take up the Budget Estimate for 1951-52.

### BUDGET ESTIMATE, 1951-52

(1) *Receipts*—Total revenue is put at Rs. 10,56.32 lakhs against Rs. 11,31.99 lakhs in the Revised. The revenues under different heads are as classified below :—

	Revised Estimate	Budget Estimate
	Trs.	Trs.
(i) Income-tax .. .. .	1,53,14	1,48,44
(ii) Land Revenue Excise, Stamp, Forest, Registration, Motor Vehicles Taxation and other taxes and duties .. .. .	5,44,41	5,40,07
(iii) Subvention from Government of India .. .. .	61,00	61,00
(iv) Extraordinary Receipts .. .. .	2,54,20	1,77,45
(v) Other items .. .. .	1,19,24	1,29,36
<b>Total .. .. .</b>	<b>11,31,99</b>	<b>10,56,32</b>

*Item (1)*—As explained in the last year's Budget speech the whole question of allocation of shares of income-tax was reviewed by Sri Chintaman Deshmukh last year. Though as a result of the review our share has not been reduced, Orissa's share in income tax receipt next year are estimated at Trs. 1,33,44 against Trs. 1,42,4 anticipated in the current year. There is, therefore, a drop of Rs. 8.70 lakhs due to the fall in the anticipated total of income-tax receipt. On the other hand, the Budget includes Rs. 15 lakhs for Agricultural Income-tax against Rs. 11 lakhs allowed in the Revised. The Budget has taken into account that higher rates of Agricultural Income-tax will be fully operative from next year.

*Item (2)*—The Budget provides for a drop of Rs. 2 lakhs under 'Land Revenue', Rs. 5 lakhs under 'Excise' and Rs. 5 lakhs under 'Other taxes and duties'. The drop under 'Land Revenues' is mainly due to the fact that all arrear dues will have to be collected in the current year. So far as excise revenue is concerned, the decrease is due to 10 per cent cut in the supply of opium imposed by the Government of India. The decrease is further attributed to the Government policy of gradual prohibition. Some of the restrictive measures are elimination of branch shops, reduction of licences for foreign liquor, transfer of shops to unfrequented localities, enhancement of duty and retail prices, introduction of distillery system in some parts of the ex-State areas and complete prohibition of opium-smoking. The decrease under 'Other taxes and duties' is due to the fact that Sales Tax receipt next year will be Rs. 5 lakhs less on account of the fact that exemption will have to be allowed under Article 286 (2) of the Constitution of India.

*Item (3)*—Government of India's permanent subvention to the State of Orissa is Rs. 40 lakhs. The Budget Estimates provide for Rs. 16 lakhs for filling the Federal Revenue Gap and Rs. 5 lakhs from Jute Export Duty. It has been decided that the difference between Federal receipt in the ex-State area and the Federal expenditure will be reimbursed by the Union Government to the State Government in the shape of a grant. This difference is called the Federal Revenue Gap.

*Item (4)*—The drop under 'Extraordinary Receipts' is mainly due to the fact that the Budget provides Rs. 15 lakhs from Food Bonus Grant against Rs. 51.78 lakhs allowed in the Revised. On account of the realization of the assets of States on integration, the Budget provides Rs. 45 lakhs only against Rs. 120 lakhs in the Revised.

(2) *Expenditure*—The Budget provides Rs. 11,50.81 lakhs for expenditure on Revenue account against Rs. 13,26.28 lakhs in the Revised Estimate for 1950-51. In other words, the expenditure next year is estimated at nearly Rs. 175½ lakhs less than in the current year. This is due mainly to the fact that expenditure on various post-war development schemes has been cut down to the minimum inasmuch as the total provision for Post-war Schemes other than Intensive Cultivation made in the Budget stands at Rs. 129 lakhs against Rs. 150 lakhs made in the current year. Provision under Capital Outlay on Electricity Schemes and Industrial Developments is put at Rs. 9 lakhs only in the Budget against Rs. 55 lakhs allowed in the Revised as it was felt that due to financial stringency we cannot afford to provide from our general revenue for such Capital Schemes which ought to be financed from borrowed funds. As already stated we have asked for loans from Government

of India and when these are available a supplementary provision will be made in the Budget for financing electricity schemes which are very essential. Under 'Civil Works' expenditure on repairs to roads and buildings has been reduced to the normal grant and the increased expenditure provided for in the current year has not been repeated in the Budget. Expenditure on Capital Construction at Bhubaneswar has been reduced to Rs. 63 lakhs against Rs. 93 lakhs in the current year. Expenditure on Revenue account includes a total provision of Rs. 3,47.59 lakhs on account of new schemes of the categories mentioned below :—

	Lakhs of rupees
Post-war development schemes other than Intensive Cultivation Schemes.	58.50
Intensive Cultivation Schemes including Minor and Major Irrigation Schemes.	144.00
Tribal and Rural Welfare Schemes	14.84
Ordinary Schemes	130.25

Though there will be no grant from the Government of India for post-war development schemes, classification of schemes under separate heads is being continued under each major head. A list of new schemes connected with Tribal and Rural Welfare Department is given in a separate Appendix in the Explanatory Memorandum on the Budget. Provision for such schemes has been made under various Budget heads and the total provision included in the Budget on this account is Rs. 16.31 lakhs for continuing schemes and Rs. 14.84 lakhs for new schemes. The total provision for such schemes in the Budget is about Rs. 31 lakhs. It is expected that the Government of India would give a grant to the State Government for financing all these schemes of the Tribal and Rural Welfare Department.

The estimate of Revenue receipt for 1951-52 being Rs. 10,56.32 lakhs and that of expenditure charged to Revenue being Rs. 11,50.81 lakhs the Budget under Revenue account discloses a deficit of Rs. 94.49 lakhs.

(3) Outside the Revenue account the Budget provides for a receipt of Rs. 57,08.96 lakhs and disbursements of Rs. 56,58.41 lakhs thus indicating a surplus of Rs. 50.55 lakhs. The surplus is mainly due to the fact that under 'Deposits of Local Funds' and 'Other Deposit Accounts' the receipts will be more than disbursements. On the receipt side an amount of Rs. 10 crores has been provided for as grant from Government of India for financing the Hirakud Project for which the Revised provides only Rs. 4.40 lakhs.

