



GOVERNMENT OF ORISSA

Speech of

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Chief Minister, Orissa

Presenting the Budget Estimates

For the Year 1966-67

To the Orissa Legislative Assembly

SIR,

I rise to present the Budget Estimates for the year 1966-67. Our country received the greatest shock last month in the sudden and most untimely demise of our beloved leader Shri Lal Bahadur Shastri. Shastriji was our Prime Minister for a short period of 19 months but these months were full of stress and strain for the country. Shastriji fought and died in the cause for peace. The Tashkent declaration is an everlasting tribute to our beloved leader.

To our new Prime Minister Shrimati Indira Gandhi, I convey warmest felicitations on behalf of the people of the whole State and pledge our fullest co-operation.

EMERGENCY

In August and September 1965, the country had to face an open aggression from Pakistan alongside a continuous threat from China. We must all pay homage to the valiant Jawans who laid their lives in the defence of the motherland. The situation necessitated greater Police and Civil Defence arrangements in the State and preservation of Law and Order was given utmost priority. District Civil Defence Councils on non-political basis have been constituted. Recruitment to the Home Guards was intensified. So far 2,398 urban Home Guards and 14,070 rural Home Guards have been recruited. 433 Home Guards were detailed for duty in connection with the collection of coastal intelligence, guarding important road bridges and internal security. Fortunately, the relations with Pakistan are gradually returning to normal but China continues to pose a threat to the integrity of our country. There is, therefore, need for continuous alertness and preparedness. This naturally throws an added strain on the country's economy in which all States have to share.

This necessitated utmost economy in Governmental expenditure. Instructions have been issued prohibiting creation of new posts or filling up vacancies except with the specific approval of the Chief Minister. A number of senior posts has been abolished and stringent restriction has been imposed on upgradation of existing posts. Rates of Travelling Allowance admissible to Government Officers have been rationalised. The category of Officers entitled to travel by air-conditioned class in Railways, and to travel by air at their own discretion has been restricted, and there has been an economy cut of the T. A. allotment for Government servants by 10 per cent of the original allotment for 1965-66.

ECONOMIC SITUATION

I now place before the Hon'ble Members some salient features relating to the present economic situation of the State. The year 1965 experienced widespread drought conditions particularly in the districts of Kalahandi, Bolangir, Sambalpur, Sundargarh and Koraput. I will deal with the relief measures separately. Here, I would simply mention that a large-scale damage to the crop was caused by the drought which adversely affected the economic situation in the State. However, there has been improvement in the industrial sector. Production of sugar in 1964-65 has gone up by 45.2 per cent over the previous year. Production of pig iron in the first quarter of 1965 showed an increase of 46.2 per cent over the production in the first quarter of 1964. There has been a rise of 46.9 per cent in the production of steel ingots and metal for casting in the first quarter of 1965 compared to the corresponding period of the previous year. The production of cement in the first half of 1965 showed an increase of 5.4 per cent.

Production of iron-ore in the first half of 1965 increased by 18.5 per cent over the corresponding period of 1964. Production of coal and manganese also increased.

The Government are much concerned with the steep rise in prices and the increased cost of living. The working class consumer price index of Cuttack and that of Berhampur were 191 and 177 respectively, in October 1965 as compared with the index of 171 and 154 for the year 1964. The consumer price

index number of agricultural labourers in Orissa is also rapidly rising. This index (base 1961 equal to 100) was 159 in November 1965 as compared to 147 in November 1964.

In view of the rising cost, the Government of India further revised Dearness Allowance admissible to their employees with effect from the 1st December 1965. The State Government also considered the situation and have decided to increase the Dearness Allowance admissible to Government servants, employees of the local bodies, and aided Colleges and Secondary Schools. The rate of stipends to Overseer-trainees has been increased and the question of increase of stipends of other categories of trainees is under the active consideration of the Government. The salaries of the untrained M. E. passed teachers in Primary Schools and trained U. P. passed teachers in Primary Schools have been increased by Rs. 10 per mensem and Dearness Allowance has also been sanctioned at the rate of Rs. 5 per mensem to the Primary School teachers.

THIRD FIVE-YEAR PLAN

The Third Five-Year Plan is coming to a close. It can be said without any hesitation that this period would constitute a landmark in the economic history of Orissa. In some fields like Industry, Transport and Communication new ground has been broken, in some other sectors like Agriculture and Power striking progress has been achieved and in many other respects, such as, technical and professional education an attempt has been made to make up age-old deficiencies. Above all, the programmes and their execution, by the very scale on which they have been implemented, have broadened the horizons of the people and given a new confidence to them and the Government for undertaking still greater tasks in years to come. The performance of the State in this Plan period should be viewed against the background of the financial and other difficulties caused by heavy floods in 1961, serious drought in 1962, Chinese attack in October 1962, disturbances in parts of the State in 1964, Pakistani aggression in 1965 and failure of monsoon in 1965. In spite of such severe strains, the State has marched ahead with conspicuous speed and assurance. The wisdom of having taken up projects of national importance

like Paradeep which are of immense help to the country not only for earning Foreign Exchange, but also for other needs like import of foodgrains, is now being widely realised.

Since the presentation of the last Budget, certain important changes have been made in the Annual Plan for 1965-66. Originally, the outlays for agricultural production and minor irrigation were very low and Government of India were moved to give additional funds for these programmes, over and above the Central assistance of Rs. 32.8 crores promised for the Annual Plan. An additional amount of Rs. 2.15 crores has been sanctioned by Government of India for this purpose. A special earmarked loan of Rs. 0.80 crore has also been sanctioned by the Central Government for the Delta Irrigation Project. We have been able to convince the Government of India of the need of special assistance to our Industrial and Mining Projects. As a result, Government of India have agreed to sanction Rs. 5.17 crores as special assistance in the current year for the Cement and Pig Iron Projects of the Industrial Development Corporation. This amount is being released as Plan assistance. After the emergency in September 1965 and failure of crops in the current year, the sectoral outlays originally fixed were revised so as to meet the needs of the situation. The Third Plan is ending with an anticipated outlay of about Rs. 227 crores against the original outlay of Rs. 160 crores.

PARADEEP

The Government of India have taken over the Paradeep Port Project with effect from the 1st June 1965. The State Government had incurred an expenditure of about Rs. 16 crores on this Project till the date of the transfer. The State Government have asked for reimbursement of this expenditure from the Government of India. Pending decision on the State Government's request, the Government of India have released a loan of Rs. 15.69 crores during 1964-65 and 1965-66. A programme for export of about 3 lakh tonnes of iron-ore through Paradeep between October 1966 and March 1967 has been taken up. After March 1967, Paradeep will be

handling iron-ore export of the order of two million tonnes annually. Meanwhile, the Government of India are exploring possibility of discharge of food-shipments at Paradeep.

DROUGHT

Due to inadequate rainfall there has been large-scale failure of kharif crop in the districts of Sambalpur, Sundargarh, Bolangir, Kalahandi, Koraput and Ganjam. The estimated loss is likely to be 217 lakh quintals of paddy. This widespread damage to crops has affected about 1/3rd of the total-population of the State.

Besides, trying to intensify rabi cultivation in the affected areas for which about Rs. 58 lakhs have been placed at the disposal of the Collectors for sanction of taccavi loans to the cultivators for agricultural purposes and purchase of fertilisers, the main task for the Government was to provide drinking water to the people and their cattle in these areas. Provision of Rs. 36 lakhs has been made during current year and Rs. 50 lakhs next year on this account.

Test relief works and labour intensive works have been taken up to provide employment to able-bodied people. Collection of land revenue has been suspended where damage to crop is estimated between 50 and 75 per cent and remitted in areas where failure of kharif crop is 75 per cent or above. Collection of taccavi loans has also been suspended in such areas. A Bill to amend the Orissa Cess Act, 1962, will be introduced in the Legislative Assembly to empower State Government to suspend or remit collection of cess from areas where collection of land revenue is suspended or remitted.

As the magnitude of relief to be given in drought-affected areas was estimated to be above Rs. 3 crores, a team of officers from Government of India headed by the Programme Adviser, Planning Commission, visited the State recently to assess the situation. They went round different affected places in the State and have assured their support to meet the situation on account of the natural calamity. Provision has been made in the Revised for drought relief to the extent of Rs. 142 lakhs.

Besides, procurement of paddy seeds worth about Rs. 51 lakhs is to be made so that the same can be made available to people in the drought-affected areas for next year's crop. Central assistance to the extent of Rs. 41 lakhs as grant and Rs. 59 lakhs as loan has been assumed during the current year.

As relief operations are to be continued till next cultivation season, provision has been made in the Budget to the extent of Rs. 235 lakhs for relief work and distribution of taccavi loans besides taking up labour intensive measures and Minor Irrigation Works in the drought-affected areas. Out of this total expenditure Central assistance has been assumed at Rs. 54 lakhs as grant and Rs. 35 lakhs as loan.

FOOD POLICY

This being a very difficult and critical year, the State Government have launched the Monopoly Scheme of Procurement of rice and paddy in the State with effect from the 29th December 1965 so as to mop up the entire surplus of paddy/rice available in the State. With the approval of the Government of India, the State Government have fixed the procurement price of common paddy at Rs. 36.50 paise per quintal.

The State Government have decided to procure 250,000 tonnes of rice this year. The procurement up to 14th February is 95,553 tonnes in terms of rice. It is expected that 100,000 tonnes of rice will be required for internal use. The balance 150,000 tonnes rice will be exported to the deficit States through the Food Corporation of India which has recently established its branch at Bhubaneswar. Till 17th February 1966 the State Government have exported 13,430 tonnes of rice to Kerala and 6,710 tonnes to West Bengal.

Recently, informal rationing through the identity family cards has been introduced in the Steel township of Rourkela and Biramitrapur and it is proposed to introduce statutory rationing at these places soon. Arrangements are being made to open fair price shops in the drought-affected areas for the sale of rice in adequate quantities.

LAND REFORMS

The programme of abolition of intermediaries is continuing. Out of 434,167 Estates, 397,009 Estates have so far vested in the State. Most of the remaining 37,158 Estates are Trust Estates. The year 1965 will be a landmark in the history of Orissa Land Reforms. The provisions of the Land Reforms Act, except Chapters III and IV, were enforced with effect from 1st October 1965. The provisions contained in Chapter III were introduced with effect from 9th December 1965.

REVISED ESTIMATES FOR 1965-66

The Budget of the current year has undergone various changes not only to provide for the defence orientation of Plan programme of the current year, but also to meet the crying need of the country for food self-sufficiency and to provide for relief measures to about 1/3rd of the State's population affected due to inadequate rainfall resulting in large-scale damage to crops. It was estimated while presenting the Budget for the current year that the year would open with a *surplus* balance of Rs. 53 lakhs against which it actually opened with a *minus* balance of Rs. 8.28 crores. This deterioration was mainly on account of the expenditure incurred in Paradeep Project for which the Central assistance as assumed was not made available by the Government of India during the last year. They have since given to the State Government the balance of Rs. 8 crores during the current year.

The details of the provision made in the Revised Estimates have been indicated in the White Paper on the Economic Condition and Developmental Activities in the State circulated to Hon'ble Members separately. I will not, therefore, take the valuable time of the House in recapitulating those here.

The Revised Estimates as have now been calculated show that the current year would close with an overall surplus balance of Rs. 46 lakhs.

FOURTH FIVE-YEAR PLAN

A paper was prepared by the Planning Commission on resources, outlays and programmes for the Fourth Plan and

placed before the National Development Council in its 22nd meeting. The total outlay was placed at Rs. 2,15,00 crores. The total outlay for the State Sector was indicated at Rs. 69,66 crores. In view of the emergency, however, the Council authorised the Prime Minister to reorientate, alter and amend the Plan as may be necessary to meet the emergent situation and safeguard the country's security and long-term interests. Soon it was felt that it would take some time before the defence needs are fully assessed and incorporated in the objectives of the Plan. There were also certain uncertainties in regard to the nature and quantum of external assistance. While these detailed studies on various aspects of the Fourth Plan were to take some time, it became urgently necessary to formulate the Annual Plan for 1966-67 in order that the implementation of the Programme to be included therein is not delayed. It was under these circumstances that the Annual Plan for 1966-67 was taken up. I would, therefore, like to impress upon the Members that the Plan for 1966-67 will not bear the same relationship to the Fourth Five-Year Plan as it would have under the normal conditions, nor will its size and content predetermine the magnitude and dimensions of the Fourth Plan. For 1966-67, I present to you a very modest Plan with an outlay of about Rs. 46.51 crores. Out of this, Schemes worth Rs. 2.25 crores will be executed by the Orissa State Electricity Board out of its own resources which do not appear in the Budget. The main features which have determined the sectoral outlays and the size of the next year's Plan are highest priority for programmes of agricultural development with a special emphasis for schemes yielding quick results, provision of necessary funds for projects of Industrial, Mineral and Transport development which are in an advanced stage of construction, provision of minimum funds which are necessary for the power projects and transmission lines in view of the arrangements already made for their construction, provision of adequate funds for Major and Medium Irrigation and minimum requirements for continuing schemes and institutions under social services. The Government of India have promised an assistance of Rs. 24.7 crores for the Plan and the same has been assumed in the Budget. Details of the Budget provision under the Plan—State Sector are given in Appendix B.

FINANCE COMMISSION

Government of India have accepted the main recommendations of the Fourth Finance Commission which gave its award covering a five-year period starting from 1966-67. As Hon'ble Members are aware, the awards of the Finance Commission have very important bearing on federal financial relations in our country. Ours being an underdeveloped State, these awards are of special significance to us. The Fourth Finance Commission's award would enable our State to get Rs. 231.85 crores from the Union Government by way of grants-in-aid and share of divisible taxes during the five-year period 1966-67 to 1970-71. I would like to inform the House that devolution of federal resources of this order in favour of Orissa does not fully cover the revenue deficit originally estimated by the State Government. Most State Governments have failed to convince the Finance Commission in regard to the deficit calculated by them. However, the Fourth Finance Commission's award may be compared with the award of the Third Finance Commission. On the basis of the Third Commission's award, grants-in-aid of our revenues were worked out at Rs. 13.25 crores per year while average annual share accruing to us out of divisible taxes amounted to Rs. 12.08 crores. The corresponding figures on the basis of the Fourth Commission's award are Rs. 29.18 crores and Rs. 17.19 crores, respectively. Thus it is clear that we would get substantially more transferred financial resources from the Union Government. I would, however, like to add here that this is no reason for being jubilant over the award. Liabilities of the State Government in the committed sector of the revenue budget would increase considerably in the Fourth Plan period because maintenance expenditure on account of Third Plan Development Schemes will form a part of the Non-Plan Budget. Increase in the rates of dearness allowance and stipends will also throw additional burden on the State's resources. Since devolution of federal resources on the basis of the Fourth Finance Commission's award left an unrecovered revenue deficit, the State Government were compelled to revise their estimates by effecting economies in order to balance the Budget for 1966-67.

