



GOVERNMENT OF ORISSA

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1st Vote on Account

Speech of

Shri Binayak Acharya

Chief Minister, Orissa

Presenting the Budget Estimates

For the year 1977-78

TO THE ORISSA LEGISLATIVE ASSEMBLY

March 25, 1977

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SHRI BINAYAK ACHARYA

CHIEF MINISTER, ORISSA

PRESENTING THE BUDGET ESTIMATES

FOR THE YEAR 1977-78

TO THE ORISSA LEGISLATIVE ASSEMBLY

Sir,

The Annual Financial Statement for 1977-78, which I beg to place before the House, is already in the hands of the Hon'ble Members. This year our usual schedule has been somewhat delayed on account of the Sixth Lok Sabha Elections which kept us busy. Consequently, there will not be enough time before the 31st of March to complete the usual process of discussion and voting on Demands. I shall, therefore, shortly seek your permission to move a motion for a Vote on Account under Article 206 of the Constitution to enable continuance of the on going programmes of the Government until the House has had full opportunity to consider and give its assent to demands for grants for the whole year.

Economic situation

2. Sir, following the bumper harvest and record procurement of 2.34 lakh tonnes of rice in 1975-76 Khariff year, the State had a reserve of 66,000 tonnes of rice at the end of October 1976 after meeting, on a very liberal basis, the

requirements of the public distribution system and fulfilling export commitments. The outlook for the Khariff crop in 1976 was good until August 1976 but failure of the monsoon in the crucial period of September—November 1976 caused widespread drought in the State affecting as many as 3,341 Grama Panchayats. As a result, production of Khariff paddy in 1976 is likely to register a decline of over 30 per cent compared to the estimated yield of 42 lakh tonnes in 1975 Khariff. We are determined to pursue policies and programmes to provide a stable base for our agricultural production which constitutes the major component of State income. The temporary set-back owing to the prevailing drought would, however, lower the State income, and accentuate the gap between State and National incomes *per capita*. Despite this unfavourable factor, stability could be maintained in prices of foodgrains throughout the State by judicious operation of the buffer-stock and strict and continuous vigilance over anti-social activities of profiteers and hoarders. Fortunately, in spite of the substantial crop loss, Government have been able to procure so far over 85,000 tonnes of rice out of the Khariff crop.

3. I must, however, refer to the disturbing upward trend in the price situation which originating in the later part of 1976 continues at present. The price index which after reaching the peak level of 330.7 in September 1974 had gone down by 48 points has moved up again. This, to a large extent, is due to rise in the prices of edible oils, oil-seeds and raw cotton consequent upon failure of these crops due to erratic monsoon. This is a countrywide phenomenon and our State which depends largely on import of edible oils from other States is particularly vulnerable to this situation. A multi-dimensional attack on the problem in the form of credit curbs import from abroad and prevention of speculative activity, has been launched and I am confident of an early reversal of the trend. Hon'ble Members will recall my reference in the Budget speech last year to the package of monetary, fiscal and administrative measures through which the galloping inflation facing the country in 1974 was brought to a halt and its trend reversed. It is heartening that the price level at present is considerably below the 1974 peak, an achievement paralleled by no

other country in the world. Industrial production has vastly improved, export performance of the country has reached new heights, and foreign exchange reserves have also gone up as a result of exemplary action taken against smugglers and clandestine operators. These have strengthened the country's overall economic position and the external value of the Rupee as never before. There is little doubt that steps already initiated to tackle the causative factors of price rise will, before long, make their impact on the price situation. On the whole the national economy is strong and sound and poised for growth. The best part of our development endeavour in the State is directed towards creation of a stable infrastructure for agriculture to save it from the vagaries of monsoon. Our carry-over food reserves enhanced by 85,000 tonnes of fresh procurement are very comfortable, and enable us to maintain stability in price of this staple cereal. Expectation of Rabi paddy is good. Favourable monsoon rains during the coming year will further brighten the State's economy and impart it the requisite momentum for sustained growth.

New Economic Programme.

4. My confidence in the capacity of our economy for sustained growth is based on our experience of the successful implementation of the 25-Point Socio-Economic Programme and our determination to face and overcome fresh challenges that may confront us. We have rigorously enforced anti-inflationary measures by cutting down unproductive Government non-Plan expenditure and saved and diverted Rs. 4.91 crores to augment plan resources. Speculative activities of hoarders, profiteers and tax evaders were dealt with a heavy hand. In the process 3,681 cases were detected and goods worth Rs. 2.44 crores and 54 vehicles were seized. 1,817 cases of Commercial Tax evasion were detected and demand of Rs. 20.89 lakhs was raised in 1,252 cases disposed of during the year. We encouraged and created congenial conditions for higher levels of production in fields and factories. Implementation of Land Reform measures was further intensified providing benefits to 40,372 landless persons including 17,358 Scheduled Tribe and 13,124 Scheduled Caste families. 1,836 hectares of homestead land have been provided to 51,936 landless families belonging predominantly to Scheduled Tribes and Castes. Besides, the

State Government have also constructed 3,030 Low-cost houses of which 2,691 have already been allotted to homeless families. The campaign for eradication of bonded labour system is in full swing. 245 persons have been freed from bondage and rehabilitated. 71,500 small and marginal farmers have been brought into the co-operative fold and vigorous enforcement of the Money Lenders' Act, amended to afford relief from indebtedness, has led to registration of 4,636 cases and grant of relief to 15,230 debtors. Enforcement of Minimum Wages has led to the detection of 14,483 cases in 2,077 of which the workers were reimbursed short payment to the extent of Rs. 3.20 lakhs Fine of Rs. 1.08 lakhs was also realised. The scheme of Workers' Participation in the Management of industries gained fresh momentum. Additional irrigation potential of 172,426 hectares has been created under major, medium and minor irrigation projects. For exploitation of ground water resources 115,148 dug-wells financed by Co-operatives, Commercial Banks, quasi-Government agencies and voluntary organisations have been completed. Power development and expansion of coverage under rural electrification have received special attention and 13,443 villages have been electrified by the end of December, 1976. 27 new handloom co-operatives have been organised and a number of defunct societies revived. 1,550 additional weaver families have been enrolled as members and given liberal financial assistance. The Handloom Co-operatives now play a vital role in increasing production of controlled cloth with 1,000 looms specially earmarked for this activity. Controlled commodities at fair prices and adequate quantities have been regularly made available to 2,548 students hostels. Text-Book Banks have been opened in all Government and non-Government Colleges and High Schools and 314 Middle Schools. Incentive schemes like supply of free text-books, writing materials and free uniform to children of weaker sections, and award of attendance scholarships have produced commendable results in increasing enrolment. 26,771 hectares have been covered under afforestation by the combined efforts of Forest, Soil Conservation, and Horticulture Departments. Besides, Urban Local Bodies have also participated vigorously in the afforestation programme. National permits

have been issued to 236 vehicles, and 2,332 placements have been made in industrial establishments for in-plant training under Apprenticeship Scheme. The Family Planning Organisation has performed 3.04 lakhs sterilization operations far exceeding its target of 195,500. Students and youths in large numbers have resolved to fight the evils of the dowry system. For eradication of illiteracy among adults, 1,287 centres have been opened with enrolment of 26,544 persons. Above all, the energy and idealism of the youth have now been channelised for constructive work by vigorous participation in developmental programmes.

Drought Relief

5. I have referred earlier to the widespread drought of 1976 and the consequent loss of Khariff paddy production. The State Government have firmly tackled the aftermath of this situation by implementing schemes of relief which while providing work to the labour force in affected areas would confer lasting economic and social benefits to the people. I would like to take this opportunity to express our sincere appreciation of the timely help rendered by the Government of India in providing advance Plan assistance of Rs. 5.10 crores which has helped us greatly in organising labour intensive works to provide employment opportunities and assuring drinking water-supply in the affected areas. This has also enabled us to embark upon a massive programme of renovation of irrigation tanks, to secure lasting benefits at relatively low cost from these community assets many of which had become derelict owing to lack of proper maintenance. Apart from the advance Plan assistance from the Centre, a sum of Rs. 20.50 crores has also been made available from the normal Plan and non-Plan allocations of the State for labour intensive work in the context of drought. Besides, the scope of the Food for Works Programme has considerably been enlarged, and the number of beneficiaries under the Nutrition Feeding Programme of the C. D. Department has been increased from 15 lakhs to 25 lakhs. Suspension and remission of land revenue in respect of the severely affected areas have already been announced to lighten the burden of the peoples' suffering. I am confident that these measures together with the financial allocations being made for 1977-78 would provide the requisite relief to the people in distress. The summer months that lie

ahead would indeed be difficult, but there is no cause for *despondency*. *In all cases of genuine suffering, relief would be provided, whatever be the cost.* Government are determined to ensure that no one in the State dies of starvation. I seek co-operation of the Honourable Members, irrespective of party affiliation, in Government's endeavour to ameliorate the condition of the drought-affected people and urge that we resist the temptation of making political capital of their suffering.

Fifth-five Year Plan

6. Honourable Members are aware that although 1974-75 marked the commencement of the Fifth Plan period, the size and composition of the Fifth Five-Year Plan of India remained indeterminate until recently. The Fifth Plan for Orissa could not therefore take a final shape. In September 1976, Planning Commission indicated to the State Government that the outlay on the State's Fifth Plan would be Rs. 5,88.50 crores. Considering the outlays in the first three years, and the projected outlay for 1977-78, the balance left for the terminal year of the Plan would be Rs. 1.39 crores only which would be less than the outlay for 1977-78. As this would be an untenable situation I am confident that the State's Fifth Plan outlay would necessarily have to be raised beyond Rs. 588.50 crores indicated by the Planning Commission. The size of the final outlay would depend upon a variety of factors including our ability to mobilise internal resources and to secure Central assistance which also has to operate under severe financial constraint.

7. With this background Sir, I would like to indicate briefly some of the important features of the Accounts for 1975-76 and the Revised Estimates for 1976-77, before presenting the Budget Estimates for 1977-78.

Accounts 1975-76

8. The State Government's account for 1975-76, which had opened with a debit balance of Rs. 4.85 crores, closed with a debit balance of Rs. 16.03 crores. At the close of the year our investment in Treasury Bills was Rs. 3.95 crores. The net closing debit balance of the year was thus Rs. 12.08 crores.

**Revised Estimates,
1976-77.**

9. I now place before you the Revised Estimates of the current financial year which opened with a gross debit balance of Rs. 16.03 crores.

10. Receipts on Revenue Account estimated at Rs. 311.35 crores in the Budget reflect in the Revised Estimates a net improvement of Rs. 16.83 crores. On expenditure, side we had budgetted for a total Revenue Expenditure of Rs. 300.83 crores. The Revised Estimates stand at Rs. 316.53 crores, i. e. Rs. 7.70 crores more than the Budget.

11. Revised Capital Account estimates show an improvement of Rs. 99.68 crores in receipt matched by increased disbursement provision of the order of Rs. 102.25 crores. By far the major components of these represent accounting adjustments in respect of overdrafts and ways and means advances and cash credit obtained from the State Bank of India for procurement of foodgrains.

12. The approved outlay on the current year's State Plan was originally fixed at Rs. 124.67 crores. This was subsequently increased by Rs. 2 crores for accelerating execution of irrigation projects. Thereafter, Government of India agreed to provide advance Plan assistance of Rs. 5.10 crores to enable the State Government to meet the requirements of drought relief. The revised outlay on the State Plan is, therefore, estimated now at Rs. 131.77 crores.

13. Deposits in Public Account were estimated to exceed withdrawals by Rs. 28.36 crores in the original Budget. In the Revised Estimates, a net marginal improvement of Rs. 0.60 crore has been on account of encashment of Treasury Bills and accretion due to the deposit of the cash surplus of the Orissa Mining Corporation, partly set off by shortfalls under Provident Fund and deposit of Local Bodies.

14. To sum up, although the year's transaction would leave a surplus of Rs. 8.30 crores, the year is expected to close with a deficit of Rs. 7.73 crores owing to the negative opening balance of Rs. 16.03 crores at the beginning of the year.

15. I would now present before the House broad features of the Budget Estimate for 1977-78. The current year's estimated closing debit balance of Rs. 7.73 crores would constitute the opening balance for 1977-78. The results of the transactions in the Consolidated Fund and the Public

Account in course of the year are expected to generate a surplus of Rs. 7.75 crores. This leaves a nominal surplus of Rs. 0.02 crore at the close of the year.

16. The Budget envisages non-Plan revenue expenditure of Rs. 276.08 crores which reflects a mere 4.8 per cent increase over the revised estimates for 1976-77. This is sought to be adhered to by exercise of strict control over expenditure with a view to conserving resources for Plan financing. However, while doing this, I have tried to ensure that legitimate needs for higher levels of expenditure in certain services are met, administrative efficiency is not impaired and obligatory expenditure is not postponed for inadequacy of funds. Disbursements on non-Plan capital account are estimated at Rs. 95.95 crores, which is substantially less than the revised estimates of 1976-77. The main reduction relates to ways and means transactions in which lesser receipts and disbursements have been assumed as a consequence of better cash management.

17. The size of the State's Annual Plan for 1977-78 has been fixed at Rs. 150 crores. The State budget however reflects a provision of Rs. 120 crores, as outlay of Rs. 30 crores relating to Public Sector Undertaking will remain outside the Consolidated Fund. Approximately, 63.5% of the budgetted plan outlay is on Capital Account and the balance is on Revenue Account. The Annual Plan outlay of Rs. 150 crores for 1977-78 constitutes a 20% increase over the original plan outlay for the current year. Even so, we expect that it may be possible to secure at the time of mid-term appraisal a further increase in the outlay depending on the progress in implementation of the Plan programmes and outlook in respect of resources. The sectoral break up of the outlay of Rs. 150 crores is as follows:

	Rs. in crores
Agriculture and Allied Service ..	24.93
Co-operation ..	4.74
Irrigation & Power ..	85.07
Industries and Mining ..	4.34
Transport and Communication ..	7.80
Social Services ..	21.75
Miscellaneous ..	1.37
Total ..	<u>150.00</u>

The State Plan also provides an additional outlay of Rs. 7.63 crores towards implementation of special programmes under the Tribal Sub-Plan fully assisted by Government of India.

18. Apart from these, the Budget also envisages an outlay of Rs. 32.95 crores on Central Plan, Centrally Sponsored and Special non-Plan programme, the net effect of which on the Budget is only marginal as by far the major portion of the liability is met by equivalent assistance from the Centre.

19. To finance an outlay of Rs. 533.13 crores out of the Consolidated Fund, I have pitched the estimate of total Revenue and Capital receipts at Rs. 512.13 crores including a special assistance of Rs. 7.75 crores expected from Government of India to recoup the estimated opening deficit of the next year. In making this estimate I have assumed growth rates of 11% and 9% approximately in the State's tax and non-tax revenues and adopted figures of Central devolution of grant-in-aid, State's share of central taxes and Central assistance for State Plan as understood in course of discussion with the Planning Commission. The Public Account of the State would provide a net surplus during the year of the order of Rs. 19.75 crores.

20. Even so, a resource gap of Rs. 9 crores would still need to be bridged by adoption of additional measures to finance the Plan outlay of Rs. 150 crores, and prevent a set back in development. I, therefore, propose to raise additional resources from the following sources:—

		Rs. in crores
Sales Tax	..	2.00
Electricity Duty/Tariff	..	2.90
Forest Revenue	..	2.00
Mining Royalty	..	1.00
Toll on Bridges	..	0.75
Water Rate	—	0.35

Total	..	9.00

Honourable Members would notice that these proposals for additional resource mobilisation are oriented more towards mopping up of surpluses in the non-tax sphere where the common man is not likely to be burdened. Since economy, improved operational and collection efficiency and higher levies—all contribute towards additional resource mobilisation, it is considered feasible to reach these targets. I seek co-operation of the Honourable Members to carry through the requisite measures to give effect to the additional resource mobilisation proposals. Of our existing taxation measures, the Orissa Agricultural Income Tax Act with its meagre revenue potential, particularly in the context of vigorous implementation of land reforms, has turned out more a source of avoidable irritant to the assesses and unremunerative work for the assessing Department. It serves no real social purpose. I, therefore propose to undertake a comprehensive review of this Act.

**Development
Strategy**

21. It has been our consistent and declared policy to strengthen our agricultural economy and develop its potential for sustained growth. In our development strategy the highest priority is therefore assigned to programmes to bring larger areas under irrigation; for developing power sources and for expanding the distribution grid to serve agriculture and agro-based industries; for protecting valuable agricultural lands from flood ravages; for carrying to the farmers knowledge of water management, scientific farming and soil conservation techniques through an efficient extension agency, and for strengthening the co-operative institutions to meet the credit needs of the farmer. Next in priority come social and community services, in particular, welfare of backward classes, elementary education, drinking water-supply and public health measures, Transport and communication, industries and mineral development also have considerable importance in the development strategy of the State. I would like to present before the House broad outlines of development in some of these important fields of State activity.

Irrigation

22. Financial outlay during the current plan on Major, Medium and Minor Irrigation will exceed Rs. 117 crores by the end of 1977-78. The annual irrigation potential which at the beginning of the Fifth Plan was 10.23 lakhs

hectares has already been increased to 12.20 lakhs hectares in the current year, and will reach 12.83 lakhs hectares in 1977-78. A significant achievement during the same period is the enhancement of Rabi irrigation under Major and Medium Projects from 24 per cent to 29 per cent of the annual irrigation potential. Renovation and modernisation of derelict Minor Irrigation Projects maintained by Panchayat Samitis made possible by drought relief provisions of 1976-77 will further expand the total irrigation potential.

23. A survey of the ground water potential of the State has established the feasibility of about five lakhs dug-wells. Our programme to construct 60,000 dug-wells in 1976-77 co-operative year will further add to the physical achievement of 1.15 lakh dug-wells constructed by June, 1976.

24. 2,417 Lift Irrigation Projects commanding annual irrigation potential of 85,040 hectares had been energised by the middle of January, 1977. At present substantial subsidies are available to individuals and co-operatives of farmers from ITDPs., TDAS., SFDA. etc. for installation of pumps. Extension of this facility to areas outside the aforesaid special projects is under contemplation of the State Government.

Flood control

25. An area of 688,000 hectares in the coastal districts of Orissa is extremely vulnerable to flood damage. Even floods of medium intensity cause production loss in food-grains and distress to the riparian residents. The State Government have, therefore, attached great importance to flood control measures and with that end in view have prepared comprehensive protection plans for lands in the major river basins.

26. The up-to-date physical achievements consist of construction and strengthening of 115 Kms. of river embankments, 4 Kms. of drainage channel, 3 Kms of sea wall to protect areas from saline inundation, and 11 town protection works. The next year's programme envisages construction and strengthening of 60 Kms. of river embankments, 4 Kms. of drainage channel, 2 Kms. of sea wall and 1 town protection work, 35,000 hectares

of valuable agricultural land have already been protected. We propose to raise this to 55,000 hectares by the end of the next financial year.

Power generation and distribution.

27. The current plan outlay on power generation and distribution will reach Rs. 179.83 crores with the allocation of Rs. 58.81 crores in 1977-78. This includes investment, made and programmed, of the order of Rs. 85.83 crores by the Orissa State Electricity Board. Our total installed capacity in July 1976 was 861.5 MWs. Completion of the 6th unit of Balimela Power Project and the first Unit of Talcher Thermal Expansion Scheme during the plan period will add 170 MWs. Completion of 2 units of 50 MWs. each of the Rengali Multipurpose Project, and 3 Generation Units of 80 MWs. each of Upper Kolab Hydro electric Project will spill over to the sixth Plan. Study of economic viability and technical feasibility of lower Kolab, lower Machhakund, Budhabalanga and Lodani as new sources of hydro power has been taken up. Rural electrification will be extended to 18,800 or 40 per cent of the inhabited villages of the State by the end of the current plan period.

Agriculture and Allied activities.

28. With the inclusion of a provision of Rs. 13.80 crores in 1977-78, the cumulative outlay on agricultural production, soil conservation. Area and Ayacut development and Agricultural credit schemes will reach Rs. 35.84 crores during the current plan.

29. The objective of the programmes is optimization of the yield rates from land—particularly the holdings of small and marginal farmers. To attain this objective, our package of specific target oriented activities are progressive enlargement of the area under high yielding varieties, increased and timely use of chemical and organic fertilisers, use of prophylactics and control measures against pests, more efficient and economic use of the available water through scientific soil and water management practices, introduction of new drought resistant khariff strains having short maturity periods and controlled demonstrations in farmers' fields to establish the superiority of the recommended techniques and inputs. Introduction of improved agricultural implements and certified seeds are ancillaries to