Speech of
Dr. Ram Praasad Misra
Minister, Finance, Orissa
Presenting the Budget Estimates
For the year 1978-79
TO THE ORISSA LEGISLATIVE ASSEMBLY

March 3, 1978
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DR. RAM PRASAD MISRA

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Sir,

The Annual Financial Statement for 1978-79 and other Budget documents are already in the hands of Hon‘ble Members. The changes in the presentation of Budget documents would have been noticed by the Hon‘ble Members by now. The documents which had swollen up in volume and bulk have now been rearranged to facilitate easy reference and handling by the Hon‘ble Members.

2. About six months ago, I had presented to this House the first Budget of the Janata Government and shared with the Hon‘ble Members the optimism that the dismal economy would look up soon and its intractable malaise would gradually disappear. Looking in retrospect, there is little doubt that we have succeeded in paving the way for a stable democratic future. We do not claim that within the short period of about nine months at our disposal we have corrected all the evils, but, it would be naive to deny that the monetary, fiscal and administrative correctives have not borne fruit.
3. The prospects of the State's economy are good despite the onslaught of natural calamities. The outlook for kharif crop was more than reassuring until July, 1977. Heavy rains in July and August, however, brought floods in some vulnerable areas causing considerable damage to crops. The floods were soon followed by a crippling dry-spell in the crucial months of October-November, affecting kharif paddy in some pockets. Pest attack also took its toll. The ruinous effects of natural calamities were even more severe in 1976-77, when failure of monsoon in as many as 3,341 Gram Panchayats had brought down production of food grains in that year to 40.8 lakh tonnes from 55.7 lakh tonnes in 1975-76. Food grains production in the current year is expected to approximate the level reached in 1975-76. I hope this would boost up purchasing power in the rural areas, augment employment opportunities and lend greater buoyancy to the economy.

4. On the price front also there have been some happy developments. As Hon'ble Members would have noticed, inflationary forces appear to have come under considerable check. The all-India Wholesale Price Index which had shot up to 189 in July, 1977, has declined to 183 in January, 1978. During the first half (April to October) of 1977-78, the Wholesale Price Index for all commodities recorded a decline of 1 per cent in contrast to the steep rise of 5 per cent during the corresponding period last year. According to latest indications, the Wholesale Price Index has further dropped to 181 in the first week of February, 1978. There is, thus, a steady and welcome decline in the wholesale prices. As the soaring price curve has begun to flatten, we hope that in the near future consumer prices would also adequately reflect the downward movement of wholesale prices.

5. Hon'ble Members will recall that while seeking approval to the recast Budget in September, 1977, I had referred to a number of urgent problems like inadequate growth, crushing poverty and unemployment which needed reshaping of our developmental priorities and stepping-up of our resource mobilisation. Within the constraints of our means, the Budget was suitably reoriented. In spite of additional resource mobilisation measures, public saving, however, has languished owing to increased non-developmental expenditure on interest charges, salaries, wages, dearness allowance, etc. The earnings of Public Sector Undertakings have also not been commensurate with the capital invested in them. The growth
rate of our State economy has averaged around 2 per cent per annum which falls short of even the rate of growth of population. This short-coming would have to be removed by intensifying efforts for mobilisation of resources and observing austerity in non-developmental expenditure. During the current year, cess on land revenue has been doubled; a new cess has been levied on mining royalty; Sales Tax rates have been revised and rates for sale of forest products have been enhanced. I, therefore, do not have any new tax proposals right now.

6. Advance Plan assistance of Rs. 8.52 crores over the State Plan ceiling has been received from the Government of India during the current year for restoration of irrigation projects and drinking water wells, reconstruction of roads, Primary Health Centres and School buildings, repair of canals and embankments, and reclamation of sand-cast lands. The assistance has strengthened our hands in expanding employment opportunities urgently required in the areas affected by flood and drought. With this assistance we have been able to raise the size of the current year’s State Plan from the initial level of Rs. 150 crores only which had subsequently been raised to Rs. 156 crores in September, 1977, ultimately to Rs. 164.52 crores.

7. Sizeable Central assistance has also been received under the Grain for Work Programme. This is a new experiment in launching a direct attack on the problem of rural poverty and unemployment by utilising available stocks of foodgrains. Since infrastructure facilities are wanting in rural areas, the growing labour force can be profitably utilised in employment-oriented and productive programmes on payment of wages partly or wholly in the shape of foodgrains. The mounting pressure on land has already resulted in large scale disguised unemployment which has greatly reduced the bargaining capacity as well as purchasing power of the people. The Grain for Work Programme which aims at providing gainful employment to the rural poor would go a long way in mitigating their hardship while creating durable assets and providing essential infrastructure. Under this programme 20,000 tonnes of free foodgrains valued at Rs. 2.30 crores have been made available by the Government of India during the current financial year; a larger allocation has been assured for the next year.

8. Special assistance of Rs. 71.06 lakhs has also been obtained in the current year from the Government of India for a new
programme of Integrated Rural Development to be implemented through the Small Farmers' Development Agency of Puri District. The schemes under this programme covering Agriculture and allied activities as well as Handloom and Handicraft would provide considerable benefit to farmers and artisans. In view of the progressively increasing emphasis being laid on employment-oriented rural development, a substantial step-up in this programme is expected next year.

9. With this background, Sir, I would place before the House some salient features of the Revised Estimates for 1977-78. Though the recast Budget presented in September, 1977 did not anticipate any addition to the opening deficit of Rs. 26.40 crores, inherited from the previous years, the Revised Estimates disclose a larger deficit of Rs. 34.78 crores. The deterioration has occurred mainly on account of reduction in Central grant towards net interest liability of the borrowings and lendings of the Fifth Plan period, and enhanced expenditure on dearness allowance granted from the 1st September 1977. The Public Account also reveals a deterioration in deposits largely on account of reduction in the internal surplus of the Orissa Mining Corporation. The estimated surplus is not likely to materialise due to reduction in the export of Chrome Ore accompanied by a stiff increase in the levy of export duty in the face of dwindling international demand for Chrome Ore.

10. The Revised Estimates envisage collection of Sales Tax arrears of Rs. 7.5 crores. The Central Public Sector Enterprises on whom large arrears are outstanding have not made any payment so far. We shall continue in our endeavour to realise these amounts. The pace of collection of other Government dues, particularly, Water Rates, has also been somewhat sluggish. We are intensifying collection efforts which, I hope, would be fruitful.

11. The current year's estimated closing debit balance of Rs. 34.78 crores would constitute the opening balance for 1978-79 and cast its shadow throughout the year.

12. The Budget for 1978-79 envisages Non-Plan Revenue expenditure of Rs. 301.21 crores, marking a rise of about 4.5 per cent (excluding debt servicing, Commercial interest and dearness allowance granted after June, 1977) over the Revised Estimates for 1977-78. The estimates have been framed with an eye to the economy measures taken during the current year which have brought
down the level of expenditure considerably. Reasonable growth has, however, been allowed for continuance of administrative efficiency and essential expansion unimpaired. Disbursements in the Non-Plan Capital Account are estimated at Rs. 183.87 crores, substantially less than the Revised Estimates for 1977-78. The main reduction relates to repayment of market loans and Ways and Means transactions in which lesser receipts and disbursements have been assumed.

13. The heaviest weightage in non-plan allocations continues to be in favour of Education which accounts for Rs. 69.80 crores. The provision for Police expenditure is Rs. 17.67 crores and for Jails Rs. 2.20 crores. Interest charges are of the order of Rs. 46.39 crores.

14. The size of the State’s Annual Plan for 1978-79, which would mark the beginning of the new Medium term Plan, has been fixed at Rs. 191 crores. Hon’ble Members would notice that over the current year’s initial State Plan outlay of Rs. 150 crores, the proposed outlay of Rs. 191 crores in 1978-79 constitutes a step-up of 27 per cent, while the corresponding increase in the current year was only about 20 per cent over the 1976-77 level. Of the Outlay of Rs. 191 crores next year, the Budget reflects a provision of Rs. 154.15 crores as the balance of Rs. 36.85 crores relating to Public Sector Undertakings remains outside the Consolidated Fund. The sectoral allocations of the Plan Outlay are the following:

<table>
<thead>
<tr>
<th>Sector</th>
<th>Rs. in crores</th>
<th>Percentage to total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Agriculture and allied service including co-operation.</td>
<td>43.52</td>
<td>22.80 per cent</td>
</tr>
<tr>
<td>(ii) Water and Power Development.</td>
<td>103.00</td>
<td>53.93 per cent</td>
</tr>
<tr>
<td>(iii) Industries and Mining</td>
<td>5.30</td>
<td>2.77 per cent</td>
</tr>
<tr>
<td>(iv) Transport and Communication.</td>
<td>10.13</td>
<td>5.30 per cent</td>
</tr>
<tr>
<td>(v) Social Services</td>
<td>27.52</td>
<td>14.40 per cent</td>
</tr>
<tr>
<td>(vi) Economic and Miscellaneous Services.</td>
<td>1.53</td>
<td>0.80 per cent</td>
</tr>
</tbody>
</table>

| Total                                       | 191.00       | 100.00 per cent     |
15. The Budget also envisages an additional outlay of Rs. 53.07 crores under Centrally Sponsored, Special Non-Plan and Central Plan programmes. The net financial impact of these is marginal as major part of the expenditure is met out of assistance from Central Government.

16. To finance an outlay of Rs. 706.12 crores out of the Consolidated Fund, receipts have been estimated at Rs. 679.88 crores including Rs. 144.45 crores from the State’s Tax and non-Tax Revenues and Rs. 151.72 crores from Central devolution under the Sixth Finance Commission’s award.

17. Based on the total Plan and non-Plan expenditure and the estimated receipts, the Budget shows a deficit of Rs. 12 crores, excluding the opening deficit of Rs. 34.78 crores. The total deficit envisaged in the Budget is thus Rs. 46.78 crores. We have got to strive hard to make good at least a part of this deficit by our own effort. Large arrears of Sales Tax and other dues are outstanding against Government of India and certain Public Sector Enterprises. I expect that Rs. 8 crores may be realised out of arrear Sales Tax dues from Central Undertakings, Rs. 1.50 crores each may be collected from the Central Government towards arrear assistance for implementation of Fifth Plan U. G. C. Scales of Pay for teachers of affiliated Colleges and implementation of Centrally Sponsored schemes, and a further sum of Rs. 1 crore may be collected towards cost of Power supplied from the Balimela Project. To meet the remaining deficit of Rs. 34.78 crores, equivalent to the opening deficit of the year, we have no other option than to seek special accommodation from Government of India. I have every hope that they would come to our assistance.

18. Central assistance has been assumed at Rs. 110 crores for the State Plan, Rs. 49.76 crores for Central and Centrally Sponsored Schemes and Rs. 12.72 crores as Special assistance for development of tribal areas.

19. Market loans are expected to yield Rs. 8.25 crores and a further amount of Rs. 8.50 crores is expected under Small Savings Schemes. Besides, Government also expect Rs. 4.15 crores as loan from the Reserve Bank of India and the Life Insurance Corporation.

20. In its scheme of devolution, the Sixth Finance Commission could not quantify the amount payable on account of the
net interest liability of States towards loans raised and disbursed by them during the Fifth Plan Period. On the basis of allocation made by the Government of India, a receipt of Rs. 13.76 crores has been assumed in the Budget for this.

21. The Public Account of the State is expected to provide a net surplus of Rs. 14.24 crores.

22. I have endeavoured to shape the Budget in a manner that would promote greater capital formation by effecting reduction in Revenue expenditure and increasing Capital Outlay. Compared to 14.74 per cent growth of State expenditure in 1977-78 over 1976-77, the growth in 1978-79 over the current year, is expected to be 18.46 per cent. Growth of Revenue expenditure is, however, sought to be so moderated that while Revenue expenditure accounted for 72.5 per cent of the total Budget in the current year, the corresponding component in the Budget of 1978-79 is 69.75 per cent. Accordingly, Capital Outlay in the Budget of 1978-79 would constitute 30.25 per cent instead of 27.95 per cent in the current year.

23. The difficult problems that we have inherited, namely, grinding poverty, mounting unemployment and widening disparities in wealth and income are easy to identify. These problems are rooted in the type of growth strategy that was followed. Uneven distribution of income and growing unemployment are partly the result of a system, based on heavy industries and capital-intensive technology. Since this system is not appropriate to our conditions, we propose to follow a middle path. We have, therefore, given primacy to agriculture and rural industries, so that along with improvement in the production of foodgrains, labour-intensive industries may produce mass consumption goods at low cost. Our emphasis is on a planning process, in which local needs are harmoniously blended with regional development.

24. Although Agriculture is the main economic activity in the State, growth rate of our agricultural production is among the lowest in the country. Development of agricultural productivity is, therefore, our foremost concern. With the advice of international experts, we have recently reorganised the agricultural extension service and strengthened research support. With stabilisation of this programme we expect a substantial step-up in agricultural production. We also attach importance to the development of horticulture, dairy-farming, fisheries and farm-forestry to diversify the rural economy and provide
economic viability to small and marginal farmers. Development of Co-operatives is also essential to assure adequate credit support. The Budget makes a provision of Rs. 43.52 crores for Agriculture and allied services including Co-operation and Minor Irrigation. The emphasis next year would be on optimisation of yields of principal crops like paddy and larger coverage for pulses, oil seeds and commercial crops. The area under short-duration high-yielding paddy would be extended and early sowing and planting popularised with a view to releasing land for raising a second crop. Soil Conservation measures would be intensified. Updating of land records and consolidation of holdings would be considerably stepped up.

25. Irrigation holds the key to agriculture and investment in irrigation is crucial to development of the economy. We propose to fully tap our vast water resources so that they may adequately contribute to our bread basket and make a noticeable impact on the economy. The Budget makes a provision of Rs. 48.80 crores for Irrigation which is about 25.5 per cent of the total Plan Outlay. This would be further supplemented by financial assistance to the Orissa Lift Irrigation Corporation from the Agricultural Refinance and Development Corporation. Priority would be given not only to the completion of on-going major and medium irrigation projects but also to minor irrigation works and lift irrigation projects. Downstream development of command areas would receive special attention. Along with the continuance of on-going projects, 3 new major projects, viz, Rengali Irrigation, Upper Indravati and Mahanadi Barrage and 3 medium irrigation projects namely, Badanala, Harbangi and Kanjhari are proposed to be taken up next year. The target for creation of additional irrigation potential next year under Major, Medium and Minor Irrigation Projects including dug-wells is 1,92,000 hectares as against 96,000 hectares this year.

26. Orissa has enormous water and power resources. We propose to fully utilise this potential and step up power development and its availability in the course of the next few years. As against the current year’s Plan Outlay of Rs. 56.81 crores on Power generation and distribution, the Plan for the next year provides an enhanced outlay of Rs. 68 crores, including investment of Rs. 33.80 crores by the State Electricity Board. The major power projects, namely, Talcher Thermal Power Expansion Project, Rengali Hydro-Electric Project and Upper Kolab Hydro-Electric Project, now under
construction are scheduled to be completed by 1982-83. A major multipurpose project to be taken up for execution next year is the long-awaited Upper Indravati Project.

27. Rural Electrification would also be speeded up. As against the current year's programme of extending electricity to 1,200 villages, the next year's coverage includes 2,250 villages. Against 6,000 pump-sets energised in the State up to date, we propose to energise 10,000 pump-sets during the next year.

28. I take this opportunity to apprise the Hon'ble Members that although outlay on irrigation has been stepped up considerably and the tempo would also be kept up in future, the investments have not earned adequate return. The return from commercial irrigation has been particularly deficient. Unless this problem is tackled soon and economic price is realised from the beneficiaries, it may be difficult to sustain the burden of further investment on irrigation in future years.

29. The focus of activities in the industries sector would increasingly shift in favour of village and small industries while assuring adequate investment and incentives in other spheres of industrial development. The new strategy aims at a faster rate of growth of industries in rural areas with increased allocation of resources for those, which have potential for generating employment and narrowing down rural and urban disparities. The Budget provides an outlay of Rs. 2.40 crores for development of small scale and cottage industries, and Rs. 2.88 crores for large and medium industries.

30. An efficient net-work of highways, trunk and feeder roads is a basic infrastructure for development of the economy. Our emphasis is also on the development of rural roads connecting market centres. Inspite of the importance of rural communication, this sector did not receive a fair share of the investible resources in the past. To remove the imbalance an increased provision of Rs. 2.35 crores has been proposed in the Budget for development of rural roads. A provision of Rs 5.45 crores also exists for P. W. D. Roads.

31. Drinking water supply is among the minimum needs which Government are determined to fulfil in every village. We have already made an earnest beginning in this direction by increasing the outlay during the current year and propose to cover all villages including Harijan Bastees within a short period.
The Budget provides an outlay of Rs. 3.61 crores for this purpose. The provision is likely to be further augmented by special assistance from the Government of India.

32. It is our policy that public health standards must improve and medical care extended to all, particularly in rural areas. Mal-nutrition is also a formidable menace which needs to be tackled effectively. Since beneficial effects of economic development can be easily neutralised by population growth, currently estimated at 2.5 per cent per annum, it is our firm policy that the programmes of family welfare should be successfully implemented and every possible effort should be made to bring down the birth rate to a manageable level. The Budget for 1978-79 provides an increased outlay of Rs. 3.68 crores for health and medical care. This would be further supplemented by substantial allocations by the Government of India under Centrally Sponsored programmes for control and eradication of communicable diseases and family welfare.

33. Our programmes in the field of education are intended to make a deeper dent on illiteracy for which Primary Education has been accorded the highest priority. The non-Plan Budget for education which provides Rs. 69.80 crores has been supplemented by a Plan provision of Rs. 11.00 crores.

34. In the sphere of housing, we have accelerated the programme for distribution of house sites to homeless persons and provision of low-cost houses to persons belonging to weaker sections and low and middle income groups. The activities of the Housing Board are expanding. The Budget provides Rs. 1.55 crores for development of housing.

35. Government are committed to protect the interests of the working classes and safeguard their legitimate rights. Workers' welfare would, however, not be promoted if industrial establishments are compelled to close or curtail production due to indiscipline. Government have already taken various measures to improve the condition of workers by reinstating those, retrenched during the Emergency, restoring minimum bonus and reviving tripartite consultations. We hope that they would also faithfully discharge their social responsibilities.
36. Unemployment is among our pressing problems. It has been estimated that the size of unemployment in Orissa in terms of man-years is 29.6 lakhs in 1977-78. While this magnitude is colossal, there is also an annual addition of the order of 1.9 lakhs to the labour force. A problem of these dimensions cannot obviously be solved by excessive reliance on industrialisation; and wage employment under the Government. Self-employment opportunities would be expanded with assistance from financial institutions. Accelerated growth of agricultural production, development of labour-intensive cottage and small industries and proper utilisation of assistance under the Grain for Work Scheme would also provide larger employment opportunities.

37. Welfare of Scheduled Tribes and Scheduled Castes would continue to receive special attention. Their problems being rooted in land, priority has been given to land reclamation, land development, irrigation and horticulture. Other socio-economic problems of educational and environmental upliftment have also been given attention. The Budget provides a total outlay of Rs. 60.60 crores in the Tribal Sub-Plan, including Rs. 12.72 crores financed by Special Central assistance for development activities in tribal areas.

38. I may take this opportunity to apprise the Hon'ble Members that in spite of resource constraints, we have taken measures to give a better deal to Government employees and pensioners. A few months ago, an additional dose of dearness allowance was sanctioned to neutralise the effect of rise in prices. Rules and instructions have also been liberalised for expeditious settlement of service entitlements of Government employees. Pension of retired employees has been raised by 16 per cent and the earlier constraint of deduction of two months' pay for family pension has been removed. Government are also continuing the Scheme of Old Age Pension and, resources permitting, other social security programmes would be taken up in future.

39. Sir, now that I have come to the close of my speech, let me add that we are leaving behind a year which has been momentous and eventful in the political history of India. We have before, us a promising year to redeem the Janata Government's pledge
for removal of poverty and restoration of focus on the average Indian villager who is the ultimate measure of our hopes and aspirations. I seek the co-operation of the House and through it the good-will of our people in the sacred task of developing the economy and improving the quality of their life.

40. With these words, Sir, I present the Budget Estimates for 1978-79 for consideration and acceptance.

JAI HIND