

Chaudhuri

Speech of

The Hon'ble Sri Nabakrushna Chaudhuri,
Chief Minister, Orissa, in introducing
The Budget Estimates of the State of Orissa
For the year 1951-52

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This is the second Budget for our State after the establishment of the Indian Republic, the first Budget having been presented by my predecessor Sri Harekrushna Mahtab last year.

Our Constitution has adopted generally the British financial modes and procedures. The revenues of the State form the "Consolidated Fund". Other public moneys will be credited to the public account of the State. A Contingency Fund is established for the purpose of meeting unforeseen expenditure pending authorisation of such expenditure as supplementary, additional or excess grant. The Legislative Assembly can also grant what has been termed as "Votes on Account" and "Votes of Credit". No money can be appropriated, except in accordance with law and the provision approximates to the British Parliamentary supply procedure. After the estimates have been discussed by the Legislative Assembly and the demands for grants other than those relating to charged expenditure voted by it, a Bill will be introduced to provide for the appropriation of moneys granted. This Bill, when passed into law, will be the basis of Government's authority for expenditure. Before taking up the detailed consideration of the actual Budget I should crave your indulgence for making certain general observations to place the Budget in the most correct political and historical perspective and to enable others to judge correctly the policy and outlook underlying the Budget.

The House has been repeatedly told that it is not the Budget which should determine the needs of the State but it is the needs of the State which should determine the Budget. You will not therefore be surprised to find that the Budget, which I am going to present to the House, is again deficit in the Revenue account to the extent of Rs. 94½ lakhs. I know this is not a happy state of affairs and the sooner we are able to step up our revenues to keep pace with the growing expenditure in the various departments of a Welfare State, the better it will be for us. But it may be argued quite reasonably that we might have better ordered our affairs so as to bring down unnecessary or less necessary expenditure, to stop leakage and extravagance, to increase

efficiency and output without increasing expenditure. Such arguments, however, seem to overlook the most difficult factor of the present situation; viz., that by the very nature of the peaceful transfer of power in India, it was as much impossible—if not, more so—as it was unnecessary to improvise and set up a new administrative machinery of our own. The country was saved from the severe shocks and aftermath of a violent revolution and it had to pay quite a considerable price for that as, perhaps, in life, nothing can be had for nothing. By peacefully stepping into the shoes of the foreign rulers who reigned in New Delhi and the provincial capitals, we inherited from them not only the strength and stability of an established administration but also its expensive and peculiar set up which had become an eyesore to nationalist India; it is always found to be easier to set up a new machinery of one's own fashioning than to mend and alter an old established machinery which had been designed by others for purposes other than those of a Welfare State. Faced with the difficult problems of a post-war period as well as those arising out of the partition of the country in the wake of the bitterest of communal strifes, our leaders showed great practical wisdom in taking up first things first, before applying their minds to this problem of mending or refashioning the Government machinery with its old methods and procedures. It is really very remarkable how the Indian personnel of the different services which manned the machinery spontaneously responded to the stress of changing times and were able to faithfully carry out the behests of our national leaders and perform new and big tasks like the integration of the Indian States, and the effective presentation of Independent India's foreign policy as ambassadors and delegates in foreign countries and at the meetings of U. N. O. and its committees. Coming to the affairs of our State of Orissā I cannot do anything better than quote the opening paragraph of last year's Budget speech of my illustrious predecessor in office to give a correct appreciation of the situation we all had to face in the State from the beginning. He said "This is for the fifth time since 1946 I have been called upon to present the Budget Estimates of Orissā in this Assembly. Between the years 1946 and 1950 so many changes have taken place in the country and here in this region, that one in my position would find it difficult to adjust matters in such a way that the affairs of the State of Orissā as it is now called under the New Constitution would go on in a systematically planned manner. The changes have been so rapid and enormous in character that in spite of the best efforts of the Finance Minister holding office during this critical and historic period, they are trying to entangle us in various complications which we dare not think of avoiding but which we all must bravely face and try to solve".

There cannot be the least doubt that, planning or no planning, he faced everything bravely and by the dint of his extraordinary political insight and limitless energy was able to lay the foundations of this State and its economic development on a broad and solid basis. It is for us now to go on building on those foundations so that the edifice of a new and prosperous Orissa may soon be completed. We should not allow our present financial difficulties to daunt our spirit and make us feel that the foundations should have rather been laid on a more modest scale to suit our slender means. On the contrary adversity should intensify our determination to fulfil all our plans within measurable time. We shall remain naked for a long time if not for all time to come if we reconcile ourselves to the policy of cutting one's coat according to the cloth. Like that of all men of enterprise the policy of a progressive State should, on the contrary, be to spin all the yarn and weave all the cloth that will be needed to cut a full size coat to cover one's body. I have considered it my duty, as the Chief Minister, not only to emphasise this in my public speeches but to follow it up in practice by getting several measures for augmenting the revenues of the State passed in this House during the past few months. I am quite confident that if only we can effectively eliminate corruption, inefficiency and what is popularly known as red tape and thereby ensure that every rupee of public money is properly spent, the people of Orissa will not grudge giving money to the Government either as taxes or as loans for specific development projects. I have as a matter of fact, been pressing the Government of India to permit us to raise such development loans from rural areas. The fact that we are spending now more than we are earning or that we are incurring heavy debts should not lead any one to doubt our solvency. The natural resources we possess in our land, water, mines and forests, the labour power that is still available for the development of our industries and agriculture, the hydro-electric power that will be available to us within a few years on the completion of the projects we have already taken in hand, are assets big enough to warrant expenditure and investments on a much grander scale. We can justly be proud of the fact that by not allowing narrow communalism, provincialism or counter-revolutionary "Leftism" to get the better of us in this State we have thereby created conditions favourable for both private and public enterprise. We are convinced that the greatest service we can immediately render to the workers and peasants in our State whom we have the proud privilege to represent in this House, is to raise their living standards by providing fuller and more gainful employment to them in an ever-expanding industrial and agricultural economy. There will be ample scope for private

enterprise in this economy provided moneyed people adjust themselves to the changed conditions and rise above the blind and suicidal craving to get rich over night at the cost of others. Private enterprise can still play a leading roll in this country if only it chooses to lead the masses to a standard of life much higher than they have today. A bloody class struggle between the haves and have-nots is sure to engulf the country and retard all peaceful progress and development and even endanger its freedom, if, those of us, whom circumstances have placed in a more fortunate position today, grudge the desire of the masses to use the political power they have got for the first time in history, to remove some of the gross social and economic inequalities which had their origin in the feudal age and which was maintained under British imperialism. A glorious future awaits them and the whole country, if, instead, they take full advantage of the opportunities now opening up before them and become captains of industry or pioneers of large-scale agriculture. In another five years we will have plenty of hydro-electric power available in Orissa from the Hirakud and Machkund projects. For transmission lines the main circuits will be one from Hirakud to Cuttack, another to Rajgangpur, via Jharsuguda and a third to Jamshedpur, and later on other lines to Nagpur and to Machkund according to requirements. It is proposed to complete the line to Rajgangpur by the end of 1952 and to Cuttack by the end of 1953. Schemes for supply of power to interior places through subsidiary transmission lines have been prepared and work will be started as soon as funds are available. The places to be served are Kendrapara (our main jute-producing area), Jagatsingpur, Bhubaneswar, Khurda Road, Puri, Dhenkanal and Angul. The Cuttack-Bhubaneswar line is being taken up immediately for transmitting power from the Chowdwar Thermal station till power is available from Hirakud. An Utilisation Division has been created since September 1950.

Regarding the main projects of Machkund and Hirakud themselves work is progressing in full swing. The former project is jointly financed by the Governments of Madras and Orissa on a 70 : 30 basis out of loans from Government of India and is being executed by the Madras Government. The Hirakud project is being financed solely by the Orissa Government out of similar loans and the execution of the project has been given to the C. W. I. N. C. and all technical and financial sanctions are accorded by the Government of India, who have also posted at Hirakud a whole-time Financial Adviser and Chief Accounts Officer.

I would earnestly request the honourable members of the House to pay visits to these two places, Machkund and Hirakud, to enable themselves to appreciate the magnitude of our undertakings. I have not the least doubt that you will come back from

these visits with an enhanced national pride and self-confidence after seeing with your own eyes what Indian engineers can do in free India. Knowing full well our own shortcomings, I shall be the last person to encourage a spirit of complacency; I know, we have to develop a greater sense of responsibility and urgency and work much harder than we are doing at present before we can really march forward as a nation with the other progressive nations of the world. But at the same time we must not allow the inferiority complex which long subjection had engendered in us to get the better of us. There is a good deal of slackness, inefficiency, selfishness and even corruption amongst us in all walks of life but that is a carryover from our past, which must be swept away in no time by the spring tide of national freedom. Let us have faith in ourselves and in our future. Unfortunately, the glad tidings that the people of India are now absolutely free have not yet reached the millions of hearths and homes in the plains and hills of India. How many of us really feel today that it is we the ordinary men and women of India that hold the power to shape the future of our country as we like? How many of us realise the big change in our own status? I am afraid this lack of popular consciousness is again due to the manner in which the big political change was wrought in India. We are going to have our first general elections under the Republican Constitution during this year and I have no doubt that if the political parties go down to the real masses and not content themselves by merely trying to score debating points over each other before that microscopic minority of our people which cares to attend public meetings, the general elections will rouse the requisite political consciousness which alone can energise the constructive and developmental activities of the nation. After that it may not perhaps matter much which political party comes into power.

Let us now come to the figures of the Budget; I shall first try to explain to you in brief how the Government expect to fare in the current financial year as disclosed in the Revised Estimate given in the Budget.

REVISED ESTIMATE FOR 1950-51

While presenting the Budget for 1950-51 to the House in March last year my predecessor had briefly stated that the year 1949-50 would close and the year 1950-51 would open with an overall balance of Rs. 88.23 lakhs. Actually the year 1950-51 opened with a balance of Rs. 2,68.16 lakhs of which the balance in the Revenue account was Rs. 2.36 lakhs only against a minus balance or deficit of Rs. 94.07 lakhs as originally anticipated. Thus there was an improvement of

Rs. 96.43 lakhs in the opening balance in the Revenue account. This was due mainly to less expenditure on Revenue account than the original anticipation. It was estimated that the Revenue receipt during the year 1950-51 would be Rs. 10,65.81 lakhs and the expenditure charged to Revenue would be Rs. 11,41.76 lakhs thus resulting in a Revenue deficit of Rs. 75.95 lakhs. According to the Revised Estimate now framed the Revenue is estimated at Rs. 11,31.99 lakhs and expenditure charged to Revenue at Rs. 13,26.28 lakhs. The year's Revenue deficit is, therefore, expected to be Rs. 1,94.29 lakhs against Rs. 7.95 lakhs originally anticipated. The balance in the Revenue account which was Rs. 2.36 lakhs in the beginning of the year is likely to be reduced to a minus balance of Rs. 1,91.93 lakhs as a result of the Revenue deficit of Rs. 1,94.29 lakhs referred to above.

Outside the Revenue account the receipts are estimated at Rs. 50,73.25 lakhs and disbursements at Rs. 50,45.91 lakhs resulting in a surplus of Rs. 27.34 lakhs against a surplus of Rs. 24.39 lakhs originally estimated. The net result is that the current year's transaction in both the Revenue account and outside the Revenue account will have the combined effect of reducing the total overall balance which stood at TRs. 2,68,16 at the beginning of the year to TRs. 1,01,21.

The Revenue position as disclosed by the Revised Estimate now prepared shows an improvement of Rs. 66.18 lakhs as shown below :—

	Sanctioned estimate	Revised estimate	Variation
	TRs.	TRs.	TRs.
Taxes on Income ..	1,55.48	1,53.14	(—) 2.34
Other heads of Revenue ..	7,79.29	7,84.84	(+) 5.55
Subvention from Government of India including Jute Export Duty.	40.00 } 5.00 }	61.00	(+) 16.00
Grants-in-aid from Government of India.	86.04	1,33.01	(+) 46.97
Total ..	10,65.81	11,31.99	(+) 66.18

It was explained in the last year's Budget speech that no account had been taken in the Budget of the expected grant from Government of India on account of Food Bonus Money. A credit of Rs. 51.78 lakhs has been accounted for in the Revised Estimate on this account. The Revised also provides for a grant of Rs. 16 lakhs from the Central Government to cover the Federal Revenue Gap. These two factors mainly account for the increase in the Revenue accounted for in the Revised Estimate. The Food Bonus money has been taken credit of under "Grants-in-aid from the Government of India".

Against the total increase in the Revenue of Rs. 66.18 lakhs the expenditure charged to Revenue is likely to go up by Rs. 1,84.52 lakhs, the Revised Estimate being taken at Rs. 1,26.28 lakhs against the Sanctioned Estimate of Rs. 11,41.76 lakhs. The increase in the Revised mainly occurs under the following heads :—

Heads	Increase	
	Rs.	
18—Other Revenue Expenditure	58,23
Capital Outlay on Industrial Development	30,00
Capital Outlay on Electricity Schemes	25,00
Capital Outlay on Rail-Road Co-ordination Schemes	10,00
Civil Works	63,12

The increase under '18—Other Revenue Expenditure' is on account of provision made for Minor and Major Irrigation Schemes which was not accounted for in the Sanctioned Estimate. These Irrigation Schemes are connected with Intensive Cultivation, two-third cost of which is recoverable from the Government of India; the recoveries will be accounted for when they are actually made.

The increase under 'General Administration' is mainly due to entertainment of extra staff in the districts in order to cope with additional work resulting from the integration of the States and formation of a new district. On account of maintenance and repairs of minor roads and school buildings in the ex-State area an extra provision of Rs. 2½ lakhs was found necessary in the Revised.

The expenditure on the three schemes connected with Capital Outlay mentioned above was considered necessary. It was originally expected that these schemes will be financed by means of loan taken from the Centre. As the Government of India have not so far been able to grant a loan for these schemes, the State Government have to finance these schemes from general revenues.

Further representation from us is still pending with the Government of India requesting them to increase their loan allotment to this State in the current year and in the next for financing the Electricity schemes.

The increase under 'Civil Works' has been found necessary on account of more money required for repairs to roads and communications mostly in the integrated area with a view to bringing the roads in those areas to the same standard as in the other parts of the State.

I may now take up the Budget Estimate for 1951-52.

BUDGET ESTIMATE, 1951-52

(1) *Receipts*—Total revenue is put at Rs. 10,56.32 lakhs against Rs. 11,31.99 lakhs in the Revised. The revenues under different heads are as classified below :—

	Revised Estimate	Budget Estimate
	Trs.	Trs.
(i) Income-tax	1,53,14	1,48,44
(ii) Land Revenue Excise, Stamp, Forest, Registration, Motor Vehicles Taxation and other taxes and duties ..	5,44,41	5,40,07
(iii) Subvention from Government of India. ..	61,00	61,00
(iv) Extraordinary Receipts ..	2,54,20	1,77,45
(v) Other items ..	1,19,24	1,29,36
Total ..	11,31,99	10,56,32

Item (1)—As explained in the last year's Budget speech the whole question of allocation of shares of income-tax was reviewed by Sri Chintamani Deshmukh last year. Though as a result of the review our share has not been reduced, Orissa's share in income tax receipt next year are estimated at Trs. 1,33,44 against Trs. 1,42, 4 anticipated in the current year. There is, therefore, a drop of Rs. 8.70 lakhs due to the fall in the anticipated total of income-tax receipt. On the other hand, the Budget includes Rs. 15 lakhs for Agricultural Income-tax against Rs. 11 lakhs allowed in the Revised. The Budget has taken into account that higher rates of Agricultural Income-tax will be fully operative from next year.

Item (2)—The Budget provides for a drop of Rs. 2 lakhs under 'Land Revenue', Rs. 5 lakhs under 'Excise' and Rs. 5 lakhs under 'Other taxes and duties'. The drop under 'Land Revenues' is mainly due to the fact that all arrear dues will have to be collected in the current year. So far as excise revenue is concerned, the decrease is due to 10 per cent cut in the supply of opium imposed by the Government of India. The decrease is further attributed to the Government policy of gradual prohibition. Some of the restrictive measures are elimination of branch shops, reduction of licences for foreign liquor, transfer of shops to unfrequented localities, enhancement of duty and retail prices, introduction of distillery system in some parts of the ex-State areas and complete prohibition of opium-smoking. The decrease under 'Other taxes and duties' is due to the fact that Sales Tax receipt next year will be Rs. 5 lakhs less on account of the fact that exemption will have to be allowed under Article 286 (2) of the Constitution of India.

Item (3)—Government of India's permanent subvention to the State of Orissa is Rs. 40 lakhs. The Budget Estimates provide for Rs. 16 lakhs for filling the Federal Revenue Gap and Rs. 5 lakhs from Jute Export Duty. It has been decided that the difference between Federal receipt in the ex-State area and the Federal expenditure will be reimbursed by the Union Government to the State Government in the shape of a grant. This difference is called the Federal Revenue Gap.

Item (4)—The drop under 'Extraordinary Receipts' is mainly due to the fact that the Budget provides Rs. 15 lakhs from Food Bonus Grant against Rs. 51.78 lakhs allowed in the Revised. On account of the realization of the assets of States on integration, the Budget provides Rs. 45 lakhs only against Rs. 120 lakhs in the Revised.

(2) *Expenditure*—The Budget provides Rs. 11,50.81 lakhs for expenditure on Revenue account against Rs. 13,26.28 lakhs in the Revised Estimate for 1950-51. In other words, the expenditure next year is estimated at nearly Rs. 175½ lakhs less than in the current year. This is due mainly to the fact that expenditure on various post-war development schemes has been cut down to the minimum inasmuch as the total provision for Post-war Schemes other than Intensive Cultivation made in the Budget stands at Rs. 129 lakhs against Rs. 150 lakhs made in the current year. Provision under Capital Outlay on Electricity Schemes and Industrial Developments is put at Rs. 9 lakhs only in the Budget against Rs. 55 lakhs allowed in the Revised as it was felt that due to financial stringency we cannot afford to provide from our general revenue for such Capital Schemes which ought to be financed from borrowed funds. As already stated we have asked for loans from Government

of India and when these are available a supplementary provision will be made in the Budget for financing electricity schemes which are very essential. Under 'Civil Works' expenditure on repairs to roads and buildings has been reduced to the normal grant and the increased expenditure provided for in the current year has not been repeated in the Budget. Expenditure on Capital Construction at Bhubaneswar has been reduced to Rs. 63 lakhs against Rs. 93 lakhs in the current year. Expenditure on Revenue account includes a total provision of Rs. 3,47.59 lakhs on account of new schemes of the categories mentioned below :—

	Lakhs of rupees
Post-war development schemes other than Intensive Cultivation Schemes.	58.50
Intensive Cultivation Schemes including Minor and Major Irrigation Schemes.	144.00
Tribal and Rural Welfare Schemes	14.84
Ordinary Schemes	130.25

Though there will be no grant from the Government of India for post-war development schemes, classification of schemes under separate heads is being continued under each major head. A list of new schemes connected with Tribal and Rural Welfare Department is given in a separate Appendix in the Explanatory Memorandum on the Budget. Provision for such schemes has been made under various Budget heads and the total provision included in the Budget on this account is Rs. 16.31 lakhs for continuing schemes and Rs. 14.84 lakhs for new schemes. The total provision for such schemes in the Budget is about Rs. 31 lakhs. It is expected that the Government of India would give a grant to the State Government for financing all these schemes of the Tribal and Rural Welfare Department.

The estimate of Revenue receipt for 1951-52 being Rs. 10,56.32 lakhs and that of expenditure charged to Revenue being Rs. 11,50.81 lakhs the Budget under Revenue account discloses a deficit of Rs. 94.49 lakhs.

(3) Outside the Revenue account the Budget provides for a receipt of Rs. 57,08.96 lakhs and disbursements of Rs. 56,58.41 lakhs thus indicating a surplus of Rs. 50.55 lakhs. The surplus is mainly due to the fact that under 'Deposits of Local Funds' and 'Other Deposit Accounts' the receipts will be more than disbursements. On the receipt side an amount of Rs. 10 crores has been provided for as grant from Government of India for financing the Hirakud Project for which the Revised provides only Rs. 4.40 lakhs.

(4) As I have already stated we expect to close the year 1950-51 and open the year 1951-52 with an overall balance of Trs. 1,01.21. As the Budget Estimate for 1951-52 discloses a deficit of Rs. 94.49 lakhs in the Revenue account and a surplus of Rs. 50.55 lakhs outside the Revenue account the year 1951-52 is expected to close with an overall balance of Rs. 57.27 lakhs as shown below :—

	Trs.
Opening Balance of 1951-52	.. (+)1,01,21
Deficit in Revenue account, 1951-52	.. (—)94,49
Surplus in the Capital account	.. (+)50,55
Estimated Closing Balance on the 31st March 1952	(+)57,27

The analysis of balances given at the end of Appendix A of the Finance Secretary's Explanatory Memorandum on the Budget would show that the closing balance of the State including both cash and investments is expected to stand at Rs. 57.27 lakhs. This is cash balance and does not include investment of Government securities amounting to Rs. 75.23 lakhs as it will stand at the end of the year 1951-52. Including cash investment the estimated closing balance in 1951-52 is expected to stand at Trs. 1,32.50. This includes earmarked balance amounting to Rs. 89.68 lakhs and unearmarked balance amounting to Rs. 42.82 lakhs. I give below a list of earmarked balances the amount in which is expected to stand at Rs. 89.68 lakhs. This amount is earmarked for specific purposes.

	Trs.
Famine Relief Fund	.. 58
Deposit account of Orissa States	.. 37,65
Grant from Imperial Council of Agricultural Research and other Central Committees.	13
Fund for development of Forests	.. 7,46
Fund for Orissa buildings	.. 1,60
Reserve Fund for Electricity and Transport Service	.. 6,79
Accident Reserve Fund of Orissa Government Transport Service.	42
Fund for Water-supply and Drainage Schemes	.. 2\
The Orissa Loan Stipend Fund	.. 3
Orissa Contingency Fund	.. 35,00

Famine Relief Fund—The balance at the credit of the fund at the beginning of the year 1950-51 consisted of Rs. 10,97,518 including both cash and securities. At the end of 1951-52 it is

expected that there will be a balance of Rs. 58,226 in cash and Rs. 10,45,282 in securities. Since there will be more than Rs. 10 lakhs which is the statutory minimum limit, no assignment from the State revenue has been provided for in the Budget. There was a proposal to amend the Famine Relief Fund Regulation so as to make it applicable to the integrated States. As there is no immediate demand for expenditure on famine, legislation has not yet been taken up.

Deposit account of Orissa States—The Deposit account was continued up to end of the 31st July 1949 as for the first four months in the year 1949-50 there was a separate account maintained for the integrated States. This Deposit account has not yet been cleared up. The matter is still under correspondence with the Accountant-General. As soon as the Deposit Account is cleared up, the amount in the balance, i.e., Rs. 37.65 lakhs will be credited to our Revenue account.

Fund for Orissa buildings—This Fund was constituted out of the total grant of Rs. 42½ lakhs received from the Government of India towards the construction of the New Capital of Orissa. The balance in the Fund as it stood on the 1st April 1950 was Rs. 24,59,919. At the end of 1950-51 the balance is expected to go up to Rs. 25,31,049 as interest of Rs. 71,130 accruing from the investment made in Government securities will be added. As the Government of India are not going to give us more than Rs. 20 lakhs a year for a few years more for Capital Construction, it has been decided that next year a sum of Rs. 23,71,000 invested in Government securities will be encashed. The balance in the Fund will, therefore, stand at Rs. 1,60,042 only. If our balance position improves and we can find money from general revenue for expenditure on Capital Construction there will not be any actual necessity for discounting Government securities. The position will be reviewed next year.

Fund for Water-supply and Drainage Schemes—A sum of Rs. 20 lakhs was transferred from general revenue of 1948-49 to constitute a fund for water-supply and drainage to implement the recommendations of the Health Development Committee of the Government of India for the provision of protected water-supply in urban areas. The balance in the Fund on the 1st April 1949 was Rs. 13,45,000. The balance in the Fund available on the 1st April 1950 was Rs. 8,64,000 and on account of financial stringency it has been decided that there will be no transfer from general revenue to this Fund in the current year and in the next and the entire amount in the Fund will be spent up. The Revised and the Budget provide for a total sum of Rs. 8,62,000. The balance in the Fund is, therefore, expected to stand at Rs. 2,000 only at the end of 1951-52.

Orissa Contingency Fund—Article 267(2) of the Constitution of India provides for the establishment of a Contingency Fund in the nature of an imprest to be placed at the disposal of the State Government to enable advances to be made for the purposes of meeting unforeseen expenditure pending sanction of such expenditure by the Legislature of the State. Accordingly steps were taken this year to pass necessary legislation for the setting up of a Contingency Fund for the State of Orissa with a sum of Rs. 35 lakhs. A sum of Rs. 35 lakhs has been transferred from the Consolidated Fund of the State to the Contingency Fund of Orissa in course of the current year. As expenditure from the Contingency Fund will be recouped in course of the year the balance in the Fund will always stand at Rs. 35 lakhs.

Loans and Advances—Since 1943-44 up to last year, the Government of India have sanctioned Rs. 1,38.05 lakhs as loans for Grow More Food Schemes and a sum of Rs. 71.63 lakhs was repaid up to end of last year and the outstanding loans advanced to the cultivators are being recovered though very slowly. Our outstanding dues on this account will be about 66.41 lakhs on the 1st April 1950. For developmental schemes Government of India have sanctioned till last year Rs. 5.12 lakhs, viz., Rs. 3.8 lakhs for Hirakud Dam Project, Rs. 25 lakhs for loan to Orissa Textile Mills, Rs. 79 lakhs for Electrical Schemes, Rs. 15 lakhs for loan for State Transport Service and Rs. 5 lakhs as loan to displaced persons. Thus the total outstanding loan on the 1st April 1950 stood at Rs. 5,78.41 lakhs. A sum of Rs. 10.07 lakhs from outstanding Grow More Food loan will be repaid during the current year and Rs. 33.52 lakhs (Rs. 25 lakhs on account of loan to Orissa Textile Mills and Rs. 8.52 lakhs for Grow More Food loan) will be repaid next year.

In the Current Estimate, it was assumed that a sum of Rs. 5,36.35 lakhs would be received from the Government of India as loan for financing the Hirakud Dam Project, Grow More Food Schemes, Electrical Schemes, Purchase of shares in Cement Company and Road Transport Schemes. But the Government of India have agreed to sanction only a sum of Rs. 5,73.65 lakhs for the following schemes :—

		Lakhs of rupees
(1) Hirakud Dam Project	..	4,40.00
(2) Maobkund Joint Scheme (Electricity Scheme).		50.00
(3) Grow More Food	..	20.00
(4) Industrial Housing Scheme	..	10.00
(5) Loans to displaced persons		53.65
		<hr/> 5,73.65 <hr/>

A representation has been made to the Government of India to sanction loan for certain Electricity Schemes and Road Transport Schemes which have, for Budget purposes, been shown as debitable to ordinary revenues of the State.

For the next year the Government of India have been moved to sanction a loan of Rs. 11, 47.17 lakhs for the following schemes :—

				Lakhs of rupees
(1) Hirakud Dam Project	..	..	..	10,00.00
(2) Machkund Joint Scheme	..	..	..	62.20
(3) Grow More Food Schemes	..	..	..	20.00
(4) Loans to displaced persons	..	..	..	64.97
				<hr/> 11,47.17 <hr/>

The Government of India are also being moved to sanction loan for other Electrical Schemes and State Transport Schemes.

The financial position of the coming year as stated above reveals a deficit of Rs. 94.49 lakhs in the Revenue Account. We had perforce to be very cautious in admitting new schemes into the Budget. After a very careful consideration we have allowed to continue all temporary schemes which are operating in the current year and such other new schemes which are absolutely necessary and unavoidable or which are wholly or partially self-paying. As I have already stated at the very outset, we do not want to reconcile ourselves to a position of helplessness in which we will be unable to fulfil the essential obligations of a Welfare State with regard to education, public health and the economic development of our people. We shall not leave any stone unturned to augment our revenues but as the scope for further taxation is limited we have to look up to the Government of India for substantial grants-in-aid and loans. By the integration of the ex-State areas the tribal population of our State has gone up to about 30 lakhs; the welfare of these neglected and backward tribes is a national responsibility, which cannot be shirked with impunity. The more we come to know and understand these men and women of the hills and forests the more we shall realise what a great fund of vitality, intelligence and goodness the nation has in them; the much-needed revitalisation and democratisation of our society can be brought about quickly and easily if only we give a chance to these people to make their contribution. When I say this I speak from my personal knowledge about some of these tribes. We have a full-fledged Tribal Welfare Department under a Minister who belongs to one of these tribes. We can certainly claim to have made a good beginning in this new field of activity.

Recently we had an Exhibition and Rally of Adibasi students and workers at Cuttack organised by this baby department and I think the show got the public appreciation it deserved. As I have said, it is a new field of activity and the department has to find out by trial and error the best methods of work. I request all honourable members of this House to take deeper interest in these very friendly fellow citizens of ours and also in the work that is being done for them. Pardon me, Sir, for this digression. I could not help it. I was talking to you about our need for grants-in-aid and loans from the India Government. We know they are fully alive to the urgent need for planned all-round development in the country and already there is a very high-level Planning Commission to help and advise them in such matters. At the instance of this Commission we have prepared and submitted to it our development plans for 2 years and 5 years as well as a 15-year plan for the development of Irrigation and Power. If we fulfil these plans, we shall not only turn the corner and raise the people of our State from the depths of want and poverty but shall also become a source of strength and security to the whole nation. Besides supplying all the foodgrains to cover the deficit in the eastern zone we will be able to supply raw materials, minerals and also valuable industrial goods needed by the country, so badly.

I do not propose to follow past practice in mentioning important details of the Budget under different heads. I think the Explanatory Memorandum prepared by the Chief Secretary which has been supplied to the honourable members will be found more useful.

Let me rather deal with some of those important aspects of our administration and of our policy which have often engaged the critical attention of this House and of the public outside.

First of all there is the criticism that official red tape and bureaucratic mentality has not changed in the least after the achievement of Independence. I have already explained how the British Indian administrative set-up has been allowed to continue with its old forms and procedures materially unchanged. It is not that we were forced to accept it. We deliberately accepted the basic principles underlying that administrative set-up as sound and incorporated them in the Constitution we framed in exercise of our sovereign power. The basic principles are :—

(1) Political parties in power and the Ministries they form will determine and lay down all policies but permanent services appointed by independent Public Service Commissions will execute those policies. This principle is now accepted in all democratic countries as designed to ensure fairness and impartiality as well as efficiency in the administration ; and

(2) People's elected representatives will frame the laws of the country but there will be an independent judiciary to administer the laws and dispense justice. That the courts often interpret the laws differently from the intentions of the Legislature is no fault of the courts but is the fault of the Legislature, in drafting their legislations badly. But besides these two there is another principle :—

Checks and balances are provided at different points in every part of the administrative machinery, so that personal equations may be eliminated as far as possible and no hasty action is taken without the pros and cons of it being considered by many responsible authorities. It has long been recognized that though this principle is salutary within certain limits, it has been taken to such an absurd extreme in this country that the Government machinery as a whole is usually found to be engaged in discussing pros and cons of a proposal indefinitely and rarely in taking any action in time. The system is such that, if ever the men at the top become angry because some necessary action had not been taken, it is not at all possible for them to fix the responsibility on anyone for this failure. For a foreign Government, primarily concerned with the maintenance of law and order and collection of taxes to run the administration, this system of checks and balances did not lead to any frustration; but for a democratic Welfare State the system is bound to lead to constant frustration. The Bengal Administration Enquiry Committee pointed out this fundamental defect in the Government machinery even before the attainment of Independence and they made some definite recommendations for removing that defect and making the Government machinery capable of carrying out the manifold development work of a modern State. In this State we have been trying to give effect to those recommendations and to that end, the District Officers have been made responsible for the control and supervision of development work in all departments done in their districts. To help and supervise the work of these District Officers we have also appointed two Commissioners. To bring about co-ordination at a higher level, an inter-departmental committee of Secretaries has been set up with the Chief Secretary as the Chairman. It is also proposed to co-ordinate the work of the different development departments on the field level in smaller areas of the district by putting all field workers in one area under one particular officer. Thus it is sought to fix responsibility for the efficient execution of all work on different officers at different levels. Without incurring any additional expenditure we expect to get in each such area more and better work and eliminate more effectively corruption and inefficiency. It is hoped that ultimately local governments like Grama Panchayats and Anchal Shasans will

be constituted everywhere to take over the responsibility of executing all development programmes for their respective areas, as we find in more advanced democratic countries.

Besides reorganising the general administrative set-up in the manner indicated above, we have brought together the Departments of Agriculture, Animal Husbandry, Fishery and Forests under one Secretariat Department of Agriculture & Forestry and have set up a Land Utilisation Board with the Minister of that Department as Chairman and the Food Commissioner as the chief executive officer. The function of this Board is to see that the lands and waters in the State are adequately exploited to the best economic advantage of the people. Money has been provided in this year's Budget to carry out a rough and extensive soil survey under this Board to mark out different blocks which may be suitable for different purposes, viz., forests, agriculture and fodder cultivation or pasture. A comprehensive Agriculture Bill will also be introduced during this session to invest the Land Utilisation Board with statutory powers to carry out its functions. Without in any way disturbing the rights of different classes of people on the land the Bill will invest the Board with powers to enforce rules of good estate management and good husbandry on land-owners and cultivators. It will also provide for enforcement of schemes for agricultural development in suitable areas. To aid and advise the Board, regional Agricultural Advisory Committees will be set up in each thana or taluka. These will consist of representatives of land-owners, farmers and agricultural labourers of that area. From our experience of the Krushi Samitis which were organised last year in connection with the Intensive Cultivation Scheme, we feel that these statutory Agricultural Advisory Committees will be very effective in getting the best out of our Agriculture Department and in making our Agriculture Extension Service more useful to the people.

I must now say something about a connected matter which has been engaging a good deal of public attention, viz., the question of abolition of zamindaris. The Zamindari Abolition Bill was introduced in the Assembly on the 17th January 1950 and was subsequently referred to a Select Committee. The report of the Select Committee will be placed before the House and we hope that the Bill as amended by the Select Committee will be passed in this session. The legality of similar measures in the other States has been questioned before the respective High Courts and the whole country is awaiting decisions of the High Courts with great interest. We cannot say at present whether the actual wording of the relevant articles of the Constitution will be legally construed to mean what the framers of the Constitution had intended to convey. There cannot be any doubt that the Constituent Assembly intended to give the State Legislature power

to abolish zamindaris on payment of compensations and also to provide that the quantum of compensation payable to the zamindars should be determined by the Legislatures and should not be a justiciable matter. But it is quite possible that applying the accepted principles of construction, Courts will find that the relevant articles of the Constitution bear a different meaning. In that event, the Parliament will have to amend the Constitution suitably to unmistakably convey its intention on the subject. It must be a matter of satisfaction to all who are eager to bring about this much-needed reform that the Prime Minister of India has very recently given a clear assurance on this subject.

In this connection I would like to make it clear that in the opinion of our Government the abolition of zamindaris is merely a preliminary step to be followed by a comprehensive measure of land reforms and that, in itself, unaccompanied by such reforms it is not likely to improve the lot of the peasantry or increase the agricultural production of the country. Our Government propose to introduce legislation for land reforms on the lines suggested by the Orissa Land Revenue and Land Tenure Committee during this year.

I shall now venture to take up the Excise policy of our Government. Personally speaking it is a tragedy in my life to find myself today directly responsible for all that is being or not being done in the Excise Department. I hold very strong views about the drug and drink habit. But when it comes to take action on the governmental plane the problem at once becomes difficult. It is not merely a question of losing large revenues when from all sides there is demand for more money for all kinds of urgent development work. As an individual I may have a sort of puritanic satisfaction if I wash my hands clean of any money tainted by this vice but Government will have no justification for losing revenue from this source if it cannot at the same time effectively stop brewing and distillation on a large scale. From my experience about the work of the Excise Department I know how difficult it is now to stop illicit distillation in many areas of the State. To make prohibition really effective we must have to employ very much larger staff than the present Excise Department. However much we may want it we cannot find the necessary funds for the extra expenditure at the present moment. If we cannot afford to spend the money necessary to stop people, from making their own drinks in their homes, dens and jungles, why should not the State tax such people and make it more expensive for them to drink? I am trying my best to effectively stop illicit distillation and illicit trading throughout the State with a strong hand. If public-spirited workers help me to succeed in this I shall be able to think about complete prohibition with greater confidence. I have warned officers of the Excise

Department that if large-scale illicit distillation and trading continues unabated in Ganjam, Sambalpur, Koraput and other places I shall be compelled to take very drastic action.

I shall now invite your earnest attention to one of the most urgent needs of the State which must be fulfilled in order to enable us to carry through all our development plans. It is the need for providing education. It is laid down under Article 45 of our Constitution that "the State shall endeavour to provide, within a period of ten years from the commencement of the Constitution, for free and compulsory education for all children until they complete the age of fourteen years". Besides this basic education which every child in free India must have, we must be able to provide higher education of all kinds to turn out adequate number of teachers, doctors, technicians, engineers, scientists, economists, administrators, etc. The Report of the University Education Commission has laid bare the grave defects in the present system of education and has recommended what educational reforms we should have. Our Government have taken up basic education in right earnest and we expect to be able to introduce basic education in all our primary schools within the next four or five years. The Board of Basic Education has been given jurisdiction over the whole field of primary education, and we have provided some additional funds this year for giving basic education training to the whole inspecting staff in the State. We are very anxious to improve the standards of secondary education but as the Government of India propose to appoint a Secondary Education Commission at an early date, we should, perhaps, await the report of the Commission before introducing any radical changes. But we propose to introduce some new and essential features into our secondary schools to make the boys and girls love out-door life and physical work, to make them study, understand and improve living conditions of the people living in bustees or villages round their schools. For higher education, conscious though we are of the shortcomings of the present institutions, we have to meet the growing demand of the people and maintain and in some cases expand the new colleges which were opened with post-war grants. We have now to meet all the expenditure for those institutions from our own State revenues.

For higher technical and scientific education which is not available inside the State we have been sending large number of meritorious students to institutions in other parts of India and abroad. Out of the total number of 107 candidates sent abroad for higher training after 1946, 76 candidates have already returned after completion of training and except three all of them have been employed under this Government. One has been employed in the Benares University as a Lecturer in Ceramic Industry, one in the

Sindri Fertiliser Factory and the third in the Geological Survey Department under India Government. A sum of Rs. 50,454 has been provided in the Budget for defraying the expenses of the scholars who are still undergoing training in foreign countries. Under the modified overseas scholarship schemes one candidate has been selected for training in the United Kingdom to specialise in the diseases of ear, nose and throat—the expenses to be shared by the State and Centre on 50 : 50 basis.

During the current year we have created a Loan Stipend Fund for the benefit of students studying outside the State, subjects for which facilities do not exist in Orissa.

We are also encouraging original research work in the State by setting up a Board of Scientific and Industrial Research. Rs. 26,500 was given to this Board in the current year and the same amount has been provided for the coming year in the Budget.

We have been subsidising the Orissa Flying Club to train our youngmen, the annual subsidy being Rs. 20,000.

At an earlier stage I have already spoken about the possibilities of industrial development in this State. Excepting the Orient Paper Mills at Brajrajnagar we had hardly any big industrial factory, but thanks mainly to the zeal of my predecessor it was possible to establish in this State the first modern textile mills in the whole of India after the war. The Mills with two units, one of 19,000 fine spindles and 400 looms and the other of 25,000 coarse spindles and 400 looms have started producing from 1950. A Cement Factory with a capacity of 500 tons per day is being put up with State aid at Rajgangpur and it will start producing cement in the course of this year. A Refrigerator Factory has also been started at Cuttack with Government aid with an authorised capital of Rs. 50 lakhs and it is expected to come into actual production of Refrigerators during the year 1951-52, though it has started producing other steel goods and paying back the due instalments to the Government. The Orient Paper Mills have arranged to double their production from 10,000 tons of paper yearly to 20,000 tons and we are persuading the Titaghur Paper Mills, who have long been our customers as bamboo lessees, to establish a Paper Factory inside Orissa. We have enough bamboos in our State to feed two more paper factories.

Our Government believe that small scale village industries have a big role to play in the all round development of our country and particularly of this State. With cheap electricity made available from our hydro-electric projects, these village industries can very well become economically sound propositions provided more

attention and thought is given to the problem and suitable small machineries are supplied to the people.

Agriculture will continue to be the basic factor in our economy for a very long time to come and our Government have been trying to make the Agriculture Department as efficient and serviceable as it is possible in the circumstances. Irrigation is the greatest need of our agriculturist and I have no doubt that honourable members will give our Government due credit for the irrigation works we have been able to carry through within a short period. I am appending to my printed speech a short note on the work done so far in this field. Many of our officers from the Commissioners down to the Tahsildars and Overseers worked day and night to execute these works in time and we should be proud of these officers. We have quite a heavy programme of both major and minor irrigation works for the current and next financial years and I am confident that all of us both officials and non-officials will give a good account of ourselves in fulfilling the programme.

I think I have exhausted the patience of the House by a long speech. Let me conclude now with an appeal to the honourable members to study the Budget as a whole as reflecting the struggles and aspirations of a suffering people for a better and fuller life. Let us not forget that the whole of Asia is passing through a great revolutionary period and if we do not want to throw away the priceless heritage bequeathed to us by Mahatma Gandhi and plunge the country into chaos and anarchy, let us use all our energy and constructive talents in strengthening our nation and developing all our resources both material and spiritual. Let us think about our national and State affairs just in the same manner and with the same personal interest as we think of our little paternal properties and domestic affairs. The greatest enemies of India lurk in our own hearts in the form of all forms of sectionalism and communalism, and what is worse, irresponsible and unscrupulous political opportunism. Let us not harm the interests of the nation and State out of spite for our political opponents. Let us think and act like responsible and patriotic citizens of a free and great country.

I have put before the House very frankly all my present difficulties and future hopes. I shall welcome a full and frank criticism of our policy, offered in a constructive spirit. I must thank the honourable members for the patience with which they have listened to me. I must also thank the officers and staff of the Finance Department for taking pains in the preparation of the Budget.

APPENDIX A

Short note on the Financial implication of the Two-year and Five-year plan and the Fifteen-year plan on the Development of Power and Irrigation in Orissa

TWO-YEAR AND FIVE-YEAR PLAN

The development programme as outlined in the Five-year plan involves a total expenditure of Rs. 75,36.99 lakhs, out of which a sum of Rs. 51,88.63 lakhs, is required for the development of Irrigation and Power including Rs. 41,80.0 lakhs for the Hirakud Dam Project which is at present under execution. The share of the expenditure on the Development of Irrigation and Power Projects to be met out of the State revenues would come to Rs. 151.86 lakhs in the first Five-year period. It will, therefore, mean that the total cost of the Five-year Development Plan including the expenditure of Rs. 151.86 lakhs out of the State revenues on Development of Irrigation and Power would be Rs. 25,00.22 lakhs, or Rs. 25 crores in round figures.

The capital expenditure on Development of Irrigation and Power, Heavy Industries and Housing, etc, will have to be financed with the help of loan from the Centre which is repayable. The requirement of loan on this account from the Central Government would be Rs. 354.7 lakhs. This of course does not take into account the cost of the River Valley Schemes and other Major Irrigation and Power Projects for which a further loan of Rs. 50,36.77 lakhs would be required. After allowing for the contribution of 1.5 crores from the State revenues and Rs. 3.5 crores as a repayable loan from the Centre a sum of Rs. 20 crores would be required to finance the Five-year Development Plan. The Planning Commission has accordingly been pressed to move the Government of India for grant to this State of Rs. 20 crores so that the various Development Projects as envisaged in the Five-year plan can be put under operation.

FIFTEEN-YEAR PLAN ON DEVELOPMENT OF POWER AND IRRIGATION

The Fifteen-year plan will involve an expenditure of Rs. 71.44 crores out of which Rs. 68.82 crores are to be obtained as loan from the Centre and Rs. 2.62 crores are to be obtained from the State revenues, the Food Bonus, and the Development Loans to be raised locally for Irrigation and other Development Projects. Out of the total expenditure of Rs. 71.44 crores, expenditure on Hirakud Dam Project alone would amount to Rs. 40 crores. If we take this out, the expenditure during the Fifteen-year period would amount to Rs. 31.44 crores, which works out at Rs. 2 crores

per year. Considering the slender financial resources of Orissa, Rs. 2 crores is no doubt a big amount. But during 1950-51 the State Government are spending about Rs. 85 lakhs on minor irrigation and small-power development schemes and for next year propose to spend nearly rupees one crore on irrigation and about Rs 53 lakhs on power development schemes. These do not include the States contribution to the Machkund Hydro-Electric Project or the expenditure on the Hirakud Dam Project. So in the year 1951-52 the programme of expenditure amounts to nearly Rs. 1 crore 49 lakhs. It would not be unreasonable therefore to plan for an expenditure of Rs. 31.44 crores on the fifteen-year programme of development of power and irrigation.

APPENDIX B

Irrigation Works

MINOR

The Commissioners were allotted Rs. 25 lakhs last year and Rs. 35 lakhs this year for expenditure on minor irrigation works, i.e., works requiring less technical skill and costing up to Rs. 25,000. These include restoration and repair of tanks, building of bunds on hill-streams and in catchment areas, digging of tanks and channels for irrigation and drainage and construction of small embankments to prevent flood water from causing damage to crops.

People ordinarily contribute from 25 to 33 1/3 per cent of the cost of these works either in cash or in the shape of labour. They have generally showed great enthusiasm. About 600 such schemes were completed by June 1950 and others were in progress. It is hoped that by June this year 1,056 works are expected to be completed. By the schemes already completed it is estimated that about 24,000 acres have been irrigated and the expected additional yield of food crops is about 3,500 tons.

Government of India contribute twothirds of the cost as subsidy

MAJOR WORKS

These are works involving high technical skill and generally costing more than Rs. 25,000 each. Some schemes have been completed with the following results :—

15,746 acres irrigated

24,818 acres protected from flood

5,800 acres provided with drainage facilities

This year works are to be executed within the Budget provision of Rs. 47,56,056.

Additional production is estimated at 3,000 tons.

