

*Chandrasekhar*

For Dy. Secy (Sr. Nanda)

**Statement**  
of  
**The Finance Minister, Orissa**  
**On the Budget for 1952-53**

## Statement of the Finance Minister, Orissa, on the Budget for 1952-53

IT FELL to the lot of Hon'ble Shri N. K. Chaudhuri, our Chief Minister, who held the portfolio of Finance in March last to lay before the House the Annual Financial Statement for the year 1952-53 in accordance with Article 202 of the Constitution, and it has now fallen to my lot to pilot the same as his unworthy successor as I have to stand on the floor of this House as a Minister of the State in charge of Finance which is the *sine qua non* of public administration of a State more specially when it becomes a Welfare State. Before I deal with the subject at issue, I would first seek the kind co-operation, goodwill and confidence of this august Body who are the final arbiters of the fate of this State and its people. In the Vedic age when the democratic Legislature used to meet, the administrator's first prayer used to be—

“सभा च मा समिति श्रावतां प्रजापते दुहितरौ संविदाने ।  
येना संगच्छा उपमा स शिक्षा चारु वदानि पितरः संगतेषु ॥”

“May the Samiti and the Sabha, the two daughters of Prajapati, concurrently aid me. May he with whom I shall meet co-operate with me; may I, Oh Ye, Fathers, speak agreeably to those assembled.”

The Sabha was rightly called “Narista” ( नरिष्ट ) which was explained by Sayana ( सायन ) as a resolution of many that cannot be broken or violated and the Speaker, therefore, used to say, “All those that sit assembled in Thee, utter speech in harmony with me”.

I similarly hope and trust that all the hon'ble members, irrespective of their parties and denominations, will kindly extend their hand of co-operation to me and may I speak also agreeably to those assembled here today.

This Legislative Assembly, which is the first of its kind constituted on adult franchise under the new Constitution of India, is not only a Legislative Body or Sabha but also discharges a very great responsibility as a Samiti which controls the nation's purse and this is a right which in the older democratic countries like England and France was wrested from the Executive not

without a long struggle. When the powers of administration were first taken away from the British King in the 12th century it was rightly declared that—

“ The source of all Government is the people ; that the people by their agreement together create the Government ; that they have the right not merely to clothe the Government with powers, but also to fix limitations upon its action, which it must not exceed.” The new Constitution of the Democratic Republic of Free India, which has brought about this Legislature of today, is the instrument of administration which has been framed by the accredited representatives of the people and by this Constitution the people have clothed the Government with powers and responsibilities which are to be exercised within the limitations laid down by them in the said Constitution for the welfare of the State and its people. That is why it is now called a Welfare State. Under this Constitution, the House of the People, the Council of State at the Centre and the Legislative Assemblies and in certain States the State Councils have been constituted and the representatives of these august Bodies have now elected the President and Vice-President of the Great Indian Republic. This is a unique event in the history of India. I take this opportunity of extending our warmest congratulations to our newly-elected President and Vice-President and the newly-constituted Parliament of India and the Hon'ble the Prime Minister and his colleagues of the Indian Cabinet. I also take advantage of this opportunity to welcome our Governor-designate who comes from the realm of Judiciary with a very great reputation. I cannot also help recording our warmest gratitude to our out-going Governor who has so long steered our State clear of various difficulties with his wisdom and loving care for the people. It has been the proud privilege of the members of this Assembly to have participated in the election of India's first President and Vice-President and now it is my privilege to seek their approval for the first Budget presented by the post-election Government of this State of Orissa. As the hon'ble members are aware, after the election, the Assembly had its first meeting on the 4th March last and the budget for 1952-53 was presented by the Hon'ble the Chief Minister on the 13th March 1952 along with a white paper which explained the financial position in detail. But the Hon'ble the Chief Minister gave an assurance that since this Assembly met almost immediately after the election was over and since the present Government was constituted on the 20th of February, there was hardly any time for the Government to review the Budget in the light of its revised policy and programme. The result was that Government had to present a Budget wherein expenditures in respect of continuing schemes only, were incorporated and the new schemes which were

either included in the Five-Year Plan or were supplementaries thereto, could not be considered or incorporated into it. There was, therefore, no indication or enunciation of any new policy and programme of the new Government. The Hon'ble the Chief Minister also gave an assurance that in May-June, 1952, a revised Budget would be presented to the Assembly and that any change in the policy of administration or any additional programme of development work would be indicated in the Budget speech. Having that assurance in mind I had tried to review the programme of work of the Government of Orissa for the year 1952-53.

But unfortunately I have been confronted with a constitutional difficulty in respect of revising the Budget and re-presenting it to the Assembly. We consulted the Government of India on the subject and we have been advised that since under Article 202 of the Constitution the Annual Financial Statement for the year 1952-53 has already been laid before the newly-constituted Assembly and a vote on-account has been obtained on the basis thereof, it will not be constitutionally correct to revise and re-present that statement. In case of the Central Parliament the position was different. There it was that the annual financial statement was laid before the provisional Parliament and on the basis thereof a vote on-account was taken. Thereafter when the provisional Parliament itself was dissolved all business including the annual financial statement before the House lapsed. So before the new Parliament a fresh annual financial statement has to be laid. But in the case of Orissa it is different. We are now advised that the annual financial statement having already been once laid before the new Legislature and a vote on-account obtained on the basis thereof, it will not be correct to present another financial statement. There is no provision to do so twice. As we have already acted as required in Article 202 actions that are to follow in pursuance of subsequent articles remain to be performed.

In the circumstances we were advised that the appropriate course would be first to complete action on the original Budget, that is, on the voting of the balance of the demands and passing the connected Appropriation Bill. We had also thought of coming forward with supplementary demands in the current session in respect of new schemes and additional expenditures, but we were further advised that it would not be constitutionally proper to deal with the original and the supplementary demands simultaneously. All that we can do at present is to effect reduction in respect of specific demands and ask for reduced grants in case we wish to effect economy in respect of any expenditure. Therefore, where the amount required is now estimated to be less than what is shown in the original Budget, demand for the reduced amount

will only be moved. After this present Budget is passed and the Appropriation Bill is enacted, supplementary demands may again be presented where amounts required are more than that shown in the original Budget or any new expenditure to be incurred in respect of new schemes. Such being the constitutional position I have no other alternative but to tender an apology to the House as I am not in a position to implement the assurances given by my predecessor the Hon'ble the Chief Minister to present a revised Budget so as to indicate the new policy of the Government. I, however, venture to suggest that in certain departments we are determined to effect economy and thereby reduce expenditure and with the money so saved we can go ahead with the new schemes or incur expenditure in respect of essential needs for which we had not adequately provided in the original Budget. We would, therefore, ask for reducing the demands in respect of certain heads. After careful consideration of the matter we have decided to effect economy in expenditure in several fields which will result in a net saving of Rs. 39.17 lakhs under the various heads as detailed below—

			Rs.	
10—Forest	..	..	1.77	lakhs
37—Education	..	..	.45	,,
40—Agriculture	..	..	1.35	,,
41—Veterinary	..	..	.40	,,
50—Civil Works	..	..	35.20	,,
		Total	..	39.17

This, however, is not final and we will continue our efforts in effecting further economies in expenditure wherever possible and practicable consistent with the efficiency of administration. Due to want of time, this scrutiny could not be finalised.

I am, however, not going to be content with mere reduction in expenditure or tentative economy, but I feel along with my hon'ble colleagues in the Government that our policy should definitely be laid before the Legislature, in respect of the further programme of work we propose to undertake. We had not had sufficient time to examine in detail the various new schemes we propose to introduce during the current year in accordance with the revised policy and programme of the new Ministry. Some of the schemes were examined at a previous stage while some others are entirely new and are under scrutiny of the Finance Department. It may, however, be broadly stated that we want to provide additional funds for the improvement of communication, specially village roads, rural water-supply, minor irrigation

projects, primary and secondary education, welfare of scheduled tribes, Community Projects, Public Health, improvement to Government Press, provision for buildings, etc., for colleges, schools, and hospitals, abolition of zamindari, development of forest, agriculture, industries, animal husbandry and provision for a polytechnic school, etc.

After centuries of foreign domination our country had been bled white and the bulk of the population have become semi-starved. The old village economy has almost been shattered, the social order based on spiritualism and moral duty to man and God is being torn to pieces. In its place materialistic conception of life and property has permeated into our thoughts to such an extent that moral values are being forgotten and the present day human mind is more obsessed with the idea of economic rights and comforts than with anything else. The result has been that there is a craze for wealth, power and materialistic comforts, nay, there is a mad race for appropriation—if I am permitted to say so, misappropriation—of all avenues or opportunities so as to monopolise them. The effect of this conception is the exploitation of the poor and ignorant millions and we know that these poor gullible millions mostly consist of the rural population of our country. If under the leadership of that great leader Mahatma Gandhi we had fought for the freedom of our country, it was not to establish a brown oligarchy in place of a white oligarchy, but to establish a real democratic State in which the interests of the masses should predominate. Explaining the objective of our struggle for Swaraj, Gandhiji said, "I claim to live for the semi-starved paupers of India and Swaraj means the emancipation of these millions of skeletons. Purna Swaraj denotes a condition of things when the dumb and lame millions will speak and walk. According to me the economic constitution of India, and for the matter of that, the world should be such that no one under it should suffer from want of food and clothing. In other words, everybody should be able to get sufficient work to enable him to make the two ends meet. And this ideal can be universally realised only if the means of production of elementary necessities of life remain in the control of the masses. This should not be made a vehicle of traffic for the exploitation of others".

This being our ideal and having pledged ourselves to the electorate of free India to translate this ideal into action we can now ill afford to forget the needs of our rural people and continue the expenditure of our precious little money for construction of magnificent buildings and that mostly for an ever expanding administrative machinery, even though there is imperative need for the same. The poor ignorant tax-payer is our real master. Can and should we forget and forsake him ?

If there is no communication to his village; if there is no well or tank or even a small dug-out to provide him with water for bathing and drinking; if there is no irrigation facilities to get the legitimate production out of his land; and if in an agricultural State like Orissa where according to the last Census 80 per cent. of the people depend on agriculture, land reforms are not immediately introduced and landless people provided with some land by reclamation of waste lands, etc.; if national expenditure is not diverted towards the rural areas in order to provide labour to the agricultural labourers and poor cultivators who remain unemployed half of the year; and if such cultivators and labourers are allowed to be drained out to distant towns and industrial cities in quest of living thus starving agriculture of working personnel; and if there is no institution where the villager can learn the alphabets and discharge the elementary responsibilities as a citizen of the State; if he has no straw on the roof of his shed and no rag on his back and not even one square meal a day nor a drop of medicine when he is on the sick bed, leave aside the question of amenities or raising the standard of living, how can we afford to develop modern townships for providing an administrative machinery with all sorts of modern comforts and amenities and would it be humane to do so in utter neglect of the common man? With this end in view I venture to seek the kind co-operation of the hon'ble members in effecting a substantial reduction for the time being in the expenditure for the construction of the New Capital so as to save whatever little is possible in order that it may be diverted for improvement of village roads, rural water-supply, minor irrigation, primary and secondary education, medical relief and public health, as also cottage industries and development of agriculture and animal husbandry. With this end in view we have reviewed the Budget and have come to some tentative conclusions which would be reflected in the cuts we propose to effect in individual demands.

Just as the world is passing through a crisis, so are we in the Indian Union and in this little State of ours. There is a continued conflict in the international arena between two contesting ideologies. The world is already divided into hostile blocks. The continued Korean War is one of the results of such division fraught with great danger to the whole world. Our country is not far from the troubled spots of the world and being mid-way between the two conflicting interests we are trying on the basis of Gandhian philosophy to harmonise these two different ideologies and revitalise our ancient but dismembered society in which there should be economic equality based on spiritual background and supported by moral values. This would practically mean rehabilitating the ancient Indian nation in the modern advanced scientific set up. This can be done only if we provide proper

amenities and education with a moral outlook and economic stability to our village population and if we can inspire the youth of our country with a dynamic objective which could activate their minds, canalise their energies and create confidence in the development of their personalities so as to enable them to take up the leadership of the country and the community. This is the ideal we stand for and this is the ideal which we should work for. With this ideological background we, on behalf of the Great Indian National Congress, are trying to re-orient our programme of work and switch on the administrative talent of our patriotic services to give the best in them in this regard.

Having said so much about the ideologies I now come to the difficulties we have now been encountering in the practical field. The lot of a Finance Minister is unenviable. He discharges a very important function of the State since he has not only to provide money for development but also to control the purse with a view to effect strictest economy. If public administration is the art and science of management as applied to a State, Financial Administration is the part of Public Administration which deals with all the financial aspects of the State management. Financial Administration on its practical side is "that part of Government organisation which deals with the collection, preservation and distribution of public funds, with the co-ordination of public revenues and expenditure, with the management of credit operations on behalf of the State and with the general control of the financial affairs of the public household". Sound financial administration demands unity of organisation. It has been rightly said that to enable democracy to function, financial administration has to be systematised and simplified so as to be intelligible, efficient and amenable to public control. The Parliamentary system on the question of financial control hinges on the Finance Department. Thus the primacy of the Finance Department is guaranteed by the Rules of Business; for all matters which have a financial bearing must first be submitted to that Department for examination and scrutiny before being sent for Government's approval. It is this Department which watches the working of the taxation schemes and controls receipts; hence it is the best instrument to reduce expenditure so as to strike a balance between income and outgoings, and thus maintain solvency and Government credit. Besides, as the Finance Department is not entrusted with any expenditure work, it is in a good position to judge the merits of proposals from different departments and evaluate, as far as is humanly possible, their importance in the general scheme of Government expenditure, which must always aim at maximising social welfare.



It, therefore, follows that the financial administration of the State should be so organised that it can exercise proper control over the spending departments and maintain the equilibrium between revenue and expenditure. During this brief period, I am in charge of this portfolio, it has been my experience that the Finance Department is the most hard-pressed Department. Its efficiency depends to a great extent on the co-ordination and co-operation of other departments, which again, on their own parts, should have a standard of efficiency in the matter of their administrative duties and financial responsibilities and accounting activities. In course of the work which the Finance Department was called upon to discharge in connection with the Finance Commission it was found that statistics and information pertaining to the financial side of some departments were not readily and properly available as each department has not been properly and adequately organised so far as their financial and accounts sections are concerned. The result has been that there are wide possibilities for wasteful expenditure, non-essential expenditure, accumulation of work, want of proper control over finance and therefore application of strict economy. Even in respect of certain departments stock accounts could not be prepared for years and the audit objections are multiplying from time to time. In the Accountant-General's Appropriation Account and Audit Reports for the past few years and for the year 1948-49 certain very pertinent observations have been made in this respect. The Public Accounts Committees have also invited the attention of the House to many such irregularities. Recently, I had an occasion to enquire into the working of the Tractor Scheme and the administration of the Grow More Food Loan. I am constrained to observe that even though these schemes have been in operation for the last 8 or 9 years, correct verified accounts and stock balances could not be made up-to-date. I do not mean to say that all our officers and men are not doing their best. In certain cases the work has so much multiplied and the responsibilities are so diverse that each officer turns out to be a multi-purpose officer and therefore hardly finds time to exercise proper control over the financial aspects of the department's activities and it is more so because the department itself is not properly organised and responsibilities properly divided. The organisational weakness is widening.

As was pointed out by my predecessor Hon'ble the Chief Minister in his last Budget speech, our constitution has adopted generally the British financial modes and procedures, but our organisation of administrative machinery has not been on the basis of the British system. Regarding the working of the financial system in the United Kingdom certain features analysed by experts, may

