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GOVERNMENT OF ORISSA

SPEECH

OF

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**PRESENTING THE BUDGET ESTIMATES
FOR THE YEAR 1962-63**

TO THE ORISSA LEGISLATIVE ASSEMBLY

Speech of Shri Bijoyananda Patnaik, Chief Minister, Orissa in presenting the Budget Estimates for the year 1962-63 to the Orissa Legislative Assembly

SIR,

I rise to present to the House the Budget Estimates of the State of Orissa for 1962-63. Before I deal with the details of the Budget, I feel it appropriate to place before the Hon'ble Members some important facts relating to the economic situation of the State to provide the background against which proposals contained in the Budget for the next year are to be considered.

Hon'ble Members are aware that on the 1st March 1961 a general population census was conducted in our country. From the provisional figures released so far, we find that the population of Orissa has increased to 1,76 lakhs in 1961, as against 1,46 lakhs in 1951. An analysis of these population figures, indicates that two significant changes are taking place in the population map of Orissa.

Firstly, at present, our population is increasing at a rate much faster than what it was a decade ago, even faster than what was estimated to obtain during the first two Plan periods. Rate of growth of population per annum in Orissa during the period 1951 to 1961, is nearly 1.99 per cent compared to 0.64 per cent during the period 1941—1951. Thus we are faced with a formidable situation where we have to tackle a population which is increasing at three times faster than the rate of growth prevailing immediately before the First Plan period.

Secondly, distribution of our population in the rural areas has increased from 1,40.52 lakhs in 1951 to 1,64.54 lakhs in 1961 and in urban areas it has increased during this period from 5.94 lakhs to 11.11 lakhs, thus the rural-urban ratio has changed from 96 : 4 in 1951 to 94 : 6 in 1961. The number of towns has also increased from 39 in 1951 to 62 in 1961. But the rate of urbanisation which indicates a certain level of industrialisation is not good enough.

The reasons for such rapid growth of population in the last ten years, which cover the first two Plan periods, are not far to seek. The death-rate in Orissa has conspicuously fallen while birth-rate has slightly increased during the same period. According to a sample census conducted by our Bureau of Statistics and Economics in 1960, it was found that birth-rate was 36 per thousand in 1960, as against 25 in 1951, while death-rate was 12 per thousand in 1960, as against 21 in 1951. Similarly infant mortality rate has shown an encouraging drop from 189 per thousand of live-births in 1951 to 129 per thousand in 1960.

Under conditions of planned economic developments, which provide larger investments on social overheads, like improved public health and sanitary measures, rapid growth of population is bound to occur in the initial stages. Reduction in the rate of population growth is normally correlated with improvement in standard of living.

This unfolds before us not only its social aspect but also its economic aspect. Two issues are involved. Firstly, the food problem and the problem of housing, health, education, etc., and secondly, the problem of an employment which will give a better standard of living. The population problem can be tackled in two ways either by extensive family planning measures throughout the State or rapidly developing the economy of the State to produce sufficient food and other materials and provide employment facilities to give a good standard of living for the people. Luckily for us, this State has vast resources of cultivable land, minerals and forest wealth, large rivers and a long sea-coast. As Hon'ble Members are aware family planning can be adopted in a large measure only if the standard of education is high and there is co-operation from the masses and our technical man-power is sufficient. Unluckily for us, the majority of our population live in rural areas where education has not spread out properly. Our technical man-power is vastly deficient. Though provision has been made in the Budget for family planning centres throughout the State, it is apprehended that the desired results may not be obtained for many years to come.

The only alternative left is, therefore, to concentrate on getting maximum output from our cultivable lands, planned exploitation and utilisation of minerals and forest wealth, harnessing the large rivers for the benefit of agriculture and industry and making use of the long sea-coast to provide sufficient employment and income to the people of the State. All these may appear to be stupendous but if we look back on history, with the development of science and technology, countries like Germany, America and Russia which were once like us with such natural bounties have become prosperous today with proper planning. It is, therefore, necessary that the requirements of our people should be planned (i) to define their necessities, (ii) to provide for their necessities, and (iii) making available the purchasing power to have them. All these three together are the paramount responsibility of a socialistic pattern of democratic Government. The framing of the Annual Budget, therefore, assumes special importance in a planned economy where rapid improvement in economic, social and cultural life of the community within a reasonable time is desired. With a view to achieve the planned development of the country as a whole, we have been implementing several Five-Year Plan Schemes. The First Five-Year Plan covering the period from 1951—1956 aimed at meeting the urgent needs of increasing production of food-grains to strengthen the economy at the base. During the Second Five-Year Plan covering the period from 1956—1961, building up of basic and heavy industries for laying a solid industrial base for the country's economy has been the central object. Principal economic indicators for the past ten years broadly show that we have been able to combine in a substantial measure, economic development with raising the national income and standard of living of our people.

Agricultural production, which contributes nearly two-thirds to our State income, has been constantly increasing from year to year. During the Second Plan period, production of rice in Orissa has increased from 22.7 lakh tons in 1956-57 (forecast figure) to 36.6 lakh tons in 1960-61 (sample survey figure). It is heartening to note that this creditable achievement was mainly due to higher yield rate. I may state that our

present yield rate is already in the neighbourhood of 1,000 lbs. per acre fixed as a target for the all-India average yield rate for the Third Plan. This, however, need not make us complacent, as rice-based economy such as ours is not a sound economy.

Agricultural production is slowly becoming diversified bringing in new areas under cash crops. During the Second Five-Year Plan acreage under jute and sugarcane has increased, the former by 9 per cent and the latter by 9.6 per cent. But the change-over to cash crops and a sounder agricultural economy is too slow to satisfy the requirements of economic growth. With the location of small sugar factories and expansion of perennial irrigation facilities and lift irrigation facilities in the State intensive efforts will have to be made by the Agriculture Department to increase the acreage and yield of various cash crops. Efforts in this direction have already started.

From wholesale price indices of agricultural commodities it is noticed that the wholesale price index has increased from 516 in December 1960 to 527 in December 1961 with 1939 as the base year (100). This must have acted as a stimulus for increasing the volume of marketable surplus of many agricultural commodities. But for the natural calamities, specially the devastating floods in the major rivers of the State which have become a constant menace to us, the position of our agricultural production might have been better. Expenditure incurred in developing some of the districts where these major rivers flow are washed off to the sea almost every year resulting in colossal loss to Government and the people. During the current year very high floods practically paralysed the developmental activities of Government for sometime as all efforts were concentrated in undertaking urgent relief measure in the flood-affected areas. Here I may mention that unless permanent flood control measures are taken, there is no possibility of improving the economic conditions of the millions of people specially residing in Deltaic Regions. In my inaugural address to this House in August last, I gave an indication about the permanent flood control measures in Mahanadi by a Dam near Tikarpara. I hope the Hon'ble Members will agree with me that unless such measures

are taken, every year the poor tax-payers' money spent in the development of the Mahanadi Delta Region would be ultimately flowing away to the Bay of Bengal. I shall discuss details of provision for flood relief later. Now coming back to the plans of the country : The Third Five-Year Plan, of which this is the first year, has been formulated with the aim to achieve increased production in agriculture and industry with a view to—

- (1) secure during the Third Plan a rise in national income of over 5 *per cent* per annum, the pattern of investment being designed also to sustain this rate of growth during subsequent plan periods;
- (2) achieve self-sufficiency in foodgrains and increase agricultural production to meet the requirements of industry and exports;
- (3) expand basic industries like steel, fuel and power and establish machine-building capacity, so that the requirements of further industrialisation can be met within a period of ten years or so mainly from the country's own resources ;
- (4) utilise to the fullest extent possible the man-power resources of the country and to ensure a substantial expansion in employment opportunities; and
- (5) bring about a reduction of inequalities in income and wealth and a more even distribution of economic power.

Agricultural programme has thus been given immense importance during all the three Plan periods. Unless changes in agricultural programme are brought about either through co-operative efforts in farming or land reforms, there is a great problem of providing full employment to the labour in the rural areas. It has, therefore, been the desire of Government to step up quickly the industrialisation of the rural areas to provide greater opportunities for employment and to diversify

the economy. A modest programme of amenities like fire-proof houses, supply of pumps and implements to the agriculturists and provision of drinking water to the villagers has been started.

In the field of industry, there has been remarkable progress. From the available statistics on industrial production, it is noticed that production of pig-iron and ferro-alloys has increased by 11.80 per cent during the first quarter of 1961 compared to the corresponding period in 1960, whereas that of steel-ingot and metal-for-casting has increased by 62.44 per cent, semi-finished steel by 101.96 per cent and finished steel by 1,631.24 per cent during the same period. This boost in production of iron and steel is the result of expansion of production of the Rourkela Steel Plant.

Similarly, volume of cement production has increased by 9.71 per cent during the first half of 1961 compared to the corresponding period of 1960, but production of cotton textile yarn and cloth have gone down by 6.11 per cent and 9.28 per cent respectively, while generation of electric energy has increased by 31.03 per cent during the above periods. As regards utilisation of electric energy for industrial and other purposes, it is noticed that greater proportion of it is being consumed for industrial use in 1961 (96.61 per cent) than in 1960 (95.69 per cent).

The next point of economic importance to our State is mineral raisings the utilisation of which is of special significance for our development. The progress in the extraction of minerals and ores during 1961 as compared to 1960 was satisfactory. The increase in 1961 over 1960 was of the order of 9.8 per cent in respect of iron-ore, 5.2 per cent for coal, 11.5 per cent for manganese, 35.6 per cent graphite, 17.8 per cent limestone and dolomite and 52.5 per cent fireclay. In this connection I may mention, that these minerals constitute important items of our foreign exports and contribute in a substantial measure towards earning of India's foreign exchange. With a view to develop the economy of our State, it is necessary to increase the exploitation and export of

iron-ore and other minerals through Paradeep Port about which I shall give details later.

The appreciation of the economic situation of the State will not be complete, unless I give an idea about wage and price levels. From the working class consumer's price index for Cuttack and Berhampur, it appears that the index of prices paid for consumer goods at Cuttack in 1961 has increased to 130.7 as against 127.3 in 1960 with 1949 as base year (100). In Berhampur, the index has also increased to 125.0 in 1961 from 119.2 in 1960 (1949=100). Thus for working class while Cuttack has become 2.7 per cent costlier in 1961 than 1960, in Berhampur the increase is to the extent of 4.9 per cent. It is also noticed that the index was rising continuously every month from January 1961, unlike the position in the previous year.

As regards agricultural labour wages relating to male field labour the wage index has increased to 132.86 in 1961 from 124.55 in 1960, with April 1950 as base (100). Thus the level of increase in rural wages to the extent of 6.7 per cent during the year has more than offset the increase in prices.

Lastly, I would like to summarise the position in terms of average *per capita* income and expenditure in our State. According to the recent estimates arrived at by our Bureau of Statistics and Economics, *per capita* income at current prices in Orissa has increased by 19.4 per cent during the First Plan period. During the first three years of Second Plan period for which State income estimates are available, it is found that *per capita* income has increased from Rs. 244.44 to Rs. 270.72, i.e., by 15.4 per cent. It is expected that at this rate it would have increased by 25.7 per cent during the entire Second Plan period. From these figures, it is noticed that the mean annual growth in *per capita* income is higher in the Second Plan period compared to the first one. While the growth rate per annum was 3.9 per cent in the First Plan, it was 5.1 per cent in the Second Plan. It is expected that with higher rates of production in all sectors of our State's economy, there would be further improvement in the *per capita* income of our people.

As regards our level of consumption expenditure, we find that according to the Family Budget Survey conducted by the Taxation Enquiry Committee in Orissa during 1960, average *per capita* annual consumption expenditure in Orissa was of the order of Rs. 298.29. With such income and expenditure position, which leaves very small margin for savings, it is evident that capital formation by mobilisation of savings from income originating within the State would have very limited scope.

Incidentally, I may bring to the notice of the Hon'ble Members the inseparable position of finance to the economic situation in the State. The current year being the first year of the Third Five-Year Plan has to shoulder heavy financial burden on maintenance expenditure on account of the completion of development and amenities schemes undertaken during the Second Five-Year Plan period. The magnitude of this expenditure was very large and though we have made out a case to the Third Finance Commission about the special features of low standard of living and underdeveloped nature of this part of the country, it is not yet finally known how the Finance Commission have appreciated our problems. The Finance Commission have since submitted their report to Government of India and it will soon be laid before the Parliament in its ensuing session with explanatory notes about the implementation of their recommendations after which the report of the Finance Commission may be available to the State Governments. Indications are, however available that the Third Finance Commission have very kindly taken into consideration this heavy burden of expenditure arising out of the completion of development and amenities schemes in the Second Five-Year Plan on the State revenues. It may be my privilege again to pronounce in this House, before we adjourn, about the full recommendation of the Finance Commission. The able Chairman of the Commission, Shri A. K. Chanda, an astute financier, had discussed with us fully about the regional disparity in the development of this State. I only fervently hope that with the assistance to be received from the Government of India as a result of the recommendations of this Finance Commission, we may be able to come up to some standard though not

equal to the economic life prevailing in our neighbouring sister States.

We have also to take advantage of the development plans so far completed and the development plans that we propose to introduce to increase the resources of the State. This August Assembly has already helped the Government in introducing several measures of taxation since the present Government took over the reins of administration. Certain measures of taxation and certain modifications of existing taxation are being proposed in the form of Bills during this session of the Assembly. It will be the earnest endeavour of the Government to take advantage of the help that has been given by the Government of India on the recommendations of the Planning Commission and the Finance Commission in making full use of the capacity of the State to pay and collect resources so that a comprehensive and expanding economy of industrialisation and agricultural production can be laid down for the future prosperity of the State.

REVISED ESTIMATES FOR 1961-62

Hon'ble Members are aware about the circumstances under which the Budget of the current year was presented to the Parliament by the Union Finance Minister on the 27th March 1961 instead of the same being presented to this House. This Budget, therefore, did not take into account certain basic requirements including provision of funds to meet additional requirements as a result of enhancement of salaries on the recommendations by the State Pay Committee. This, together with the two successive devastating floods in July and September of the current year for which supplementaries were taken, seriously upset the Budget Estimates voted by the Parliament. While presenting the Budget Estimates for the current year the Union Finance Minister anticipated that the year would open with a *plus* balance of Rs. 1,54 lakhs ; actually, however, the year opened with an overall *plus* balance of Rs. 16 lakhs, thus showing a deterioration of Rs. 1,38 lakhs.

The Revised Estimates for the current year now placed before the House show that the year which is opened with a *plus* balance of Rs. 16 lakhs will close with an overall *minus* balance of Rs. 1,08 lakhs. The figures have been arrived at as follows:—

(Rs. in lakhs)	
Actual opening balance on the 1st April 1961.	(+) 16
Consolidated Fund ..	(—) 3,29
Contingency Fund
Public Account ..	(+) 2,05
Estimated closing balance on the 31st March 1962.	(—) 1,08

The deterioration of Rs. 1,24 lakhs in the overall position would have been more had we not drawn from our reserves to meet the requirements on account of enhancement of salaries, flood relief expenditure, expenditure on Express Way and other developmental activities. Some additional measures of taxation originally decided to be taken up could not also be implemented. The position would have been still worse but for the determined effort made by Government to maximise arrear collections, to check evasion of tax and to keep effective control over expenditure. Additional receipt of public loan to the extent of Rs. 5.89 crores instead of Rs. 4 crores as provided in the Budget was also responsible in reducing the overall deficit.

Of the other important activities during the current year, development of Panchayati Raj, Paradeep Port and Electricity Board need special mention:

PANCHAYATI RAJ

307 Panchayat Samitis were constituted all over the State on the 26th January 1961 and 13 Zilla Parishads were formed shortly thereafter. There are now 2,342 Grama Panchayats working all over the State. The policy has been to progressively delegate more and more functions and to fully assist the three tiers of the new system of administration to develop into effective