

Chhinnath

Speech of Shri Radhanath Rath,
Finance Minister, Orissa, in introducing
the Budget Estimates of the State
of Orissa for the year 1954-55

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Sir,

I now rise to present the Budget Estimates for the year 1954-55 which is the third successive Budget of the present Government.

While introducing the Budget of the current year (1953-54) I made a reference to the international situation which then threatened to be darker day by day and which continued to have its reaction on the economic situation then obtaining in the country. The Korean conflict was still persisting. Now, of course, there has been a cessation of hostility in Korea at the instance of India, which took the bold and proud initiative in bringing about a settlement of the Korean dispute. Though the agreement on the prisoners of war was signed on the 8th June 1953 and the Neutral Nations' Commission of which India was the Chairman and the custodian forces which undertook the responsibility of repatriating the prisoners of war, had discharged their responsibilities with utmost credit and impartiality as acknowledged by the world, unfortunately no settlement could be reached between the contesting parties in terms of the armistice and, therefore, ultimately India had to release the prisoners on the 22nd January last which was the zero hour and our forces are now returning home where they are most heartily welcomed back. The implications of this situation, however, are yet unpredictable. The Prime Minister of India, while recently referring to the world situation, has observed, "In the current year India was compelled by circumstances to pay more attention to certain international matters not because she wanted to play a great part on the world scene, but because these world affairs come and sit on us". He said, "The situation was a test and a challenge to India". He was, however, hopeful that "India could face it and results in the way of building up India would be obtained if they worked hard and if there was a sense of unity of purpose". The non-settlement of Korean dispute, the change in the personnel of the Government in Pakistan and the proposals for American military aid to that country and the international situation abroad, are factors which are bound to have their reactions on the politico-economic problems of this country.

It cannot, therefore, be said that we are out of the wood. Since the Prime Minister in a public speech had warned that in spite of India's policy of non-alignment and of development of friendly relations with all countries, if by misfortune, there is any aggression, it will be resisted with all our strength. He has emphasised on the national solidarity which means equally the development of the strength of our nation and this strength will come not from building up arms or entering into a competition in armaments, but from the development of our country and the well-being of our people. He has held out hopes that "It is not lack of money that is going to come in our way, if we are determined to go ahead and are prepared to pay the price for it. Such national solidarity and development can be achieved upon

the growth of a proper relationship of the Executive and the Legislature and the Government and the people". May I, therefore, respectfully appeal that in this period of crisis and trial we may not fritter away our strength and energy in mutual conflict and recriminations but devote ourselves in building up a Welfare State by amity and co-operation. The English poet had said :

" Build me straight, O worthy Master !
 Staunch and strong, a goodly vessel,
 That shall laugh at all disaster,
 And with wave and whirlwind wrestle !

" Thou too, sail on, O ship of State !
 Sail on, O Union, strong and great !
 Humanity with all its fears,
 With all the hopes of future years,
 Is hanging breathless on thy fate ! "

I wish this noble sentiment also pervades our State and the Indian Union so that we may stand united and protect and sustain the freedom which we have achieved after ages of foreign domination. Let the spirit of that great Mahatma, under whose leadership we could be free from slavery, inspire us and sustain us.

I may be permitted to refer to the change that has been effected recently in the headship of our State. Our popular Governor, Shri Fazl Ali, having been assigned by the President of the Republic, a very great responsibility as the Chairmanship of the States' Reorganisation Commission, the new Governor, Shri P. S. Kumaraswamy Raja, has taken over charge since 10th February last. Let me tell you frankly that Shri Fazl Ali's exit from the Governorship of Orissa is a distinct loss to us not only because he endeared himself to every section of the people irrespective of caste, colour, community and political dispensations, but also due to his wide experience of men and affairs, wise counsel, patient and charming manners, inspiring personality, loving and sincere good wishes for the people of the State and his anxiety to effectively contribute towards the development of the country. I know, as the Chief Minister and many of our colleagues know, as to how behind the scene he represented the cause of Orissa in the matter of development of industry, mineral resources, agriculture and other welfare activities of the State and how materially his efforts have helped us in going forward and achieving what we have. But he has taken up this new responsibility at a great sacrifice and let us hope and pray that he and his illustrious colleagues in the Commission would do the right thing so as to build up an Indian Union of full-grown contented sisterly States united in goodwill and harmony so that culturally and economically they may go forward and contribute effectively to make India greater, stronger and more glorious.

I extend a hearty welcome to our new Governor who was better known as a great social worker and also as an experienced administrator. Under the Constitution the Governor could have no politics. He is to steer clear the ship of the State evenly and impartially in

the path laid down by the Constitution. He deserves the co-operation and goodwill of every section of the people irrespective of caste, colour, community and party. I am sure there will be no lack of goodwill on the part of the people and the Legislature. We extend our most sincere good wishes to him.

Sir, during this year two devoted workers of India, namely, Shri Harihar Nath Shastri, M.P. and Shri Raghunandan Saran, have very prematurely passed away in an air-crash and we greatly mourn their loss.

THE STEEL PLANT AT ROURKELA

Before I proceed further to explain the financial and budgetary position of the State, I am glad to refer to one of the happiest incidents of the present century in the history of Orissa, nay in the history of India. It is the announcement of the establishment of the Rs. 72 crore steel plant at Rourkela in Orissa by Shri K. C. Reddy, Minister for Production, Government of India, on the 16th February 1954, in the Indian Parliament at New Delhi.

This historic announcement has naturally created great jubilation in Orissa and we feel so very grateful to the Prime Minister and the Government of the Indian Republic for their bold decision.

It is needless to say that in view of the inexhaustible and high-grade iron-ore available in Orissa in a contiguous area extending from Mayurbhanj, Keonjhar and Bonai up to Southern Singhbhum and further West and South in Orissa and specially in a compact area within 20 miles from Rourkela near Taldih and since other raw materials, such as lime-stone, dolomite, manganese are available in abundance and are of tested high quality and further since the existing railway transport facilities, availability of electricity from Hirakud without any additional cost, the workshop facility of Hirakud, availability of labour—skilled and unskilled—and assured source of water-supply from the great Brahmini river and, most economical supply of coaking coal from Jharia by railways and above all, the lowest calculated cost of assemblage and distribution of raw materials and finished goods, the Steel Plant could not be established anywhere other than Rourkela. Sites in Orissa had also previously been recommended by four different expert bodies.

Hon'ble Members are aware how on the invitation of the Government of India, the German experts of Krupps and Demag fame were associated not only as experts but as partners of the Hindusthan Steel Ltd. and how they made an extensive investigation into different sites and discussed with us at Hirakud and in their report said, "As a result of the considerations given under paragraphs 3 to 5, the Combine has come to the conclusion to suggest the site 'Rourkela' for the erection of the projected Steel Works".

I may mention here that on the requisition of the German Combine, Government of Orissa submitted a comprehensive Memorandum with all possible data which, I am glad to say, has been very much appreciated. The Secretary, Industries and those including Member, Board of Revenue, Sambalpur, the then General Manager, Eastern

Railways, and the Chief Engineer, Hirakud, who helped in supplying information deserve thanks. It should be noted that there was no parochial or regional consideration in our approach to the problem. It would be one of the biggest national concerns of India and, therefore, was naturally desired by Minister of Production, Minister of Transport and the Government of India under the leadership of the Prime Minister to be located at a place where it could go into production as early as possible and executed cheaply and economically. Unfortunately the German Combine's final report was even disputed on material points and gave rise to some amount of controversy, as a result of which the Government of India invited the Chief Ministers of three sister States including West Bengal, Madhya Pradesh and Orissa to represent their respective view points before the Cabinet on the 14th February 1954 at New Delhi. The Hon'ble Members may have been aware as to how the different view points were represented before the Cabinet by the two illustrious Chief Ministers of West Bengal and Madhya Pradesh and by my humbleself on behalf of Orissa. My colleague Shri Sahu was also present. Since every patriotic administrator would be anxious to develop the resources of his territory, claims of sister States were not unnatural. The Cabinet gave a very patient hearing and on verification of facts placed by us and on the basis of the expert report came to the conclusion which the illustrious Minister of Production, who had himself also visited the spots earlier, announced in the Parliament on the date mentioned above.

Let me also record here that with the full authority of our Chief Minister who was also taking keen interest in this matter, I discussed terms and conditions with the Secretary of the Ministry of Production whereby certain facilities were to be extended for the Steel Plant at Rourkela. I may take the House into confidence and say that the following specific facilities regarding land, water-supply and mining concessions have been offered by us and agreed upon :

(1) That on the location of the Steel Plant at Rourkela, the Orissa Government would acquire 50 square miles of land required for the steel works and make available all the land in their possession free of cost to the Steel Plant. They would also acquire patches of cultivated land, if any, included in the area and would accept financial liability not exceeding rupees five lakhs. The land required for railway expansion, etc., would be covered by the area in question.

(2) The Orissa Government would be prepared to assure adequate continuous water-supply to the Steel Plant, its township and other associated projects and would take such steps as may be necessary to fulfil this guarantee. The rate at which water is to be charged will be a matter of discussion between the Orissa Government and the Hindusthan Steel Ltd.

(3) The Orissa Government would make available to Hindusthan Steel, Ltd. for their plant at Rourkela, mining concessions in respect of iron-ore, the suggestion being that the ore deposits at Taldih (within 20 miles from Rourkela) would be more economical than the deposits

at Gua (about 60 miles from Rourkela), though it would be necessary to create an additional rail link or rope-way for transporting the ore to the site. It was suggested by the Orissa Government that the provision that no individual can have a mining lease for more than 10 square miles (under the existing mining concession rules, administered by the Centre) may have to be waived in respect of the Steel Plant.

Hon'ble Members are already aware that 50 square miles of area at Rourkela site have immediately been notified for acquisition. The Secretary of the Ministry of Production is expected to visit Orissa very shortly to be followed by the German Resident Director Mr. Reuter in order that further steps may be taken to start the work without delay. In this connection I record the thanks of our Government to the German experts, who have, in the meantime, made thorough survey of the mining areas at Rourkela and who are of the opinion that "the iron-ore deposits at Taldih and near about areas are so vast that with these resources they could supply the whole world for thousands of years". Similar had been the opinion of the American iron-master who, according to Dr. Fox, estimated the iron-ores in that region to be about 20 thousand million tons. Therefore the establishment of this factory will bring about a new era of industrialisation in this part of the country and would open up the door also for the development of mineral resources of our sister States with whom we fully sympathise and whose co-operation and goodwill we value most.

The first steel and iron factory of India was established by the famous Indian industrialist, the late Shri J. N. Tata, in 1907 at Jamshedpur, then known as Kalimati. Shri Tata had first been attracted to the project of producing iron and steel in India by reading the report of a German expert on some iron deposits in the Chanda district of the Central Provinces. But it was given up on account of insufficient ore and coal difficulty. Next Drug in that Province was investigated. The ore here was plentiful but coal was far away. A mid-way site, therefore, between the Bihar coal and the Drug ore was then contemplated. At that stage, at the instance of late Shri P. N. Bose, Geologist, enormous deposits of iron-ore in Mayurbhanj were explored and late Shri Tata, on assured supply of such vast high grade resources, established his plant at Jamshedpur.

It is a happy coincidence that at the instance of another set of world-famous German experts the Government of India are going to establish the biggest steel plant in free India at Rourkela. Sir, this action of the Government of India would not only be a boon to Orissa, nay to India, but would give a great fillip to industrialisation of the country. We should, therefore, extend all possible co-operation and see that it leads the country to greater prosperity and eradication of poverty. I would, in the words of the English Poet, only say :

"The first dry rattle of new-drawn steel
Changes the world today."

ECONOMIC SITUATION

I think I should say a few words about the economic situation of the country. Unlike the position in most other countries prices in India have now more or less been stabilised. There has been marked

increase in production in most of the organised industries both in the private and the public sectors. India has more than held its own in a growing competitive export market. There has been a remarkable improvement in the food situation of the country and most of the controls have either been lifted or sufficiently relaxed. There may be difference of opinion as to whether Government are justified in stabilising the prices at a level which is almost equal to the pre-Korean war level, but it has to be admitted that unlike the trends in most other countries, India has succeeded under the financial policy of the present Union Finance Minister in its efforts to stabilise the prices. Though up till now no proper price parity between the prices of foodgrains, industrial raw materials and finished goods and between different constituents of the same group could be established, steps are being taken to correct this disparity to the extent possible so that no section of the community might be affected adversely by its effect. Speaking for our State though the price of the poor man's rice has been kept steady, the procurement price of superfine rice has been raised by two rupees per maund so as to give the poor cultivator a little more in order that the agricultural economy in the country may be sustained. Compared with prices in other States, our prices are very much lower no doubt, but this small increase in the price of the higher grade rice with the approval of the Government of India is a step in the right direction. The disquieting feature, however, is the steep fall in the price of jute. It has created great consternation. In order to stimulate export the reduction in the export duty on jute and jute goods has brought about an improvement and the prices are slowly rising. The State Government have also taken steps to cancel the extra tollage collected from raw jute transported by the Orissa canals to put down the cost of its transport. Similar measures have also been taken at the Centre in case of cotton textiles, tea, etc.

In our State, the food situation is not only fairly satisfactory and the cost of living appears to have gone down slightly, but also export has been accelerated to feed the deficit areas of the Indian Union. Such export during this year has reached the target of three lakhs of tons which is almost double of what we were exporting two years back. It is no doubt due to better crops and greater production on account of expanding irrigation facilities and greater incentive amongst the cultivators. But the main reason is that rice is both food and money crop for the Orissa cultivators and they cannot do without parting a part of their produce to meet their other expenses. There is now greater availability of cloth and consumers' goods including cotton yarn, cement and fertilisers, etc. Irrigation and power projects have been making greater progress and road construction has been speeded up.

PROBLEM OF UNEMPLOYMENT

As regards the unemployment situation, which had become very acute specially amongst the middle classes, with the advice and directives of the Planning Commission definite steps have been and are being taken to provide employment as far as possible. In our State, the Hirakud Project, the Community Projects, the National Extension

Service, the Expanded Road Programme, the Expanded Education Programme including the opening up of 1,320 Primary Schools as emergency unemployment measure, the Grow More Food and Minor Irrigation Projects and above all the large-scale Industrialisation Programme including the establishment of the Rs. 72 crore Steel Plant at Rourkela, the proposed establishment of an Aluminium Factory at Hirakud and of a Ferro-Manganese Factory near about Hirakud, the establishment of a Paper Mill at Choudwar, the establishment of a Blast Furnace in Koraput, the establishment of a 100 K. W. Transmission Station near Raj Athgarh at a cost of Rs. 45 lakhs and the expanded and reorganised schemes of development of Cottage Industries including Handloom Industry and other allied schemes of the Five-Year Plan are going to open up new avenues of employment in the State for which technical personnel will have to be trained up from now on. This needs careful and immediate planning in the training and educational sphere. The opening up of the inexhaustible mineral resources of Orissa including the prospecting of gold mines and titanium in Keonjhar, Bonai and Mayurbhanj and the inevitable provision of new railway communications in the undeveloped areas of this State, are going to bring about a new era of economic activities which should not only provide employment to the people of Orissa but also add to the prosperity of the whole of India. The schemes and projects referred to above are either already under execution or about to be taken up during the next year.

The Planning Commission very wisely have been expanding the Plan with a view to increasing its employment potential. It is proposed to take up additional projects, costing between Rs. 150 to Rs. 175 crores during the rest of the Plan period and there is no doubt that Orissa would also be benefited by this expanded programme.

For relief of unemployment special programmes have been envisaged by the Planning Commission and the programme broadly would be of the following categories :

- (1) Assistance to setting up State Financial Corporations for Small-scale and Cottage Industries (over and above the provision in the Plan) ;
- (2) Provision of additional Thermal Plants in urban areas ;
- (3) Loans for Housing Programmes for low income groups of municipal and Government employees and for co-operative housing.
- (4) Financial assistance for the development of Road Transport services ;
- (5) Work and Training Camps, apprenticeship and re-orientation courses ; and
- (6) Implementation of the recommendations of the Secondary Education Commission relating to the diversification of courses, introduction of crafts, improvement of teaching of science, etc.

Industrial Development Corporation—The Planning Commission have proposed the establishment of an Industrial Development Corporation which will also materially improve the employment position. This

has been approved in principle by the Central Government and through this Corporation it would be possible for the Central Government to promote an active policy for industrialisation and in particular, to assume initiative in those spheres of the private sector where private enterprise is not readily forthcoming, but where in the public interest development may be desirable.

In the early part of this month a three-men World Bank Commission discussed with the Ministry of Finance and the Ministry of Industry and Commerce at New Delhi regarding its proposal to set up an Industrial Development Bank.

The steps proposed to be taken by the Planning Commission and the Government of India are, it is hoped, definitely going to help States like ourselves in the matter of development and expansion of industries.

State Corporation—I had mentioned in my last Budget Speech that steps were being taken to establish an Industrial Financial Corporation in the State. The matter was being discussed between the State Government, the Government of India and the Reserve Bank. I had been to Bombay in November last to discuss about this and I am glad to state that subsequently the Government of India have agreed to grant us loan to float such a Corporation with a proposed share capital of Rs. 2 crores and paid-up capital of Rs. 1 crore. So far only the East Punjab Government has established such a Corporation and we are examining the whole scheme to finalise it as soon as possible. This will be supplementary to the efforts of the Government of India's Industrial Development Corporation. We hope that we will thus be able to develop our mineral and other industrial resources.

THE FIVE-YEAR PLAN

Recently the Commonwealth Finance Ministers' Conference held in Sydney in the middle of January 1954 also strikes an optimistic note regarding the economic progress made by the sterling area and the Commonwealth. India's Finance Minister, whose policy has been described to be exemplary, in a statement after his return from Sydney stated, "We reviewed our development plans and noted that a great deal of advance had been made in regard to the development of several projects, mineral extraction, improvements in transport, improvement in the food situation and further industrialisation and we decided that the best policy for the Commonwealth countries to follow, irrespective of outside circumstances, was to live certainly within our means, but at the same time up to our means". He further disclosed that each country stated its own internal economic policy and it was held that it was on the whole on the right lines including what India, in particular, was trying to do in connection with the implementation of her plan.

The Five-Year Plan of development which aims at making India self-sufficient in food supplies in a normal year and by which the standard of living is being raised and which gives India a broader-based economy, has been very much appreciated. In that Conference

the course that has been laid down demands the acceptance by each country of the Commonwealth of priority for wealth-producing developmental work as well as a courageous financial policy which would involve no danger of undertaking development by inflationary measures.

DEFICIT FINANCING

Sir, this brings me to the question of deficit financing for the implementation of the Plan.

The Planning Commission have also laid down certain principles with regard to "deficit financing". The term "deficit financing" is used to denote the direct addition to gross national expenditure through budget deficits, whether the deficits are on revenue or on capital account. The essence of such a policy lies, therefore, in Government's spending in excess of the revenue it receives in the shape of taxes, earnings of State enterprises and loans from the public, deposits and funds and other miscellaneous sources. The Government may cover the deficit either by running down its accumulated balance or by borrowing from the banking system, which may mean 'creating' money.

The Commission have pointed out, "The point we would however, like to emphasise is that 'deficit financing' can be countenanced only if, and to the extent, there is assurance of steady supplies of essential commodities of consumption. Without a firm and clear policy regarding controls and without also assurance on continuity in that policy over a period of time, not only does the scope for 'deficit financing' become limited but there is a perpetual danger of even relatively small budgetary deficit generating inflationary pressures".

"When 'deficit financing' raises the prices of essential commodities, it becomes in effect the most inequitable form of taxation. It is, therefore, also of the utmost importance that, in a situation in which further deficit financing may lead to higher prices, all avenues of taxation and saving are explored to the full before incurring larger budgetary deficits in order to meet development expenditure."

The Planning Commission in their Progress Report for 1951-52 and 1952-53 have, however, stated that "the increase in tax revenues of the State Governments is explained only to a very small extent by additional measures of taxation; except in the case of a few States, the additional measures of taxation have been of minor importance..... The increase in tax revenues has, in fact also, to be more than absorbed by increased expenditure of a non-developmental nature on revenue account itself. In addition, several State Governments are spending larger sums on buildings, roads and development schemes outside the State Plans, all of which have to be effected by reducing the savings available from State revenues for the Plan itself, despite the increase in tax revenues referred to above". They further say, "The raising of additional resources by State Governments was, therefore, a pre-requisite for the successful implementation of the State Plans. The raising of additional resources by States must be regarded, therefore, as an essential condition for the implementation of State Plans to schedule".

Sir, under these circumstances, we had to review and revise our Five-Year Plan in which there was hardly any scheme of substantial development and the budgetary policy has to be formulated as dictated by circumstances which we have been confronted with. But with our extremely limited resources and the minimum necessity for development, we could not do without that provided in the Budget.

THE PLAN EXPENDITURE

Sir, I must admit and apprise the members of the Assembly that we have been confronted with a great financial crisis arising out of non-receipt of Central assistance in full for the execution of the Five-Year Plan during the three years ending 1953-54. Hon'ble Members are aware that in the Five-Year Plan of Orissa a provision for Rs. 15 crores only was made, of which schemes involving a recurring expenditure of Rs. 1.51 crores per annum arising out of Post-war Reconstruction Grants related to the pre-Plan period. This was subsequently increased to Rs. 17.84 crores to include the Electrical Schemes which were excluded but later on admitted by the Planning Commission. There was, therefore, only a few new schemes of development. Out of Rs. 15 crores, Rs. 10 crores was to come from the Centre as assistance as the amount of additional resources of the State in the Plan period was calculated to be about Rs. 5 crores. The Hon'ble Members must have noticed in the Budgets beginning from 1951-52 to 1953-54 that we had been assuming receipts from the Centre on the basis of annual contribution of Rs. 2 crores against the Five-Year Plan. On the basis of such assumptions we had provided expenditure on different development schemes. But unfortunately, this assumption of ours has not been accepted by the Government of India as their contention is that each individual scheme included in the Plan should qualify for assistance either by way of grant or loan according to the policies laid down by the Central Government. But we got the impression by virtue of the approval of the Plan as a whole by the Planning Commission and the quantum of total assistance promised to us that most of the Central assistance would come to us by way of grant and, therefore, we did assume such assistance mostly in revenue account. Unfortunately, such assumption has landed us in extreme financial difficulties. To illustrate the point, I may be permitted to say that in the three years' Budgets of the Plan period so far covered, we had assumed Rs. 383.35 lakhs as grant from the Centre and Rs. 249.68 lakhs as loan for different schemes, thus making a total of Rs. 633.03 lakhs as Central assistance; whereas in the first two years (1951-52 and 1952-53) the actual grant received is only Rs. 112.57 lakhs and for the current year we have been advised that Rs. 10.42 lakhs would be available as Minor Irrigation grant. This makes a total of Rs. 122.99 lakhs as grant. Therefore, there has been under the head 'Grant' a less receipt of Rs. 260.36 lakhs. Under the head 'Loan' against Rs. 249.68 lakhs we have received only Rs. 137.6 lakhs leaving a balance of Rs. 112.08 lakhs. The total shortage of receipts, both on grant and loan, is, therefore, Rs. 372.44 lakhs.

The other distressing fact is that as against Rs. 122.99 lakhs of grant so far received, a sum of Rs. 71 lakhs and odd has to be refunded to the Government of India in respect of Grow More Food grant as recently disclosed by the Accountant-General. This covers the period of four years ending 1952-53. It is due to the fact that the amounts that were credited to our account as Grow More Food grant, are now found to be in excess of what we are entitled to on the terms of Grow More Food grant which was to the effect that out of the accumulated food bonus money, proportionate contribution should be made to the Grow More Food schemes and the deficit should be shared by the Centre and the State on 2/3rds and 1/3rd basis. Since the accounts of the last four years could not be checked up schemewise, the position could not be clarified. Now after checking them up it has been found out that excess payment has been received from the Government of India and a total amount of about Rs. 72 lakhs will have to be refunded. There are, in addition, other refunds to be made in connection with the Eastern States Union Military Police, Federal Revenue Gap, etc., the total of which may come to near-about Rs. 150 lakhs. If this amount is refunded it would mean paying back more than what we have received as grant against the Five-Year Plan so far. The short receipt of nearly Rs. 4 crores against Central assistance for Five-Year Plan landed us in extreme financial difficulties and has also added to our accumulated revenue deficit to a very great extent. The problem of refund has further added to our difficulties. I would like to take the House into confidence as to the predicament in which the Finance Minister was placed on account of this situation. When the Union Finance Minister was good enough to pay a visit to Orissa in December last this question was discussed with him and we apprised him of our difficulties arising out of short receipt of Central assistance. I am grateful to him that he sympathised with our difficulties and while cautioning us, held out hopes to come to our help for our ways and means purposes. He also assured us along with the Planning Commission, that the Government of India would not go back upon its original assurance of extending Central assistance to the extent of Rs. 10 crores provided individual schemes would qualify for such assistance. Excepting schemes pertaining to Grow More Food, Tribal and Rural Welfare, Cottage Industries, and Basic and Social Education, any other schemes included in the Five-Year Plan would not generally qualify for grant. Therefore, Central assistance by way of grant against Five-Year Plan schemes would be very small indeed. We could only get mostly loan to make up this assistance of Rs. 10 crores and they must be against loanable schemes included in the Plan. We have, in pursuance of such instructions from the Ministry of Finance and the Planning Commission, reviewed our position and have included in the revised Plan such development schemes as would qualify for loan. But the revised Five-Year Plan has now been increased to Rs. 19.10 crores, which has been forwarded to the Planning Commission for approval. This includes schemes for Power Projects, Irrigation Projects, Road Transport and Roads and Fisheries against which we may be entitled

to loans. The Government of India in the Ministry of Finance have now been kind enough to inform us that they would grant out of Development Loan Fund Rs. 225 lakhs as loan against such loanable schemes. I had also approached the Government of India not to press for immediate refund but to allow it to be spread over a number of years and this matter is under correspondence. Hopes have been held out to us that this will be sympathetically considered.

CAPITAL CONSTRUCTION AND ROAD PROGRAMME

One more factor is to be noted that so far, the Capital Construction and Road Programmes had to be financed from revenue account; but since the revenue position has become so difficult we could not afford to spend money over these schemes. They were, therefore, drastically cut down. I had, however, approached the Government of India in the Ministry of Finance to help us in tiding over the difficulties and working out these programmes so that we may be able to round off the Capital Construction at an additional cost of about Rs. 1 crore and may execute the Road Programme out of loan from the Government of India. I am glad to inform the House that the Government of India in the Ministry of Finance have been good enough to assure us a separate loan of Rs. 50 lakhs for the Capital Construction in the year 1954-55 and have held out hopes that next year a loan of another Rs. 50 lakhs may be considered. The expenditure on Road Programme is expected to be covered by our total loan programme of Rs. 225 lakhs for the year 1954-55.

AUGMENTING OF RESOURCES

According to the financial programme in respect of State Five-Year Plan the State was expected to raise Rs. 2.90 crores as additional resources for the Plan under Land Revenue, Estate Duty, Betterment Levy, Irrigation, Sales Tax, Miscellaneous and Agricultural Income Tax. It was originally estimated that the Estate duty would augment our resources by about Rs. 50 lakhs. Now that the Estate Duty Act has been passed and has been brought into force from October last, we hope that from the next year some revenue may accrue on this account. Under Sales Tax the additional revenue was estimated at Rs. 40 lakhs during the five-year period, but in Actuals in 1951-52 additional revenue was Rs. 31.49 lakhs and in 1952-53 the increase was Rs. 19.86 lakhs. On account of the Supreme Court's interpretation of Article 286 of the Constitution our Sales Tax revenue has been very seriously affected; but in spite of that the position about Sales Tax on Inter-State trade in the light of the said interpretation has been reviewed which includes measures such as registration and submission of returns by non-resident dealers and the proposal for introducing a Purchase Tax at the point of Inter-State trade, the Sales Tax continuing in respect of subsequent transactions within a State in the present form. The Purchase Tax is estimated to augment our resources by about Rs. 20 lakhs.

As regards water rate, the expenditure on Irrigation Projects would henceforth be on loan account and since the peoples' contribution so far insisted upon in respect of subsidised schemes, will have to be done away with and the entire expenditure is to be incurred by

Government out of loan, a scheme of repayment by the cultivators benefited, spread over a number of years and paying a small water-rate in case of benefit would be duly considered later on.

So far as Betterment Levy is concerned, we have decided to undertake necessary legislation during the current year so that we shall be in a position to impose the levy on land owners who will be benefited by the Hirakud Irrigation Schemes. All that I want to emphasise is that we are anxious to augment our revenue resources within the means of our State and the people as would be evident from the present Budget, in which the increased revenue receipts have been calculated to be over Rs. 1.60 crores including revenue of Rs. 25 lakhs from Forest, Rs. 2 lakhs from Motor Vehicles Tax, Rs. 20 lakhs from Purchase Tax and increased revenue from Mines, etc. I may mention here that the income from mines has been estimated to be increased by about Rs. 21 lakhs next year by development of mining in the State including working of mines by the State or corporation. We are contemplating to levy Education Cess as is in vogue in South Orissa in order that the resources for the execution of the Compulsory Primary Education Scheme may be augmented.

TAXATION ENQUIRY COMMISSION

As I hinted in my last Budget Speech, the Government of India have, in the meantime, appointed a Taxation Enquiry Commission with Dr. John Matthai, ex-Finance Minister, Government of India, as Chairman and several eminent economists and practical financial administrators of the country as Members for conducting a comprehensive enquiry into the system of taxation in the country. The terms of reference for the Commission, which were settled in consultation with the State Governments, have naturally been made very wide and the Commission have been entrusted with the task of examining the existing Central, State and local taxations from various aspects, and making recommendations with regard to modifications required in the present system of taxation and the fresh avenues of taxation. We have, in reply to their Questionnaire, presented six Memoranda to the Commission setting out our views and suggestions on various matters relating to Central, State and local taxation. Large volumes of statistical data are also being furnished to the Commission from time to time in compliance with their requests. At the suggestion of the Commission two *ad hoc* committees, one representing the local bodies other than Grama Panchayats and the other representing the Grama Panchayats, have also been constituted to study the Questionnaire and the Supplements to the Questionnaire relating to the local bodies and give evidence before the Commission. The Commission propose to visit the State in April next to take oral evidence from official and non-official witnesses. Let us hope that the studies and the recommendations of the Commission will provide valuable materials to the Central and the State Governments in framing the right taxation policies in future.

ECONOMIC SURVEY OF THE STATE

As I stated in my last Budget Speech, the question of having a comprehensive economic survey of the State was under correspondence with Professor D. R. Gadgil, Director, Gokhale Institute of Politics and Economics, Poona.

At the instance of Government of India, the Gokhale Institute agreed to undertake an enquiry into the economic benefits resulting from the construction of the Hirakud Dam and prepared a scheme for the purpose. It was originally intended that the economic enquiry would form a part of the Hirakud Dam Project and its cost would be debited to the Project. Subsequently, however, it was suggested that the cost of this enquiry should not be debited to the Project, but should be borne by the Government of Orissa. After careful consideration of the matter, we decided to undertake the financial responsibility for the proposed enquiry by the Gokhale Institute of Politics and Economics, Poona, as this enquiry could form a part of the comprehensive economic survey of the State under our contemplation and the presence of the staff of the Institute in the State in connection with Hirakud Dam enquiry could be utilised for training local personnel in carrying out the proposed economic survey in the other parts of the State.

In November last I proceeded to Poona along with Dr. Sadasiv Misra, Head of the Department of Economics, Ravenshaw College, and had detailed discussions with Prof. Gadgil and other members of the staff of the Institute in connection with the proposed economic survey and enquiry. As a result of these discussions it has been decided that the proposed economic survey and enquiry would be divided into two parts—A and B—for each of which a separate organisation would be set up though both the organisations would work with full co-operation and consultation with each other. Part A of the survey will consist of the enquiry into the economic benefits of the Hirakud Dam. This work would be undertaken by the Gokhale Institute and will be carried out by that Body. Professor N. V. Sovani, Assistant Director of the Institute, has been placed in charge of this enquiry and he is visiting the State in the last week of this month. A lump grant will be made to the Institute for meeting the cost of the proposed enquiry and the Institute would set up a local field organisation with its headquarters at Hirakud area. Part B of the enquiry will be concerned with the economic survey of the whole State and will be placed under the charge of Dr. S. Misra, Head of the Department of Economics, Ravenshaw College, Cuttack. This will repeat most of the enquiries designed by the Gokhale Institute for the survey of the Hirakud area in the rest of the State and will also supplement this with specific enquiries directed towards getting additional data necessary and useful for the main objectives of the economic survey. The organisation of the Gokhale Institute in the Hirakud area will also carry out these supplementary enquiries for the State survey within the Project area. Separate funds are being provided to meet the cost of survey in Part B. These surveys will include the incidence of taxation in different areas and classes of people so that the taxation measures may be reviewed and correct fiscal policy laid down. A resolution giving effect to these decisions has already been published and widely circulated through the local press. The terms of reference for the specific enquiry into the economic benefits of Hirakud and also for the comprehensive economic

survey of the State have been settled and communicated to all concerned. Both Gokhale Institute and Dr. Misra have already started preliminary work and it is expected that the actual field operations would start from March onwards. On account of its newness and comprehensive nature, the survey is expected to take 1½ to 2 years for its completion. I solicit the co-operation of all the Members of the House in this important work, which is essential for devising the correct economic and fiscal policies for the State. We are hopeful that during this survey a regular organisation as an Economic Research Bureau will come into being.

REORGANISATION OF FINANCIAL CONTROL

Appointment of Financial Advisers—As I stated in my previous Budget Speeches, the question of properly organising the financial side in every department of Government so as to bring about harmonisation of the functions of the economist and the executive, was engaging our attention.

As the Comptroller and Auditor-General of India had expressed his inability to spare sufficient number of officers to fill various posts under the State Government requiring specialised knowledge of audit and accounts owing to paucity of trained hands at his disposal, it has become necessary for us to make alternative arrangements for filling such posts. Accordingly it has been decided that the posts of Financial Advisers and Assistant Financial Advisers and similar other posts under the State Government should in future be filled by the officers of Orissa Finance Service and with that end in view sufficient number of officers are to be recruited to the service and properly trained for undertaking such responsibilities. Special training to certain officers of Orissa Finance Service also is being given to enable them to discharge these duties properly. Steps have also been taken to increase the number of Financial and Assistant Financial Advisers attached to the different Departments of the Secretariat. Consequent on the taking over of the management of Zamindaris and creation of Anchal Funds, a whole-time Financial Adviser has recently been appointed to the Revenue Department. Two members of the Junior Branch of the Orissa Finance Service have also been attached as Assistant Financial Advisers to Relief and Rehabilitation and Development Departments and a third member has been appointed as Assistant Audit Officer under the Finance Department. An officer of the Senior Branch has also been attached as Accounts Officer to the Works Department for verification of the P. W. D. stores.

Treasury administration—With a view to having better control over the administration of the Treasuries, the District Treasuries of Ganjam, Cuttack and Sambalpur have already been placed under the charge of three whole-time officers of the Orissa Finance Service with effect from the 1st April 1953. Another member has just been appointed as a whole-time Sub-treasury Officer for Bhubaneswar Sub-treasury. Steps are being taken to place the remaining District Treasuries and some other selected Sub-treasuries of the State under the charge of the whole-time officers of the Senior and Junior Branches of the Orissa Finance Service respectively with effect from the 1st April 1954.

Internal Audit Organisation—The Internal Audit Organisation has since been expanded and the audit of accounts of the Departments of Government, the Heads of Departments, the District Offices and other important Institutions is being conducted regularly and actions are being taken thereon. As the audit of receipts is not the statutory function of the Indian Audit Department, arrangements are being made for conducting a check of revenue receipts of some of the important departments like Excise, Sales Tax and Forests by the Internal Audit Organisation. This is found to be very essential. For this purpose the Organisation is proposed to be further expanded with effect from the 1st April 1954.

Local Fund Audit—The audit of Local Funds, i.e., District Boards, Municipalities, etc., was all along being conducted by the Accountant-General, in his capacity as the Examiner of Local Fund Accounts under the Bihar and Orissa Local Fund Audit Act and the share of the cost of establishment connected with this work was being paid by the State Government. With the creation of the Anchals, the Accountant-General expressed his inability to conduct audit of the Anchal Fund accounts. It, therefore, became necessary for the State Government to make separate arrangement for this purpose. To facilitate audit of all Local Fund accounts including the accounts of the Anchal Funds by one agency, Government have decided to take over the work of the Local Fund audit from the Accountant-General with effect from the 1st April 1954 together with the staff specially maintained for this purpose by the Indian Audit Department.

Treasurership of Charitable Endowments—The Accountant-General, Orissa, was so far functioning as the Treasurer of all the Charitable Endowments in Orissa. This work was being done by him as an agent of the State Government for which he was paid a contribution annually. At the instance of the Comptroller and Auditor-General, India, the Accountant-General, Orissa, requested the State Government to relieve him of this work, as it was not connected with his statutory functions or responsibilities. Government have, therefore, decided to take over this work from him with effect from the 1st April 1954. The Secretary, Finance Department, will henceforward function as the Treasurer of all Charitable Endowments in this State as is the practice in several other States.

CONSTRUCTION OF ACCOUNTANT-GENERAL'S OFFICE AT BHUBANESWAR

As I stated in my last Budget Speech, the Government of India and the Auditor-General have decided to shift the Accountant-General's office to Bhubaneswar. Administrative approval has already been accorded for the construction of office buildings and staff quarters at an estimated cost of Rs. 59 lakhs and it is understood that the Central P. W. D. has already invited tenders for the construction work. I also discussed this matter with the Auditor-General during my recent visit to Delhi and it is expected that the foundation stone would be laid shortly and the work would be speeded up.

RATIONALISATION OF THE BUDGET

As has been explained in the Finance Secretary's Explanatory Memorandum in preparing the Demands for the Budget Estimates for 1954-55, a rationalised scheme has been introduced and the Demands for grants have been re-arranged, as far as possible, by Ministries as a first step towards rationalisation of Demands. The major heads, which are administered by more than one Minister have been suitably split up and included in new Demand or in one or other of the existing Demands according to convenience. Besides, in accordance with the constitutional requirements, steps are being taken to present the Demands for grants with effect from 1954-55 for the "Gross expenditure", as is the practice at the Centre and not for the "Net expenditure" as was our practice hitherto.

REORGANISATION OF THE COMMERCIAL TAX DEPARTMENT

Steps have been taken or are being taken to reorganise and strengthen the Commercial Tax Department with a view to making the working of the Department more efficient and preventing leakage of revenue, wherever possible. As Hon'ble Members are already aware, steps are being taken to appoint a three-men Appellate Tribunal to take away most of the appellate and revisional work of the executive authorities. A draft Bill is being introduced for the purpose. A special Intelligence Circle has already been constituted to keep check over evasion of tax and harassment of small dealers. A Central Circle is also being created to deal with the non-resident dealers, who are now liable to pay tax in accordance with the decision of the Supreme Court. A Commissioner of Commercial Taxes is being appointed to check and supervise the activities of the entire Department. The number of assessing and appellate officers is being considerably increased and the circles are being reorganised. Necessary legislation for these purposes will be undertaken during the current session of the House. As stated earlier, steps are being taken to impose a Purchase Tax in accordance with the suggestion of the Government of India.

Steps are also being taken to give relief to the dealers and the consumers wherever possible and practicable. In order to remove a long-standing complaint of the Contractors, steps are being taken to amend the rules allowing full labour charges as rebate and for materials supplied by the party giving the contract, i.e., P. W. D. or Private Party. Regarding simplification of the accounts maintained by the retailers, the Bombay pattern is being examined and if suitable will be adopted in our State. So far as our knowledge goes, the Bombay scheme provides for certain slabs within which assessments on small retailers can be made on the principle of compounding. It is expected that this would give relief to the small retailers to a great extent.

The question of exempting dry fish from Sales Tax is receiving our active consideration.

BUDGETARY POSITION OF THE STATE

I would now, Sir, turn to the budgetary position of the State. When I presented the Budget for 1953-54 last year at this time,

I explained the reasons as to why we could not escape presenting a Budget with a deficit of Rs. 88.78 lakhs in the Revenue Account in spite of the increase in our revenue as a result of the recommendations of the Finance Commission. The Budget Estimates for 1954-55, which I am just presenting, again disclose a deficit in the Revenue Account to the extent of Rs. 73.39 lakhs. In view of the planned programme of development undertaken by us in pursuance of the Five-Year Plan a deficit Budget could not be avoided in spite of our best efforts.

While presenting the Budget Estimates for 1953-54 to the House in March last I explained that the year 1952-53 would close with an overall balance of Trs. 2,33,15. According to the March Final Accounts, the year 1952-53 actually closed with an overall balance of Trs. 2,36,60 of which Trs. 23,34 was the balance in Revenue Account and Trs. 2,13,26 in Capital Account, showing an improvement of about Rs. 3 lakhs in the Actuals of 1952-53 as compared with the Revised Estimate of that year.

REVISED ESTIMATE FOR 1953-54

In the Revised Estimate the revenue is estimated at Trs. 12,46,61 and expenditure on Revenue Account at Trs. 14,66,77. The year's revenue deficit is, therefore, expected to be Trs. 2,20,16 against a deficit of Trs. 88.78 shown in the original Budget. Accordingly the closing balance at the end of the year which was estimated to be Trs. 1,63,96 will be Trs. 55,85 only. The deterioration in the revenue position is mainly due to the fact that in the Revised Estimate for 1953-54 no account has been taken for any grant to be received from the Centre for the schemes included in the Five-Year Plan other than Intensive Cultivation Schemes, while the sanctioned Budget for 1953-54 assumed that a contribution of Rs. 165 lakhs would be forthcoming on this account from the Centre. But this assumption has not materialised. The Revised provides for a grant of Rs. 16.57 lakhs only on account of Intensive Cultivation Schemes. This short fall in receipt is expected to be set off to certain extent by increased receipts under certain heads. The net result would, therefore, be a drop of Rs. 1,10,28 lakhs in the revenue of the Revised as compared with the original Budget.

On the expenditure side, the Revised is put at Trs. 14,66,77 against Trs. 14,45,67 provided in the original Estimate. Though Supplementary Demands to the extent of Rs. 82 lakhs were voted by the Assembly in the September Session, owing to savings under certain heads in the Budget to the extent of about Rs. 60 lakhs, the net increase in expenditure is likely to be Trs. 21,10.

CAPITAL ACCOUNT

In the Capital Account the receipt was originally estimated at Trs. 45,97,52 and the outgoings at Trs. 45,77,93, the net surplus being estimated at Trs. 19,59. According to the Revised Estimate, the receipts other than revenue are estimated at Trs. 49,42,80 and the outgoings at Trs. 49,03,39. Thus according to the Revised Estimate, the surplus in the Capital Account comes to Trs. 39,41.

As a result of the combined transactions in the Revenue Account and the Capital Account the year 1953-54, which opened with an overall balance of TRs. 2,36,60, is expected to close with a balance of TRs. 55,85.

BUDGET ESTIMATES FOR 1954-55

Revenue Receipts—The total revenue receipts in 1954-55 have been estimated at TRs. 14,12,42 against TRs. 12,46,61 shown as the Revised Estimate for the current year. The revenue estimated under the different heads are as shown below :

| | Revised Estimate, 1953-54 TRs. | Budget Estimate, 1954-55 TRs. |
|--|---|--|
| (1) Income-tax including Agricultural Income-tax | 2,16,69 | 2,09,91 |
| (2) Land Revenue, Excise, Stamps, Forest, Registration, Motor Vehicles Taxes and other Taxes and Duties | 6,43,38 | 6,85,42 |
| (3) Subvention from the Government of India including other grants .. | 1,27,75 | 1,42,00 |
| (4) Extraordinary Receipts excluding Orissa share of the Central Excise Duties | 49,52 | 1,00,06 |
| (5) Other items | 2,09,27 | 2,75,03 |
| | <hr/> 12,46,61 <hr/> | <hr/> 14,12,42 <hr/> |

EXPENDITURE ON REVENUE ACCOUNT

The total expenditure on Revenue Account for the year 1954-55 has been estimated at TRs. 14,85,81 against the Revised Estimate of TRs. 14,66,77 for the current year. The expenditure is, therefore, likely to increase by TRs. 19,04 next year.

The reasons for the variations between the Revised Estimate for 1953-54 and the Budget Estimate for 1954-55 have been explained in detail in the Finance Secretary's Explanatory Memorandum. Certain important heads are explained in the Appendix A.

FINANCIAL POSITION

As the estimate of revenue in 1954-55 is shown at Trs. 14,12,42 and expenditure on Revenue Account at Trs. 14,85,21, there would be a revenue deficit of Trs. 73,39. The balance in the Revenue Account, which is the sum total of surpluses and deficits carried from year to year, is as shown below :

| | | | Trs. |
|---|----|----|-------------|
| Opening balance in the Revenue Account on | | | |
| 1st April 1953 (Actuals) | .. | .. | 23,34 |
| Revised Estimate of 1953-54 | .. | .. | (—) 2,20,16 |
| Budget Estimate of 1954-55 | .. | .. | (—) 73,39 |
| Closing balance on the 31st March 1955 | | | |
| (Estimate) | .. | .. | (—) 2,70,21 |

Under Capital heads the receipts are estimated at Trs. 49,94,87 and the outgoings at Trs. 49,56,09. Thus there will be a net surplus of Trs. 38,78. The transactions both in the Revenue and Capital Accounts will have the effect of reducing the total overall balance to Trs. 21,24 at the close of the year as shown below :

| | | | Trs. |
|--|----|-----|-----------|
| Opening balance on 1st April 1954 (Both in the | | | |
| Revenue and Capital Accounts) | .. | (+) | 55,85 |
| Deficit in the Revenue Account | .. | .. | (—) 73,39 |
| Surplus in the Capital Account | .. | .. | (+) 38,78 |
| Closing balance on 31st March 1955 (Estimate) | | | (+) 21,24 |

EXPENDITURE ON NEW SCHEMES

The details of new schemes that have found place in the Budget for 1954-55 are given in Appendix B of the Explanatory Memorandum of the Budget circulated to the Members. The total provision for new schemes made in the Budget is Trs. 3,67,80, out of which a sum of Trs. 93,97 relates to the schemes in the Five-Year Plan and a sum of Trs. 2,73,83 relates to schemes other than those included in the Plan. Major part of the latter is, however, in respect of continuing schemes. The total amount provided in the Budget Estimates for 1954-55 in respect of all schemes included in the Five-Year Plan is Rs. 472.99 lakhs both in the Revenue and Capital Accounts as shown below :—

| Revenue Account | Capital Account |
|------------------|-----------------|
| Rs. | Rs. |
| (Lakhs) | (Lakhs) |
| 1,74.08 | 2,98.91 |
| Total .. 4,72.99 | |

BALANCE POSITION

In the last page of the general abstract of Revenue and Expenditure given in Appendix A to the Memorandum an analysis of the opening and closing balances has been given. The details of the estimated closing balance of TRS. 21,24 are as given below :

| | | TRS. |
|--------------------------------------|--------|-------------------|
| (1) Balance in the Consolidated Fund | .. (—) | 2,36,66 |
| (2) Contingencies Fund | .. .. | 35,00 |
| (3) Public Account— | | |
| (i) Earmarked Balance | .. .. | 1,16,71 |
| (ii) Unearmarked Balance | .. .. | 2,25,67 |
| Total of (1), (2) and (3) | .. .. | 1,40,72 |
| Deduct—Investment | .. (—) | 1,19,48 |
| | | <hr/> 21,24 <hr/> |

It will be seen from this that, excluding investment in Government Securities, the total cash balance at the end of the year is expected to be TRS. 21,24. So far as investments are concerned, the total sum invested in Securities and Debentures is shown at TRS. 1,19,48 of which a sum of about Rs. 41 lakhs relates to cash balance of the old Province and the rest belong to the ex-States area.

The balance in the Consolidated Fund is shown as minus figure. It will be seen from the analysis of the balances given at page 21 of the Budget that the cumulative position in regard to balance in the consolidated Fund will be a minus figure at the end of the year.

Contingency Fund—As Hon'ble Members are aware a sum of Rs. 35 lakhs was transferred from the Consolidated Fund of the State to the Contingency Fund of Orissa in 1950-51. As expenditure from the Contingency Fund is recouped in course of the year the balance in the Fund always stands at Rs. 35 lakhs at the end of the year.

Earmarked balance—The total earmarked balance which is shown at TRS. 1,16,71 is detailed in the explanatory memorandum.

| | | TRS. |
|---|-------|-------|
| Forest Development Fund | .. .. | 7,46 |
| Orissa Famine Relief Fund | .. .. | 2,33 |
| Deposit Account of Food Bonus Fund | .. .. | 29,48 |
| Depreciation Reserve Fund—Electricity | .. .. | 6,46 |
| Deposits of Depreciation Reserve of Commercial concerns—Orissa Government Transport Service | .. .. | 4,51 |
| Zamindari Abolition Fund | .. .. | 5,78 |
| Local Development Works Fund | .. .. | 8,15 |
| State (Orissa) Road Fund | .. .. | 18,84 |
| Sinking Fund for State Transport | .. .. | 12,00 |
| Sinking Fund for Electricity | .. .. | 20,00 |

Zamindari Abolition Fund—The revenue collected from the Estates is being kept in this Fund. All expenses connected with the management of these Estates are being met out of the balance in the Fund although these are being exhibited under different service heads for obtaining the approval of the Legislature.

The position in regard to the balance in the Fund is as given below :

| | | | TRs. |
|--|----|----|-------|
| Opening balance on the 1st April 1953 | .. | | 5,47 |
| Receipts in 1953-54 | .. | .. | 57,00 |
| Expenditure in 1953-54 | .. | .. | 49,87 |
| | | | <hr/> |
| Closing balance | .. | .. | 12,60 |
| | | | <hr/> |
| Receipts in 1954-55 (Estimate) | .. | .. | 57,00 |
| Expenditure in 1954-55 | .. | .. | 63,82 |
| | | | <hr/> |
| Closing balance on the 31st March 1955 | .. | | 5,78 |
| | | | <hr/> |

So far 5,246 Estates as detailed below have actually vested in Government :

| | | | |
|-----------------------------|----|-------|---|
| Permanently-settled Estates | .. | 362 | (Including Kanika which is now under a receiver) |
| Temporarily-settled Estates | .. | 4,662 | |
| Revenue-free Estates | .. | 6 | |
| Tenures | .. | 216 | |
| | | <hr/> | |
| Total | .. | 5,246 | |
| | | <hr/> | |

These include all the permanently-settled Estates and most of the important revenue-paying Estates in the State.

The area of the Estates so far taken over is about 22,000 square miles with a gross income of about one crore of rupees. Government used to receive from these Estates a sum of Rs. 37,68,000 towards Peshcush and Cess prior to the vesting. Deducting this amount, the additional income to be derived as a result of the abolition would be Rs. 62,32,000 approximately. Out of this, the cost of management has to be met, works of benefit in the Anchals have to be executed and

compensation has to be paid to the Zamindars. The cost of management would be about 20 per cent of the gross income. It has been decided that roughly 8 per cent of the gross income would be spent on works of benefit. The annual instalment of compensation would be about Rs. 15,00,000. After deducting all these expenses, the balance of the extra income would be about Rs. 14,32,000. The pay, etc., of Compensation Officers, the cost of the staff in the District Offices and the Board's office maintained for the Zamindari abolition work would be about Rs. 5,00,000. The net balance would, therefore, be about Rs. 9,32,000.

The amount of compensation payable in respect of all these Estates is still to be calculated by the Compensation Officers appointed for determining the claims of creditors and maintenance-holders of the excluded intermediaries. About 150 claims cases have so far been filed in the courts of these officers out of which 27 have either been rejected or disposed of and the rest are still pending.

It would be seen from the above that the Zamindari Abolition Scheme is being worked out as a self-supporting scheme. A separate accounting procedure has also been prescribed for it in consultation with the Auditor-General.

Local Development Works Fund—The Government of India have sanctioned a grant of Rs. 10,15,000 for Local Development Works on condition that a similar amount together with the share of the State Government would be received from the people and Local Bodies for the same purpose. The State Government's share of Rs. 3 lakhs has also been added. Thus the total credit at the end of 1953-54 is expected to be Rs. 13,15,000 though the Fund has not yet been formally constituted. In the current year an expenditure of Rs. 5 lakhs is expected to be incurred from this Fund. The balance in the Fund at the end of the year is, therefore, expected to be Rs. 8,15,000. In the Budget for 1954-55 it has been assumed that a sum of Rs. 10,30,000 would be received from the Government of India as a grant and a further sum of Rs. 3 lakhs would be set apart from the State revenues for expenditure on this account. A total provision of Rs. 13,30,000 has been made on the expenditure side. The balance in the Fund is, therefore, expected to stand at Rs. 8,15,000 by the end of 1954-55.

State (Orissa) Road Fund—Government have decided that 50 per cent of the net proceeds of collection from the M. V. T. Act should be reserved for improvement of specified roads or other specific objects relating to road transport with effect from 1953-54. A sum of Rs. 14,23,000 has been transferred from the general revenues to the Fund in the current year and an equal sum would be transferred in 1954-55. Thus the total receipt in the Fund would amount to Rs. 28,46,000. Against this there would be an expenditure of Rs. 9,62,000 in the current year on certain road projects so that the balance in the Fund at the end of the year is expected to stand at Rs. 18,84,000.

Assets of the ex-State areas—It has so far been estimated that total assets of the ex-State areas consisting of cash deposits, Bank balances, securities and stocks and shares including the corpora of various trust funds would yield a sum of Rs. 3,17 lakhs. This amount includes Rs. 45 lakhs for loans and advances, which were outstanding on the date of merger. Excluding the loans and advances the total assets stand at Rs. 2,72 lakhs out of which a sum of Rs. 2,12 lakhs has since been realised leaving a balance of Rs. 60 lakhs. The balance includes Rs. 21 lakhs relating to Sonepur Trust Funds, which are in deposit with the Accountant-General, Posts and Telegraphs, India, in the shape of Government Securities and will remain in tact for utilisation for the purpose for which they were constituted. Besides, a sum of Rs. 32 lakhs is still in the Mayurbhanj State Bank and this cannot be withdrawn till the future of the Bank is decided.

As regards loans and advances we expected a sum of Rs. 45 lakhs from this source. But on spot verification of accounts of some of the ex-State areas by Audit and Finance Department, it was found that a majority of these items represents departmental advances, which were expended before the merger on the work for which they were advanced but owing to non-submission of vouchers the advances were lying unadjusted. Thus these outstanding advances will not constitute actual assets of the ex-State areas. At best a sum of Rs. 8 to Rs. 10 lakhs may be expected from this source after scrutiny of the records by the Accountant-General.

MINOR AND MAJOR IRRIGATION

Intensive Cultivation Scheme—As the House is aware, the Minor Irrigation Projects are very popular and are executed by the people with subsidy from Government, which is shared by the State Government and the Government of India. At first subsidy was given up to 75 per cent of the cost, the cultivators being liable to contribute 25 per cent in the shape of labour. In 1952-53 the Government of India reduced the rate of subsidy to one-third for new projects and one-half for renovation of old works. In 1953-54 the procedure was further changed and the cultivators were required to contribute three-fourths of the cost while the subsidy from Government was reduced to only 25 per cent. The State Government represented to the Government of India to continue the old formula as far as this State was concerned. Though some concessions have been shown in the current year, after careful consideration of the matter it has been decided that the entire amount to be spent in Minor Irrigation works with effect from the next year would be met from loan money so that it may not be necessary to expect any contribution from the people. When the works are completed, Government might consider realising a part of the cost from the people in some shape or other.

DEBT POSITION

I would like to give to the House an idea about our overall debt position. The following table gives our debt position as it stood on

the 1st April 1953, and the terms of repayment of the loan to the Government of India :

| Particulars of loans | Outstanding on 1-4-1953 | Terms of repayment | Remarks |
|--------------------------------------|-------------------------|---|--|
| | TRS. | | |
| 1. Hirakud Dam Project | 23,70,43 | Repayment to commence after 40 years. | Sinking Fund has been created. The balance in the Fund will be Rs. 20 lakhs by the end of 1954-55. |
| 2. Electrical loans .. | 2,50,00 | Commencing from 1957-58. | |
| 3. Grow More Food .. | 44,47 | Annually according to terms settled. | |
| 4. Relief and Rehabilitation. | 51,00 | Terms of repayment not yet accepted. | Sinking Fund has been created and a sum of Rs. 12 lakhs will be in the Fund by the end of 1954-55. |
| 5. Industrial Housing Scheme. | 20,00 | Repayment to start after 25 years. | |
| 6. Community Development Scheme. | 2,00 | Twelve equated instalments from 1953-54. | |
| 7. State Transport .. | 15,00 | To be repaid on 15-12-1955. | |
| 8. Development of Filigree Industry. | 50 | Five equal instalments commencing from 1955-56. | |
| | 27,53,45 | | |

In addition to the sum of Rs. 27,53 lakhs outstanding on the 1st April 1953, provision has been made in the Revised Estimates for 1953-54 and the Budget Estimates for 1954-55 of a net loan of Rs. 13,19 lakhs and Rs. 18,11 lakhs respectively. Thus at the end of 1954-55 our total loan from the Central Government would stand at Rs. 58,83 lakhs.

ROAD TRANSPORT

The State Transport Service has, on the whole, proved to be financially successful. As the Hon'ble Members are aware, the State Transport Service has been divided into two sectors, viz., the Nationalised Sector and the Rationalised Sector. The Rationalised Transport Service in the district of Ganjam has not proved quite satisfactory and Government are now examining whether Nationalised Transport system should not be extended to the entire State. The

State Government invested a sum of Rs. 18,70,000 in the transport services up to the end of 1952-53. The gross receipts by the end of 1952-53 amounted to Rs. 94,77,000 and the gross operational expenses amounted to Rs. 61,82,000, leaving a balance gross surplus of Rs. 32,95,000. Against the above surplus the net profit earned worked up to Rs. 13,09,000 after providing for reserves and interest to the extent of Rs. 19,86,000. The anticipated profits for 1953-54 is Rs. 3,83,000 after providing for reserves and interest to the extent of Rs. 5,77,000.

Over and above this, further earnings to the tune of over Rs. 2 lakhs have accrued on account of interest on deposits in respect of depreciation and other Reserve Funds, which would further raise the profit. This adjustment is, however, under correspondence with the Accountant-General.

During the current financial year the Keonjhar Transport Services have been extended to Jajpur town. It is also contemplated to nationalise the transport services in Bhadrak subdivision and partly in Koraput district in course of the next financial year. Accordingly a sum of Rs. 8,00,000 for the operation of the former and another sum of Rs. 3,60,000 for the latter have been provided in the next year's Budget.

ELECTRICITY PROJECTS

The Hon'ble Members are aware that the important Electricity Projects taken up in the State are—Machkund Hydro-Electric (Joint) Scheme, Duduma Transmission, Hirakud Power Utilisation Scheme and the Cuttack Thermal Scheme. Another scheme called Town and Rural Electrification Scheme has also been taken up. All these schemes, excepting the one last mentioned, were being hitherto financed by means of loans taken from the Central Government. These have also been included in the Revised Five-Year Plan. A loan of Rs. 95 lakhs has been sanctioned by the Government of India for financing these schemes in the current year and a provision of Rs. 1.56 lakhs has been made for the continuance of these schemes in the next year's Budget as per details given below :

| | Trs. |
|---|----------------|
| Machkund Hydro-Electric (Joint) Scheme .. | 48,13 |
| Duduma Transmission Scheme .. | 76,12 |
| Hirakud Power Utilisation Scheme .. | 20,98 |
| Rural Electrification Scheme .. | 11,29 |
| | <u>1,56,52</u> |

The Cuttack Thermo-Electrical Scheme has since been completed.

TRIBAL AND RURAL WELFARE SCHEMES

For the development of the Scheduled areas, Scheduled Tribes and the other Backward communities a minimum expenditure of Rs. 50 lakhs per annum is necessary. It has, however, not been possible to stick to the programme for want of funds. The Government of India have only given a sum of Rs. 21.75 lakhs for these schemes during 1953-54 against our estimate requirement of Rs. 37.67 lakhs.

Though the expenditure on the schemes of the Tribal and Rural Welfare Department is progressively increasing, the rate of increase must necessarily be much larger if we have to secure the objectives laid down in the Constitution. This point was pressed before the Commissioner for Scheduled Classes and Scheduled Tribes, Government of India, when he last visited Orissa and he has promised to try to give us a special outright grant for expanding the activities of the Department in the economic sphere. In the Budget for 1954-55 the total provision for the schemes of the Tribal and Rural Welfare Department comes to Rs. 44½ lakhs out of which it has been assumed that a sum of Rs. 30 lakhs will be received as grant from the Centre.

FIVE-YEAR PLAN

As I have stated earlier, the size of our Plan, as finally approved by the Planning Commission, stood at Rs. 17·84 crores for the five-year period beginning from 1951-52. Owing to drastic curtailment of the size of the State Plan by the Planning Commission, it became lopsided and saddled mostly with expenditure on continuing schemes that had been taken up under the post-war reconstruction programme. Some of these schemes had already been completed and some others involved annual recurring expenditure, mostly on staff, required for the permanent expansion of the development departments. On the other hand, many of the continuing schemes started under the post-war reconstruction period and not completed during the period had to be left out from the Plan. There was, therefore, no alternative but to continue the latter category of schemes outside the Plan. Besides, we were compelled to take up such new schemes outside the Plan as were of developmental and inescapable nature and which were crowded out of the Plan. This obviously led to an anomalous position and the Planning Commission at the time of the last review of the State Plan commented upon it. With a view to removing such anomalies in the existing Plan, we undertook a revision of the entire Plan to make it more up-to-date, practical and realistic as also to make the attainment of the objectives set out in the Plan possible. As a result, continuing schemes of a total amount of about Rs. 92 lakhs annually have been taken out from the Plan and included in our normal Budget while some development schemes outside the Plan have been included in the Plan. The Plan, as now revised, does not, however, modify or alter the broad concepts and the basic character of the State's Five-Year Plan. On the other hand, by inclusion in the Plan of developmental expenditure, which would have been incurred during the Plan period outside the Plan and excluding from it expenditure of a recurring nature on old schemes of staff and organisation, which should be taken as the basic requirement of the State, the Plan is made more realistic and will give a more accurate picture of the developmental work being done in the State during the Plan period.

The Five-Year Plan of the State, as now revised on the above lines, would entail a total expenditure of Rs. 19·10 crores over the five-year period as against the existing ceiling expenditure of Rs. 17·84

crores approved by the Planning Commission. The details of expenditure compared to the targets are indicated in the White Paper.

It will be seen from the statement that our development programme covers all important activities of Government, namely, Agriculture, Major and Minor Irrigation Works, Power Projects, Transport, Education, Medical and Public Health, ameliorative measures for Backward classes, Labour, etc. In the Budget Estimates for 1954-55 we have provided for Rs. 4,79.03 lakhs gross and Rs. 473 lakhs net for Five-Year Plan Schemes. As the recoveries amount to Rs. 6.04 lakhs the net amount provided comes to Rs. 4,72.99 or Rs. 473 lakhs. The Planning Commission have been requested to approve the draft Revised Plan of Rs. 19.10 crores and communicate their decision to the State Government as early as possible.

According to the actual figures available, it is now seen that in the first two years of the Plan period, i.e., in 1951-52 and 1952-53, the Government of Orissa have received a total sum of Rs. 2.50 lakhs both as grant and loan from the Centre against the ceiling figure of Rs. 10 crores. The National Development Council have assured us that we might assume that after allowing for the assistance given during the period 1951-52 to 1953-54 the balance of the assistance would be available in equal proportion during 1954-55 and 1955-56. Since we have already received a sum of Rs. 2.50 lakhs, the remaining sum of Rs. 7.50 lakhs (most of which will be in form of loan) would be made available to the State Government in three years, i.e., 1953-54, 1954-55 and 1955-56. The provision for schemes included in the Plan in 1953-54 and 1954-55 is as shown below :

| | Trs. |
|-------------------|------------------|
| 1953-54 (Revised) | .. 3,45,84 |
| 1954-55 (Budget)— | |
| Revenue Account | .. 1,74,08 (Net) |
| Capital Account | .. 2,98,91 (Net) |
| | <hr/> |
| | 4,72,99 (Net) |

So far as 1953-54 is concerned, the Government of India have promised to give us a loan of Rs. 95 lakhs for Electricity Schemes and a grant of Rs. 16 lakhs is also expected from the Centre for Intensive Cultivation Schemes. The balance of the requirement in the current year will have to be found from the State revenue.

COMMUNITY DEVELOPMENT PROJECTS

Orissa started three Community Projects (Basic type) with effect from October 1952. Each project is estimated to cost roughly Rs. 65 lakhs during a period of three years out of which a sum of Rs. 12.99 lakhs is recurring and the remaining Rs. 52.01 lakhs non-recurring. After three years the entire financial liability for maintaining the development achieved in a project area would devolve on the State Government.

The Revised Estimates for 1953-54 and the Budget Estimates for 1954-55 on account of the Community Projects will be found in the Memorandum. In addition to the three Community Projects (Basic type) originally allotted to Orissa, provision for three new Development Blocks has also been made both in the Revised and in the Budget. Sanction for the opening of two blocks at Sundargarh and Nayagarh has so far been received from the Government of India and their sanction for the third block at Hirakud is expected shortly. The total estimated expenditure for each Development Block is Rs. 15 lakhs of which a sum of Rs. 4.23 lakhs is recurring and the remaining Rs. 10.77 lakhs non-recurring. The basis of allocation between the Central Government and State Government in respect of the Development Blocks is the same as for the projects. Details of Revised and Budget Estimates have been fully described in the Explanatory Memorandum.

It will be seen that in the current year total expenditure on Community Development Projects was estimated at Trs. 88.32 out of which Trs. 39.45 was to be treated as loan to be received from the Centre. But in the Revised and next year's Budget though loans to the extent of Trs. 41.26 and Trs. 33.10 respectively have been provided for as loan to be received from the Government of India, the loans to be actually issued are shown at Trs. 6.11 in the Revised and Trs. 6.74 in the Budget. This means that the difference will be treated not as loans recoverable but as capital expenditure chargeable to the head "63-B—Community Development Project". In other words, the major portion of loan taken from the Centre for Community Development Projects will be utilised as final expenditure by the State Government. This means that in respect of this expenditure no recovery is expected from any source and the repayment of principal and interest in respect of this amount will be made from the State revenue. The loan is to be repaid to the Government of India at the rate of 4 per cent interest and in 12 equal instalments.

NATIONAL EXTENSION SERVICE

Development Blocks—According to the recommendation of the Planning Commission the organisation establishment of National Extension Blocks will be completed throughout the country by 1960-61. The Government of India have decided to cover one-fourth of the country in the first three years ending 1955-56 and the rest in the next five years. The recommendations of the Commission are that 100 villages of approximately 66,000 population are to be formed into a block under a Development Officer, who is to be assisted by advisers in Agriculture, Animal Husbandry, Engineering, Co-operative and Village Level Workers at the rate of one for each group of 10 villages. The State Government have decided to set up approximately 250 blocks with an average of 192 villages and 66,000 population in each block. In the three-year period ending 1955-56, it is proposed to establish 62 blocks (including 10 blocks set up under Community Project Organisation and Ford Foundation) covering one-fourth of the State. For want of trained

Village Level Workers Government have sanctioned opening of two blocks in the current year—one at Chatrapur and the other at Angul—against the proportionate number of 17 blocks in a year.

The Government of India have agreed to bear 37½ per cent of the total cost on staff, 75 per cent of the non-recurring expenditure, such as roads, culverts, office and residential buildings and godowns and 50 per cent of the expenses on account of grants to schools and hospitals. Further, the Government of India have promised to give a loan of Rs. 1 lakh for each block during the first three years for undertaking Minor Irrigation works. The State Government have also decided to advance short-term credit to the agriculturists to the tune of Rs. 3 lakhs in the three-year period and this amount is to be found out by the State Government.

Agricultural School for training Village Level Workers—The Village Level Worker should be a man adequately trained in Agriculture, Animal Husbandry, Public Health, Engineering, Co-operation, Social Education and such matters as concern the villagers' day-to-day life. As there are nearly 48,000 villages in the State, 4,800 Village Level Workers will be necessary at the rate of one worker for every 10 villages. By the end of 1955-56 about 1,200 workers are necessary. In order to train the Village Level Workers two schools have been started—one at Dhenkanal and the other at Dura. An Agricultural Wing at Bolangir Extension Training Centre has also been opened. The question of establishing more schools to produce the requisite number of trained Village Level Workers is under consideration by Government. The Government of India have agreed to bear the cost on account of two schools and the Agricultural Wing as indicated below :

| | | |
|---------------------------------------|-------|------------|
| Recurring—Remaining months of 1953-54 | .. | Full |
| 1954-55 | .. | Two-thirds |
| 1955-56 | .. | Half |
| Remaining months of 1956-57 | .. | One-third |
| (to complete three years) | | |
| Non-recurring | .. .. | Full |

VETERINARY TRAINING

To meet the requirements under the National Extension Service 22 Veterinary Assistant Surgeons and 40 Stockmen are under training during the current year and another batch of 28 candidates as Veterinary Assistant Surgeons and 40 as Stockmen will be trained during the next year. Instead of giving free stipends Government have decided to give interest-free loans to the candidates from the Loan Stipend Fund.

PROGRESS OF WORK ON THE HIRAKUD DAM PROJECT

The programme of work, etc., for the Project has since been revised by a Committee and the Scheme is divided into two stages of which the Stage I comprises, besides the Delta irrigation proposals, the construction of the Main Dam and Dykes, a power house and 4 units, 400 miles of transmission lines and eight sub-stations. Stage I is now in the process of implementation at a total cost of Rs. 70.78 crores (exclusive of delta irrigation).

Work on the Hirakud Dam Project continued during the year according to Schedule. The work on the Main Dam, Earth Dam, Dykes and Canals exceeded the target under some items. Work on the Hirakud Island is in progress and the temporary bridge connecting the Hirakud Island with Koilarkud Island has been completed. Both the Coffor Dams on left and right arm of the river have been completed. The progress of work on the Dykes ranges from 23 to 98 per cent under different items. The progress on the main canals and branches is slightly behind programme and is expected to be made up soon. The remaining work of fixing identification pillars along the route of transmission line from Rajgangpur to Rairangpur is in progress.

The total area of land acquired for the Project is about 53,965 acres.

A total expenditure of about Rs. 28 crores (Rs. 27,67,53,699) has been incurred on the Hirakud Dam Project up to the end of December 1953.

A further area of 7,924 acres of land has been surveyed for purposes of resettlement of displaced persons. A total area of 1,375.38 acres has so far been allotted to about 360 families out of 956 families who have opted for reclaimed lands. About 843 acres of reclaimed lands have been leased out on *bhag* system in order to save the lands from soil erosion and jungle growths. An area of 3,457 acres of acquired land, not immediately required for the Project, has been leased out on rent basis.

Progress on the reclamation of land is continuing smoothly and it is expected that by the end of March 1954, an area of 18,000 acres would be cleared and about 10,000 acres made ready for cultivation.

One hundred and eight villages have been notified for acquisition. Compensation for 56 villages has been paid in full and compensation for the rest is in the process of payment. Compensation of the order of Rs. 57 lakhs will be disbursed during 1954.

NEW SCHEMES OF DEVELOPMENT

A White Paper is being circulated separately which will give an idea to the House about the progress achieved in the various fields of development during the current year and the provision made in the next year's Budget for developmental purposes. I should not, therefore, tire your patience by giving a catalogue of the various developmental activities beyond mentioning a few salient facts for the information of the House. Hon'ble Members are aware that a Polytechnical Institute is being established at Hirakud with the munificence of the Tatas, who have already made a grant of Rs. 3 lakhs for the purpose. On behalf of the Government I express our thanks to them and hope that they will not hesitate to give us further assistance in that direction.

The Government of India have already decided to set up a 100 Kilowatt Transmitter Station near Raj Athgarh for serving the South-East Asian countries. Dr. Keshkar, Minister of Information and Broadcasting, Government of India, was kind enough to visit the site and approve finally and the work has started. The Central Government

are also taking steps for converting the one Kilowatt Radio Station at Cuttack to a 10 Kilowatt Station, which would be able to serve the entire area of the State.

NEW RAILWAY LINES

Now that the question of establishment of the Steel Plant has been decided, the opening up of necessary railway lines in Orissa could no longer be delayed in view of the fact that the question of establishment of such railway lines was, to a certain extent, linked up with this problem. In this connection, I would refer to the following extract from the Budget Speech of the Minister of Railways, Government of India, in the year 1953-54. He said, "In fact, I am very particular myself that these Sambalpur-Titlagarh and Rourkela-Talcher lines, either one or the other, should be taken up in Orissa as soon as possible. In fact, I was on the point of including it in our present programme. But then the matter of the location of the Steel Plant is still under the consideration of the Planning Commission and the Planning Commission has set up a Committee. That Committee is going into that question and as soon as they have decided regarding the location of the Steel Plant, we will be able to decide about taking up one of these two lines." In view of this and in view of the importance of development of the unexplored areas of Sambalpur, Bolangir, Kalahandi and Koraput, as integrated areas with Hirakud, the Sambalpur-Titlagarh-Kantabanji line would also get priority along with the feeder lines for the Steel Plant.

EXPANSION OF EDUCATION

While the flat rate increase of Rs. 4 per mensem in the pay of Primary School teachers is being continued, provision has been made for a supervision allowance to head teachers at the rate of Rs. 2 per mensem in Primary Schools having more than two teachers. Stipend to pupil-teachers in Elementary Training Schools will be raised from Rs. 19 to Rs. 22 per mensem. Under the schemes of relieving educated unemployment sponsored by the Centre 600 matriculates on pay scales of Rs. 40—60 and 600 under-matriculates on existing scale are being appointed to start 1,200 schools this month. Next year being the second year of the scheme 1,300 more teachers will be appointed. Provision has been made for public examination at the fifth grade of primary schools. Similar policy will be applied to M. E. Schools subsequently. Since it has been the policy of Government to gradually raise the minimum salary of primary school teachers to a reasonable limit, the question of allowing another flat rate increment up to Rs. 2 a month to those whose pay is less than Rs. 40 a month is being considered. The decision will be given effect in course of the next year.

Increased provision has been made for building grants and grants for sports and libraries to Secondary Schools. A complete list of institutions to be helped in 1953-54 is being published separately. In the 'B' type schools pension and Provident Fund benefits have been extended to employees, who retired before the 31st May 1953, and this step has given relief to nearly 1,500 persons. The draft rules for the Board of Secondary Education are ready and they are in line with the recommendations set forth in the report of the Mudaliar Commission on

Secondary Education and the Central Advisory Board of Education, Government of India are likely to sponsor a scheme for diversification of courses in Secondary Education. Our scheme being in those lines, financial aid is expected from the Centre for its implementation.

BOARD OF SECONDARY EDUCATION

Regarding constitution of the Board of Secondary Education, the question of appointment of Vice-President and Secretary is under consideration in consultation with the Public Service Commission. There has been difficulty also in securing suitable accommodation for the office of the Board. Until these arrangements are completed the newly-constituted Board could not undertake holding of the matriculation or the supplementary examination. Government have been advised that under the provisions of the Board of Secondary Education Act the Utkal University would be legally incompetent to hold these examinations the moment the above Act is enforced. In view of these difficulties issue of the notification has been advisedly put off till the next supplementary matriculation is over. The constitution of the Board is going to be finalised. A comprehensive plan for assessment of requirements and location of educational institutions of different types to be built up on the basis of Compulsory Primary (Basic) Education is taking a final shape as prepared by the Special Officer. A summary of it is being published separately for the information of the House.

Construction of Sambalpur College is about to start, hostel building work is also starting and five of the staff quarters are nearing completion. Works in connection with the Puri College buildings have started, while for the new Zila School preliminary arrangements have been made to start work. Provision exists for Baripada College and the question of construction of a hostel for the Rajendra College is being considered. A thorough repair to the Jeypore College buildings will be made. Provision has also been made for constructing more quarters for college teachers. Construction work of the Sambalpur Zila School is well nigh complete and it is expected to open by the middle of March. Opening of Intermediate classes in Science subjects at Dhenkanal is under examination.

The question of making over the Ravenshaw College to the Utkal University to build up a University College is just under consideration. The University would be paid more grant for improvement of Oriya literature and scientific research. It is desirable that an Encyclopedia (Vishwa Kosh) in Oriya should be compiled to cover up a lacuna in Oriya literature. Substantial contribution for staff, building and equipment for starting the Geology classes from the next session will be made. There is a contemplation for starting an Institute of Mines and Mineralogy, and Government of India's assistance is expected.

Grant for the Regional Committee for the compilation of the History of Freedom Movement has been provided and a Regional Records Survey Committee under the Indian Historical Research Society has just been constituted. Setting up of an Academy of Dance, Drama and Music is an essential feature in the uplift of cultural

life of the nation. The Academy will look after all the institutions devoted to the cult of music or dance. The maintenance grants to the Chhou Dance Organisation of Mayurbhanj has been doubled. Stipends for study of fine arts, dance and music in reputed institutions outside the State have been created. A revised syllabus for Sanskrit teaching with a view to make the institutions produce scholars with a practical outlook will be introduced from the next session.

The ban on the grant of study leave has been lifted with a view to encourage more scholars for advanced studies. The subjects will be selected by Government while the candidates will be selected on the recommendation of the Public Service Commission. Persons with post-graduate qualifications or research degrees—whether from Indian or outside Universities—will be equally encouraged. Over-all increase in expenditure in education will be over 36 lakhs.

PUBLIC HEALTH

Two National Malaria Control Units, which were started during the outgoing year at a cost of Rs. 1,89,188, having proved useful two more units will be started during the year 1954-55. Six new Allopathic Dispensaries, six new Ayurvedic institutions and ten Medical Aid Centres will also be opened in different parts of the State. Expansion of the Capital Hospital at Bhubaneswar by increasing the bed strength by 14, conversion of Barsahi Dispensary in Mayurbhanj district into a Hospital with six beds, opening of an Anti-Rabic Treatment Centre at Baud, construction of an Isolation Block at M. M. Hospital, G. Udaygiri are some of the notable features of new medical services intended for the benefit of the people during the coming financial year. Provision has also been made for opening of new Maternity and Child Welfare Centres at Jajpur and Kendrapara. There is increased provision for Hind Kustha Nivaran Sangh and for expansion of anti-leprosy work including opening of leper colonies at Junpur and assistance to Puri colony. Inter-State Anti-Yaws Campaign will also be launched during the year for which necessary provision has been made in the Budget relating to the Tribal and Rural Welfare Department.

Provision has been made for water-supply to Sambalpur, Rayagada and Parlakimedi Municipalities, improvement of roads in Cuttack town, grant of loan to Puri Municipality for improvement of roads and provision of electricity, provision of loan for Berhampur Municipality for water-supply and increased assistance to the Municipalities in the ex-State areas. Assistance will also be given to the other Local Bodies for improvement of roads.

MANAGEMENT OF DISTRICT BOARDS

The House is already aware, the District Boards have been taken over by Government as a preliminary step towards implementation of the Anchal Sasan Scheme. The financial position of the District Boards is being looked into and necessary assistance would be given to them, wherever necessary, to enable them to implement their development programmes. It is proposed to give them a share of the receipt

from the Kendu leaves of their respective areas, which would considerably augment the revenues of the District Boards like Sambalpur.

As I have already stated, suitable provision is being made for Minor Irrigation, rural water-supply and construction of village roads as per policy already announced. A sum of Rs. 28 lakhs and odd is being diverted during the current year and the next year from the food surcharge fund for improvement of communication, irrigation and water-supply in the rural areas and construction of procurement godowns. A subdivision has been opened to investigate into the problem of flood control in the Subarnarekha area. Survey work is being undertaken in connection with Salandi, Gengutia and some other projects.

A further loan of Rs. 2 lakhs is being given to the Orissa Land Mortgage Bank for extending its activities.

Definite steps are being taken to examine the question of rates of the Public Works Department and to cheapen the cost of buildings. The Internal Audit Organisation of the Finance Department is vigorously pursuing all cases of financial irregularities and the more serious cases are being handed over to the Administrative Tribunal. Steps are being taken to reorganise and strengthen the Mining Department in view of its increasing importance and the question of working certain mines departmentally is under examination. The Hon'ble Members are aware of the gold prospecting now being carried on by the Government of India in Keonjhar covering an area of about 42 miles under the supervision of Dr. Khedkar of the Indian Bureau of Mines. I went to the area at the time Shri K. D. Malaviya, Union Deputy Minister, National Resources and Scientific Research, was good enough to visit the area to see the prospective operations personally. The preliminary results of the investigation are encouraging and let us hope and pray that the opening up of the gold mines in this area on a commercial scale would be possible at no distant date, thereby changing the face and the entire economy of the area. Government are seriously considering the reorganisation to be undertaken in the administrative system with a view to making it more efficient. In view of the constant expansion of the activities of Government in various developmental fields it has been decided that 50 per cent of the ministerial staff working in various departments and offices on a temporary basis for a very long time should be made permanent. The question of making a proportion of the other staff permanent is being examined on merit. In order to give more relief to the fourth grade Government servants in the matter of travelling allowance their daily allowance rate has been increased to Re. 1. Some other revisions have also been undertaken in the Travelling Allowance Rules to remove some of the existing anomalies and grievances.

Steps have been taken to extend prohibition to the urban areas of Cuttack, Puri and Balasore districts whereby these three districts are now completely prohibited as far as liquor is concerned. Ganja

cultivation is being further controlled and there is further 10 per cent reduction in the sale of opium according to the international convention.

FIRE FIGHTING SERVICE

Government are now paying a large amount of money as premium to the Insurance Companies for insuring storage of food grains. It has been decided that instead of insuring foodgrains with the Insurance Companies Government would establish Fire Services at important places which would cover the risk of foodgrains storages and would at the same time protect the towns and the neighbouring villages from fire devastation. A sum of Rs. 9 lakhs is proposed to be spent for this purpose and the fire stations are proposed to be opened at 8 places including the following at the first instance :

B class station at Sambalpur and C class stations at Aska, Khurda, Bhadrak, Athgarh, Dhenkanal and Sonepur.

The House is aware that a high-powered Board has been appointed for the development of the Cottage Industries in the State under the leadership of the Chief Minister, who is taking keen interest in the promotion and development of cottage industries in the State. I have already referred to the establishment of an Agricultural College in this State for which the Government of India have promised a financial assistance of Rs. 17 lakhs through the efforts of our Development Minister Shri Sahu.

In view of the expansion programme of the Kalinga Tubes Ltd., Government have decided to give a further guarantee of Rs. 20 lakhs to the Company under certain conditions including those recommended by the Board of Industries. The Chief Minister, the Revenue Minister and the President, Board of Revenue, are going round the zamindari areas supervising the work of the Anchal Adhikaris and giving them and the District authorities necessary directions for the successful implementation of the scheme.

For improvement of roads to Rourkela and for development work in connection with the Steel Plant provision could not be made in the Budget. But work will have to be undertaken and funds provided by Supplementary.

STATES REORGANISATION

As the House is aware, a Committee has been appointed under my Chairmanship to take necessary steps for exploring ways and means and advising Government with regard to the outlying Oriya tracts and Adibasi areas having affinity with Orissa. Necessary data are being collected at the instance of the Committee and steps will be taken in time to present our claims to the Central Government and the States Reorganisation Commission. Government have also, in the meantime, appointed a senior officer to compile further data for the purpose.

CONCLUSION

Sir, in my last Budget Speech I discussed frankly at some length the shortcomings and difficulties of the administration in various departments. I feel that it is our duty to apprise the Legislature about the difficulties because as representatives of the people they are

the final authority and the Government is their executive agent. I may, however, be permitted to respectfully claim that some efforts have been and are being made to improve the machinery of administration and this question is being considered at the State and the Central Government levels. I would, therefore, refrain from going further into this matter at this stage. But looking around the international arena one finds various complications gradually coming up, which, nobody knows, when would envelop the world in another conflagration. Every effort is being made by the peace-loving statesmen of different countries to find a solution, but side by side vast preparations are also going on in apprehension of troubles. In the midst of these threatening conflicts we have to compose and conduct ourselves in a manner by which we would be able to prove equal to any challenge or any crisis that may be created for us. This can only be possible if we look at things patriotically and in a spirit of service and devotion to the cause of the dumb millions of our countrymen. Whatever schemes and expenditures have been provided are considered for the good of the State and the people. We are anxious to avoid wasteful expenditure by all means and deal with corruption as far as possible within the constitutional and administrative limitations. There is no doubt that the services are discharging ever-increasing responsibilities. Any administration would naturally depend on the loyalty and patriotism of its services and support of the people and we hope and pray that this spirit of co-operation and co-ordination between the Government and the people may be correctly fostered so that we may proceed towards the proper destiny without falter and impediment. It has been rightly said by Kautilya “अर्थ एव प्रधानः अर्थ-मूलौ धर्मकामौ” “Money was the most important requisite to man in this world since “धर्म” and “कर्म” depend on it. “कोषामावे ध्रुवं दण्डविनाशः”, “Without finance the administration is sure to go down”. This was not only true then but is as much true now. A Welfare State cannot function without adequate finance. We, therefore, look up to the Central Government, to extend special assistance for our undeveloped merged States areas as has been done elsewhere on the recommendation of the Gadgil Committee. I would, also, respectfully appeal to this august body to kindly co-operate with us in improving the finance of the State and applying that finance for the good of the people and the country. For this we should have determination. “संकल्प मूलः कामोवे यज्ञाः संकल्प संभवाः”, “Desire has will at the root. So sacrifice also springs from volition. Vows, religions of restraint and all such matters are also taken as arising from determination”. Let us stand united and determined to serve this country and to keep India free for ever.

I am thankful to the Chief Minister and my colleagues for the co-operation they have given me and I also record my sense of appreciation of the help rendered by the Finance Department including the Secretary, Joint Secretary, Deputy Secretary, Budget Officer and the staff in preparing this Budget under very great strains.

APPENDIX A

IMPORTANT ITEMS OF EXPENDITURE IN REVENUE ACCOUNT

18—Other Revenue Expenditure—The provision for Minor and Major Irrigation works in connection with Intensive Cultivation Schemes used to be made under this head when the expenditure was being met from general revenue. It has been decided that in future the entire expenditure on Minor and Major Irrigation would be financed by means of borrowing from the Government of India. Therefore, the expenditure has not been debited to the Revenue Account but has been provided for in the Capital Account. This accounts for the decrease of about Rs. 43 lakhs under this head.

General Administration—The provision for Rural Water-supply which used to be made under the head "39—Public Health" has since been transferred to this major head. There is a provision of Rs. 8 lakhs for this purpose in the Budget. The balance of the increase of about Rs. 6 lakhs occurs under various heads.

Scientific Department—The Budget provides Rs. 5 lakhs for departmental working of some of the mines. This mainly accounts for the increased expenditure under this head.

Education—The increase of TRs. 18,66 is mainly due to the introduction of the following new schemes besides expenditure of Rs. 8.48 lakhs on educational improvement under the head "Miscellaneous" in addition to expenditure provided for buildings of aided secondary schools amounting to Rs. 2 lakhs and additional funds for building of other schools and colleges detailed elsewhere :

| | TRs. |
|---|------|
| Grant to Utkal University for starting Geology Department | 1,00 |
| Construction of houses for 500 new Lower Primary Schools | 1,62 |
| Appointment of 300 additional teachers in single-teacher Primary Schools .. | 86 |
| Educational programme to relieve educated unemployment in the State | 8,32 |
| Opening of 7 new E. T. Schools and raising the number of admissions from 20 to 30 in 12 existing E. T. Schools in the State .. | 2,28 |
| Improvement of buildings of Secondary Schools aided through Local Bodies and for subsidy to District Boards of North Orissa for unaided M. E. Schools | 2,00 |
| Pilot Project | 2,00 |

Medical—The increase in the Budget by Trs. 4,56 over the Revised under the head is mainly due to entertainment of the following new schemes :

| | Trs. |
|---|------|
| Training of Medical and Auxiliary personnel as a measure to check unemployment in the State | 75 |
| Establishment of Medical Aid Centres in the rural areas of the State | 1,12 |
| Expansion of medical relief | 1,32 |
| Grants to private institutions | 64 |

Agriculture—The Budget provides Trs. 3,13 for Agriculture School against Trs. 38 in the Revised and Trs. 22,93 for National Extension Service Blocks against Trs. 1,05 in the Revised. Increase of Trs. 4,00 has been taken for the Paddy Seed Multiplication Scheme. Besides, a new scheme for the establishment of an Agriculture College with a provision of Trs. 7,87 has been entertained. The above factors are mainly responsible for the increase of Trs. 33,74 in the Budget. The State Government will, however, receive a grant of Rs. 17 lakhs and odd from the Centre for the Agriculture College, for which we extend our hearty thanks.

Industries—The Budget is Trs. 6,64 more than the Revised for the introduction of the following schemes :

| | Trs. |
|--|------|
| Handloom Industries Schemes financed from Cess Fund | 2,77 |
| Expansion of Orissa School of Engineering | 1,92 |
| Establishment of a Polytechnic Institute at Hirakud | 1,00 |
| Development of Handloom Industries in integrated areas | 73 |
| Reorganisation of Boudh Tannery | 22 |

The Government of India have promised a grant of Rs. 13,51,000 from the Cess Fund for improvement of Handloom and we have actually got a grant of Rs. 2,38,000 this year.

Miscellaneous Departments—The increase of Trs. 11,13 under this head is on account of the fact that the Budget provides Trs. 8,48 more under Educational Improvement and Trs. 1,65 under Public Health for the introduction of the scheme of Anti-Yaws Campaign and the opening of six Allopathic and six Ayurvedic Dispensaries.

50-A—Capital Outlay, etc.—The subsidised Industrial Housing Scheme sponsored by the Government of India has been approved by State Government. Out of the total cost of the scheme 50 per cent will be received from Government of India as loan and 50 per cent as subsidy and the entire departmental charges are to be met from State revenues. Accordingly the Revised provides Trs. 2,50 and the Budget provides Trs. 20,07 representing the State's share.

22—*Interest*—The increase of TRS. 4,42 under this head is mainly due to more recoveries from the commercial departments.

50—*Civil Works*—The decrease of TRS. 29,57 under Civil Works is mainly due to the fact that provision for Capital Construction and for Roads and Communications will no longer be met from State revenue but from borrowed money. Provision has accordingly been transferred from this head to a Capital head.

63-B—*Community Development Projects*—The decrease in the Budget as compared with the Revised is mainly due to the fact that non-recurring expenditure like construction of houses, purchase of equipments, etc., will be incurred during the current financial year.

