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37-38 to 45-50

Speech of the Hon'ble Sri Harekrushna
Mahtab, Prime Minister, Orissa, in
introducing the Budget Estimates of the
Province of Orissa for the year 1949-50

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for the year 1949-50**

SIR,

WHILE I rise to present the Budget for the year 1949-50 for the consideration of the House, my mind goes back to 1946 when I had the privilege of presenting the first Budget of our term of office to this House. Discussing the budgetary position of the Province for 1946-47, I made on that occasion the following observations which the hon'ble members may well take note of in order to prepare their mind for the reception of the Budget for the coming financial year. I said on that occasion :—

“ The picture which I have drawn up before the House to depict the real budgetary position of the Province is gloomy indeed. But there is absolutely no cause for despair. Let not our thought move in the direction of dropping all the post-war schemes and also some of the non-post-war ones which have been sanctioned this year.

“ In order to avoid worry and action, let us not reconcile ourselves with the lot that we had in 1945-46 and have the satisfaction of a square Budget. It is not the accounts in the Budget that should really matter for the growth of a nation, but on the contrary it is the development of a nation that should regulate the accounts of its Budget. The way in which many smaller countries than even the Province of Orissa have developed themselves elsewhere and are developing now in spite of the colossal destruction wrought upon them by the last devastating war, entirely depending on loan and help received from other more fortunately situated countries should be the way for this Province too, if it at all desires to live in the country and in the world with pride and glory. Even if this little Province so chooses, it cannot live according to the old standards of even five years back. It cannot live in seclusion in the midst of all other provinces and all other countries frightfully busy with developments in all directions. Our youths will not rest satisfied with the old standard of living. Our services will not rest contented with the old scales of pay. Our mind will refuse to keep confined within the four dark corners of the Province. If the old conditions are forced on the Province by avoidable circumstances, the inevitable result will be ever-growing inferiority complex resulting in complete subservience of this once proud race to others which are more virile and more developed. If the Province does not make a move and compete with others, posterity will blame the

leadership of the present generation as incompetent. Here today we are in a cross road. We can, if we like, steer the wheel to reach the destination of glory and prosperity or if we so choose, we may accelerate our speed towards poverty and ignominy. We, as Government, have chosen the way to development and prosperity; by development I mean, physical, spiritual and economic development of the Province. If our grip on the steering is firm and the whole machinery of administration does its work properly and if there is no obstruction on the way from our masters, the people of the Province, we believe we will be able to make such a headway in a few years, that the whole character of the Budget as has been presented this year will be completely changed and the prospect of a square Budget from even the view point of accounts will be brighter".

When I said that in 1946, our hopes were high and expectations many. The independence of the country was like the rising sun in the east presenting colourful pictures suggesting, as if, the advent of a bright day of all round development of the country from the point of view of the common man. In the meanwhile the independence has come and it is now more than one year old. But the hopes which it brought along with it appear to be shattered on the rock of realities. Today the country is not only faced with the problem of development, but more serious problems have arisen most unexpectedly. Maintenance of law and order, supply of food to the ever-increasing population of the country, and re-establishing the economic equilibrium which has been totally disturbed by the last devastating war and also the partition of the country into two are now the main problems, on the solution of which rests the development of the country. All our previous expectations seem to be failing because of these major problems which have cropped up owing to various circumstances. Strengthening of the Military, import of food-grains from abroad and such other measures which the national Government at the Centre are compelled to adopt are costing them so much that their help to the provinces has considerably decreased. In the Province itself the expenditure is mounting up and the cost of establishment is gradually rising. So far as this Province is concerned, it was formed in 1936 and hardly it had worked for three years when the War broke out necessitating the suspension of all normal activities. Then as soon as the War was over, the country was free and as a corollary to the attainment of freedom, the states were integrated with the province. From this point of view we may safely assume that the Province of Orissa has actually been formed in 1948 when the States were integrated with the Province. It is gratifying to note that Mayurbhanj, the premier State of the so named Orissa States

has been integrated with the Province only on the 1st of January 1949. Now there is a sense of fullness everywhere but it should be realised what a tremendous responsibility it implies and how much physical energy and cost in terms of money it means to build up the administration and then proceed steadily on the way of development. Without meaning any aspersion on those who agreed to the allocation of revenue to meet the cost of administration of the new Province of Orissa in 1936 and with all respect to them, I would say as I feel that the fate of this Province has been to start from a scratch. It is this fact amongst others which generates a sort of excitement in me as it must be doing in many others and goads me to work harder and harder to build the Province in such a way that in a few years of all other provinces it may serve best the larger interest of the country. We ask for sympathy from all and we quarrel with none.

To keep the Province going on a sound administrative foundation and then to develop it in the interest of the whole country is a serious job and I have no doubt the hon'ble members here who represent various sections of the Province and the thinking public outside will consider the Budget which I am presenting with a spirit of co-operation and also of determination to see that our Province may soon rise high and our people including those also who are in service, may make all sacrifices necessary for the purpose.

Now I come to the discussion of the Budget. I shall at the outset attempt to give a general picture of the Budget to the hon'ble members indicating the special features of the Revised Estimates for the current year and the Budget Estimates for the year 1949-50. In my Budget speech in March last year, hon'ble members were informed that a Pay Committee consisting of officials and non-officials had been appointed for devising revised scales of pay for officers of all ranks. The scales Recommended by the Committee have with some modifications been sanctioned and all offices are now busy in fixing the pay of individual Government servants in the new scales of pay and in preparing arrear pay bills. The scales will come into force from the 1st April 1947. In the absence of departmental estimates, a sum of Rs. 47 lakhs has been included in the Revised Estimates under different demands to meet the extra charge and we shall come up to the Assembly for supplementary grants in due course.

In pursuance of the policy of development in all branches of administration quite a number of approved schemes were ripe for execution in the next year: Unfortunately due to lack of funds it has not been possible to include all of them in the next year's Budget. Only these schemes the execution of which cannot,

in the interest of the development of the Province, be postponed have been selected for inclusion in the Budget, leaving the rest to be executed only when funds for the purpose are available. As hon'ble members are aware, this Province lags much behind almost all other provinces of India in respect of nation-building activities. Government will be only too pleased to take up for execution the schemes which have been left out if our request to the Centre for more funds evokes the desired response. A list of these schemes which had to be postponed or curtailed with a view to economy is given in Appendix D to the Explanatory Memorandum on the Budget. They aggregate Rs. 1½ crores in all. Some of these schemes were intended to meet administrative requirements and the rest were designed to improve the lot of the common man, or to make better services available to him. I fear, however, that however desirable they may be, they have to wait till better times come.

This leads me to the confession that we are today faced with a critical financial situation which may develop into a crisis. Two factors have largely contributed to this untoward development. If the hon'ble members consult the Budget at page 44 under the head "LI—Extraordinary Receipts" they will find that a provision of Rs. 2 crores and 60 lakhs was made in the Sanctioned Estimates of the current year as subvention from the Government of India for Post-war Development Schemes. This was calculated on the approved basis of allocation of Post-war Development Expenditure between the Centre and the provinces. But in November last, the Government of India informed us that a maximum grant of Rs. 1 crore and 20 lakhs only will be made available to us in 1948-49 and of Rs. 1 crore and 35 lakhs in 1949-50. This substantial cut in the grant by Rs. 1 crore and 40 lakhs has upset all our calculations and our programme. The other factor is connected with the merger of the states. When the Assembly voted the current year's Budget, we had just completed the compilation of a three-monthly States Budget for the period from the 1st January to the 31st March 1948. It showed a small surplus of Rs. 39 lakhs. The Annual Budget of the States for the year 1948-49 was compiled in June 1948. It showed a deficit of Rs. 55 lakhs. To balance the States Budget, it was necessary to assign that sum from the provincial revenues. Page 512 of the Budget will show that the deficit is now estimated to be Rs. 77 lakhs and 66 thousand in 1948-49 and 82 lakhs and 68 thousand in 1949-50. These two factors, namely, curtailment of the Post-war Development grant by the Government of India and the considerable deficit in the States area, occurring together in the same year, have created an almost baffling problem. To tackle this problem, we have had recourse to the following measures. As stated already, new schemes have been postponed or modified to the extent

of 1½ crores. Further, we have assumed that in order to meet the deficit in the States area and to meet the special expenditure intended for the benefit and welfare of the backward classes both in the Province and the States, the Government of India will give adequate grants to the Province. The further assumption has been made that the Central Government will make available the full promised additional grant of Rs. 1,32 lakhs for the new capital in the course of the current and the next years and will assist us with loans up to the required amount to complete the project. It has again been assumed that an adequate grant will be given by the Centre for financing Post-war Development Schemes including Grow More Food Schemes in the States area. Even after making all these assumptions and after also taking into account the anticipated increase in revenue due to the introduction of new taxation measures (about which I shall have more to say presently), we found that the Budget was deficit. We have, therefore, made cuts aggregating Rs. 54 lakhs in the Revised Estimate and Rs. 61 lakhs in next year's Budget Estimate. It is against this back-ground, in the light of postponement of expenditure, and assumptions of special financial aid from the Centre and overall cuts that the Budget should be interpreted.

Revised Estimates for 1948-49

While presenting the Budget for 1948-49 to the House in March last I briefly stated that the year 1947-48 would close and the year 1948-49 would open with a balance of Rs. 99.08 lakhs in the Revenue Account and an overall balance of Rs. 1,61.35 lakhs. Actually the year opened with a balance of Rs. 1,26.10 lakhs in the Revenue Account and overall balance of Rs. 1,68.65 lakhs. Thus there was an improvement of Rs. 27.02 lakhs in the opening balance in the Revenue Account. It was estimated that the Revenue Receipts during the year would be Rs. 6,81.55 lakhs and the expenditure charged to Revenue would be Rs. 7,51.15 lakhs resulting in a Revenue deficit of Rs. 69.60 lakhs. According to Revised Estimates, the Revenue is now estimated at Rs. 7,90.35 lakhs and expenditure charged to revenue at Rs. 9,12.99 lakhs. The year's Revenue deficit is, therefore, expected to be Rs. 1,22.64 lakhs. The balance in the Government Account which was Rs. 1,26.10 lakhs in the beginning of the year is likely to go down to Rs. 3.46 lakhs at the close of the year against Rs. 29.48 lakhs originally estimated. Outside the Revenue Account the Receipts are estimated at Rs. 29,34.86 lakhs and disbursements at Rs. 29,29.93 lakhs, resulting in a small surplus of Rs. 4.93 lakhs, against a surplus of Rs. 34.68 lakhs originally estimated. The net result is that the current year's transactions in both Revenue Account and outside the Revenue Account taken together will have the combined effect of reducing the total overall balance by Rs. 1,17.71 lakhs. This, in other words, means that the year

which opened with an overall balance of Rs. 1,68.65 lakhs is expected to close with a balance of Rs. 50.94 lakhs out of which as mentioned above the balance in the Revenue Account will be only Rs. 3.46 lakhs.

The Revenue position as disclosed by the Revised Estimates now prepared shows an improvement of Rs. 1,08.80 lakhs as shown below :—

Heads of Accounts	Sactioned Estimates	Revised Estimates	Variation
	LAKHS	LAKHS	LAKHS
(i) Taxes on Income	91.32	1,42.37	51.05
(ii) Other revenue heads including annual subvention from the Government of India.	3,30.23	5,27.98	1,97.75
(iii) Grant from the Government of India for Post-war Development Schemes.	2,60.00	1,20.00	(—) 1,40.00
Total	6,81.55	7,90.35	1,08.80

One of the main sources of revenue is our share of income-tax which has been fixed at 3 per cent of the total provincial share of the tax. As the area and population of the Province have increased considerably owing to integration of the States, a strong representation has been made to the Government of India for raising the percentage allotted to us. Our representation is still under the Dominion Government's consideration but we may reasonably expect that for the larger Province of Orissa, our share of income-tax would be considerably above 1½ crores provided, of course, the present taxation rates are not substantially reduced.

The increase of 1,97.75 lakhs under other heads of revenue includes a small increase of Rs. 20 lakhs under Excise. As the hon'ble members are aware our other main source of revenue unfortunately happens to be Excise. Heavy increase in duty has hitherto more than counter-balanced the fall in revenue on account of prohibition, but owing to a progressive cut in the supply of opium it is now estimated that although the current year's revenue from Excise will be maintained at last year's level, it will fall by Rs. 10 lakhs next year. And we must be prepared for further and considerable diminution of our revenue from this source in subsequent years for the same reason.

Income from the share of jute duty has increased by 4.55 lakhs and that from Stamps by 4.05 lakhs. Receipts from other taxes or duties have increased by 13.80 lakhs mainly under sales tax.

A sum of 17.86 lakhs is expected to be recovered from the Government of India as their arrear contribution for non-agency Police for the year 1946-47. An increase of Rs. 4.06 lakhs is expected under Agriculture mainly on account of contributions from the Indian Central Jute Committee and the Maharaja of Jeypore and Receipts from certain Post-war Schemes. An allotment of Rs. 59.23 lakhs out of the grant promised by the Government of India for financing the new Capital Project at Bhubaneswar has been taken into account.

The rest of the increase under this head is accounted for by our expectation of more generous financial aid from the Centre to help us to meet the deficit in the States Area Budget for which assignments from the Provincial Revenues have initially to be made.

Against the total increase in Revenue of Rs. 1,08.80 lakhs the expenditure charged to revenue is likely to go up by Rs. 1,61.84 lakhs, the Revised Estimates being taken at Rs. 9,12.99 lakhs against the sanctioned estimate of Rs. 7,51.15 lakhs. The increase mainly occurs under General Administration, Justice, Jails, Police, Public Health, Industries, Capital Outlay on Electricity Schemes, Stationery and Printing, and Extraordinary Charges. As will appear from the explanations given in the Explanatory Memorandum the increase is mainly due to preparation of electoral-rolls, constitution of a separate Public Service Commission, purchase of radio sets for installation in villages, constitution of a separate High Court, establishment of Police Range Offices, expansion of the Police Wireless Grid and of the Criminal Investigation Department, increased price of cloth for police uniforms and departmental construction of police buildings, provision for water-supply and drainage schemes, purchase of vaccine and capitation grants to patients in Leper Asylums, State-aid to various industries, construction of quarters for officers and buildings in the new capital, expenditure on Thermal and Hydro-Electric Schemes, payment of pensions to political sufferers and their relatives, purchase of paper, plant and furniture for the Government Press, and finally the assignment to meet the deficit in the States Area. Savings will mainly occur under Agriculture as some of the schemes for development of agriculture could not be executed for want of equipment and suitable personnel.

Budget, 1949-50

Receipts—The total revenue is Rs. 8,90.00 lakhs against Rs. 7,90.35 lakhs in the Revised. Increased receipts are attributable to anticipated increase under Agricultural Income-tax proceeds; increased receipts under Adhesive Stamps, and under Motor Vehicles Taxation Act; and improvement in the Sales-tax

proceeds. Legislative proposals in this regard will be brought forward for the consideration of hon'ble members during the present session of the Assembly. Further, Rs. 30 lakhs out of the Building fund will be spent and in addition a grant of Rs. 71½ lakhs is expected from the Government of India for financing the new Capital project. Account has also been taken of recovery of surcharge on foodgrains exported. A grant of Rs. 16.52 lakhs is expected from the Government of India for Rural Welfare Schemes. Under 'Police' a recovery of an arrear of Rs. 18.61 lakhs from the Centre on account of non-agency Police has been taken into account. Increased grant-in-aid from the Central Government to meet the deficit in the States Area Budget has also been provided. Against these, some fall in the Excise revenue has been anticipated for the reasons already indicated.

Expenditure—The Budget provides Rs. 8,76.09 lakhs for expenditure on Revenue Account against 9,12.99 lakhs in the Revised, that is, the Budget is 36.90 lakhs less than the Revised. The decrease is mainly due to the lump deduction of Rs. 61 lakhs under all the major heads in order to balance the Budget. New schemes including those in the Capital Account have been included to the extent of Rs. 1,84.41 lakhs. Appendix B to the Explanatory Memorandum gives the details of these new schemes. As already mentioned, Appendix D to the Explanatory Memorandum shows the new schemes which had to be left out for lack of funds. The estimate of Revenue Receipt being Rs. 8,90.00 lakhs and expenditure charged to Revenue Rs. 8,76.09 lakhs, the Revenue Account shows a surplus of Rs. 13.91 lakhs. This surplus will not however materialise if any of the assumptions on which the estimates of Revenue have been framed fails, e.g., the assumed increased subvention or special grants from the Centre be not forthcoming.

Outside the Revenue Account the Budget anticipates a Receipt of Rs. 30,39.74 lakhs and disbursement of Rs. 29,07.09 lakhs resulting in a surplus of Rs. 1,32.65 lakhs. The surplus is mainly due to the fact that a sum of Rs. 40 lakhs which it is proposed to invest towards the close of the year 1948-49 in short-term treasury bills will mature next year. A credit of Rs. 32.30 lakhs for recovery from the States area on account of advances paid during the current year has been included. A credit of Rs. 23.66 lakhs is anticipated from the State Trading Schemes. A loan of Rs. 22.73 lakhs will be taken from the Government of India to recoup the Revenue Expenditure in the previous year on Productive Electrical Projects. An amount of Rs. 20 lakhs representing the annual assignment from the Provincial Revenues for financing Water-supply and Drainage Schemes has been

included in the receipt side against which no expenditure has been provided for on the expenditure side as no scheme is yet ready for execution.

The total transactions in the States Area Budget have been included in the deposit side of the Provincial Budget as receipts and expenditure according to the decision of the Auditor-General.

Three new major heads, namely "52—Interest on Capital outlay on Electricity", "57-A—Capital outlay on Rail-road Co-ordination Scheme" and "82-A—Capital outlay on Rail-road Co-ordination Scheme outside the Revenue Account" and two new demands have been introduced in the next year's Budget.

As already explained we expect to close the year 1948-49 and open the year 1949-50 with an overall balance of Rs. 50.94 lakhs inclusive of a balance of Rs. 3.46 lakhs in the Revenue Account. The Budget for 1949-50 discloses a surplus of Rs. 13.91 lakhs in the Revenue Account and Rs. 1,32.65 lakhs outside the Revenue Account. The year 1949-50 will close with a balance of Rs. 1,97.50 as stated below :—

Opening balance	..	..	50.94 lakhs
Surplus in the Revenue Account	..	..	13.91 lakhs
Surplus outside the Revenue Account	..	..	1,32.65 lakhs
Net closing balance	..	..	1,97.50 lakhs

The analysis of this balance at page 42 of the Finance Secretary's Explanatory Memorandum will indicate that the Closing Balance of the Province including both cash and investments is expected to stand at Rs. 2,68.36 lakhs at the end of the year. This includes an earmarked balance of Rs. 55.36 lakhs for specific purposes as given below :—

(1) Famine Relief Fund	..	..	..	37
(2) Deposit Account for economic development and improvement of rural areas.	..	..	..	02
(3) Fund for development of Forests	..	..	..	7.46
(4) Fund for Orissa Buildings	..	..	..	9.71
(5) Fund for Water supply and Drainage Scheme	..	..	..	38.00

The purpose of the Famine Relief Fund was explained in my last Budget speech. During the year there has not been much strain on this Fund which releases a nominal sum of Rs. 25,000 annually for gratuitous relief necessitated by floods and other natural calamities.

Fund for Orissa building—Out of the balance in the Fund constituted with a grant from the Government of India Rs. 30 lakhs has been taken out for financing the new Capital project.

Fund for Water-supply and Drainage Schemes—As indicated above a sum of Rs. 20 lakhs is being transferred from the Revenue Account annually for five years to finance Water-supply and Drainage Schemes in urban areas.

I have appended to this speech two statements showing the expenditure on—

(i) Nation Building Departments, and

(ii) Civil Administration

year by year since the year (1937-38) when the Province was created. The statements speak for themselves ; any commentary on my part is unnecessary. How I wish that circumstances in the country and the province were favourable to reduction of expenditure on General Administration, Jails and Police. Not only the circumstances are not favourable but the recent trends indicate the possibility of increase of expenditure under these heads. I said in my last Budget Speech and I repeat it here that in democracy there is no scope for seizure of power by force. Most unfortunately there are persons and groups who believe in seizure of governmental machinery by force and who are determined to break the law and use force on any pretext. Activities of this kind carried on with some political ideology have created an atmosphere of lawlessness to the practical advantage of the criminal section of the society. As a result, regard for life and prosperity is going down noticeably in these days. It is the primary duty of Government to protect the law-abiding citizens who form the large bulk of the population from the mischiefs of a few. Furthermore it is necessary to prevent in the interest of the common man any kind of civil war as has been going on in Burma.

The total expenditure in the Revenue Account on the new schemes included in the Budget amounts to Rs. 1,60.17 out of which Rs. 61.58 lakhs is on account of post-war new schemes. It is hardly necessary for me to give an elaborate account of the various new schemes under different departments as these have been fully indicated in Appendices B and C of the Explanatory Memorandum. I shall only deal with the more important schemes included in the Budget.

Commercial Taxes Department—The activities of the Taxation Department will greatly increase from the next financial year inasmuch as the rates of Sales Tax and Agricultural Income-tax will be enhanced if the Assembly approves the legislative proposals in this regard which we shortly expect to bring forward for its consideration.

Land Revenue—The settlement operations in Ganjam and Koraput suspended during the period of war have been resumed

and are now in full swing. Settlement in some States are going on ; in some others it will be taken up soon.

Forest—With the addition of the States the Forest Department in this Province has become one of the more important Departments and the province has become one of the major provinces in India in the matter of forest resources. The total area of demarcated forests under the management of the Forest Department is now about 10,400 square miles and in addition there is an area of about 3,000 square miles of Khesra Forests in the States area. If properly organised and developed, the Forest Department would, I feel confident, make substantial contributions to the provincial revenues. For the proper exploitation of the forest wealth of the province, a post of Chief Conservator of Forests and three Conservators' Circles under him at different places have been established. As to the working of the Forest Department it is worth mentioning that suitable forest areas are being brought under cultivation as a part of the Grow More Food Campaign and for the settlement of landless people. So far, about 58,800 acres have been recommended for this purpose. Like other Departments the Forest Department is also running short of trained technical personnel. To meet this difficulty two schools for the training of Foresters are being maintained, one at Champua in Keonjhar and the other at Sambalpur. Students are also being deputed for higher forest training to colleges outside the Province. As the four Government shops opened in the Parlakimedi Agency for the sale of livestock and other necessities of the Savaras proved very popular, one more such shop has been opened in the Balliguda Agency. Pending legislation for taking over the zamindaries the Government have passed the Preservation of Private Forests Act under which powers have been delegated to the District Magistrates to see that the private forests are not destroyed indiscriminately. Forest Department have undertaken the supply of hard wood logs to meet the requirements both of Central and Provincial Governments.

Irrigation and Civil Works—In the expectation that rapid progress will be made with the construction of the Hirakud Dam Project, a provision of Rs. 5,77,72,000 has been made in the Budget. The work is expected to progress well and a separate Department has been constituted to assist the C. W. I. N. C.

With a view to ameliorate the living conditions of the increased Police staff entertained for maintaining public safety, a programme of providing a large number of Police buildings throughout the Province was launched in course of the year. A total provision of Rs. 30,00,000 has been made in the Budget for construction of such buildings. It is, besides, contemplated to undertake a large number of building and road projects during the

course of the next year. A provision of Rs. 1,01,18,613 has been made for the purpose excluding the amount provided for Police buildings. Some of the principal items of building projects and the more important road projects are: expansion of Cuttack General Hospital, construction of a combined Civil Court building at Berhampur, improvement of Bhadrak-Bonth Road, improvement of Vizagapatam-Jeppore Road, construction of a bridge across the Bonum River in Sambalpur district. With a view to shifting the Capital to Bhubaneswar as early as possible, a provision of Rs. 1,04,29,519 has been made for the construction of the New Capital at Bhubaneswar. I hope that within a year or so it will be possible to shift the Capital to Bhubaneswar.

A point of some importance which I would like to mention is that an attempt is being made to make available cheap electricity to the fullest possible extent. With that end in view it has been considered necessary to finance the Duduma Hydro-Electric and Cuttack Thermo-Electric Schemes. As it is not possible to finance these schemes from revenue, it is proposed to meet the major portion of the expenditure from borrowed capital. A provision of Rs. 72,11,089 has been made for the purpose under the concerned capital head next year. It is hoped that these schemes will yield an adequate return in due course. Besides, Rs. 5,00,000 has been provided in the Budget to meet the expenditure on Duduma Transmission Survey Scheme to be met from the revenues of the Province.

General Administration—In order to facilitate recruitment to Public Services, the constitution of a separate Public Service Commission for the province has been considered a necessity. A sum of 1.42 lakhs has been provided in the Budget for this purpose.

Administration of Justice—With the establishment of a separate High Court for Orissa, a long cherished desire of our people has been achieved. 3.90 lakhs has been provided in the Budget on this account.

Police—The enlargement of the province has necessarily brought about a rapid expansion of the Police Department. In order to maintain law and order adequate forces with modern weapons and equipment have been stationed at all district headquarters and two battalions of Military Police have been raised. All the new District Headquarters and a number of subdivisions have been connected by wireless. The Police Training School has been expanded and converted into a college to enable it to take up the training of untrained ex-State officers and men. As there is now a common police both for the province and the states, strenuous efforts are being made to raise the standard in the States

to the provincial level and to weed out corrupt practices prevalent in the states during the pre-merger days.

Education—Basic Education having gained popularity provision has been made in the next year's budget for opening sixty new basic schools and two training schools. A sum of Rs. 50,000 has been provided for payment of grants to Colleges and high schools, both Government and non-Government, in order to provide students with the opportunity to broaden their outlook and to acquire general knowledge by planned excursions. A non-recurring grant of Rs. 58,000 will be paid to the Utkal University towards the salary of the Vice-Chancellor, the cost of starting classes in French, German and Spanish and of construction of buildings for the University Press. A sum of Rs. 9,000 is being provided in the Budget for giving aid to village libraries. The Kalinga Gymnasium at Cuttack is growing in popularity and a recurring grant of Rs. 13,140 will be given to this institution to enable it to expand its activities in the town of Cuttack.

Medical and Public Health—In order to make Medical relief available within easy reach of the people in the rural areas, Government decided to open hundred dispensaries during the first five years of the post-war period. Following this decision they sanctioned the opening of ten dispensaries in 1946-47, 12 in 1947-48 and 14 in 1948-49. The greatest difficulty that Government are faced with in implementing their programme further is the acute shortage of man-power, particularly of sub-assistant surgeons. Though the revised scales of pay are generous enough, satisfactory response has not been forthcoming from doctors of the province, due probably to the fact that there are few unemployed medical men. With a view to tide over this difficulty and to serve the cause of the people as best as practicable in the existing circumstances and also to revive the Ayurvedic system of treatment, Government have decided to open an Ayurvedic school and hospital at Puri.

Following the recommendation of the Third University Commission Government have already increased the rate of annual admissions to the Orissa Medical College from 22 to 32, from the July session of 1948. With the admission of extra students, it has become necessary to augment the staff and equipment of the new Medical College. The growing menace of tuberculosis has not been lost sight of and Government have decided to establish a T. B. Hospital at a suitable place.

It is also proposed to depute two candidates for the B.Sc. Nursing course at Delhi every year for some years to come in order to raise the standard of nursing in the Province. One such candidate was detailed in 1948-49.

The D. D. T. operation in Cuttack town which was started in 1948-49 has produced very satisfactory results and the town is almost rid of the mosquito nuisance. As malaria control requires systematic and sustained efforts for years together, it has been considered desirable to continue this arrangement.

Agriculture—It goes without saying that agriculture is the principal occupation of the people of this Province. Its development directly contributes to the economic development of the province. Increased production of foodstuffs is the cry of the day. The Agricultural Department has accordingly taken up a detailed programme for an all-out improvement in agriculture. Endeavour is being made to follow up the campaign with greater vigour to get better results than has hitherto been the case.

Veterinary—This Department is concerned with the maintenance and improvement of livestock which must go hand in hand with any scheme of agricultural development. Due to want of proper care on the part of the owners the stock of cattle and other livestock has been steadily deteriorating. To add to the trouble, diseases are rampant among the livestock. In order to tackle this problem, Government have taken in hand three different schemes. They all aim at the investigation of diseases and evolution of suitable measures for their control. With a view to make available all kinds of biological products required by the Departments, provision has been made for a Serum Depot. A large number of old and unproductive cattle are maintained by individuals, Gosalas and Pinjarapoles. These animals, besides competing for food with the healthy livestock, are often a source of infection and propagation of cattle diseases. In order to maintain these animals at a minimum cost and to eliminate the risk of spread of infection from them, it has been decided to put them in concentration camps in a forest area where plenty of grazing will be available.

Co-operation—During the coming year greater stress will be laid on co-operative propaganda and dissemination of co-operative literature. Accordingly a sum of Rs. 9,000 has been provided for the Orissa Co-operative Union whose main functions are the publication of two magazines and general propaganda work.

A summer School of Co-operation has also been provided for at a cost of Rs. 14,000, in order to give a short course training to non-officials interested in Co-operation. Government have decided to purchase shares of the value of Rs. 7.50 lakhs of the Provincial Co-operative Bank within a period of five years. This year we have already paid Rs. 1.50 lakhs and a provision for an equal amount has been made in the next year's Budget.

Industries—It is an undeniable fact that the prosperity of a country depends mainly upon the development of its industrial resources. Though we have inexhaustible sources of raw materials and also other resources local enterprise is sadly lacking. We are however devising means to utilise these resources fully with a view to make rapid progress with the industrialisation of the province within a reasonable time. We are not only concentrating our attention on large scale industries but equal attention is being given to the small industries also, since the solution of the economic problem lies in the growth of both types of industries side by side. Of the large scale industries for which Budget provision has been proposed, the following will be of interest to the House :—

Synthetic Petrol—With the help of certain German and American Firms it is proposed to manufacture synthetic fuel including aviation spirit, petrol and kerosene, from coal.

Tractors—With the help of British experts it has been decided to establish a factory to manufacture tractors which will be available to the cultivators at a cheap cost.

Alloy and Steel Factory—For the manufacture of machine tools, blades, magnets, stainless steel sheets, etc., it has been proposed to establish a factory with the aid of a British Firm.

Cement Factory—As huge quantity of cement is required for the construction of the Hirakud Dam, it has been arranged with the Dalmia Company to establish a cement factory in Orissa. Government have agreed to purchase shares worth Rs. 40 lakhs and to advance Rs. 50 lakhs for the supply of cement at a concession rate. It is needless to add that after the construction of the dam the output of the factory will be available to the public.

As these undertakings require a good deal of capital, the Government of India have been approached for financial aid. In addition Government have undertaken steps to finance small scale industries such as hand-spinning and hand-weaving, supply of leather goods to Civil Departments, handloom marketing organisation, etc. To impart a better type of education in various branches of industry such as carpentry, smithy, fitting, masonry, etc., industrial and craft schools have been opened. To get engineers and other trained technical personnel in sufficient number, students are being deputed every year to institutions outside the province. The usefulness of the Orissa Engineering School has been increased by opening diploma courses in mechanical and electrical engineering and by raising the capacity of the School from 40 to 90 seats. Coming to the fishery section I may say that the most important problem about Inland Fisheries is

increase in the production of fry and reclamation and stocking of tanks with fish fry. The Fishery Section is taking necessary steps in this direction. The Mahanadi Estuary and the Chilka Lake Fishery Scheme, which is so far a pilot scheme, is producing good results. To help the Chilka Lake Fishery Scheme a laboratory has been set up at Balugaon. In the Chilka area and neighbouring marine areas the Co-operative stores are functioning satisfactorily.

Rural Welfare—Since their assumption of office the present Ministry has placed at the forefront of their development programme the problem of amelioration of the conditions of the backward and hill tribes. The following are some of the more important schemes which have been inaugurated for their welfare. It has been decided to start 8 Ashram schools, 4 residential schools for boys, 200 Sevashrams, 12 training centres to train workers, 200 night schools for adults, 200 night schools for boys, 6 centres for visual education, 20 multi-purpose Co-operative Societies, etc. Provision has also been made for the supply of clothing to 6,000 Adibasi students. In addition, all sorts of encouragement are being offered to the Adibasis to take to education and small lucrative industries such as bee-keeping, eri-culture, spinning, poultry and rearing of bucks and cocks. Arrangements have been made to give them proper medical facilities. Lands from which they have been expropriated are being restored to them and they are being taught to take to improved methods of cultivation. It is hoped that the Government of India will come to our aid in financing the various schemes for the welfare and uplift of Adibasis for which provision has been made in the Budget on the assumption that the required financial aid from the Centre would be forthcoming.

Miscellaneous—The stupendous nature of the refugee problem has defied satisfactory solution up till now. The problem is one which affects every province in India and so far as Orissa is concerned, we have tried to do our bit. For the purpose of relief and rehabilitation of refugees, a sum of Rs. 1,22 lakhs has been provided in the next year's Budget. The entire expenditure on this account will, we expect, be recovered from the Government of India in due course. The Provincial Government have also approved a scheme for grant of loans to refugees to the extent of Rs. 3 lakhs in 1949-50 with a view to help them to start their own business in the province.

Pending consideration of the final report of the Committee set up to consider the question of revision of pay of local fund employees provision has been made for continuance of Government grants for payment of dearness allowance to them.

A provision of Rs. 15.30 lakhs was made in the current year's Budget on account of the Rail-road Co-ordination Scheme. Owing to certain difficulties the scheme could not be given effect to during the current year. But it is likely to be launched early next year for which a provision of Rs. 19.13 lakhs has been made in the Budget.

As the problem of accommodation of our headquarters offices has become acute, the work of the construction of the new capital has to be pushed through vigorously and to enable us to do so it has been proposed to borrow Rs. 1,33.27 lakhs from the Government of India.

At present different Departments of Government have separate staff for collection of statistics in their respective fields of administration. There is however lack of co-ordination of the work of the statistical staff employed by the departments and further the statistical information collected is not also fully utilised for lack of adequate technical advice. It has, therefore, been decided to set up a Central Statistical Bureau under the administrative control of the Planning and Reconstruction Department.

For the development of the qualities of leadership and character, and the idea of service and for stimulating the interest of the youth of the province in the defence of the country the National Cadet Corps has been established with 6 units in the Senior Division and 19 troops in the Junior Division. This will remove a long-felt want in the province and revive the spirit of the old national militia for which Orissa was once reputed. The expenditure on the provincial organisation of the Corps will have to be borne by the Provincial Government.

As a result of introduction of the standard of administration of the old districts in the integrated areas and the reorganisation of the various branches of administration in those areas, the cost of administration in the states has increased. The revenue in the area being limited, assignments of Rs. 77.66 lakhs in the Revised and 82.68 lakhs in the Budget had to be provided for in the Provincial Budget to meet the deficit in the States Area Budget. A lump provision of Rs. 32 lakhs has been included for revision of scales of pay in the States area.

After finishing the discussion of the main points in the Budget of the province proper I take this opportunity for making a very brief review of the Budget for the States area excluding Mayurbhanj. It is not possible to give in the Budget the actual balance on the 1st April 1949 as the compilation of the accounts for the period ending the 31st March 1948 was not completed when the estimates were framed. The investments in Government securities, Post Office Cash Certificates,

National Savings Certificates and the balances in private banks and Postal Savings Bank, could not be brought to account as the claims relating to private properties of the Rulers have not yet been settled. Certain book credit assets, e.g., loans already granted by the State which are in course of recovery, and book debit liabilities, including the amounts of private parties held in deposit which are liable to be repaid to them, have also to be brought to account as soon as correct figures become available. On account of these reasons the actual balances on account of the States are not yet known. As far as it has been possible to ascertain, the major portion of the balancees does not represent liquid assets. The Reserve Funds which will be available from the States will be utilised for work of development in the States area alone. It is hoped that about Rs. 50 lakhs will be available for work of development in the States areas on this account.

The hon'ble members will find at page 32 of the Explanatory Memorandum that inclusive of transactions in the capital account the total receipts from the States are Trs. 3,08,05 Revised and Trs. 4,28,04 in the Budget for 1949-50 and the total outgoings are Trs. 3,40,35 Revised and Trs. 3,95,74 in the Budget. The figures of Receipts include of course assignments from the Provincial Revenues to cover deficits in the revenue accounts.

The expenditure on the nation-building Departments and Civil Administration so far as the States area is concerned and the percentage which the expenditure on different services bears to the total expenditure have been shown in the last statement appended to the speech.

This brings me to the end of my tale. It is my hope that hon'ble members will be satisfied that despite serious handicaps, I have done my best to husband our resources and utilise them to the best advantage of our people. I hope also that hon'ble members will appreciate the fact that budgeting for the next year has been a difficult, if not a perplexing affair. On the one hand, the Dominion Government have enjoined on us, as indeed on other Provincial Governments to produce a surplus or at least a balanced budget by reducing our expenditure to the utmost possible extent in order that the present-day inflationary tendencies can be curbed and an effective check put on the soaring cost of living and the rising spiral of prices. They have put practical shape to their exhortations by cutting down central grants, by staggering the release of even promised grants such as the additional grant of Rs. 132 lakhs for new Capital Construction and by putting an overall limit to the loan we may expect to secure from them. On the other hand, this Province, among all provinces in India, stands in need of development and it is idle to expect

any development worth the name unless there is money available for the purpose. I would not hesitate to raise locally all the money required for the development of our province, were it possible to do so. I would not mind incurring all the unpopularity in the world by taxing to the utmost the money-yielding capacity of our people. Indeed, the taxation proposals which Government will shortly bring forward for the consideration of the hon'ble members will bear out their bona fides in this regard. There is, however, definitely a point beyond which I cannot go and that point is the point where, in the language of the economists, the law of diminishing returns begins to operate. In other words, the people of the province are poor and their taxable capacity is low. And that is so because the province is undeveloped. And since the people of the province are poor, it is not possible to raise the money necessary to develop the province by taxing its people. It is a veritable vicious circle which must be broken somehow and somewhere. It should be obvious to anybody that this puzzling problem can be solved only by developing the resources of the province—which are manifold and immense—with initial financial aid from the richer and more developed parts of India, in other words, from the Central pool. We had based our calculations on expectations of generous financial aid from the Centre for post-war development. To start with, our problem appeared to be that we had not the requisite administrative machinery to spend such Central grants as we were receiving quickly enough or to our maximum advantage. After nearly three years of constant effort and unremitting toil, we have just been able to bring our administrative organisation to a somewhat satisfactory state of efficiency. Now all our schemes are in operation and it is not possible to halt in mid-stream. It is neither wise nor practical for anybody to tell us now that we must curb our zeal for development and slow down our efforts for progress.

I am, however, one of those who believe in doing the best in any given circumstances. Continued progress there must be even though the pace of progress has inevitably to be somewhat slowed down—let us hope only for the time being. Though Central aid may not be forthcoming in the measure anticipated and though the integrated States may prove to be a drag on us for several years to come, I for one refuse to be baffled or even discouraged by these drawbacks or deficiencies. We have always wanted the States to be a part of the province and it was not unknown to us that in their present state of development the administration of the added area would, for several years to come, involve a drain on the resources of the old districts and retard their further progress and development. But we always firmly believed that Orissa cannot for ever remain unnaturally dismembered into several separate

administrative zones and that all parts of natural Orissa must share a common fate and must sink or swim together. If the old province of Orissa has to-day to lend a helping hand to what till yesterday were the Orissa States, the time will come, perhaps before our generation passes away, when the position will be reversed, when the new districts with their potential forest and mineral wealth fully developed and exploited will bring lasting benefit to, and materially augment the resources of, the old districts. I would like hon'ble members to examine my Budget proposals in this spirit and to appreciate the fact that the time is fast approaching when the distinction between new districts and old districts, between what is now the Province of Orissa and the integrated States will be a thing of the past, when Orissa will be just one well-knit political and economic entity and when her resources from all parts will go to a common pool for the benefit of all residing everywhere in the bigger province.

Before I sit down there is just one more word of explanation which I wish to give. The manner in which I have prepared and presented my Budget proposals may have left some of the hon'ble members wondering whether the Budget would in the end be a surplus or balanced Budget or a deficit and perhaps a badly deficit Budget. As I have already fully explained, we have made every effort to produce a slightly surplus Budget and it is, in any case, my firm intention that the results of the transactions during the year 1949-50 should find us in no worse financial position than what it is to-day. We cannot ignore the all-India problem of inflation, nor disregard the concerted measures to fight it which the Dominion Government have advised us to adopt. We propose to enforce rigid economy where we can and to postpone or slow down unproductive or avoidable expenditure. I have every hope that the lump reductions of Rs. 54 lakhs in the Revised and of Rs. 61 lakhs in the Budget which we have decided to make will materialise with the co-operation of our controlling Officers who have been given detailed and most careful instructions as to where and how they should economise. We propose further to introduce new taxation measures or increase the incidence of the existing taxes not only to the extent I have already broadly outlined before, (for which credit has been taken in the estimates in anticipation) but to such further extent as may be found necessary and expedient later on in the year. These apart, however, I would once again draw the pointed attention of hon'ble members to the various assumptions I have made in regard to financial aid from the Centre—either by way of loans or by way of grants—over and above what the Central Government have so far firmly promised. To recapitulate them very

briefly, the main assumptions in this regard which I have made are—

- (a) that the statutory subvention of Rs. 40 lakhs which the Province at present receives will be increased with effect from the current year 1948-49 at least to the extent necessary to cover the assignments which the Province has to make to the States area to meet its deficit ;
- (b) that a separate grant from the Centre would be forthcoming for the financing of post-war development projects in the State area. As hon'ble members are aware, the present post-war grants to which the Central Government are committed are intended for only the Province of Orissa proper ;
- (c) that a special grant would be made by the Centre for financing welfare schemes for backward classes and tribes both in the States and in the Province ;
- (d) that not only the entire amount of the promised extra grant of Rs. 132 lakhs for new capital construction would be made available to us in the course of this year and the next, but a loan (if not a grant) of about Rs. 133 lakhs would be made for the purpose in addition to the overall limit of loan which the Central Government have fixed for this year and the next. Hon'ble members may incidentally be interested to know that for the servicing of this loan for new capital construction, we propose to depend on the sale of developed sites in the new Capital area to be earmarked for the purpose ; and, finally,
- (e) that a separate loan would be available from the Centre over and above the annual earmarked loan for financing Grow More Food productive schemes in the States area.

Although it will be my earnest endeavour to convince the Dominion Government of the reasonableness of our demands (and in this I have no doubt, I shall have the unanimous support of all sections of the House in full measure), it is my duty to tell hon'ble members that I shall be forced to recast the expenditure side of the Budget to the extent that the assumptions which I have detailed above do not unfortunately materialise. Having given the matter deep and careful thought, I personally consider that all the proposals which we are about to submit to the Dominion Government's consideration have the clearest possible justification and I have every hope that I shall be able to

persuade the Dominion authorities to see eye to eye with me. In case, however, I fail to do so, our proposals for expenditure during the next year will have inevitably to be modified. To this extent I must ask the House to treat my Budget proposals as definitely provisional. I confess that it is an unusual course for a Minister of Finance to include any provisional proposals in his Budget, but bearing in mind the unenviable position in which I have been placed, hon'ble members will, I hope, agree that I could not possibly have taken recourse to any better device.

To put it in another way, the Budget is a deficit one to the extent that assumptions have been made of receipt of additional aid from Dominion Government either in the form of loans or grants. The amount of extra grants expected from the Government of India is Rs. 80,00,000 in the Revised and Rs. 96,52,000 in the Budget. An extra amount of Rs. 1,36,27,000 is expected as loan in the Budget. If our assumptions prove to be correct, the Budget will be a surplus one.

The proposals are now for the consideration of the House. I will welcome all constructive criticisms of the Budget here and outside.

Before I sit down I must congratulate the Secretary and the Additional Secretary of the Finance Department and their assistants on the zeal and energy they have put in for the preparation of this difficult Budget and I am sure their earnestness and sincere labour will be appreciated by the House.

Growth of Expenditure in Nation-building Departments

—		Forest	Educa- tion	Medical	Public Health	Agricul- ture	Veteri- nary	Co- opera- tion	Indus- tries
		TRs.	TRs.	TRs.	TRs.	TRs.	TRs.	TRs.	TRs.
1937-38	..	4,32	26,05	8,27	2,48	1,63	1,03	1,08	2,06
1938-39	..	6,44	26,12	8,25	2,18	2,24	1,01	1,74	2,50
1939-40	..	6,43	26,68	9,37	2,60	2,41	1,08	1,98	2,66
1940-41	..	6,81	26,25	9,41	2,34	2,51	1,23	2,45	2,64
1941-42	..	5,64	26,35	9,53	2,50	2,44	1,26	2,35	3,05
1942-43	..	9,46	27,28	10,34	2,48	3,23	1,31	2,45	9,21
1943-44	..	13,65	28,98	11,79	3,05	3,39	1,34	2,64	13,53
1944-45	..	24,61	32,40	14,54	3,92	11,20	3,20	2,50	14,37
1945-46	..	34,18	36,24	16,40	4,94	14,14	3,93	2,73	8,90
1946-47	..	11,60	63,15	23,42	11,42	11,16	5,28	3,64	10,50
1947-48	..	12,22	78,23	26,68	15,28	31,46	7,71	5,14	16,67
1948-49 (Revised)		13,74	96,53	30,65	37,73	43,56	10,15	9,36	22,63
1949-50 (Budget)		10,19	81,39	27,27	29,97	48,34	10,55	8,92	16,36
Percentage increase of 1949-50 over 1937-38.		136%	212%	229%	1,108%	2,866%	924%	726%	694%

Growth of expenditure on Civil Administration

			General Administration	Administration of Justice	Jails	Police
			Trs.	Trs.	Trs.	Trs.
1937-38	..	..	28,32	7,02	2,78	24,21
1938-39		..	28,97	6,85	2,43	22,87
1939-40	..	..	28,53	6,48	2,79	22,26
1940-41	..	..	28,35	6,40	3,20	22,79
1941-42	..	..	29,95	6,46	3,77	22,94
1942-43	..	..	32,28	6,56	5,91	25,75
1943-44	..	..	34,78	7,57	10,59	27,23
1944-45	..	..	35,89	7,90	8,45	30,36
1945-46	..	..	40,70	8,65	7,72	36,51
1946-47	..	..	50,89	9,53	8,17	54,54
1947-48	..	..	57,49	9,76	9,19	65,34
1948-49 (Revised)	..		70,79	15,59	9,56	89,98
1949-50 (Budget)	..		71,23	11,80	8,11	77,31
Percentage of increase in 1949-50 over 1937-38.			152 per cent	68 per cent	192 per cent	219 per cent

Expenditure in the States Area Budget for 1949-50

[Figures in thousands of rupees]

Major Head				Total Expenditure	Percentage
A. Nation-building Departments					
Forest ...	..	..	..	16,94	4.9
Education	..	..	..	38,91	11.0
Medical	..	..	..	17,75	5.2
Public Health	..	..	..	8,84	3.7
Agriculture	..	..	..	24,74	7.2
Veterinary	..	..	..	6,40	1.8
Co-operative	..	..	..	3,04	.9
Industries	..	..	..	5,26	1.6
B. Civil Administration					
General Administration	..	..	..	41,25	12.0
Administration of Justice	..	..	..	6,10	1.8
Jails	..	..	..	6,14	1.8
Police	..	..	..	56,99	16.3

