



GOVERNMENT OF ORISSA

Speech of
Dr. Ram Prasad Mishra
Finance Minister, Orissa
Presenting the Budget Estimates
For the year 1979-80
To The Orissa Legislative Assembly

March 5, 1979

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DR. RAM PRASAD MISHRA

FINANCE MINISTER, ORISSA

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FOR THE YEAR 1979-80

TO THE ORISSA LEGISLATIVE ASSEMBLY

Sir,

The Annual Financial Statement for 1979-80 and the Budget documents are in the hands of Hon'ble Members. Following the changes introduced last year, further improvements have been made in the form of the Budget papers. A diaglot version has now been presented in Oriya and English. This being our first effort in presenting Budget papers in Oriya, it is likely that the expressions used may not be appropriate in all cases. I would urge the Hon'ble Members to bear with this and give us their valuable suggestions for improving the quality of presentation in future.

2. While presenting the Budget last year, I had mentioned that the economy of the State would be reoriented before long to fulfil the hopes and aspirations of the people. True to the expectation, performance of the economy has proved encouraging in many respects: harvest was plentiful; price level has been relatively stable; availability of consumer goods has been satisfactory. The prospects of the economy are bright despite repeated onslaughts of natural calamities. Foodgrains production in the current year is expected to approximate the last year's level. The food situation, therefore, is unlikely to be difficult. In conjunction with expanded rural development programmes this would tone up economic activities, augment employment opportunities and lend buoyancy to the economy. There is, however, no room for complacency. Failure of monsoon may wipe out in a single year the benefits of our large food reserves and expose us to severe strain.

3. As Hon'ble Members are aware, Orissa has a heavy concentration of poverty-stricken people. With rise in population, their number is increasing fast. A lasting solution to our economic problems, particularly for the eradication of accumulated poverty and backwardness, can be found only in large investments for acceleration of development activities.

4. With this background, Sir, I would place before the House some salient features of the Revised Estimates for 1978-79 and Budget Estimates for 1979-80.

The Budget for 1978-79 had anticipated a closing deficit of Rs. 12 crores. The Revised Estimates do not disclose any deficit on the assumption that additional Central assistance would be available to cover the gap.

5. The next financial year would be first of the five-year period covered by the award of the Seventh Finance Commission. The Finance Commission has, no doubt, recommended for Orissa a higher order of transfer of resources than before, but we are disappointed at the absence of the much-needed radical change in federal devolution to which we had looked forward so that disparities in the finances of the States could be reduced. The Commission, far from assisting in this, has placed the finances of the States at widely differing levels. As a result, affluent States have got large surpluses while a weak State like Orissa has no surplus whatsoever. The surplus States, with better command over resources, would be able to forge ahead with bigger plans of development while weaker States, in the absence of countervailing measures, would continue to lag behind. This being contrary to the declared national policy of reducing regional imbalance, we have urged special consideration for Orissa in the allocation of development assistance by the Centre.

6. The Budget for 1979-80 is generally in keeping with the Finance Commission's award and underscores the need for strict discipline in fiscal management while matching higher levels of expenditure with increased revenues. The Budget envisages non-plan revenue

expenditure of Rs. 357.45 crores, marking a rise of 15.6 per cent over the current year. The estimates take into account committed liability of Fifth Plan schemes and make higher provision for maintenance of assets like roads and irrigation works and for improvement of health care. For operation and maintenance of irrigation works, the provision proposed is Rs. 5.41 crores against Rs. 2.42 crores in the current year. The provision for road maintenance is Rs. 10.57 crores against Rs. 6.25 crores in the current year. Besides, Rs. 5.08 crores would be provided to local bodies for maintenance and improvement of communications, particularly in the rural areas; the current year's provision for this is Rs. 92 lakhs only. The allocation for diet and medicine in hospitals and dispensaries has been stepped up from the existing level of Rs. 3.42 crores to Rs. 4.28 crores. Provision has also been made for opening new Courts, expansion of accommodation and improvement of standards in Jails, reorganisation of administrative units, and strengthening of Police administration.

7. As in the past, the heaviest weightage in non-Plan allocations has been given to Education which accounts for Rs. 84.01 crores. The provision for Police expenditure is Rs. 21.43 crores and for Jails Rs. 2.61 crores. Interest charges are of the order of Rs. 47.01 crores.

8. Capital disbursements including repayment of loans are estimated at Rs. 126.62 crores.

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9. I now turn to outlays on the Annual Plan for 1979-80. Despite transfer of large outlays to the non-Plan sector towards committed liability of Fifth Plan schemes, we have been able to provide a step-up in the State Plan Outlay for implementation of new programmes. The size of the State's Annual Plan for 1979-80 has been fixed at Rs. 200 crores. Of this, the Budget reflects a provision of Rs. 160.65 crores as the balance of Rs. 39.35 crores relating to Public Sector Undertakings remains outside the Consolidated Fund. The sectoral allocations of the Plan Outlay are as follows :—

	Rs. in crores	Percentage to Total
(i) Agriculture and allied services including Co-operation.	45.08	22.54
(ii) Water and Power Development.	110.00	55.00
(iii) Industries and Mining.	6.90	3.45
(iv) Transport and Communication.	11.14	5.57
(v) Social Services	25.03	12.52
(vi) Economic and Miscellaneous Services.	1.85	0.92
	<u>200.00</u>	<u>100.00</u>

The Plan Outlay is being supplemented by Rs. 20·34 crores worth of wheat under the Grain for Work Programme and a further sum of Rs. 9·70 crores will be obtained as special Central assistance for development of tribal areas. The total outlay on the State's Annual Plan is thus over Rs. 230 crores.

10. The Budget also envisages additional outlays of Rs. 53·67 crores under Centrally sponsored and Central Plan programmes. As major part of the expenditure on these programmes is met out of assistance from the Centre, their net financial impact on the Budget is marginal.

11. I may now indicate briefly, some of the major programmes in different sectors.

12. Agriculture is the main economic activity in the State providing sustenance to bulk of our population. Development of agriculture therefore continues to receive our foremost attention. Hon'ble Members are perhaps aware that the most fundamental single reason of our economic woes is that the amazing advances made by modern science have not been applied adequately to plants and animals to improve their breed and boost their yield. Our strategy for agricultural development aims at transferring modern technology to farmers through extension, training and demonstration. To supplement agriculture, importance has also been given to the development of horticulture, dairy-farming, fisheries and farm-forestry. The

Co-operative sector is poised to lend greater support to agriculture by way of more extensive credit and larger handling and distribution of fertilizers and other inputs. Soil conservation programme will be enlarged. Survey and Settlement operations would be expedited and Consolidation of Holdings will be accelerated. The Budget makes a provision of Rs. 45.08 crores for agriculture and allied services including co-operation and minor irrigation.

13. Irrigation is the most vital component for development of agriculture. Investment on expansion of irrigation is, therefore, of critical importance. Our objective is to fully tap the vast water sources for enlarging productivity in the agricultural sector. The Budget makes a provision of Rs. 54.50 crores for irrigation. In order to correct regional imbalance in the development of irrigation in the State 53.5 per cent of the outlay has been earmarked for irrigation development in tribal areas. The Budget provision for irrigation would be further supplemented by financial assistance from the Agricultural Refinance and Development Corporation. A proposal for financial assistance from the International Development Association, an affiliate of the World Bank, for some projects is also underway. It has been proposed that seven medium irrigation projects namely, Dahuka in Puri, Ramanadi in Ganjam, Sundar and Saipalla in Kalahandi, Nesa and Khadkai in Mayurbhanj and Dadarghati in Dhenkanal district would be completed in 1979-80. The new Mahanadi-Birupa Barrage is

proposed to be taken up. The target for creation of additional irrigation potential next year under major, medium, minor and lift irrigation is 1,23,397 hectares.

14. High priority has been given to meeting the growing demand for power on which it is proposed to invest next year Rs. 70 crores including an investment of Rs. 37.57 crores by the Orissa State Electricity Board. By the end of 1977-78, the installed capacity of our power projects was 914 M. W. The first unit of Talcher Thermal Power Station Expansion Project is scheduled to be commissioned in 1979 and the second unit in 1980. They would increase the installed capacity to 1134 M. W. The pace of rural electrification is proposed to be accelerated by covering 2,048 villages in 1979-80. Institutional finance from the Rural Electrification Corporation, Agricultural Refinance and Development Corporation and Commercial Banks would be available for implementation of this programme.

15. The emphasis in the industries sector is on dispersal and development of cottage and small industries in rural and semi-urban areas to optimise employment opportunities. Importance is being given to development of Khadi, handicrafts, coir, salt and handlooms. Leather and sericulture would also continue to get emphasis. The Orissa State Financial Corporation, which has achieved a major breakthrough in financing small and medium industries, would further step up its lending programme. To promote

faster industrial development, District Industries Centres have been set up in all districts. The Budget provides an outlay of Rs. 3.52 crores for development of small-scale and cottage industries and Rs. 3.35 crores for large and medium industries.

16. The programme for development of communication lays emphasis on improved maintenance as well as new construction. While additions would be made to the network of highways and trunk roads, construction of feeder roads would also be accelerated. Provision of this basic infrastructure is considered vital for the development of the rural economy. The minimum needs and other road development programmes account for an outlay of Rs. 8.80 crores in the Budget.

17. Drinking water-supply schemes in rural areas get a provision of Rs. 4.09 crores next year. In our effort to provide drinking water facilities in every village, the programme for construction of wells and installation of tube-wells has been substantially enlarged. Problem-villages and water-scarcity areas have been identified. Mobile units are being engaged to look after the maintenance and repairs of tube-wells.

18. Extension of medical care to the rural areas, prevention and control of diseases, expansion of family and child welfare measures are the keynote of our Public Health policy. Primary Health Centres which provide basic medical care both in preventive and

curative sides have been provided an increased allocation of Rs. 2.20 crores against Rs. 1.70 crores in 1978-79. Community Health Workers Scheme which is in operation in four districts during the current year would be extended to four more districts next year. Health services in Integrated Tribal Development Projects would be intensified by augmenting the existing facilities in Primary Health Centres and establishing Mini Health Centres. Indian system of medicine and Homoeopathy would be encouraged and the facilities available in them would be expanded. Programmes for eradication of communicable diseases would be continued. The Budget provides an increased outlay of Rs. 3.95 crores for health and medical care.

19. The main thrust of our Education Policy is towards improvement of elementary and adult education hand in hand with expansion of secondary and higher education. Apart from opening new primary schools, a large number of existing schools would be upgraded in 1979-80. Enrolment drive particularly in backward areas would be continued. The massive programme, already launched for adult education, would be implemented with greater vigour. In the field of secondary and higher education, emphasis would be laid on qualitative improvement. For implementing these programmes, the provision of Rs. 84.01 crores in the non-plan Budget would be supplemented by Rs. 8 crores in the Plan.

20. Our efforts in the matter of providing house-sites to homesteadless persons in the rural areas would, continue with greater vigour. The activities of the State Housing Board and Improvement Trusts would be expanded. An amount of Rs. 1 crore, out of loan financed by the General Insurance Corporation, has already been provided during the current financial year for development of housing schemes. The Budget provides Rs. 1.60 crores for next year.

21. Government are conscious of the vital role of the working classes in the integrated development of the economy. We are, therefore, committed to protect their rightful interest in all spheres. We expect, however, that with improvement in the working conditions, there would be no room for indiscipline. Unemployment and underemployment are among the most intractable problems of our economy. To the backlog of unemployment there is annual addition to the labour force at the rate of 1.90 lakhs, due to increase in population. As I had indicated last year, a problem of such dimensions cannot be solved by excessive reliance on industrialisation and wage-employment under the Government. We have, therefore, laid stress on self-employment, accelerated growth of agriculture, development of labour-intensive cottage and small industries and proper utilisation of assistance under the Grain for Work Programme.

22. Adivasi and Harijan communities have always been our special concern. Their economic, educational

and environmental upliftment would continue to receive urgent attention in all spheres of Government activities. While expanding operation of the Tribal Development Corporation, we propose to set up a new Scheduled castes Finance Corporation to provide margin money and assist Scheduled Caste beneficiaries to avail of institutional finance for economically viable schemes. This would help greatly in accelerating implementation of the Antyodaya programme. The Budget provides a total outlay of Rs. 80.86 crores under the Tribal Sub-Plan, including Rs. 9.70 crores financed by Special assistance from the Government of India.

23. After providing for expenditure in the Non-Plan sector out of the resources available from the devolution recommended by the Seventh Finance Commission, other grants, State's tax and non-tax resources, borrowings and surplus in the Public Account, State's own resources for financing the Plan outlay of Rs. 200 crores have been estimated at Rs. 55 crores at current levels of rates and taxes. Central assistance has been promised to the extent of Rs. 119 crores with the stipulation that the State Government should mobilise additional resources of the order of Rs. 17 crores in 1979-80. As Hon'ble Members are aware, the cost of operation and maintenance of power plants and irrigation works now far exceeds the revenues realised from the beneficiaries, who are relatively better than the rest of the people of the State, whose poverty is

well-known. As a result, the relatively affluent persons are being subsidised by the common tax-payer. This is iniquitous. We, therefore, propose to bring about suitable revision in the irrigation rates and power tariff so as to improve the economic viability of these projects. In addition to these, there are other proposals also for mobilisation of additional revenue. The measures proposed and their estimated yield for 1979-80 are the following :

(Rs. in crores)

(i) Power Tariff and Duty	..	6.55
(ii) Sales Tax	..	2.50
(iii) Forest Revenue	..	2.35
(iv) Cess on land revenue	..	2.15
(v) Irrigation Rates	..	1.15
(vi) Tax on carriage of goods by Road and inland waterways.		1.00
(vii) Entertainment Tax	..	0.70
(viii) Motor Vehicle Tax	..	0.35
(ix) Royalty on Coal and Chromite, etc.		0.37
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Total	..	17.12
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Hon'ble Members would notice that the burden of these charges and imposts would impinge more on the relatively affluent sections. Also the