Speech of
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Chief Minister, Orissa
Presenting the Budget Estimates
For the Year 1963-64
To the Orissa Legislative Assembly
BUDGET SPEECH FOR 1963-64

SIR,

I rise to present to the House the Budget Estimates of our State for 1963-64. This is the second time when I have the privilege to present the Budget to this august House.

2. Before I deal with the details of the Budget for the next year, I feel it appropriate to place before the Honourable Members some important facts relating to the economic situation of the State and the country to provide a proper background against which the proposals contained in the Budget of next year are to be considered.

3. Honourable Members are aware that on 20th October 1962, China made an unprovoked and premeditated invasion on our country. Since Independence, India has been steadfastly following a policy of peaceful co-existence and non-alignment, true to the teachings of the father of our Nation, Mahatma Gandhi. We devoted the entire energy and resources of the country for its economic development to build up a welfare State. It has been conceded that we had been able to achieve a certain degree of success in our endeavour. Even competent and impartial critics have observed that one of the chief motives of China's attack on India was to arrest India's economic growth by diverting considerable resources from economic construction to defence build-up. The fitting answer to this challenge would be to build up our defence with faster economic growth. It has also to be remembered that the development of social overheads is prerequisite to the growth of modern economy and this can be achieved by simultaneous implementation of larger social, economic and defence programmes for balanced growth and achieving higher social principles. This problem has since been examined by the National Development Council and the Planning Commission who have emphasised the above approach. This in effect would mean greater effort to increase our resources and greater sacrifice to sustain a faster rate of development by the present generation for the benefit of posterity. The crisis in our northern frontiers has stirred the entire Nation to such depths that psychologically the
country as a whole is prepared to face this challenge willingly. In the above context, I would request all the Honourable Members, irrespective of party affiliation, to co-operate with Government to raise sufficient resources by additional tax efforts to meet the needs of the situation. This is necessary with the avowed objective of keeping up the rate of economic growth and at the same time preparing the country for a prolonged conflict with China. It is a simple wartime economic theory that people must not increase their consumption even if they are able to earn more because of the increasing expenditure for defence. Increased money earnings must find their way either to the national borrowing programmes in the shape of Defence Bonds, Small Savings and other Development loans or by way of taxation to the Consolidated Fund of the country. If this money is let loose, the danger of non-availability of goods leading to an inflationary spiral would create greater problems for the country.

Besides this danger and the necessary adjustment in our development programmes, I may indicate here that our State had unfavourable weather conditions and extraordinary pest attack of the paddy crop during the year resulting in less output for our cultivators. We have very few industries to speak of and about 2/3rds of our State income is only from agriculture. During the current year, though we have been lucky to be free from the ravages of the devastating floods, which destroyed a lot of our agricultural produce during the years 1960 and 1961, considerable areas in our State suffered from drought and agricultural production has suffered a set-back. Production of rice, which is the staple food of our people, has decreased in yield per acre during the current year. Autumn paddy yield has declined from 9·38 mds. per acre in the previous year to 6·95 mds. during the last season. Similarly, the yield rate of winter paddy has come down from 16·47 mds. to 14·65 mds. per acre during the current year. Thus, the yield rate of autumn paddy decreased by nearly 26 per cent and that of winter paddy by 11 per cent. This bad weather condition was quite widespread and but for our all-round agricultural development programmes, our rice economy would have suffered much more than what has been estimated.
4. In our industrial sector, available statistical information show that production of pig-iron and ferro-alloys has increased by 22.7 per cent during the first quarter of 1962 as compared to the corresponding period of last year. Production of steel ingots and metal-for-casting have registered an increase of 88.7 per cent during this period over the corresponding period of last year. Production of electricity during the year 1962 was 120 per cent of what it was in 1961. Contribution of minerals to the economic development of the State has also been remarkable. Our State provides more than 50 per cent of the iron-ore, more than 50 per cent of the lime-stone for the national steel works and a million tons of coal a year. We have other mineral deposits like manganese, chromite, china-clay, fire-clay, etc., the extraction of which during the year has been more than what it was last year.

5. An important landmark in the economic history of the State which deserves to be noted is the appreciation by the Third Finance Commission and Government of India about our financial difficulties. The Honourable Members have already been apprised of about the award of the Finance Commission.

6. I may also invite attention of the House to the latest estimates of State Income provided by our Bureau of Statistics and Economics which have shown that the per capita income at current prices for Orissa has increased by 19.4 per cent during the First Plan period and the expected increase during the Second Plan was of the order of 25 per cent. With higher investments and greater production in all the sectors of the State economy during the Third Plan period, there would be a further accelerated growth in the per capita income and a rise in the standard of living of our people. I am not, however, satisfied with this rate of growth for our State, as even now our per capita income is perhaps the lowest in the country. The rate has to be stepped up considerably if we are to reach the National level. The Techno-Economic Survey has suggested that a rate of 14 per cent per annum be attempted during the ten years from 1961—71. This brings me to the question of planning and I would like to share with the House my thoughts on the subject before I turn to the Revised Estimates of the current year and the Budget Estimates of the next.
7. Planning over the past decade has taught us the lesson that the process of development is a continuous one and the time does not have a stop at the end of every five-year period. The priorities and objectives of each quinquennium are inevitably conditioned by the achievements of the period immediately preceding and linked to the larger perspectives of the period that follow. This is particularly true of sectors like power, transport, scientific research, technical education and major industries where initial decisions have to be taken far in advance of the desired event and the several steps have to be co-ordinated as closely and precisely as possible. That is why the Third Five-Year Plan has come to be treated as the first phase in a scheme of long-term development extending over the next fifteen years or so. The Planning Commission at the Centre and our own Planning Board in the State have taken in hand the preparation of such a plan. We have found that this is no easy task as the economic, statistical and technical data available are neither adequate nor of the desired quality. Special studies are, therefore, being initiated to collect the necessary information. Working Groups have been formed for different subjects and it is hoped that in the course of a year or so a preliminary draft will be ready.

8. I may indicate for the present information of the House, the broad lines of approach that are under consideration. As Honourable Members are aware, the basic problems of Orissa are two: underutilisation of resources and backward techniques of production. In a large measure the latter is responsible for the former. It should, therefore, be our endeavour to replace as fast as we can the primitive techniques by modern and more productive ones and stir the rich potential of nature to activity. The modern tools of science and technology have to be carried to every nook and corner of the State so that the slumbering thousands may be awakened to their destiny. In brief, our strategy is as follows: Produce more power from water and coal, take it to the village, set up suitable industries at every stage, the village, the group of villages and the region and organise technical schools not in isolation but as integral parts of the industrial fabric on the one hand and the educational stream on the other. Improvements in transport and
communications and other items of economic and social overheads will of course have to be dovetailed into the above patterns. These measures will set in train the process of replacement of the costly human and bullock power and the relaxation of the present unrelenting pressures of population on land. A higher rate of productivity per capita in industry as well as agriculture is our aim. For, it is only through higher productivity and larger production that our people can reach the promised land.

9. In regard to power, Members are aware that as a result of schemes now under execution, additional power of 397 M.W. will be available by 1966, the end of the Third Plan. It is proposed to add 628 M.W. in the next 5 years. When the Tikerpara scheme and some other hydel schemes as well as development of Talcher complex are under way during the Fifth Plan, the power generated will cross the five million K. W. mark by 1975. Members may be aware of the important proposal to link the electric systems of States firstly on a zonal basis and later on a country-wide basis and evolve a vast network of national grid. Our rich water and coal resources will play a vital part in this truly national task of economic generation of power. These developments will take us to the stage when power will not only be plentiful for our needs but available in every part of the State.

10. A good part of the power will be consumed by major industries of the public sector that will inevitably come into being due to the national plan of expansion of steel capacity, defence production and our own programme of increased extraction and processing of minerals. A fair share of these public sector undertakings will be owned and managed by the State Government through the newly founded Orissa Industrial Development Corporation. We will not be far wrong if we assume an investment of about Rs. 1200 crores : Rs. 600 crores in the Central Sector, Rs. 500 crores in the State Sector and Rs. 100 crores in the Private Sector.

11. The transmission lines will be so drawn that the headquarters of all Panchayat Samitis will be connected by 1971
and the headquarters of most Grama Panchayats by 1975. In this process a large number of other villages lying *en route* will also be electrified. As Honourable Members know the Samitis are not uniform in extent or population. Out of the 307 blocks, about a hundred have been kept deliberately small in area as well as population with a view to cover the tribal people more intensively with extension schemes. Some of these special blocks have no more than 25,000 people and may not exceed 200 square miles. Obviously the pattern of power utilisation and industrial investment cannot be uniform for all blocks. On the basis of a rough study we think it is realistic to plan for a consumption of 1,000 K.W. at about 100 centres, 500 K.W. at another 100 centres and 100 to 200 K.W. in the remaining centres at the end of the Fifth Plan. By a centre we mean the headquarters or the main village of a block or a group of blocks. Some of these centres will undoubtedly be favoured for the establishment of major industries due to their locational advantages. Some others will qualify for medium industries to be located in accordance with the State policy of dispersal. The rest will have a claim for small-scale industries fashioned largely on the recently announced pattern of Panchayat Samiti Industries. How many of each category will go up, where and when in the next 15 years or so have to be worked out in greater detail and with precision. This will necessarily take some time. For our present purpose, however, it is sufficient to know that a programme of the above magnitude will need capital investment of a considerable order. According to the accepted standard, an investment of a crore of rupees will be necessary, on the average, for a major or medium industry that can utilise 1,000 K.W. of power. On the pattern of power consumption indicated earlier, the bigger centres, therefore, will call for a total investment of Rs. 150 crores and the smaller centres with their small industries may require an investment of Rs. 50 crores. These investments can in time be expected to produce a minimum net annual return of 10 per cent in the case of medium units and 5 per cent in the case of small units, making an approximate total of Rs. 22.5 crores a year. A portion, say 10 per cent, of this additional income will directly flow into the coffers of the Panchayat Samitis as
under our policy they will come to own some of the shares in these undertakings. These earnings would be utilised for building up ancillary industries.

12. A great deal of thought and planning has to be put in for choosing the types of industries for each sector and stage so that one leads to the other and the natural resources of the State are exploited to the best and lasting advantage of our people. In our situation, obviously, mineral-based industries will form the vanguard of the movement closely followed by the metal-based ones. Next in order will be the forest-based and agricultural processing industries. Among the minerals, iron, coal and limestone are destined to lead. With the expansion of production of pig-iron, steel and cement and the drive for larger ore exports, the raising of iron-ore is expected to exceed 30 million tons by 1975. Coal too may go up to 15 million tons from the present level of one million tons. Manganese, limestone, chromite, bauxite, etc., will also register impressive increases.

13. The Industries based on the products of forestry and agriculture differ from those based on minerals in some important respects. While in the latter case, the raw material is only to be discovered or taken out of the womb of the earth, in the former, it has to be created annually or periodically by patient and constant endeavour on the part of millions of men and the production itself is subject to vagaries of weather. Our hardest task, therefore, lies in gearing up production in these fields to the needs of the industrial revolution. We propose to tackle this in three parts.

14. Firstly, a programme of plantation of forest species will be undertaken in pace with the progress of fellings or exploitation of existing forests. The tempo will be increased from the present level of 30 sq. miles per annum to 60 sq. miles by the end of the Third Plan and 100 to 150 sq. miles during the Fourth and Fifth Plans. By 1975, it should be possible to reach a target of 1,500 sq. miles of new plantations of bamboos
and eucalyptus, simul and tropical pine besides the conventional hard timbers. For this purpose as well as for scientific exploitation of existing forests, we have established the Orissa Forest Development Corporation.

15. Secondly, special attention will be paid to development of fisheries of all kinds, inland, estuarine and marine. The tentative targets under consideration are 30,000 tons by 1965, 44,000 tons by 1970 and 60,000 tons by 1975. This will mean a three-fold increase over the present level during the 15-year period. The inland fisheries are expected to rise from 6,000 tons to 23,000 tons. The marine fisheries too will register a similar order of increase. In the wake of this increased production, a number of ice plants, cold storages, canning plants, freezing units, fishmeal-making factories, etc., will come into being. For the efficient handling of these programmes, we have set up the Orissa Fisheries Development Corporation.

16. Thirdly, in the field of agriculture, our attack will be directed against the present backward techniques and uneconomic cropping patterns. We are convinced that the productivity per capita cannot be raised in this field as in any other unless more efficient power than bullock power is brought into use. This is indeed basic to the problems of changing agricultural techniques. Power tillers or walking tractors, dusters and sprayers and other simple mechanical equipment suitable for the small-sized holdings in our State will be popularised. Plans are being prepared for producing them in the State at reasonable prices and supply to the cultivators, if necessary, on easy terms of credit. Another line of approach is the promotion of the use of cattle waste as manure and not as fuel. Here again the solution is replacement of an uneconomic source of energy by an economic one. In some areas, supplies of firewood can be assured through the integrated operations of the Orissa Forest Development Corporation. In some others, attempts will be made to supply coal gas by utilising the almost unlimited deposits of low grade non-industrial coal we have in the State. We shall soon begin with a few pilot stations.
17. As regards cropping patterns, our aim is diversification and economic land utilisation. At present, rice covers 62.3 per cent of the total cultivated area and not more than 10 per cent is sown more than once. It is well-known that a large portion of the area now covered by rice is really not fit for the purpose and will yield better returns if put under oilseeds, millets or horticultural crops. We shall prepare detailed plans district by district for bringing about the desired diversion by stages during the 15-year period. In this effort our guiding principle shall be how to ensure for the cultivator an income of Rs. 1,000 per acre on the average. Similarly, a programme for raising the double-cropped area will be drawn up. This will of course depend on the expansion of irrigation facilities and what is still more important, the rapid utilisation of those facilities. Even now there is a big gap between potential and utilisation. The approach therefore to the question of creation of additional potential has to be selective and oriented from the beginning to the need for securing effective interest of the concerned people. We have accordingly decided to step up lift irrigation through co-operatives of cultivators. These pumping points will be ideal for the double-cropping programme and the spread of cash crops as each of them will have a small and compact command capable of intensive cultivation. It has been estimated that 7 to 8 lakh acres can be thus covered.

18. The industrial programme and the technological changes in the field of agriculture outlined above will have the effect of revolutionising the occupational pattern in the State. Now 70 per cent of the population depend on agriculture and allied occupations for their livelihood. We shall endeavour to reduce this to 50 per cent by 1975. This is no mean task, considering that our population grows at 1.99 per cent per annum. The message of science and technology has to be taken to the very heart of rural Orissa and the young men and women of today and tomorrow will have to be put through purposeful and intensive courses of education not merely with a technical bias but with a large measure of technical content. This has to begin at the very beginning, i.e., the primary level and built up through the middle and secondary
stages to the University level. The entire curriculum has to be changed and remoulded to suit the requirements of the technological revolution we are planning. We have, therefore, decided to open technical high schools beginning with the 8th class and ending with the 12th class where the pupils will be taught to handle and perform some of the basic and simple processes of industrial production. A factory shall be attached to each of these schools so that the student works as he learns and gets fully attuned to the modern techniques and processes by the time he leaves school. Six such schools have been planned for next year. By 1975, there will be at least one school of this type in the 100 big centres or groups of blocks. The block factories referred to earlier will provide the work facilities necessary for those schools. We have been able to secure the services of a German expert to advise and plan the reorganisation of our educational system. He is expected to join shortly.

19. The picture of the long-term development plan will not be complete without a reference to the Paradeep Port and its ancillary network of communications. The Central Government have recently communicated their formal approval of our proposal to construct it as a modern deep port. I have dwelt on this subject on other occasions and Members are fully aware of the majestic vista it opens up for our State and our country. It shall soon become the greatest single factor for priming the pump of economic development of this long neglected State. The entire investment will be repaid in ten years from the date of operation of the port and will yield increasing surpluses thereafter.

20. Lest the foregoing narrative should give the impression that while planning for large investment outlays we have turned a blind eye to the need for providing social overheads such as drinking water-supply, health, housing, etc., I may add a few words about our thinking on this matter. I had announced earlier that piped water-supply facilities would be provided in villages and the rural people would be encouraged to replace thatched roofs by tiled roofs through supply of tiles at a reasonable rate and if necessary on easy terms of credit. Members
are fully aware of the schemes issued by Government in this connexion. These two programmes are being pushed through vigorously. About 45 piped water-supply schemes have been prepared for villages with a population of 2,000 and above. Of these 15 have been sanctioned up to date. The rest will also be sanctioned as soon as certain essential conditions such as the Panchayat's resolution accepting the responsibility for maintenance and deposit of initial share are fulfilled. According to the Census of 1961, there are 462 villages of this category and our endeavour is to cover as many of these as possible before the close of the Third Plan. As regards tiles, factories are under erection and a pilot scheme of credit will be shortly introduced in selected areas, particularly where the fire risk is almost endemic. While working out these schemes as well as others in the nature of amenities, we have come across a grave fact of economic and administrative importance. We have in all 46,466 inhabited villages. The rural population being 16·45 millions, the average per village works out to 354. As many as 21,366, that is, 46 per cent are below the 200 range. The next ranges 200—500 and 500—1,000 account for 14,893 and 7,430 respectively. In terms of number of people, the villages in the range 0 to 1,000 contain 11·83 millions which comes to about 72 per cent of the total rural population. I have cited these figures to bring out the complexity of our problem and the non-viable nature of the rural demographic unit. In the absence of an economic size, every programme of social amenities tends to be extremely costly, not only to execute but also to maintain. One school for every village may result in a low teacher-pupil ratio and unrequited expenditure on buildings. So also is the case of one medical centre per village. Piped water-supply will prove to be beyond the capacity for maintenance of most villages. Too many roads will have to be built, if they are all to be connected with the marketing centres. I can multiply many instances of similar nature where the very small size raises costs enormously. This, in my opinion, is at the root of all our difficulties of administration and planned development. We have, therefore, been giving anxious thought to this basic feature of our situation. We feel that although the advent of industries and technology will set off a steady
trend towards urbanisation and larger units of population, we will still have a great way to go before a satisfactory solution can be found. A conscious and concerted drive has to be undertaken to achieve larger concentrations of population in rural areas, large enough to be viable for most of the social services. Very large outlays will also be required for the purpose. It has been estimated that the rate per capita will be about Rs. 2,000. Some studies are being undertaken with a view to analyse the forces favouring larger habitations and to devise suitable measures that are not too costly.

REVISED ESTIMATES FOR 1962-63

21. The Budget of the current year has undergone various changes to meet certain requirements including provision of funds for development of communications for which, on the recommendation of the Third Finance Commission, the Government of India gave a grant of Rs. 175 lakhs a year to this State. As I have told earlier, with a view to improve the economic standards of our people, I had to plead hard with the Union Government to take up some major projects like Paradeep outside the Plan. The Chinese aggression has necessitated a large order of expenditure which this House has so kindly authorised in their last Session. While presenting the Budget Estimates of the current year, I anticipated that the year would open with a minus balance of Rs. 108 lakhs. Actually, however, the year opened with a minus balance of Rs. 216 lakhs thus showing a deterioration of Rs. 108 lakhs.

22. I have no desire to recapitulate the details in the Revised Estimates but intend only to deal with some of the new schemes of industrial development and agricultural programme provided in the Budget Estimates since full details of the Revised Estimates for 1962-63 and details of plans for 1963-64 have been given in the White Paper on the economic conditions and the developmental activities in the State and the Finance Secretary’s Explanatory Memorandum on the Budget which has been circulated to the Members. The Revised Estimates for the current year, as has now been calculated and placed before the House, show that the current
year, which opened with a *minus* balance of Rs. 216 lakhs, will close with an overall *plus* balance of Rs. 88 lakhs. The figures have been arrived at as follows:

(Rs. in lakhs)

A. Opening Balance       ..   (—) 2,16
B. Consolidated Fund—
   (a) Revenue Account    ..   (—) 3,03
   (b) Capital Account, Public Debt.
C. Contingency Fund       ..   4,65
D. Public Account         ..   3,78
E. Closing Balance        ..   88

I may mention here that during the current year our revenues have shown definite improvement especially those under Sales Tax and Motor Vehicles Tax. It may be remembered that the Orissa Taxation Enquiry Committee had drawn the attention of the Government to the leakages taking place in such important sources of revenue like Commercial Taxes and Motor Vehicles Tax. During the year, with the close co-operation of the Vigilance Organisation, this problem has been tackled. We also took the co-operation of the trade themselves in the matter of Commercial Taxes by constituting a State Advisory Committee. With the concerted effort of the State Advisory Committee, the Commercial Tax Organisation and Vigilance, I believe, we have been successful in turning the trend. The effect of these steps is reflected in the admitted revenues in Commercial Taxes and in the payment of the Motor Vehicles Taxes on due dates. Recently, the control of Entertainment Tax has also been passed on to the Commercial Tax Organisation for more effective handling and we hope that this measure will lead to substantial increase of income by closing leakages. Government are also considering placing the Commercial Tax Organisation in charge of the Motor Vehicles Taxation. Every effort to stop leakages in taxation is generally followed
by drawing red herrings across the trail by vested interests. We have to be careful in differentiating between genuine grievances and such red herrings. I am quite sure, I have the full co-operation of all the Members here in our drive for stopping leakages.

23. As the Honourable Members are interested to know about our plan performances, I may indicate here that during the Second Plan period, the total expenditure on plan schemes both in the State and Central Sectors was Rs. 99·35 crores.

24. The original Third Plan outlay of Rs. 160 crores has been re-examined and strengthened in many sectors and now stands at Rs. 166·1 crores. Several new schemes have been added and some existing ones have been oriented. A total expenditure of Rs. 25·1 crores has been incurred during 1961-62 on plan schemes of both the State and the Central Sectors. During the current year, it is expected that the State Plan outlay of Rs. 29 crores will be incurred besides Rs. 4 crores under the Centrally Sponsored and Central Sector Schemes. Over and above this expenditure in the Plan, as I have indicated earlier, construction of Paradeep Port, Express Highway and the Transmission system by the Electricity Board have been undertaken outside the Plan. An Industrial Development Corporation has been constituted with a view to undertake and to set up a number of industries. Proposals are ready for a Cement Plant at Hirakud, a Rerolling Mill, a Cable Plant, an improved Hirakud Workshop, a Low Carbon Ferro-Chrome Plant, a Chrome Vanadium Plant, a Calcium Carbide Plant and Large-Scale Tile Factories. The Corporation is arranging to take over the Pig Iron Plant at Barbil and raise the capacity to 1,00,000 tons with a cast iron Pipe Plant and specials, as well as a 12,000 K.W. Power Plant. Besides, the Corporation is backing the setting up of a Ferro-Silicon Plant at Rayagada.

25. The details of all these industries together with the Panchayat Samiti Industries and Small-Scale Industries will be found in the White Paper circulated to the Honourable Members of the House. As earlier indicated we have set up a Fisheries Corporation with the aim of taking up development
of fisheries on a commercial scale. A by-product factory has been set up by the Corporation near Paradeep for processing prawns and other fishes for distant markets. Forest Development Corporation has also been set up to maximise exploitation of the forest resources and to earn better revenue from this major non-tax source. This Corporation has taken up working of timber and firewood coupes of Jeypore, Bonai and Nagra of Sundargarh district and Narsinghpur of the Athgarh Division. Their major pre-occupation immediately will be the successful and profitable extraction of the timber in the areas to be submerged by the Balimela Dam Reservoir. The Corporation, which is a State-owned one with a share capital of Rs. 2 crores, will gradually expand its activities to other areas so as to cover the entire State in 4 years time.

26. Of the other developments of the current year, specific mention may be made of the Orissa University of Agriculture and Technology which was inaugurated by the U. S. A. Ambassador Prof. J. K. Galbraith on the 24th August 1962 in the Utkal Krushi Mahabidyalaya premises. The Colleges of Agriculture and Veterinary with all their staff and equipments have since been transferred to this University.

STATE ELECTRICITY BOARD

27. During the current year, the Orissa State Electricity Board was reorganised with the appointment of a full-time Chairman who assumed office on the 2nd April 1962. Maintenance and operation of all Transmission and distribution systems in the State including those attached to the Hirakud Dam Project and Machhkund Hydro-Electric Project have been transferred to the control of the Board, who have also taken over the Thermal Station at Chowdwar. It has been given the responsibility of giving new connections to all industrial and other loads in addition to construction of Transmission Lines throughout the State. An interim Rural Electrification Scheme as a measure of backing to the Panchayat Samiti Industries and Lift Irrigation Programme is being planned in detail and is under implementation.
PANCHAYATI RAJ

28. After the introduction of Panchayati Raj in the State, Grama Panchayats have become the main agency for execution of all development works under different programmes. In order to enable the Grama Panchayats to efficiently discharge their functions, it is necessary that there should be improvement in their financial and administrative set-up.

Decision has already been taken to make available the entire cess collection to the Panchayats. The Panchayat Samitis and Panchayats in the Kendu leaf producing areas will get half the income as their share according to the Rules promulgated. The Panchayats have been associated with the enrolment and training of Home Guards. Government have since issued an appeal to the Sarpanches of all the Grama Panchayats to undertake the responsibility for arranging free board for the Home Guards during their training periods. The response is encouraging. Though this decentralised system of administration is still in its infancy and it is too early to indicate about the consequential changes the systems would bring about I would like to sound a note of warning that unless the representatives of the people at various levels, realise their own responsibility to the electorate and forget about their own personal interests or party pressures, we are not likely to make much headway in this direction.

RURAL ENGINEERING ORGANISATION

29. With a view to provide necessary facilities for execution of all developmental activities, Government have set up a Rural Engineering Organisation for giving technical advice to the Samitis and to prepare plans and estimates for various projects and executing the same. The Minor Irrigation Master Plan of the State is being undertaken as a priority programme by the Organisation.

BUDGET ESTIMATES FOR 1963-64

30. I shall now proceed to indicate briefly the main features of the Budget Estimates for 1963-64. The total revenue for 1963-64, as is estimated, stands at Rs. 67.60 crores including
revenue from additional measures of taxation which, as I have indicated earlier, seems to be absolutely necessary in the context of the present emergency.

31. The main proposals to levy new taxes include increase in the State's Sales Tax on specified items of luxury goods from 7 per cent to 10 per cent, toll on new roads and bridges, change in Motor Vehicles Tax according to laden weight of trucks and buses.

32. The expenditure charged to the revenue is estimated to be Rs. 67.15 crores, thus, indicating a revenue surplus of Rs. 45 lakhs. I am quite alive to the risks of a deficit Budget as that leads to many undesirable consequences. It is also my earnest desire to meet the normal expenditure from current revenues without resorting to financing from borrowed funds except to the extent considered to be absolutely necessary in the interest of development or to keep with the patterns set by the Planning Commission and the different Ministries of the Government of India. Because of the national emergency the contribution of the Centre to the Plan of 1963-64 has been at a less percentage of the total commitment by the Central Government than was originally envisaged. At the same time, a request has been made to the States to keep up the tempo of development by finding resources of their own. In the light of these developments, there may be a necessity for a short period to meet revenue expenditure from capital floatations. But we are determined to keep a close watch over this process and ensure that such expenditure is covered by revenue at the earliest possible opportunity and meanwhile such expenditure is kept to the minimum. I have indicated earlier how I propose to increase the non-tax revenue of the State by establishing various Corporations to take up remunerative commercial schemes.

33. On the capital side including Public Accounts receipts and disbursements are estimated at Rs. 127.85 crores and Rs. 127.90 crores respectively indicating a deficit of Rs. 5 lakhs. Provision has been made in these estimates to obtain a special loan from the Government of India for Rs. 7 crores as it
has since been decided that all the borrowing programmes in the country, that is, those of States and the Centre, should only be done by the Central Government and the requirements of the State would be met by the Centre. This will have the salutary effect of eliminating competition among the different States in raising loans from the open market. The net effect of all these transactions added to the net opening balance of Rs. 88 lakhs as revealed in the Revised of the current year, will be of the order of Rs. 128 lakhs. A statement showing the debt position of the State for the year is given in the Appendix.

34. The Budget in brief, showing the net transaction of the State, has been circulated to the Honourable Members separately.

**PLAN EXPENDITURE**

35. Out of the total Third Plan outlay of Rs. 166·1 crores, it has been decided to have a Plan outlay of the same order of Rs. 29·5 crores for 1963-64 as during the current year. There has been some rethinking of this aspect, as I have indicated earlier, that in spite of our diverting certain resources for defence purposes, we should make ourselves economically strong. There is, therefore, a proposal that this Plan outlay of Rs. 29·5 crores should be enhanced to about Rs. 32·5 crores in course of the next year, provided sufficient resources are available for the purpose. I have been trying to find out new sources keeping in view, of course, the risk of over-taxation, to finance such development scheme to make the country stronger for any challenge to our freedom. Proposals in detail will be coming up before the Members in various Bills and I hope that I will have the co-operation of all the Honourable Members in putting through the necessary taxation.

36. Besides the expenditure of Rs. 29·5 crores in the State Plan, a provision of Rs. 6·58 crores has been made for the execution of Plan Schemes in the Central Sector including Centrally Sponsored Schemes. For financing the outlay in the State Sector, Government of India have agreed to give assistance to the extent of Rs. 21·7 crores in the form of grants and loans.
37. The details of Plan expenditure on several schemes to be undertaken by various Departments of Government have been indicated in Volume III of the Budget papers. I will only deal with a few important programmes.

AGRICULTURE

38. When self-sufficiency in food at the end of 1965-66 is the goal for our Third Five-Year Plan, there cannot be any thought of downward revision or modifications of the programme and physical targets set for the current plan for agriculture. It is most vital not only to raise the level of agriculture for self-sufficiency but is also necessary to release resources for other developmental requirements of commercial crops, which provide raw materials for industries and a surplus for export. A special drive has been undertaken all over the State for stepping up production of Rabi crops. In most of the canal-fed areas special stress has been laid on cultivation of Dalua paddy. At the State level, co-ordination is being effected between the supply of seeds, fertilisers, insecticides, etc., on the one hand and mobilisation of local efforts on the other. For meeting requirements of Dalua paddy, over 7,000 maunds of Dalua seeds have been procured and are made available to different Panchayat Centres. Requirement of fertilisers with reference to crops grown has been prepared and requisite stock of fertilisers are available at the Panchayat Graingola level for prompt supply to the cultivators. I, however, regret to indicate here that mechanised cultivation has not yet been introduced in any extensive scale in our agricultural operation. Now that considerable areas have been brought under irrigation, mechanised cultivation should be brought within the easy reach of cultivators. This problem is being intensively processed with the Ministry of Agriculture and the Development Wing of the Ministry of Industries at the Centre.

39. I would indicate only a few important developmental projects which are being taken up for execution.

SUBSIDIARY RESERVOIR AT CHIPLIMA

40. It has recently been proposed to have a Subsidiary Reservoir at Chiplima in the Hirakud Project and additional Sub-station capacity at Chiplima so as to provide the required
peaking capacity for the 250 M. W. Talcher Thermal Scheme. The preliminary project report for the scheme is likely to be ready soon.

TIKERPARA DAM PROJECT

41. Tikerpara Dam Project forms the Stage III of the development of Mahanadi valley. It is a multipurpose project which when materialised will control flood, generate power and provide irrigation facilities. Investigation of this project is now in progress and the prospective sites were recently visited by our Governor who is an eminent Engineer along with consultants from U. S. A. and Engineers of Central Water and Power Commission. Present prospects are most encouraging. In the context of revised thinking at the Centre about National Power Grids this scheme will enable the State to take a leading part in the country's progress.

BALIMELA

42. Another important Hydro-Electric Project which has been finalised during the year 1962-63 is the Balimela Project. An agreement, as the Honourable Members are aware, has been reached between the States of Orissa and Andhra Pradesh to locate the Project at Balimela to the mutual advantage of both the States. Construction of the Dam, which has been entrusted to the Government of Orissa to be supervised by a Joint Control Board, has started since December last and power is expected to be generated by 1966.

PANCHAYAT INDUSTRIES

43. With a view to utilise local raw materials fully, improve local skills and cater to the consumers' demand in rural areas, we have started Panchayat Samiti Industries with the idea to set up small-scale industries in rural areas and thereby breaking the concentration of these industries in towns. Panchayat Samitis' will have an abiding interest in it by share capital participation as well as participation in its management. The organisation is intended to be co-operative, with workers or cultivators as members. To integrate this development of
industries in Panchayat areas, our programme is to set up rural Industrial Estates and for this purpose the Budget of the year 1963-64 provides Rs. 19.57 lakhs.

EDUCATION

44. This continues to be a big problem in our country. The Government of India have decided that universal and compulsory free primary education of the children of the age-group of 6—11 should be introduced throughout the country by the end of the Third Five-Year Plan period. For our State, however, a lower target of 82 per cent enrolment has been envisaged because education in our State is lagging far behind. Children in many of our rural areas are used as an economic support to the family in tending the cattle or being engaged in some other work. We have also the problems of teachers and trained men. There is, however, no country in the world which is not concerned with the progress of its educational institutions. The pace at which scientific and technological discoveries are being made has made it imperative even for advanced countries to devote considerable attention to the problem of education. In less developed countries like ours, the problems are of different character, though no less acute. During the last two years of the Plan period, 7,600 Primary School Teachers were appointed. This is proposed to be followed up during the year 1963-64 by increasing the pupil-teacher ratio. It is also under examination if in view of the shortage of Primary School Teachers there should not be a double shift system. Government have taken note of the great disparity in the number of entry of the children in the Primary level and the number at the High School stage. Among the many reasons for such a considerable fall, our poverty is considered to be the most vital. In order to provide facilities to poor and meritorious students to prosecute their studies in M. E. Schools and High Schools, it has been decided to increase assistance to a large extent so that the objectives of getting more students in M. E. Schools and High Schools can be achieved, The system of scholarships in vogue has been rationalised. The existing number and the value of L. P. Merit Scholarships has been raised from 575 to 1,000 and from Rs. 3 to Rs. 8 per
month. The U. P. Merit Scholarships have been raised from 158 to 300 and from Rs. 4 to Rs. 12. Merit Scholarships for M. E. examinations have been raised from 117 to 250 and from Rs. 5 to Rs. 20 a month. Merit-cum-Poverty Scholarships are also awarded in Classes VI to XI.

Besides, Proficiency Scholarships have been provided for students in Classes VI to XI on the basis of proficiency in mathematics. 9,000 scholarships are given with effect from the current financial year for 1,500 students in each of these classes. It has also been decided that both boys and girls who have been facing difficulties in prosecuting their studies for want of suitable hostel accommodation due to their poverty, will be awarded maintenance stipends. Attendance Scholarships are being given to girl students to encourage continuance of their studies. Special attention has been given to women education at all levels. Steps have also been taken to provide hostel facilities in most of the High Schools which will not only provide easier schooling facility to the students coming from rural areas but also afford them with better environment and training.

45. To enable the employees working at Cuttack and Bhubaneswar to take up higher education, evening colleges have been started at Cuttack and Bhubaneswar.

46. In accordance with the recommendations of the Ministry of Education, Government of India, the State Government have decided that the Text Books of the standard type for the Primary School students should be nationalised. Accordingly, steps have been taken to publish Text Books on the basis of the revised syllabus. These Text Books for Class I and Class II and English Text Books for Class IV are expected to be available by July 1963. The details of the programme of expansion in Education at all levels may be seen in the note on the departmental activities.

TECHNICAL EDUCATION

47. In the context of the plans for rapid development and industrialisation of the State, the shortage of technical personnel has become an acute problem. Steps have, therefore,
been taken to increase the admission capacity in both the Engineering Colleges at Burla and Rourkela from 240 to 430. Under the Emergency Training Scheme for technicians, arrangement has been made to introduce 1,000 seats in the existing Industrial Training Institutes by having additional shifts. Trainees have already been selected for combatant service with the help of Army Authorities and further selections are in progress. It has been proposed to start six Technical High Schools during 1963-64 with attached workshops for imparting practical training in various trades. Post-diploma course in Automobile Engineering in the Orissa School of Engineering will also be introduced with effect from the next session.

To meet the requirements of the medical graduates, the number of admission in the Medical Colleges at Cuttack, Burla and Berhampur are proposed to be increased to 475 during the year 1963-64 from 369 during the current year.

NATIONAL CADET CORPS, NATIONAL DISCIPLINE SCHEME AND HOME GUARDS

48. Another important development in the field of education in the context of the national emergency is the decision that N. C. C. training will be made compulsory in all the Colleges of the State and students unless found medically unfit will be required to join N. C. C. and keep at least 75 per cent attendance so that they may be eligible to take their University examination at the end of the year.

49. I may also mention here that Government of India have decided to introduce National Discipline Scheme in Secondary Schools. This Centrally Sponsored Scheme aims at inculcating discipline among students and make them physically fit. State Government have deputed fifty teachers to undergo the training and a training centre for about 600 trainees is going to be arranged in the State shortly.

50. Besides, the Home Guard Scheme has been drawn up for imparting training to urban and rural Home Guards. The training programme consists of discipline, leadership, security duties, drill with and without arms, first-aid, rescue
operations, fire fighting, traffic control, etc. On the advice of the Government of India, it is also now proposed to train these Home Guards in Civil Defence measures for which schemes are ready for implementation in various important places of the State including all important Commercial and Industrial installations.

COMMUNICATION

51. It is heartening indeed that the Third Finance Commission could see the difficulties of lack of communication in this State which is a great factor in retarding economic development of the country. Their recommendation of a grant of Rs. 175 lakhs per year for improvement of communication in this State will go a long way in solving our communication problems.

For every 1,000 square miles in Orissa the railway mileage is only 14 as against the figure of 31 miles for every one thousand square miles of the Indian Union. At the beginning of the Second Plan period, the total railway mileage in this State was only 838 miles. During the Second Plan period 62 miles of railway have been constructed. We have taken up with the Government of India the construction of further railway lines to join up some of our important industrial and mining centres. We have recommended to the Railway Board to take up construction of railway lines for Rourkela-Talcher-Nirgundi-Paradeep, Rayagada-Nawarangpur-Jeypore-Koraput, Rayagada-Gunpur, Bangiriposhi-Rairangpur, Gopalpur-Aska-Bhanjanagar-Durgaprasad-Phulbani-Balliguda, Nayagarh-Palaspanga-Keonjhar-Anandpur-Tomka Hills, Barbil-Koria-Dumar and doubling the railway line from Jajpur Road to Khurda Road.

CHOWKIDARI SYSTEM

52. It has been found that the hereditary institutions of the Chowkidars in the State are not efficient enough to discharge the duties entrusted to them and specially in the changed pattern of administration when the complexities of maintenance of law and order has increased considerably. For quite sometime
there was an agitation to enfranchise the Jagir lands and to absolve the Chowkidars of their duties. It has, therefore, been decided to abolish this system of Chowkidars and to strengthen the police-stations by appointing requisite number of trained constables and steadily cover the entire State with a beat system. It is proposed to introduce a Bill to effect abolition of the Chowkidari system in this Session of the Assembly. There has been some feelings that this measure may mean some amount of unemployment for the existing Chowkidars. But in view of the fact that Chowkidars have been performing certain functions in relation to the Grama Panchayats, the Grama Panchayats have been requested to consider the possibilities of employing the Chowkidars by meeting the expenditure from their own resources. The Chowkidars who did not possess any land and were only receiving a small monthly pay would be settled on one acre of cultivable land each.

**FOOD SUPPLY**

53. As I have indicated earlier, due to the unfavourable weather conditions the paddy crop has not been very satisfactory. With a view to take timely precautions Government have already announced their food policy to be followed in the present Kharif year. 75,000 metric tons of rice is proposed to be collected under the levy scheme for the internal consumption. The percentage of levy has been raised to 25 per cent of rice and 40 per cent of paddy with effect from the 1st January 1963. All steps have been taken to tighten up levy collections to see that the licensees do not escape paying levy as large buffer stocks may be needed this year. It has also been decided to procure stocks of paddy through Graingola Co-operatives and Grama Panchayats. 30,000 tons in terms of rice is planned to be procured through these Grama Panchayats and Grain-gola Co-operatives.

**LAND REFORMS**

54. Towards the end of 1961, certain amendments to the Orissa Land Reforms Act, 1960, were under consideration of this House. The Supreme Court held that certain vital provisions of the Kerala Agrarian Relations Act were *ultra vires* of the Constitution. As similar provisions existed in the Orissa
Land Reforms Act, 1960 and in the proposed amendments then under consideration of the House, the amending Bill was not proceeded with in consultation with Government of India. A fresh amending Bill in the light of the judgment of the Supreme Court on the provisions of the Kerala Agrarian Relations Act has by now been prepared. Government of India, in the meantime, are considering the question of amending the Constitution and their final decision in the matter is being awaited.

PROHIBITION

55. As regards prohibition, the policy of the State Government has been to maintain the status quo until an all-India policy on the subject and particularly the question of recouping the loss likely to be incurred by the introduction of prohibition is decided.

56. Before I resume my seat, I would like to place on record my great appreciation of the valuable work done by the Finance Secretary, Deputy Secretary, Finance and other Officers and staff of the Finance Department for their hard and sincere work in the preparation of this Budget. I am also thankful to the Officers and staff of the Government Press for taking pains to print all these Budget documents in time and the Officers and staff of the Public Relations Department for translating the Budget Speech in Oriya.

With these words, Sir, I would request the Honourable Members in the House to co-operate with the Government in passing the Budget and implementing the various tasks before us as outlined in the Budget for the next year.

JAI HIND
### APPENDIX

**Debt Position of the State**

<table>
<thead>
<tr>
<th>Items of Loan</th>
<th>Outstanding on 1st April 1962</th>
<th>Estimated outstanding on 1st April 1963</th>
<th>Estimated outstanding on 1st April 1964</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loans from the Government of India.</td>
<td><strong>Trs.</strong> 1,58,89,45</td>
<td><strong>Trs.</strong> 1,75,16,16</td>
<td><strong>Trs.</strong> 1,97,20,63</td>
</tr>
<tr>
<td>2. Loans from the open market.</td>
<td><strong>Trs.</strong> 14,61,04</td>
<td><strong>Trs.</strong> 20,49,65</td>
<td><strong>Trs.</strong> 28,18,48</td>
</tr>
<tr>
<td>3. Loans from the Reserve Bank of India.</td>
<td><strong>Trs.</strong> 73,59</td>
<td><strong>Trs.</strong> 89,07</td>
<td><strong>Trs.</strong> 92,05</td>
</tr>
<tr>
<td>4. Loans from the Life Insurance Corporation of India.</td>
<td><strong>Trs.</strong> 1,27,68</td>
<td><strong>Trs.</strong> 2,05,12</td>
<td><strong>Trs.</strong> 2,99,20</td>
</tr>
<tr>
<td>5. Loans from the National Co-operative Development and Housing Board.</td>
<td><strong>Trs.</strong> 23,78</td>
<td><strong>Trs.</strong> 36,96</td>
<td><strong>Trs.</strong> 49,28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Trs.</strong> 1,75,75,54</td>
<td><strong>Trs.</strong> 1,98,96,96</td>
<td><strong>Trs.</strong> 2,29,79,64</td>
</tr>
</tbody>
</table>