

Chandrabhaga

**Speech of Shri Radhanath Rath, Finance Minister,
Orissa, in introducing the Budget Estimates
of the State of Orissa for the year 1953-54**

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SIR,

I now rise to place the Budget for 1953-54 before this august Assembly which I should in all humility acknowledge to have so far accorded the co-operation for which I extended my prayer, when I last made my statement on the revised Budget proposals for the year 1952-53. That Budget was virtually prepared by the outgoing Government just in the thick of a general election. It could not, therefore, fully reflect the policy and programme of the Government that came into office thereafter. I, however, indicated partly the revised policy and programme and stated that there were certain schemes which were to be launched upon in course of the year and they referred to various developmental activities mostly in rural areas. All those schemes were brought before this House and passed when supplementary demands were moved in the last October Session for which I record my grateful thanks.

The present Budget, however, must be said to be indicating the policy and programme of the present Government in a wider context. Let me state unequivocally that the policy and programme laid down hereunder has the fullest support of the Chief Minister and other colleagues and I am very thankful to them. I can say without any mental reservation that we have tried our best to satisfy the various pressing needs permissible under the circumstances and possible under the limitations with which we are confronted. In this, however, efforts have been made to usefully spend money in rural areas whereby the labourers and the middle class people can get better employment.

I should not pretend to claim that all that we desired could be done or all that we expected could be fulfilled, or all that we asked for were secured. While quoting Mahatma Gandhi, the Father of the nation, I had stated that if we had fought for the freedom of our country, it was to establish a real democratic State in which the interests of the masses should predominate. I had, therefore, submitted that we would so direct our economy that the masses, who constitute the bulk of the rural population, should be served better and that the poor ignorant tax-payer should be made the real master and that corruption should be fought with determination and the services, the class and the mass, should be so inspired that their talents and experience and strength and resources should be harnessed to be best utilised for the good of the people. In brief we visualised a silent peaceful revolution in the country. This naturally envisaged a situation in which, in the words of Emerson, "The absolute balance of Give and Take, the doctrine that everything has its price, and if that price is not paid, not that thing, but something else is obtained, and that it is impossible to get anything without its price, is not less sublime in the columns of a Ledger than in the Budgets of States, in the laws of light and darkness, in all the action and reaction of nature."

Unless every section of the Society pay the price and strike a balance between give and take the objective cannot be obtained. For the real price of labour is knowledge and virtue, whereof wealth and credit are signs. The ends of labour cannot be answered but by real exertions of the mind, and in obedience to pure motive. The cheat, the defaulter, the gambler cannot extort the knowledge of material and moral nature, which his honest care and pains yield to the operative. The law of nature is—
"Do the things and you shall have the power; but they who do not the

thing, have not the powers." These memorable words of Emerson are very true today. As, however, no man had ever a point of pride that was not injurious to him, so no man had a defect that was not somewhere made useful to him. In consonance with this universal truth I must admit that the country at large could not do the thing fully and adequately and therefore, could not duly rehabilitate itself morally and materially in the region of power and advancement. Therefore, the poverty still persists, the shortcomings of the administrative machinery still exist. But may I venture to remind ourselves that "Our strength grows out of our weakness". Not until we are pricked and stung and sorely shot at, awakens the indignation which arms itself with secret forces; the same guards which protect us from disaster, defect and enmity, defend us if we will refrain from selfishness and fraud."

Sir, before I proceed further I should like to refer to a very sad incident which has happened a few days back and it is the death of our Defence Minister late Shri N. Gopalaswami Ayyangar. We mourn his death which has been an irreparable loss to India. His wisdom and sagacity in handling international affairs was of very great help to our country indeed

ECONOMIC SITUATION

The darkness in the international situation is growing thicker day by day. The disturbance of peace which took place two and half years back in Korea still persists even after the election of the new President of the United States of America and even though the most sincere and honest efforts of India under the leadership of the Prime Minister to bring about a settlement have almost universally been appreciated and applauded. It appears as if the area of conflict is going to be extended. All around the Indian Union signs of disturbance are growing. But to the credit of India there is not only peace and tranquillity, but greater harmony between the different sections of the people. Conflict in the neighbouring countries is bound to have its reaction in the overall economic position of the world and for the matter of that, of our own country and of our own State. The menace of inflation had created a very uncertain situation resulting in a spiral of rise of prices against which the Government of the country had to fight hard. It is a matter of congratulation that the anti-inflationary policy of the Government of India has yielded definite results. The inflation has now been checked; prices of certain articles are slowly but steadily going down. The production has been rising. In certain commodities such as Jute and Gur the prices have rather fallen very rapidly and drastically. This helps to a certain extent the consumer no doubt, but it may tend towards a depression. The anti-inflationary policy should not, therefore, obscure the fact that the Government has to be equally committed to an anti-depression policy. It has been rightly said that "Curbing inflation is the first step towards preventing depression." Under mixed economy the State has to be very careful to overcome inflation and prevent depression as otherwise the fall in the purchasing capacity of the people will inevitably cause fall in revenue of the State resulting in an economic disturbance which may bring about disaster. Kautilya, the great Statesman of ancient India, had rightly said—"कोषपूर्वाः समारम्भाः । कोषमूलो दण्डः । तस्मात् पूर्वं कोषमवेक्षेत । अल्पकोषो हि राजा पौरजानपदान् एव अस्ते ।" According to Kautilya, it was the duty of the State to help individuals

and industries as well as the various sections equitably and rationally through the resources at its disposal. As such, the prosperity of the community contributed to the prosperity of the State, while the distress of the latter led to their poverty. He had rightly said that well-filled treasury was a prime requisite for the progress of a prosperous State (कोषपूर्वाः समारम्भाः) since, upon it depended the defence of the country, the safety and prosperity of the people. The State or Government's poverty, according to Kautilya, led to the economic ruin of the country and it was sure to devour the people (स्वल्पकोषो हि राजा पौरजानपदान् एव ग्रसते)। We should, therefore, grimly take note of the fact that the finance of the State, particularly of a welfare State, should not be allowed to be seriously affected by actions which would do positive harm to the State and the Community.

STRUCTURE OF TAXATION

It is true that taxation should be commensurate with the paying capacity of the tax-payer. The simplification and modernisation of the entire system of taxation in the country is a task which is now proposed to be enquired into by a Taxation Enquiry Committee to be constituted by the Government of India shortly. In our own sphere also an economic survey together with an enquiry into the incidence of taxation in the State is going to be undertaken soon. In my last Budget statement I had announced that such a Taxation Enquiry Committee would be set up and that it would start working very soon. But unfortunately we could not complete its constitution owing to delay in securing the services of some eminent economists whom we thought to be most fitted to undertake such survey and enquiry.

After my statement on the subject I am glad that the Finance Minister of India announced the idea of having a Central Taxation Enquiry Committee, and in the last Finance Ministers' Conference the scope of this enquiry was discussed; and it is understood that the proposed Taxation Enquiry Committee to be appointed by the Government of India will enquire into the system of taxation in the Centre, in the States and under Local Bodies. Since this enquiry will be a comprehensive one, I had to revise my idea of a Taxation Enquiry Committee in our State. I had prolonged correspondence on the subject with Professor D. R. Gadgil, Director, Gokhale Institute of Economics and Politics, Poona, who is a member of the National Income Commission appointed by the Government of India and who had been asked by the Central Power and Irrigation Commission, Government of India, to prepare a scheme of economic survey of Hirakud Project. I have also had correspondence and discussion with some other experts and our Chief Minister and have now decided that we should have a thorough and scientific economic survey on regional basis in our State which would include enquiry into the incidence of taxation and for this I am enlisting the co-operation of Professor Gadgil and Dr. Sadasiva Misra, Head of the Department of Economics, Ravenshaw College. Never has such economic survey and enquiry been made in Orissa up till now. Professor Gadgil, with regard to economic survey arising out of the Hirakud Project, has indicated that "this type of investigation is best exemplified by the Columbia Basin Joint Investigations. This is stressed here because the absence of planning in these matters would make a great deal of difference to the process of adjustment and the costs involved in it and the direction and

pace of development of the tract. Quick adjustment with the minimum cost can be planned. If not, the adjustment would be by trial and error. It will involve higher costs, require more time and may even take wrong directions." He further said, "Lack of planning will involve lower levels of total benefits, greater costs, undesirable and harmful development, etc., and therefore, basically we will have to take stock of the economic conditions at the time of construction with which comparisons can be made of the economic conditions after the completion of the project. The present conditions can be gauged by the carrying out of the survey of the area affected by the project. Conditions after completion have to be projected on the basis of available data, contemplated policies, etc. As has been indicated above, two pictures of economic conditions after completion, one after five years and one after 25 years, will have to be built up to see the problem in the short and long-term perspectives. An enquiry bearing on all these can be planned and completed in three stages as detailed." Since such a valuable economic survey is contemplated, I thought that we should integrate it with our own economic survey and enquiry into the incidence of taxation. I am glad to note that Professor Gadgil has written to me that when we begin our survey work he shall try and help us with the resources of the institute to the largest extent that he can. He would be available for consultations and the work of his survey staff may be integrated with the work of our survey party, so that the different regions of Orissa, according to economic groups, might be scientifically surveyed and incidence of taxation may also be scientifically enquired into and data collected and placed before us. I am expecting that the matter will shortly be finalised and an announcement will be made.

With regard to Taxation Enquiry, I know there are friends who feel impatient about it. I concede it to be natural, because they are as anxious as we to readjust and rejuvenate the economy of the State. I may state that it has been our sincere desire and earnest endeavour to effect economy and prevent wasteful expenditure as far as we can. Some steps have no doubt been taken in that direction, though I would not say that we have been quite successful as yet. But the determination is there and in certain respects economy has been effected. Efforts are being made to make the best use of money for the welfare of the people and I may humbly claim that the Budget which I am presenting will reflect our efforts in that direction. In view of this I would appeal to every section of the House and the public at large that we should not do anything which would undermine the financial stability of the State.

EXEMPTION OF SALES TAX

Pending the results of the proposed Economic Survey and Enquiry into incidence of taxation I may indicate here that regarding Sales Tax we are awaiting the decision which the Government of India will take regarding uniformity in Sales Tax in consultation with the different State Governments. The Finance Minister of the Government of India has already stated in Parliament that definite conclusions would be reached only when an authoritative interpretation of the Supreme Court was available regarding the interpretation of clauses (1) and (2) of article 286 of the Constitution.

As regards the exemption of certain goods declared to be essential for the life of the community, it is to be noted that though the Central Act does not affect the existing list of commodities either exempted or taxed in Orissa, the Government of Orissa in consideration of the economic reaction obtaining in respect of certain commodities involved in trade in and outside the State, have decided that cocconut, text-books, meat and eggs would be exempted from Sales Tax from the 1st April 1953 and that for hearing revision petitions arising out of Sales Tax cases a separate Tribunal would be constituted. Regarding various other points they are being examined and we may await the recommendations of the Economic Survey and Taxation Enquiry Committee.

FINANCIAL POSITION AND PROBLEMS ARISING OUT OF IT

India is striving hard to consolidate her economic position by pursuing a constructive policy of work and advancement. The Five-Year Plan, the Community Projects and even the Bhoodan Yajna of Acharya Vinobha Bhave are the different aspects of that effort. These are conceived in a spirit of silent peaceful revolution and we should, therefore, bend our energies in these fruitful channels. I don't say that there is no room for improvement in the plans and projects; that the plan is adequate and satisfactory; that way constructive proposals and criticisms would be welcome. But may I suggest that political considerations should not be brought in or impediments and obstructions created to undermine these efforts.

So far as this State is concerned, we have heard the speech of the Governor, whose wise counsel and guidance we value most. This speech indicates nothing but the constructive efforts for the development of the State and amelioration of the condition of the common man however limited they may be.

I am afraid, I have taxed your patience by presentation of certain problems which are abstract in their nature. I should now come to practical details with which we are at present concerned. It is said that Monday is Parson's holiday; but I will be troubling you with intricate figures which may be a little boring and may mar the jovial atmosphere prevailing in the House up till now, as legislators we have to face the realities and deal with them.

Sir, the Budget I have presented to the House will be a landmark in the budgetary history of Orissa inasmuch as the total expenditure it involves is the highest ever reached in this State. When this Province of Orissa was first constituted on the 1st April 1936, the first Budget represented a total revenue of TRS. 1 68,63 and expenditure of TRS. 1,71,63. In course of time and after the war in 1946-47, the total revenue came to Rs. 4 crores and 43 lakhs and expenditure to Rs. 6 crores and 9 lakhs. The revenue and expenditure went on steadily rising up to 1948-49 and as a result of the merger of the States the total revenue in 1949-50 was Rs. 8 crores 90 lakhs as against expenditure of Rs. 8 crores 76 lakhs and the highest revenue-expenditure was reached in 1951-52, revenue being, according to the Budget estimate, Rs. 10 crores 56 lakhs and expenditure Rs. 11 crores 31 lakhs. But in 1952-53 the revenue was originally estimated at Rs. 11.78 crores and expenditure at Rs. 12.6 crores and the revenue deficit at the end of the year was estimated to be Rs. 2.30 crores. But according to the revised estimate of the current year we find that the revenue has gone up to Rs. 13.60 crores and expenditure to Rs. 12.40 crores

