

Chhristna
14-2-60



GOVERNMENT OF ORISSA

SPEECH

OF

DR. HAREKRUSHNA MAHTAB

CHIEF MINISTER, ORISSA

PRESENTING THE BUDGET ESTIMATES FOR THE YEAR 1959-60

TO THE ORISSA LEGISLATIVE ASSEMBLY

**Speech of Dr. Harekrushna Mahtab, Chief Minister, Orissa
on presenting the Budget Estimates for 1959-60
to the Orissa Legislative Assembly**

SIR,

I rise to present the Budget Estimate of the State of Orissa for 1959-60. At the outset, I wish to place before the Hon'ble Members some important facts relating to the economic situation of the State. Firstly, rainfall and weather conditions proved on the whole to be quite satisfactory during the current year. As a result, rice which is the main crop of the State is expected to yield a good harvest. It is therefore expected that the farmers who constitute the largest occupational class in the State will improve their incomes. This, I venture to add, will be largely true even though prices obtained by them in some interior places may not be of the same order as those quoted in markets near the railheads or important consumer centres. From the information collected by our Bureau of Statistics and Economics it appears that the wholesale price index of rice has been continuously on the increase during the year 1958. Taking 1939 as the base year (100) it stood at 641 in June 1958 as against 594 in June 1957. By December 1958 the index came down to 566, but even this was higher than 557 of December 1957. Similarly for pulses the index of June 1958 stood at 486 against 470 of June 1957 and the index of December rose up to 588 against 465 of the previous December. It is true, there has been some fall in the price of Jute. Even allowing for this item, it can be safely said that a distinctly upward trend in the prices received by farmer for his products is discernible. This is indeed a welcome feature. Agricultural production, particularly the production of food-grains, is increasingly coming to be recognised as the vital factor for the success of planned development. Much therefore depends upon the producers of these commodities and the trend of price which gives them the much needed incentive will go a long way in making the Plan a success and in raising the national income to the desired level.

2. The second economic fact I wish to place before the House is the increased production of minerals and ores during 1958 as compared to 1957. Dolomite with little over 7 lakh tons showed an increase of more than 500 per cent. In terms of value the production of 1958 worked out to Rs. 86.58 lakhs as against Rs. 16.68 lakhs of 1957. In regard to iron ore, Orissa took the second place in India with 2,147,000 tons, Bihar being the first with 2,242,000 tons. There have also been increases under China clay and Fire clay. Manganese, however, showed a slight fall due to certain unfavourable trends in the international markets and the output was estimated to be 83 per cent of the previous year. The total value of minerals extracted in 1958 is estimated at Rs. 1,072 lakhs as against Rs. 1,060 lakhs in 1957, thus registering an increase of 1.07 per cent.

3. Thirdly, the few major industries in Orissa can be said to have done well during 1958. Production of cement showed an increase of 123 per cent. The output of paper, glass and cotton textiles in 1958 were 77 per cent, 95 per cent and 91 per cent respectively of the output of the previous year. Not much significance appeared to have been attached by the market to the fall in production of paper as is evident from the premium at which the shares of the concerned industry were quoted at the close of the year. They were quoted at 192 per cent premium while at the end of 1957 the premium was only 142 per cent. The shares of cement and mineral industries have similarly gained in premium by the end of the year and stood at a level higher than at the end of 1957.

4. I shall fail to provide proper perspective if I do not simultaneously invite the attention of the Hon'ble Members to the wage level and the consumers price index. The working class consumers' price index for Cuttack and Berhampur as published in the Indian Labour Gazette, a Central Government Publication, showed that prices paid by the consumers of the working class have moved to higher levels in 1958. In Cuttack the peak was reached in August (128)—Base 100 = 1949. In Berhampur it reached 120 in September. The highest level reached in Cuttack in 1957 is 115 in September and in Berhampur 113 in November. Though thus the index went up in the earlier part of the year, it has begun to fall in the later part. In October 1958 up to which

latest information is available it has already dropped to 118 in Cuttack and 119 in Berhampur. The main reason for the general increase over 1957 is the rise in the price of food articles in the middle of the year while the yield of the next crop was still in doubt. Once it has become clear that the harvest will be good and that the food articles will not be scarce the prices have tended to fall. It is hoped that when the index for December 1958 is drawn up it will have reached a level which will not be very much higher than that of the corresponding month of 1957. Some information has also been collected regarding the prevailing wage level. It is found that the wages of agricultural labour in 1958 was slightly higher than in 1957. In June 1958 wages for men on the average stood at Rs. 1.13 against Rs. 1.01 in June 1957 and Rs. 1.12 in December 1957. For skilled labour like the carpenter, cobbler and blacksmith, the wages remained almost at the same level as in 1957.

5. I shall now proceed to indicate briefly the effect of the financial transactions of the year 1958-59 as revealed by the Revised Estimates. Hon'ble Members may recall that while presenting the Budget Estimates of the current year I anticipated that the year would open with an overall minus balance of Rs. 428 lakhs. Actually the year opened with a slightly higher overall minus balance (Rs. 448 lakhs). This figure would have been higher still, had it not been for the kind continuance of ways and Means assistance of Rs. 350 lakhs by the Central Government. In other words, Accounts of 1957-58 showed considerable deterioration from the position assumed in the Revised Estimates. The deterioration was mainly due to three factors. Firstly, the revenue anticipated from additional taxation measures did not materialise. Secondly, the receipts under land revenue, mines and Hirakud project did not come up to expectations. Thirdly, the State had to purchase and keep in stock more paddy and rice than what was anticipated at the time of the Revised Estimates in order to meet the demands of the drought situation. There were also some other contributory factors such as the decision to transfer a sum of Rs. 13 lakhs to the Orissa Famine Relief Fund in accordance with the recommendation of the Finance Commission and refund of Rs. 30 lakhs to the Centre on account of excess drawal of Grow More Food loans in previous years.

6. The Revised Estimate now placed before the House shows that the year which opened with an overall minus balance of Rs. 448 lakhs will close with an overall minus balance of Rs. 86.58 lakhs. This figure has been arrived at as follows :—

	Rupees in Trs.
Actual opening balance on the 1st April 1958 ..	(—) 4,48,20
Consolidated Fund (surplus)	(+) 3,45,91
Contingency Fund
Public Account (Surplus)	(+) 15,71
Estimated closing balance on the 31st March, 1959	(—) 86,58

7. The overall balance now anticipated at the close of the current year shows great improvement on what was shown in the Budget Estimates, (—) 290 lakhs. The improvement is partly due to the increase in the amount of loan obtained from the open market during the year and the increase in the receipts expected under several heads as a result of better administration and a concerted drive to collect a good part of the arrears. I would, however, like to remind myself and the Hon'ble Members of the saying that there is many a slip between the cup and the lip. The improvement projected in the Revised Estimate will elude us unless the administration on the one hand and the representatives of the people in this House, on the other, work in unison for making a success of the drives undertaken for collection of land revenue and other items of revenue, current as well as arrears. I wish to emphasise that the State is not yet out of the wood in the matter of finances. The trend of deficits is still very much with us. Last year I informed the House that despite the generous treatment we have received at the hands of the Finance Commission our financial condition continued to be unsatisfactory and something drastic had to be done to reverse the trend of deficits. I said "A minus balance appears inherent in the situation and will continue to be a drag on future years unless the Central Government comes to our aid to wipe it off". We had accordingly applied to the Central Government for assistance

against the Plan outlay of previous years as well as on an *ad hoc* basis. I am now glad to inform that the Central Government sanctioned increased assistance to the tune of Rs. 150 lakhs against the Plan outlay of 1957-58 under Miscellaneous Development Loans. This amount was credited to our accounts during June 1958. They have also kindly indicated that our request to convert the temporary accommodation of Rs. 350 lakhs given to us as Ways and Means advance in March 1958 into a long-term loan would be considered favourably and that the formal order would issue shortly. Now that the Central Government have done their part, it is for us to do everything possible to increase our revenues and receipts and keep non-developmental expenditure under control and thus to reverse the trend of overall deficits. Correction of the overall deficits, I may add, is but the first stage in the journey towards financial stability. If we press on in the direction thus chosen we will in time reach the stage when the central problem of our finances, the cumulative revenue deficit, will have to be tackled. About this stage I can only say that it is quite a long time yet.

8. I now propose to review briefly the progress of the Plan during the current year. In January 1958 the Planning Commission fixed the size of the State's Plan for 1958-59 at Rs. 16 crores. In the Budget Estimates, however, we provided for an outlay of Rs. 16.13 crores. We moved the Planning Commission to raise our ceiling suitably and in November 1958 the Planning Commission agreed to an additional allocation of Rs. 65 lakhs for Delta Irrigation scheme over and above the ceiling. After taking into account these developments, we have provided in the Revised Estimate for an outlay of Rs. 16.78 crores. The progress of expenditure has been kept constantly under review and as Hon'ble Members are already aware diversions have been made from one scheme to another through supplementary demands with a view to ensure that slow progress in some sectors due to unavoidable reasons do not eventually result in a huge shortfall in the total outlay. It is therefore hoped that the outlay allowed for the year will be more or less fully achieved. Details of the progress so far made by the Departments and anticipated to be made in the various sectors have been described in the White

Paper circulated separately. I do not like to burden the House with details at this juncture. It will perhaps be sufficient if I refer to some of the more important aspects.

(1) *Community Development Programme*—The Governor in his address has drawn our attention to the recommendations of the Balwantray Mehta Committee and the consequent reorganisation of the blocks. He has also referred to the integrated nutrition and health programme for women and children that has been undertaken with the active co-operation and financial aid of the United Nations Children's Emergency Fund. This is indeed a very unique programme and we have been very fortunate in getting this important international organisation interested in our problems. The scheme is the first of its kind to be taken up in India by the UNICEF. The authorities of the UNICEF agreed to the scheme after a careful study on the spot and in this they called to their aid experts of their sister organisations such as F. A. O. and W. H. O. I am sure, the Hon'ble Members will like me to place on record our gratitude to the UNICEF authorities for the magnificent way in which they have gone about our health and nutrition scheme. This new scheme apart, the Community Development Programme has been making a steady progress in the normal fields of agriculture, education, co-operation and communications. Recently, Union Minister for Community Development and Co-operation toured the State. When he was asked to state his uppermost impression, he paid tribute to the way in which the control over the community development administration has been strengthened during the year. Hon'ble Members are aware that the Development Commissioner has been examining the problems of the Community Development Blocks in close detail and has held for this purpose meetings with all concerned for two districts at a time. With the increase in the number of blocks, it may become necessary to take each district separately for a careful study of its problems and for finding proper solutions. The Development Commissioner and the Additional Development Commissioner between them, it is hoped, will be able to give close attention to all the blocks in the year to come. One of the major results of the close attention given by the Development Commissioner to some of the blocks is the initiation of a

