



GOVERNMENT OF ORISSA

Speech of

Shri Biwanath Das

Chief Minister, Orissa

Presenting the Budget Estimates

For the year 1972-73

TO THE ORISSA LEGISLATIVE ASSEMBLY

Hon'ble Speaker Sir,

I rise to present the annual financial statement of the Government of Orissa for the year 1972-73.

2. In July, 1971, when I presented to this House, the Budget for the current year I had referred to the crisis through which the country was passing and their impact on our programmes and finances. The historic march of events since then—precipitation of conflict by Pakistan, Victory mainly through the astute and remarkable leadership of the Prime Minister, bravery, dedication and discipline of our armed forces and heroism of Mukti Bahini, the birth of a free independent Bangla Desh pledged to secularism and democracy as the aftermath of war, has underlined the need for a greater unity of purpose and action in the policies, programmes and plans of the States and the Union of India. In the present situation facing the country, self reliance, growth of industrial and agricultural production and financial discipline have thus the highest priority. The estimates, austere as they are, that I am commending to this August House to-day, necessarily reflect these national priorities.

3. Last six months have been a period of special difficulties for Orissa. Indeed, it will not be wrong to say that the year 1971 was unprecedented on account of quick succession of natural calamities which visited the State. There were floods in the river systems of Bramhani & Vaitarani of the State. These floods came in succession and were of a considerable longer duration than usual wiping off what all repairs done to river Bunds. The rivers rose for a second and third time before waters of the earlier floods could be fully discharged. Closely following the floods, came the cyclone of October, 29th and 30th. This took a heavy toll of lives and inflicted untold miseries on the people of the areas affected. The cyclone which gathered a speed of 175 K. M. per hour, wrought havoc to crops and dwelling houses in about 8,000 sq. miles spread over the districts of Cuttack, Balasore, Puri, Mayurbhanj, Keonjhar and Dhenkanal. The tidal bore which accompanied the cyclone washed away a large number of human beings and cattle flooding the brine to a depth of 15 miles bringing with it immense loss and untold calamity. A complete picture of the tragedy has earlier been given to the House. The Central Government came to the assistance of the State and offered

loan & grant of Rs. 15.56 crores and Rs. 3.77 crores respectively totalling Rs. 19.33 crores. The State Government have found the assistance for cyclone to be inadequate and while sanctioning an amount of Rs. 20.93 crores for expenditure on various items of relief and restoration, have simultaneously requested the Government of India for an additional assistance of Rs. 13.70 crores. I would like to bring this to your pointed attention that in spite of the fact that our needs have not been fully met by the Centre, we have acted with realism and balance and striven hard to contain the expenditure within the resources available to the State. For this effort of ours, we have been unjustly blamed but deficiency, if any, in this regard, has been dictated by the necessity of maintaining financial discipline, which the centre has of late been insisting.

4. I would, however, like to take this opportunity to state that we should not allow these set-backs to reduce our determination towards greater economic development and prosperity. Hon'ble Members know that the disparity in the level of living between the people of Orissa and rest of the country is not only high but it is also growing. According to the estimates formulated by the Bureau of Statistics and Economics, Orissa's State income increased from Rs. 532 crores in 1969-70 to Rs. 547 crores resulting in an increase of 2.8 per cent. This, however, was less than the growth in the average national income. The *per capita* income of Orissa stood at 252 in 1970-71 which showed a growth rate of less than one per cent over the average of the previous year. The disparity in the *per capita* income has increased from Rs. 74 in 1964-65 to Rs. 89 in 1969-70. It was against this background of relative poverty that we had embarked on a substantial programme of agricultural development during 1971-72. The target of production was 60 lakh tonnes. Unfortunately, this met with serious difficulties on account of the floods and cyclone. A recent survey conducted by experts reveal that in the affected districts, 29.5 lakh acres of paddy crops have been damaged resulting in a loss of about 7½ lakh tonnes of rice.

As soon as we became aware of the dimensions of the damage caused by the cyclone, we realised the necessity of taking up schemes which would instil confidence among the affected people and revive their economic condition. We took up several projects for provision of water. Wherever

water was available in the rabi season, we initiated schemes for intensive cultivation. In the tidal bore area, 5 rigs obtained from the Central Ground water Board, are digging 100 very deep tube-wells, each of which is expected to irrigate 200 acres in khariff and 60 acres in rabi. In areas where sweet water was available in the rivers, we are setting up 300 units for lifting water costing Rs. 50 lakhs, each of which will irrigate 60 acres in rabi and 200 acres in khariff. In the rest of the cyclone affected area, a massive programme of dug-wells and shallow tube-wells is being undertaken, partly through Co-operative channel and the rest from the Commercial Banks. We have provided Rs. 1 crore for the scheme to be routed through the Co-operative Banks; and equal amount is expected to be provided by the Commercial Banks. With these funds it is expected to do 2,000 shallow tube-wells and 10,000 dug-wells, irrigating over 50,000 acres.

For the intensive rabi programme during this year, we obtained high yielding varieties of seeds from all over the country at short notice and supplied them to the farmers. In addition, we mobilised fertiliser from various sources and moved them to the interior places and as a result the consumption of fertiliser in the rabi season in the State is more than double that of last season. Consumption of phosphatic fertiliser has trebled and potassic fertiliser increased five times. Hon'ble members will be glad to know that this rate of growth in fertiliser consumption is unprecedented in Orissa and has few parallels in the rest of the country.

This was largely possible because we adopted a new system of giving liberal Taccavi loan to the cultivators in the cyclone-affected areas. We utilised the Block Organisation for the purpose in view of the weakness of the Co-operative structure and pre-occupation of Revenue officials with other matters. Seeds, fertiliser and cash were made available at one place. This has meant a great deal of effort on the part of a large number of Departments and Officers, but I am glad to report that this has succeeded.

PRICES

5. It is a matter of gratification that in spite of the heavy burden of maintenance of refugees the total price index increased in 1971 by only 3.9 per cent. The food price rose only 1.8 per cent in 1971 compared with 5.2 per cent in 1970. In Orissa, working class consumer's price

index increased from 249 to 259 during the corresponding period. However, during the first six months of 1971-72, the index in Orissa has fallen to 252 compared to 258 registered during the corresponding six months of 1970-71. Although the prices have so far not caused an undue worry, it is feared that because of the large-scale damage to crops, there may be adverse developments in the price situation later during the year. Government is keeping vigilance over the matter and will take appropriate steps, if the need will arise.

FOURTH FIVE-YEAR PLAN

6. Hon'ble Members would recollect that I had mentioned last year that the Government has been making earnest efforts to increase their own resources as well as to obtain from the Central Government and financing institutions more finances to augment the size of the State Plan. I am very happy to announce that the State's Fourth Five-Year Plan outlay which was earlier estimated to be of the order of a little less than Rs. 223 crores, is now likely to exceed Rs. 260 crores, if we are able to keep up the present tempo of resources mobilisation. I would also like to state that this increase in outlay has not been achieved by resorting to unauthorised overdrafts from the Reserve Bank, but by mobilising more resources. Government however, will continue to make greater efforts to further increase the rate of investment directly and through State agencies.

7. With this background, I would like to present an outline of some of the features of Accounts 1970-71 and the Revised Estimate for 1971-72 before presenting the Budget Estimate for 1972-73.

ACCOUNTS 1970-71

8. The Accounts for the year 1970-71 closed with a credit balance of Rs. 7.44 crores. The closing balance was mainly on account of special accommodation received from Government of India and some surplus of financial resources on the State Plan account. The excess accommodation received from the Government of India has subsequently been adjusted in the special loan accommodation for 1971-72 and the surplus resources in the Plan account have been added to the State's annual Plan for 1971-72.

REVISED ESTIMATES 1971-72

9. The Budget Estimates for the current year as passed by the Hon'ble Members in July last, had envisaged an opening balance of Rs. 26 lakhs. The transactions of the year were to result in a deficit of Rs. 3.97 crores. Taking into account the opening balance, the year was to close with negative balance of Rs. 3.71 crores. According to the Revised Estimates we expect the account of the Government to close with a credit balance of Rs. 34 lakhs, the transactions of the year showing a deficit of Rs. 7.10 crores taking into account the opening balance of Rs. 7.44 crores.

10. The deficit in the Non-Plan Revenue Account has increased from the Budget figures of Rs. 14.60 crores to Rs. 28.63 crores. There has been an improvement in the Capital Account to the extent of Rs. 8.45 crores. This is mainly due to the reason that while most of the relief expenditure is booked under the Revenue Account, only grant portion of the Central assistance is shown in the Revenue Account and the balance, being a loan is taken credit of in the Capital Account.

11. The Annual Plan of the State for 1971-72 had an outlay of Rs. 53.56 crores as indicated by me at the time of the presentation of the Budget. I am happy to inform you that we have been able to increase the outlay to Rs. 55.47 crores, mainly, by increasing the borrowings of the State Electricity Board and by obtaining more funds from Reserve Bank of India for investment in Co-operative Societies. Out of this, the provision in the Revised Estimates of the State Government amounts to Rs. 47.27 crores.

12. I would now present to the House broad outlines of the Budget Estimates for 1972-73.

BUDGET ESTIMATES 1972-73

13. As I have already stated, we hope to close the current year's accounts with a surplus of Rs. 34 lakhs which will constitute the opening balance for 1972-73. The Revenue receipts, including Non-Plan Central grant and share of taxes during 1972-73 on the basis of 1968-69 rates of taxes and duties, would be of the order of Rs. 127.73 crores. The Non-Plan Revenue Expenditure is expected to be Rs. Rs. 146.61 crores. Thus, there is likely to be a non-Plan Revenue deficit of the order of Rs. 18.88 crores.

In the Plan, including the Central Sector, expenditure on Revenue Account for which provision has been made is Rs. 30.65 crores. Central assistance in the form of grants for meeting this expenditure and other receipts are estimated at Rs. 21.16 crores. Thus, Revenue deficit in the Plan side of the Budget is likely to be of the order of Rs. 9.49 crores without taking into consideration the effect of additional resource mobilisation measures taken since 1969-70 and the State's share of Centre's additional resources.

The total Revenue deficit under Plan and Non-Plan excluding the items I referred to just now, therefore, amounts to Rs. 28.37 crores.

14. In the Non-Plan Capital Account, receipts and disbursements have been estimated at Rs. 26.52 crores and Rs. 52.18 crores respectively resulting in a deficit of Rs. 25.66 crores excluding special accommodation. The receipts include Rs. 9.90 crores which the State Government propose to obtain as loan from the public. The estimates of disbursements include Rs. 48.64 crores for repayment of loans. The major share of this repayment is to Government of India which will reach an all time high figure of Rs. 39.15 crores next year. I may inform the Members that during the current year, we are repaying to Government of India Rs. 30 crores. The liability under this item is suddenly going up by Rs. 9 crores during 1972-73. This is mainly due to repayment of a part of the loans obtained from Government of India for floods and cyclone relief operations during the current year, specially, the short-term loan which is to be repaid in one instalment. The details of the debt burden of the State have been furnished in Appendix 'A' to this Budget Speech.

15. Under the Plan, including Central Sector, receipts and expenditure on Capital account are Rs. 24.60 crores and Rs. 29.71 crores respectively. This will result in a deficit of Rs. 5.11 crores. The total deficit in the Capital Account excluding the special accommodation will, therefore, amount to Rs. 30.77 crores.

16. In the Public Account, receipts have been estimated at Rs. 171.61 crores and disbursements are likely to be of the order of Rs. 162.17 crores leaving a surplus of Rs. 9.44 crores.

17. Thus, the transactions of the State Government during 1972-73 excluding receipts on account of special accommodation, State's share of Centre's additional resources

and additional resources mobilisation measures of the State Government are expected to result in an over-all deficit of Rs. 49.70 crores. Out of this, the non-Plan deficit of Rs. 35.10 crores is expected to be covered by obtaining special loan accommodation from Government of India to the extent of Rs. 35 crores. The remaining gap of Rs. 14.60 crores relates to the State Plan.

ADDITIONAL RESOURCE MOBILISATION

18. I had informed the House last year that the State Government had agreed to raise additional resources of the order of Rs. 35 crores during the Fourth Five-Year Plan period. We have already adopted a large number of measures to fulfil this obligation. The measures already taken are—revision of rates of sales tax, increase in the rates of land cess, revision of stamp duty, increase in Electricity Duty, increase in irrigation rates, increase in some of the rates of mining royalty, revision of the rates of salami for leasing Government lands, extension of entertainment tax, tax on passenger fares, toll on Expressway, rationalisation of Kendu leaves trade, enhancement of rate of tax on sale of motor spirit and rationalisation of the procedure for Agricultural Income Tax. The measures already taken are expected to yield an amount of Rs. 8.75 crores during 1972-73. Although even on the basis of the measures already taken, we will exceed the target of additional resource mobilisation set for us, we have decided to make further efforts so that we can enlarge our programmes of development. The most important of these fresh measures is our proposal to introduce a tax on agricultural land on a graduated scale. This measure is designed to tap rural incomes in such a way that the burden does not fall too heavily on small land holders. The next important measure is to re-introduce compulsory basic water rate envisaged in the Orissa Irrigation Act and Rules. Hon'ble Members are aware that our water rates are not enough to cover even half of the maintenance expenditure on the irrigation head works and canals, let alone interest. These low rates have imposed a serious limitation on our ability to take up more irrigation projects. It is also inequitable that this service which gives considerable benefit to certain areas and people, should be subsidised to such a large extent. Legislation in respect of both of these items will be introduced during the current session of the Legislature. Mining royalty on iron ore has already recently been increased. We also intend to

increase the revenues from minor forest produce and minor minerals. All these fresh measures are expected to yield an amount of Rs. 2 crores during 1972-73. Thus, the total receipts from all the measures of additional resource mobilisation will amount to Rs. 10.75 crores. As I had informed the House last year, Government of India has agreed that as long as we contain the non-Plan deficit within the agreed limits, State's share out of Central Government's additional resource mobilisation effort will be available for Plan finance. On the basis of rates of Central taxes as prevailing now, we expect to get an amount of Rs. 3.93 crores as our share of Centre's additional resource mobilisation measures. Thus the total of receipts on account of additional resource mobilisation of the State and Centre and the special accommodation, will amount to Rs. 49.68 crores, against the total deficit of Rs. 49.70 crores which I had mentioned earlier. The net transactions of the year will, therefore, result in a deficit of Rs. 2 lakhs. Taking into account the anticipated opening balance of Rs. 34 lakhs we expect the year to close with a cash balance of Rs. 32 lakhs. In case Government of India adopt certain further measures of taxation under sharable taxes, we will get some additional amounts and these will be duly added to the State Plan.

19. I would like to make a special mention of some of the additional tax measures we took during last January, the proceeds of which will be contributed to Government of India for financing in a token way, the expenditure incurred by them on account of refugees from Bangla Desh. These measures, which include increase in Entertainment Tax, increase in Motor Vehicle Tax and sales tax are expected to yield Rs 38 lakhs during 1972-73. It is proposed to contribute the proceeds of these taxes, to Government of India for which provision has been made in the Budget. This is in addition to Rs. 9 lakhs which has been provided in the Revised Estimates.

ANNUAL PLAN 1972-73

20. The size of the Annual Plan for the State for 1972-73 has been tentatively fixed at Rs. 57.42 crores. The figure will be final after the House has approved the fresh measures of additional taxation which I have already referred to. Resources for financing this Plan comprise of Rs 31.04 crores as Central assistance, Rs. 1.80 crores as negotiated borrowing of the State Government, market and negotiated borrowings

of the State Electricity Board amounting to Rs. 8.58 crores, additional resource mobilisation by the State to the extent of Rs. 10.75 crores, State's share of Centre's additional resource to the extent of Rs. 3.93 crores and State Electricity Board's additional resources to the extent of Rs. 1.32 crores. I would draw the attention of the House to the fact that Central Plan assistance for 1972-73 has been fixed at a lower figure than that of the current year by rupees one crore. In spite of this reduction, we are taking steps to see that the next year's Plan outlay is about Rs. 2 crores more than the current year. Out of this total outlay of Rs. 57.42 crores, the State Electricity Board is mobilising resources to the extent of Rs. 9.90 crores. Since this amount will not pass through State Government's accounts, the Plan outlay to be reflected in the State Budget is of the order of Rs. 47.52 crores. In the Budget Estimates of 1972-73 provision of Rs. 47.44 crores has been made, the details of which are indicated in Appendix-B.

21. Inter-sectoral allocations of the plan outlay of Rs. 57.42 crores fixed for 1972-73 have been made in the best possible manner, weightage being given to the needs in the high priority and productive sectors, early completion of continuing irrigation and power projects, requirements of overall development with emphasis on the comparatively back-ward regions and some programmes designed to generate additional employment facilities. Of the total outlay, allocation to Agriculture and allied programmes is 22.8 per cent, Irrigation and Power 44.5 per cent, Industries and Mineral 3.6 per cent, Transport and Communication 6.6 per cent and Social Services 21.9 per cent.

22. In addition to the State Plan, an amount of Rs.12.70 crores is being provided for implementation of Centrally sponsored schemes. Besides, Rs. 3.07 crores are being provided for special schemes such as crash programme for rural employment and the rural works programme. The tempo of work under some of the Central programmes such as National Highways is being substantially stepped up. We hope to obtain and utilise an allocation of about Rs. 5 to 6 crores under this programme during 1972-73. The implementation of the schemes which are being financed by loan assistance from Rural Electrification Corporation is also proposed to be considerably accelerated and we hope to obtain and utilise, during 1972-73, loan assistance from this source to the extent of about Rs. 6 crores. Arrangements are also being made

for increasing the flow of financial assistance from Central ^{Govt} Government had announced a ~~Seventeen Point~~ whole. With favourable weather conditions, we hope to increase the pace of economic growth of the State considerably during 1972-73.

23. Hon'ble Members would recollect that our United front Government had announced a Seventeen Point Common Programme. The main objective of this programme is to accelerate the pace of development in the State so that the existing regional imbalance between this State and other States is progressively reduced. This, we are trying to achieve firstly, by increasing the size of the investment programmes under the State Plan, specially those relating to irrigation, power and agricultural production, secondly, by trying to ensure expeditious execution of schemes of mineral development and mineral based industries either jointly with Government of India or through State Corporations, such as Malangtoli Iron Ore, Sukinda Nickel, Sargipalli Lead, Ferro Vanadium Formed Coke and Sponge Iron Projects etc., thirdly, by trying to bring about rapid development of transport facilities including laying of new Railway lines and expansion of Paradeep Port, fourthly, by a rapid development of our marine resources specially in the field of fisheries and last but the most important of all by taking all necessary measures to bring about an early decision for setting up of the second Steel Plant in Orissa. We are also taking steps for revival of Zilla Parishads so that the process of democratic decentralisation can be continued and implementation of development programmes in rural areas expedited. I would now like to present before the House, broad outlines of some of the programmes of development proposed for 1972-73 and while presenting this, I will indicate the progress made in regard to different items of the common programme.

AGRICULTURE

24. We attach highest importance to agricultural development in the State. Agriculture contributes majority of the State income and provides employment to 3/4th of the State's working population. The biggest impact on rural unemployment can be made by improving agriculture, especially, by increasing multiple cropping and popularising the use of modern and more intensive methods of cultivation. This, we intend to achieve through our programmes. During