



GOVERNMENT OF ORISSA

SPEECH
OF

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PRESENTING THE BUDGET ESTIMATES FOR THE YEAR 1960-61
TO THE ORISSA LEGISLATIVE ASSEMBLY

**Speech of Shri Rajendra Narayan Singh Deo, Finance Minister, Orissa
in presenting the Budget Estimates for the year 1960-61
to the Orissa Legislative Assembly**

SIR,

I rise to present the Budget Estimate of the State of Orissa for 1960-61. I may begin by inviting the attention of the Hon'ble Members to some of the more 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. Although some areas in the districts of Puri and Cuttack were affected by floods and certain areas in Cuttack, Balasore and Mayurbhanj districts were affected by cyclones, there has been no serious damage to the main crop of winter rice. In fact, the production of rice is expected to be much higher than in the previous year. I am making this statement on the basis of the information that has come to hand as a result of the State-wide sample survey conducted by the Bureau of Statistics and Economics. We have undertaken this survey with a view to fill the lamentable gaps in our information about the state of agricultural production. This will be an annual feature and it is hoped that the results of the survey will be of some use in the framing of policies for the improvement of the economy of the State. Members are, no doubt, aware that hitherto forecasts of agricultural production used to be made by the Director of Agriculture on the basis of information supplied to him by the revenue staff. We have always entertained serious doubts about the accuracy of these reports. But in the absence of anything more scientific and reliable we used to cite them whenever necessary. But now that a State-wide survey has been instituted on the basis of a scientific sampling design in consultation with the experts of the Central Statistical Organisation we would be in a better position to know the facts of our agricultural situation. The Bureau will take some time for publishing a full report as the analysis and interpretation of the large volume of data collected from the field is a laborious and time consuming

process. For the present, the Bureau has prepared a preliminary report which is under issue. Here, I would mention two of the interesting features that the report reveals. One is in regard to the average yield per acre of winter rice. The survey has shown that the average yield of winter rice per acre is 15.55 maunds. Hitherto we have been told that the average yield in Orissa is about 9 to 11 maunds and that this rate had remained almost steady through several years. It is indeed gratifying to note that, in fact, our average yield is higher and that the various efforts for improving agricultural production have borne some fruit. This is not, however, to say that our yield is high enough and that we can afford to be complacent. Even at this rate we are below the All-India average which is 16.3 maunds. The yield in other rice producing States like Madras (25.5 maunds), Mysore (22.7 maunds) and West Bengal (19.2 maunds) is much higher. We have to do a great deal to catch up with other States. The second important result thrown up by the survey is that the total production of rice in the State is little over 36 lakh tons and not as low as the usual forecasts depict it to be. According to the forecasts our production would be well below 30 lakh tons. The difference between the forecasts and the survey result is indeed considerable. It is mainly due to the higher average yield per acre than due to any serious difference in acreage. Even if some allowance is given to what are called sampling and non-sampling errors in statistics, we can confidently hope that our total production of rice is certainly much more than what has been assumed to be hitherto. This to my mind is a very important economic factor which should give us greater confidence in the capacity of our agricultural economy to rise equal to the needs of the national drive for greater production of foodgrains. From the general price index of rice till September 1959, it is noticed that the price index of rice was near about 582 in September 1959, as against 663 in September 1958, taking 1939 as the base year (100). This was mainly due to prospect of a good crop. There has not been much noticeable change in the price index of pulses and other essential commodities like wheat, sugar, gur, etc. There was, however, a marked rise in the price of jute. It is unfortunate that the acreage and yield of sugarcane have decreased by 3.45 percent

and 13.52 per cent respectively during 1959 as compared with 1958. It is expected that with the establishment of more sugar factories and expansion of irrigation facilities in the State, sugarcane will be more widely grown by cultivators. The time has come when our agriculturists should get themselves interested in some of the money crops like tobacco, sugarcane or ground-nut. With various measures taken by Government for intensification of the food production drive, it is expected that the yield of these important crops of our State will increase further.

Similarly in the field of industry the existing units in the State have, on the whole, shown satisfactory progress. From the statistics available it appears that though there has been a decrease of about 29 per cent in the production of cement, mainly on account of labour trouble, and 9 per cent in the production of yarn in 1959 as compared to the figure of 1958, there has been increase of 77 percent in the production of paper, 193 percent in the production of electric energy and slight increase in the production of cloth.

The next point of economic importance to this State is minerals, which are our bountiful gifts from nature. The increase in the extraction of minerals and ores during 1959, as compared to 1958, was, on the whole, satisfactory. Except for manganese, graphite and kaolin, which showed a decrease of 12.5 percent, 7.5 percent and 28.9 per cent in 1959 over 1958, other minerals like iron ore, chromite, coal, china clay, fire clay, white clay, limestone, dolomite and mica showed considerable improvement ranging from 9 per cent to 44 per cent over the extraction figures of 1958. Incidentally I may mention that the extraction of graphite and kaolin is very small in this State. So far as manganese is concerned, the fall was mainly due to unfavourable trends in the international market.

The appreciation of the economic situation of the State will not be complete, unless I give an idea about the wage and the price levels. From the working class consumers price index for Cuttack and Berhampur, as published in the Labour Gazette, a Central Government publication, it appears that the prices paid by

the consumers of the working class in 1959 moved to slightly higher levels in Cuttack as compared with 1958. The peak was reached in June (123)—(Base 100-1949) and after that there is a tendency to fall. In Berhampur though in the earlier part of the year, the price indices rose above the corresponding levels of 1958, there is now also a falling tendency in the price index and actually in October (the last month for which figures are available) the price index stood at 118 as compared with 119 in October 1958. As against this, the index of wage level of labourers moved upwards from 120·21 in June 1958 to 145·74 in June 1959 (Base 1950-100). For skilled labourers like carpenters, cobblers etc. there was also increase of wage level between 17 to 22 percent over that for 1958. Thus the slight increase in consumers price index was more than reflected on the wage level of labourers, both skilled and unskilled.

I would request the Hon'ble Members to view the budget against this background.

Revised Estimates for 1959-60

2. I shall now proceed to indicate briefly the effect of the financial transactions of the year 1959-60 as revealed by the Revised Estimates. Hon'ble Members may recall that while presenting the Budget Estimates for the current year the Chief Minister anticipated that the year would open with an overall *minus* balance of Rs. 87 lakhs. Actually, however, the year opened with an overall *plus* balance of Rs. 185 lakhs thus showing an improvement of Rs. 272 lakhs. In other words, the accounts of 1958-59 showed considerable improvement from the position assumed in the Revised Estimates of that year. The reasons are mainly fortuitous and not due to any real improvement in our revenue position. For State Trading we received advances from the Centre for supply of foodgrains. We also received advance compensation for Government lands acquired for the Hirakud Project pending closure of accounts. Less payment was made to Hirakud authorities for bulk purchase of electricity pending finalisation of rates.

The Revised Estimates for the current year now placed before the House show that the year, which opened with an overall *plus*

balance of Rs. 185 lakhs, will close with an overall *plus* balance of Rs. 183.53 lakhs. The figure has been arrived at as follows :—

| | | Rupees in TRs. |
|--|------|----------------|
| Actual opening balance on the 1st April 1959. | (+) | 1,85,14 |
| Consolidated Fund (minus) .. | (--) | 92,24 |
| Contingency Fund .. | | .. |
| Public Account (surplus) .. | (+) | 90,63 |
| Estimated closing balance on the 31st March 1960. | (+) | <u>1,83,53</u> |

The deterioration of Rs. 19 lakhs in the overall position is mainly due to non-materialisation of most of the additional taxation measures originally proposed. The position would have been still worse, but for the determined efforts made by us to maximise arrear collections and to keep effective control over expenditure. There were also some increased receipts from Central taxes.

3. *Progress of the Second Five-Year Plan*—As this is the last year of the Plan the Hon'ble Members would naturally like to have an idea about the progress achieved so far and the provisions proposed in the next year's budget for the Plan schemes. I would, therefore, give a brief review of the Plan at this stage.

By the end of the third year of the Second Five-Year Plan, the expenditure on Plan schemes was of the order of Rs. 50.50 crores. The revised outlay for the year 1959-60 is Rs. 19.75 crores. The programme for 1960-61 was recently finalised with the Planning Commission and the allocation agreed to was of the order of Rs. 21.47 crores, the break-up of which by heads of development is given in Appendix 'A'. Against this, the Budget actually provides for a slightly higher expenditure of Rs. 21.55 crores. Assuming that the provision for the current year and the outlay for the next year will be fully utilised the total performance in terms of expenditure would be of the order of Rs. 91.80 crores. As a result of overall reduction in the country's Plan from Rs. 4,800 crores to Rs. 4,500 crores, the allocation for

the Plan outlay for States has been reduced from Rs. 2,241 crores to Rs. 2,048 crores. This naturally means that the outlay for this State, which was originally fixed at Rs. 99.99 crores, must be necessarily scaled down. Viewed from this angle a total expenditure of the order of Rs. 91.80 crores would represent a very satisfactory realisation in terms of financial targets. An idea about the physical targets for the Plan period achieved so far and the approximate targets proposed to be achieved during 1959-60 and 1960-61 is given in Appendix 'B'. It would be seen therefrom that the progress in terms of physical targets achieved so far is not unsatisfactory and if the targets proposed for 1959-60 and 1960-61 are achieved, we will have every reason for satisfaction.

I may add here that in addition to the development schemes included in the State Sector of the Plan, a number of Centrally-sponsored schemes and schemes in the Central Sector is also executed by the State Government. The total expenditure on these schemes till the end of 1958-59 is Rs. 5.65 crores. The Revised provision for such schemes in the current year is Rs. 3.12 crores and a provision of Rs. 5.11 crores has been proposed for 1960-61. The details of schemes in the Central Sector provided in the next year's budget will be found in Appendix 'C'.

It will not be out of place to mention here that out of the total expenditure of Rs. 56.15 crores on Plan schemes including Central Sector and Centrally-sponsored scheme till the end of the third year of the Plan, the Central Government contributed a sum of Rs. 43.65 crores and a sum of Rs. 12.50 crores was spent from the State resources. In the Revised Estimate for 1959-60, the Central assistance would be of the order of Rs. 16.77 crores and a sum of Rs. 6.10 crores is proposed to be spent from the State resources. During 1960-61 Central assistance is assumed to be Rs. 19.07 crores and the corresponding share of the State would be Rs. 7.59 crores. Therefore, the total share of the Central Government would be Rs. 79.49 crores and the corresponding State share Rs. 26.19 crores for executing the schemes in the Second Five-Year Plan. It would be seen from this that without generous assistance from the Centre it would not have been possible for the State to execute the Plan.

Hon'ble Members are aware that during the early part of the Plan period the progress was hampered mainly due to dearth of technical personnel among other reasons. We had, therefore, to take effective measures towards strengthening the executive machinery which is now sufficiently geared up to handle a larger programme. The shortage of certain categories of technical personnel, such as, Engineers, Overseers, Doctors, etc., has been tackled by the extension of the training facilities in the existing training institutions, by building up new medical and engineering institutions and, wherever necessary, by recruiting trained personnel from outside on a temporary basis. Similarly, steps have been taken to increase the seats in the Utkal Krushi Mahavidyalaya and Orissa College of Veterinary Science and Animal Husbandry to get the requisite number of trained Agriculture graduates and Veterinary doctors. The seats in the Science Colleges have been increased considerably and new Science Colleges have been established to take in more pupils so that adequate number of candidates would be available for the technical institutions. The concerned departments have also been thoroughly reorganised and strengthened, where necessary, to cope with the additional work load entrusted to them. As a result of these measures, the position is gradually improving and it is hoped that during the Third Five-Year Plan period the position will not be as difficult as it was during the period of the Second Five-Year Plan. The machinery is now in a position and is being steadily geared up to cope with the increased tempo of development in different spheres. The progress achieved in different spheres of developmental activities will be found in the White Paper circulated to the Hon'ble Members separately. My colleagues will also explain the provisions proposed for their respective departments in detail while moving demands for grants. I do not, therefore, propose to tire the patience of the House with details. I would, however, touch on some important aspects of development—

(1) *Community Development Programme*—Hon'ble Members know that this is one of the most important programmes for the integrated development of rural areas of the country. The entire State has been delimited into 307 Blocks basing on the normal

population coverage of 66,000 for plains and 25,000 to 30,000 for tribal areas, weightage being given to backward areas and areas of special problems. With a view to inculcate the spirit of self-reliance and self-help on the part of the local people, norms of performance have been prescribed for selection of Pre-Extension Blocks and conversion of such blocks to Stage I. These norms relate to village cleanliness, sanitation, response to development programme and coverage by Panchayats and Co-operatives.

The Second Plan outlay for the Community Development programme is Rs. 1097.59 lakhs out of which expenditure incurred till the end of 1958-59 was Rs. 464.41 lakhs. During the current year the target of expenditure is Rs. 244 lakhs and a sum of Rs. 300 lakhs has been provided during 1960-61.

The Blocks are now the units for Planning and Development. A phased programme according to the order of priorities is followed in the Block 5. The order of priorities has been laid down to provide basic minimum amenities in the rural areas on the felt needs of the people such as supply of water for irrigation and drinking purposes, provision of education, provision of medical facilities and communication.

The Panchayats now play an important role in execution of all development works in the Blocks. According to the recommendations of the National Development Council, it has been decided to entrust the Panchayats and other village institutions with the responsibility for executing 'local works' like drinking water-supply, sanitation, education, social education etc. within the frame-work of the Master Plan and under the guidance of the Block Development Committees. The democratic decentralisation of local administration or what is known as 'Panchayat Raj' will be complete when the Zilla Parishad Act comes into force. It is envisaged that the lowest units of administration and development will be the Grama Panchayats. The work of Grama Panchayats will be co-ordinated at the Block level by Panchayat Samities and at district level by the Zilla Parishad.

One of the main items of Community Development programme is the voluntary contribution of the people for the successful execution of the Block programme. From the inception of the

programme the value of voluntary contribution of the people in cash, kind and labour is estimated at Rs. 126.88 lakhs. During the year 1959-60 the contribution was Rs. 14.55 lakhs. Besides there are several works of public utility done by the people themselves without any financial assistance from Government, which are valued at not less than Rs. 37.50 lakhs. The Blocks have devoted special attention to programmes like Development of Agriculture, Irrigation and Soil Conservation, Animal Husbandry and Pisciculture, Health and Sanitation, Housing and Rural Arts and Crafts. One of the noticeable features of the current year was study camp for M. Ps. and M. L. As., which was organised at Bhubaneswar from 4th to 9th January 1960. Four M. Ps. from other States with 8 M. Ps. and 33 M.L.As from within this State attended the Camp. Among others the Union Minister and Deputy Minister, Community Development and the Parliamentary Secretary to the Union Minister participated in the deliberations.

(2) *Agriculture*—As the Hon'ble Members are aware, greater emphasis is now being laid on the increase of agricultural production in the State both in respect of foodgrains and cash crops. The agriculture programme is mainly executed through National Extension Service and Community Development Blocks. The Agricultural production programme includes (i) Multiplication and distribution of improved seeds, (ii) extension of green manuring practices (iii) increased use of fertilisers, (iv) increased production of compost from all waste materials, (v) plant protection measures, (vi) provision of irrigation, (vii) intensive cropping programme for double and triple cropping, (viii) land reclamation and (ix) soil conservation. In his Budget Speech last year, the Chief Minister referred to the appointment of the Committee under the Chairmanship of Raja of Nalagarh to review the agricultural administration in the States and to suggest steps to be taken for making the administration equal to the tasks set for it. The recommendations of the Committee have been received and a Special Officer has been appointed to examine the steps to be taken to reorganise the Department on the lines of recommendation of the Committee. A Joint Director of Agriculture has been appointed to direct and supervise extension work. The Department, as usual,

